Carter Morse & Goodrich
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Q3 2025

HVAC Quarterly Update

Industry Insights & Market Data

RECENT CMG EVENTS

- CMG To Present HVAC M&A Outlook at HARDI's 2025 Annual Conference
- CMG Wins M&A Advisor's 2025 International M&A Corporate/Strategic Deal of the Year for the Sale of Arista Air Conditioning
- Carter Morse & Goodrich Sponsors ACG New England Conference

HVAC SECTOR Q3 '25 HIGHLIGHTS

HVAC Industry M&A Update – Q3 2025

The third quarter of 2025 brought a mixed landscape for M&A across the HVAC industry. As always, the sector's performance is nuanced, reflecting the varied dynamics of the three primary segments we track – manufacturing, wholesale distribution, and HVAC/R services.

In **Manufacturing**, continued tariff uncertainty remains the dominant headwind. Both buyers and sellers have been hesitant to move forward while waiting for clarity on U.S. trade policy. Although recent negotiations have renewed optimism that any long-term impact may be limited with major trading partners, many owners appear inclined to pause sale plans until new policies are finalized and there is clearer evidence that cost increases can be successfully passed through to customers.

From our own client base and business owners contemplating a sale in the near term, the focus has been on maintaining operational stability – essentially, looking inward before launching an M&A process. This has led some to delay transaction plans, but we note pent-up demand building throughout the year, with the expectation that greater certainty heading into 2026 will unlock additional M&A supply and deal activity.

In **Distribution**, public consolidators continue to signal a strong appetite for acquisitions, using M&A to offset slower organic growth over recent quarters. As financial performance across the distribution sector stabilizes following a few years of volatility – margins, earnings, and not least supply chain and technology shifts – a growing number of family- and founder-owned distributors are beginning to evaluate their M&A options, whether that means pursuing a sale to address succession planning or partnering with an investor to accelerate growth in a still-fragmented market.

The add-on segment remains active in 2025, consistent with recent years, while larger "platform" transactions remain relatively scarce – owing to both independent operators and PE investors choosing to wait out a overall market marked by modest growth and potential disruptors like the A2L refrigerant conversion.

That said, sentiment is beginning to turn. We anticipate 2026 could bring renewed platform-level activity as economic conditions improve, business owner confidence returns, and buyers position themselves for attractive M&A opportunities.

Turning to **HVAC/R Services**, both residential and commercial operators continue to draw strong attention from private equity investors. Although elevated valuation multiples in residential have prompted some investors to focus more on commercial opportunities, the underlying appeal of the sector remains the same: recurring service revenue, the essential nature of HVAC systems, and pricing tailwinds from new technologies and efficiency mandates.

We expect competition for independent dealers and contractors to remain robust, as investors continue building scaled service platforms across the broader trades' ecosystem – HVAC as well as other residential, commercial and facilities services.

Preparation is Key

For business owners across the HVAC spectrum – whether manufacturing, distribution, or services – **preparation remains the single biggest driver of success** in a sale process. In today's fast-moving M&A environment, assembling your "**Core Four**" — a trusted team of legal, financial, tax, and M&A advisors – is critical to achieving both efficiency and value.

As the saying goes, *"failing to plan is planning to fail."* The CMG team stands ready to help business owners think through strategy, timing, and market positioning. As always, feel free to reach out with questions or feedback – we're here to help.

Building from the Ground Up:

A Conversation with Nicholas Vigliarolo, CEO & Owner of Hamptons Quality Heating and Cooling

Nicholas Vigliarolo
CEO and Owner

Hamptons Quality Heating and Cooling

This month we're spotlighting **Nicholas Vigliarolo**, **founder and owner of Hamptons Quality Heating and Cooling**, one of the premier commercial and residential HVAC/R service companies on the East End of Long Island, serving the Hamptons and Montauk. Nick's story is one of identifying a need, taking a leap, and building a reputation for quality and reliability in a demanding market, embodying the entrepreneurial drive that continues to define the industry.

Continued

Spotlight: Nicholas Vigliarolo, CEO and Owner of Hamptons Quality HVAC

(Continued from Page 2)

CMG: Nick, tell us about your start and what led you into the HVAC business.

NV: My background is actually in hospitality – bartending and managing restaurants in Montauk. I saw firsthand how hard it was to get **reliable refrigeration and HVAC service** during the busy season. When your coolers go down in July, you can't wait two weeks for a callback. That frustration became the inspiration.

I decided to go back to school during the off-season by day and bartending at night. Three years later I earned my associate's degree in HVAC/R and launched **Hamptons Quality** in 2019.

CMG: Starting any business is challenging. What were some of the biggest hurdles you faced early on?

NV: There's no shortage of challenges. In real world terms, finding a place to live and run a business in Montauk was the biggest challenge my first three years, also getting parts because the closest supply house is almost two hours away.

The biggest continuing problem – and I think most business owners in this industry would agree – is **finding and keeping skilled technicians**. Experienced techs are in short supply, and investing in training and developing them is constant.

My solution came from an employee's brother, who had just enrolled in a **BOCES HVAC program**. I got the course instructor's contact info and, over a few months, I got approval to bring in a few high schoolers and kicked off my apprentice program. My way of doing jobs was very thorough, and other technicians in the area did not really meet the standards that I wanted, so I decided to train my own. That was a differentiator for the business.

Technology is also evolving rapidly, so staying ahead requires capital and continuous learning. And, of course, customers expect more – faster response times, transparency on pricing and quality service. But that's where I think we've stood out. The "**quality**" in our name isn't just marketing; it's how we differentiate ourselves every day.

CMG: On that point, what do you see as the most important factor in staying ahead of the competition?

NV: It's simple but not easy – be the guy to answer the call when no one else does and go help them. We show up, **be responsive, and do great work**. A lot of companies say that, but consistency is what builds trust. We take pride in being the team people call when others don't answer or can't deliver. **Our growth over the past five years** has come from word of mouth, reputation, and service.

Continued

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Building From the Ground Up

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Nicholas Vigliarolo
CEO and Owner

Hamptons Quality
Heating and Cooling

CMG: Where do you see opportunity in this market? You have plans for continued growth - how do you achieve that?

NV: So obviously growing the business organically through word of mouth, referrals and some marketing on Google has been my plan of growth. But I have been able to take a leap forward when **I started buying other small companies**. I have bought three small-to-medium companies since I started Hamptons Quality, which also solved my staffing problem. It's made for a great growth strategy, but it's not all upside – I've taken some serious blows with bad contracts, staff leaving and taking clients and ex-owners disappearing once they are paid.

But the **opportunity is also turnover in existing businesses**, many which have been around for a long time and don't have exit plans. It's not uncommon for **family businesses** to face challenges as they age and adapt to stay competitive. Many don't and that's where I see opportunity to grow through acquiring these businesses.

CMG: To that end, Private Equity has begun investing in the HVAC services sector in a large way over the last decade, so much so that the Wall Street Journal termed HVAC entrepreneurs "the new millionaire class" in a widely read article last year. How has PE impacted you and your business?

NV: To be honest, it hasn't a lot. At least in this part of Long Island (Suffolk county, where the Hamptons starts and Montauk ends), **most businesses are still independent and family / founder owned**. That's not to say it will stay that way, but I haven't seen many of my competitors taking the PE route just yet.

I think we are in a special market, where population and marketing analysis doesn't come up strong. The benefit of this market is having something of a 'physical' barrier to entry and high tickets, but you have to **build trust with the community and build a good reputation**. I branded the business as Hamptons Quality to be seen and known and trusted as a Company, not just a man-in-a-van type business, like Nick vs. HVAC.

CMG: What are your thoughts on PE investors rolling up the market?

NV: Look, it's definitely interesting. Years ago, there really weren't many options for these business owners. You either passed it down to the next generation, sold it to employees or wound it down. Now with PE in the industry, the game has changed.

Continued

Upcoming Industry Events

You can find CMG's HVAC team at :

PHCC CONNECT

PHCC Connect 2025
December 27 – 30, 2025
Grand Rapids, MI
Annual Conference

HARDI
Heating, Air-conditioning & Refrigeration Distributors International

HARDI Conference
December 8 – 11, 2025
Las Vegas, NV
Annual Conference

AHR VEGAS

AHR Expo 2026
February 2 – 4, 2026
Las Vegas, NV
Annual Conference

Building From the Ground Up

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Hamptons Quality
Heating and Cooling

CMG: What are your thoughts on PE investors rolling up the market?

NV *(continued):* The opportunity to bring on a **partner who can turbo charge growth is real**, and value is real, and that should be interesting to any business owner. I for one feel that Montauk and the Hamptons are changing, and the ways of growing in the past are fading.

Having a partner and running things more professionally like in other markets would be beneficial for all of the residents and businesses living and operating out here, and very profitable for any company who understands those aspects of the business.

The estates and hotels are all owned by large corporations, investment funds and management companies – and they are looking in for a **professional-run HVAC companies** that are local and well rated. Like Hamptons Quality.

CMG: Nick, what's next for Hamptons Quality?

NV: We're focused on continuing to grow the right way – maintaining our standards, investing in our people by offering benefits, and expanding our footprint across the East End of Long Island.

I'm not building this just to sell it – I'm **building a legacy brand that will last**. But you know what, *never say never*.

Carter Morse & Goodrich will be presenting at HARDI Annual Conference 2025

HARDI
Heating, Air-conditioning & Refrigeration Distributors International

Annual Conference

December 8 – 11, 2025

Las Vegas, NV

Navigating M&A in the World of HVACR

2:15 pm – 3: 15 pm   December 9

Join **Carter Morse & Goodrich's Chris Reenock** and **HARDI's Zachary Perge** as they walk you through the unique state of HVAC/R M&A in 2025, and what to expect in 2026.

Chris Reenock
Managing Director, HVAC
Carter Morse & Goodrich
Investment Bankers Since 1987

Select HVAC M&A Transactions

Date	Acquirer	Target	Target Description
Distribution			
Aug-25	Vessco Water	Deppmann	Supplier of HVAC, plumbing, and hydronic equipment and parts
Jul-25	Ferguson	MDS Manufactured Duct & Supply	Distributor of HVAC supplies and parts serving the residential and commercial end markets
Jul-25	AIR Control Concepts	Force Equipment	Distributor of HVAC equipment and services for industrial and commercial operations
Manufacturing			
Aug-25	Lennox	Supco	Manufacturer of HVACR and appliance parts designed for equipment manufacturers and repairers globally
Aug-25	KOGI	Dynacom	Manufacturer of air cleaning, dust collection and ventilation systems
Jul-25	Binder	Parameter	Manufacturer of Walk-In humidity and temperature control systems
Jul-25	Ironwood Capital	Active	Manufacturer of heavy-duty cooling equipment
HVAC Services			
Aug-25	Liberty Service Partners	Restivo's	Provider of heating and cooling installation services
Aug-25	FirstCall Mechanical	LC Anderson HVACR	Provider of commercial HVAC and refrigeration services
Aug-25	USA Hometown Experts	Metro	Provider of plumbing and HVAC services
Jul-25	GHK Capital Partners	Rogers	Provider of mechanical contracting services
Jul-25	Leap Partners	Cool Wizard Air Conditioning Services LLC	Provider of HVAC services for residential and commercial markets
Jul-25	Service Country		Provider of HVAC services serving residential customers across the broader Gadsden market
Jul-25	Moore Home Services	McAfee	Provider of HVAC services serving homeowners and small businesses

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Select Public Company Data
Manufacturers, Distributors and HVAC Services

	Market Information		*LTM Financials*		*Operating Metrics*		*TEV to LTM*	
Company	**$ / Share**	**TEV**	**Revenue**	**EBITDA**	**Growth**	**EBITDA%**	**Revenue**	**EBITDA**
Manufacturers								
A. O. Smith Corporation	73.41	10,442	$3,790	$768	-3.5%	20.3%	2.8x	13.2x
AAON, Inc.	93.44	7,954	$1,259	$229	5.4%	18.2%	6.3x	nmf
Carrier Global Corporation	59.70	61,204	$22,463	$3,662	9.0%	16.3%	2.7x	15.0x
Daikin Industries,Ltd.	115.41	34,656	$32,681	$4,548	3.6%	13.9%	1.1x	7.8x
Honeywell International Inc.	210.50	161,176	$39,990	$9,959	7.1%	24.9%	4.0x	15.6x
Ingersoll Rand Inc.	82.62	36,580	$7,364	$1,956	4.7%	26.6%	5.0x	19.3x
Johnson Controls International plc	109.95	84,079	$23,402	$4,059	22.2%	17.3%	3.6x	18.3x
Lennox International Inc.	529.36	20,084	$5,417	$1,151	7.9%	21.2%	3.7x	15.7x
Modine Manufacturing Company	142.16	7,972	$2,605	$387	6.5%	14.9%	3.1x	18.9x
SPX Technologies, Inc.	186.78	10,115	$2,052	$447	8.9%	21.8%	4.9x	nmf
Trane Technologies plc	421.96	97,754	$20,750	$4,073	10.2%	19.6%	4.7x	nmf
Mean	**$184.12**	**$48,365**	**$14,707**	**$2,840**	**7.4%**	**19.5%**	**3.8x**	**15.5x**
Median	**$115.41**	**$34,656**	**$7,364**	**$1,956**	**7.1%**	**19.6%**	**3.7x**	**15.7x**
Distributors								
Beijer Ref AB (publ)	15.56	8,961	$3,931	$418	11.7%	10.6%	2.3x	18.6x
Ferguson Enterprises Inc.	224.58	49,344	$30,762	$2,970	3.8%	9.7%	1.6x	13.4x
Global Industrial Company	36.67	1,459	$1,325	$96	-1.6%	7.2%	1.1x	13.3x
Reece Limited	7.47	5,945	$5,886	$468	-1.4%	7.9%	1.0x	10.2x
Watsco, Inc.	404.30	15,944	$7,508	$783	1.0%	10.4%	2.1x	16.7x
Mean	**$137.72**	**$16,331**	**$9,882**	**$947**	**2.7%**	**9.2%**	**1.6x**	**14.4x**
Median	**$36.67**	**$8,961**	**$5,886**	**$468**	**1.0%**	**9.7%**	**1.6x**	**13.4x**
HVAC Services								
APi Group Corporation	34.37	16,921	$7,396	$830	7.6%	11.2%	2.3x	16.8x
Comfort Systems USA, Inc.	825.18	29,021	$7,685	$1,076	26.3%	14.0%	3.8x	nmf
EMCOR Group, Inc.	649.54	29,269	$15,639	$1,654	13.8%	10.6%	1.9x	14.0x
IES Holdings, Inc.	397.65	7,841	$3,249	$401	17.8%	12.4%	2.4x	18.3x
Limbach Holdings, Inc.	97.12	1,145	$553	$60	8.1%	10.9%	2.1x	17.8x
Tutor Perini Corporation	65.59	3,468	$4,771	$2	12.0%	0.0%	0.7x	nmf
Mean	**$344.91**	**$14,611**	**$6,549**	**$671**	**14.3%**	**9.8%**	**2.2x**	**16.7x**
Median	**$247.39**	**$12,381**	**$6,083**	**$616**	**12.9%**	**11.0%**	**2.2x**	**17.3x**
Mean - All	**$217.42**	**$31,878.75**	**$11,385.33**	**$1,818.05**	**$0.08**	**$0.15**	**$2.87**	**$15.46**
Median - All	**$112.68**	**$16,432.45**	**$6,625.30**	**$806.36**	**$0.08**	**$0.14**	**$2.57**	**$15.70**

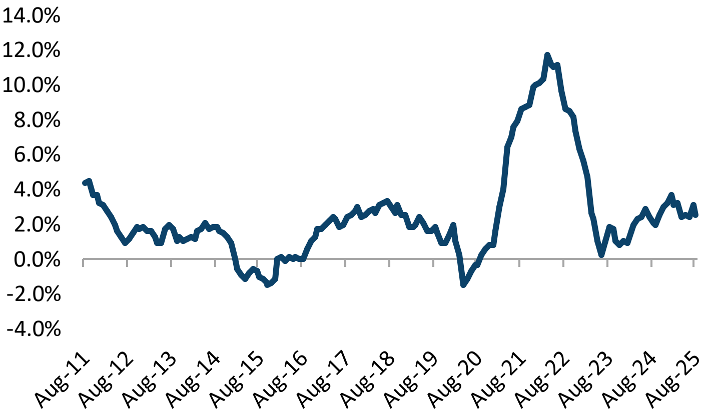
All data as of 9/30/25

$ in millions
TEV - Total Enterprise Value; LTM - Last Twelve Months

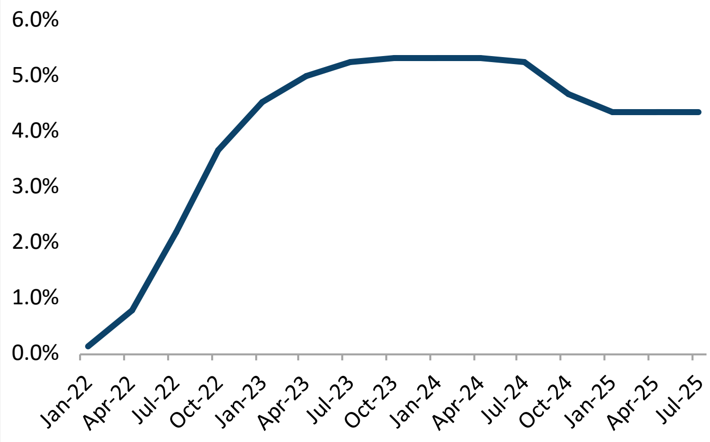
Source: Capital IQ

Key Economic Indicators

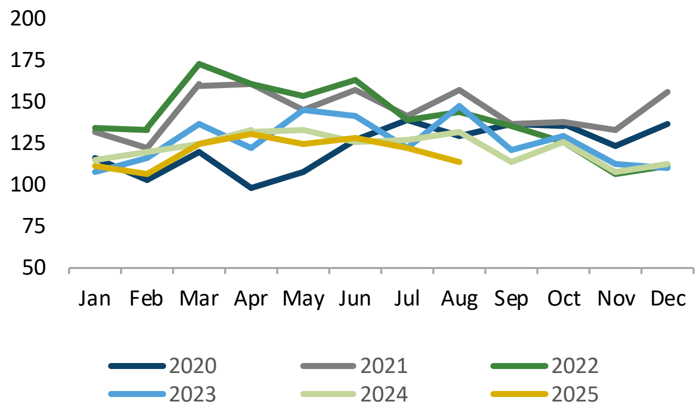
Producer Price Index
(12-month % change)



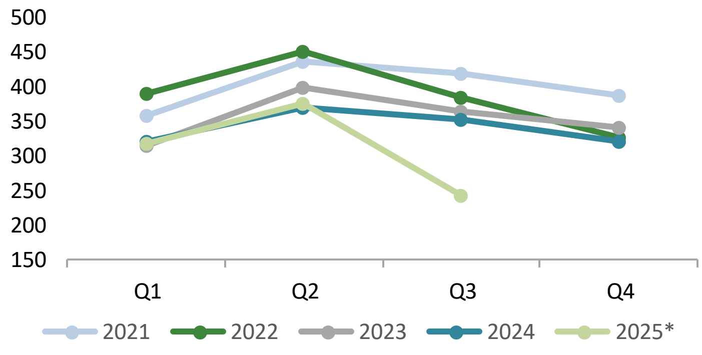
Fed Funds Rate



Building Permits
(housing units in 000s)

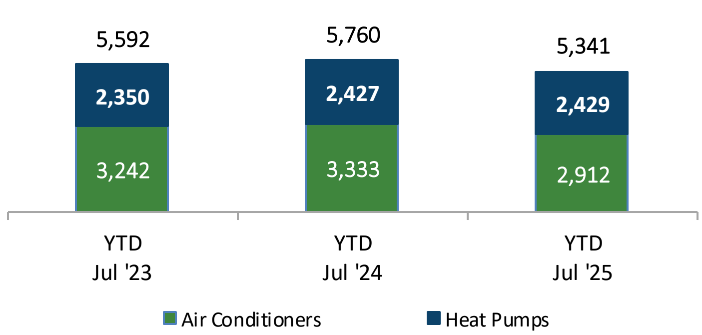


Housing Starts
(housing units in 000s)

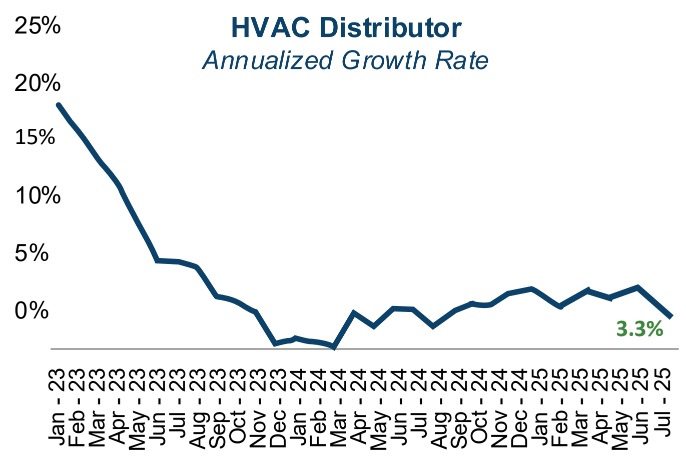


**Q3 2025 includes Jul '25 and Aug '25 data*

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

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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 as 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

Services

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

HVAC

- Manufacturing
- Distribution
- HVAC Services
- Building Automation

Consumer

- Pet Products
- Infant & Juvenile Products
- Sporting Goods
- Apparel & Accessories
- Household Goods

Food & Beverage

- Food
- Alcoholic Beverages
- Non-Alcoholic Beverages

1987
Founded

$5 Billion
Aggregate Transaction Values

450+
Client Engagements

1 Objective
Successful Client Outcomes

Select HVAC Transactions

ARISTA
has been acquired by
Global HVAC Corporation

ACE · HUBBELL · RECO · VAUGHN
the nudyne group
has acquired the assets of
WARREN ELECTRIC HEATING TECHNOLOGIES

Williams Distributing
has been acquired by
DAIKIN

Hubbell WATER HEATERS
has acquired
RECO USA
The Water Heater and Pressure Vessel Experts

GOODWAY
has sold its
SPEEDCLEAN · BBI
product lines to
DIVERSITECH
a portfolio company of
PERMIRA

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