

Seale & Associates

HVAC INDUSTRY
Q3 2024
VALUATION UPDATE

25 years

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Introduction

We are pleased to our HVAC Industry Valuation Multiples Update for Q3 2024.

At Seale & Associates, we are committed to providing process-driven solutions designed to optimize value and achieve our client’s strategic objectives in a range of transactions, including **Mergers, Acquisitions, Divestitures and Carve-Outs, Business Sales, Recapitalizations, and Joint Ventures**, among other corporate finance and strategy consulting services.

Over the course of 25+ years, we have successfully served clients all over the world, and we are delighted to continue providing investment banking advisory services to our clients who are looking to grow through acquisitions or optimize their portfolios through strategic divestitures.

Seale has extensive experience advising leading multinational companies, private equity firms, and family-owned businesses across a wide range of industries.



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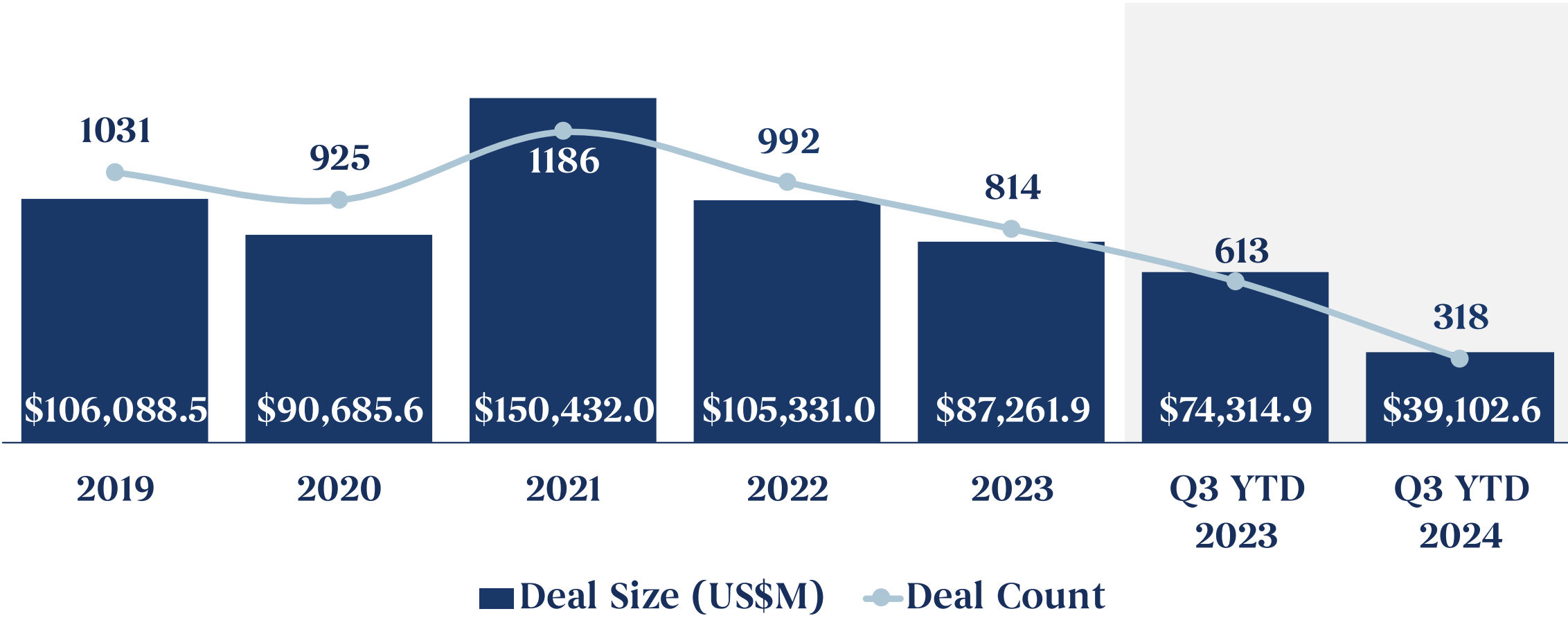
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HVAC Industry Overview, M&A Trends and Market Intelligence

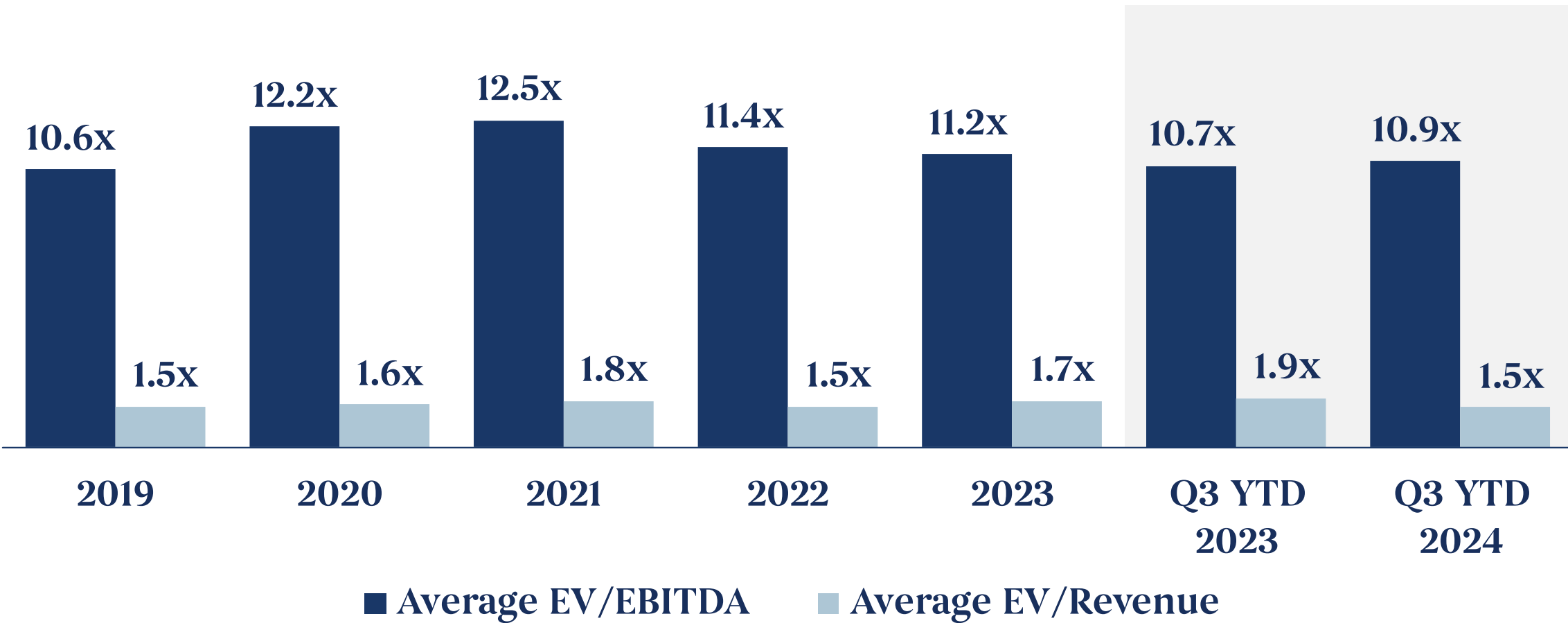
HVAC M&A Trends and Market Intelligence

- The **HVAC global market** was **valued at** around **US\$294.0 billion** in **2023** and is anticipated to register a **CAGR of 5.6%** between 2024 and 2032
- The **industry is shifting towards sustainability** with energy-efficient heat pumps and low-GWP natural refrigerants, **driven by consumer demand and stricter regulations**. **Companies offering eco-friendly technologies**, like smart controls and efficient systems, **are** now prime **acquisition targets**
- The **importance of indoor air quality** has **driven advancements in HVAC technologies**, focusing on **better air filtration and purification** for healthier environments. Another **key development** is the **shift towards eco-friendly cooling methods** using natural refrigerants **with zero ozone depletion** potential
- **Public companies** have been **leading** the charge in HVAC **M&A activities**, particularly in sectors like **data center infrastructure, commercial HVAC services, and sustainable solutions**
- **Although overall deal volumes has declined, valuations for well-positioned companies remain strong**. The **scarcity of high-quality targets** in the market has **driven up the purchase prices**, particularly for **"A-rated" companies** with solid fundamentals and strategic preparedness
- The **integration of IoT (Internet of Things) into HVAC systems** allows for remote monitoring and predictive maintenance, reducing downtime and optimizing energy use. These smart systems **are helping businesses and homeowners alike to manage their HVAC systems more efficiently** which makes it a **key trend** in the industry
- Despite its growth, **the industry faces challenges** such as the **high initial cost of energy-efficient systems** and the **ongoing labor shortage**. The industry **must** continue to **adapt through innovations** like **HVAC as a Service (HVAC SaaS)** and increased **focus on retrofitting older systems**

HVAC Industry M&A Deal Size and Volume










HVAC Industry M&A Average EV/EBITDA and EV/Revenue







Source: Global Market Insights Report, Extu, Mordor Intelligence, and Other Industry Reports






HVAC Equipment Manufacturing Global Comparable Public Companies

Company		Country	Market Cap. US\$M	Enterprise Value US\$M	Revenue US\$M	EBITDA Margin	Annual Average EV/EBITDA		Third Quarter Sep. 30, 2024 EV/ EBITDA	
							2022	2023	EV/ EBITDA	EV/ Revenue
Carrier Global Corporation		USA	\$72,663	\$83,878	\$23,704	14.5%	12.6x	14.8x	24.4x	3.5x
Daikin Industries,Ltd.		JPN	\$41,024	\$41,802	\$31,771	13.6%	14.0x	13.2x	9.7x	1.3x
Haier Smart Home Co., Ltd.		CHN	\$40,067	\$37,272	\$37,839	9.0%	11.6x	9.5x	11.0x	1.0x
Johnson Controls International plc		IRL	\$51,845	\$63,784	\$26,930	17.2%	10.9x	12.5x	13.8x	2.4x
Lennox International Inc.		USA	\$21,533	\$23,045	\$5,019	22.3%	13.6x	14.8x	20.6x	4.6x
Midea Group Co., Ltd.		CHN	\$82,594	\$73,912	\$55,930	11.7%	12.3x	10.2x	11.3x	1.3x
NIBE Industrier AB (publ)		SWE	\$11,064	\$13,177	\$4,210	12.0%	34.3x	27.0x	26.1x	3.1x
Resideo Technologies, Inc.		USA	\$2,949	\$5,244	\$6,166	12.1%	5.5x	4.6x	7.0x	0.9x
SPX Technologies, Inc.		USA	\$7,382	\$8,090	\$1,885	20.4%	14.6x	16.2x	21.1x	4.3x
Systemair AB (publ)		SWE	\$1,850	\$1,953	\$1,202	11.5%	14.0x	13.4x	14.1x	1.6x
Trane Technologies plc		IRL	\$87,725	\$91,687	\$18,830	19.9%	15.5x	16.3x	24.5x	4.9x
■ Excluded from mean and median						Mean	12.4x	13.4x	16.7x	2.4x
Source: Capital IQ						Median	13.6x	13.4x	14.1x	2.4x





HVAC Equipment Distribution Global Comparable Public Companies

Company		Country	Market Cap. US\$M	Enterprise Value US\$M	Revenue US\$M	EBITDA Margin	Annual Average EV/EBITDA		Third Quarter Sep. 30, 2024	
							2022	2023	EV/ EBITDA	EV/ Revenue
Beijer Ref AB (publ)		SWE	\$8,344	\$9,346	\$3,301	12.3%	32.2x	26.4x	23.0x	2.8x
Reece Limited		AUS	\$12,765	\$13,798	\$6,313	10.8%	16.7x	15.3x	20.2x	2.2x
Watsco, Inc.		USA	\$18,513	\$18,933	\$7,434	12.5%	12.2x	13.7x	20.4x	2.5x
W.W. Grainger, Inc.		USA	\$50,721	\$52,985	\$16,752	17.4%	14.2x	14.1x	18.1x	3.2x
■ Excluded from mean and median						Mean	14.4x	14.4x	20.4x	2.7x
						Median	15.4x	14.7x	20.3x	2.7x

HVAC Service Firms Global Comparable Public Companies

Company		Country	Market Cap. US\$M	Enterprise Value US\$M	Revenue US\$M	EBITDA Margin	Annual Average EV/EBITDA		Third Quarter Sep. 30, 2024 EV/ EBITDA		EV/ Revenue
							2022	2023			
Comfort Systems USA, Inc.		USA	\$13,882	\$14,009	\$6,083	13.2%	12.6x	13.9x	17.4x		2.3x
EMCOR Group, Inc.		USA	\$20,087	\$19,646	\$13,746	11.6%	7.1x	8.6x	12.3x		1.4x
SPIE SA		FRA	\$6,385	\$9,198	\$10,414	8.4%	8.4x	8.4x	10.5x		0.9x
Bravida Holding AB (publ)		SWE	\$1,541	\$1,792	\$2,924	7.5%	11.3x	9.8x	8.1x		0.6x
Tutor Perini Corporation		USA	\$1,423	\$1,895	\$4,259	4.1%	5.1x	10.9x	10.8x		0.4x
■ Excluded from mean and median						Mean	8.9x	10.3x	10.4x		0.8x
						Median	8.4x	9.8x	10.8x		0.9x

HVAC Control Modules Global Comparable Public Companies

Company		Country	Market Cap. US\$M	Enterprise Value US\$M	Revenue US\$M	EBITDA Margin	Annual Average EV/EBITDA		Third Quarter Sep. 30, 2024 EV/ EBITDA		EV/ Revenue
							2022	2023			
Emerson Electric Co.		USA	\$62,571	\$76,928	\$16,963	26.6%	13.9x	12.7x	17.1x		4.5x
Honeywell International Inc.		USA	\$134,294	\$154,087	\$37,334	25.1%	16.2x	16.2x	16.4x		4.1x
Infineon Technologies AG		DEU	\$45,520	\$49,325	\$16,936	29.6%	10.2x	8.6x	9.8x		2.9x
Johnson Controls International plc		IRL	\$51,845	\$63,784	\$26,930	17.2%	10.9x	12.5x	13.8x		2.4x
■ Excluded from mean and median						Mean	12.8x	12.5x	15.7x		3.5x
						Median	12.4x	12.6x	15.1x		3.5x

HVAC – Q3 Global Transactions (1/2)

Date	Target	Country	Description	Buyer	Seller	% Acquired	Size US\$M	EV/ EBITDA	EV/ Revenue
Sep-24*	 FANTECH Intelligent Ventilation	AUS	Volution Group , provider of ventilation products, announced the acquisition of Fantech , provider of ventilation and acoustics products, enhancing its market reach and expanding its product portfolio			100.0%	\$190.0	8.4x	1.6x
Sep-24		USA	R-Zero , provider of air purification solution, acquired SecureAire , provider of HVAC filtration technologies, integrating advanced filtration into its decarbonization efforts		-	100.0%	-	-	-
Sep-24		USA	Del-Air , Florida's provider of indoor comfort, acquired ARS , Florida provider of HVAC services, extending coverage across Southeast Florida		-	100.0%	-	-	-
Sep-24		USA	Antimatter Construction Contractors , provider of HVAC, acquired Rocky Mt. , provider of HVAC, enhancing its HVAC services for large commercial and multi-unit residential projects	 	-	100.0%	-	-	-
Sep-24	Heating Oil Distribution and HVAC Services Busines	USA	Star Group , provider of HVAC services, acquired Singer Energy Group's heating oil distribution and HVAC services business , expanding its service portfolio within the energy sector		Singer Energy Group	100.0%	-	-	-
Sep-24		USA	Cascade Services , provider of HVAC, plumbing, and electrical solutions, acquired Smith and Keene Home Services , provider of HVAC, electrical, and plumbing services, marking its 11th acquisition in 24 months		-	100.0%	-	-	-
Aug-24		USA	Inovair Solutions , provider of energy-efficient HVAC solutions, acquired Warmzone , provider of electric radiant-heating systems, continuing its U.S. expansion		-	100.0%	-	-	-
Aug-24		USA	Green Mechanical Construction , provider of energy-efficient HVAC solutions acquired HVAC Services , provider of HVAC services, merging two established providers of HVAC services		-	100.0%	-	-	-
Aug-24		USA	Lufthansa Technik , provider of aircraft maintenance and engineering services, acquired a majority stake in ETP Thermal Dynamics , provider of heat transfer systems, expanding its heat transfer services portfolio in the Americas		Campbell Holdings Group	80.0%	-	-	-
Aug-24		USA	Sila Services , provider of HVAC, plumbing, and air quality solutions, acquired Allied Experts , provider of home comfort in Cherry Hill, expanding its presence in New Jersey		-	100.0%	-	-	-

Source: Capital IQ, Press Releases, Mergermarket

HVAC – Q3 Global Transactions (2/2)

Date	Target	Country	Description	Buyer	Seller	% Acquired	Size US\$M	EV/ EBITDA	EV/ Revenue
Aug-24		USA	Ferguson , provider of plumbing supplies, acquired Gerster Equipment Company , distributor of Trane and Mitsubishi HVAC brands, allowing them to advance its dual-trade strategy by linking HVAC and plumbing		-	100.0%	-	-	-
Aug-24*		USA	Gamut Capital Management , private equity firm, announced the acquisition of Airtron , provider of HVAC system maintenance, accelerating its HVAC installation and repair capabilities			100.0%	\$500.0	8.6x	-
Jul-24*	Residential and light commercial HVAC business	Global	Bosch , supplier of technology and services, announced the acquisition of Johnson Controls and Hitachi's residential and light commercial HVAC business , continuing its growth			100.0%	\$8,000.0		
Jul-24*		ZAF	Haier Smart Home , provider of electrical appliances, announced the acquisition of Kwikot , Electrolux's water heater business in South Africa, with plans to explore solar water heaters and water purifiers			100.0%	\$132.1	-	1.3x
Jul-24	Stiltermica	ITA	Renovalo , provider of renewable energy and heating solutions, acquired Stiltermica , provider of 360° heating services, expanding its expertise in plant systems and sustainable solutions		-	100.0%	\$0.7	-	0.8x
Jul-24	Liquefied Natural Gas Process Technology and Equipment Business	USA	Honeywell , provider of energy efficiency solutions, acquired Air Products' LNG Process Technology and Equipment Business , enhancing its global energy transition solutions			100.0%	\$1,810.0	-	-
Jul-24	Dave's World	USA	Sila Services , provider of an HVAC, plumbing and electrical home platform, acquired Dave's World , installer of heat pump solutions in Maine, expanding its New England presence		-	100.0%	-	-	-
Jul-24		USA	ACS , provider of HVAC solutions, acquired AboveAir , provider of HVAC equipment, expanding into the data center market		-	100.0%	-	-	-
Jul-24		USA	Sila Services , provider of an HVAC, plumbing and electrical home platform, acquired Gary & Sons , provider of HVAC, plumbing, and air quality solutions,extending its reach across the Mid-Atlantic region		-	100.0%	-	-	-

* Announced transactions pending approval and other customary closing conditions

Mean	8.5x	1.2x
Median	8.5x	1.3x

BEIJER REF

TARGET

Heritage Distribution Holdings

TRANSACTION TYPE

Buy-side advisory

INDUSTRIES

HVAC, Distribution

GEOGRAPHY

USA

SITUATION

Seale & Associates announced that it acted as an exclusive financial advisor to Beijer Ref AB (“Beijer Ref”) on its agreement to acquire Heritage Distribution Holdings (“Heritage Distribution”) from Gryphon Investors for **US\$1.275B**.

SEALE & ASSOCIATES’ APPROACH

Seale was retained by Beijer Ref to identify potential acquisition targets engaged in the distribution of HVAC/R equipment in North America, confidentially pre-qualify targets, and assist in the execution of the transaction.

OUTCOME

Beijer Ref successfully completed the acquisition of Heritage Distribution Holdings and was immediately margin accretive to the business. The acquisition represents Beijer Ref’s entry into the North American market and will establish the company as a leading HVAC/R distributor in the U.S. South/South East region, one of the most attractive regions for HVACR in North America.

“The North American market is currently undergoing a shift towards electrification and energy efficiency”

BEIJER REF

has acquired

HERITAGE
DISTRIBUTION HOLDINGS

"The acquisition of Heritage Distribution constitutes an important strategic step for Beijer Ref. The North American market is currently undergoing a shift towards electrification and energy efficiency, accelerated by regulatory changes. Also, the growing recognition of indoor air quality and climate change impacts has increased the demand for environmentally friendly and innovative HVAC technologies, which creates a great opportunity for our combined product offering."

Chris Norbye
CEO of Beijer Ref AB

RHEEM

TARGET

Heat Transfer Products Group (HTPG)

TRANSACTION TYPE

Buy-side advisory

INDUSTRIES

HVAC, Industrial machinery

GEOGRAPHY

USA

SITUATION

Seale was retained by Rheem Manufacturing Company to evaluate and execute strategic acquisitions across business lines. Seale advised Rheem on the successful acquisition of Heat Transfer Products Group (HTPG) in a competitive auction process. HTPG manufactures commercial refrigeration equipment for the food service, food retail and other non-consumables markets.

SEALE & ASSOCIATES’ APPROACH

Seale’s professionals’ knowledge and relationships in the HVAC and refrigeration industry allowed for a successful acquisition. Having previously sold the HTPG business to Monomoy Capital, Seale’s unique insights on the target provided invaluable knowledge about the business.

OUTCOME

The process resulted in a successful acquisition of HTPG on buyer-friendly pricing terms. HTPG has resulted in a very successful business for Rheem to combine an extensive knowledge of heat transfer technology to develop innovative new products.

“Seale had in-depth knowledge of the HVAC space as well as extensive relationships with key executives from around the world”



has acquired



“Seale had in-depth knowledge of the HVAC space as well as extensive relationships with key executives from around the world, which they used to help us identify and close on the perfect deal for our company. The Seale team consists of committed professionals with significant transaction experience, but they also have strong backgrounds in accounting, tax, finance, and law, which allow them to provide value added advice where most other advisors cannot.”

J.R. Jones, CEO, Rheem Manufacturing Company

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S U S C R I B E

Global M&A Representative Engagements

 <p>has been acquired by</p> 	 <p>has sold a controlling interest to</p> 	 <p>has sold</p>  <p>Zinc Oxide Corporation a subsidiary of</p> 	 <p>has acquired</p>  <p>from</p> 	 <p>has been acquired by</p> 	 <p>Oxbow's Senior Subordinated debt issued by</p>  <p>was refinanced by</p> 	 <p>has acquired</p> 
 <p>has sold</p>  <p>to</p> 	 <p>has sold</p>  <p>and</p>  <p>to</p> 	 <p>has sold</p>  <p>to</p> 	 <p>has sold</p>  <p>to</p> 	 <p>has sold</p> <p>Triumph Air Repair, the APU Overhaul Operations of Triumph Aviation Services – Asia, and Triumph Engines businesses</p> <p>to</p> 	 <p>has acquired</p> 	 <p>has sold its GRACE Membranes business</p> 
 <p>has sold</p>  <p>and</p>  <p>to</p> 	 <p>has sold</p>  <p>to</p> 	 <p>has sold</p>  <p>A division of Carrier Commercial Refrigeration, Inc.</p> <p>to</p> 	 <p>has sold</p>  <p>to</p> 	 <p>has sold</p>  <p>to</p> 	 <p>has acquired</p> 	 <p>has been recapitalized by</p> 



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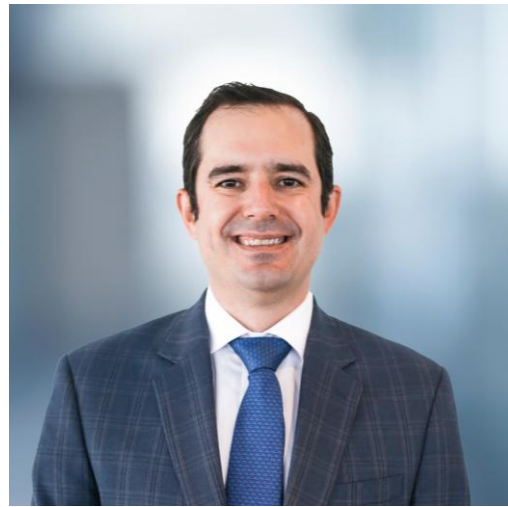


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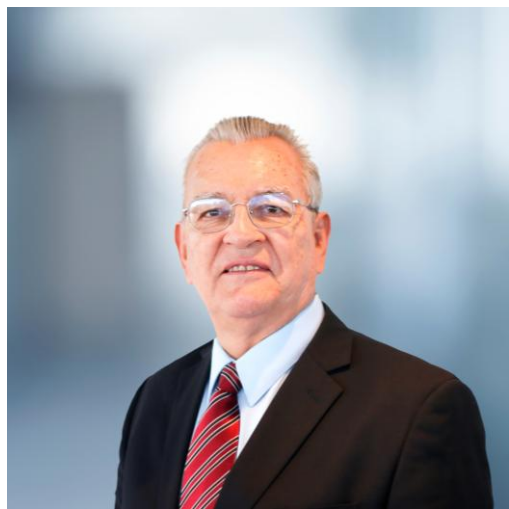


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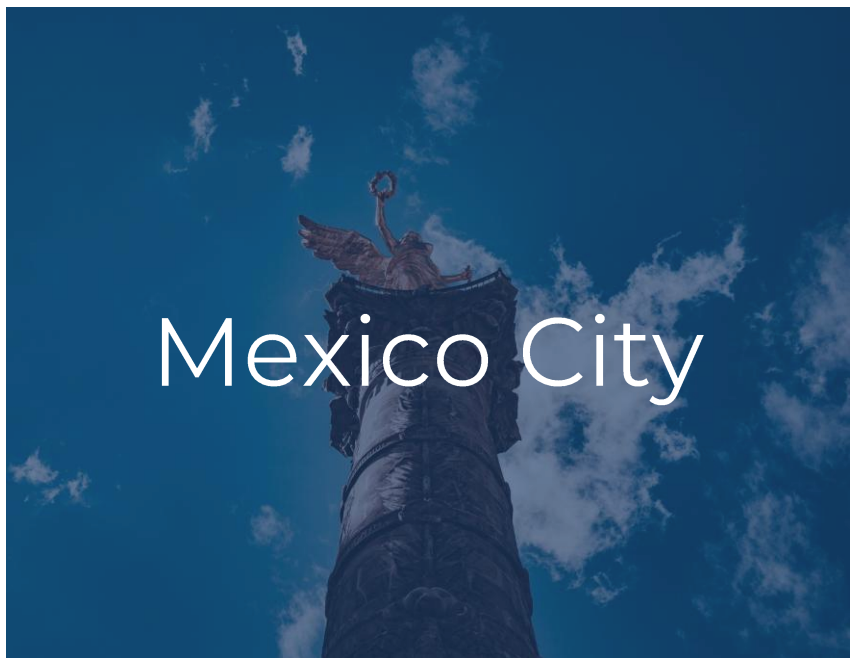
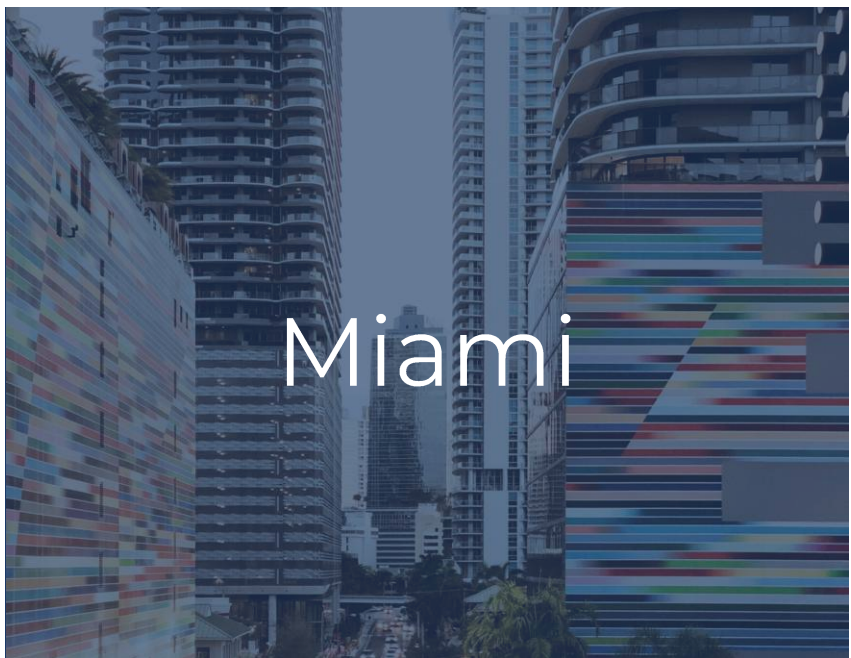


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Creative Solutions. Trusted Advice.

For over 25 years, Seale & Associates has served leading public and private companies from around the world and operating in a broad range of industries with a high level of quality, integrity and independence while presenting innovative ideas and trusted solutions to address their most complex dealings.

25

YEARS OF
EXPERIENCE

\$50B+

TRANSACTIONS
GLOBALLY

SERVICES AND SOLUTIONS

- Mergers & Acquisitions
- Divestitures
- Joint Ventures / Alliances
- Recapitalizations
- Due Diligence / Support
- Expert Witness Testimony
- Corporate Finance Advisory
- Strategy Consulting

Trusted Advisor to Leading Companies Worldwide

We have worked repeatedly with many of the most well-known companies in the world...

...as well as with reputable funds, family-offices and privately held companies.





Seale & Associates

Creative Solutions. Trusted Advice.