



Oaklins



# New acquisition strengthens position in North American HVAC market

DEAL FLASH | INDUSTRIALS, HVAC | OCTOBER 2023

## DEAL SNAPSHOT

**Smiths Group plc, a leading UK-based industrial technology company, has acquired Heating & Cooling Products (HCP), a US-based manufacturer of heating, ventilation & air conditioning (HVAC) solutions.**

Founded in 1955 and headquartered in Cleveland, Ohio, HCP's products serve the residential, multi-family and light commercial HVAC markets, and are distributed in over 25 states in the USA and Canada.

The addition of HCP will further expand Smiths Group's presence in the North American HVAC market, enabling it to serve customers with an even broader product range, including HCP's patented axial and radial seal duct technology, which improves energy efficiency.

Smiths acquired HCP for US\$82 million (approximately £65 million) on a cash and debt-free basis. HCP's unaudited revenue for the 12 months to 31 July 2023 was US\$69 million (approximately £55 million). HCP was purchased from a private seller in a proprietary transaction and will be integrated into Smith's Flex-Tek division.

“Smiths has now posted eight straight quarters of growth, and the addition of HCP allows us to further build on this momentum by adding synergistic capabilities through an accretive transaction in a market we know well. We welcome our new colleagues from HCP to Smiths.”

**PAUL KEEL**  
CEO  
SMITHS GROUP PLC  
UNITED KINGDOM

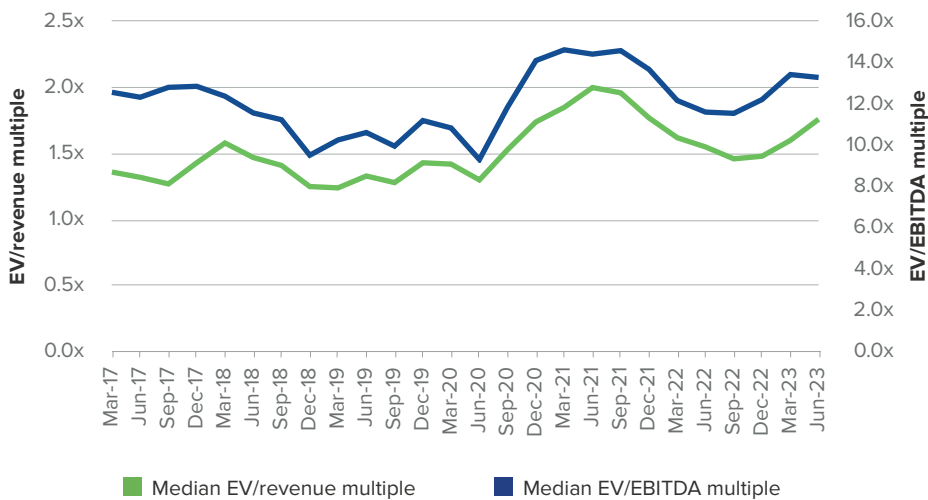
## OAKLINS' EXPERTISE WAS INSTRUMENTAL IN FACILITATING THIS DEAL

Oaklins Evelyn Partners, based in the UK, supported Citizens Capital Markets as sell-side advisor to HCP in this transaction. Given our HVAC sector leadership, we were able to assist in the sale of HCP and, as part of that role, we positioned the opportunity to Smiths Group plc. The sale adds to Oaklins' transaction experience in the HVAC sector.



## M&A VALUATION ASPECTS

### M&A EV/Revenue multiples — Global historical multiples



Source: Capital IQ

## MARKET TRENDS & DEAL DRIVERS

Growth in HVAC M&A is anticipated despite the current backdrop of macroeconomic headwinds, which include record inflation, increasing interest rates and ongoing supply chain issues. Rising costs related to these challenges have in fact boosted the focus on innovation in the industry as users look for ever-increasing energy savings in their HVAC systems.

## TALK TO OUR ADVISOR

### ✉ PHILIP BARKER

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Philip is well connected within the advisory community, and has established high-level relationships with mid-market industrial companies in the UK's public and private sectors. Transactions he has completed include the sale of Energy Technique, fan coils and commercial heating products, to Volution; the sale of Greenwood Air Management, ventilation and extractor fans, to Zehnder; the sale of Levolux, solar shading screens, to Alumasc; working with Oaklins Denmark to sell York Novenco, HVAC+R systems for marine and offshore, to Dania Capital; the sale of Chapman Ventilation Group to an Employee Ownership Trust; and the sale of Nuair, fans and ventilation systems, to ECI Private Equity.

"We are delighted to have supported our former colleagues in this transaction and brought forward this opportunity to Smiths Group, thus further strengthening our expertise within the HVAC sector vertical."

**PHILIP BARKER**  
DIRECTOR, OAKLINS EVELYN PARTNERS



## ABOUT OAKLINS

United by a strong belief that we can achieve the extraordinary. Oaklins is a global team of 850+ financial advisory professionals in 45 countries providing M&A, growth equity, ECM, debt advisory and corporate finance services to support entrepreneurs, corporates and investors in reaching their goals.

# Oaklins

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