

A photograph of HVAC equipment mounted on a wall. The image shows several large circular fans with metal grilles, a rectangular air filter, and various pipes and electrical conduits. The overall scene is in a muted, blue-tinted color palette.

Seale & Associates

HVAC INDUSTRY
Q2 2024
VALUATION UPDATE

25 years

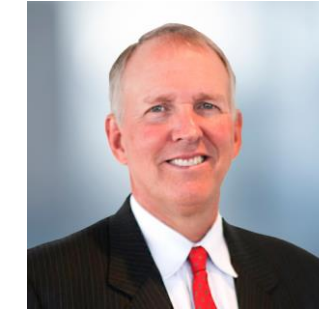
Introduction

We are pleased to share our HVAC Industry Valuation Multiples Update for Q2 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.



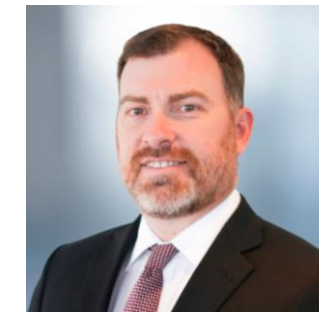
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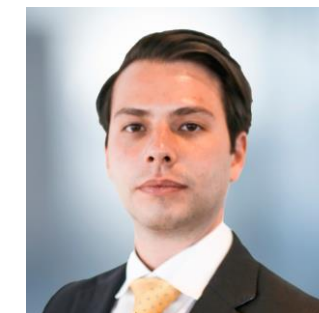
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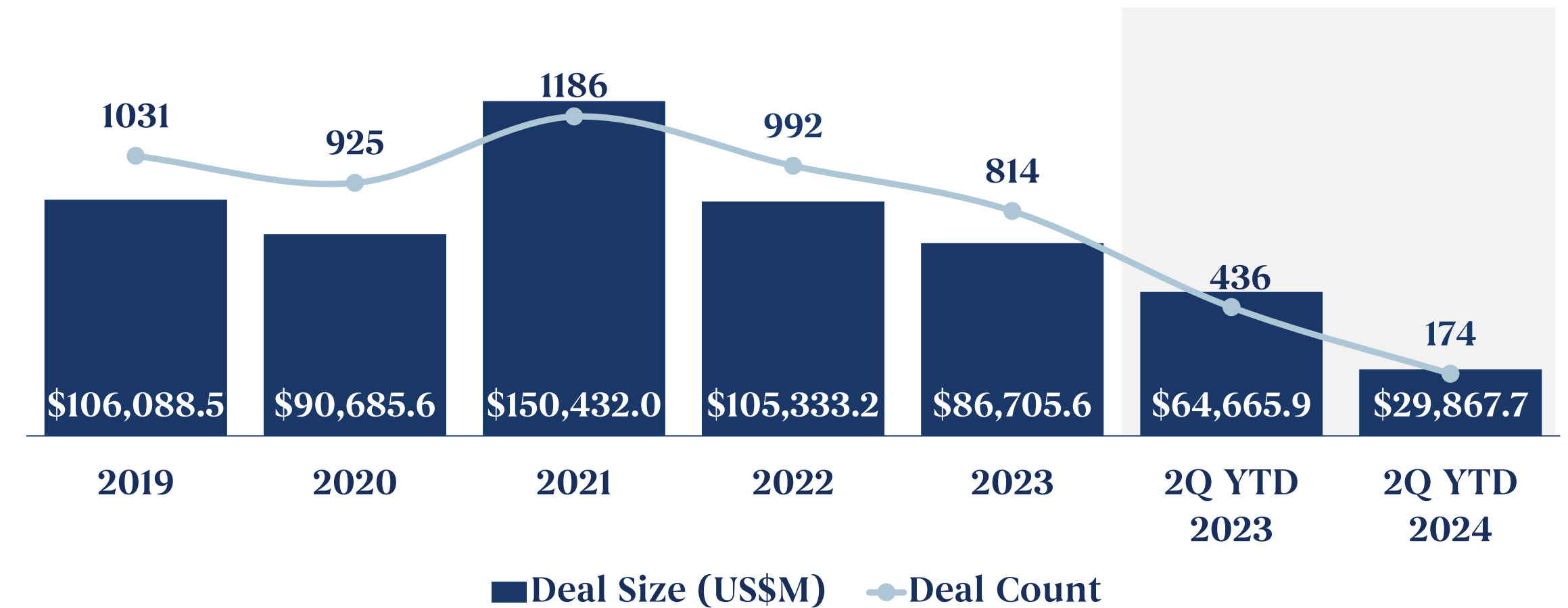
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HVAC Industry Overview, M&A Trends and Market Intelligence

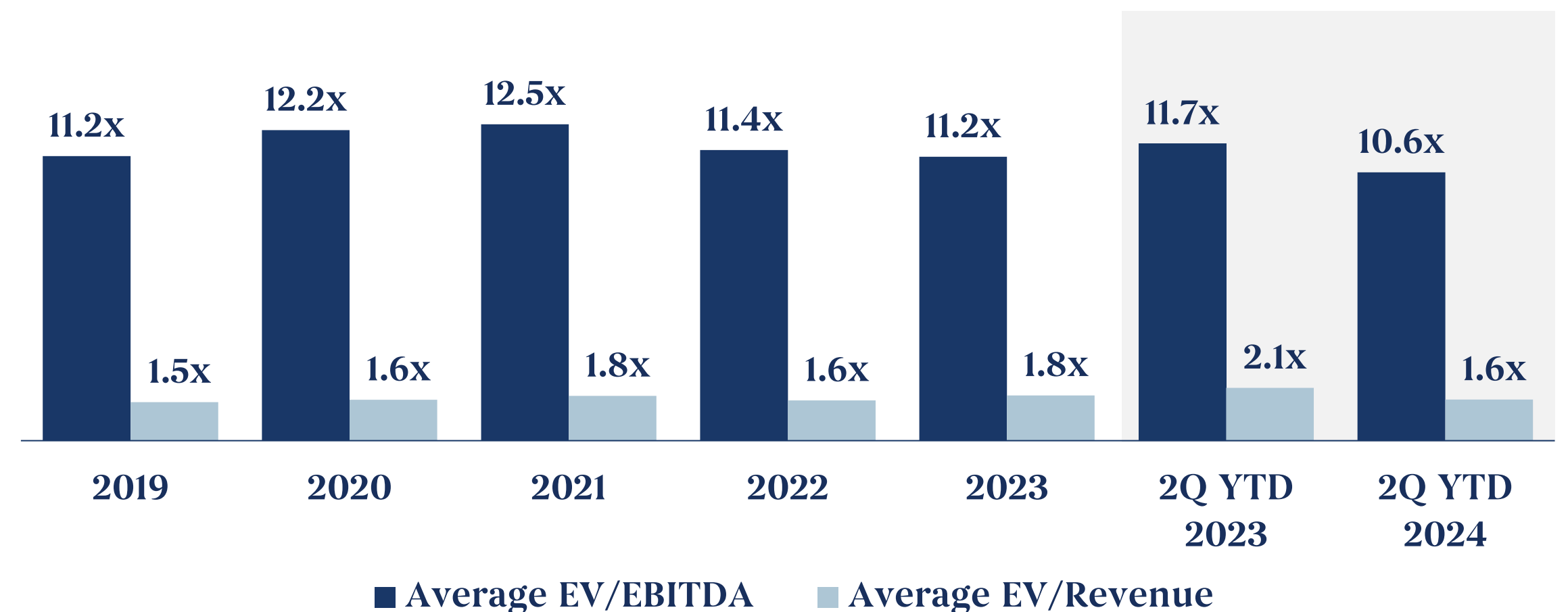
HVAC M&A Trends and Market Intelligence

- The HVAC market experienced a **CAGR of 9.7% from 2019 to 2025** and it is forecasted to grow at a **CAGR of 3.9%**, reaching an estimated **US\$370.0 billion by 2030**
- Industry's expansion is **driven by rising electricity demand**, with **space cooling** expected to contribute **37.0%** of the global increase **by 2050**, this is **due to higher temperatures** and **increased air conditioning use in emerging economies**
- The **construction industry growth fuels** demand for **air conditioning** contractors, with innovations in indoor **air quality, natural ventilation, energy consumption, and efficiency** transforming HVAC system design and installation towards sustainability and advanced technology
- **IoT technology** is **revolutionizing HVAC systems** by enabling remote monitoring and control, **with smart thermostats and sensors** providing **real-time data** for precise adjustments and enhanced efficiency
- **Predictive maintenance platforms**, using sensors, data analytics, and machine learning, are **emerging to detect early signs of HVAC failures or inefficiencies**, **allowing timely repairs** and preventing major breakdowns
- The **HVAC and plumbing industry** is **rapidly evolving**, facing **challenges** such as **rising costs, economic uncertainty, increased competition, and workforce shortages**. Adapting to these changes requires new technologies, improved workforce training, and efficient cost management to ensure long-term success
- Despite **higher interest rates and economic slowness**, the **HVAC sector's appeal**, bolstered by themes like energy efficiency and indoor air quality, continues to **attract** strategic and financial **investors. High-quality businesses** with strong growth trajectories and innovative products remain particularly **attractive to buyers**












HVAC Industry M&A Deal Size and Volume



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







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		Second Quarter Jun. 30, 2024		
						2022	2023	EV/EBITDA	EV/Revenue	
Carrier Global Corporation	 USA	\$56,836	\$73,268	\$23,704	14.4%	12.6x	14.8x	21.5x	3.1x	
Daikin Industries, Ltd.	 JPN	\$40,712	\$42,429	\$27,323	13.9%	14.0x	13.2x	11.2x	1.6x	
Haier Smart Home Co., Ltd.	 CHN	\$33,788	\$31,087	\$36,513	8.8%	11.6x	9.5x	9.6x	0.9x	
Johnson Controls International plc	 IRL	\$44,779	\$57,198	\$26,930	14.1%	10.9x	12.5x	15.1x	2.1x	
Lennox International Inc.	 USA	\$19,058	\$20,658	\$5,019	21.2%	13.6x	14.8x	19.4x	4.1x	
Midea Group Co., Ltd.	 CHN	\$60,904	\$58,539	\$52,550	12.0%	12.3x	10.2x	9.3x	1.1x	
NIBE Industrier AB (publ)	 SWE	\$8,548	\$10,386	\$4,198	13.8%	34.3x	27.0x	17.9x	2.5x	
Resideo Technologies, Inc.	 USA	\$2,857	\$3,837	\$6,179	12.4%	5.5x	4.6x	5.0x	0.6x	
SPX Technologies, Inc.	 USA	\$6,574	\$7,322	\$1,807	18.7%	14.6x	16.2x	21.6x	4.1x	
Systemair AB (publ)	 SWE	\$1,542	\$1,642	\$1,156	10.7%	14.0x	13.4x	13.2x	1.4x	
Trane Technologies plc	 IRL	\$74,454	\$78,506	\$18,830	18.8%	15.5x	16.3x	22.2x	4.2x	
						Mean	12.5x	12.5x	12.6x	1.7x
						Median	13.6x	13.4x	15.1x	2.1x






■ Excluded from mean and median

Source: Capital IQ





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		Second Quarter Jun. 30, 2024		
						2022	2023	EV/EBITDA	EV/Revenue	
Beijer Ref AB (publ)	 SWE	\$7,820	\$8,594	\$3,159	11.8%	32.2x	26.4x	23.0x	2.7x	
Reece Limited	 AUS	\$10,848	\$11,844	\$5,971	10.3%	16.7x	15.3x	19.2x	2.0x	
Watsco, Inc.	 USA	\$17,300	\$17,632	\$7,434	12.4%	12.2x	13.7x	19.1x	2.4x	
W.W. Grainger, Inc.	 USA	\$44,272	\$46,506	\$16,752	17.4%	14.2x	14.1x	15.9x	2.8x	
■ Excluded from mean and median						Mean	14.4x	14.4x	18.1x	2.5x
						Median	15.4x	14.7x	19.2x	2.5x

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		Second Quarter Jun. 30, 2024		
						2022	2023	EV/EBITDA	EV/Revenue	
Comfort Systems USA, Inc.	 USA	\$10,829	\$11,054	\$6,083	11.1%	12.6x	13.9x	16.3x	1.8x	
EMCOR Group, Inc.	 USA	\$17,157	\$16,669	\$13,746	10.4%	7.1x	8.6x	11.6x	1.2x	
SPIE SA	 FRA	\$6,041	\$7,509	\$10,005	8.9%	8.4x	8.4x	8.5x	0.8x	
Bravida Holding AB (publ)	 SWE	\$1,516	\$1,715	\$2,798	7.7%	11.3x	9.8x	8.0x	0.6x	
Tutor Perini Corporation	 USA	\$1,139	\$1,634	\$4,153	3.2%	5.1x	10.9x	12.3x	0.4x	
■ Excluded from mean and median						Mean	8.9x	9.4x	10.1x	1.0x
						Median	8.4x	9.8x	11.6x	0.8x

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		Second Quarter Jun. 30, 2024		
						2022	2023	EV/EBITDA	EV/Revenue	
Emerson Electric Co.	 USA	\$63,023	\$78,021	\$16,529	27.9%	13.9x	12.7x	16.9x	4.7x	
Honeywell International Inc.	 USA	\$139,054	\$154,001	\$37,334	24.8%	16.2x	16.2x	16.6x	4.1x	
Infineon Technologies AG	 DEU	\$47,685	\$51,685	\$16,685	32.1%	10.2x	8.6x	9.6x	3.1x	
Johnson Controls International plc	 IRL	\$44,779	\$57,198	\$26,930	14.1%	10.9x	12.5x	15.1x	2.1x	
■ Excluded from mean and median						Mean	11.7x	11.3x	14.6x	3.1x
						Median	12.4x	12.6x	15.8x	3.6x

HVAC – Q2 Global Transactions

Date	Target	Country	Description	Buyer	Seller	% Acquired	Size US\$M	EV/ EBITDA	EV/ Revenue
Jun-24	 Babcock Wanson Group	FRA	Provides custom refrigeration and air conditioning systems	 AMBIENTA	-	ND	-	-	-
Jun-24*	 CELLTHERM	DEU	Provides high-quality chiller and freezer coldrooms	 AG Capital  UNTERNEHMENSGUT	-	ND	-	-	-
Jun-24	 COPELAND	USA	Provides ventilation and indoor climate products	 Blackstone	 EMERSON Climate Technologies	40.0%	\$3,400.0	-	-
May-24	 Convesa	ESP	Provides HVAC installation, repair, maintenance, and air quality services	 Poujoulat Group	-	80.0%	-	-	-
May-24	 BOUSQUET nagas	CAN	Provides HVAC equipment installation and repair	 Desjardins Capital	-	100.0%	-	-	-
May-24	 IRS	USA	Provides essential residential HVAC services	 RD&S <small>a Kelvin group company</small>	-	100.0%	-	-	-
Apr-24	 Young Supply Company	USA	Provides air conditioning and heating products	 HERITAGE DISTRIBUTION HOLDINGS <small>A subsidiary of BUNGE</small>	-	100.0%	-	-	-
Apr-24	 Greenview	GBR	Provides HVAC, sheet metal, and piping contracting services	MUTARES	 CORDOVAN CAPITAL MANAGEMENT	100.0%	-	-	-
Apr-24	 Stirling ULTRACOLD	USA	Provides commercial HVAC and refrigeration services	-	 Biolife Solutions	100.0%	\$9.6	-	-
Apr-24	 United Enertech	USA	Provides air conditioning, heating, plumbing, drain cleaning, maintenance, and air quality services	 Soler&Palau Ventilation Group	-	100.0%	-	-	-
Apr-24	 AIRCALO	FRA	Provides specialized air equipment and services	 MITSUBISHI ELECTRIC <small>Changes for the Better</small>	-	100.0%	-	-	-

*Announced transactions pending approval and other customary closing conditions

ND: Not Disclosed

Selected Transactions Commentary



"I am delighted to welcome Convesa to the Poujoulat Group. This acquisition allows the Group to consolidate its position as the European leader in chimney flues. Convesa is a solid and recognized company on the Spanish market. It also has very strong export potential. With the teams in place, we want to take advantage of this opportunity to develop our business and gain new market shares."

Frédéric Coirier, CEO of Poujoulat Group



"We are excited to welcome Young Supply to the Heritage Distribution family. This strategic acquisition marks an inflection point in Heritage Distribution's journey, solidifying our commitment to growth and innovation in the HVACR industry. This latest addition underscores our unwavering commitment to deliver enhanced services and solutions to a wider demographic, ultimately empowering more individuals to lead healthier and more comfortable lives."

Alex Averitt, CEO of Heritage Distribution



"Robust product lines and customisation capabilities are important in the hydronic HVAC systems business, where demand is high for made-to-order products at individual installation sites... Having operated in France for many years, AIRCALO commands a large share of the local market for FCUs and air handling units (AHUs), leveraging its broad range of products and strong customisation capabilities to meet the specific needs of each installation site."










Mitsubishi Electric



"Copeland has long been a pioneer in the HVAC and refrigeration industries with unmatched capabilities in engineering, design and innovation... With the focus that comes from being a standalone company, and the support of our shareholders, Blackstone and Emerson, we plan to extend the company's leadership position in the industry and develop new and integrated climate technology solutions."

Ross B. Shuster, CEO of Copeland

Private Equity Transactions

INDUSTRY CLASIFICATION	PERIOD	AVERAGE ENTERPRISE VALUE (IN USD)	REVENUE (IN USD)	TTM REVENUE GROWTH	ENTERPRISE VALUE / REVENUE	EBITDA MARGIN	ENTERPRISE VALUE /EBITDA	NUMBER OF TRANSACTIONS
 HVAC and Refrigeration Equipment Manufacturing <i>NAICS 3334 - HVAC and Refrigeration Equipment Manufacturing</i>	 2019-2024	 \$60.0M	 \$52.9M	 81.8%	 1.6x	 19.0%	 7.3x	 5
Warm Air Heating and Air-Conditioning Equipment and Supplies Merchant Wholesalers <i>NAICS 42373 - Warm Air Heating and Air-Conditioning Equipment and Supplies Merchant Wholesalers</i>	2019-2024	\$59.5M	\$88.3M	10%	0.7x	9.3%	7.4x	3

Notes:

- Data obtained via GF Data, a subscription-based information platform, offering detailed information and metrics about the transactions of Private Equity funds in the U.S.
- The data is provided under a blind confidential format. Users of the data are unable to identify the exact company and transaction corresponding to the transaction details. Given this blind approach, the data submitted is less likely to be biased or manipulated.

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>BEIJER REF</p> <p>has been acquired by</p>  <p>HERITAGE DISTRIBUTION HOLDINGS</p>	<p>avangardinnovative MOVING THE CIRCULAR ECONOMY FORWARD</p> <p>has sold a controlling interest to</p>  <p>WASTE MANAGEMENT</p>	<p>ZN ZINC NACIONAL</p> <p>has sold</p> <p>GSDKO</p> <p>Zinc Oxide Corporation a subsidiary of</p>  <p>Korea Zinc</p>	<p>Electrolux PROFESSIONAL</p> <p>has acquired</p> <p>unified brands a DOVER company</p> <p>from</p>  <p>DOVER</p>	<p>Port Contractors STEVEDORES - TERMINAL OPERATORS</p> <p>has been acquired by</p>  <p>ENSTRUCTURE</p>	<p>Oxbow</p> <p>Oxbow's Senior Subordinated debt issued by</p>  <p>H.J. BAKER ESTABLISHED 1880</p> <p>was refinanced by</p>  <p>BMO</p>	<p>Hertz</p> <p>has acquired</p>  <p>DONLEN</p>
<p>Standex</p> <p>has sold</p> <p>Enginetics</p> <p>to</p>  <p>Enjet AERO</p>	<p>ITT</p> <p>has sold</p> <p>BURNY KALIBURN PLASMA CUTTING INNOVATION</p> <p>and</p> <p>CNC Cleveland Motion Controls</p> <p>to</p>  <p>LINCOLN ELECTRIC</p>	<p>Honeywell</p> <p>has sold</p> <p>TENSOR</p> <p>to</p>  <p>GE Power Systems</p>	<p>TRIUMPH™</p> <p>has sold</p> <p>Triumph Processing - Embee Division</p> <p>to</p>  <p>AMP ALL METALS PROCESSING</p>	<p>TRIUMPH™</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>TGG THE GORES GROUP</p>	<p>Rheem</p> <p>has acquired</p>  <p>HTPG</p>	<p>GRACE</p> <p>has sold its GRACE Membranes business</p> <p>Uop a subsidiary of</p> <p>Honeywell</p>
<p>convatec - forever caring -</p> <p>has sold</p> <p>SENSI CARE</p> <p>and</p> <p>ALOE VESTA™</p> <p>to</p>  <p>MEDLINE</p>	<p>United Technologies</p> <p>has sold</p> <p>MobileView</p> <p>to</p> <p>SAFE FLEET Driving Safety Forward™</p>	<p>United Technologies</p> <p>has sold</p> <p>HTPG A division of Carrier Commercial Refrigeration, Inc.</p> <p>to</p> <p>MONOMOY CAPITAL PARTNERS and Starboard Capital Partners</p>	<p>LOCKHEED MARTIN</p> <p>has sold</p> <p>Commercial Flight Training Business</p> <p>to</p> <p>ALTEON A BOEING COMPANY</p>	<p>FLOWSERVE</p> <p>has sold</p> <p>D&B</p> <p>to</p> <p>DB DaviesBaird</p>	<p>KBR</p> <p>has acquired</p> <p>Wabi Wabi Development Corporation</p>	<p>HARRISON GYPSUM, LLC</p> <p>has been recapitalized by</p> <p>H. I. G. PRIVATE EQUITY</p>



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University of Florida - BA in Political Science with High Honors

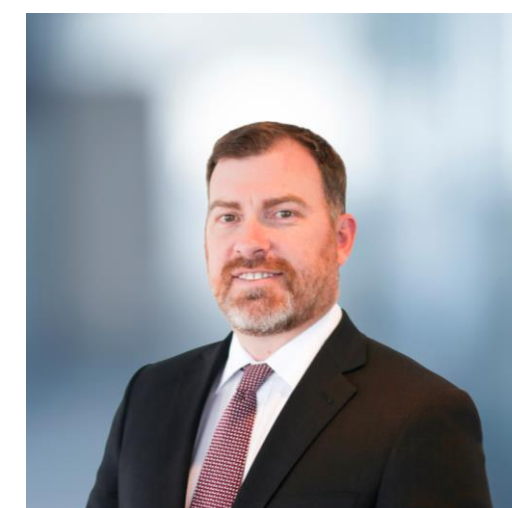


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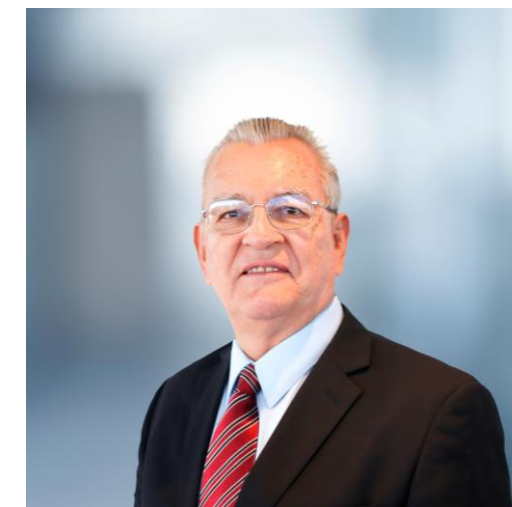


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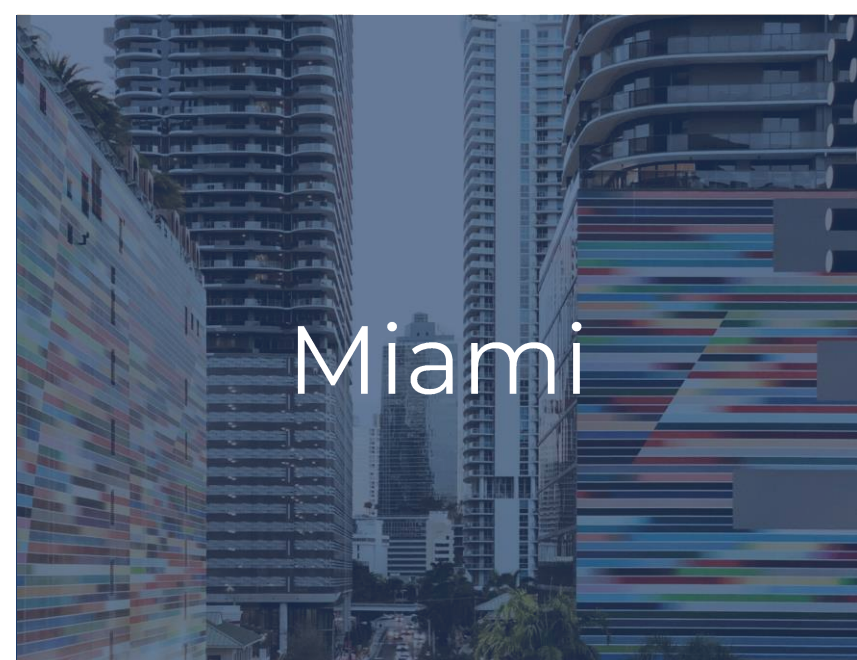
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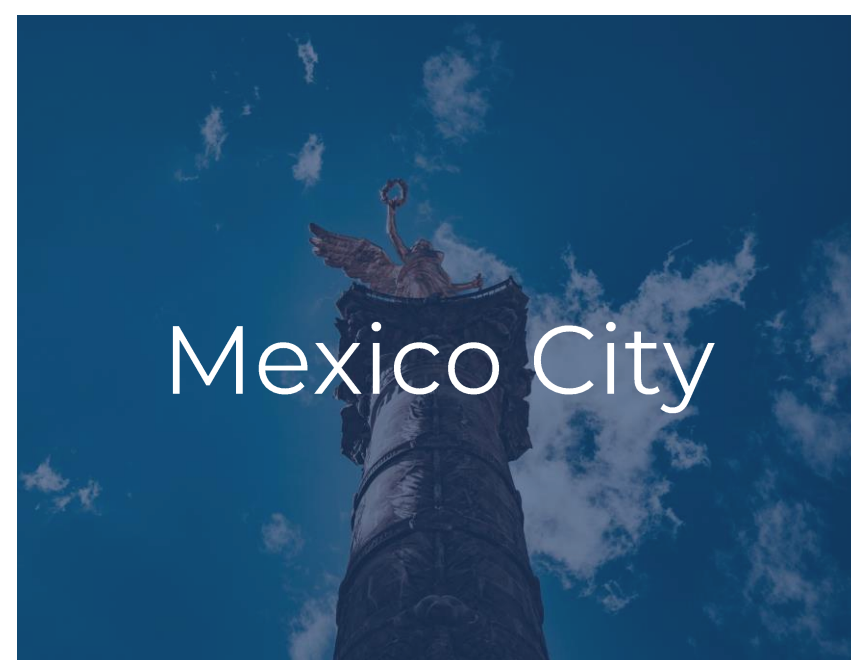
32+ years with Grupo Industrial Saltillo with experience as Director, Corp. Dev. and extensive global commercial experience
Instituto Tecnológico y de Estudios Superiores de Monterrey
MBA and BS in Industrial Engineering



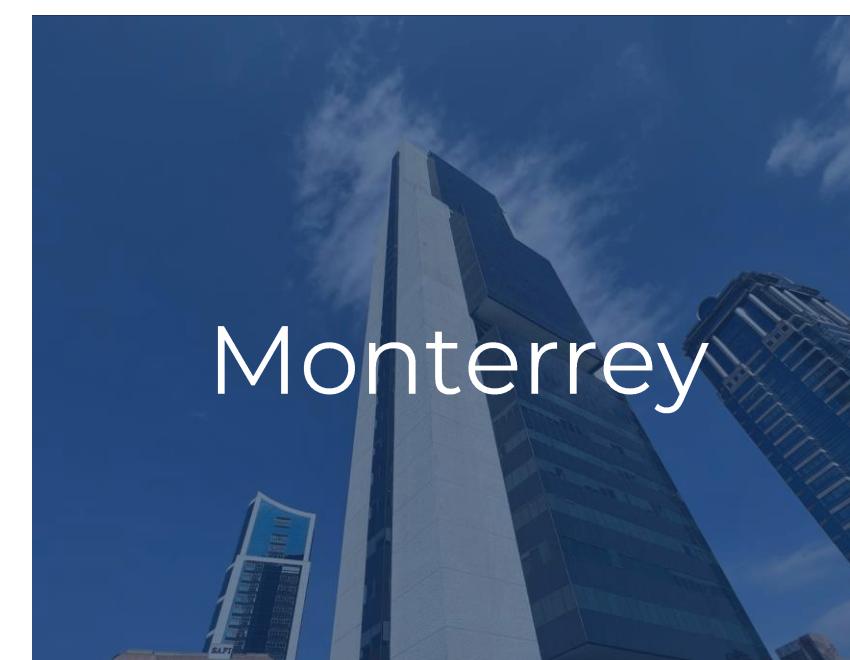
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San Luis Potosi

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

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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.



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