



Industry Snapshot – HVAC Services & Distribution

Recent Transaction

Crosbie & Company advised on the sale of Eden Energy Equipment Limited (“Eden”) to Mike Ridler, in partnership with Sugar Maple Capital, a private investment firm based in Canada.

Eden is a specialized distributor of HVAC systems offering geothermal heat pump systems, hydronic systems, thermal battery solutions, ventilators, and related parts and controls. Eden is widely recognized for its system design, technical training, and dealer support which are highly sought after by the equipment manufacturers’ it represents and its highly regarded contractor dealer network.

As part of creating a competitive process to help surface the significant value created in the business over 30 years, we canvassed both strategic and financial buyers across North America. This process helped us identify the parties that most appreciated Eden’s business model and value proposition. Sugar Maple was selected from this group due to its vision of working with the management team to accelerate Eden’s growth strategies while preserving and nurturing its established value creation model.



Ontario’s leading value-added distributor of energy-efficient HVAC equipment, accessories, and service parts

has been sold to



a private investment firm based in Canada

SALE ADVISORY

“Crosbie was a great partner in the sale of Eden.

I appreciate all the hard work you did to get me to the finish line”

Grant Blackmore, Owner & President

Strong Industry Tailwinds

It was an ideal time for Eden to pursue a transaction given the strong tailwinds in the HVAC industry and accelerating interest for the leading-edge products and systems in which Eden specializes. Key market drivers include:

- **Aging HVAC Systems** – an increasing proportion of installed HVAC systems exceed 10 years of age, driving strong demand for system servicing, parts sales, as well as equipment replacement and upgrading
- **Government Incentives** – various programs aim to accelerate the adoption of energy-efficient HVAC systems through retrofit grants, long term interest-free loans, and development charge rebates
- **Building Code Changes** – new provincial and municipal standards are being implemented that enforce the adoption of energy-efficient HVAC systems in new builds and retrofits
- **Refrigerant Regulations** – government mandated phase-out of ozone depleting refrigerants is accelerating the replacement of older HVAC systems that rely on these refrigerants
- **New Housing Construction** – significant population growth combined with a housing deficit is increasing pressure for new development, translating to increased demand for new HVAC systems

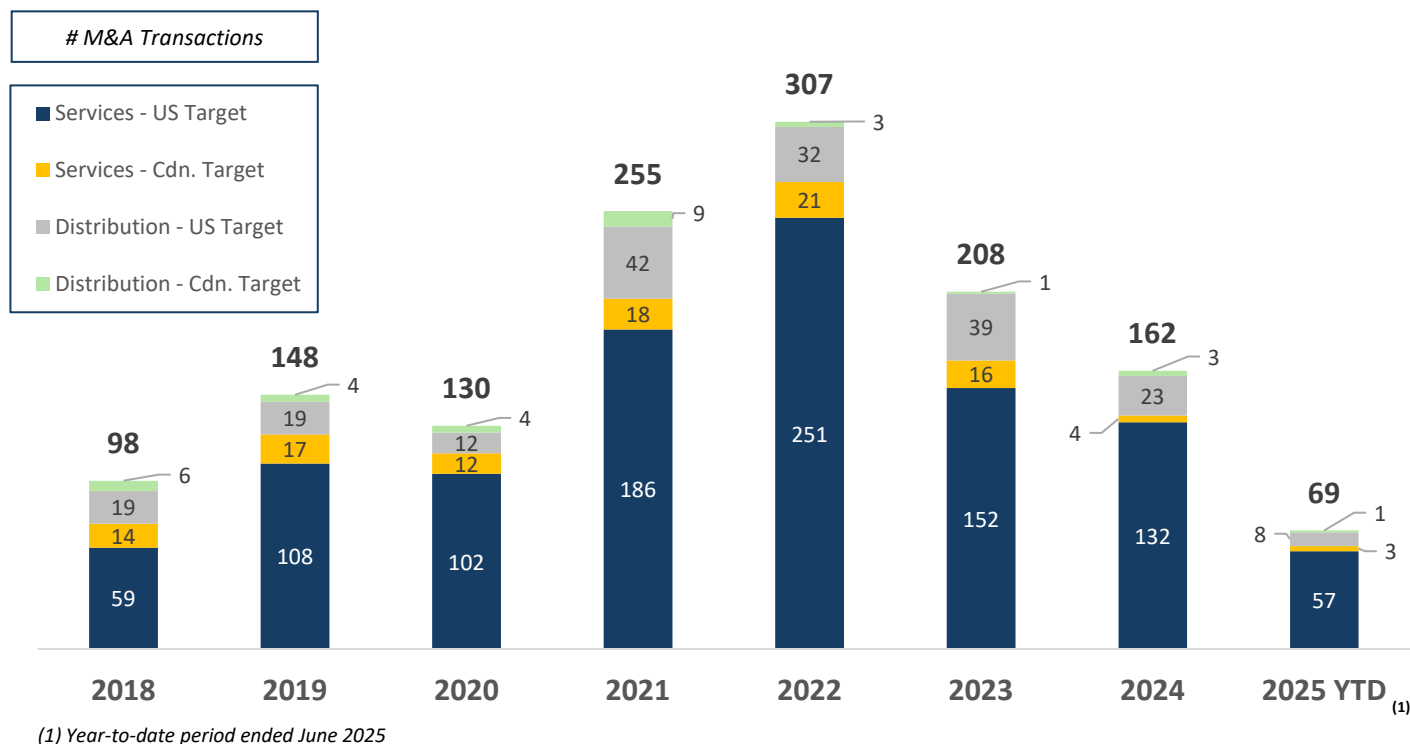
These ingredients were confirmed in the discussions we had with players across the industry as part of the sale process.



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HVAC Services & Distribution – M&A Activity

As shown below, The HVAC industry is undergoing a major wave of consolidation in both Canada and the US.



This data highlights that M&A market conditions for the HVAC industry are very strong. Based on our recent experience, buyers of these types of businesses are motivated by the following types of considerations which provide current owners and their advisors with excellent ingredients to surface value in a competitive M&A process:

- **Enhance Market Penetration** – to gain access to new geographic markets and customer bases through acquiring companies with established local brands, relationships, and expertise specific to that region (i.e., building codes)
- **Broaden Service Offering** – to combine HVAC services with complementary plumbing, electrical, building system automation, and energy audit services, facilitating cross-selling and providing the broader appeal and benefits of a “one stop shop”
- **Densify Regional Coverage** – to add new customers and contractors in existing regions to optimize technician scheduling and deployment, reduce travel times and increase labour utilization, as well as consolidate and optimize delivery routes and warehousing operations for distributors
- **Expand Product Offering** – to expand into new high growth product categories or into adjacent categories that may drive or enhance future growth and capture a greater share of the customer’s wallet
- **Optimize Scale & Efficiency** – larger platforms can spread marketing and branding expenditures over a wider footprint, centralize and share recruitment and training best practices, and realize savings through consolidating administrative functions and negotiating better terms with vendors

See **Page 3** for illustrative profiles of active HVAC consolidators. To learn more about M&A within the HVAC industry, please reach out to us for a confidential discussion.



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Illustrative Profiles – Active HVAC Consolidators

 <ul style="list-style-type: none"> ▪ HQ: Ontario ▪ # Acquisitions: 8 ▪ HVAC Services 	<ul style="list-style-type: none"> ▪ Founded in Jan 2022, MechCan has emerged as an active acquirer of HVAC, plumbing and electrical contractors in Canada ▪ Acquisitions have focused on residential services ▪ Most recent deal expands footprint into BC, with previous acquisitions concentrated in Southern and Eastern Ontario ▪ Open to acquiring 60 to 100% controlling interest 	<p>Illustrative Acquisitions</p> 
 <ul style="list-style-type: none"> ▪ HQ: Ontario ▪ # Acquisitions: 28 ▪ HVAC Services 	<ul style="list-style-type: none"> ▪ Under private equity ownership since 2018, Right Time has grown from 280 to 1,400 employees through acquisitions ▪ Largest residential services contractor in Canada ▪ In 2021, Gryphon combined Right Time with its US home services platform, Southern Home Services ▪ Gryphon also has active platforms in HVAC distribution (Benoist Brothers Supply) and manufacturing (AirX Climate Solutions) 	
 <ul style="list-style-type: none"> ▪ HQ: Ontario ▪ # Acquisitions: 15 ▪ HVAC Services 	<ul style="list-style-type: none"> ▪ GDI acquired Ainsworth in 2015, establishing a multi-trade contracting services platform serving a variety of building types ▪ Ainsworth subsequently completed 15 acquisitions, growing sales from ~C\$140M to over \$1.0B in an 8-year timeframe ▪ Offers services for HVACR, plumbing, electrical, energy efficiency consulting, building system automation, and more 	
 <ul style="list-style-type: none"> ▪ HQ: Florida ▪ # Acquisitions: 100+ ▪ HVAC Services 	<ul style="list-style-type: none"> ▪ Formed by Alpine Investors in 2019, Apex has grown through acquisitions from ~500 to 8,000+ employees over 5 years ▪ Focused on residential HVAC, plumbing, and electrical ▪ Alpine has several active services platforms – home roofing and exterior, home restoration, commercial facility services (i.e., mechanical, landscaping, snow removal, etc.) 	
 <ul style="list-style-type: none"> ▪ HQ: Quebec ▪ # Acquisitions: 10+ ▪ HVAC Distribution 	<ul style="list-style-type: none"> ▪ Novacap acquired Master Group in 2014, transforming an Eastern Canada distributor into national powerhouse ▪ Completed 10 deals from 2014-21, expanding into Ontario and Western Canada and quadrupling sales to over C\$1.0B ▪ Master has also used M&A to expand into commercial, industrial and institutional segments of HVAC distribution ▪ Looking to grow in the US market 	
 <ul style="list-style-type: none"> ▪ HQ: Illinois ▪ # Acquisitions: 15+ ▪ HVAC Distribution 	<ul style="list-style-type: none"> ▪ Owned by Genstar since 2021, Marcone has grown from a supplier of OEM branded appliance repair parts into full-service distributor of HVAC, plumbing and swimming pool products ▪ Expanded into HVAC with the acquisition of Munch's Supply in 2022, and has since added 5 more HVAC distributors ▪ Munch acquired two HVAC and hydronics distributors based in Ontario, Canada (TML Supply and Marks Supply) 	



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Crosbie & Company – Who We Are

Founded in 1978, Crosbie is recognized as a leading employee-owned independent investment bank focused on providing high quality senior level advice related to M&A and corporate finance transactions for private companies and their owners. Our services include:

M&A

Company Sales
Acquisitions & Divestitures
Management Buyouts
Distressed & Underperforming Situations
Succession Transactions
Private & Public Companies

Advisory

Valuations
Fairness Opinions
Strategic Options Reviews
Succession
Shareholder Issues
Financial Strategy

Financing

Equity
Mezzanine/Sub Debt
Specialty Debt Capital
Acquisition Financing
Growth Capital
Recapitalizations

Recent Sale Advisory Transactions



A specialized value-added distributor of energy-efficient HVAC equipment, accessories and service parts

has been sold to



a private investment firm based in Canada



A leading IT infrastructure services firm specializing in design, installation, and maintenance services

has been sold to



a Boston-based private equity firm



A leading utility services platform focused on building and maintaining electrical and telecom infrastructure

has been sold to



A Toronto-based private equity firm



A custom designer and supplier of engineered onsite gas generation systems

has been sold to



a US-based managed services Atlassian partner owned by Periscope Equity

Crosbie is an active partner of **REACH Cross-Border M&A**, an international partnership of M&A advisory firms operating across 30 countries. We frequently collaborate on cross-border deals with our REACH partners, many of which are active in HVAC:



Crosbie's US-based REACH partner has sold



a residential HVAC services company to



Crosbie's US-based REACH partner has sold



a commercial HVAC services company to



Crosbie's France- & Germany-based REACH partners have sold



a commercial HVACR services company to



Crosbie's US-based REACH partner has sold



a residential HVAC services company to



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