

CORPORATE FINANCE
We invest in relationships



Spring

20
23

BUILDING TECHNOLOGY

INDUSTRY UPDATE

Hamburg | Helsinki | London | Stockholm | Frankfurt



INTRODUCTION

Soaring interest rates, supply chain challenges, labor shortages and recession concerns represent headwinds for the building technology and construction industry. In this update, we examine how the macro environment affects public valuations, M&A deal activity and why M&A and debt advisory services might be more important than ever.

Despite all macroeconomic concerns about rapidly rising interest rates, ongoing supply chain challenges in the wake of COVID-19 and the war in Ukraine, as well as recession concerns, valuations have held up quite well in 2022, especially in the HVAC and building technology service sectors. Market drivers of overall economic concern, such as the energy crisis or the enormous investment backlog in residential buildings and public infrastructure, are in some ways even more of an opportunity than a risk for the construction industry.

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The high importance of the sector in energy transition and achieving European climate goals results in strong M&A activity despite all countervailing macro trends.

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Transaction activity in the building technology and construction sector remains high. 2022 was the second most active M&A year in the sector since 2009. Market consolidation continues and is driven by numerous succession situations, high liquidity of large corporates and the increasing interest of private equity in energy transition and efficiency. New investors and consolidation concepts in Germany are entering the market. MCF's vast industry knowledge as well as our tailored M&A and debt advisory services help our clients to maximise value, especially in these times.

LET'S MEET IN FRANKFURT

Our building technology and construction team takes part in the ISH trade fair in Frankfurt. Reach out to the team to arrange a short introduction meeting!





INDUSTRY TRENDS AND DRIVERS

INTEREST RATE ENVIRONMENT

Further increasing interest rates in the Euro zone will impact new building activity in the DACH region. Many private and commercial construction development companies expect to reduce their activities in the short-term.

ENERGY EFFICIENCY REGULATION

Electrical, heating, ventilation and insulation benefit from stricter energy efficiency regulation and subsidies for renovation programs. The EU green deal will foster energy efficient renovation of existing buildings and is complemented by local regulations.

RENOVATION BACKLOG

Germany's public infrastructure with its high renovation backlog due to missed investments in the past shows high investment pressure in the short and medium term. Approx. 90% of residential buildings in Germany do not meet current legal requirements.

LABOR SHORTAGE

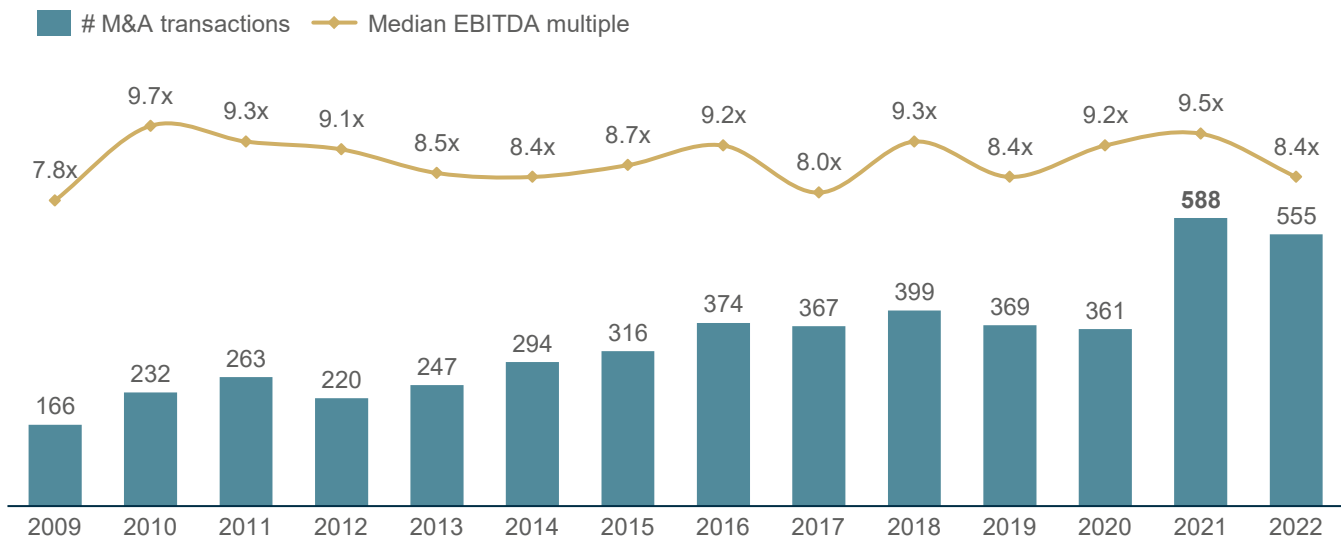
The general shortage of skilled workers in Germany will have an impact on the construction industry and will be further impacted by increasing interconnection of trades and complexity of building products.

MATERIAL PRICES AND SUPPLY CHAIN

Supply chain issues due to COVID-19 resulted in significantly rising material prices, further fueled by rising inflation. After strong price increases in recent months, the situation has eased somewhat as first suppliers respond to weaker demand.



M&A ENVIRONMENT

DEVELOPMENT OF THE EUROPEAN M&A MARKET IN THE BUILDING TECHNOLOGY SEGMENT



Despite significantly rising interest rates since the beginning of 2022, the number of M&A transactions in 2022 was close to an all-time high. While the interest rate development will impact building activity, the renovation backlog and energy regulation will drive demand from the finishing trades and M&A appetite of corporates and financial investors.

LANDMARK TRANSACTIONS EUROPE LTM

In January 2023, Ariston acquired CENTROTEC Climate Systems. CENTROTEC is a leading manufacturer of heating, ventilation and air conditioning systems. The portfolio includes brands such as Wolf, Brink, Pro-Klima and Ned Air.

Deal value: EUR 1bn










In June 2022, Eternit AG (Swisspearl Group) announced the acquisition of Cembrit. Cembrit is one of Europe's main manufacturers of fiber cement facade and building panels with over 25 million square meters produced per year.

Deal Value: EUR 600m




In May 2022, IK Partners announced the acquisition of Müpro Group. The Müpro Group is a leading manufacturer and distributor of pipe fixing products for technical building equipment, sanitary, heating, ventilation and air conditioning applications.

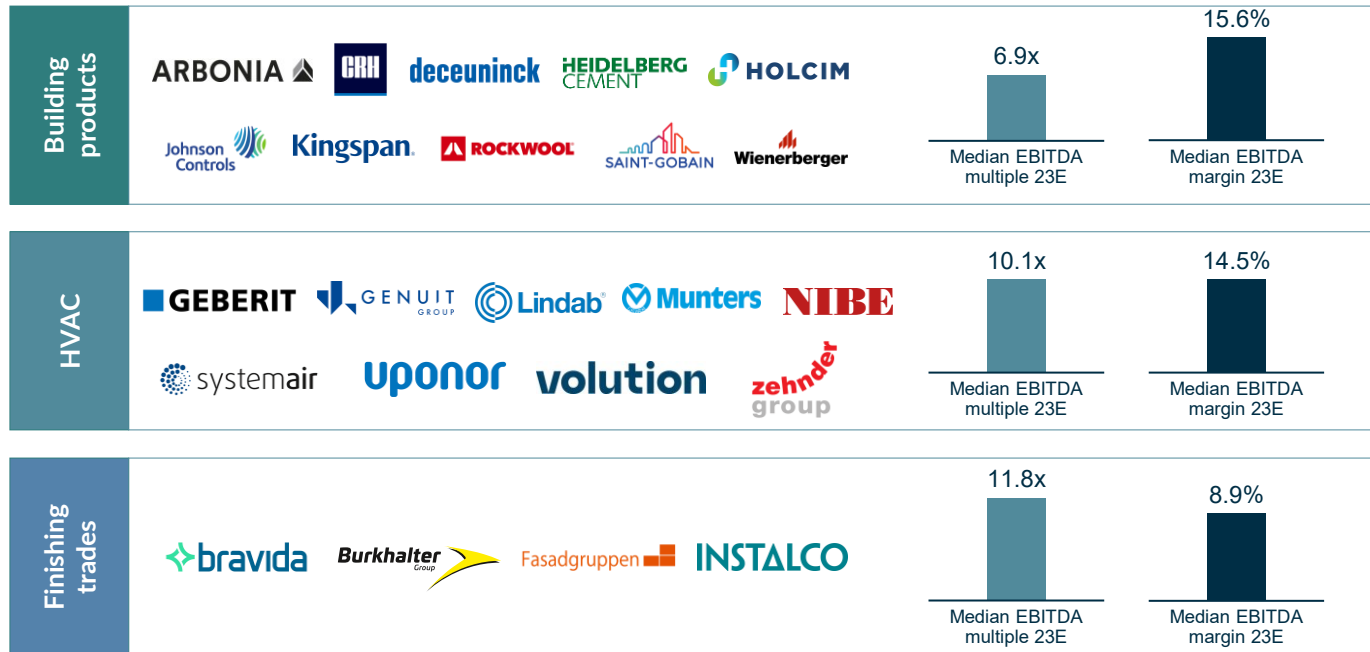







In April 2022, 1Komma5° received a Series A funding from seven investors. 1Komma5° consolidates companies in the installation of CO2-neutral energy segment for private customers, in particular solar systems, heat pumps and energy storage.

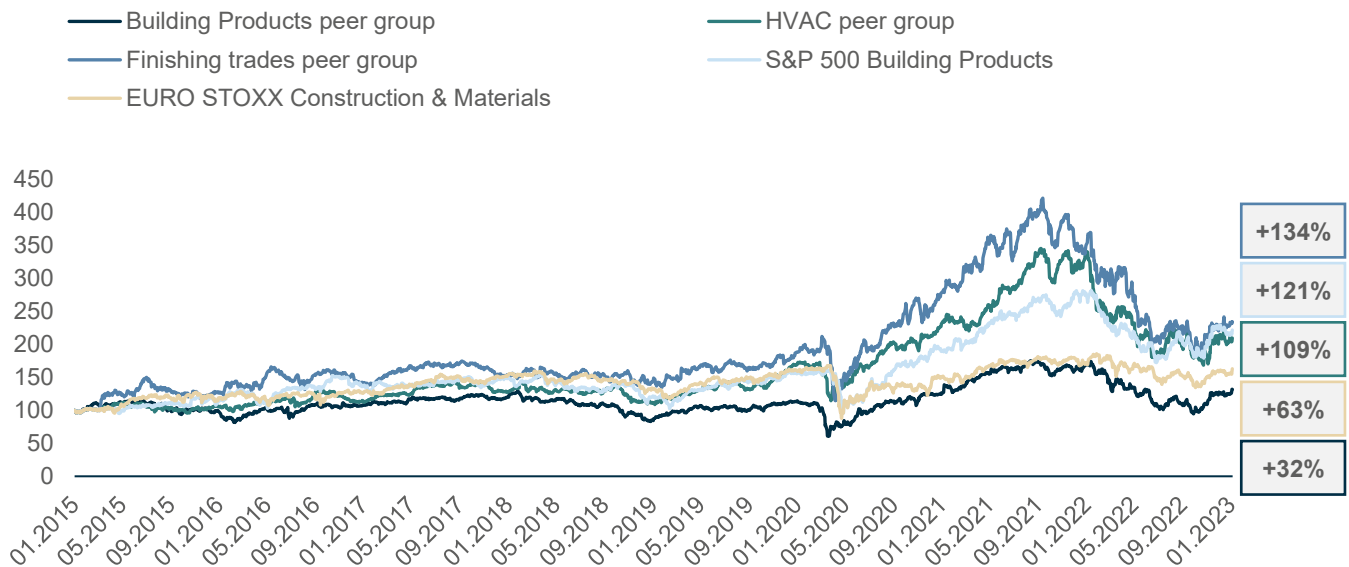
Funding volume: EUR 200m

PUBLIC VALUATION ENVIRONMENT

PUBLIC TRADING MULTIPLES OF EUROPEAN BUILDING TECHNOLOGY COMPANIES



SHARE PRICE PERFORMANCE OF BUILDING TECHNOLOGY COMPANIES VS. SECTOR INDICES



WE INVEST IN RELATIONSHIPS

EVERYONE'S BUSINESS JOURNEY IS DIFFERENT | WE ARE HERE TO HELP YOU TAKE THE NEXT STEP

Each business is different and so is our approach. MCF Corporate Finance is a leading corporate finance advisory firm focusing on cross-border and middle market transactions. For us, tailor-made M&A and debt advisory means that every client receives relationship-driven advice. We speak the truth, invest in relationships and value trust above all else.

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EUROPEAN OFFICES

70+

M&A PROFESSIONALS

500+

TRANSACTIONS

OUR ADVISORY SERVICES

MERGERS & ACQUISITIONS



- COMPANY SUCCESSION
- PRIVATE EQUITY SELL-SIDE
- CORPORATE SPIN-OFFS
- BUY-SIDE ADVISORY
- M&A STRATEGY ADVISORY
- ADD-ON ACQUISITIONS
- GROWTH CAPITAL
- VENTURE CAPITAL



DEBT ADVISORY



- LEVERAGED BUYOUT FINANCINGS
- BOLT-ON ACQUISITIONS
- GROWTH FINANCING
- REFINANCING/ RECAPITALISATION
- STAPLED FINANCE
- SELL-SIDE LENDER EDUCATION
- PRIVATE PLACEMENTS
- BRIDGE FINANCING

OUR CUSTOMERS

FAMILY BUSINESSES & ENTREPRENEURS

PRIVATE EQUITY

CORPORATES



SELECTED SECTOR EXPERTISE

EUROPEAN BUILDING TECHNOLOGY REFERENCES

<p>phm*</p> <p>acquired</p> <p>SCHULTZ GRUPPE</p> <p>BUY-SIDE ADVISER</p> <p>Maintenance services </p>	<p>Muehlhan AG </p> <p>US & European operations</p> <p>sold to</p> <p>One Equity Partners</p> <p>SELL-SIDE ADVISER</p> <p>Site services </p>	<p>C.P. HART</p> <p>sold to</p> <p>WOLSELEY</p> <p>SELL-SIDE ADVISER</p> <p>Sanitary products </p>	<p>OPPERMANN & FUSS GmbH</p> <p>sold to</p> <p>bencis capital partners</p> <p>SELL-SIDE ADVISER</p> <p>Construction equipment </p>	<p>A. & H. MEYER</p> <p>sold to</p> <p>legrand®</p> <p>SELL-SIDE ADVISER</p> <p>Furniture electrification </p>
<p>IK Partners</p> <p>acquired</p> <p>MÜPRO</p> <p>BUY-SIDE ADVISER</p> <p>HVAC fixing technology </p>	<p>Accent Equity</p> <p>MOTUM Denkmal für ein Unternehmen</p> <p>sold to</p> <p>MITSUBISHI ELECTRIC Changes for the Better</p> <p>SELL-SIDE ADVISER</p> <p>Elevator services </p>	<p>IK Partners</p> <p>acquired</p> <p>renta</p> <p>BUY-SIDE ADVISER</p> <p>Construction equipment </p>	<p>uponor</p> <p>acquired</p> <p>Capricorn</p> <p>BUY-SIDE ADVISER</p> <p>HVAC products </p>	<p>Muehlhan AG </p> <p>Scaffolding business</p> <p>sold to</p> <p>BRAND SAFWAY</p> <p>SELL-SIDE ADVISER</p> <p>Scaffolding </p>
<p>NIXON HIRE</p> <p>sold to</p> <p>Pricoa Private Capital </p> <p>SELL-SIDE ADVISER</p> <p>Construction equipment </p>	<p>HEYLO</p> <p>sold to</p> <p>Dantherm®</p> <p>SELL-SIDE ADVISER</p> <p>Renovation equipment </p>	<p>KAEFER</p> <p>acquired</p> <p>wood. Industrial services UK</p> <p>BUY-SIDE ADVISER</p> <p>Construction management </p>	<p>PINOVA CAPITAL</p> <p>deconta pure air</p> <p>sold to</p> <p>SCHAUBURG</p> <p>SELL-SIDE ADVISER</p> <p>Renovation equipment </p>	<p>uponor</p> <p>zent-frenger Energy Solutions Member of Uponor Group</p> <p>sold to</p> <p>Swegon®</p> <p>SELL-SIDE ADVISER</p> <p>HVAC products </p>

US BUILDING TECHNOLOGY REFERENCES

<p>HITT</p> <p>acquired</p> <p>MOMENTUM GLASS</p> <p>BUY-SIDE ADVISER</p> <p>Construction materials </p>	<p>CENCO Expanding Your Solutions</p> <p>sold to</p> <p>JFE JFE Steel America, LLC</p> <p>SELL-SIDE ADVISER</p> <p>Construction materials </p>	<p>Blue Sage Capital</p> <p>TIMBER AUTOMATION</p> <p>sold to</p> <p>USNR</p> <p>SELL-SIDE ADVISER</p> <p>Construction equipment </p>	<p>FIP</p> <p>DISCOUNT DRAINAGE SUPPLIES</p> <p>sold to</p> <p>Winsupply®</p> <p>SELL-SIDE ADVISER</p> <p>HVAC products </p>	<p>Carpenter Contractors of America, Inc.</p> <p>sold to</p> <p>KODIAK BUILDING PARTNERS</p> <p>SELL-SIDE ADVISER</p> <p>Construction materials </p>
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CASE STUDY | A. & H. MEYER

SALE OF A. & H. MEYER

THE DEAL



A. & H. Meyer has been established more than 60 years ago and is today, the leading international supplier of tailor-made electrification, data and cable management systems for various end markets with entities in Germany and Malaysia. The company is renowned for its outstanding product quality based on worldwide sales approbations and its deep value-add in-house production. A. & H. Meyer is headquartered in Dörentrup, Germany, and employs c. 190 staff.



The excellent support and valuable expertise of MCF was a key success factor to accomplish an optimum succession for my employees. MCF has been a trusted partner throughout the transaction process, and I am very grateful for their support.”

Horst Meyer
CEO of A. & H. Meyer

MCF's ROLE

MCF ran a structured auction process approaching buyers worldwide, and, in addition to preparing the process documents, supported A. & H. Meyer throughout the transaction process, in particular in the due diligence phase.

MCF advised on and negotiated the commercial terms of the transaction and supported the sellers in agreeing on and finalising the SPA.

Our experience in the industrials space, coupled with a sound understanding of German mid-sized companies and their different stakeholders, helped facilitate a successful transaction.



IK Partners

ACQUISITION OF MÜPRO

MÜPRO



CASE STUDY | MÜPRO

THE DEAL

MÜPRO is a German-based specialty manufacturer and distributor of pipe fixing technology for technical building equipment, sanitary, heating, ventilation, and air conditioning applications. IK Partners is a European private equity firm focused on investments in the Benelux, DACH, France, Nordics and the UK. Since 1989, IK has raised more than €14 billion of capital and invested in over 160 European companies.



We are excited to welcome MÜPRO Group GmbH to the IK family. We are delighted with the support MCF provided throughout the process. The team's sector expertise greatly contributed to the deal's success."

Anders Petersson
Managing Director at IK Partners

MCF's ROLE

MCF was responsible for the entire buy-side process, including target screening, purchase price determination and preparation of relevant decision-making documents.

We helped facilitate the deal through our expertise in the building technology segment, with senior adviser involvement and market intelligence surrounding the process.

MCF advised on and negotiated the commercial terms of the transaction and supported the sellers in agreeing on and finalising the SPA.





Uponor

ACQUISITION OF CAPRICORN



CASE STUDY | UPONOR

THE DEAL

Capricorn S.A. is a Poland-based designer and manufacturer of surface heating & cooling, sanitary and mounting systems for the residential and commercial markets. The company operates two production facilities and employs c. 400 staff. The acquisition of Capricorn enables Uponor to further pursue its growth strategy and strengthen the presence in Eastern Europe while expanding the current product portfolio.



The acquisition of Capricorn is another important step to pursue our growth strategy. Our long-standing M&A partner MCF Corporate Finance has provided us with excellent and extremely valuable support throughout the entire process. We're really looking forward to welcoming the employees from Capricorn into the Uponor Group and to quickly learn from each other."

Dr Karsten Hoppe
President Building Solutions
Uponor Corporation

MCF's ROLE

MCF had a major role in the entire acquisition processes, supporting Uponor in target screening, deal tactics and negotiations as well as the preparation of decision-making materials and financial analyses.

We served as the sole point of contact between buy-side and sell-side advisers and coordinated all buy-side internal processes.

MCF advised its long-standing client Uponor and helped facilitate the transaction through its proven ability to successfully originate and execute international bilateral transactions.

BUILDING TECHNOLOGY TEAM

OUR MISSION IS TO PROVIDE HONEST AND RELATIONSHIP DRIVEN TAILORMADE M&A AND DEBT SERVICES

Over the last 20 years, the MCF Building Technology team has built long-lasting relationships with industry specialists and management teams across this exciting sector. Our expertise, combined with our transatlantic capabilities, allow us to offer a full-service platform, providing M&A, debt advisory, and capital markets execution services.

100+

COMPLETED SECTOR TRANSACTIONS

40+

SPECIALISED INDUSTRIAL BANKERS

€4bn

TOTAL TRANSACTION VALUE SINCE 2021



Stefan Edlich
Partner,
Hamburg



Jussi Vuorinen
Partner,
Helsinki



Ian Henderson
Partner,
London



Nils Petter Palmefors
Partner,
Stockholm



Mika Galkin
Partner,
Helsinki



Niklas Claussen
Director,
Helsinki



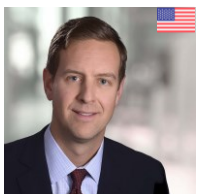
Ludvig Ahlinder
Director,
Stockholm



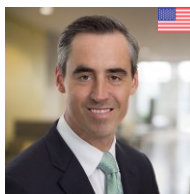
Marvin Berns
Associate
Director,
Hamburg



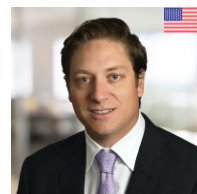
Marc Guisnel
Associate,
London



Tim Sznawajs
Head of
Industrials,
Denver



James Keckler
Managing
Director,
California



Chris Vincent
Vice
President,
Denver

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D|A DAVIDSON *mcf*
INTERNATIONAL



CONNECT WITH US



Stefan Edlich

Partner, Hamburg

+49 160 909 84 207

edlich@mcfcorpfin.com



Mika Galkin

Partner, Helsinki

+358 405 240 760

galkin@mcfcorpfin.com



Nils Petter Palmefors

Partner, Stockholm

+46 709 890 418

palmefors@mcfcorpfin.com



Ian Henderson

Partner, London

+44 7976 269 442

henderson@mcfcorpfin.com