

HVAC Quarterly Update



Industry Insights & Market Data

RECENT CMG EVENTS

- [Carter Morse & Goodrich Serves as Exclusive M&A Advisor to National Integrated Industries](#)
- [CMG Attends the 2026 AHR Expo in Las Vegas](#)
- [Carter Morse & Goodrich Presented at the 2025 HARDI Annual Conference in Las Vegas, NV](#)

HVAC SECTOR Q4 '25 HIGHLIGHTS

- 2026 HVAC Industry Outlook
- Ask the Expert: A Conversation with Zachary Perge of HARDI
- HVAC M&A Transaction Highlights
- Public Markets and Subsector Performance
- U.S. Key Economic Indicators

2026 HVAC Industry Outlook

As we move through the first quarter of 2026, M&A activity across the HVAC industry reflects a market that is stabilizing, though still highly segmented. Manufacturing, distribution, and services are each navigating distinct operating environments, with business owners weighing near-term uncertainty against longer-term structural tailwinds.

Industry Fundamentals Remain Intact

Importantly, the underlying fundamentals of the HVAC industry remain sound. Long-term demand drivers — including infrastructure investment, energy-efficiency mandates, electrification, data center and industrial cooling requirements, and a highly fragmented ownership landscape — continue to support strategic consolidation.

As visibility improves and confidence returns, we expect 2026 to bring a more active M&A environment, particularly for businesses that demonstrate scale, technical differentiation, or durable customer relationships.

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Business Owners Look Beyond a Year of Pause

From our conversations with owners and operators, many used 2025 as a period to pause, recalibrate, and invest internally rather than pursue a transaction. That period of reflection appears to be giving way to more deliberate planning around liquidity, succession, and long-term growth. As market conditions normalize, we expect more owners to reengage in M&A discussions in 2026 — not out of urgency, but from a position of preparedness.



Capital Availability and Buyer Behavior

Capital remains available, and buyer interest continues across both strategic acquirers and private-equity-backed platforms pursuing disciplined growth. While buyers were more selective throughout 2025, competitive processes are increasingly emerging for differentiated assets with clear strategic fit. As financing conditions stabilize, we expect buyer confidence — and valuation support — to strengthen over the course of 2026.

Key Takeaways As We Head into 2026

- **Manufacturing:** Tariff uncertainty and regulatory change led many owners to focus inward in 2025, delaying sale processes while prioritizing operational stability. Pent-up demand is building, with greater policy clarity expected to support renewed M&A activity.
- **Distribution:** Public and private consolidators remain active as organic growth moderates. Add-on transactions continue at a steady pace, while larger platform deal activity appears to be heating up into early 2026.
- **HVAC/R Services:** Strong fundamentals, recurring revenue, and mission-critical demand continue to attract strategic and private-equity buyers. Competition for high-quality contractors remains robust, particularly for businesses offering additional end-market service capabilities, to allow for cross-selling opportunities.



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AHR Expo 2026 – Insights From Day One At The Show

February 2 – 6, 2026 in Las Vegas, NV

We're on the ground at the AHR Expo this week, reconnecting with industry peers, meeting with clients and partners, and taking the temperature of the HVAC market as 2026 gets underway. With packed aisles, a global exhibitor base, and strong early attendance, AHR once again reinforces its role as the premier gathering for the HVAC industry.



As we kick off this year's event, a few clear themes are already emerging from conversations across the exhibit floor:

Efficiency, Electrification, and Hybrid Solutions Continue to Gain Traction

Energy efficiency remains front and center, with strong visibility around heat pumps, electrification, and next-generation system performance. At the same time, there is growing emphasis on hybrid solutions – systems designed to integrate with existing infrastructure rather than fully replace it overnight. This pragmatic approach appears to be resonating with contractors and end users navigating cost, performance, and regulatory considerations simultaneously.

Workforce Challenges Remain Structural

Labor availability and demographic imbalance continue to surface as long-term challenges. There is increasing focus on how the industry presents itself to younger workers – emphasizing technology, stability, and mission-critical relevance across residential, commercial, and industrial markets. While no single solution is emerging, there is broad consensus that workforce development will remain a defining issue for years to come.

M&A Conversations Feel More Constructive

Compared to prior years, the tone around M&A on the show floor feels more pragmatic and forward-looking.

Strategic buyers and private-equity-backed operators continue to view acquisitions as a way to supplement organic growth, expand geographic reach, and deepen technical capabilities.

Particularly in distribution (heating up after a few years of slowness) and services, consolidation remains active, with a focus on scale, specialization, and footprint expansion, setting the table for a strong year for M&A in the HVAC space.

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Ask the Expert: A Conversation with Zak Perge of HARDI



Coming off another successful HARDI Annual Conference in December, we sat down with **Zak Perge, HARDI's VP of Distribution Strategies**, to discuss what he's hearing from HVAC distributors across the country and what lies ahead for the industry in 2026. With more than 2,000 attendees, 180 distributor companies, and over 600 member organizations represented, this past year's conference once again set records for attendance and engagement. With that in mind, we asked Zak to share his perspective on HARDI's role in the industry, current member priorities, and the key issues shaping the year ahead.

HARDI & Your Path to the Organization

CMG: To start, can you give us a brief overview of HARDI, your role within the organization, and what led you to join HARDI after working in consulting and investment banking?

ZP: HARDI is the trade associate for Wholesale HVACR Distribution with the core mission of making Wholesale Distribution the channel of choice for HVACR Manufacturers and Contactors. While in college in the late 2000s, I was a marketing intern for Ohio based Distributor Famous Supply, where I fell in love with the industry and more importantly, its people. In 2021, I was at Deloitte Consulting, focusing on mergers and acquisitions. M&A was, and still is, an area of tremendous interest in the HVACR industry. When an opening occurred at HARDI, I was referred by a Board Member to the position, who believed my M&A experience would benefit HARDI's membership.

HARDI's Role in the HVAC Industry

CMG: For those who may not interact with HARDI on a daily basis, how do you describe the organization's role within the HVAC ecosystem? Where does HARDI create the most value for its members?

ZP: HARDI takes a multi-pronged approach to achieving its mission with the HVACR industry:

- ❑ Our Government Affairs team advocates on behalf of Distributors at the federal, state, and local level so that they can better operate their businesses, serve their partners and employees, and add value to the economy
- ❑ Market Intelligence provides essential benchmarking and market analysis data that members cannot find anywhere else in order to help grow their business in a long-term, sustainable way
- ❑ Talent Development strengthens the work forces of our members by offering services ranging from technical to soft skills

Our events bring our members together for education and networking to share best practices and continue the well-established success of our industry

Serving the Broader HVAC Value Chain

CMG: While HARDI is best known for representing HVAC distributors, its membership spans manufacturers, suppliers, reps, and service partners. How does HARDI ensure it delivers value across that broader ecosystem?

ZP: The goal is to foster open communication and collaboration between members that strengthens the entire value chain. Each membership type has content, councils, and communication tailored to their business needs. We strive for a unique experience for all of our diverse member companies, and as membership continues to grow, I hope that's a signal that we're offering something valuable in the industry.

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Ask the Expert: A Conversation with Zachary Perge of HARDI

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Industry Advocacy and Policy Engagement

CMG: HARDI is often the industry's voice on regulatory, policy, and compliance matters. How do you think about advocacy today, and where has HARDI been most effective recently on behalf of its members?

ZP: In a highly complex regulatory environment, the approach to Advocacy is simple: Products + Operations = Total Policy Engagement. The team maniacally tracks all issues not only related to the HVACR, but also tax, labor, and anything else that can affect our members. We constantly interview and survey our members to understand their needs, using this feedback to work with leaders for legislation that works for our industry, the end user, and the environment. HARDI works in junction with AHRI on the Supplier side, ACCA and PHCC on the Contractor side, and HRAI for all things Canadian as part of the Industry Partners Forum, which allows for a united approach for Advocacy.

What Are You Hearing in Conversations with Distributors Today

CMG: As you spend time with distributors across the country, particularly independent and family-owned businesses, what themes are coming up most often?

ZP: There is a myriad of issues that Distributors face in 2026, but I'll narrow it down to three universal themes:

1. People remain the priority. Recruitment, retention, and succession planning are not new issues, but are manifesting in new ways. From the C-Suite to the warehouse, Distributors are looking for ways to win with people.
2. Distributors are looking for better partnership from Suppliers. They are looking for more proactive business support from their Suppliers and wish to be involved in long-term planning discussions. Many Distributors note that they would be more effective in delivering on goals if they had better market data, KPIs, and a clearer sense of their Suppliers' long-term objectives.
3. Contractor Consolidation remains a massive area of interest for HARDI Distributors. Distributors reported 0% positivity with Contractor Consolidation the 2025 HARDI Voice of the Distributor survey. The key negative feedback is centered on Suppliers negotiating pricing and rebates with Contractors directly, bypassing the Distributor. Distributors are also looking for better pricing and service from key Suppliers to help them maintain the business as once consolidated, many Contractors threaten to switch lines/ Distributors unless favorable terms are met.

Key Issues Looking Ahead to 2026

CMG: As you look toward 2026, what do you see as the most important issues or inflection points facing HVAC distribution?

ZP: In an economic environment that certainly points towards a repair market over a replacement market, Distributors must focus on profitability. Though pricing remains a boon for revenue growth, financial discipline across the business is a must to combat potentially slow unit growth. Distributors must also become experts in incentives, rebates, and financing, essential tools to generate replacement opportunities while maintaining margins



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Unlocking the Value of HARDI Membership

CMG: For distributors who may be newer to HARDI or less actively engaged, where do you see the greatest opportunity to unlock value by leaning in?

ZP: The benchmarking data through our Market Intelligence team. These programs allow Distributors to see how they stack up at a national and local level in terms of performance including, but not limited to, sales and inventory data, profitability, and product level performance.

ZP: I'll also be at the core 2026 HARDI Events:

- Congressional Fly In, April 20-21st in Washington, DC
- Focus Conference, May 12-14th in Clearwater, FL
- Emerging Leaders, July 14-16th in Charlotte, NC
- HARDI's Annual Conference, Dec 7-10 in San Diego, CA (mark your calendars!)

Hope to see you all at those!

Conferences, Events, and Where to Find You Next

CMG: HARDI maintains a busy events calendar throughout the year, and we know you're always on-the-go. Where can members and industry partners expect to see you in 2026?

ZP: I am a fixture on the Dealer Meeting circuit, which is a great way to not only connect with our Members, but also their customers. In addition to speaking at the 2026 AHR Expo in Las Vegas, you can find me at Women in HVAC in Indianapolis, Blue Hawk in Orlando, the New York Installer Show in Manhattan, and HARDI Southwest in Houston.

Upcoming Industry Events

You can find CMG's HVAC team at :



**ACCA 2026
Conference & Expo**

March 15 – 18, 2026
Las Vegas, NV



**2026 MCAA Annual
Convention**

March 15 – 19, 2026
Phoenix, AZ



**New York Build Expo
2026**

March 18 – 19, 2026
New York City, NY



**2026 Blue Hawk
Annual Conference**

April 29 – May 1, 2026
Orlando, FL

Select HVAC M&A Transactions

Date	Acquirer	Target	Target Description
Distribution			
Dec-25	BROWN BROTHERS HARRIMAN	SALEM PLUMBING SUPPLY	Distributor of plumbing supplies and bath design services
Nov-25	BEIJER REF	DSC DENNIS SUPPLY	Distributor of HVAC equipment and supplies
Nov-25	BEIJER REF	KRS	Wholesale distributor of HVAC/R parts, equipment, and supplies
Nov-25	CSW INDUSTRIALS	MARS (Parts Division)	Supplier of motors, components and service parts for the HVAC aftermarket and leading OEMs
Manufacturing			
Nov-25	ACSmith.	LEONARD	Provider of water temperature and flow control solutions
Oct-25	LFMcapital	VANCE AIR	Manufacturer of performance aftermarket air conditioning systems
Oct-25	LENNOX	Supco	Manufacturer of HVACR and appliance parts, tools, and test instruments
HVAC Services			
Dec-25	POINT 41 CAPITAL PARTNERS	mcg MECHANICAL SERVICES	Specializing in HVAC, plumbing, and sheet metal for commercial/industrial clients
Dec-25	ALPINE	WC WE CARE Plumbing • Heating • Air	Provides residential and commercial HVAC and plumbing services
Dec-25	GROVE MOUNTAIN PARTNERS	SOUTHERN TRUST HOME SERVICES	Provides comprehensive residential HVAC, electrical, and plumbing services
Nov-25	PG ROCKY GROUP	Bellaire AIR CONDITIONING	Provider of residential and commercial HVAC services
Oct-25	PG ROCKY GROUP	PROTHERMAL HEATING AND COOLING	Offers HVAC and indoor air-quality services
Oct-25	GRYPHON INVESTORS	Nick's	Specializes in residential and commercial plumbing and HVAC services
Oct-25	CRESCENT	Weber	Offers residential and commercial HVAC, industrial and commercial refrigeration, plumbing services

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	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

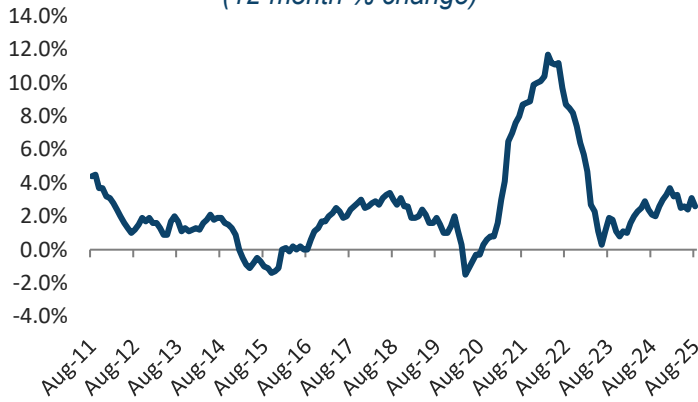
All data as of 12/31/25, \$ in millions, TEV - Total Enterprise Value; LTM - Last Twelve Months

Source: Capital IQ

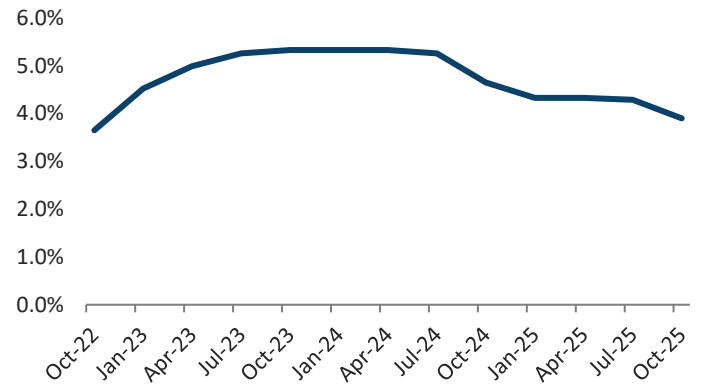
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Key Economic Indicators

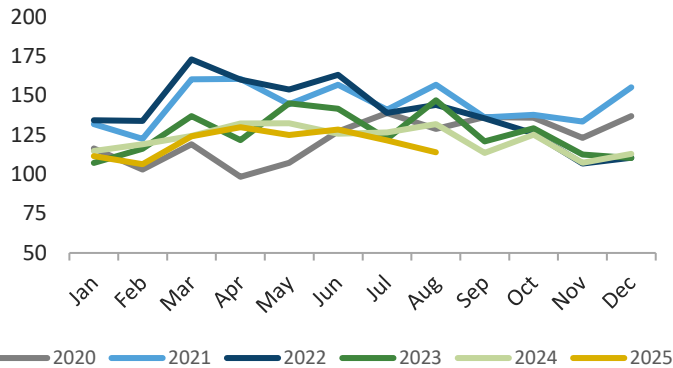
Producer Price Index
(12-month % change)



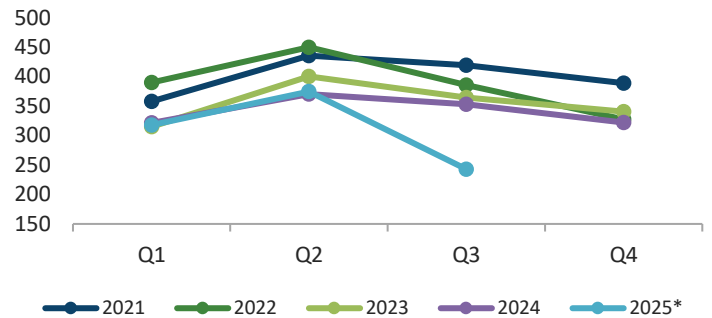
Fed Funds Rate



Building Permits
(housing units in 000s)

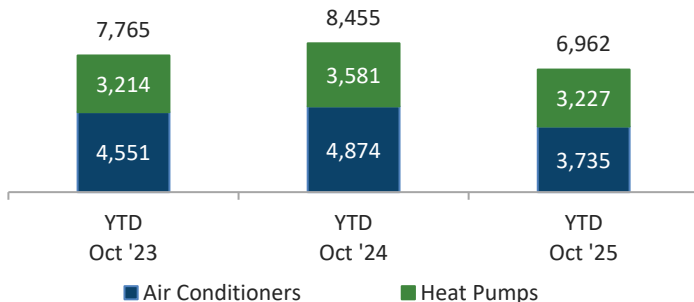


Housing Starts
(housing units in 000s)

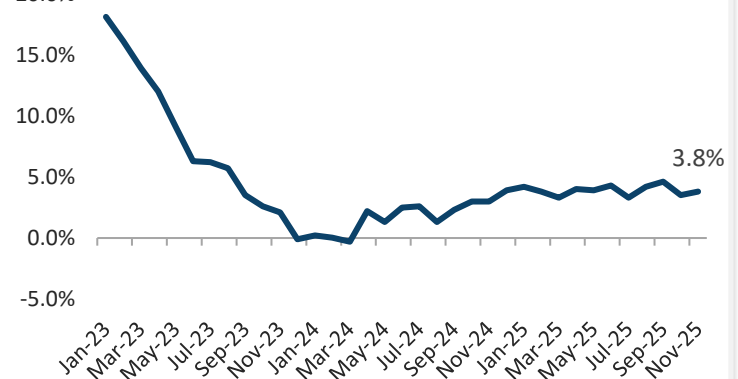


*Q3 2025 includes Jul '25 and Aug '25 data

AHRI Shipments
(shipments in 000s)



HARDI Distributors
(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	Services	HVAC	Consumer	Food & Beverage
<ul style="list-style-type: none"> Aerospace & Defense Tools & Equipment Diversified Industrial Niche Manufacturing 	<ul style="list-style-type: none"> Diversified Services Facilities & Residential Industrial Services Distribution & Logistics 	<ul style="list-style-type: none"> Manufacturing Distribution HVAC Services Building Automation 	<ul style="list-style-type: none"> Pet Products Infant & Juvenile Products Sporting Goods Apparel & Accessories Household Goods 	<ul style="list-style-type: none"> Food Alcoholic Beverages Non-Alcoholic Beverages













1987
Founded

\$5 Billion
Aggregate Transaction
Values

450+
Client Engagements

1 Objective
Successful Client Outcomes

Select HVAC Transactions

 <i>has been acquired by</i> 	 the nudyne group <i>has acquired the assets of</i> 	 <i>has been acquired by</i> 	 <i>has acquired</i> 	 <i>has sold its</i>  <i>product lines to</i>  <i>a portfolio company of</i> 
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