

HVACR Distribution Market Update

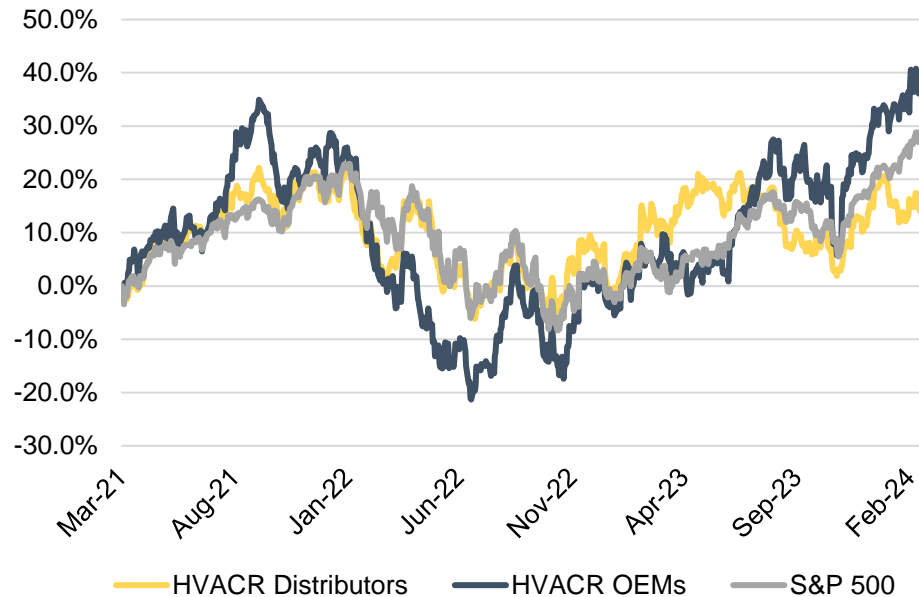
February 2024



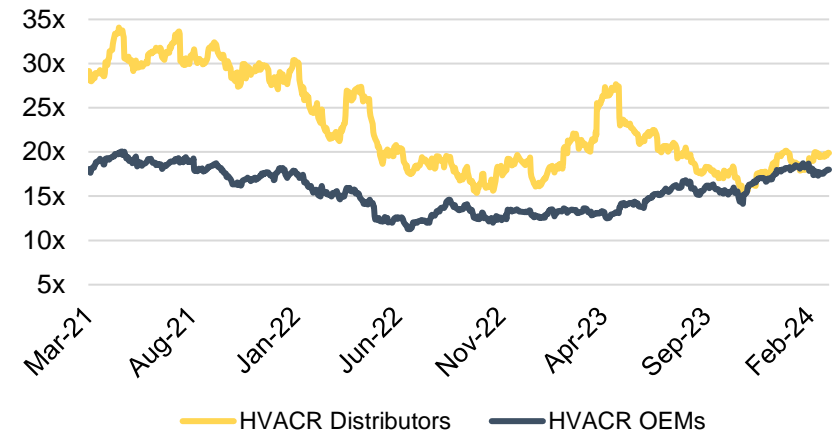
Public Market Trends

HVACR OEMs outpaced both the S&P 500 and HVACR Distributors for the majority of Q3/Q4 of 2023

HVACR Public Market Performance



HVACR EV / EBITDA Multiples



2024 M&A Outlook



Beijer Ref
CEO – Christopher Norbye

Q4 2022 Earnings Call (January 31st, 2024)

“We completed four acquisitions, all of which strengthen and broaden the company’s existing product portfolio...The acquisitions are in line with our overall acquisition strategy and position us well for continued expansion. We enter 2024 with an active acquisition pipeline to continue our positive growth...Looking ahead, we continue to have a very positive outlook on the future – with strong structural trends that will continue to stimulate growth in our business segments worldwide.”

HVACR Distributors

BEIJER REF

watsco

HVACR OEMs

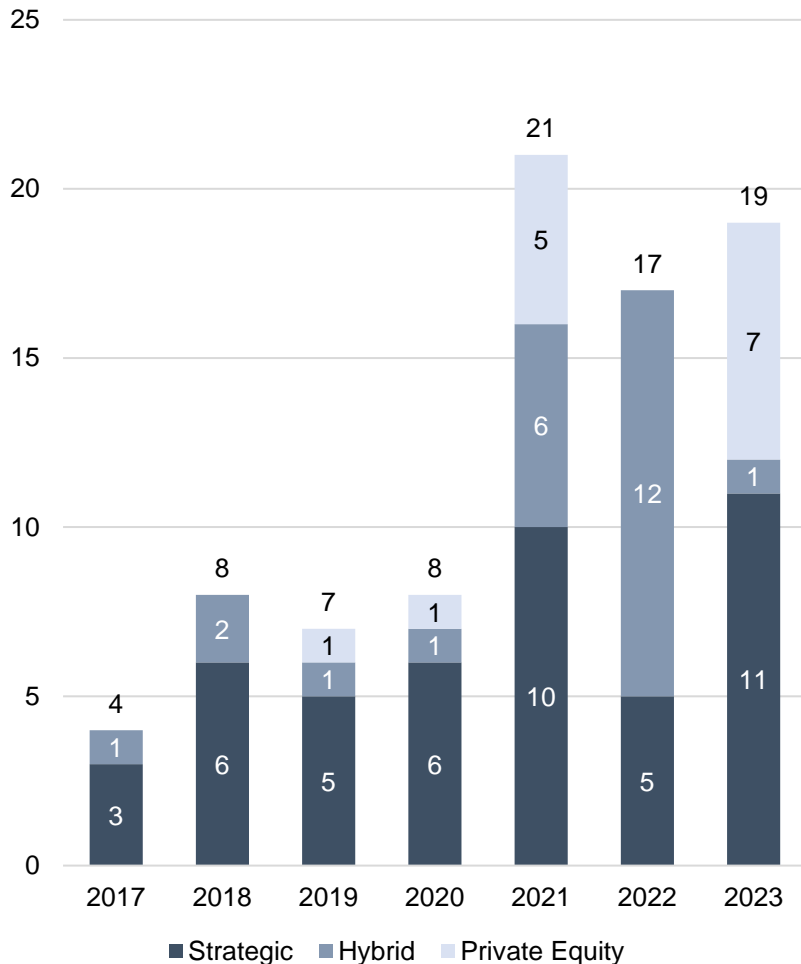
Carrier **DAIKIN**

LENNOX INTERNATIONAL **TRANE TECHNOLOGIES**

Transaction Activity

Rapid consolidation began in recent years, driven by the emergence of private equity as well as secular tailwinds such as environmental regulation and indoor air quality

HVACR Distribution Transactions by Type¹

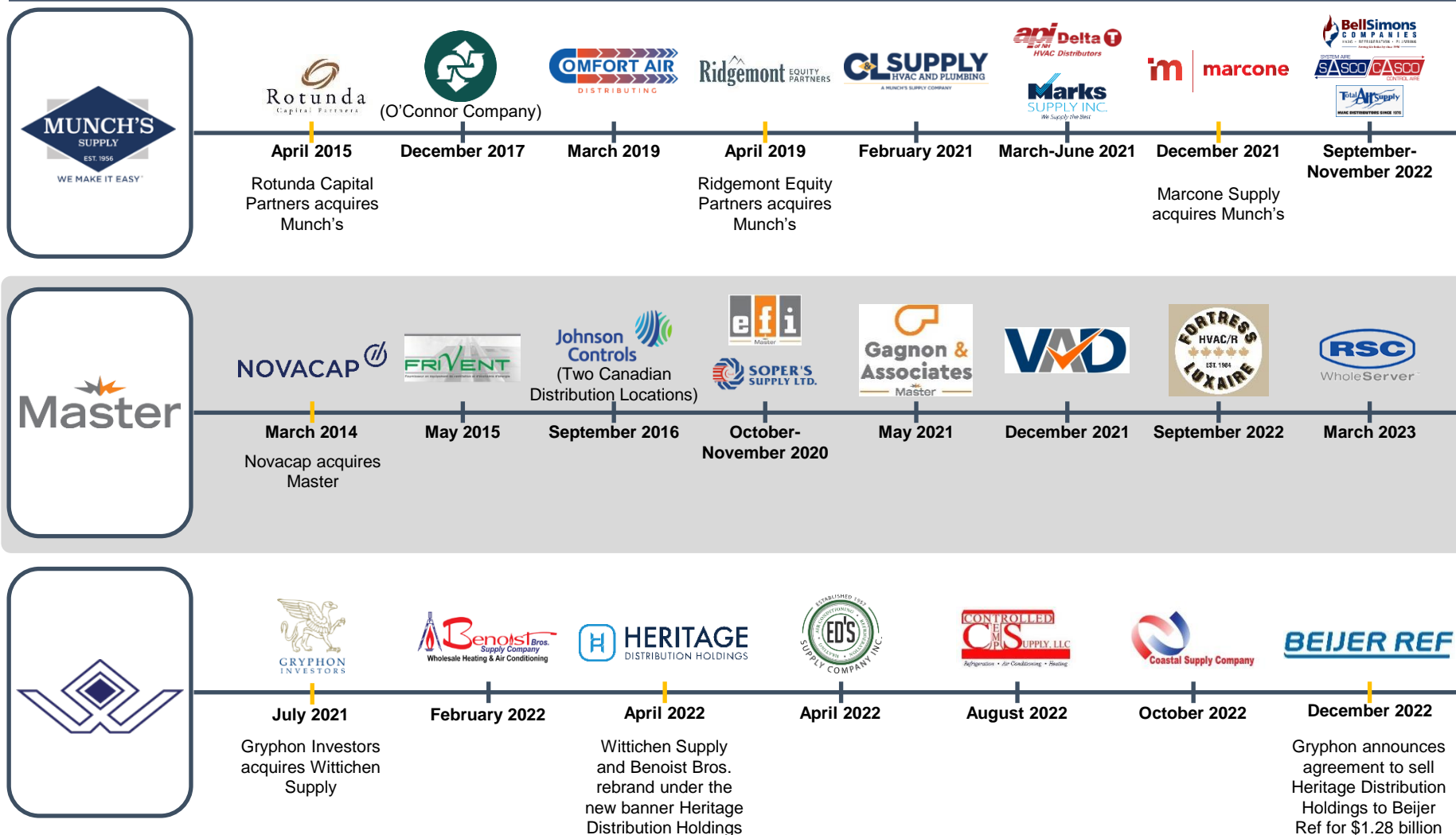


Recent HVACR Distribution Transactions

Seller	Acquirer	Date	EV / EBITDA
	#FERGUSON	Jan. 9, 2024	Confidential
	BEIJER REF	Dec. 20, 2023	Confidential
	watsco	Sep. 6, 2023	Confidential
	#FERGUSON	Jun. 6, 2023	Confidential
	Master	Mar. 2, 2023	Confidential
	reece	Mar. 1, 2023	Confidential
	HAJOCA	Jan. 3, 2023	Confidential
	DAIKIN	Dec. 30, 2022	Confidential
	BEIJER REF	Dec. 15, 2022	13.7x
	#FERGUSON	Dec. 02, 2022	Confidential
	COCHRAN SUPPLY	Nov. 01, 2022	Confidential
	#FERGUSON	Nov. 01, 2022	Confidential
	MUNCH'S	Nov. 01, 2022	Confidential

Active Consolidators

The sector has multiple active platforms expanding through roll-up acquisitions



Specialty Distribution Coverage

Founders has focused coverage efforts on the specialty distribution sector

Specialty Distribution Coverage

Commercial and Industrial

Automotive & Heavy-Duty Aftermarket



Equipment Dealers



Fastener / MRO



Fluid Power



Foodservice



Gases & Welding Equipment



Hoses & Fittings



Janitorial & Sanitation



Specialty Chemical



Building Products

Electrical



HVACR



Landscape Supplies



Lumber & Building Materials



Pipes, Valves, & Fittings



Plumbing



Pool & Spa



Roofing



Wallboard / Gypsum



Recent Specialty Distribution Transactions



October 2023

Distributes and services heavy-duty truck and trailer parts for a regional customer base



March 2023

Distributes fasteners and strut accessories to OEM and construction end markets



March 2023

Distributes refrigeration parts and equipment to restaurants, bars, and supermarkets



September 2022

Distributes lumber and building materials to residential construction end markets



July 2022

Distributes and services industrial valves and other flow control products across the Southeast



June 2022

Distributes heavy-duty truck parts and accessories to enthusiasts via the e-commerce channel



December 2021

Distributes plumbing supplies and fixtures to residential repair and construction end markets



October 2021

Distributes pool and spa products to dealers in the Southeast

Industrials Group Overview

With expertise across many Industrial sectors, our group brings valuable knowledge, contacts, and resources to our clients

Overview

- Founders' Industrials Group consists of 15 professionals who bring a wealth of knowledge, industry expertise, and commitment to our clients
- Our Senior Bankers have over 90 years of collective experience in industry and investment banking providing expert M&A advisory services to founder-owned companies
- Our deal teams are typically comprised of four professionals that are dedicated to helping our clients navigate complex M&A transactions and achieve their strategic and personal goals

Experience Across a Wide Array of Sectors

Advanced Mfg. and Process Equipment

Facility and Industrial Services

Advanced Materials

Plastics & Packaging

Automation & IIoT

Power and Infrastructure

Connectors and Electronics

Specialty Distribution

Construction and Building Materials

Test & Measurement

Recent Transactions



December 2023



November 2023



October 2023



August 2023



August 2023



March 2023



March 2023

Founders Overview

Founders utilizes proven expertise and process-based solutions to produce exceptional outcomes for our clients

- Independent merger and acquisition advisory firm focused on private businesses for the last 20 years
- Expertise across five industries that include Consumer, Healthcare, Industrials, and Technology & Business Services
- Senior bankers with decades of experience in investment banking, private equity, business development, and industry
- Headquartered in Birmingham, AL, with an additional office in Dallas, TX

FOUNDERS ADVISORS

2003

Year founded

INDUSTRY COVERAGE

Industrials



Technology



Consumer



Healthcare



Business Services



45+

Professionals

90%+

*Percentage of
clients that are
family owned*

FOUNDERS

ADVISORS

BIRMINGHAM | DALLAS

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