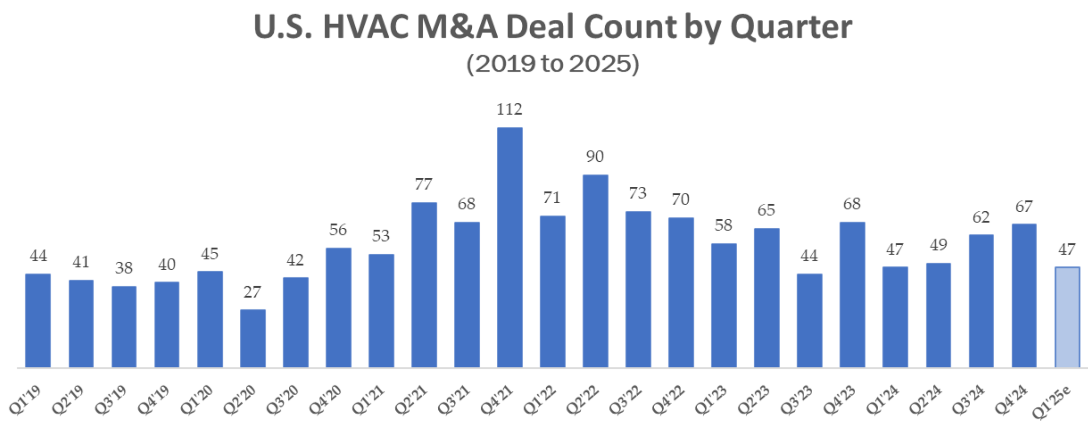
Plumbing & HVAC Market



HVAC M&A Market Highlights

- HVAC industry transaction volume hit all-time highs in 2021 and 2022, but returned to pre-COVID activity levels in 2023 and early 2024
- Manufacturing and equipment companies that can demonstrate sustainable growth and differentiated technology will remain highly attractive
- Distribution companies have faced margin volatility and supply chain issues, but seem to be stabilizing
- Service businesses remain highly attractive to PE investors, with numerous platforms seeking scale efficiencies through add-on acquisitions of targets with a high recurring revenue base
- Strategic corporate acquirers have been more active due to cash-rich balance sheets, but we expect PE buyers to become more competitive as the lending environment improves into 2025

NAICS Code: 238220 Plumbing, Heating, and Air-Conditioning Contractors (59)

TEV Range	TEV $	Revenues $	TTM Rev Growth %	EBITDA Margin %	TEV/Revs	TEV / EBITDA	N	STD DEV TEV/EBITDA
$10 - $25	$15.1	$16.1	23.6%	19.0%	1.1x	6.2x	33	2.2
$25 - $50	$38.8	$48.5	13.8%	18.4%	1.1x	5.9x	13	1.0
$50 - $100	$66.6	$54.3	19.8%	23.8%	1.8x	7.6x	8	3.1
$100 - $250	$159.6	$164.5	6.4%	13.6%	1.3x	9.5x	5	1.8
Total	**$39.5**	**$41.0**	**19.4%**	**19.1%**	**1.2x**	**6.6x**	**59**	**2.3**

Year	TEV $	Revenues $	TTM Rev Growth %	EBITDA Margin %	TEV/Revs	TEV / EBITDA	N	STD DEV TEV/EBITDA
2006-2007	$24.8	$47.2	21.8%	15.9%	0.7x	4.5x	3	0.8
2009-2015	$33.9	$20.5	4.1%	34.3%	1.8x	5.4x	4	1.5
2017	$46.5	$75.6	33.5%	12.8%	0.7x	5.7x	7	1.5
2018	$52.5	$51.1	23.1%	16.3%	1.6x	8.2x	4	4.7
2019	$75.3	$58.6	21.0%	15.8%	1.1x	7.3x	5	2.7
2020	$70.7	$81.2	7.2%	18.0%	1.2x	6.9x	4	0.3
2021	$20.9	$16.5	16.5%	22.0%	1.4x	6.5x	8	2.5
2022	$27.1	$27.9	19.5%	19.1%	1.2x	6.8x	11	1.3
2023	$44.4	$36.1	20.7%	19.8%	1.5x	7.8x	8	3.1
2024	$21.6	$23.6	18.6%	17.8%	1.0x	5.8x	5	1.5
Total	**$39.5**	**$41.0**	**19.4%**	**19.1%**	**1.2x**	**6.6x**	**59**	**2.3**

Sources:
GF Data and PitchBook

DUNN RUSH & CO.