



Seale & Associates

HVAC INDUSTRY
Q4 2023
VALUATION UPDATE

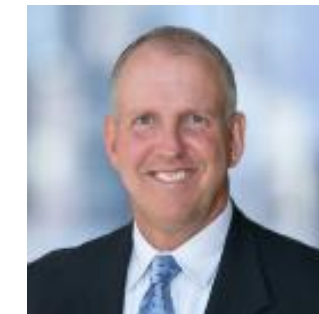
Introduction

We are pleased to share our HVAC Industry Multiples Valuation Update for Q4 2023.

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 HVAC Industry 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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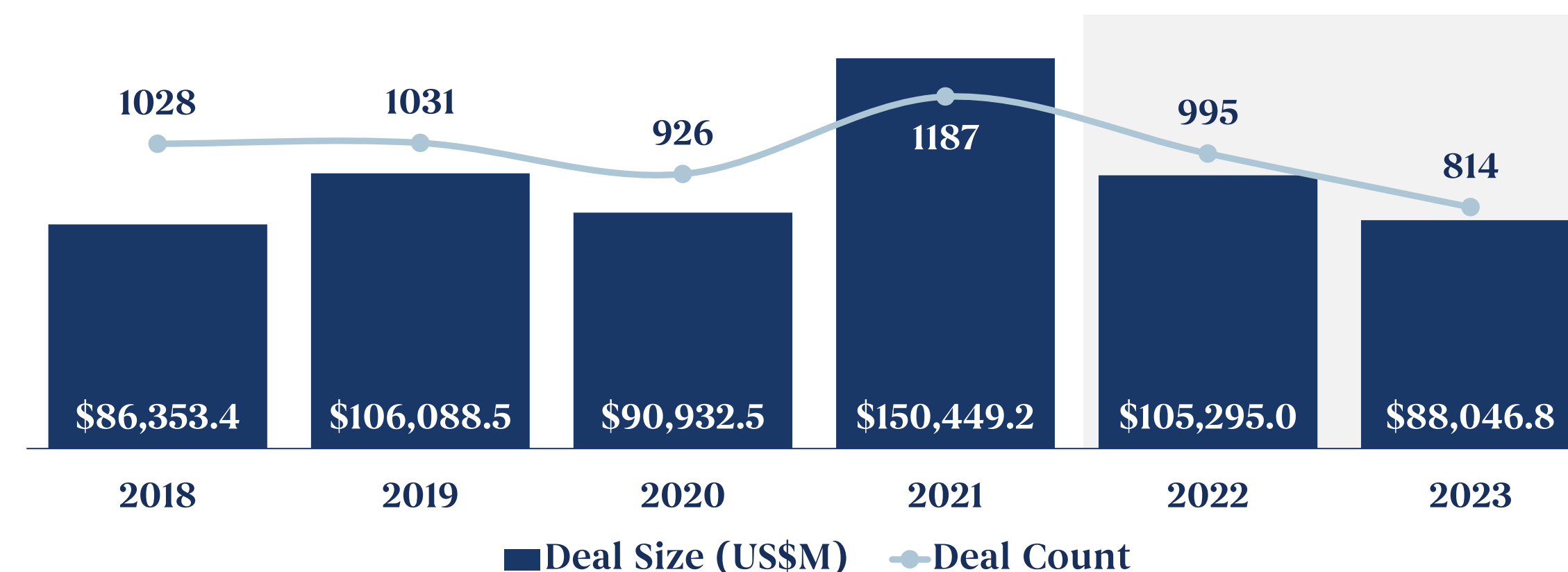
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HVAC Industry Overview, M&A Trends and Market Intelligence

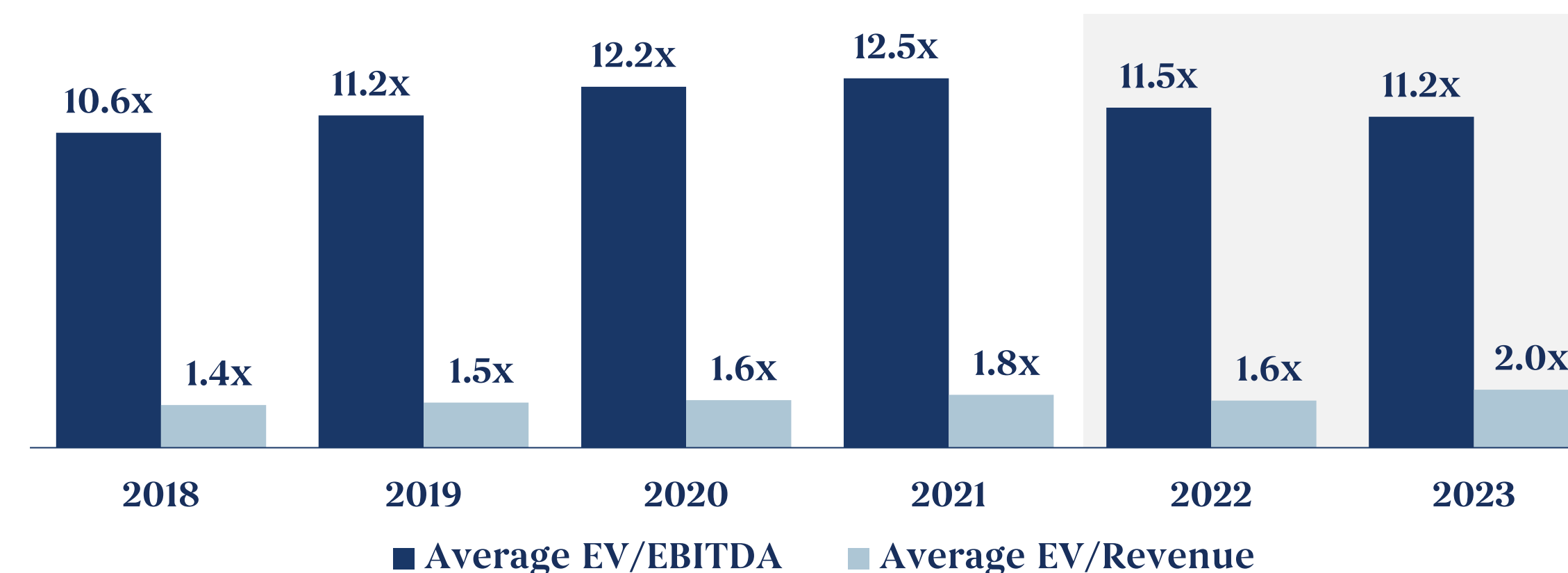
HVAC M&A Trends and Market Intelligence

- **HVAC equipment market size** is estimated at **US\$141.4B** in **2023** and is expected to reach **US\$196.0B** by **2028**, growing at a **CAGR** of **6.75%**
- **HVAC services market size** is anticipated to grow from **US\$62.3B** in **2023** to **US\$95.6B** by **2028**, at a **CAGR** of **8.94%**
- Significant **increase** in the construction of various buildings has led to a significant demand for HVAC equipment to provide heating and cooling, control ventilation, manage humidity, and enhance air quality
- Supply chain **disruptions** have continued to drive **price increases** for original equipment manufacturers (OEMs), although the magnitude and frequency of these increases have **slowed** compared to 2022
- The incorporation of HVAC equipment has surged due to **technological innovations**
- Increasing environmental **regulations** and consumer demand for **energy-efficient** solutions have led to **M&A** activity in companies specializing in energy-efficient HVAC technologies
- Amid a growing emphasis on indoor air **quality** and **health** concerns, there has been an **M&A trend** in companies offering air purification and filtration **technologies**
- The residential sector is expected to see significant growth due to factors like the global **population** increase, rising **standards** of living, and governmental **investments** in new building construction and smart infrastructure

HVAC Industry M&A Deal Size and Volume









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





Source: Mordor Intelligence, ACHR News, Origin Merchant Partners M&A Spotlight on HVACR Report, Other industry reports






HVAC Equipment Manufacturing Global Comparable Public Companies (1/2)

Company	Country	Market Cap. US\$M	Enterprise Value US\$M	Revenue US\$M	EBITDA Margin	Annual Average EV/EBITDA		Fourth Quarter Dec. 31, 2023 EV/	
						2021	2022	EBITDA	Revenue
AAON, Inc.	 USA	\$6,002	\$6,092	\$1,116	23.5%	30.1x	30.4x	23.3x	5.5x
Carrier Global Corporation	 USA	\$48,203	\$53,869	\$22,101	15.8%	16.6x	12.6x	15.4x	2.4x
Daikin Industries, Ltd.	 JPN	\$47,735	\$49,149	\$29,703	14.1%	17.3x	14.0x	11.7x	1.7x
Haier Smart Home Co., Ltd.	 CHN	\$26,490	\$23,414	\$36,295	8.2%	17.6x	11.6x	7.9x	0.6x
Johnson Controls International plc	 IRL	\$39,234	\$49,778	\$26,793	16.8%	13.2x	10.9x	11.1x	1.9x
Lennox International Inc.	 USA	\$15,905	\$17,469	\$4,921	20.1%	17.8x	13.6x	17.7x	3.5x
Midea Group Co., Ltd.	 CHN	\$52,989	\$49,142	\$51,407	11.3%	17.5x	12.3x	8.5x	1.0x
NIBE Industrier AB (publ)	 SWE	\$14,193	\$16,002	\$4,640	18.0%	40.2x	34.3x	19.2x	3.4x
Resideo Technologies, Inc.	 USA	\$2,749	\$3,977	\$6,265	12.7%	8.1x	5.5x	5.0x	0.6x
SPX Technologies, Inc.	 USA	\$4,611	\$5,174	\$1,701	17.9%	15.1x	14.6x	16.9x	3.0x

HVAC Equipment Manufacturing Global Comparable Public Companies (2/2)






Company	Country	Market Cap. US\$M	Enterprise Value US\$M	Revenue US\$M	EBITDA Margin	Annual Average EV/EBITDA		Fourth Quarter Dec. 31, 2023		
						2021	2022	EV/EBITDA	EV/Revenue	
Systemair AB (publ)	 SWE	\$1,628	\$1,771	\$1,246	14.2%	17.6x	14.0x	10.0x	1.4x	
Trane Technologies plc	 IRL	\$55,501	\$59,384	\$17,327	18.7%	20.8x	15.5x	18.3x	3.4x	
■ Excluded from mean and median						Mean	16.2x	12.5x	12.9x	2.1x
						Median	17.5x	13.8x	13.6x	2.1x

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		Fourth Quarter Dec. 31, 2023			
						2021	2022	EV/EBITDA	EV/Revenue		
Beijer Ref AB (publ)			SWE	\$6,798	\$7,687	\$3,017	12.5%	39.2x	32.2x	20.4x	2.5x
Ferguson plc			GBR	\$39,258	\$43,778	\$29,511	11.9%	14.6x	9.8x	12.4x	1.5x
Reece Limited			AUS	\$9,859	\$10,942	\$6,026	10.9%	22.0x	16.7x	16.7x	1.8x
Watsco, Inc.			USA	\$15,735	\$16,491	\$7,262	13.5%	17.6x	12.2x	16.8x	2.3x
W.W. Grainger, Inc.			USA	\$41,131	\$43,573	\$16,283	17.7%	15.0x	14.2x	15.1x	2.7x
						Mean	17.3x	13.2x	16.3x	2.2x	
						Median	17.6x	14.2x	16.7x	2.3x	

■ Excluded from mean and median






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		Fourth Quarter Dec. 31, 2023		
						2021	2022	EV/EBITDA	EV/Revenue	
Comfort Systems USA, Inc.		USA	\$7,324	\$7,449	\$4,966	10.5%	11.0x	12.6x	14.3x	1.5x
EMCOR Group, Inc.		USA	\$10,135	\$10,047	\$12,093	9.7%	7.4x	7.1x	8.5x	0.8x
SPIE SA		FRA	\$5,148	\$7,075	\$9,468	8.5%	9.0x	8.4x	8.8x	0.7x
Bravida Holding AB (publ)		SWE	\$1,645	\$1,950	\$2,910	7.9%	14.8x	11.3x	8.5x	0.7x
Tutor Perini Corporation		USA	\$473	\$1,144	\$3,765	-2.0%	3.2x	5.1x	NM	0.3x
						Mean	7.7x	7.9x	8.6x	0.8x
						Median	9.0x	8.4x	8.7x	0.7x

■ Excluded from mean and median

NM: Not Measurable

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		Fourth Quarter Dec. 31, 2023		
						2021	2022	EV/EBITDA	EV/Revenue	
Emerson Electric Co.		USA	\$55,626	\$62,189	\$15,165	25.7%	15.1x	13.9x	15.9x	4.1x
Honeywell International Inc.		USA	\$138,251	\$152,169	\$36,408	24.8%	19.5x	16.2x	16.8x	4.2x
Infineon Technologies AG		DEU	\$54,473	\$56,158	\$18,027	35.2%	19.6x	10.2x	8.9x	3.1x
Johnson Controls International plc		IRL	\$39,234	\$49,778	\$26,793	16.8%	13.2x	10.9x	11.1x	1.9x
Ningbo Deye Technology Group Co., Ltd.		CHN	\$5,089	\$4,491	\$1,158	31.0%	55.4x	79.8x	12.5x	3.9x
■ Excluded from mean and median						Mean	16.9x	12.8x	13.0x	3.4x
						Median	19.5x	13.9x	12.5x	3.9x

HVAC – Q4 Global Transactions (1/3)

Date	Target	Country	Description	Buyer	Seller	% Acquired	Size US\$M	EV/ EBITDA	EV/ Revenue
Dec-23		USA	Distributes HVAC equipment, hydronic boilers, and other heating and cooling products		-	100.0%	-	-	-
Dec-23	 	USA	Provide plumbing and heating system services for both residential and commercial clients		-	100.0%	-	-	-
Dec-23		USA	Provides HVAC installation, replacement, repair, and maintenance services		-	100.0%	-	-	-
Dec-23		USA	Manufactures commercial HVAC equipment		-	100.0%	-	-	-
Dec-23		USA	Provides commercial refrigeration, air conditioning, ice machine, heating, and ventilation repair, maintenance and installation		-	100.0%	-	-	-
Dec-23	Georgia Air Solutions, Inc.	USA	Provides refrigeration and HVAC services including installation, repair, and maintenance services		-	100.0%	-	-	-
Dec-23		USA	Distributes plumbing and HVAC supplies		-	100.0%	-	-	-
Dec-23		CAN	Provides furnace repair, furnace service, air conditioning repair, boiler repair, and HVAC services		-	100.0%	-	-	-
Dec-23		GBR	Provides industrial refrigeration and air conditioning services		-	100.0%	-	-	-
Dec-23		USA	Sells and services residential AC systems		-	100.0%	-	-	-
Nov-23		AUS	Distributes HVAC products		-	100.0%	-	-	-

HVAC - Q4 Global Transactions (2/3)

Date	Target	Country	Description	Buyer	Seller	% Acquired	Size US\$M	EV/ EBITDA	EV/ Revenue
Nov-23	 FROID & MACHINES DU HAUT-QUERCY	FRA	Provides refrigeration equipment services	 SYCLEF REFRIGERATION ET CONDITIONNEMENT D'AIR	-	100.0%	-	-	-
Nov-23	 industrial air, inc.	USA	Designs, fabricates, and installs air conditioning and air filtration systems	 LIMBACH	-	100.0%	\$20.0	-	-
Nov-23	 HYDECLIM Quand l'expertise prime	FRA	Distributes air conditioning and air treatment services	 sonepar Powered by Difference	-	100.0%	-	-	-
Oct-23	 DESIGN AIR™ HVAC DISTRIBUTOR DESIGN SERVICES	USA	Distributes HVAC products	 HomeServe Energies Services	-	100.0%	-	-	-
Oct-23	 GAZ DÉPANNAGE VOTRE PLOMBIER	FRA	Provides installation, maintenance, and repair of gas heating appliances, air conditioning, and heat pumps	 SM SOUTHEAST MECHANICAL	-	100.0%	-	-	-
Oct-23	 total services HEATING AND AIR CONDITIONING	USA	Provides maintenance, repair, and installation services for residential and commercial HVAC products	 Assemblin	-	100.0%	-	-	-
Oct-23	 LINDSELLS VENTILATION VÄRME-ETEA	SWE	Provides ventilation and heating services	 B.R.'s PLUMBING & HEATING	-	100.0%	-	-	-
Oct-23	 G.C. LOUNSBURY INC. HEATING AIR CONDITIONING	CAN	Provides HVAC systems installation and maintenance services	 Lindab	-	100.0%	-	-	-
Oct-23	 HAS-VENT VENTILATION PRODUCTS	GBR	Manufactures and distributes ventilation products	 userfriendly Home Services	-	100.0%	-	-	-
Oct-23	 Falls HEATING & COOLING Since 1981	USA	Offers furnace installation, furnace repair, AC installation, and AC repair services	 HOBBS & ASSOCIATES	-	100.0%	-	-	-
Oct-23	 energy Transfer Solutions, LLC	USA	Provides specialty commercial and industrial HVAC equipment and services						

HVAC – Q4 Global Transactions (3/3)

Date	Target	Country	Description	Buyer	Seller	% Acquired	Size US\$M	EV/ EBITDA	EV/ Revenue
Oct-23		USA	Designs and applies HVAC systems for commercial and industrial buildings		-	100.0%	-	-	-
Oct-23		USA	Offers service and integration of equipment for commercial, institutional, and light industrial HVAC applications		-	100.0%	-	-	-
Oct-23		USA	Provides variable refrigerant flow and DOAS Systems		-	100.0%	-	-	-
Oct-23		NLD	Provides HVAC system services		-	100.0%	-	-	-

Selected Transactions Commentary



"The acquisition aligns with our overall growth strategy and complements our existing offer in the US well. Webb Supply brings substantial expertise and knowledge, and we look forward to continuing developing the company together with its current owners."

Christopher Norbye, CEO of Beijer Ref



"We strive to offer the highest quality HVAC and refrigeration services around Georgia. We're excited to become part of a market-leading national company, and to enhance and diversify the services that we can offer to our customers."

James Dahlin, Owner of Georgia Air Solutions



"The Brooktherm acquisition is an important progression that complements and strengthens Daikin's established applied sales and service organization within the UK. Brooktherm has a wealth of knowledge in service, maintenance and turn-key installation projects, and brings a high level of technical expertise across all HVAC areas."










Claudio Capozio, CEO of Daikin Applied Europe S.p.A



"Lindab and HAS-Vent have been working side by side in the UK market with a similar product range and customer philosophy, so it feels natural that we now join forces to provide even better distribution and service to our customers."

Ola Ringdahl, President and CEO of Lindab

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>	 2019-2023	 \$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>	2016-2023	\$47.3M	\$72.8M	-2.0%	0.6x	9.0%	6.8x	4

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

Georgia, 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, Chief Executive Officer, Rheem Manufacturing Company, Inc.

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S U S C R I B E

Representative Global Engagements



INMAGUSA
Grupo Galaz, S.A de C.V.

has been acquired by



IOCHPE-MAXION



has sold



VITROMEX

to



MOHAWK
INDUSTRIES, INC.



has sold its

Sanitaryware business units

ST. THOMAS CREATIONS
SAFARIROOMS THAT WORK BEAUTIFULLY

and



VITROMEX

to



Villeroy & Boch
1748



has sold



Cal-o-Rex

to



GIS



has sold



CUPRUM
PRODUCTOS PLASTICOS

to



NMM



has been acquired by



LAMOSA




acquired

The Zinc Recycling Business

of



HMG
Recylex Group



acquired



Automotive dealerships from



GRUPO FRAL



has sold



Holiday Inn Altamira

to



fibra inn



has sold

Kidde de Mexico, S.A. de C.V

Fire Safety Solutions Business

to an affiliate of



EMX | CAPITAL



has sold its concrete pumping business

to



PUMPINGTEAM
LIDERES EN BOMBEO DE CONCRETO

CORPORACION



has sold



NORTHAM
ENGINEERING

to



FW



COSMOCEL

has been acquired by




ROVENSA
— WELL BALANCED AGRICULTURE —



has been acquired by




IMCD



NTA
We DELIVER HEALTH

has been acquired by



DHL

intelectiva®


has acquired



KFC Costa Rica
from



QSR
INTERNATIONAL



ARCACONTINENTAL

Multiple acquisitions



Carolina Country Snacks, **WISE**, **Tiger Snacks**, **DEEP RIVER SNACKS**



caffenio

has partnered with



OXO

a subsidiary of



FEMSA



TORREY

has been acquired by




FEMSA

FOQUE
GRUPO FOMENTO QUERETANO


has merged its Beverage Division with



Coca-Cola
FEMSA



has merged its Beverage Division with



Coca-Cola
FEMSA



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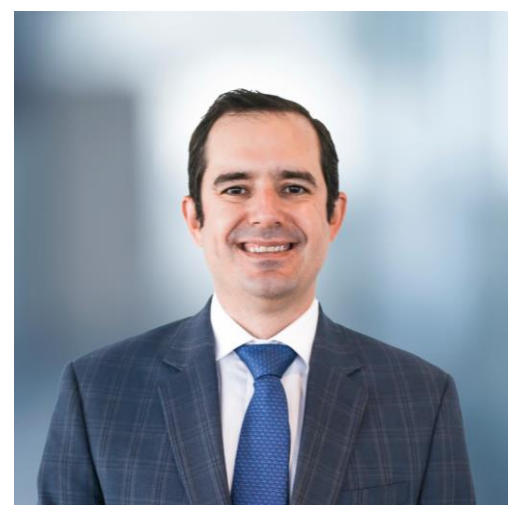


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University of Florida - BA in Political Science with High Honors

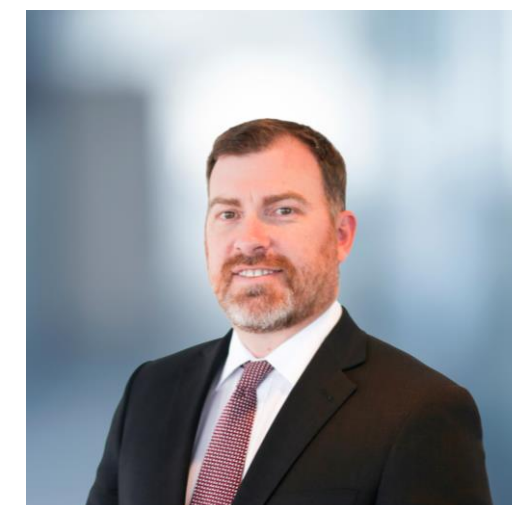


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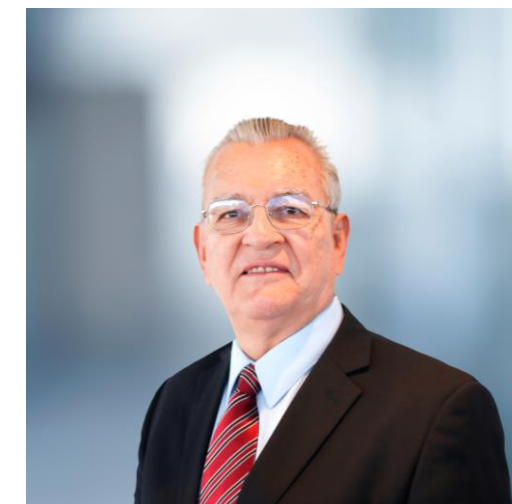


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Please contact us if you would like further information about M&A trends and/or specific transaction multiples for your industry.

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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

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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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