

A BVR Special Report

Excerpt from

What It's Worth:
**Valuing HVAC
Companies**

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A BVR SPECIAL REPORT



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What It's Worth

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Introduction

While the recession of 2007-2011 took a toll on the HVAC industry, business began picking up in 2012 and is now forecast to grow by more than 6% annually over the next several years.

More than half of HVAC contractors are solo operators with revenues of about \$60,000 per year. Overall, the industry consists of more than 235,000 companies, employs more than one million workers, and generates \$158 billion annually, according to Vertical IQ.

A number of trends are driving growth in the HVAC industry, including demand for more efficient HVAC systems, increasing sophistication of HVAC systems, and increased construction activity. Still, the industry faces a number of risks, including dependence on the construction industry, seasonality, competition from alternative service suppliers, variable material costs, and federal regulations governing refrigerants.

Whether you're looking to buy, sell, or value an HVAC business, it's important to consider HVAC company valuation from a number of different angles, from special considerations in valuing an HVAC company to how to cash out. This BVR special report, *What It's Worth: Valuing HVAC Companies*, will help you do just that.

Chapter 1 discusses the unique factors that drive HVAC company value, such as housing starts, other construction activity, per-capita disposable income, energy tax credits, the price of oil and natural gas, interest rates, and competition from big retailers.

Chapter 2 addresses the three fundamental ways to measure what a business is worth and covers the preferred method for valuing an HVAC company. This chapter also discusses the impact of risk and historical performance on the valuation of a business.

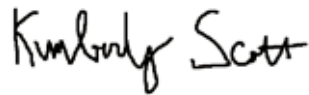
Chapter 3 focuses on the special considerations in valuing an HVAC company, while Chapter 4 presents a detailed case study of an HVAC company valuation using the market approach.

Chapters 5 and 6 provide insight into the current market for HVAC companies as well as the global buy-sell landscape for the industry as a whole.

Chapter 7 addresses how to boost the value of your HVAC business before cashing out, while Chapter 8 covers the importance of succession planning. In Chapter 9, we provide guidance on how to maximize the value of your business. Chapter 10 looks at valuation multiples that can help you benchmark the value an HVAC company.

Chapter 11 provides rules of thumb for pricing HVAC companies, and Chapter 12 gives you additional resources as you research the HVAC industry.

Whether you are a business appraiser, an owner of an HVAC company looking to sell, or are looking to buy an HVAC business, we believe you will find this report useful in understanding the current market for HVAC companies and how the unique components of these businesses affect value.



Kimberly Scott
Editor

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