



Seale & Associates

HVAC INDUSTRY
Q2 2023
VALUATION UPDATE

Introduction

We are pleased to share our HVAC Industry Multiples Valuation Update for Q2 2023.

At Seale & Associates, we are committed to providing process-driven solutions designed to optimize value and achieve our clients' 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 that 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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Sector relevant experience

Extensive M&A transaction experience, including:

• Sale of HTPG to Monomoy Capital Partners and Starboard Capital Partners

- Exclusive financial advisor to Carrier Corp., a subsidiary of United Technologies Corp., to help with the divestiture of Heat Transfer Products Group (HTPG), a manufacturer of commercial refrigeration equipment for the food service, food retail, and other non-consumable markets
- Seale assisted Carrier in preparing all deal marketing materials, researching and screening the potential buyers' universe, confidentially prequalifying potential buyers, and negotiating the transaction

• Sale of International Cold Storage to CrownTonka and ThermalRite

- Exclusive financial advisor to Carrier Corp., a subsidiary of United Technologies Corp., to help with the divestiture of International Cold Storage, its commercial walk-in cooler business
- Seale assisted Carrier Corp. with preparing all deal-related marketing materials, researching and screening the potential buyers' universe, confidentially prequalifying the potential buyers, and negotiating the transaction

• Acquisition of HTPG by Rheem

- Engaged as exclusive financial advisor to Rheem, a subsidiary of Paloma, to advise on acquisition opportunities in food service equipment
- Seale conducted extensive market research and prequalification to identify potential acquisition opportunities that fit the defined investment criteria and negotiated the transaction with HTPG

US\$1.275B

BEIJER REF

has acquired



HERITAGE DISTRIBUTION HOLDINGS



a portfolio company of



acquired a

Specialty HVAC Company



has sold

Cal-o-Rex

to



GRUPO INDUSTRIAL SOLTILLO



a subsidiary of



has sold

HTPG

A Division of Carrier Commercial Refrigeration, Inc.

to



MONOMOY and Starboard Capital Partners



a subsidiary of



has sold



INTERNATIONAL COLD STORAGE

to the shareholders of



CrownTonka and ThermalRite



has acquired




HTPG




has been acquired by



FEMSA



has been acquired by



AC Smith.



TRANE

Corporate Finance Advisory Services

SEALE & ASSOCIATES' SECTOR RELEVANT EXPERIENCE

RHEEM

TARGET: Heat Transfer Products Group (HTPG)

TRANSACTION TYPE: Buy-side Advisory

INDUSTRIES: HVAC, Industrial machinery

GEOGRAPHY: Georgia, USA

SITUATION

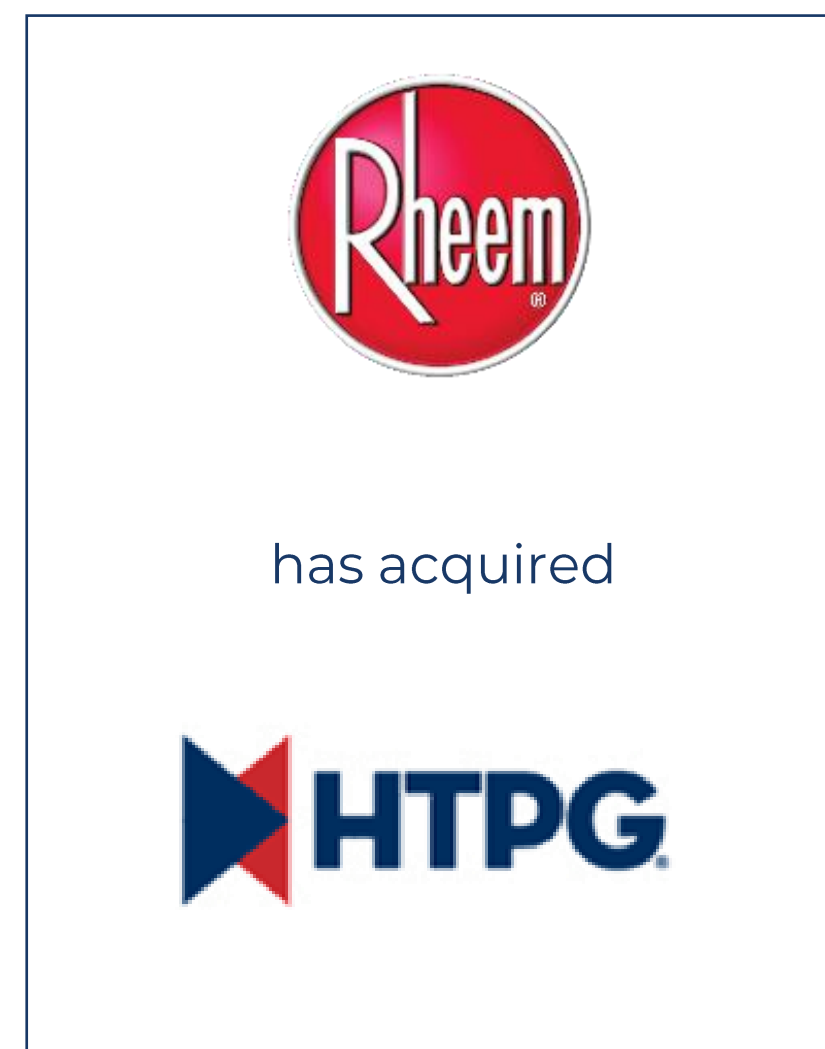
Seale & Associates was retained by Rheem Manufacturing Company to evaluate and execute strategic acquisitions across business lines. Seale advised Rheem on the successful acquisition of Heat Transfer Products Group (HTPG) in a competitive auction process. HTPG manufactures commercial refrigeration equipment 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, 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.**






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, 2023 EV/EBITDA		
						2021	2022	EV/EBITDA	EV/Revenue	
AAON, Inc.		USA	\$5,144	\$5,232	\$972	19.3%	30.1x	30.4x	27.9x	5.4x
Carrier Global Corporation		USA	\$41,500	\$47,843	\$21,040	13.7%	16.6x	12.6x	14.7x	2.3x
Daikin Industries, Ltd.		JPN	\$59,249	\$61,400	\$29,952	14.0%	17.3x	14.0x	15.8x	2.2x
Haier Smart Home Co., Ltd.		CHN	\$29,848	\$26,460	\$36,153	7.7%	18.6x	12.2x	9.6x	0.8x
Johnson Controls International plc		IRL	\$46,751	\$57,784	\$26,093	12.7%	13.2x	10.9x	14.1x	2.2x
Lennox International Inc.		USA	\$11,576	\$13,419	\$4,754	15.9%	17.8x	13.6x	15.6x	2.8x
Midea Group Co., Ltd.		CHN	\$55,855	\$58,417	\$50,923	10.4%	17.5x	12.3x	11.2x	1.2x
NIBE Industrier AB (publ)		SWE	\$19,136	\$19,846	\$4,149	16.8%	40.2x	34.3x	28.0x	5.0x
Resideo Technologies, Inc.		USA	\$2,598	\$3,903	\$6,413	11.9%	8.1x	5.5x	4.7x	0.6x
SPX Technologies, Inc.		USA	\$3,869	\$3,969	\$1,554	14.5%	15.1x	14.6x	16.5x	2.6x
Systemair AB (publ)		SWE	\$1,515	\$1,655	\$1,176	11.0%	17.6x	14.0x	13.5x	1.5x
Trane Technologies plc		IRL	\$43,617	\$47,773	\$16,302	16.8%	20.8x	15.5x	16.3x	2.9x
■ Excluded from mean and median						Mean	16.3x	12.5x	13.2x	1.9x
						Median	17.4x	13.1x	14.4x	2.2x

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, 2023		
						2021	2022	EV/EBITDA	EV/Revenue	
Beijer Ref AB (publ)		SWE	\$6,468	\$7,141	\$2,425	10.0%	39.2x	32.2x	26.4x	3.1x
Ferguson plc		GBR	\$32,080	\$36,687	\$29,867	10.5%	14.6x	9.8x	10.1x	1.2x
Reece Limited		AUS	\$7,984	\$9,174	\$5,764	8.4%	22.0x	16.7x	16.5x	1.6x
Watsco, Inc.		USA	\$13,780	\$14,560	\$7,301	11.5%	17.6x	12.2x	14.9x	2.0x
W.W. Grainger, Inc.		USA	\$39,561	\$42,152	\$15,672	16.5%	15.0x	14.2x	15.7x	2.7x
■ Excluded from mean and median						Mean	17.3x	13.2x	14.3x	2.1x
						Median	16.3x	13.2x	15.3x	2.0x

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, 2023 EV/		
						2021	2022	EBITDA	Revenue	
Comfort Systems USA, Inc.		USA	\$5,856	\$6,153	\$4,430	8.5%	11.0x	12.6x	14.4x	1.4x
EMCOR Group, Inc.		USA	\$8,786	\$9,008	\$11,374	6.4%	7.4x	7.1x	8.9x	0.8x
SPIE SA		FRA	\$5,304	\$6,799	\$8,763	7.6%	9.0x	8.4x	8.0x	0.8x
Bravida Holding AB (publ)		SWE	\$1,960	\$2,111	\$2,695	6.5%	14.8x	11.3x	10.1x	0.8x
Tutor Perini Corporation		USA	\$369	\$1,108	\$3,615	-6.1%	3.2x	5.1x	NM	0.3x
						Mean	10.5x	8.9x	10.4x	0.8x
						Median	10.0x	8.4x	9.5x	0.8x

■ Excluded from mean and median
NM: Not Measurable














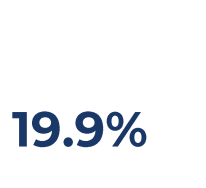




HVAC Control Modules Global Comparable Public Companies

Company	Country	Market Cap. US\$M	Enterprise Value US\$M	Revenue US\$M	EBITDA Margin	Annual Average EV/EBITDA		Second Quarter Jun. 30, 2023 EV/EBITDA		
						2021	2022	EV/EBITDA	EV/Revenue	
Emerson Electric Co.		USA	\$51,658	\$66,169	\$20,311	24.1%	15.1x	13.9x	12.9x	3.3x
Honeywell International Inc.		USA	\$138,077	\$151,551	\$35,954	23.3%	19.5x	16.2x	17.4x	4.2x
Infineon Technologies AG		DEU	\$53,737	\$56,321	\$17,201	34.3%	19.6x	10.2x	9.3x	3.3x
Johnson Controls International plc		IRL	\$46,751	\$57,784	\$26,093	12.7%	13.2x	10.9x	14.1x	2.2x
Ningbo Deye Technology Group Co., Ltd.		CHN	\$8,869	\$8,655	\$1,048	30.9%	55.4x	79.8x	28.2x	8.7x
■ Excluded from mean and median						Mean	16.9x	12.8x	13.4x	3.2x
						Median	17.3x	12.4x	13.5x	3.3x

HVAC – Q2 Global Transactions

Date	Target	Country	Description	Buyer	Seller	% Acquired	Size US\$M	EV/ EBITDA	EV/ Revenue	
Jun-23	 MSM CARNOT	USA	Manufactures and supplies industrial refrigeration equipment and controls	 Johnson Controls	SourceCapital LLC	100.0%	-	-	-	
Jun-23	 Oslin Nation Co.	USA	Manufactures and sales boilers, HVAC, and plumbing products	 HTS	-	100.0%	-	-	-	
Jun-23	 Howden <small>A Chart Industries Company</small>	GBR	Designs and manufactures fans, heaters, compressors, blowers and steam turbines	 Ingersoll Rand	 CHART	100.0%	\$300.0	-	-	
May-23	 OJ ELECTRONICS	DNK	Designs and develops electronic controls for HVAC and underfloor heating systems	 Bitzer	-	100.0%	-	-	-	
May-23	 MAZIAK	GBR	Manufactures and distributes air compressors, nitrogen generators, and cooling solutions	 Atlas Copco	-	100.0%	-	-	-	
May-23	 SA-AL KOLETEKNIK	DNK	Offers installation, maintenance and repair of cooling systems	 NORDIC CLIMATE GROUP	-	100.0%	-	-	-	
May-23	 WESTER KYLTEKNIK	SWE	Offers planning, installation, and service on refrigeration and freezer systems	 NORDIC CLIMATE GROUP	-	100.0%	-	-	-	
May-23	 IE	USA	Operates as a boiler and mechanical supply house	 THERMOGENICS <small>INTELLIGENT STEAM</small>	-	100.0%	-	-	-	
May-23	 ASPEQ <small>HEATING GROUP</small>	USA	Designs and manufactures electric heating and thermal management equipment	 SPX <small>COOLING TECHNOLOGIES</small>	 IGP	100.0%	\$422.7	-	3.5x	
Apr-23	Viessmann Climate Solutions SE	DEU	Manufactures heating, cooling, and ventilation products	 Carrier	 VIESSMANN	100.0%	\$13,001.1	13.0x	-	
Apr-23	 TAMCO	CAN	Manufactures dampers and air control products for the HVAC market	 SPX <small>COOLING TECHNOLOGIES</small>	-	100.0%	\$125.0	-	2.5x	
								Mean	13.0x	3.0x
								Median	13.0x	3.0x

Private Equity Transactions

INDUSTRY CLASSIFICATION	PERIOD	AVERAGE ENTERPRISE VALUE (IN USD)	REVENUE (IN USD)	TTM REVENUE GROWTH	ENTERPRISE VALUE / REVENUE	EBITDA MARGIN	ENTERPRISE VALUE /EBITDA	NUMBER OF TRANSACTIONS
 Warm Air Heating and Air-Conditioning Equipment and Supplies Merchant Wholesalers <small>NAICS 423730 – Warm Air Heating and Air-Conditioning Equipment and Supplies Merchant Wholesalers</small>	 2016-2022	 \$29.7M	 \$72.0M	 -6.0%	 0.4x	 7.9%	 5.4x	 3
 Plumbing, Heating, and Air-Conditioning Contractors <small>NAICS 238220 – Plumbing, Heating, and Air-Conditioning Contractors</small>	 2022-2023	 \$26.7M	 \$26.9M	 19.9%	 1.2x	 19.6%	 6.6x	 11

Source: GF Data

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.

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One of our core capabilities is to deliver sector-specific intelligence designed specifically for industry leaders, private equity firms, and their advisors. Our industry reports and featured articles deliver real-time access to key industry data, including:



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Monthly reports for the U.S., Mexico, and Colombia

Analysis of transactions and market trends

Valuable insights for industry leaders

Receive email updates with our proprietary data, reports, and insights as they're published for the industries that matter to you the most

S U S C R I B E

Representative Global Engagements

<p>BEIJER REF</p> <p>has acquired</p> <p>HERITAGE DISTRIBUTION HOLDINGS</p>	<p>Rheem</p> <p>has acquired</p> <p>HTPG</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 & Triumph Engines businesses</p> <p>to</p> <p>TGG THE GORES GROUP</p>	<p>Electrolux PROFESSIONAL</p> <p>has acquired</p> <p>unified brands</p> <p>from</p> <p>DOVER</p>	<p>COSMOCEL</p> <p>has partnered with</p> <p>ROVENSA — WELL-BALANCED AGRICULTURE —</p> <p>a company backed by</p> <p>Partners Group Bridgepoint</p>	<p>Hertz</p> <p>has acquired</p> <p>DONLEN</p>	<p>tyco</p> <p>has sold the North American guarding business of</p> <p>to</p> <p>GARDA</p>	<p>Honeywell</p> <p>has sold</p> <p>TENSOR</p> <p>to</p> <p>GE</p>	<p>United Technologies</p> <p>has sold</p> <p>FORNEY</p> <p>to</p> <p>GH GRAHAM HOLDINGS</p>	<p>Carrier</p> <p>a subsidiary of</p> <p>United Technologies</p> <p>has sold</p> <p>HTPG A division of Carrier Commercial Refrigeration, Inc.</p> <p>to</p> <p>MONOMOY and Starboard Capital Partners</p>
<p>FLOWERVE</p> <p>has sold</p> <p>D&B</p> <p>to</p> <p>Daives Baird Pty Ltd a sister company of</p> <p>Quality Castings</p>	<p>KBR</p> <p>has acquired</p> <p>Wabi Wabi Development Corporation</p>	<p>Standex</p> <p>has sold</p> <p>JJI JAMES BURN INTERNATIONAL</p> <p>to</p> <p>Code Flower Inc.</p>	<p>GRACE</p> <p>has sold its</p> <p>GRACE Membranes Business</p> <p>UOP a subsidiary of</p> <p>Honeywell</p>	<p>ITT</p> <p>has sold</p> <p>BURNY KALIBURN FLAME CUTTING INNOVATION</p> <p>and</p> <p>CMC Cleveland Motion Controls</p> <p>to</p> <p>LINCOLN ELECTRIC</p>	<p>avangard innovative MOVING THE CIRCULAR ECONOMY FORWARD</p> <p>has sold a controlling interest to</p> <p>WM WASTE MANAGEMENT</p>	<p>Port Contractors STEVEDORING • TERMINAL OPERATIONS</p> <p>has been acquired by</p> <p>ENSTRUCTURE</p>	<p>ConvaTec</p> <p>has sold</p> <p>SENSI CARE and ALOE+VESTA</p> <p>to</p> <p>MEDLINE</p>	<p>Villeroy & Boch 1748</p> <p>has sold their</p> <p>Sanitaryware Manufacturing Plant</p> <p>to</p> <p>corona</p>	<p>ARCACONTINENTAL</p> <p>has acquired</p> <p>Multiple snack companies</p> <p>WISE WISCONSIN</p> <p>DEEP RIVER MISSISSIPPI</p> <p>Carolina Country Snacks</p>	<p>United Technologies</p> <p>has sold</p> <p>UNITEC ELEVATOR SAFETY • INTEGRITY • EXPERIENCE</p> <p>to</p> <p>PACIFIC AVENUE 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>NTA WE DELIVER HEALTH</p> <p>has been acquired by</p> <p>DHL</p>	<p>Oxbow</p> <p>has sold</p> <p>Oxbow Sulphur, Inc.</p> <p>to</p> <p>H.J. BAKER ESTABLISHED 1978</p>	<p>Wood Crafters</p> <p>has been acquired by</p> <p>Fortune Brands Home & Security</p>	<p>LESCO</p> <p>has sold</p> <p>NOVEX</p> <p>to</p> <p>KPAC Holdings, Inc. A private investment group</p>	<p>KENTZ Engineers & Constructors</p> <p>has acquired</p> <p>ALEGRO PROJECTS LIMITED</p>	<p>LOUISVILLE LADDER</p> <p>has acquired</p> <p>CENTURY 21 REALESTATE</p> <p>holding Asia Stairways</p>	<p>gcp</p> <p>has acquired</p> <p>StirlingLloyd</p>	<p>HERCULES</p> <p>has sold its</p> <p>SYCAR Resins business</p> <p>to</p> <p>National Starch & Chemical A member of the ICI Group</p>	<p>KVERNER</p> <p>has sold</p> <p>NEGRI BOSSI™</p> <p>to</p> <p>Private Equity Partners</p>	<p>state WATER HEATERS</p> <p>has been acquired by</p> <p>AC Smith.</p>
<p>GIS</p> <p>has sold</p> <p>VITROMEX</p> <p>to</p> <p>MOHAWK INDUSTRIES, INC.</p>	<p>intelectiva</p> <p>has acquired</p> <p>KFC</p> <p>KFC Costa Rica</p> <p>from</p> <p>QSR INTERNATIONAL</p>	<p>FANOSA</p> <p>has been acquired by</p> <p>LAMOSA</p>	<p>Standex</p> <p>has sold</p> <p>Enginetics</p> <p>to</p> <p>Enjet AERO</p>	<p>Celanese</p> <p>has sold the</p> <p>Films Business of</p> <p>ATPlastics</p> <p>to</p> <p>bpi</p>	<p>PromaPlast</p> <p>has been acquired by</p> <p>IMCD</p>	<p>GRUPO CUPRUM</p> <p>has sold</p> <p>CUPRUM PRODUCTOS QUIMICOS</p> <p>to</p> <p>NMM</p>	<p>Oxbow</p> <p>Oxbow's Senior Subordinated debt issued by</p> <p>H.J. BAKER</p> <p>was refinanced by</p> <p>BMO</p>	<p>AXA</p> <p>has sold</p> <p>maestro health</p> <p>to</p> <p>MARPAI</p>	<p>GARWARE bestretch A Garware Holdings Company</p> <p>has acquired</p> <p>Fulflex YOUR ELASTICS EXPERT</p> <p>from</p> <p>THE MOORE COMPANY</p>	<p>CEMEX</p> <p>sold its concrete pumping business to</p> <p>PUMPING TEAM GRUPO</p>

Advisor to Leading Companies Worldwide



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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.

Services and Solutions

25
YEARS OF EXPERIENCE

\$50B+
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GLOBALLY

Mergers & Acquisitions

Divestitures

Joint Ventures / Alliances

Recapitalizations

Due Diligence / Support

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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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