



Q3 2024

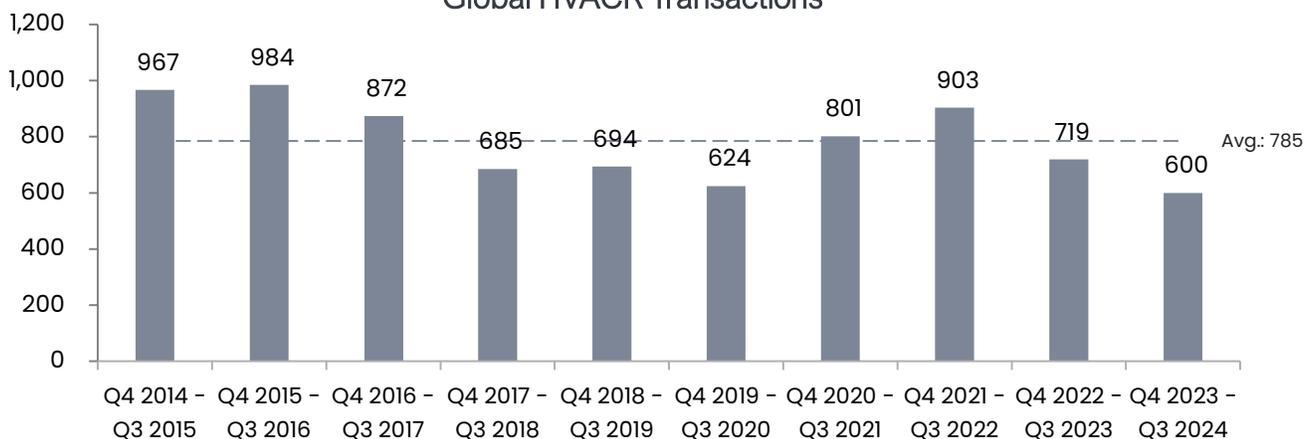
# M&A REVIEW ON HVACR



## M&A ENVIRONMENT

While the market remains muted, we anticipate that transaction activity will recover in Q4 2024 with further acceleration anticipated in 2025 when the US election is in the rear-view mirror. Origin recently attended ACG Chicago’s Midwest Capital Connection. The sentiment was consistent – investors and buyers alike are gearing up for an active M&A market in 2025.

Global HVACR Transactions



Source: Capital IQ

Below are key trends that are 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 focusing 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, if the plan is to transact in 2025. If we do see an uptick in activity in Q4 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.

## 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 Q3 2024 Enterprise Value/EBITDA median multiple increased to 15.8x from 12.1x in Q3 2023.

(\$ in millions)									
Company Name	Headquarters	Market Cap	Enterprise Value (EV)	Revenue	EBITDA		Q3 2024 EV Multiples of:		Q3 2023
					\$	%	Revenue	EBITDA	EV/EBITDA
<i>Manufacturer</i>									
A. O. Smith Corporation	United States	13,101	13,033	3,929	829	21%	3.3x	15.7x	12.1x
Carrier Global Corporation	United States	72,663	83,878	23,704	3,043	13%	3.5x	27.6x	16.5x
Daikin Industries, Ltd.	Japan	41,024	41,802	28,295	3,827	14%	1.5x	10.9x	12.1x
Honeywell International Inc.	United States	134,294	154,087	37,334	9,048	24%	4.1x	17.0x	15.7x
Ingersoll Rand Inc.	United States	39,606	43,405	7,036	1,831	26%	6.2x	23.7x	16.9x
Johnson Controls International plc	Ireland	51,845	63,784	26,930	3,814	14%	2.4x	16.7x	12.9x
Johnson Electric Holdings Limited	Hong Kong	1,370	1,220	3,814	528	14%	0.3x	2.3x	2.4x
Lennox International Inc.	United States	21,533	23,045	5,019	999	20%	4.6x	23.1x	17.2x
Modine Manufacturing Company	United States	6,960	7,424	2,447	325	13%	3.0x	22.8x	9.9x
Patels Airtemp (India) Limited	India	48	59	44	4	9%	1.3x	14.1x	8.9x
SPX Technologies, Inc.	United States	7,382	8,090	1,885	368	20%	4.3x	22.0x	14.8x
Standex International Corporation	United States	2,176	2,205	721	140	19%	3.1x	15.7x	12.1x
Trane Technologies plc	Ireland	87,725	91,687	18,830	3,527	19%	4.9x	26.0x	16.7x
Unique Fabricating, Inc.	United States	0	-	135	6	4%	0.0x	0.0x	11.0x
Mean			\$ 38,123	\$ 11,437	\$ 2,021	16%	3.0x	17.0x	12.8x
Median			\$ 18,039	\$ 4,474	\$ 914	16%	3.2x	16.9x	12.5x
<i>Distributor</i>									
Ferguson Enterprises Inc.	United States	39,861	44,807	29,635	2,978	10%	1.5x	15.0x	12.3x
Global Industrial Company	United States	1,298	1,347	1,346	102	8%	1.0x	13.2x	13.9x
Watsco, Inc.	United States	18,513	18,933	7,434	768	10%	2.5x	24.6x	17.6x
Mean			\$ 21,696	\$ 12,805	\$ 1,283	9%	1.7x	17.6x	14.6x
Median			\$ 18,933	\$ 7,434	\$ 768	10%	1.5x	15.0x	13.9x
<i>Services</i>									
ABM Industries Incorporated	United States	3,313	4,686	8,275	370	4%	0.6x	12.7x	9.1x
APi Group Corporation	United States	9,070	11,861	6,874	712	10%	1.7x	16.7x	13.0x
Comfort Systems USA, Inc.	United States	13,882	14,009	6,083	696	11%	2.3x	20.1x	14.0x
EMCOR Group, Inc.	United States	20,087	19,646	13,746	1,244	9%	1.4x	15.8x	11.3x
Limbach Holdings, Inc.	United States	854	838	512	46	9%	1.6x	18.3x	9.1x
Nippon Air Conditioning Services Co., Ltd.	Japan	252	202	373	28	7%	0.5x	7.3x	5.2x
Sanki Engineering Co., Ltd.	Japan	889	703	1,428	94	7%	0.5x	7.5x	6.7x
Sescom S.A.	Poland	41	48	71	6	8%	0.7x	8.5x	5.2x
Mean			\$ 6,499	\$ 4,670	\$ 399	8%	1.2x	13.4x	9.2x
Median			\$ 2,762	\$ 3,756	\$ 232	8%	1.0x	14.2x	9.1x
<b>Mean - All Categories</b>			<b>\$ 26,032</b>	<b>\$ 9,436</b>	<b>\$ 1,413</b>	<b>13%</b>	<b>2.3x</b>	<b>15.9x</b>	<b>11.9x</b>
<b>Median - All Categories</b>			<b>\$ 11,861</b>	<b>\$ 5,019</b>	<b>\$ 696</b>	<b>11%</b>	<b>1.7x</b>	<b>15.8x</b>	<b>12.1x</b>

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

## SELECT HVACR M&A TRANSACTIONS FROM Q3 2024

Closed Date	Acquirer	Target	Target Description
Sep-24	CoolSys	Mechanical Engineering & Construction	Offers mechanical engineering, designs, and construction services
Sep-24	Honeywell International	Liquefied Natural Gas Process Technology and Equipment Business of Air Products and Chemicals	Comprises natural gas liquefaction technology, coil-wound heat exchangers, and related equipment and services
Sep-24	Sila Services	A to Z Dependable Services	Provides heating and air conditioning repair, installation, maintenance, and replacement services
Sep-24	Thermogenics	Pyro Combustion and Controls	Offers installation and repair services, such as vessel repair, re-tubing, refractory replacement and repair, and heating equipment installation and repair
Sep-24	Municipal Emergency Services	Premier Safety & Service	Provides industrial/environmental safety and fire service products
Sep-24	Air Control Australia Pty Ltd	Chill-Rite HVAC	Provides heating, ventilation, and air-conditioning services
Sep-24	First Compliance Group	Duct Hygiene Ltd	Operates as a cleaning company that provides kitchen extraction cleaning, air supply ventilation, and fire damper inspection services
Sep-24	Rensa Filtration, Inc.	The Filter Shop, LLC	Distributes air filtration products, such as HVAC filters; paint/spray booth, metal, and washable bag filters
Sep-24	Strada Services LLC	Keith Powell Heating and Cooling LLC	Engages in providing repair and replacement services
Sep-24	Verder International B.V.	The Sauermann Group	Manufactures pumps for air conditioning, heating, and refrigeration equipment
Sep-24	HomeSquare, LLC	Palace Guards	Engages in providing residential concierge services for home management purposes
Sep-24	Metalforms LLC	Koch Heat Transfer Company, LP	Designs and manufactures custom heat exchangers for refining, chemical, and upstream industries in the United States and internationally
Sep-24	Total Comfort Group Inc.	Victor's Air Conditioning Co., Inc.	Provides residential and commercial HVAC/R services
Sep-24	Torraval Cooling S.L.	Torres Intercal, S.A.	Provides of installations, repairs and maintenance services
Sep-24	Del-Air Heating, Air Conditioning & Refrigeration, Inc.	American Residential Services LLC	Provides heating, air conditioning, attic insulation, plumbing, and sewer and drain services to homes and businesses in the United States
Sep-24	Newsome Limited	Penmann Climatic Systems Ltd	Provides cooling technology solutions to the food and drink industries
Sep-24	Wind Point Advisors, LLC	Clean Solutions Group	Manufactures and sells nonwoven filtration media and cleaning products
Sep-24	Lindab International AB	Aeraulique Thermique Industrie Batiment SAS	Supplies ventilation and air treatment equipment
Sep-24	Builtech Holding GmbH	Brion Group AB	Offers technical and installation solutions, such as heating, sanitation, and ventilation for properties
Sep-24	Antimatter Construction Contractors	Rocky Mountain Heating & Sheetmetal, Inc.	Provider of HVAC installation services for large commercial and multi-unit residential buildings
Sep-24	Star Group, L.P.	Integrated Heating Oil Distribution and HVAC Services Business of Singer Energy	Comprises heating oil distribution and HVAC services and is located in the United States

Source: Capital IQ

## SELECT HVACR M&A TRANSACTIONS FROM Q3 2024 (CONTINUED)

Closed Date	Acquirer	Target	Target Description
Sep-24	Team Air Distributing, Inc.	Best Choice Supply Company, Inc.	Distributes HVAC products
Sep-24	Paschal Heating and Air Conditioning Co., Inc.	Patriot Heat And Air LLC	Provides heating and air conditioning services for residential and commercial customers
Sep-24	bluu unit GmbH	Klima-Lüftung-Kälte Handels- und Planungs GmbH	Manufactures and sells air conditioning and ventilation systems
Aug-24	Palagini Piero e Figli SpA	Mariani Elio Srl	Engages in the distribution of plumbing, air conditioning, and heating products
Aug-24	AIRVANCE GROUP	Mechanical Air Supplies Ltd	Develops and distributes ventilation and air conditioning products
Aug-24	IPO Capital ApS	Gradwood (Hvac) Limited	A heating, ventilation, and air conditioning company
Aug-24	Innovair Solutions inc.	Warmzone, LLC	Engages in the manufacturing of electric radiant-heating systems
Aug-24	Mobil in Time AG	ZB Zelt- und Bauheizungen AG	Provides event heating and cooling
Aug-24	Lufthansa Technik North America Holding, Corp.	ETP Thermal Dynamics, LLC	Engages in the design, manufacturing, repair, and overhaul of heat transfer components and systems
Aug-24	Sila Heating & Air Conditioning, Inc.	Allied Experts	Engages in providing home comfort services, such as heating, cooling, plumbing, and home performance solutions
Aug-24	Seacoast Service Partners, LLC	Advanced Cooling and Heating, Inc.	Operates as a subsidiary of Seacoast Service Partners, LLC.
Aug-24	Apollo Global Management	Purmo Group Oyj	Provides indoor climate comfort solutions worldwide, manufactures panel, tubular, and electric radiators
Aug-24	Billygo Dfw, LLC	Master Tech Service Corp.	Offers HVAC and plumbing installation and repair services
Aug-24	Lawson Products Canada Inc.	Source Atlantic Limited	Engages in the wholesale distribution of a range of products to industrial, government, commercial, and residential contractor markets in Atlantic Canada
Aug-24	Ferguson Enterprises Inc.	Gerster Equipment Company	Distributes HVAC products, such as heat pumps, air conditioners, air handlers, and gas furnaces
Aug-24	Southern Home Services, Inc	Elite Electric Plumbing And Air Inc.	Engages in providing plumbing, HVAC, and electrical services
Aug-24	AES Ltd	Black Isle Renewables Limited	Installs ground source and air source heat pumps
Aug-24	The Rise Group Inc	DG Service Company	Engages in the design, installation, maintenance, and repair heating, air conditioning, and refrigeration systems
Aug-24	Wynnchurch Capital, L.P	ORS Nasco, Inc.	Operates as a wholesale distributor of industrial supplies in North America and internationally
Aug-24	The Master Trades Group	Freedom Air and Heat, Inc.	Operates as a HVAC and plumbing home services company
Aug-24	Johnson Controls Building Efficiency UK Limited	Password Services (Holdings) Limited	Provides HVAC services and operates as a subsidiary of Johnson Controls Building Efficiency UK Limited

Source: Capital IQ

## SELECT HVACR M&A TRANSACTIONS FROM Q3 2024 (CONTINUED)

Closed Date	Acquirer	Target	Target Description
Aug-24	Mako Industries, Inc.	The Spears Group Inc.	Offers installation, repair, and maintenance of HVAC, air cleaners, and commercial refrigeration
Aug-24	The Hoffmann Family of Companies	Viking Plastics, Inc.	Develops a line of plastic and rubber sealing closures for under-the-hood automotive and industrial applications
Aug-24	Atlas Copco AB	Danmil A/S	A European company that specializes in the production of filter housings, filter cartridges, process filters, and micro filters
Aug-24	Liberty University, Inc.	educational components of Virginia Technical Institute	Provides hands-on training in the fields of electrical, plumbing, heating and air, welding, pipe-fitting, carpentry, masonry, multi-craft industrial maintenance, and project management
Jul-24	SandbÄcken Utveckling Aktiebolag	VVS Teknik Fålhagen AB	Provides plumbing services, such as construction, installation, remodeling of bathroom fixtures, heating systems, heat pumps, and other contract services
Jul-24	Innerio Heat Exchanger GmbH	ESTRA Automotive Systems Luxembourg S.à.r.l.	Designs, manufactures, and sells vehicle thermal system solutions for the automotive industry
Jul-24	-	Tark, Inc.	Designs, manufactures, and refurbishes pumps and complete cooling solutions for applications tailored to specific customers
Jul-24	Infrared Capital Partners Limited	Voltan Lähienergia Oy	Manufactures heating and cooling systems for large properties
Jul-24	Exigent Services, LLC	Smith-Boughan, Inc.	Engages in the providing mechanical services, which include HVAC, plumbing, controls, sheet metal fabrication, and process piping for industrial, healthcare, government, and education sectors
Jul-24	Ropsley Limited	Greens Power Limited	Designs and manufactures heat transfer products/solutions for industry, power generation, and petro-chemical industries
Jul-24	General Plumbing Supply, Inc.	Consolidated Supply Co.	Supplies plumbing, waterworks, and heating products for commercial, residential, and municipal projects
Jul-24	Renovalo S.p.A. (BIT:RNV)	Stil Termica Societa Termo Idraulica Laziale A Responsabilita Limitata	Offers installation and maintenance of centralized boilers, air conditioners and heating systems
Jul-24	Zehnder Group AG (SWX:ZEHN)	Siber Zone, S.L.	Manufactures mechanical ventilation systems and technologies
Jul-24	Sila Heating & Air Conditioning, Inc.	Dave's World	Operates as a heat pump installer and operates as a subsidiary of Sila Heating & Air Conditioning, Inc.
Jul-24	Southfield Capital LP	Business Development Resources LLC	Provides coaching and training services for HVAC, plumbing, and electrical contractors
Jul-24	Orion Group FM Holdings LLC	RSM Maintenance LLC	Provides facilities maintenance services in the Northeastern United States and in the Seattle area
Jul-24	AirX Climate Solutions, Inc.	Aboveair Technologies, LLC	Manufactures heating, ventilation, and air conditioning equipment
Jul-24	Elta Group Limited	Air Movement Supplies Limited	Operates as a manufacturer and supplier of ventilation equipment and sure fire rated ductwork intended to be the premier provider of ventilation solutions
Jul-24	Legacy Service Partners, LLC	Sunshine Air Conditioning, Inc.	Offers HVAC maintenance, repair, replacement, and installation services
Jul-24	Nordic Climate Group AB	T&S Klimatechnik BV	Designs, installs, and maintains heat pumps and ventilation and air conditioning systems

Source: Capital IQ

## NOTABLE HVACR M&A TRANSACTIONS FROM Q3 2024

**Team Air Distributing**, a leader in the heating and air conditioning distribution business, acquired **Best Choice Supply Company**, a Kentucky-based company and distributor of HVAC products.

The partnership deepens Team Air's existing presence in Kentucky and Indiana, allowing them to provide better market coverage for those customers through expanded delivery options and more pick-up options.



Acquired



**Lufthansa Technik North America Holding**, leading provider of aircraft maintenance, repair, overhaul and modification services, acquired **ETP Thermal Dynamics**, a designer, manufacturer, and overhaul of heat transfer components and systems.

With this acquisition, Lufthansa Technik marks a significant step in the expansion of its aircraft component services portfolio in the Americas.



Acquired



**Southfield Capital**, a premier lower middle market private equity firm, acquired **Business Development Resources**, a leader in business coaching and training organization to field services contractors and distributors.

The partnership will enable BDR to accelerate growth and expand their reach and capabilities for their clients.



Acquired



**AirX Climate Solutions**, a leading full-service, specialty HVAC solutions provider, acquired **AboveAir Technologies**, a leading specialty HVAC player focused on the data center market.

AboveAir significantly expands ACS's product offering into the data center market, and bolsters ACS's leadership position as a national full-service HVAC provider for specialty and mission-critical applications.



Acquired



Source: Capital IQ



## RECOMMENDED READING

### **Daikin Awarded \$39 Million Grant From DOE For Heat Pump Development**

“The U.S. Department of Energy recently awarded Daikin Comfort Technologies North America, Inc. (“Daikin”) a \$39 million grant to support the manufacturing of domestic inverter heat pumps. The grant will enable Daikin to enhance its production capabilities of these advanced, affordable, and energy-efficient electric heating alternatives.” – [Contracting Business](#)

### **Investment Company Targets US HVAC Distributors**

“A newly-formed, Miami-based investment firm is looking to invest in founder-owned US HVAC parts and equipment distribution businesses. Advantage Distribution Holdings is the first platform formed by Tigertail Capital Partners, an investment company led by Alex Gatof, Andrew Och and Zach Katz, who collectively have over 25 years of experience in private and public market investing in addition to software and data engineering.” – [Cooling Post](#)

### **Hudson To Supply LG USA With Reclaimed Refrigerant**

“Hudson Technologies is to supply LG Air Conditioning Technologies USA with its Emerald range of reclaimed refrigerants. The agreement will see LG USA employing Hudson’s expertise in refrigerant recovery and reclamation to make lower GWP reclaimed refrigerants available to its US customer base.” – [Cooling Post](#)

### **Daikin, M&A Supply Announce Distribution Agreement**

“Daikin Comfort Technologies North America, Inc. (Daikin) has announced a new relationship with M&A Supply, one of the country’s largest independent HVACR wholesalers. Operating 18 stores serving Tennessee, Arkansas and Alabama, M&A Supply will provide Daikin residential and light commercial brands and product lines across a broad, six-state region, including Tennessee, Alabama, northern Mississippi, Western North Carolina, south-western Georgia and the Florida Panhandle. This new distributor relationship will represent products from Daikin Unitary, Daikin Ductless, Daikin Light Commercial and Goodman Unitary.” – [Contracting Business](#)

### **Financing The Push To Sustainable Cooling**

“A new report aims to help investors and providers of cooling solutions, as well as private, public and international financiers, identify the commercial potential in sustainable cooling. Led by the UN Environment Programme’s Cool Coalition and International Finance Corporation, the report builds on the United Nations Environment Programme’s Global Cooling Watch, released in 2023, that highlighted the urgency of adopting “accessible, affordable and scalable” cooling solutions that do not harm the planet.” – [Cooling Post](#)



## RELEVANT TRANSACTION EXPERIENCE

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

 <p><b>ATLAS STEEL</b></p> <p><i>Has acquired</i></p>  <p><b>BLOCK STEEL CORP.</b></p> <p>&amp;</p>  <p><b>SAMSON</b></p> <p><small>ROLL FORMED PRODUCTS COMPANY A Division of Steel-Case Industries</small></p>	<p><b>*Block Steel Corp.</b></p> <p>Processes and distributes heat-resistant product for the HVAC industry</p>	 <p><b>Braeburn.</b></p> <p><i>Has been recapitalized by a strategic investor</i></p>	<p><b>*Braeburn Systems</b></p> <p>Designs and manufactures thermostats and accessories</p>	 <p><b>WYSE</b> METER SOLUTIONS</p> <p><i>Provided sell-side services</i></p>	<p><b>Wyse Meter Solutions</b></p> <p>Provides smart submetering and utility expense management solutions</p>
<p>The Specialist in Filtration</p>  <p><b>YAMASHIN</b></p> <p><i>Provided acquisition services</i></p>	<p><b>Yamashin – Filter</b></p> <p>Manufactures air and fluid filters and filtration media</p>	 <p><b>matholding</b></p> <p><i>Has acquired</i></p>  <p><b>OCV</b> Control Valves LLC</p> <p><i>Through</i></p>  <p><b>Dorot</b></p>	<p><b>*OCV Control Valves</b></p> <p>Manufactures hydraulically-operated, diaphragm-actuated, automatic control valves</p>	 <p><b>Cardno</b></p> <p><i>Has acquired</i></p>  <p><b>ChemRisk</b></p> <p><small>Pioneers in Science. Leaders in Solutions.</small></p>	<p><b>ChemRisk</b></p> <p>Develops sustainable solutions impacting human health and the environment</p>

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

## ABOUT ORIGIN MERCHANT PARTNERS

Origin Merchant Partners is a leading North American independent investment bank that provides value added corporate finance specializing in mergers and acquisitions, capital raising, restructuring, and merchant banking delivered by experienced professionals. Our clients engage us for our dedicated, high level of service and independent advice to address their strategic and financial plans.

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](http://www.originmerchant.com).

## ORIGIN MERCHANT PARTNERS' HVACR TEAM



**SCOTT SIMS\***

MANAGING DIRECTOR – HVACR LEAD  
[scott.sims@originmerchant.com](mailto:scott.sims@originmerchant.com)



**SHAUN QUENNELL**

MANAGING DIRECTOR  
[shaun.quennell@originmerchant.com](mailto:shaun.quennell@originmerchant.com)



**JIM OSLER**

MANAGING DIRECTOR  
[jim.osler@originmerchant.com](mailto:jim.osler@originmerchant.com)



**ROB PENTELIUK**

MANAGING DIRECTOR  
[rob.penteliuk@originmerchant.com](mailto:rob.penteliuk@originmerchant.com)



**ALAIN MIQUELON**

MANAGING DIRECTOR  
[alain.miquelon@originmerchant.com](mailto:alain.miquelon@originmerchant.com)



**BOB WUJTOWICZ\***

SENIOR ADVISOR  
[bob.wujtowicz@originmerchant.com](mailto:bob.wujtowicz@originmerchant.com)



**CATHERINE DAVID NOLAN**

SENIOR ADVISOR  
[catherine.davidnolan@originmerchant.com](mailto:catherine.davidnolan@originmerchant.com)

*\*Certain members of Origin Merchant Partners are registered representatives of and conduct securities transactions through StillPoint Capital, LLC, Tampa, FL. StillPoint Capital and Origin Merchant Partners are not affiliated.*