



HVAC industry update

Q1 2016

Industry update - HVAC

Valuation of selected market players

EURm Company	Country	Enterprise value	Sales CAGR '14-'16	EBITDA margin Avg. '14-'16	EBIT margin Avg. '14-'16	Enterprise value as a multiple of								
						Sales			EBITDA			EBIT		
						2015-A	2016-F	2017-F	2015-A	2016-F	2017-F	2015-A	2016-F	2017-F
Heating, air conditioning and ventilation companies ("HVAC")														
AFG Arbonia-Forster-Holding AG	CH	480	(1.50)%	7.30%	3.20%	0.6x	0.5x	0.5x	21.1x	8.5x	6.5x	nmf	24.8x	13.8x
AO Smith Corp.	US	5,541	11.40%	16.10%	13.50%	2.5x	2.3x	2.2x	13.7x	12.3x	11.2x	15.8x	14.2x	12.8x
CENTROTEC Sustainable AG	DE	248	2.90%	9.00%	5.80%	0.5x	0.4x	0.4x	5.6x	4.2x	4.0x	8.8x	7.3x	6.6x
Daikin Industries Ltd.	JP	21,868	7.50%	13.90%	9.70%	1.5x	1.4x	1.3x	10.4x	9.5x	8.9x	14.7x	13.1x	12.3x
GEA Group Aktiengesellschaft	DE	7,043	3.80%	10.80%	8.60%	1.5x	1.5x	1.5x	14.9x	10.8x	9.6x	18.7x	12.4x	10.9x
Gree Electric Appliances, Inc. of Zhuhai	CN	6,091	(0.10)%	11.60%	10.80%	n/a	0.4x	0.4x	n/a	2.8x	2.6x	n/a	2.9x	2.6x
Guangdong Vanward New Electric Co., Ltd.	CN	813	6.00%	10.40%	8.00%	1.4x	1.3x	1.2x	15.0x	10.6x	9.7x	19.7x	14.3x	12.8x
Ingersoll-Rand Plc	IE	17,115	3.90%	13.20%	10.80%	1.5x	1.4x	1.4x	10.7x	10.1x	9.5x	13.1x	12.4x	11.5x
Johnson Controls Inc.	US	28,837	(3.30)%	9.30%	7.10%	0.9x	0.9x	0.9x	10.7x	8.3x	7.5x	14.9x	10.7x	9.8x
Kyung Dong Navien Co., Ltd.	KR	379	19.40%	7.30%	4.50%	1.0x	0.8x	0.7x	12.6x	9.4x	8.2x	20.3x	13.3x	11.5x
Lennox International, Inc.	US	5,926	6.40%	12.20%	10.40%	2.0x	1.9x	1.9x	16.5x	13.6x	12.3x	19.4x	15.5x	14.0x
Modine Manufacturing Company	US	530	(3.50)%	5.00%	4.40%	0.4x	0.4x	0.5x	5.6x	5.4x	4.9x	10.6x	9.7x	8.5x
NIBE Industrier AB	SE	3,920	16.40%	15.90%	12.20%	2.7x	2.6x	2.5x	17.0x	15.5x	14.6x	22.0x	19.6x	18.3x
Nortek Inc.	US	1,897	5.60%	10.00%	5.90%	0.9x	0.8x	0.8x	8.4x	7.5x	7.1x	15.6x	11.5x	10.0x
Rinnai Corporation	JP	3,397	8.10%	14.30%	11.10%	1.5x	1.4x	1.3x	10.9x	9.5x	8.8x	14.2x	12.4x	11.5x
Sinko Industries Ltd.	JP	310	8.10%	8.60%	11.70%	1.0x	1.0x	0.9x	7.8x	n/a	n/a	9.4x	7.1x	6.7x
SPX Corporation	US	759	(40.90)%	8.60%	6.30%	0.5x	0.5x	0.5x	nmf	6.6x	5.5x	nmf	9.9x	7.8x
Systemair AB	SE	719	10.30%	9.20%	6.40%	1.1x	1.1x	1.0x	12.0x	13.2x	11.1x	17.4x	19.7x	16.3x
United Technologies Corporation	US	86,676	(4.90)%	18.10%	15.10%	1.8x	1.7x	1.7x	9.6x	9.2x	8.9x	11.7x	11.0x	10.7x

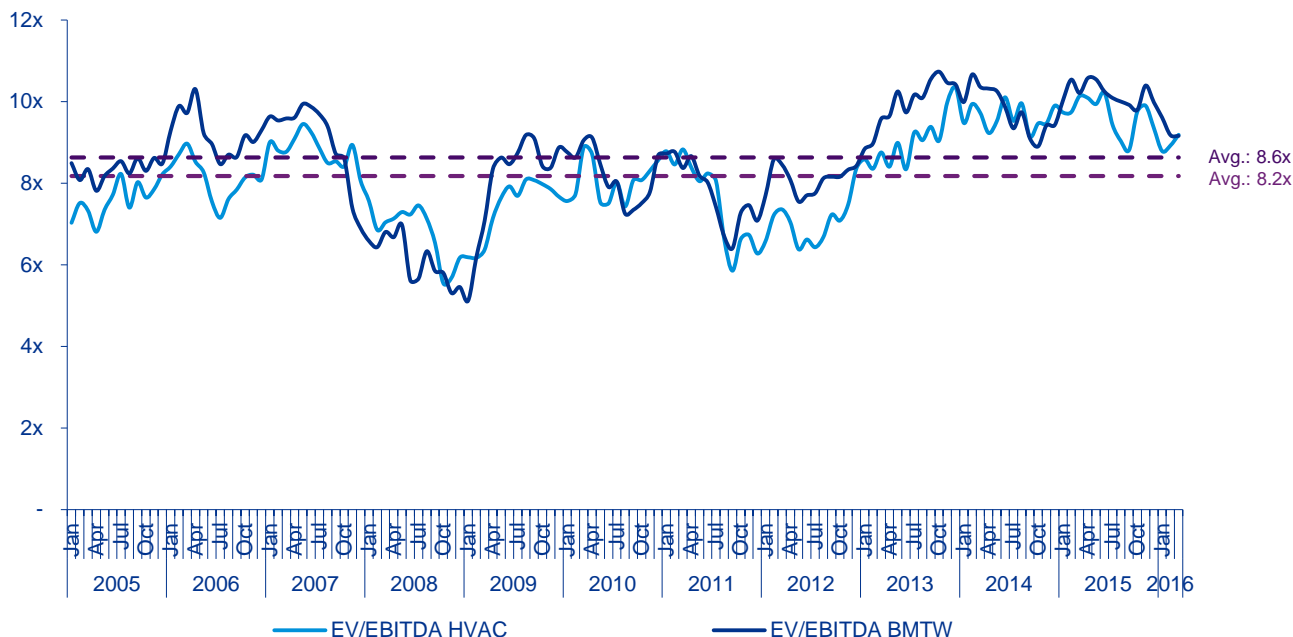
Industry update - HVAC (continued)

EURm Company	Country	Enterprise value	Sales CAGR '14-'16	EBITDA margin Avg. '14-'16	EBIT margin Avg. '14-'16	Enterprise value as a multiple of								
						Sales			EBITDA			EBIT		
						2015-A	2016-F	2017-F	2015-A	2016-F	2017-F	2015-A	2016-F	2017-F
Watts Water Technologies, Inc.	US	1,902	(2.00)%	13.40%	10.00%	1.5x	1.5x	1.5x	16.2x	10.3x	9.5x	26.7x	13.8x	12.6x
Zehnder Group AG	CH	389	1.60%	9.60%	6.10%	0.7x	0.7x	0.7x	8.1x	6.6x	5.6x	14.4x	10.5x	8.4x
Average – HVAC		9,278	2.60%	11.10%	8.60%	1.3x	1.2x	1.1x	11.9x	9.2x	8.3x	16.0x	12.7x	10.9x
Median – HVAC		1,902	3.90%	10.40%	8.60%	1.3x	1.1x	1.0x	10.9x	9.5x	8.8x	15.2x	12.4x	11.5x
Building materials companies and trade wholesalers ("BMTW")														
Compagnie de Saint-Gobain S.A.	FR	27,232	(1.20)%	10.00%	6.50%	0.7x	0.7x	0.7x	7.1x	6.8x	6.1x	10.9x	9.7x	8.6x
CRH plc	IE	27,707	23.90%	8.60%	4.80%	1.2x	1.0x	1.0x	13.0x	9.0x	8.1x	21.5x	13.7x	11.7x
Geberit AG	CH	12,775	17.10%	29.30%	25.30%	5.4x	5.0x	4.8x	20.7x	18.1x	16.7x	28.0x	21.4x	19.9x
Grafton Group plc	IE	2,297	12.70%	6.70%	5.20%	0.8x	0.7x	0.7x	11.6x	9.8x	8.8x	15.4x	12.2x	10.9x
Kingspan Group plc	IE	4,505	29.80%	10.50%	8.10%	1.6x	1.5x	1.4x	14.7x	13.0x	11.9x	nmf	16.1x	14.7x
Legrand SA	FR	13,951	5.20%	22.40%	19.30%	2.9x	2.8x	2.7x	13.1x	12.8x	12.1x	15.7x	14.5x	13.8x
Polypipe Group plc	GB	1,053	17.50%	19.10%	14.60%	2.4x	2.0x	1.9x	12.0x	9.8x	9.1x	15.4x	12.2x	11.3x
Rockwool International A/S	DK	3,072	4.30%	15.10%	8.30%	1.4x	1.4x	1.3x	9.5x	8.4x	7.3x	17.9x	16.0x	12.8x
SIG plc	GB	1,440	(1.10)%	3.70%	2.30%	0.4x	0.4x	0.4x	9.1x	8.3x	7.5x	17.5x	10.5x	9.5x
Solar A/S	DK	324	3.40%	3.00%	2.00%	0.2x	0.2x	0.2x	6.7x	6.4x	5.8x	nmf	8.7x	7.4x
Travis Perkins plc	GB	6,317	9.30%	7.90%	6.30%	0.8x	0.8x	0.7x	10.1x	9.2x	8.3x	22.2x	11.1x	10.1x
Uponor Oyj	FI	1,087	6.80%	10.00%	6.60%	1.0x	1.0x	1.0x	10.1x	9.0x	7.8x	15.0x	12.4x	10.6x
Watsco Inc.	US	4,246	6.80%	8.30%	7.90%	1.2x	1.1x	1.1x	13.6x	12.5x	11.3x	14.5x	13.1x	11.9x
Wienerberger AG	AT	2,555	5.00%	11.00%	4.00%	0.9x	0.8x	0.8x	7.1x	6.3x	5.9x	nmf	12.5x	11.0x
Wolseley plc	CH	14,229	6.70%	6.90%	5.90%	0.8x	0.8x	0.7x	11.5x	10.8x	9.8x	14.1x	12.2x	11.0x
Average – BMTW		8,186	9.70%	11.50%	8.50%	1.5x	1.4x	1.3x	11.3x	10.0x	9.1x	17.3x	13.1x	11.7x
Median – BMTW		4,246	6.80%	10.00%	6.50%	1.0x	1.0x	1.0x	11.5x	9.2x	8.3x	15.5x	12.4x	11.0x
Average total peer group		8,823	5.60%	11.30%	8.60%	1.3x	1.3x	1.2x	11.7x	9.5x	8.6x	16.5x	12.8x	11.2x
Median total peer group		3,234	5.80%	10.00%	7.50%	1.1x	1.0x	1.0x	11.2x	9.4x	8.8x	15.5x	12.4x	11.1x

Note: Multiples are based on current enterprise value and forecasted sales, EBITDA and EBIT. To the extent 2016 actuals are not available, latest estimates were used "nmf": not meaningful

Industry update - HVAC (continued)

Valuation of selected market players



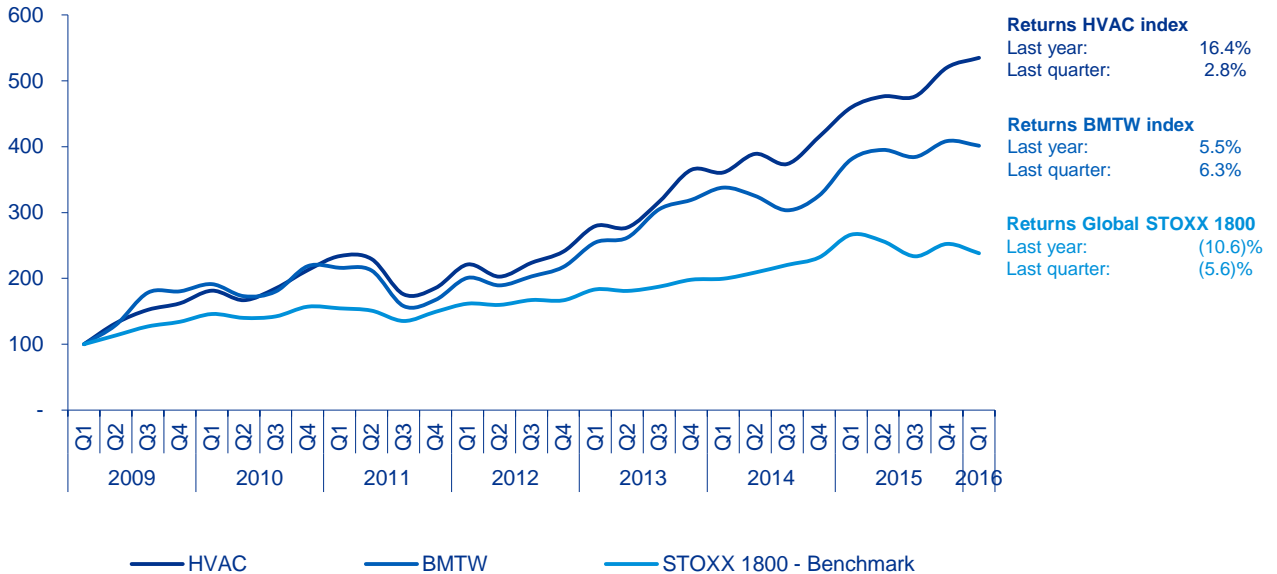
Note: Data is based on the end-of-month enterprise value and next twelve months forecasted EBITDA levels

Recent M&A activity headlines

- **Ability Projects**, a UK-based manufacturer of fan coil units and digital control technology, has been acquired by Glen Dimplex, a UK supplier of electric heating and domestic appliances (Mar 2016)
- **Flanders Corporation**, a US-based manufacturer of air filters and related products, has been acquired by Daikin (through its subsidiary American Air Filter Company) for EUR 385m (Feb 2016)
- **Airteam**, a Danish provider of ventilation solutions, has been acquired by Ratos, a Sweden-based private equity firm, for EUR 77m at an EV/EBITDA multiple of 9.3x (Feb 2016)
- **Dantherm HVAC**, a Danish provider of ventilation, dehumidification and mobile heating and cooling solutions, and Calorex, a UK-based manufacturer of among others swimming pool heat pumps, dehumidifiers, commercial heat pumps and heat recovery, have been acquired by Procuritas, a Scandinavian private equity firm (Jan 2016)
- **Itho Daalderop**, a Dutch provider of heating and ventilation products, and Klimaatgarant, a developer of energy-neutral housing projects, have been acquired by Gimv, a Belgian private equity firm (Jan 2016)

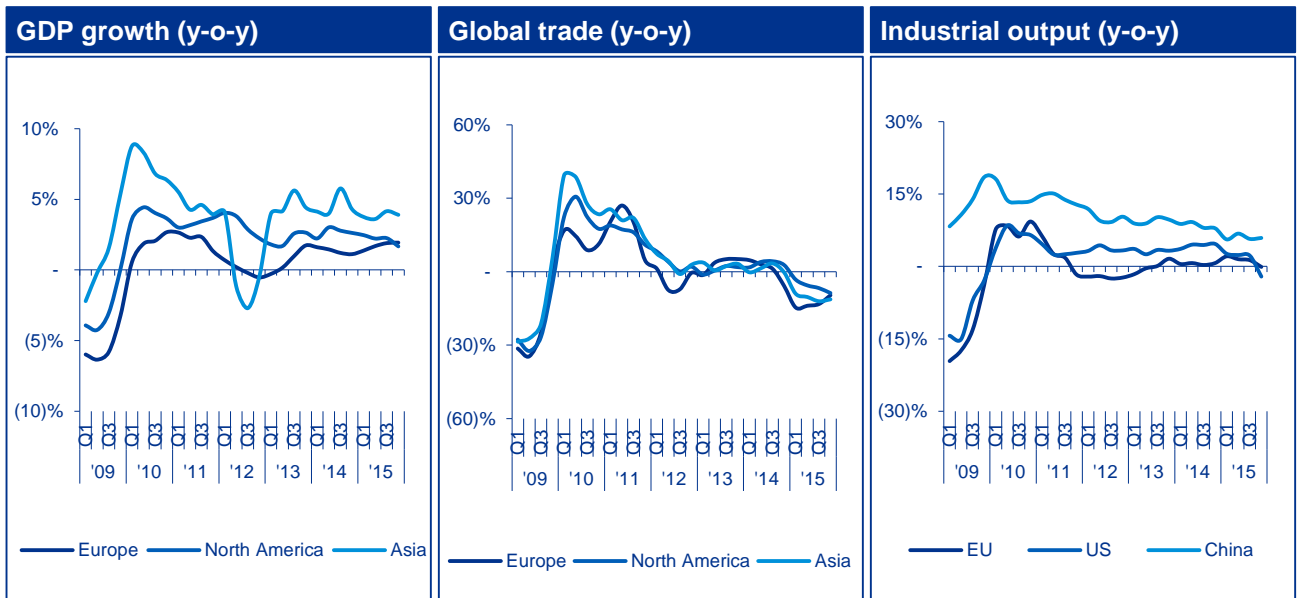
Industry update - HVAC (continued)

Stock market performance



Note: HVAC and BMTW indices are equally weighted; Q1 2009 = 100

Economic indicators



Industry update – HVAC (continued)

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