

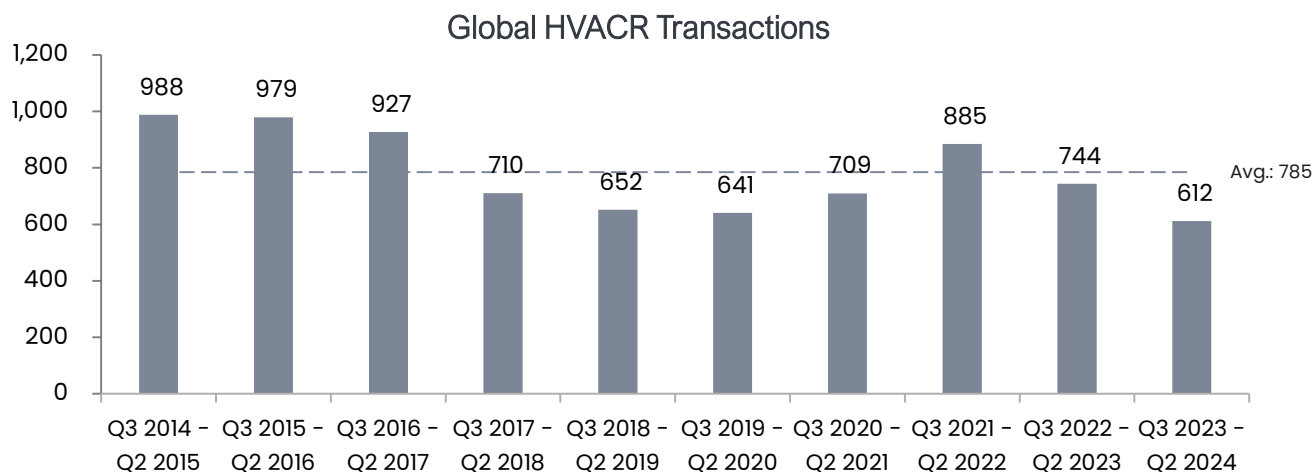


Q2 2024

M&A REVIEW ON HVACR

M&A ENVIRONMENT

While the market continues to remain relatively muted, we anticipate that we will see an uptick in transaction activity in the back half of 2024 with further escalation in 2025. Our peers have robust pipelines, while private equity firms continue to establish HVACR platforms and strategic buyers remain steadfast in driving growth through M&A.



Source: Capital IQ

Below are key trends that are, in part, driving M&A across the HVACR the industry:

- Building decarbonization
- Cybersecurity
- Indoor air quality
- Electrification
- Refrigerant transition
- Replacement/retrofit
- Product sustainability
- Life safety
- Aging HVAC technicians
- Onshoring

Savvy buyers and investors are honing in on crucial operational traits—such as the strength and depth of the team, the array of products and services, the composition of customers and suppliers, distribution capabilities, reputation, and brand recognition—when assessing potential acquisitions. Businesses with strong, growing operations meeting these buyer and investor criteria are appealing and strategically positioned, offering no shortage of options for transitioning their companies, whether through a direct sale to a strategic buyer or a newly formed partnership with a financial investor. With that said, the “bar” for diligence is as high as we can remember. The process to close is extensive and burdensome.

We are encouraging clients to get started no later than Q4 2024, if the plan is to transact in 2025. If we do see an uptick in activity in the back half of 2024 and 2025, it is incumbent on sellers to not wait and move when there is less competition for attention in the M&A market for deals. Planning is key. For many sellers, this is a once in a lifetime event and needs to be executed as such.

PERFORMANCE OF PUBLICLY LISTED HVACR COMPANIES

Our conviction remains unchanged: public companies will continue seeking acquisitions of differentiated product and service companies within the HVACR space to bolster organic growth. Across the industry, the Q2 2024 Enterprise Value/EBITDA median multiple increased to 14.7x from 11.9x in Q2 2023.

(\$ in millions)

		Market	Enterprise		EBITDA		Q2 2024 EV Multiples of:		Q2 2023
Company Name	Headquarters	Cap	Value (EV)	Revenue	\$	%	Revenue	EBITDA	EV/EBITDA
Manufacturer									
A. O. Smith Corporation	United States	11,995	11,838	3,865	825	21%	3.1x	14.3x	14.0x
Carrier Global Corporation	United States	56,836	73,268	23,007	3,049	13%	3.2x	24.0x	18.2x
Daikin Industries, Ltd.	Japan	40,712	42,429	29,059	4,018	14%	1.5x	10.6x	15.4x
Honeywell International Inc.	United States	139,054	154,001	36,903	8,921	24%	4.2x	17.3x	17.5x
Ingersoll Rand Inc.	United States	36,648	38,034	6,917	1,758	25%	5.5x	21.6x	18.9x
Johnson Controls International plc	Ireland	44,779	57,198	26,832	2,963	11%	2.1x	19.3x	16.1x
Johnson Electric Holdings Limited	Hong Kong	1,391	1,242	3,814	528	14%	0.3x	2.4x	2.8x
Lennox International Inc.	United States	19,058	20,658	4,980	948	19%	4.1x	21.8x	16.6x
Modine Manufacturing Company	United States	5,242	5,699	2,408	307	13%	2.4x	18.6x	8.4x
Patels Airtemp (India) Limited	India	46	56	44	4	9%	1.3x	13.4x	6.7x
SPX Technologies, Inc.	United States	6,574	7,322	1,807	322	18%	4.1x	22.7x	17.5x
Standex International Corporation	United States	1,910	1,948	729	140	19%	2.7x	13.9x	12.1x
Trane Technologies plc	Ireland	74,454	78,506	18,227	3,325	18%	4.3x	23.6x	16.7x
Unique Fabricating, Inc.	United States	0	-	135	6	4%	0.0x	0.0x	10.9x
Mean			\$ 35,157	\$ 11,338	\$ 1,937	16%	2.8x	16.0x	13.7x
Median			\$ 16,248	\$ 4,422	\$ 887	16%	2.9x	17.9x	15.7x
Distributor									
Ferguson plc	United Kingdom	39,056	43,570	29,527	2,947	10%	1.5x	14.8x	11.7x
Global Industrial Company	United States	1,197	1,259	1,324	104	8%	1.0x	12.1x	11.3x
Watsco, Inc.	United States	17,300	17,632	7,298	768	11%	2.4x	23.0x	17.8x
Mean			\$ 20,820	\$ 12,716	\$ 1,273	9%	1.6x	16.6x	13.6x
Median			\$ 17,632	\$ 7,298	\$ 768	10%	1.5x	14.8x	11.7x
Services									
ABM Industries Incorporated	United States	3,174	4,509	8,209	452	6%	0.5x	10.0x	9.7x
API Group Corporation	United States	10,321	13,051	6,915	688	10%	1.9x	19.0x	15.2x
Comfort Systems USA, Inc.	United States	10,829	11,054	5,569	585	11%	2.0x	18.9x	15.6x
EMCOR Group, Inc.	United States	17,157	16,669	13,125	1,103	8%	1.3x	15.1x	11.4x
Limbach Holdings, Inc.	United States	637	631	514	43	8%	1.2x	14.5x	8.1x
Nippon Air Conditioning Services Co., Ltd.	Japan	234	202	385	27	7%	0.5x	7.6x	6.2x
Sanki Engineering Co., Ltd.	Japan	703	607	1,467	89	6%	0.4x	6.8x	7.5x
Sescom S.A.	Poland	40	45	69	6	8%	0.6x	8.1x	5.9x
Taikisha Ltd.	Japan	1,083	753	1,941	134	7%	0.4x	5.6x	6.2x
Mean			\$ 5,280	\$ 4,244	\$ 347	8%	1.0x	11.7x	9.5x
Median			\$ 753	\$ 1,941	\$ 134	8%	0.6x	10.0x	8.1x
Mean - All Categories			\$ 23,161	\$ 9,041	\$ 1,310	12%	2.0x	14.6x	12.2x
Median - All Categories			\$ 9,188	\$ 4,422	\$ 556	11%	1.7x	14.7x	11.9x

Source: Capital IQ, as of June 30, 2024 & June 30, 2023

SELECT HVACR M&A TRANSACTIONS FROM Q2 2024

Date	Acquirer	Target	Target Description
Jun-24	MechCan Inc.	Pope & Sons Refrigeration Ltd	Commercial and residential heating and air conditioning installation and maintenance services
Jun-24	CoolSys, Inc.	Universal Refrigeration, Inc.	Installs and services refrigeration, heating, and air conditioning systems
Jun-24	HSL Compliance Limited	R J Urmson Group Limited	HVAC, ventilation, water treatment, fire systems, M&E building, and facility management engineering services
Jun-24	NexCore	Kennedy Mechanical Plumbing And Heating, Inc./The Ryan Group, Inc.	Plumbing and mechanical contractor
Jun-24	ResiXperts	Rescue One Air	Air conditioning and heating services
Jun-24	ResiXperts	CW Air Conditioning & Heating, LLC	Air conditioning and heating services
Jun-24	ResiXperts	AirTime Cooling & Heating LLC	Repair, installation, and maintenance services for air conditioning and heating equipment
Jun-24	PremiStar, LLC	SI Mechanical, LLC	Commercial HVAC and plumbing services
Jun-24	Chill Brothers, LLC	HVAC Express Contracting LLC	Air conditioning, heating, and air purifiers installation, maintenance, and repair services
Jun-24	Leap Service Partners, LLC	Air Care Heating & Cooling	Heating, cooling, and ventilation services for commercial and residential customers
Jun-24	CopperPoint	Quality Plumbing & Mechanical LLC	Plumbing, heating, cooling, and electrical services
Jun-24	Winsupply Inc.	General Metals Mfg. & Supply Co.	Manufacturing, fabrication, and wholesale distribution of HVAC equipment and products
Jun-24	Hometree Marketplace Limited	IMS Heat Pumps Limited	Distribution and installation of heat pumps and underfloor heating and radiator systems
Jun-24	Right Time Group Inc.	Belyea Bros., Limited	HVAC repair, installation, and maintenance services
Jun-24	24-7 Group Limited	JW Jones & Son Ltd	Design, installation, and maintenance of electrical, heating, and plumbing equipment

Source: Capital IQ

SELECT HVACR M&A TRANSACTIONS FROM Q2 2024 *(CONTINUED)*

Date	Acquirer	Target	Target Description
Jun-24	Capital Extension Crane & Lift, LLC	Long Island Crane & Rigging Inc.	HVAC storage, transportation, and rigging
Jun-24	Thermal Concepts LLC	5 Seasons Mechanical, LLC	HVAC and refrigeration maintenance and installation services to commercial and industrial customers in Atlanta
Jun-24	Syclef	Decofrio SI	Installation and maintenance of industrial, commercial and air conditioning refrigeration equipment
May-24	Nordic Climate Group AB	Findan Køle- Og Elteknik A/S	Distribution and installation of refrigeration and air conditioning system
May-24	Dansk Ejerkapital A/S	Østergaard Entreprise A/S	Plumbing, heating, and air-conditioning installation services
May-24	Wickes Group plc (LSE:WIX)	Gas Fast Ltd	Central heating and boiler installation company
May-24	Profit Rocket Group	Air Mechanix LLC	Residential and commercial installation and repair services for air conditioning units, heating systems, thermostats, indoor air filtration systems, refrigeration, and wine cellars
May-24	Rocket Group, Inc.	Fast Response Heating & Cooling, LLC	Residential heating and cooling services
May-24	Af Energi Og Miljø As	Eta Norge As	Refrigeration and heat pump installation
May-24	Elbi Of America, Inc.	Nda Distributors, Llc	Wholesales plumbing and hydronic heating supplies
May-24	Systemair AB	PHEM Engineering SDN. BHD.	Manufactures comfort cooling products
May-24	Mno-Bmadsen	OJS Building Services Inc.	Mechanical and building automation services and offers subcontractor services in HVAC, electrical, plumbing, and building automation
May-24	Proptech Sweden Ab	P2 Energi AB	Property development with a focus on heating, ventilation, and cooling technology
May-24	Core & Main, Inc.	Substantially all of the assets of Heating and ventilation equipment distribution business Geothermal Supply Company Inc.	
May-24	Refrigeration Design & Service, Inc.	Dahms Refrigeration Services, LLC	Designs and manufactures industrial refrigeration systems and offers ammonia refrigeration, cold storage, industrial and commercial HVAC, and equipment sale

Source: Capital IQ

SELECT HVACR M&A TRANSACTIONS FROM Q2 2024 *(CONTINUED)*

Date	Acquirer	Target	Target Description
Apr-24	Del-Air Heating, Air Conditioning & Refrigeration, Inc.	East Coast Air & Heat LLC	Residential and commercial heating, air conditioning and indoor air quality services
Apr-24	Rellaire Smart Home Systems	Blackwell Services Inc	Heating and air conditioning repair, maintenance, air filtration, and ductwork services
Apr-24	Mutares SE & Co. KGaA	Greenview Group Ltd	Mechanical, electrical, heating, and sustainable energy solutions to the public and private sectors across the UK and Ireland
Apr-24	Sila Heating & Air Conditioning, T-Mark Plumbing, Inc. Inc.		Plumbing, heating, and cooling, electrical, water heating, and drain and sewer services
Apr-24	Tom Barrow Co., Inc.	DMR Associates, Inc.	Distributes and repairs heating, ventilating, and air conditioning equipment
Apr-24	Soler & Palau Sistemas de Ventilación, S.L.U.	United Enertech Corporation	Manufactures air movement and air control products
Apr-24	Hometree Marketplace Limited	Geowarmth Heat Pumps Limited	Heating solutions
Apr-24	Meriton, LLC	Custom Mechanical Solutions, LLC	Manufactures HVAC equipment
Apr-24	Hometree Company Limited by BeWarm Group Limited Guarantee		Point of sale financing platform
Apr-24	Shearer Supply, Inc.	Climatic Comfort Products LLC	Distributes residential and commercial heating and air conditioning equipment
Apr-24	Konstel AS	Buskerud Varmepumpeservice AS	Maintenance services for heat pumps
Apr-24	BC Solutions, LLC	Yorkland Controls Ltd	Distributes heating control products
Apr-24	Empowered Ventures, Inc.	Benoure Plumbing and Heating, Inc.	Residential and commercial plumbing, heating, and air conditioning services
Apr-24	Bowmer & Kirkland Limited	Adcock Refrigeration and Air Conditioning Limited	HVAC services
Apr-24	Littlejohn & Co., LLC	United Air Temp, Air Conditioning and Heating, Inc.	HVAC and plumbing services

Source: Capital IQ

NOTABLE HVACR M&A TRANSACTIONS FROM Q2 2024

 <p>Acquired</p> 	<p>Winsupply, a leading supplier of materials for residential and commercial construction, acquired General Metals Manufacturing & Supply, an Arizona-based company engaged in the manufacturing, fabrication and wholesale distribution of HVAC equipment and products.</p> <p>The partnership uses General's manufacturing-fabrication facility, combined with its integrated wholesale distribution division, to be able to handle virtually any HVAC project.</p>
 <p>Acquired</p> 	<p>Right Time Group, Canada's leading home services provider, acquired Belyea Bros, a leading provider of first-rate home services to the city of Toronto.</p> <p>With this acquisition, Right Time Group continues its growth strategy and is continuously looking to add new residential home services locations (HVAC, plumbing, and electrical) to its existing network in Canada.</p>
 <p>Acquired</p> 	<p>Refrigeration Design and Service, a commercial and industrial mission critical mechanical services company and design/build provider, acquired Dahms Refrigeration Services, a contracting firm in Norristown, PA specializing in the sales, service and maintenance of industrial and commercial refrigeration facilities.</p> <p>The acquisition will expand RD&S' reach and enhance their capabilities to better serve the diverse needs of industries relying on mission-critical refrigeration systems.</p>
 <p>Acquired</p> 	<p>Soler & Palau Sistemas de Ventilación, a global manufacturer and distributor of air-movement products, acquired United Enertech Corporation, a manufacturer of air movement and air control products .</p> <p>The addition of the United Enertech brands expands S&P's portfolio, adding grilles, registers, diffusers, air-terminal units, and specialty sheet-metal HVAC products to its offering of mechanical ventilation products.</p>

Source: Capital IQ



RECOMMENDED READING

Minimize HVAC System Downtime with Condition-Based Monitoring (“CBM”)

“CBM is a type of predictive maintenance strategy that uses sensors to continuously measure the status of equipment over time. CBM is not a new technology for predictive maintenance; however, it is new to implementation within variable frequency drives. When included as a software feature add-on in variable frequency drives, CBM increases customers’ knowledge of what is happening in their systems so they can be notified of maintenance concerns prior to issues becoming critical, thereby reducing system downtime.” – [Contracting Business](#)

Daikin Receives SEAL Award For ATMOSPHERA

“Daikin Comfort Technologies North America, Inc. a leading manufacturer of heating, cooling and refrigerant products, received a 2024 SEAL Sustainable Product Award for Daikin ATMOSPHERA, the first single-zone ductless heat pump system in North America with R-32, a low global warming potential refrigerant.” – [Contracting Business](#)

EPA Finalizes SNAP Rule 26

“The US Environmental Protection Agency (“EPA”) has released the pre-publication final SNAP Rule 26 which lists ten new A2L and A3 refrigerants. SNAP Rule 26 lists HFC32, HFO1234YF, HFO1234ze, R454A, R454B, R454C, R455A, R457A, R516A, and R290 as acceptable for use in specific commercial refrigeration end uses.” – [Cooling Post](#)

Daikin Breaks Ground On New Tijuana Facility

“Daikin Applied and its subsidiary Alliance Air have broken ground on a new \$121m facility in Tijuana to manufacture custom HVAC and computer room air handler equipment and solutions. The new 460,000ft² facility is expected to support over 1,000 production jobs and over 1,150 total new permanent jobs. It will expand on Daikin Applied and Alliance Air’s established presence in Tijuana as the company looks to support significant data center market growth in Mexico and North America.” – [Cooling Post](#)

Cooper&Hunter Highlight The Latest HVAC Tendencies In The European Union

“Latest statistics indicate that the almost 64.6% out of 96,800 residential buildings in Germany are completed with heat pumps in 2023. The share of heat pumps has risen by 8%, when compared to 2022 and has doubled since 2014.” – [HVAC Informed](#)

AI Can Accelerate The Clean Energy Transition - But Only If It Is Trained To

“Artificial intelligence will either add to the burden on their already-strained electrical grid or people can use it to solve their most complex demand optimization problems, paving the way to a secure energy future. The choice is theirs.” – [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.

RELEVANT TRANSACTION EXPERIENCE

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



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

 Has acquired & <small>HOLL FORMER PRODUCTS COMPANY A Division of Block Steel Corporation</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
 The Specialist in Filtration YAMASHIN 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.*

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