

HVAC Quarterly Update



Industry Insights & Market Data

RECENT CMG NEWS

- [Carter Morse & Goodrich Serves as Exclusive Advisor to Optimum Building Systems](#)
- [CMG Expands Food and Beverage Industry Expertise with the Addition of Ross Colbert](#)
- [CMG Attends AICA Annual Global Meeting in Chicago, IL](#)

HVAC SECTOR HIGHLIGHTS

- Key Takeaways for the HVAC Industry
- Q&A with Jake Gubler, VP of M&A at AMPAM
- HVAC M&A Transaction Highlights
- Public Markets and Subsector Performance
- U.S. Key Economic Indicators

Trump's "Big Beautiful Bill"

The Trump administration's recently passed legislation — dubbed the "Big Beautiful Bill" — makes sweeping changes to tax and energy policy, manufacturing, and trade. While headlines focus on its broader economic implications, the ripple effects for the HVAC industry are particularly significant—bringing both wins and setbacks.

What follows are some highlights that stood out to us -

Workforce Provisions – Funding Education



Positive: The bill expands federal support for skilled trades training—long a pain point in HVAC and similar sectors facing severe labor shortages. Among the most meaningful changes: families can now use 529 education savings accounts for apprenticeships, licensing programs, and career certifications, including those in HVAC. With the industry short more than 100,000 technicians, this marks an important long-term step toward attracting the next generation of HVAC technicians, even if near-term relief remains elusive.

Small Business Wins – Sec.199A Made Permanent



Positive: The bill locks in the 20% qualified business income (QBI) deduction for S-corps, partnerships, and sole proprietors—avoiding the 2025 sunset that would have meant thousands in additional taxes for many HVAC contractors. While some pushed for a higher 23% rate, this version still delivers major tax certainty and savings to HVACR business owners.



Loss of Energy Efficiency Incentives for Homeowners



Negative: The bill eliminates nearly all major clean-energy and efficiency tax incentives that HVAC contractors and customers have relied upon for years, including Section 25C (Energy Efficient Home Improvement Credit), Section 45L (New Energy Efficient Home Credit), and Section 25D (Residential Clean Energy Credit).

This represents the most substantial rollback of federal energy-efficiency policy in more than a decade. Without these incentives, homeowners and businesses lose key financial encouragement for installing premium, energy-efficient HVAC systems, which could significantly dampen demand and weaken the sales narrative contractors use for justification.



Infrastructure Investment Initiatives



Negative: The bill directs most new infrastructure funding toward programs like defense and border security, while cutting nearly all remaining environmental and building modernization programs that previously supported HVAC-related upgrades.

This includes the elimination of funding streams for low-carbon materials, sustainable federal buildings, and GSA-led energy efficiency retrofits. HVAC firms focused on public-sector or retrofit contracts may see their pipeline shrink in the near term, with fewer modernization projects and less federal support for climate-forward infrastructure.



Q&A With Jake Gubler on AMPAM's Strategy & Market Perspective



Founded in 1997, AMPAM Parks Mechanical, Inc. ("AMPAM") has grown into a leading full-service provider of design-build MEP solutions, serving multifamily developers and general contractors across California. With a workforce of over 1,300 employees, AMPAM delivers a comprehensive suite of services including design-build, pre-fabrication, installation, and post-installation service. The company is widely recognized for its operational excellence and long-standing commitment to customer satisfaction.

In 2023, AMPAM partnered with Gemspring Capital to build on the company's long track record of growth and exceptional customer service. As **Vice President of M&A, Jake Gubler** plays a pivotal role in shaping AMPAM's strategic expansion and driving value through thoughtful partnerships and acquisitions.

Unique Value in Mechanical Work

Q: AMPAM has carved out a strong position in the mechanical, electrical, plumbing (MEP) and design-build space — a differentiated strategy from the many PE-backed platforms that are more commonly focused on service and steer clear of new construction. What drives your thesis and where do you see the greatest opportunities for continued growth?

AMPAM's existing business model and M&A thesis is distinct given we embrace the complexity of new construction while others intentionally shy away. Our design-build expertise and prefabrication capabilities allow us to manage risk, provide high quality service to customers, and drive consistent outcomes in a timely manner.

This commitment to excellence, paired with deep trade specialization, uniquely positions us for continued growth where others hesitate to play. Our greatest growth opportunities lie in expanding our geographic coverage outside of California, replicating our proven model across additional high-growth markets, and working to build a robust service operation to complement our work on the new construction side.

Value Drivers in Target Companies

Q: What characteristics make a company stand out to you as a compelling acquisition target? For example — what's most important as you evaluate traits like recurring revenue, project size, margin profile, backlog, pipeline, or other factors?

We're most drawn to companies that show positive financial / operational momentum, strong project execution, and loyalty amongst employees, customers, and vendors. Key characteristics include growth in backlog, bookings, bid activity, and labor hours. We also value depth in leadership, longstanding internal / external relationships, and a culture that aligns with AMPAM's team-focused approach.

Challenges in Founder-Led Businesses

Q: What are common challenges or red flags you've seen in founder-led contractors that might limit interest or require more intensive diligence? Are there certain traits that would take a company off the table altogether?

As a family-founded business ourselves, we have deep respect for the pride, culture, and personal investment that comes with owner-operated businesses. That said, founder-led firms sometimes face challenges like owner dependency, customer concentration, underdeveloped financial reporting, or legacy systems that haven't scaled with the business. While none of these are dealbreakers, they do require thoughtful planning / diligence and may impact integration timelines.

Cont.



Long Term Vision for AMPAM

Q: Over the next 5–10 years, how do you see AMPAM evolving within the MEP ecosystem? What role will M&A continue to play in that growth story?

Our vision is to become the nation's most trusted, fully integrated MEP partner for multifamily developers and general contractors across the United States. In the next 5–10 years, we see continued expansion in and outside of California, with a focus on delivering coordinated design-build MEP solutions under one roof across regions. M&A will remain a key growth lever, but only when it ensures best-of-breed talent in every geography and across every trade.

The AMPAM Difference

Q: In terms of family and founder business owners considering a sale, what sets AMPAM apart, and why do you think your model resonates with business owners?

What makes AMPAM unique is that we offer the best of both worlds: the resources and sophistication of a private equity-backed platform, combined with the entrepreneurial spirit of a family-founded business. We know firsthand what it takes to build something from the ground up and we bring that same respect and stewardship to every company we partner with. Business owners can see us not only as a strategic buyer, but as operators who understand their journey, can offer support through the next stage of growth, and share their long-term focus on legacy.

Upcoming Industry Events

HARDI

Emerging Leaders Conference

July 22 – 24, 2025
San Francisco, CA

HARDI

2025 Focus Conference

September 9 – 11, 2025
New Orleans, LA



ServiceTitan

Pantheon by ServiceTitan

September 17 – 19, 2025
Anaheim, CA

Select HVAC M&A Transactions

Date	Acquirer	Target	Target Description
Distribution			
May-25	 Ambient	MARSHALL & WELLS	Distributor and supplier of air distribution products
Apr-25	 Atlas Copco	 PCS	Distributor of compressed air equipment
Apr-25	 watsco	 HAWKINS HVAC DISTRIBUTORS INC.	Distributor of HVAC equipment, parts, and supplies
Manufacturing			
Jun-25	 WORTHINGTON INDUSTRIES	 ELGEN	Manufacturer of HVAC and sheet metal ductwork components
May-25	 Beckett	 Thermo Products, LLC Heating & Air Conditioning	Manufacturer of heating and cooling systems
Apr-25	 BRADFORD WHITE WATER HEATERS	 BOCK WATER HEATERS	Manufacturer of commercial and specialty water heating and storage products
Mar-25	 ADVANTAGE DISTRIBUTION HOLDINGS	 CTE Supply THE CONTRACTORS ADVANTAGE	Manufacturer of HVAC equipment
HVAC Services			
Jun-25	 AIR-TEMP MECHANICAL	 B.T. INDUSAY & CO., INC.	Provider of commercial HVAC design, installation, and service solutions
Jun-25	 EXUMA CAPITAL	 Air Pros Air Conditioning and Heating	Provider of HVAC repair and maintenance services
May-25	 THE SEER GROUP	 SS MECHANICAL PLUMBING HEATING COOLING	Provider of HVAC services catering to residential and commercial customers
May-25	 CASCADE SERVICES	 Capital City COMFORT SOLUTIONS	Provider of HVAC and plumbing services
May-25	 FLINT GROUP	 RAYNOR Service the way it used to be	Provider of HVAC services intended for residential and commercial properties
Apr-25	NMS CAPITAL	 CAPSTONE MECHANICAL	Provider of commercial HVAC-R services
Apr-25	 THE SEER GROUP	 SWAN ELECTRIC PLUMBING HEATING & AIR	Provider of HVAC services catering to residential and light commercial businesses

Select Public Company Data

Manufacturers, Distributors and HVAC Services

Company	Market Information		LTM Financials		Operating Metrics		TEV to LTM	
	\$ / Share	TEV	Revenue	EBITDA	Growth	EBITDA%	Revenue	EBITDA
Manufacturers								
A. O. Smith Corporation	\$65.57	\$9,414	\$3,803	\$769	-1.6%	20.2%	2.5x	11.9x
AAON, Inc.	73.75	6,268	1,261	267	8.2%	21.2%	5.0x	nmf
Carrier Global Corporation	73.19	72,696	22,284	3,232	16.7%	14.5%	3.3x	19.8x
Daikin Industries, Ltd.	118.00	36,253	31,736	4,325	8.1%	13.6%	1.1x	8.0x
Honeywell International Inc.	232.88	174,168	39,215	9,766	6.3%	24.9%	4.4x	17.2x
Ingersoll Rand Inc.	83.18	36,864	7,282	1,947	5.3%	26.7%	5.1x	18.5x
Johnson Controls International plc	105.62	81,136	23,248	4,114	14.1%	17.7%	3.5x	17.5x
Lennox International Inc.	573.24	21,608	5,367	1,119	7.8%	20.9%	4.0x	17.4x
Modine Manufacturing Company	98.50	5,546	2,584	387	7.3%	15.0%	2.1x	13.2x
SPX Technologies, Inc.	167.68	8,612	2,001	422	10.8%	21.1%	4.3x	19.6x
Trane Technologies plc	437.41	101,488	20,311	3,934	11.4%	19.4%	5.0x	nmf
Mean	\$184.46	\$50,368	\$14,463	\$2,753	8.6%	19.6%	3.7x	15.9x
Median	\$105.62	\$36,253	\$7,282	\$1,947	8.1%	20.2%	4.0x	17.4x
Distributors								
Beijer Ref AB (publ)	\$15.71	\$9,003	\$3,674	\$394	13.6%	10.7%	2.3x	18.9x
Ferguson Enterprises Inc.	217.75	48,246	30,211	2,937	2.3%	9.7%	1.6x	13.6x
Global Industrial Company	27.01	1,077	1,314	89	-0.8%	6.8%	0.8x	10.6x
Reece Limited	9.41	7,177	5,551	431	0.2%	7.8%	1.2x	12.8x
Watsco, Inc.	441.62	17,158	7,584	776	3.9%	10.2%	2.3x	18.1x
Mean	\$142.30	\$16,532	\$9,667	\$925	3.9%	9.0%	1.6x	14.8x
Median	\$27.01	\$9,003	\$5,551	\$431	2.3%	9.7%	1.6x	13.6x
HVAC Services								
APi Group Corporation	\$34.03	\$16,710	\$7,136	\$790	3.2%	11.1%	2.3x	17.4x
Comfort Systems USA, Inc.	536.21	18,966	7,322	965	31.5%	13.2%	2.6x	17.1x
EMCOR Group, Inc.	534.89	24,009	15,001	1,560	14.3%	10.4%	1.6x	12.2x
IES Holdings, Inc.	296.23	5,886	3,128	378	21.5%	12.1%	1.9x	14.5x
Limbach Holdings, Inc.	140.10	1,639	533	57	3.6%	10.7%	3.1x	nmf
Tutor Perini Corporation	46.78	2,670	4,525	-33	8.9%	-0.7%	0.6x	nmf
Mean	\$264.71	\$11,647	\$6,274	\$619	13.8%	9.4%	2.0x	15.3x
Median	\$218.17	\$11,298	\$5,830	\$584	11.6%	10.9%	2.1x	15.8x
Mean - All	\$196.76	\$32,118	\$11,140	\$1,756	8.9%	14.4%	2.8x	15.5x
Median - All	\$111.81	\$16,934	\$6,344	\$783	7.9%	13.4%	2.4x	17.2x

All data as of 6/30/25

\$ in millions

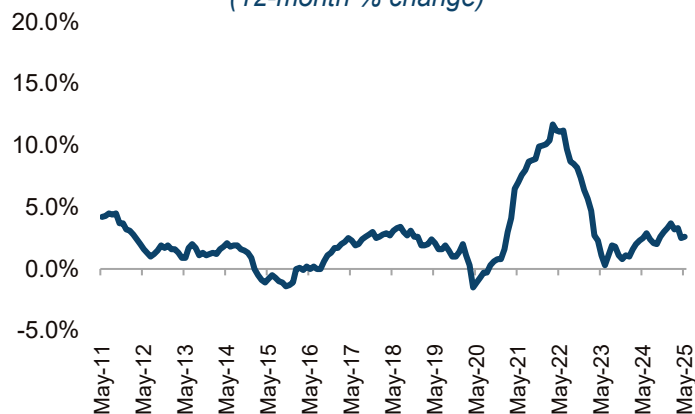
TEV - Total Enterprise Value; LTM - Last Twelve Months

Source: Capital IQ

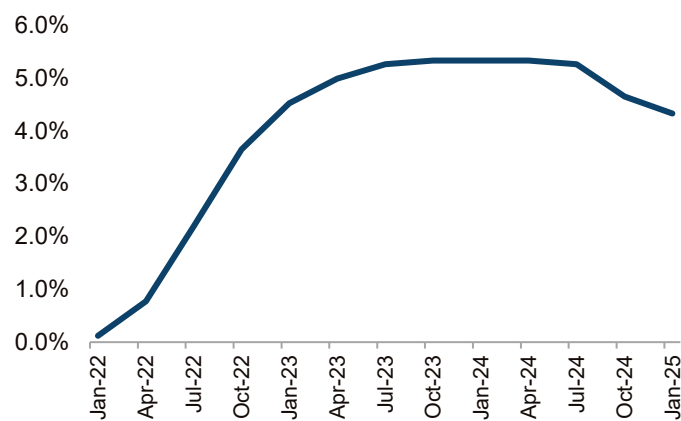
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Key Economic Indicators

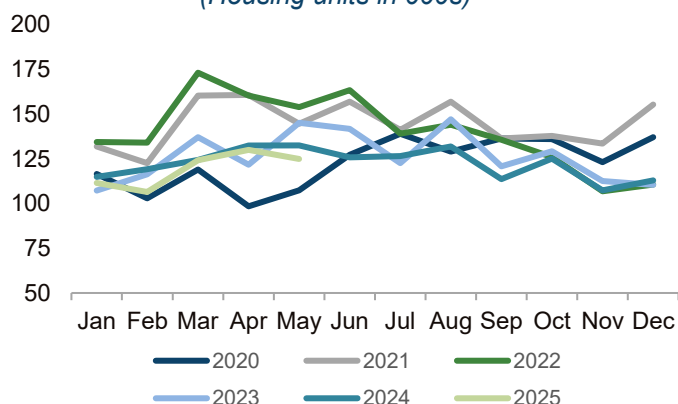
Producer Price Index
(12-month % change)



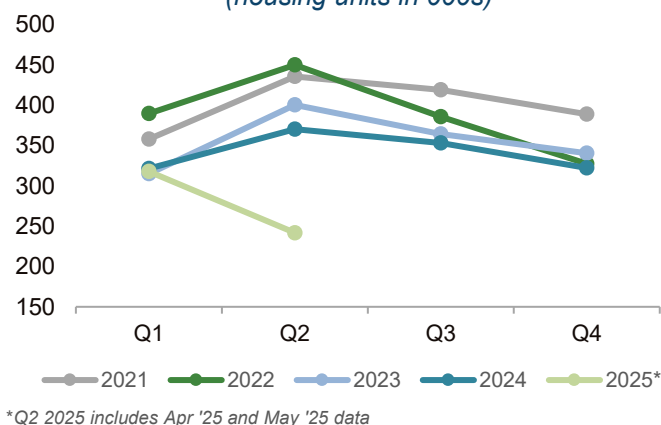
Fed Funds Rate



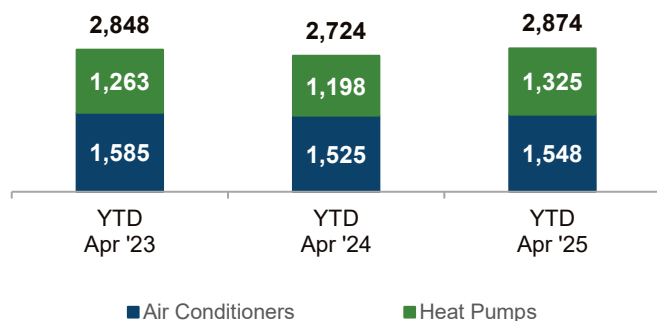
Building Permits
(Housing units in 000s)



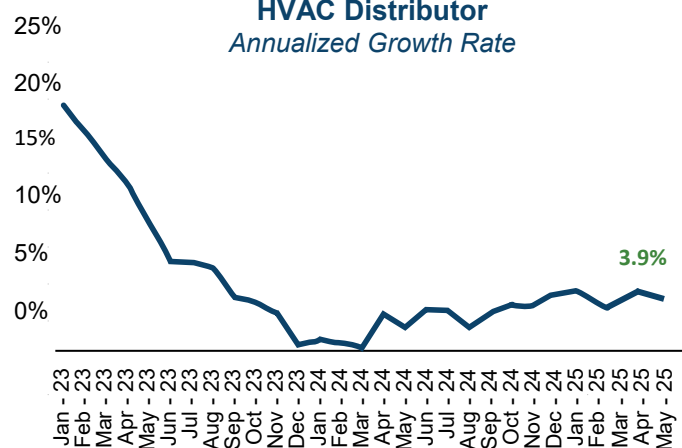
Housing Starts
(housing units in 000s)



AHRI Shipments
(shipments in 000s)



HVAC Distributor
Annualized Growth Rate



Sources: U.S. Bureau of Labor Statistics, Federal Reserve Economic Data, US Census Bureau and HARDI

M&A Expertise For Founders & Families

Founded in 1987, Carter Morse & Goodrich is a boutique M&A advisory firm that specializes in representing founder-led and family-held businesses that are leaders in niche markets. We fully understand and appreciate the unique dynamics of these companies and the importance of owner legacies, which has enabled us to become a trusted advisor to hundreds of founders and families.

CMG Industry Groups



Manufacturing

- Aerospace & Defense
- Tools & Equipment
- Diversified Industrial
- Niche Manufacturing



Consumer

- Food & Beverage
- Infant & Juvenile, Pet Care
- Sporting Goods, Apparel & Accessories
- Household Goods



Services

- Diversified Services
- Facilities & Residential
- Industrial Services
- Distribution & Logistics



HVAC

- Manufacturing
- Distribution
- HVAC Services
- Building Automation

1987
Founded

\$5 Billion
Aggregate Transaction
Values

450+
Client Engagements

1 Objective
Successful Client Outcomes

Select HVAC Transactions



has been acquired by



ACE HUBBELL RECO VAUGHN

the
nudyne
group

has acquired the assets of



Williams
Distributing

has been acquired by



Hubbell
WATER HEATERS

has acquired



GOODWAY
has sold its
SPEEDCLEAN BBI

product lines to



a portfolio company of
PERMIRA



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