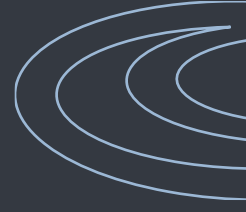




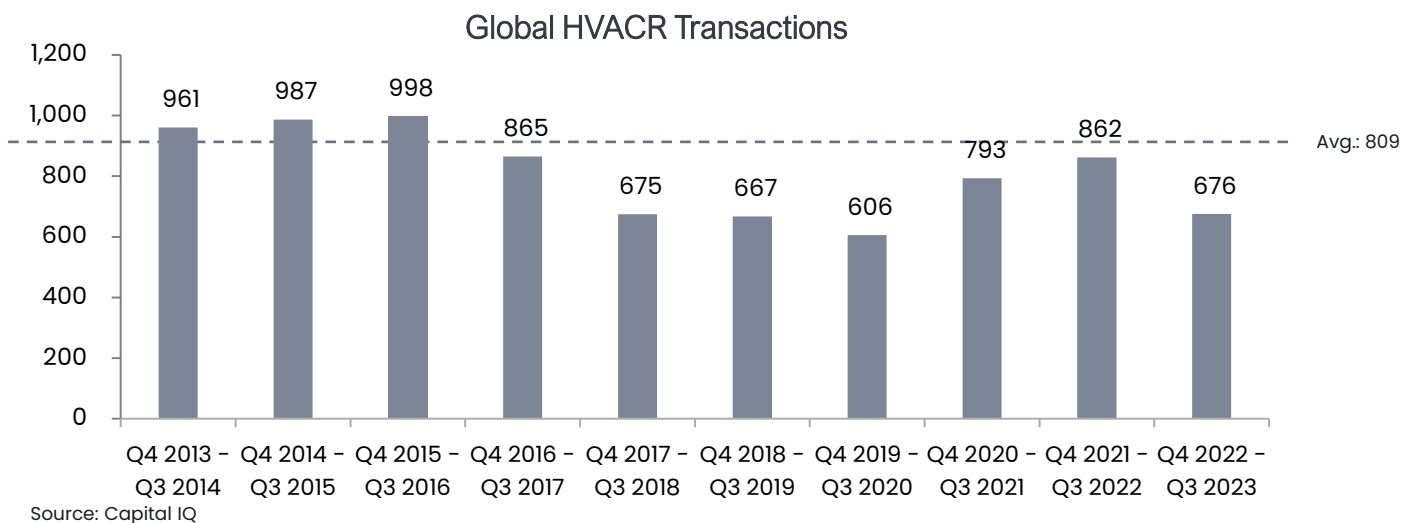
Q3 2023

M&A REVIEW ON HVACR



M&A Environment

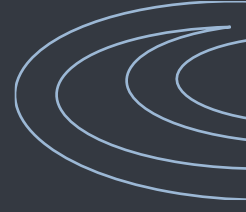
High Q4 2020 – Q3 2022 transaction volume mainly stemmed from pent-up demand following the pandemic shutdown. Drawing from our experience and discussions with buyers/investors, we anticipate continued high demand and competitive processes for robust HVACR businesses, while lower-quality assets will struggle gaining traction in the market.



We anticipate that the overall M&A environment will continue to be shaped by several overarching themes and key industry shifts:

- Industry-wide push towards enhancing energy efficiency and environmental sustainability
- Supply chain issues persist in pockets due to a host of geopolitical issues
- Uncertainty around the A2L transition
- Evolving built environment driven in part by controls and automation
- Attracting, training, and retaining a skilled workforce
- Ongoing consolidation of distributors and service providers
- Buyer/investor interest more heavily weighted toward companies generating a larger share of revenue from the repair, replacement, and retrofit market

It is critical for sellers to understand that sophisticated buyers/investors focus on key operating characteristics, including strength and depth of the team, product and service offering, customer/supplier mix, distribution capabilities, reputation, and brand awareness when analyzing potential acquisitions. Businesses with strong, growing operations that fit this buyer/investor criteria are attractive, well positioned, and should have no shortage of options when considering a potential transition for their companies – be it an outright sale to a strategic buyer or a newly-formed partnership with a financial investor.



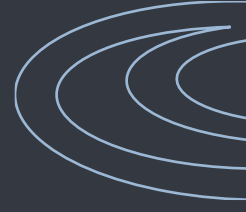
Performance of Publicly Listed HVACR Companies

Our conviction remains the same: public companies will continue seeking acquisitions of differentiated product and service companies within the HVACR space to bolster anemic organic growth. However, the 'bar' is likely higher now due to the current global economic environment.

(\$ in millions)

Company Name	Headquarters	Enterprise		EBITDA		Q3 2023 EV Multiples of:		Q3 2022
		Value (EV)	Revenue	\$	%	Revenue	EBITDA	EV/EBITDA
<i>Manufacturer</i>								
A. O. Smith Corporation	United States	9,783	3,801	808	21%	2.6x	12.1x	10.3x
Carrier Global Corporation	United States	52,621	22,101	3,168	14%	2.4x	16.6x	12.6x
Daikin Industries, Ltd.	Japan	47,948	28,032	3,949	14%	1.7x	12.1x	12.8x
Honeywell International Inc.	United States	136,857	36,408	8,713	24%	3.8x	15.7x	14.7x
Ingersoll Rand Inc.	United States	27,435	6,678	1,615	24%	4.1x	17.0x	16.0x
Johnson Controls International plc	Ireland	47,478	26,612	3,600	14%	1.8x	13.2x	13.9x
Johnson Electric Holdings Limited	Hong Kong	1,324	3,813	547	14%	0.3x	2.4x	3.9x
Lennox International Inc.	United States	15,041	4,921	873	18%	3.1x	17.2x	14.0x
Modine Manufacturing Company	United States	2,723	2,421	276	11%	1.1x	9.9x	5.8x
Patels Airtemp (India) Limited	India	35	40	4	10%	0.9x	8.9x	6.6x
SPX Technologies, Inc.	United States	4,291	1,701	290	17%	2.5x	14.8x	16.0x
Standex International Corporation	United States	1,735	745	143	19%	2.3x	12.1x	8.1x
Trane Technologies plc	Ireland	50,726	17,327	3,033	18%	2.9x	16.7x	15.0x
Unique Fabricating, Inc.	United States	61	135	6	4%	0.4x	11.0x	11.7x
Mean		\$ 28,433	\$ 11,053	\$ 1,930	16%	2.1x	12.8x	11.5x
Median		\$ 12,412	\$ 4,367	\$ 841	16%	2.4x	12.7x	12.7x
<i>Distributor</i>								
Ferguson plc	United Kingdom	38,144	29,734	3,105	10%	1.3x	12.3x	8.2x
Global Industrial Company	United States	1,371	1,215	98	8%	1.1x	13.9x	9.6x
Watsco, Inc.	United States	14,658	7,262	835	11%	2.0x	17.6x	12.1x
Mean		\$ 18,058	\$ 12,737	\$ 1,346	10%	1.5x	14.6x	10.0x
Median		\$ 14,658	\$ 7,262	\$ 835	10%	1.3x	13.9x	9.6x
<i>Services</i>								
ABM Industries Incorporated	United States	3,974	8,015	436	5%	0.5x	9.1x	8.8x
APi Group Corporation	United States	9,380	6,872	738	11%	1.4x	12.7x	15.0x
Comfort Systems USA, Inc.	United States	6,302	4,966	449	9%	1.3x	14.0x	13.1x
EMCOR Group, Inc.	United States	9,983	12,093	882	7%	0.8x	11.3x	9.3x
Limbach Holdings, Inc.	United States	343	517	38	7%	0.7x	9.1x	5.0x
Nippon Air Conditioning Services Co., Ltd.	Japan	127	369	25	7%	0.3x	5.2x	6.4x
Sanki Engineering Co., Ltd.	Japan	432	1,385	64	5%	0.3x	6.7x	5.5x
Sescom S.A.	Poland	25	49	3	6%	0.5x	9.0x	10.5x
Taikisha Ltd.	Japan	704	1,737	116	7%	0.4x	6.1x	5.4x
Mean		\$ 3,474	\$ 4,000	\$ 306	7%	0.7x	9.2x	8.8x
Median		\$ 704	\$ 1,737	\$ 116	7%	0.5x	9.1x	8.8x
Mean - All Categories		\$ 18,596	\$ 8,806	\$ 1,300	12%	1.6x	11.8x	10.4x
Median - All Categories		\$ 5,296	\$ 4,367	\$ 498	11%	1.3x	12.1x	10.4x

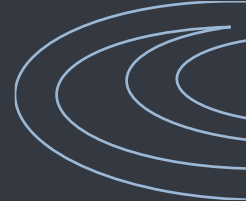
Source: S&P Capital IQ, as of September 30, 2023 & September 30, 2022



Notable HVACR M&A Transactions from Q3 2023

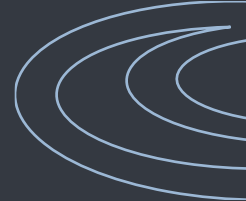
Notable Q3 2023 M&A activity was driven by robust secular tailwinds, product extensions, and consolidation among distributors and service companies.

 <p>Acquired</p> 	<p>User Friendly Home Services, a national network of HVAC and plumbing companies, acquired Medina Heating and Air Conditioning, an installer of new, high efficiency heating, cooling, purifiers, humidifiers, water heaters, and boilers, while also providing repair and maintenance on all makes and models of heating and cooling systems.</p> <p>With the addition of Medina Heating and Air Conditioning Co., User Friendly Home Services’ national network of home services companies expands to thirteen, with more growth on the horizon.</p>
 <p>Acquired</p> 	<p>Ferguson, a leading value-added distributor in North America providing expertise, solutions and products from infrastructure, plumbing and appliances, to HVAC, fire, and fabrication, acquired Bruce Supply, a plumbing distributor serving commercial, mechanical, residential, HVAC and fire and fabrication contractors in the New York City Metro region.</p> <p>With this acquisition, Ferguson further develops its plumbing, pipe, valve and fittings, hydronics and fire protection, and fabrication offerings in the NYC Metro area, the nation’s largest market.</p>
 <p>Acquired</p> 	<p>HTS, an independent built-to-order commercial and industrial full-service HVAC distributor in North America, acquired Oslin Nation Company, a Texas-based manufacturers representative providing hydronic and plumbing Solutions.</p> <p>The acquisition will enhance the HVAC and building automation offerings at HTS.</p>
 <p>A Portfolio Company of</p>  <p>Acquired</p> 	<p>Right Time, an independent HVAC contractor focused on the residential market, providing preventative maintenance programs, repairs, and replacements of household HVAC units, acquired Knight, a plumbing and HVAC services business in Calgary.</p> <p>This marks the 20th acquisition completed by Right Time as part of its continued growth strategy. Management and employees of Knight will join the Right Time team and continue to serve their customers and community.</p>



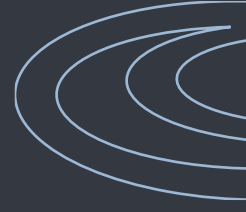
Select HVACR M&A Transactions from Q3 2023

Date	Acquirer	Target	Target Description
Sep-23	Plexus Capital	National Boiler Service	Provides engineering and field services for heaters and boilers
Sep-23	Paschal Heating and Air Conditioning Co.	Larson Heating & Air	Provides HVAC services
Sep-23	QI Clean Termites	Groupe Savary	Provides services for heat pumps, heating equipment, and plumbing work
Sep-23	Kentucky Industrial Holdings	Rane Light Metal Castings	Designs and manufactures metal castings for automotive applications, such as steering and HVAC
Sep-23	Blade Filters Inc.	Cleanair.ai Corporation	Manufactures and retails smart electromagnetic HVAC filters
Sep-23	J.S. Held	Environmental Consultants	Provides environmental risk planning, indoor air quality, asbestos, microbial, and paint consulting services
Sep-23	Instalco AB	Urd Klima Sandnes AS	Offers solutions within ventilation, heating, and cooling systems
Sep-23	Ahlsell AB	Malkit Oy	Offers heating, ventilation, and air conditioning HVAC products
Sep-23	Watsco	Assets and certain liabilities of Gateway Supply Company	Comprises the plumbing and HVAC distribution business
Sep-23	Caverion Oyj	Building services business unit in Finland	Provides services related to building condition surveys, consisting of field services and assessments to buildings, structures, and HVAC systems
Sep-23	Rexel S.A.	Wasco Holding B.V.	Distributes plumbing and heating equipment
Aug-23	Aira Italia S.P.A	All Seasons Energy Ltd	Operates as a solar panel, air source heat pump, and insulation installer company
Aug-23	Smiths Group plc	Heating & Cooling Products	Manufactures heating, ventilation, and air conditioning HVAC products
Aug-23	Marron Activ8 Energies Ltd	ACMC Limited	Engages in supplying and fitting of heat pumps
Aug-23	Engineered Heating And Air	Semones Heating & Air Conditioning LLC	Offers repair, maintenance, and installation services for heating and air
Aug-23	User Friendly Home Services	Medina Heating and Air Conditioning Co.	Sells and installs of heating, cooling, purifiers, humidifiers, water heaters, and boilers



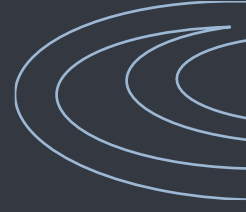
Select HVACR M&A Transactions from Q3 2023 *(continued)*

Date	Acquirer	Target	Target Description
Aug-23	Kaelte Eckert GmbH	Wsh Wurzinger Klimatechnik	Provides heating and air conditioning services
Aug-23	Arcus FM Limited	Trios Group Limited	Provides facility and property related HVAC services
Aug-23	HTS Engineering Ltd.	Oslin Nation Co.	Manufactures and sells HVAC and plumbing products
Aug-23	Willis & Smith Capital	Performance Stamping Co.	Provides metal stamping solutions catering to heating, ventilation, and air conditioning sectors
Aug-23	Francks Kylindustri AB	L S Värmepumpservice AB	Engages in the installation and service of heat pumps
Aug-23	Atlas Copco AB	Bostran 21 S.L.	Engages in the rental of climate equipment and installations of climate, cooling and heating systems
Aug-23	The Middleby Corporation	Trade-Wind Manufacturing	Designs and manufactures ventilation products for indoor and outdoor residential use
Aug-23	CoolSys	Santapaul Corporation	Offers commercial and industrial HVAC, refrigeration, plumbing, and energy services
Aug-23	Beijer Ref AB	CONDEX Ltd.	Operates as a distributor of air conditioning, ventilation, and heating equipment
Jul-23	Schneider Electric S.E.	Zenatix Solutions Pvt. Ltd	Develops Internet of things based energy monitoring
Jul-23	Ferguson plc	Bruce Supply Corp.	Operates as a plumbing distributor serving HVAC contractors
Jul-23	American Refrigeration Company Inc.	Cooling & Heating Specialists	Operates as a regional commercial air conditioning and heating contractor
Jul-23	Marathon HVAC Service	AK HVAC Inc.	Offers heating and air conditioning installation and repair services
Jul-23	Any Hour Inc.	Black Diamond Experts	Provides HVAC, plumbing, and electrical services
Jul-23	Commercial Foodservice Repair Company	Pronto Repairs	Provides repair and maintenance services for foodservice and commercial HVAC equipment
Jul-23	Metron-Farnier	WaterSignal	Manufactures sensor-based devices for monitoring domestic meters, irrigation systems and cooling towers



Select HVACR M&A Transactions from Q3 2023 *(continued)*

Date	Acquirer	Target	Target Description
Jul-23	Right Time Group Inc.	Knight Plumbing, Heating and Air Conditioning	Provides HVAC, plumbing, and air quality services
Jul-23	Elevion Group B.V	Alexander Ochs Wärmetechnik GmbH	Offers solutions in areas such as heating, ventilation, sanitation, and air conditioning
Jul-23	Graybar Electric Company, Inc.	Shepherd Electric Company	Offers transformers, heaters, connectors, fittings, and air conditioners
Jul-23	Taconic Capital Advisors L.P.	Excel Mechanical	Provides HVAC solutions for residential and commercial customers
Jul-23	Not Disclosed	Bronswerk Heat Transfer	Designs, fabricates, supplies, and constructs systems and various pieces of equipment for industrial heat transfer solutions
Jul-23	Rixan Automation	Carlin Automation	Distributes industrial thermal products including heating components, and temperature sensor technology
Jul-23	nVent Electric plc	Texa Industries Srl	Manufactures industrial cooling applications including air conditioners and chillers
Jul-23	SEM Holdings, LLC	Clinton Investments	Provides HVAC maintenance and installation services
Jul-23	Bitzer SE	OJ Electronics A/S	Manufactures and distributes thermostats for HVAC and underfloor heating applications
Jul-23	Burkhalter Holding AG	Riggenbach AG Olten	Offers ventilation, air conditioning, refrigeration and energy systems services
Jul-23	UL Solutions Inc.	Healthy Buildings International Limited	Provides indoor air quality, fire safety, asbestos management, water safety, health safety, and safety compliance solutions
Jul-23	Gray Matter Systems LLC	Automation & Control Concepts	Operates as a multi-faceted HVAC and industrial control systems integrator
Jul-23	Not Disclosed	HeatLink Group	Designs and manufactures radiant heating, cooling, and potable water systems
Jul-23	Automated Logic Contracting Services	Standard Plumbing-Heating-Control-Corp.	Provides HVAC and building automation systems
Jul-23	Solo Brands	IcyBreeze Cooling	Develops and offers portable air conditioners and coolers
Jul-23	Modine Manufacturing Company	Napps Technology Corporation	Designs and distributes commercial HVAC products



Recommended Reading

Rheem Releases 2022 Sustainability Report

“Rheem, a leading global manufacturer of water heating and HVAC products, released its 2022 Sustainability Progress Report showcasing notable updates on its environmentally-focused programs. Since the company launched its sustainability initiative, *A Greater Degree of Good*, in 2019, the Atlanta-based manufacturer has proactively implemented programs to provide more environmentally sustainable solutions in North America and abroad. Two of the case study examples included within the newly released report showcase Rheem’s Friedrich® and IBC businesses.” – [Contracting Business](#)

Copeland Optimizes Compressor Platforms for Use with A2L Refrigerants

“As a global technology leader in heating, air conditioning, and refrigeration, Copeland has been helping customers achieve their sustainability, decarbonization and regulatory compliance goals,” said John Schneider, president, HVACR Americas at Copeland. This next generation of safe, reliable and highly efficient A2L compressor technologies is designed to help industry stakeholders transition to lower global warming potential refrigerants and meet sustainability goals and environmental regulations in a timely and competitive manner.” – [Contracting Business](#)

Modine Expands Access To School HVAC Offerings With New Partnership With TMS Johnson

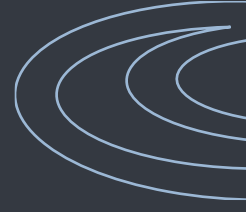
“Modine, a globally renowned technology provider in the HVAC industry, is partnering with TMS Johnson to help empower school pioneers and facility managers to provide excellent indoor air quality solutions by offering a full range of school-focused HVAC products.” – [HVAC Informed](#)

Energy-Efficient Homes Still Top Of House Hunters’ Lists, YouGov Research

“Despite the current housing market remaining somewhat uncertain and mortgage interest rates due to hit a 15-year high, new research by YouGov (on behalf of Blenheim Estate Homes and Pye Homes) has revealed that an energy-efficient home is one of the most important factors for UK house hunters looking to make savings wherever possible.” – [HVAC Informed](#)

5 Ways To Get More Reviews For Your HVAC Company

“Most consumers choose an HVAC contractor based on their online reviews. Before making a final decision, potential customers actively look for what others have to say about your business, and having plenty of online positive reviews automatically positions you as a top pick.” – [HVAC Informed](#)



About Origin Merchant Partners

Origin Merchant Partners (“Origin”) is a leading North American middle market investment bank. The firm provides mergers and acquisitions, capital raising, and restructuring/recapitalization advisory services across a range of sectors, delivered by a team of more than 50 professionals. Origin’s Industrials team is comprised of senior investment bankers with extensive experience advising clients across a wide spectrum of industrial end markets.

Origin is a member firm of ASHRAE, an organization dedicated to the fields of heating, ventilation, refrigeration and air conditioning. In addition to its expertise in the HVACR space, the Industrials team also serves clients in the aerospace & defense, building & infrastructure, energy & power, hydraulics, industrial technology, metals & diversified manufacturing, and transportation & mobile equipment industries. For more information, please visit www.originmerchant.com.



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- ▶ Chicago
- ▶ Denver
- ▶ Montreal
- ▶ Toronto

Relevant Transaction Experience

Origin has extensive experience advising companies across the HVACR/environmental spectrum.

 Has acquired  &  <small>HULL PUMPER PRODUCTS COMPANY</small>	*Block Steel Corp. Processes and distributes heat-resistant product for the HVAC industry	 Has been recapitalized by a strategic investor	*Braeburn Systems Designs and manufactures thermostats and accessories	 Provided sell-side services	Wyse Meter Solutions Provides smart submetering and utility expense management solutions
 Provided acquisition services	Yamashin – Filter Manufactures air and fluid filters and filtration media	 Has acquired  Through 	*OCV Control Valves Manufactures hydraulically-operated, diaphragm-actuated, automatic control valves	 Has acquired  <small>Pioneers in Science. Leaders in Solutions.</small>	ChemRisk Develops sustainable solutions impacting human health and the environment

**Securities transactions conducted through StillPoint Capital, LLC, Tampa, FL.*

Origin Merchant Partners' HVACR Team

To learn more about our active industrials practice, including our work in the HVACR sector, please reach out to any of our team members below.



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