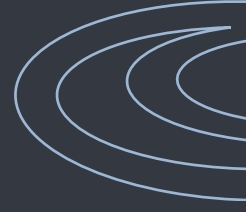




March 2024

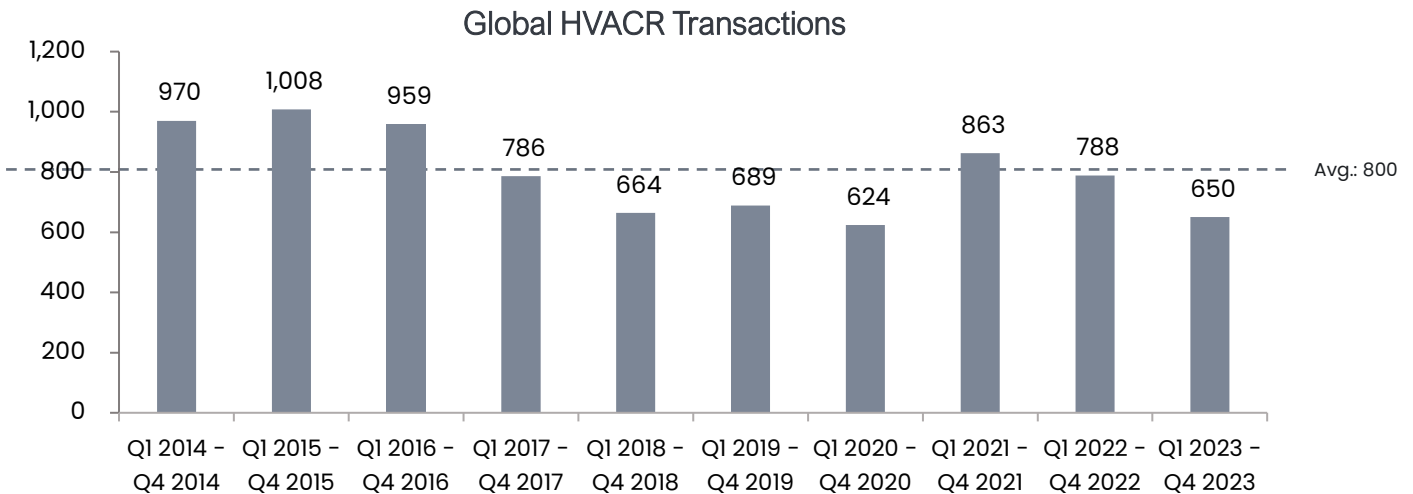
M&A REVIEW ON HVACR



M&A Environment

We saw a pull back in 2023 compared to 2021 and 2022 driven by pent-up demand following the pandemic shutdown. However, 2023 was largely in line with the pre-pandemic years of 2018 and 2019.

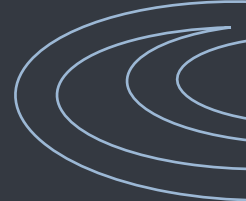
Drawing from our experience and discussions with buyers/investors, we anticipate that we will see an uptick in transaction activity in 2024. There is a sense that more deals are being marketed, while private equity firms continue to raise larger funds and establish product specific HVACR platforms, which bodes well for sellers. Strategics will continue to scour the globe for companies that provide enhanced customer, supplier, product, and service diversification. M&A will continue to be influenced by two major themes underpinning the industry – environment sustainability and indoor air quality.



Source: Capital IQ

While we do expect the global economy to remain dynamic, the service, maintenance, and remodeling of the residential or commercial installed base should continue to grow as the market is driven by non-discretionary replacement demand and will continue to benefit from strong secular tailwinds including an aging housing stock, shortening replacement cycles, and favorable regulation. The new construction market should improve in 2024 as inflation recedes. This environment presents opportunities for larger industry incumbents and financial sponsors; their operational and financial capabilities can help companies come out ahead. The value stemming from timely consolidation will accrue to both buyers and sellers.

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.



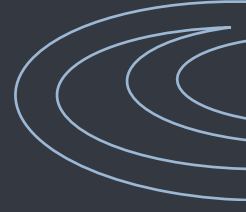
Performance of Publicly Listed HVACR Companies

Our conviction remains the same: public companies will continue seeking acquisitions of differentiated product and service companies within the HVACR space to bolster organic growth. Across the industry, the Q4 2023 Enterprise Value/EBITDA median multiple increased almost 25% compared to Q4 2022.

(\$ in millions)

Company Name	Headquarters	Enterprise		EBITDA		Q4 2023 EV Multiples of:		Q4 2022
		Value (EV)	Revenue	\$	%	Revenue	EBITDA	EV/EBITDA
<i>Manufacturer</i>								
A. O. Smith Corporation	United States	12,084	3,853	819	21%	3.1x	14.8x	12.3x
Carrier Global Corporation	United States	53,869	22,098	2,811	13%	2.4x	19.2x	14.2x
Daikin Industries, Ltd.	Japan	49,149	30,218	4,152	14%	1.6x	11.8x	11.1x
Honeywell International Inc.	United States	152,169	36,662	8,730	24%	4.2x	17.4x	18.7x
Ingersoll Rand Inc.	United States	32,940	6,876	1,701	25%	4.8x	19.4x	17.2x
Johnson Controls International plc	Ireland	49,778	26,819	3,665	14%	1.9x	13.6x	15.4x
Johnson Electric Holdings Limited	Hong Kong	1,497	3,813	547	14%	0.4x	2.7x	3.9x
Lennox International Inc.	United States	17,469	4,982	915	18%	3.5x	19.1x	14.0x
Modine Manufacturing Company	United States	3,407	2,422	295	12%	1.4x	11.5x	7.0x
Patels Airtemp (India) Limited	India	37	43	4	9%	0.9x	9.4x	7.8x
SPX Technologies, Inc.	United States	5,174	1,741	292	17%	3.0x	17.7x	15.8x
Standex International Corporation	United States	1,931	736	143	19%	2.6x	13.5x	9.9x
Trane Technologies plc	Ireland	59,384	17,678	3,136	18%	3.4x	18.9x	16.1x
Unique Fabricating, Inc.	United States	58	135	6	4%	0.4x	10.5x	11.7x
Mean		\$ 31,353	\$ 11,291	\$ 1,944	16%	2.4x	14.3x	12.5x
Median		\$ 14,776	\$ 4,417	\$ 867	16%	2.5x	14.2x	13.2x
<i>Distributor</i>								
Ferguson plc	United Kingdom	43,778	29,511	3,012	10%	1.5x	14.5x	9.4x
Global Industrial Company	United States	1,542	1,274	104	8%	1.2x	14.8x	9.0x
Watsco, Inc.	United States	16,491	7,284	807	11%	2.3x	20.4x	11.2x
Mean		\$ 20,604	\$ 12,690	\$ 1,307	10%	1.7x	16.6x	9.9x
Median		\$ 16,491	\$ 7,284	\$ 807	10%	1.5x	14.8x	9.4x
<i>Services</i>								
ABM Industries Incorporated	United States	4,205	8,096	461	6%	0.5x	9.1x	9.2x
API Group Corporation	United States	11,326	6,928	674	10%	1.6x	16.8x	14.7x
Comfort Systems USA, Inc.	United States	7,449	5,207	498	10%	1.4x	15.0x	13.6x
EMCOR Group, Inc.	United States	10,047	12,583	996	8%	0.8x	10.1x	10.8x
Limbach Holdings, Inc.	United States	482	516	38	7%	0.9x	12.6x	6.0x
Nippon Air Conditioning Services Co., Ltd.	Japan	151	406	29	7%	0.4x	5.2x	6.1x
Sanki Engineering Co., Ltd.	Japan	473	1,524	86	6%	0.3x	5.5x	7.6x
Sescom S.A.	Poland	27	64	6	10%	0.4x	4.3x	10.6x
Taikisha Ltd.	Japan	588	1,973	131	7%	0.3x	4.5x	5.6x
Mean		\$ 3,861	\$ 4,144	\$ 324	8%	0.7x	9.2x	9.4x
Median		\$ 588	\$ 1,973	\$ 131	7%	0.5x	9.1x	9.2x
Mean - All Categories		\$ 20,596	\$ 8,979	\$ 1,310	12%	1.7x	12.8x	11.1x
Median - All Categories		\$ 6,311	\$ 4,417	\$ 522	11%	1.5x	13.6x	10.9x

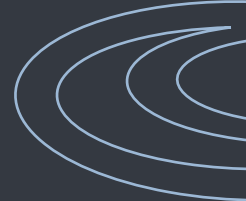
Source: S&P Capital IQ, as of December 31, 2023 & December 31, 2022



Notable HVACR M&A Transactions from Q4 2023

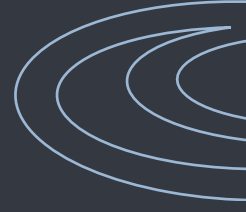
Notable Q4 2023 M&A activity was driven by robust secular tailwinds, product extensions, and consolidation among distributors. Across the industry, consolidation of the HVAC services segment continued owed to its predicability.

 <p>Tom Barrow Co. DELIVERING HVAC SOLUTIONS</p> <p><i>Acquired</i></p>  <p>RF PECK Commercial HVAC Equipment</p>	<p>Tom Barrow, a distributor of heating, ventilation, and air conditioning products in the U.S., acquired R.F. Peck, a distributor of commercial heating, ventilation, and air condition equipment for architects, engineers, and contractors.</p> <p>With the addition of R.F. Peck, Tom Barrow will grow and continue to expand its national coverage.</p>
 <p><i>Acquired</i></p>  <p>Automation Components, Inc. a DwyerOmega brand</p>	<p>Dwyer Instruments, a leading manufacturer and global provider of innovative sensors and instrumentation solutions, acquired Automation Components, a manufacturer of temperature sensors, humidity transmitters and controls, and air quality sensors and smoke detectors.</p> <p>With this acquisition, Dwyer Instruments further extends DwyerOmega's sensor and instrumentation expertise in the building automation and environmental markets.</p>
 <p><i>Acquired</i></p> 	<p>NIBE Industrier, a manufacturer of environmentally friendly, energy-efficient solutions for indoor climate comfort, acquired LS Control, a manufacturer and seller of electronic components for control and regulation to customers to the ventilation and heat pump industry.</p> <p>The acquisition will further supplement the product portfolio within control and regulation at NIBE.</p>
 <p><i>Acquired</i></p> 	<p>Loriot, a global IoT company providing a secure, reliable and scalable solution enabling IoT vertical solutions, acquired Eco Sensors, a manufacturer of ozone and volatile organic compound instruments to monitor occupant safety in the workplace.</p> <p>The acquisition will launch LORIOT Verso. A new division that will specialize in end-to-end IoT solutions in the field of Environmental Monitoring and Disaster Prevention.</p>



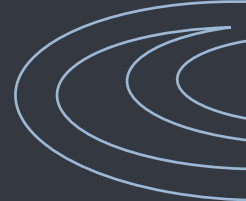
Select HVACR M&A Transactions from Q4 2023

Date	Acquirer	Target	Target Description
Dec-23	Smart Care	A Advantage Air, Inc.	Provides installation, repair, and maintenance services for refrigeration and HVAC systems
Dec-23	Beijer Ref AB	Webb Supply Co.	Distributes HVAC equipment, hydronic boilers, and other heating and cooling products
Dec-23	Swiss Life Asset Managers France / Schroders Greencoat LLP	Heating and cooling networks of Equans	Provides equipment installation
Dec-23	MEC Group GmbH	Energiesun GmbH & Co. KG	Provides the installation of photovoltaic rooftop systems and renewable energy services
Dec-23	Ambient Enterprises LLC	DMG Corporation\Johnson-Barrow, Inc.	DMG Corporation, a sales agency, provides HVAC equipment and Johnson-Barrow, LLC distributes air distribution and water systems, and heat transfer equipment
Dec-23	Conditioned Air Company of Naples, LLC	AC Designs Inc.	Provides HVAC installation, air conditioning repair, and maintenance services
Dec-23	Gaffney Mechanical Limited	O'Connor Heating and Plumbing	Provides plumbing and heating services, including domestic plumbing system design and installation, underfloor heating, and sanitary work for clients
Dec-23	Modigent	Tebarco Mechanical, LLC	Operates as a construction and engineering company providing design and installation of site utilities, HVAC, refrigeration, and automatic control systems
Dec-23	Third Coast Heating and Cooling LLC	Residential division of Badger State Heating & Cooling	Comprises the residential and commercial HVAC repair business
Dec-23	Tom Barrow Co., Inc.	R.F. Peck Co., Inc.	Distributes commercial heating, ventilation, and air condition equipment for architects, engineers, and contractors
Dec-23	PremiStar, LLC	Bear Mountain Mechanical	Provides installation, maintenance, repair, and emergency services for boilers, furnaces, air conditioning, and plumbing
Dec-23	Seacoast Service Partners, LLC	Putnam Mechanical, LLC	Provides heating, air conditioning, and refrigeration equipment installation and maintenance services to residents and business owners
Dec-23	Myrium	Degre Celsius SAS	Provides heating, ventilation, and air conditioning installation work and maintenance services for the tertiary sector, hotels, and healthcare industry
Dec-23	Woodings Industrial Corporation / Munroe, Inc.	Superior Machine Co. of South Carolina, Inc.	Engages in manufacturing, engineering, repair, and installation of industrial furnaces and heating components
Dec-23	CoolSys, Inc.	Georgia Air Solutions, Inc.	Provides refrigeration and HVAC services including installation, repair, and maintenance services
Dec-23	Dwyer Instruments, LLC	Automation Components, Inc.	Manufactures temperature sensors, humidity transmitters and controls, and air quality sensors and smoke detectors
Dec-23	F.W. Webb Company, Inc.	J.D. Johnson Co.	Distributes HVAC products
Dec-23	MechCan Inc.	Pro Ace Heating and Air Conditioning Services Ltd.	Offers furnace, air conditioning, and boiler repair services, and HVAC services



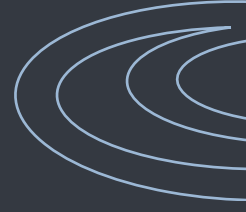
Select HVACR M&A Transactions from Q4 2023 *(continued)*

Date	Acquirer	Target	Target Description
Dec-23	Daikin Applied Europe S.p.A.	Brooktherm Refrigeration Limited	Provides industrial refrigeration and HVAC services
Dec-23	Aquaheat Facility Services Limited	AE Smith Pty Ltd.	Provides practical solutions in air conditioning, building services, energy efficiency, and onsite power
Dec-23	Heatrod Elements Limited	Backer Electric Company Limited	Designs and manufactures heating elements
Dec-23	Del-Air Heating, Air Conditioning & Refrigeration, Inc.	Simpson Air	Operates as an air conditioning and heating contractor that sells and services residential systems
Dec-23	Hobbs & Associates, LLC	Energy Transfer Solutions, Inc.	Provides specialty commercial and industrial HVAC equipment and services
Dec-23	Hobbs & Associates, LLC	Engineered Building Systems	Distributes HVAC systems and heating, ventilating, and air conditioning equipment
Dec-23	Hobbs & Associates, LLC	Etairos HVAC, Inc.	Engages in sales, service, and integration of equipment, components, and parts for commercial, institutional and light industrial HVAC applications
Dec-23	Hobbs & Associates, LLC	Klima New Jersey, LLC	Provides HVAC equipment diagnostics, repairs, maintenance, and replacement services
Dec-23	Hobbs & Associates, LLC	Bay Associates Group, Inc.	Distributes plumbing and mechanical equipment
Nov-23	Ally Services	ABCL ACHIM Inc	Provides plumbing, HVAC, and home improvement services
Nov-23	Ally Services	East Coast Plumbing, Heating & Air	Provides residential and commercial plumbing and HVAC services
Nov-23	GoEco Renewables Ltd.	Dore Woodman Ltd	Supplies and installs renewable heating solutions including heating, plumbing, cooling, ventilation, heat recovery, lighting, and electrical
Nov-23	Windex Investment Club S.R.L.	Frigotecnica Industriale Chiavenna SPA	Designs and manufactures heat exchange equipment and systems
Nov-23	Gryphon Investors Inc	AirX Climate Solutions, Inc.	Manufactures heating and air conditioning products
Nov-23	AMPAM Parks Mechanical, Inc.	Multi Mechanical, Inc.	Provides heating, ventilation, and air conditioning installation services to multifamily residential and commercial projects
Nov-23	Air Conditioning Specialist, Inc.	Tri-City Air Conditioning Co., Inc.	Provides HVAC repair and installation services
Nov-23	Groupe Baelen	TCEO	Provides installation services for thermal and air conditioning equipment, as well as small secondary works
Nov-23	ERNSTRÖMGRUPPEN AB	Eveco Handel AB	Supplies smart products and systems for cooling, heating, and air comfort



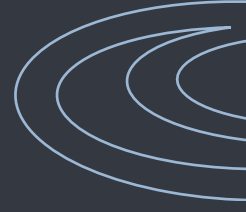
Select HVACR M&A Transactions from Q4 2023 *(continued)*

Date	Acquirer	Target	Target Description
Nov-23	Georg Fischer AG	Uponor Oyj	Engages in the provision of plumbing, indoor climate, and infrastructure solutions
Nov-23	NIBE Industrier AB	LS Control	Develops, manufactures, and sells electronic components for control and regulation to customers in the ventilation and heat pump industry
Nov-23	Right Time Group Inc.	Breathe Clean Mini Split Heat Pump Cleaning	Provides ductless heat pump cleaning services
Nov-23	Crete United	C & C Service LLC	Provides HVAC repair services to the residential and commercial sectors
Nov-23	SYCLEF Group	Froid & Machines Du Haut Quercy	Offers refrigeration and air conditioning installation services
Nov-23	EDF Energy Limited	CB Heating Ltd	Engages in the trading and installation of air source heat pumps
Nov-23	Loriot AG	Eco Sensors, Inc.	Engages in the design and manufacture of ozone and volatile organic compound instruments to monitor occupant safety in the workplace
Nov-23	Raptor Scientific LLC	Medtherm Labs, LLC	Manufactures heat flux sensors, infrared radiometers, and thermocouples
Nov-23	Windjammer Capital Investors LLC	AXH air-coolers, LLC	Manufactures air-cooled heat exchangers for the natural gas compression industry
Nov-23	Limbach Holdings, Inc.	Industrial Air, LLC	Designs, fabricates, and installs air conditioning and air filtration systems
Oct-23	The Exigent Group	Maplewood Investments, Inc.	Operates as a mechanical contracting services company offering installation and maintenance of heating, air conditioning, refrigeration, and plumbing
Oct-23	Px3 Partners Limited	Cofimco Srl	Manufactures and sells aluminum and fiberglass axial fans for air cooled heat exchangers, air-cooled condensers, wet cooling towers, and ventilation applications
Oct-23	Miller Oil Co., Inc.	E. T. Lawson and Son, Incorporated	Engages in selling, installing, and repairing heating and air conditioning equipment
Oct-23	Total Integrated Solutions Limited	Nationwide Specialist Projects Limited	Develops smoke control and ventilation systems
Oct-23	Mindful Capital Partners	Fiorini Industries S.r.l.	Offers energy-efficient solutions for the heating, ventilation, and air conditioning industry
Oct-23	Marathon HVAC Service, LLC	Design Air Inc.	Provides furnace, air conditioning, and air quality repair service
Oct-23	HomeServe Energies Services, SAS	SAS Gaz Dépannage SAS	Provides installation, maintenance, and repair of gas heating appliances, air conditioning, and heat pumps



Select HVACR M&A Transactions from Q4 2023 *(continued)*

Date	Acquirer	Target	Target Description
Oct-23	Rinnai Australia Pty. Ltd.	iZone Pty Ltd	Designs, develops, and manufactures smart home technology
Oct-23	Aira Home Germany GmbH	GARANT Wärmesysteme Ingenieurgesellschaft mbH	Provides technical services, such as planning, installation, and maintenance of sanitary facilities, HVAC systems, and heat pump systems
Oct-23	SEM Holdings, LLC	Total Services HVAC and Appliances Company, LLC	Provides maintenance, repair, and installation services for residential and commercial heating and air conditioning products
Oct-23	Brunata-Metrona GmbH & Co. KG	myWarm Deutschland GmbH	Engages in optimizing heating systems with patented temperature-based hydraulic balancing
Oct-23	Toho Technology Corporation	Toyota Kikan Co., Ltd	Engages in boiler installation, plant maintenance, and air conditioning work
Oct-23	Assemblin Ventilation AB	Lindsells AB	Operates as a ventilation service company providing assembly, installation, troubleshooting, and cleaning of ventilation systems
Oct-23	PremiStar, LLC	Golding Mechanical Services, Inc.	Provides mechanical and controls contracting services for the HVAC industry
Oct-23	Chill Brothers, LLC	Lee Heating and Air Conditioning LLC	Installs and services residential HVAC equipment
Oct-23	Zimmer & Hälbig GmbH	Airtech TGA GmbH & Co. KG	Offers maintenance and inspection services for ventilation systems
Oct-23	BR's Plumbing & Heating Inc.	G.C. Lounsbury Inc.	Provides heating and air conditioning systems installation and maintenance services
Oct-23	Exchange Income Corporation	Dryair Manufacturing Corp.	Manufactures portable hydronic heating systems and climate-controlled equipment
Oct-23	Lindab International AB	Has-Vent Limited	Manufactures and supplies ventilation products
Oct-23	User Friendly Home Services, LLC	Falls Heating & Cooling, Inc.	Engages in sales and installation and maintenance of heating ventilation and air conditioning products
Oct-23	Milton Street Capital, LLC	Purge Rite, LLC	Provides mechanical flushing and filtration services for water-based HVAC and geothermal systems
Oct-23	GoEco Renewables Ltd.	Jem Energy Ltd	Offers installation services for renewable products, such as solar PV, battery storage, air source heat pumps, and thermodynamic water heating
Oct-23	Crete United	Versatile Refrigeration, LLC.	Provides commercial, industrial, and residential HVAC and refrigeration services
Oct-23	SPIE SA	IMI Aero-Dynamiek B.V.	Engages in measuring, validating, and optimizing HVAC systems



Recommended Reading

Modine Introduces The Amp Dawg™ Electric Residential Unit Heater

“Modine, a pioneer in innovative heating solutions in the HVAC industry, announced the introduction of a new electric heating line targeted at the residential market. The Amp Dawg™ broadens Modine’s portfolio of electric heating products featuring quiet performance and exceptional heat throw that rivals gas-fired units in a slim, low-profile design.” – [HVAC Informed](#)

ABB Survey: Unplanned Downtime Costs \$103,000 Per Hour

“69% of US industrial businesses experience unplanned outages at least once a month, compared to 69% globally. This costs the typical US business close to \$103,000 per hour, compared to \$125,000 globally. Despite this, 22% of US businesses surveyed still rely on run-to-failure maintenance.” – [Contracting Business](#)

HVAC Service & The Homeowner Experience

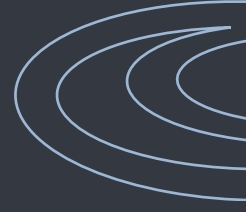
“As you may have heard during more than one HVAC conference presentation, simply offering customer satisfaction has become a shopworn expression after many decades of use. Customers today are more often seeking an “experience, not undefined satisfaction. To deliver a true customer experience, service company personnel must be focused on customer expectations from the point of first contact, especially if they expect to receive one or more good referrals from the customer.” – [Contracting Business](#)

Johnson Controls Shows How Artificial Intelligence, IoT, Cloud Computing Are Rapidly Transforming The Future Of Smart Buildings

“The pressure to meet global climate targets has never been greater and with buildings accounting for 40% of global greenhouse gas emissions, there is an urgent need to advance sustainable building technology to help enterprises meet net-zero goals while accommodating for continued growth.” – [HVAC Informed](#)

Viewpoints On Preventive Maintenance

“Experts describe their preventive maintenance offerings and how things have changed since COVID. Just as is true with residential contracting, commercial HVAC has a need for planned (or preventive) maintenance. Applied correctly, PMs help customers avoid major repairs, keep your team alert and always learning, and cement your reputation as a dependable provider with foresight.” – [Contracting Business](#)



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.



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

Relevant Transaction Experience

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

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

**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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