



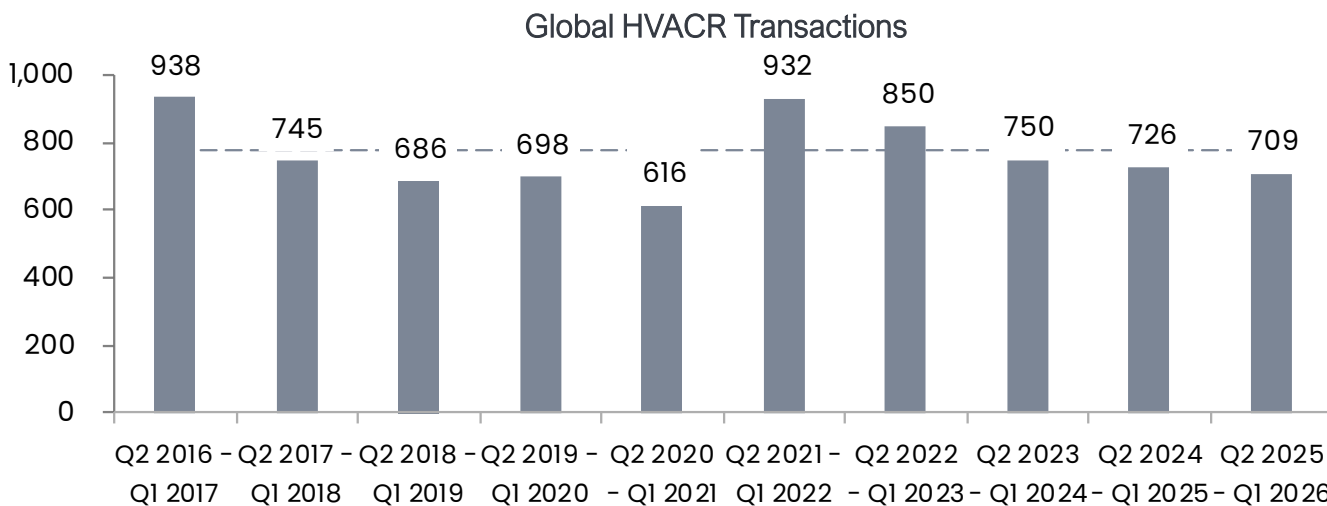
Q1 2026

M&A REVIEW ON HVACR



M&A ENVIRONMENT

The quantity of active deals in market hasn't changed, however, the seemingly lack of quality has undoubtedly contributed to the decline in closed deals. Competition is, and will remain, fierce for best-in-class HVACR businesses. Drawing from our experience and discussions with buyers/investors, we anticipate that we will see a marked uptick in transaction activity throughout 2026 and continuing in 2027. For many companies, 2025 was marred with uncertainty around tariffs. However, those that we speak with regularly are seeing record backlogs and bookings for the second half of 2026 and beyond, which we believe will be the primary driver for deal activity going forward.



Source: Capital IQ

Our own sightlines into the industry suggest that demand will remain strong for HVACR equipment and related services to support replacements, retrofits, and upgrades underpinned by technological innovation and energy efficiency. Service companies, manufacturing representatives, distributors, and manufacturers all stand to benefit.

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.

One trend we have been monitoring closely is an ongoing shortage of technicians; a trend that extends beyond HVACR and into related skilled trades such as plumbing, electrical, and nearly all others. Companies small and large across the trades have struggled to find good, qualified technicians, and in some cases that has shown up in financial performance, in the form of fewer jobs completed and lower billable hours. This has been a longstanding challenge, but seems to have grown more acute, and we believe a simple need for team-power may help drive further M&A activity.

PERFORMANCE OF PUBLICLY LISTED HVACR COMPANIES

(\$ in millions)

Company Name	Headquarters	Market Cap	Enterprise Value (EV)	Revenue	EBITDA		Q1 2026 EV Multiples of:		Q1 2025	
					\$	%	Revenue	EBITDA	EV/EBITDA	
<i>Manufacturer</i>										
A. O. Smith Corporation	United States	9,116	9,126	3,812	795	21%	2.4x	11.5x	11.7x	
Carrier Global Corporation	United States	47,043	58,205	21,870	3,141	14%	2.7x	18.5x	17.9x	
Daikin Industries, Ltd.	Japan	34,412	34,590	31,540	4,347	14%	1.1x	8.0x	7.4x	
Honeywell International Inc.	United States	143,682	167,441	37,660	8,526	23%	4.4x	19.6x	19.2x	
Ingersoll Rand Inc.	United States	31,376	35,325	7,781	2,022	26%	4.5x	17.5x	18.4x	
Johnson Controls International plc	Ireland	80,150	89,332	24,433	4,320	18%	3.7x	20.7x	14.0x	
Johnson Electric Holdings Limited	Hong Kong	2,757	2,288	3,627	522	14%	0.6x	4.4x	3.2x	
Lennox International Inc.	United States	16,153	17,889	5,258	1,154	22%	3.4x	15.5x	18.5x	
Modine Manufacturing Company	United States	11,427	12,090	2,874	420	15%	4.2x	28.8x	11.4x	
Patels Airtemp (India) Limited	India	11	17	30	3	9%	0.6x	6.1x	10.0x	
SPX Technologies, Inc.	United States	10,032	10,246	2,349	493	21%	4.4x	20.8x	15.3x	
Standex International Corporation	United States	3,089	3,622	885	190	21%	4.1x	19.0x	16.7x	
Trane Technologies plc	Ireland	92,238	95,936	21,603	4,233	20%	4.4x	22.7x	20.2x	
Mean			\$ 41,239	\$ 12,594	\$ 2,320	18%	3.1x	16.4x	14.1x	
Median			\$ 17,889	\$ 5,258	\$ 1,154	20%	3.7x	18.5x	15.3x	
<i>Distributor</i>										
Ferguson Enterprises Inc.	United States	45,344	50,804	31,058	3,043	10%	1.6x	16.7x	12.9x	
Global Industrial Company	United States	1,204	1,240	1,409	108	8%	0.9x	11.5x	10.1x	
Watsco, Inc.	United States	13,828	14,014	7,241	736	10%	1.9x	19.0x	24.8x	
Mean			\$ 22,019	\$ 13,236	\$ 1,295	9%	1.5x	15.8x	15.9x	
Median			\$ 14,014	\$ 7,241	\$ 736	10%	1.6x	16.7x	12.9x	
<i>Services</i>										
ABM Industries Incorporated	United States	2,255	3,890	8,875	429	5%	0.4x	9.1x	10.9x	
APi Group Corporation	United States	17,483	19,643	8,174	1,035	13%	2.4x	19.0x	15.7x	
Comfort Systems USA, Inc.	United States	48,426	47,893	10,136	1,736	17%	4.7x	27.6x	11.6x	
EMCOR Group, Inc.	United States	32,879	32,242	17,747	1,851	10%	1.8x	17.4x	10.1x	
Limbach Holdings, Inc.	United States	912	956	653	63	10%	1.5x	15.2x	14.9x	
Nippon Air Conditioning Services Co	Japan	322	297	435	34	8%	0.7x	8.8x	6.7x	
Sanki Engineering Co., Ltd.	Japan	2,233	2,041	1,602	189	12%	1.3x	10.8x	6.3x	
Mean			\$ 15,280	\$ 6,803	\$ 762	11%	1.8x	15.4x	10.9x	
Median			\$ 3,890	\$ 8,174	\$ 429	10%	1.5x	15.2x	10.9x	
Mean - All Categories			\$ 30,832	\$ 10,915	\$ 1,713	15%	2.5x	16.0x	13.4x	
Median - All Categories			\$ 14,014	\$ 7,241	\$ 795	14%	2.4x	17.4x	12.9x	

Source: Capital IQ, as of March 31, 2026 & March 31, 2025

SELECT HVACR M&A TRANSACTIONS FROM Q1 2026

Closed Date	Acquirer	Target	Target Description
Mar-26	Hills Distribution, Inc.	Bender Plumbing Supplies Inc	Supplies decorative plumbing, kitchen and bath cabinetry, tile, stone, HVAC, and plumbing products
Mar-26	Mueller Industries, Inc. (NYSE:MLI)	Bison Metals Technologies LLC	Manufactures copper tube and tubing products for industrial, HVAC, plumbing, technical, and refrigeration applications
Mar-26	Hengst SE	B&S Filtration Gmb	Manufactures air filtration products
Mar-26	Thermogenics Inc.	Prime Boiler Services	Supplies, rents, installs, maintains, and repairs boilers and related steam and heating equipment
Mar-26	Founders Home Service Group, LLC	The Air Guys LLC	Provides residential and commercial HVAC, electrical, plumbing, and indoor air quality services
Mar-26	Encoviva Holding GmbH	S+P Ingenieure AG	Provides engineering and planning services for building systems
Mar-26	Nationwide Cooling Group, LLC	Protocall Corp.	Provides protective coatings, restoration, and insulation solutions for HVAC equipment
Mar-26	The Perpetuity Project Ltd.	A.C. Wilgar Limited	Provides energy-efficient heating, heat pump, boiler, and plumbing services for homes
Mar-26	TransTech Energy, LLC	Teknoflow Green Equipments Private Limited	Manufactures pressure vessels, heat exchangers, silencers, burners, filter houses, oxidizers, and ventilation systems
Mar-26	Red Dot Building Systems	International Climate Systems	Designs and manufactures off-road HVAC systems for gas, diesel, and electric vehicles
Mar-26	-	Trolec Inc.	Manufactures ventilation shutters and architectural/mechanical louvers for buildings
Mar-26	Astra Service Partners, LLC	Air Comfort Service Corp.	Provides air conditioning and gas heating installation and service
Mar-26	CSW Industrials, Inc. (NYSE:CSW)	Joyce Sales Group, LLC	Manufactures ductless mini-split HVAC cables and wiring accessories
Mar-26	Vexve Oy	BROEN A/S	Develops and manufactures valves, actuators, and control solutions for water, air, and gas systems
Mar-26	Fidelity Building Services Group	Masters Mechanical Corporation	Provides commercial and industrial HVAC and refrigeration installation, retrofit, maintenance, and repair services
Mar-26	-	Ray And Son Heating And Air Conditioning, Inc.	Provides residential and commercial heating, cooling, plumbing, air quality, and HVAC automation services
Mar-26	Galaxy Service Partners LLC	Sylvester's Maintenance & Mechanical LLC	Provides dock and door systems, material handling equipment, and HVAC maintenance and repair services
Mar-26	AirX Climate Solutions, Inc.	Northern Air Systems, Inc.	Develops, manufactures, and markets cooling systems
Feb-26	Tweet - Garot Mechanical, Inc.	Prime Specialty Contracting, LLC	Provides mechanical, plumbing, HVAC, and custom metal fabrication services
Feb-26	L Squared Capital Partners	Functional Devices, Inc.	Designs and manufactures building automation and HVAC controls
Feb-26	Air Control Concepts Parent, LLC	Technical Air Systems, Inc.	Manufactures and distributes products across air handling, distribution, control systems, and building performance

Source: Capital IQ

SELECT HVACR M&A TRANSACTIONS FROM Q1 2026 (CONTINUED)

Closed Date	Acquirer	Target	Target Description
Feb-26	Air Temp Mechanical Services	Mccormick-Allum Co., Inc.	Provides commercial and industrial HVAC contracting services
Feb-26	Trane Technologies plc (NYSE:TT)	Stellar Energy Americas, Inc	Provides custom energy solutions for the power generation, LNG, and data center markets
Feb-26	Addtech Process Technology	Kapp Nederland B.V.	Designer of heat exchangers and provides heat-transfer consultancy
Feb-26	ResiXperts	Option One Plumbing Inc.	Provides plumbing and HVAC solutions for residential and light-commercial properties
Feb-26	Paschal Heating and Air Conditioning Co., Inc.	Hollifield Service Company, LLC	Heating, cooling, and geothermal contractor
Feb-26	Chill Brothers, LLC	Tucker Hill AZ	Residential HVAC, plumbing, and electrical contractor
Feb-26	HITT Contracting Inc.	Brycon Corporation	Construction and MEP contractor
Feb-26	Installed Building Products, Inc. (NYSE:IBP)	Thermo Tech Mechanical Insulation, Inc.	Mechanical insulation contractor for commercial and industrial clients
Jan-26	Hajoca Corporation	American Refrigeration Supplies, Inc.	Distributes HVACR products
Jan-26	Impact Climate Technologies LLC	Larry Wunsch & Associates, Inc.	Distributor of hydronic, plumbing, and mechanical equipment
Jan-26	APR Supply Company, Inc.	Mcardle & Walsh Incorporated	Distributor of plumbing, HVAC, and related building-supply products
Jan-26	J.F. Lehman and Company, LLC	Reclamation Technologies USA, LLC	Provider of refrigerant management and reclamation services for HVAC contractors and facilities
Jan-26	Northwinds Services Group LLC	Phoenix Mechanical Corp	Provider of full-service HVAC and plumbing contracting, including service, installation and system design
Jan-26	First Supply LLC	Able Distributors Inc.	HVAC distributor
Jan-26	SPX Technologies, Inc. (NYSE:SPXC)	Thermolec Ltd.	Manufacturer of electrical heating equipment, controls, and steam humidifiers for HVAC systems
Jan-26	United Building Solutions, LLC	DFW Mechanical Group, LLC	Provider of facilities service contracts, industrial HVAC systems, upgrades, and retrofit programs
Jan-26	Impact Climate Technologies LLC	Heat Transfer Systems of Georgia, LLC	Distributor of cooling towers, heat exchangers, boilers, and HVAC equipment
Jan-26	Champions Group Holdings	LEX Services Inc.	Provider of residential HVAC, plumbing, and electrical services, plus appliance repair
Jan-26	Apollo Global Management, Inc. (NYSE:APO)	Kelvion Holding GmbH	Manufacturer and servicer of heat exchangers and related cooling equipment
Jan-26	Smart Gas Training & Assessment Centre Limited	Energy Training Centre Limited	Provider of gas, plumbing, heating, and renewable-energy training and apprenticeships

Source: Capital IQ



NOTABLE HVACR M&A TRANSACTIONS FROM Q1 2026

AirX Climate Solutions, a specialty HVAC provider, acquired **Northern Air Systems**, a designer and manufacturer of highly specialized HVAC systems for mission-critical and harsh environments.

The deal expands AirX’s specialty HVAC platform and broadens its exposure to aviation, medical, broadcast, law enforcement, marine, military, oil and gas, and hazardous-location markets.



L Squared Capital Partners, middle market focused private equity acquired **Functional Devices**, a leading provider of relay and control solutions for building automation systems.

The deal strengthens L Squared’s building automation platform and supports Functional Devices’ next phase of growth, including new product development and add-on acquisitions in peripheral building automation components.



Has acquired



AIR Control Concepts, a Norfolk-based HVAC platform that supports commercial solution providers across North America, acquired **Technical Air Systems**, a regional HVAC manufacturers’ representative.

The deal expands AIR’s Northeast footprint and strengthens its ability to support customers and manufacturer partners with broader product access, engineering-driven sales support, and integrated technical resources.



Has acquired



Trane Technologies, a global climate innovator, completed the acquisition of **Stellar Energy Americas**, a leading provider of turnkey data center cooling solutions.

The deal strengthens Trane’s leadership in data center thermal management and expands its modular cooling capabilities for faster, more scalable deployment.



Has acquired



Hajoca, a nationwide wholesale distributor of plumbing, HVAC, and industrial supplies, acquired **American Refrigeration Supplies**, a distributor of HVACR equipment, refrigeration products and parts.

The deal expands Hajoca’s reach into the Southwest and adds American Refrigeration Supplies’ established distribution network and leadership team to its platform.



Has acquired



First Supply, a fifth-generation HVAC, plumbing, and industrial supply wholesaler, acquired **Able Distributors**, a Chicagoland HVAC supplier with four branch locations.

The deal expands First Supply’s presence in the Midwest and adds Able’s contractor relationships, hydronic and radiant heating expertise, and broad HVAC product offering.



Has acquired





AHR EXPO 2026 TAKEAWAYS

In Q1 2026, Origin Managing Director, Scott Sims, attended AHR Expo in Las Vegas. AHR Expo stands as the premier exhibition in the HVACR industry, offering a comprehensive platform for industry players to showcase products and capabilities poised to fundamentally shape the future of the industry. Below are our key takeaways from AHR Expo 2026 that will likely shape the M&A environment going forward:

- Strategic tariff management will define, and ultimately solidify, the value of distributors as essential partners to their customer base
- Contractors, manufacturers, manufacturing representatives, and distributors are facing a pivotal triple threat: navigating complex refrigerant mandates, integrating hyper-connected equipment, and adapting to a workforce redefined by technology
- One of the most impactful HVACR shifts include AI-driven air quality systems that self-adjust based on live occupant data and air purity levels
- The trend of consolidation across the HVACR industry shows no signs of slowing, as investors and buyers seek resilient, cash-flow-positive assets
- The US HVACR manufacturing landscape remains a primary target for cross-border investment, driven by a desire to secure domestic supply chains
- Absent intelligent thermal management, high-compute data center facilities threaten to strain local power grids and escalate operational costs
- The industry's top priorities involve fast-tracking decarbonization, balancing sustainability with human-centric design, and equipping the workforce to navigate a landscape of shifting regulations and advanced technology
- As smart sensors and digital connectivity redefine the service landscape, the industry must transition toward advanced diagnostic training, requiring technicians possess a deeper mastery of digital interfaces to effectively maintain and optimize modern HVACR systems
- The intensifying labor shortage creates a unique opening to redefine the skilled trades as HVACR has the opportunity to stand out as a high-demand field providing the kind of essential, hands-on work that technology can't replicate
- Rheem unveiled a sustainability vision, which includes reducing emissions intensity by 30% across its products' lifecycle, ensuring 90% of packaging is reusable, recyclable, or compostable, and maintaining zero-waste-to-landfill status across all factories - it also aims to complete one million trainings for plumbers, contractors, and influencers across the industry on sustainable product use, refrigerant management, and best practices



RECOMMENDED READING

Major HVAC Manufacturers Accused Of Price-Fixing Conspiracy In Lawsuit

“A proposed federal class-action lawsuit alleges that major HVAC manufacturers have conspired to fix prices and overcharge for equipment since January 2020, exploiting the COVID-19 pandemic and the A2L transition.” – [Homepros](#)

BlackRock Commits \$100 million To Skilled Trades Training

“The newly launched Future Builders initiative, funded by the BlackRock Foundation, will deploy the capital to nonprofits and workforce development organizations across several states over the next five years to help meet demand for HVAC technicians, plumbers, and electricians, with expectations to impact 50,000 workers.” – [Homepros](#)

Voomi Supply Lands \$10 Million Investment

“The Pennsylvania-based company operates as an online marketplace where contractors can buy parts and equipment from a network of distributors and manufacturers.” – [Homepros](#)

Predictive Monitoring Drives 30% Membership Increase for Iceberg Home Services

“Iceberg Home Services partnered with SmartAC to incorporate predictive monitoring, resulting in a 30% increase in memberships and over \$80,000 in additional revenue in just one year, transforming their service approach.” – [Contracting Business](#)

NAHB Finds Aging Housing Stock Drives Residential Remodeling Demand

“The Remodeling Market Index has remained above 50 for 24 straight quarters, signaling sustained demand and post-pandemic resiliency.” – [Contracting Business](#)

Understanding HVAC Dealer Motivators: Strategies For HVAC Distributors

“Winter can be a brutal time for an HVAC contractor. Depending on the climate, this can be one of the most challenging times to make money for a dealer. The end of winter, months like January, February and March, can be particularly challenging.” – [HARDI](#)

RELEVANT TRANSACTION EXPERIENCE



Has announced its pending acquisition by



Financial Advisor on its Sale to



Financial Advisor on its Sale to



Financial Advisor on their Sale to



Has been recapitalized by a strategic investor



\$243.0 million Exclusive Financial Advisor on its Sale to



Open-ended Acquisition Screening & Advisory



Exclusive Financial Advisor on its Minority Investment from



\$1.7 billion Financial Advisor on its Sale to



ABOUT ORIGIN MERCHANT PARTNERS

Origin Merchant Partners is an independent investment bank that provides value added corporate finance, mergers and acquisitions and merchant banking services delivered by senior 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.

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