

Clearview

Autumn 2019

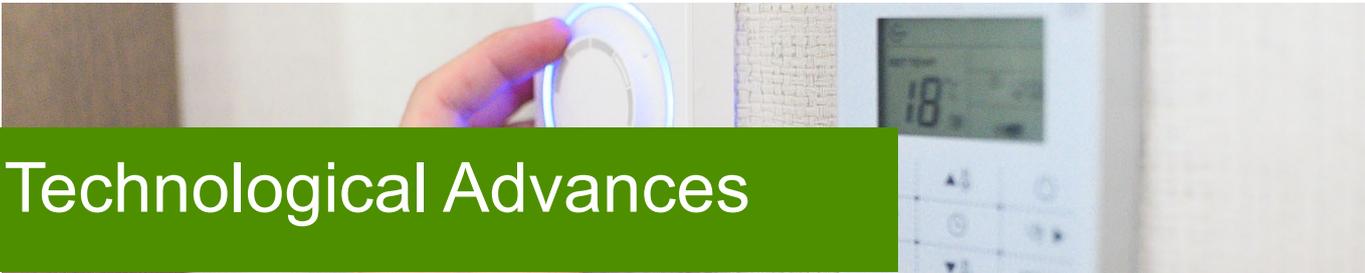
HVAC and Energy Efficiency

Rising global temperatures are driving the growth of the Heating, Ventilation, and Air Conditioning (HVAC) market as the demand to cool homes and offices increases.

Inside:

- Technological Advances
- M&A Activity
- Clearwater International Contacts





Technological Advances

Rising global temperatures are not only driving the growth of the Heating, Ventilation, and Air Conditioning (HVAC) market at a practical level as the demand to cool homes and offices increases. The market's growth is also spurred by organisations and governments alike needing to install innovative, energy-efficient systems in their buildings to meet their own carbon reduction targets.

With other factors such as rapid urbanisation and a rising population further boosting the market, the global HVAC market is projected¹ to expand at a CAGR of 5.7% from 2018 to 2025, and be worth \$183.8bn by 2025. The commercial segment is anticipated to grow quickest over the period, owing to this urbanisation and the rising demand for commercial space. Retrofitting and replacement of HVAC units to minimise energy consumption will bolster growth further.

Meanwhile, technological solutions are set to play a crucial role in helping to drive this move towards greater sustainability and efficiency. In particular, the emergence of Internet of Things (IoT), automated control systems and remote control access technologies are already starting to transform the market.

Building Management

Sustainability and environmental considerations will form a large part of the construction of any new building in the future, while the widespread retrofitting of old buildings will become necessary too.

At the same time, the reliance on grid power is likely to become prohibitively expensive, meaning that efficient energy generation will need to be incorporated into building design through heat trapping, solar and wind equipment. More attention will also need to be paid to water management in buildings.

Such considerations call for increasing innovation. To give just one example, at the moment waste heat is often just emitted into the atmosphere. Yet the technology already exists to recycle the heat from cooling systems and re-use it in other parts of commercial premises.

In this context, the building management system, sometimes referred to as the

building automation system, will become key. The system is a computer-based control network driven by real-time sensors that control and monitor the building's mechanical and electrical equipment - such as its ventilation, lighting and power systems.

At the heart of such systems are clever wireless thermostats which can manage temperatures and ventilation requirements, and automatically switch on and off as required. In an area such as ventilation, this is crucial as power consumed tends to be very high.

Technology

The control of these connected systems will be critical in ensuring that buildings are as energy efficient as possible in the future.

As a recent report¹ details, automated control systems are able to detect the surrounding climate and automatically control the temperature and fan speeds to offer optimum comfort. Remote control access allows users to operate connected systems through mobile applications, providing real-time information about the condition of the systems to users and manufacturers, thereby helping them to anticipate defects and reduce maintenance costs.

Another key point is that very humid or irregular temperatures (such as experienced during a heatwave) can damage both buildings and contents, so being able to control a consistent temperature at all times is essential. This is particularly relevant in industries such as food and farming, where the slightest change in temperature can have devastating consequences.

Building management systems are also able to collect and store data which can be later analysed, thereby helping organisations predict future issues or maintenance problems. Such a predictive analytics capability enables an ongoing appraisal of existing buildings and infrastructure, and assessment of renovation or renewal requirements.

¹ Grand View Research: HVAC systems market size, share and trends 2018-2025

“
Mobile technology enables far greater flexibility in terms of access control options, and the mobile phone is at the heart of some of the very latest innovations.
”

M&A Activity

Leading commercial players in this market - such as Siemens, Honeywell and Schneider - are good examples of companies that are now offering complete building management solutions for customers, bringing all these related functions together under one roof.

They have also been instrumental in driving further consolidation across the wider sector as major HVAC players and hardware manufacturers add building control solutions into their overarching offering.

In recent times we have seen a number of notable deals in this space. Ingersoll Rand, a leader in creating sustainable

and efficient environments, acquired the UK-based ICS Group Holdings. ICS Cool Energy is a temperature control and HVAC solutions and services company, and among its products are high performance temperature control systems for all types of industrial processes.

We have also seen a number of transatlantic deals. Honeywell joined forces with Ouman, a leading HVAC producer in the Nordics and Baltics, to strengthen its field device distribution in that region. Regal Beloit, a US-based manufacturer of electric control products, acquired Nicotra Gebhardt, an Italian manufacturer of ventilation and air conditioning products.

Last year Siemens acquired Enlighted, the Silicon Valley-based firm which offers a smart IoT platform for commercial real estate. Enlighted analyses accumulated sensor data to reduce operating costs in a building, with its sensors able to react to HVAC needs in real-time.

Another deal saw Groupe Atlantic, the French manufacturer of heating and HVAC systems, acquire Belgian company ACV which makes a wide range of heating products for residential, commercial and industrial markets.

Recent Clearwater International Transactions



ide|pro

received investment from

BLUE EQUITY

Sell-side
Undisclosed



manthorpe
building products

sold to

Polypipe

Sell-side
€58.5m



airteam

sold a majority stake to

RATOS

Sell-side
€77m



Gledhill
the cylinder specialist

sold to

GROUPE ATLANTIC

Sell-side
Undisclosed

UK Team



Jon Hustler

Partner

Tel: +44 845 052 0364
Email: jon.hustler@cwicf.com



Constantine Biller

Partner

Tel: +44 845 052 0353
Email: constantine.biller@cwicf.com



Rob Britton

Partner

Tel: +44 845 052 0377
Email: rob.britton@cwicf.com



Paul Jones

Partner

Tel: +44 845 052 0345
Email: paul.jones@cwicf.com

International Team

Simon Zhang **China**, Carsten Rydahl **Denmark**, Thomas Gaucher **France**, Markus Otto **Germany**, John Curtin **Ireland**, Niccolò Querci **Italy**, Rui Miranda **Portugal**, Francisco Gómez **Spain**