



Quarterly Update

- The commercial HVAC services market continues to exhibit strong revenue growth and M&A activity. Both are expected to continue into 2024 driven by investments to improve aging HVAC infrastructure and rising regulatory pressure to reduce the industry's carbon footprint.
- The healthcare facilities end-market is expected to drive growth and M&A interest in 2024 and beyond. According to a recent study by JLL, most hospitals have HVAC equipment over 40 years old that needs to be constantly inspected or updated all together.
- Commercial HVAC providers serving the healthcare end-market will receive a boost from federal regulator's latest effort sustainability initiative: the Sustainability Healthcare Certification program. The certification program evaluates whether hospitals have installed structures to improve energy efficiency, decrease carbon footprint, and decrease waste and will lead to upgrading and replacing aging HVAC infrastructure.
- The commercial HVAC industry remains highly fragmented, providing strong opportunity for inorganic growth. Recent acquisition activity is expected to continue, and transaction multiples are expected to remain high.

Recent Business Services Transactions



For more information and insights, please contact the EdgePoint Business Services Group:



Tom Stafford
Managing Director
Business Services Group

Phone: (216) 342-5775
Email: tstafford@edgepoint.com

Commercial HVAC Services | October 2023

Recent Selected Commercial HVAC Transactions

PremiStar Acquires Golding Mechanical Services



Target



Buyer



Sponsor

- **October 12, 2023** - PremiStar, a leader in commercial and industrial HVAC, plumbing, and building automation services, has acquired Golding Mechanical Services, Inc., a full-service HVAC and controls contractor in Memphis, TN
- With this acquisition, PremiStar expands its footprint in the Southeast, maintaining focus on customers in the commercial, industrial, health care, education, retail, municipal, government, and senior living market segments.

Tech24 Reels in Big Fish HVAC



Target



Buyer



Sponsor

- **October 6, 2023** - Hours after announcing it had received an investment from Vestar Capital to help drive, in part, its acquisition strategy, Tech24 unveiled it had purchased Big Fish, a Texas-based service agent.
- Big Fish specializes in the installation, repair, maintenance and replacement of HVAC, refrigeration, and hot-side kitchen equipment for restaurants, hotels, hospitals, and other commercial facilities across Texas.

Crete Mechanical Group Enters Dallas Market



Target



Buyer



Sponsor

- **October 3, 2023** - Crete Mechanical Group, a leading national building solutions provider, has acquired a majority stake in Versatile Refrigeration ("Versatile"), a prominent HVAC and refrigeration company based in Dallas, TX.
- This partnership marks Crete's entry into the Dallas market and underscores its commitment to growth and excellence in the HVAC and refrigeration industry

Hobbs & Associates Expands Significantly



Targets



Buyer



Sponsor

- **October 2, 2023** - Hobbs & Associates, a leading provider of HVAC products and engineering services to commercial and industrial buildings, has completed several strategic acquisitions that expand its geographic footprint, capabilities and customer offering across the Northeast, Mid-Atlantic and Southeast regions of the United States.

CoolSys Deepens Presence in Mid-Atlantic



Target



Buyer



Sponsor

- **August 1, 2023** - CoolSys, a nationwide provider of sustainable refrigeration, HVAC, energy and engineering solutions, announced has acquired Lima Company, a blended service provider of commercial and industrial HVAC, refrigeration, plumbing and energy services.
- Through this acquisition, CoolSys expands its mission-critical offerings and strengthens its market presence in the Mid-Atlantic region.

Orion Group Acquires Owens Companies



Target



Buyer



Sponsor

- **July 31, 2023** - Orion Group, a commercial facility services business, has partnered with Owens Companies, a leading commercial HVAC services company based in Minneapolis, MN.
- Orion plans to build a national platform by partnering with exceptional family-owned facility services businesses and providing resources to help fuel growth in the commercial HVAC space.

Commercial HVAC Services | October 2023

EdgePoint Public Comparable Index Constituents

HVAC Equipment

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue		Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2023E	LTM	2023E	LTM	LTM	3-Yr. CAGR			
AAON, Inc.	\$ 4,420	30.1%	21.4%	\$ 224	\$ 260	19.8x	17.0x	\$ 1,047	57.1%	28.0%	\$ 53.17	74.5%	
Carrier Global Corporation	46,825	28.1%	14.3%	3,168	3,730	15.9x	12.6x	22,101	8.1%	8.4%	48.28	80.4%	
Johnson Controls International plc	44,416	34.0%	13.5%	3,600	4,180	10.1x	10.6x	26,612	6.6%	5.5%	48.71	69.2%	
Lennox International Inc.	14,120	30.0%	17.7%	873	894	15.4x	15.8x	4,921	7.2%	10.9%	348.50	88.7%	
Trane Technologies plc	47,154	32.0%	17.1%	2,873	3,134	15.3x	15.0x	16,816	13.4%	10.6%	187.27	88.5%	
Median		30.1%	17.1%	2,873	3,134	15.4x	15.0x	16,816	8.1%	10.6%	53.17	80.4%	
Mean		30.9%	16.8%	2,147	2,440	15.3x	14.2x	14,299	18.5%	12.7%	137.19	80.2%	

Construction & Engineering

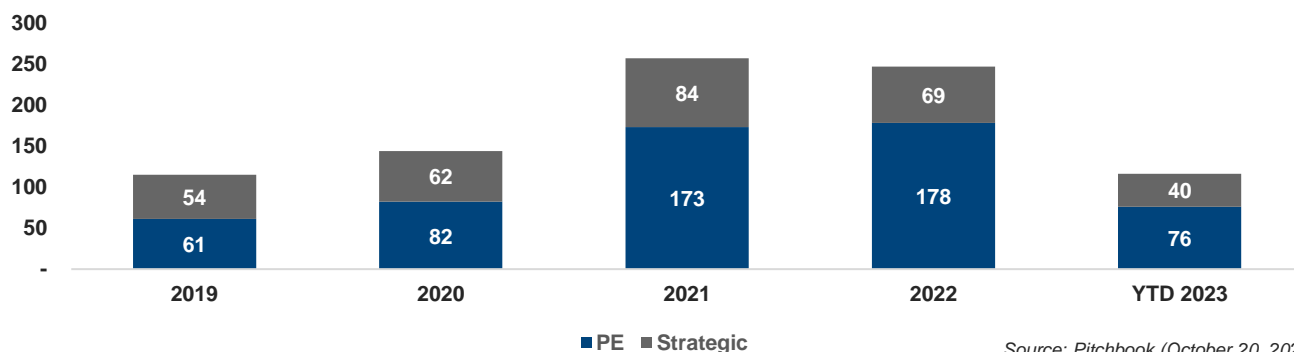
Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue		Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2023E	LTM	2023E	LTM	LTM	3-Yr. CAGR			
API Group Corporation	\$ 9,231	27.1%	9.3%	\$ 637	\$ 777	11.4x	11.9x	\$ 6,823	29.2%	21.0%	\$ 25.30	85.6%	
Comfort Systems USA, Inc.	5,701	18.4%	9.0%	449	437	12.5x	13.0x	4,966	28.0%	20.0%	153.56	79.8%	
EMCOR Group, Inc.	9,142	15.9%	7.3%	882	850	8.5x	10.7x	12,093	12.3%	10.7%	192.53	84.6%	
Limbach Holdings, Inc.	316	21.3%	6.5%	33	38	8.6x	8.3x	512	5.1%	-3.0%	29.30	77.7%	
NV5 Global, Inc.	1,823	49.8%	13.5%	108	146	14.0x	12.4x	801	4.4%	10.6%	99.75	64.4%	
Median		21.3%	9.0%	449	437	11.4x	11.9x	4,966	12.3%	10.7%	99.75	79.8%	
Mean		26.5%	9.1%	422	450	11.0x	11.3x	5,039	15.8%	11.8%	100.09	78.4%	

Facility Services

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue		Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2023E	LTM	2023E	LTM	LTM	3-Yr. CAGR			
ABM Industries Incorporated	\$ 3,992	13.6%	5.4%	\$ 436	\$ 512	7.5x	7.8x	\$ 8,015	7.0%	9.2%	\$ 40.29	81.3%	
BrightView Holdings, Inc.	2,112	24.4%	9.4%	261	299	6.6x	7.1x	2,796	2.6%	5.8%	7.30	78.3%	
Rollins, Inc.	16,468	52.1%	22.4%	668	686	22.5x	24.0x	2,981	13.1%	11.8%	33.05	73.4%	
SP Plus Corporation	1,541	27.6%	13.9%	118	132	5.6x	11.7x	851	19.5%	2.9%	50.18	95.8%	
Median		26.0%	11.6%	349	405	7.0x	9.7x	2,888	10.1%	7.5%	36.67	79.8%	
Mean		29.4%	12.8%	371	407	10.5x	12.6x	3,660	10.5%	7.4%	32.71	82.2%	

Source: S&P Capital IQ (October 20, 2023)

Commercial HVAC Deal Activity – Last Five Years



- M&A activity in the commercial HVAC space continues to be robust. While 2023 activity will fall short of the records set in 2021 and 2022, it is projected to exceed pre-pandemic levels.
- Aging HVAC infrastructure and increasing regulatory pressure to reduce the industry's carbon footprint will continue to drive M&A activity.
- EdgePoint expects healthy M&A activity in the space through the remainder of 2023 and into 2024. HVAC companies that can effectively and efficiently incorporate clean energy technology like smart controls will be particularly attractive acquisition targets.