

FREE GUIDE

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# The HVAC Business Owner's Guide to Selling

What you need to know before you speak to  
anyone.

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Prepared by **HVAC Business Sales**  
A division of Reads Advice Partners Ltd  
Company No. 12124192

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# 01

## Is Now the Right Time to Sell?

Selling your HVAC business is one of the biggest decisions you will ever make. It is not just a financial transaction; it is the culmination of years of building something from nothing, hiring and training engineers, winning contracts, and keeping the wheels turning through every kind of weather and every kind of customer. Getting the timing right matters.

### The heat pump transition is reshaping the market

The UK's commitment to phasing out new gas boiler installations by 2035 is accelerating a fundamental shift in the HVAC industry. Businesses with renewable capability, particularly heat pump installation and MCS accreditation, are commanding premium multiples right now. Buyers know that the transition requires significant investment, and they would rather acquire a business that has already made it than build the capability from scratch.

**200+**

HVAC ACQUISITIONS IN  
2024

**£3-5K**

ENGINEER RETRAINING  
COST PER PERSON

**2035**

GAS BOILER PHASE-OUT  
DEADLINE

Engineer retraining costs of £3,000 to £5,000 per person, combined with equipment investment and MCS accreditation timelines, are driving consolidation. Larger groups are finding it more efficient to acquire trained teams than to develop their own. Over 200 HVAC acquisitions completed in 2024 alone, and the pace is not slowing.

### The BADR tax deadline is creating timing pressure

Business Asset Disposal Relief (BADR) is increasing from 14% to 18% in April 2026. For a business owner sitting on a £500,000 gain, that is an additional £20,000 in tax. It is one factor among many, but it is concentrating minds.

**The best sales happen when the owner is ready, the business is performing well, and the market conditions are favourable. If two out of three are in place, it is worth having a conversation.**

## Questions to ask yourself

Before you go any further, take a moment to consider these honestly:

- **What is your motivation?** Retirement, burnout, a new venture, health concerns? Understanding why you want to sell shapes the entire process and the type of buyer you should be looking for.
- **How dependent is the business on you?** If you step away for two weeks, does everything carry on, or does the phone stop ringing? Owner dependency is the single biggest discount factor in any valuation.
- **What is your capability profile?** Gas Safe, F-Gas, MCS accredited? A business with heat pump capability is worth materially more than one limited to traditional gas work.
- **How stable is your team?** Qualified engineers who have been with you for years are an asset. High turnover is a red flag for buyers.
- **Are your accounts clean?** Three years of filed, accurate accounts are the minimum. Personal expenses run through the business will need to be separated and adjusted.

### KEY INSIGHT

Selling from a position of strength always produces a better outcome than selling under pressure. If you are considering a sale, the best time to start preparing is now, even if the sale itself is 12 months away.

## When it might not be the right time

- **The business is in a dip.** If revenue has dropped or you have lost key contracts recently, buyers will see the decline and price accordingly. Sell from strength, not weakness.
- **You would genuinely regret it.** Some owners sell and immediately wish they had not. If the thought of someone else running your business makes you uncomfortable, you may not be ready.
- **You have no plan for afterwards.** Selling a business you have run for 15 or 20 years can leave a significant gap. Having a clear idea of what comes next matters.

- **You have not prepared properly.** Walking into a sale without clean accounts, documented processes, and formalised contracts will cost you money. Taking 6 to 12 months to prepare can materially increase your valuation.

# 02

## What Makes an HVAC Business Valuable

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Not all HVAC businesses are created equal. Two companies with identical turnover can have very different valuations. Understanding what drives value helps you focus your preparation where it matters most.

### **Gas Safe registered engineers**

The number of Gas Safe registered engineers on your team is a fundamental value driver. Buyers are not just buying your contract book; they are buying the qualified workforce that services it. A business with eight Gas Safe engineers is materially more valuable than one with two, because the operational capacity and resilience are greater.

### **F-Gas certification**

F-Gas certification is essential for any business working with refrigerants and air conditioning systems. Without it, a significant portion of the HVAC market is inaccessible. Buyers view F-Gas certification as a baseline requirement for a modern HVAC business.

### **MCS accreditation for heat pumps**

MCS (Microgeneration Certification Scheme) accreditation is the gold standard for renewable heating installations. An MCS-accredited business can install heat pumps that qualify for the Boiler Upgrade Scheme, which provides homeowners with grants of up to £7,500. This is a significant competitive advantage and a strong value driver. Buyers are paying a premium for businesses that already have MCS accreditation because the process to achieve it takes time and investment.

### **Maintenance contract book**

This is the single most important financial driver of valuation. A business with 65% or more of its revenue coming from recurring maintenance contracts, such as commercial HVAC servicing, boiler maintenance agreements, and air conditioning service plans, is fundamentally more valuable than one relying on reactive callouts and one-off installations. Recurring contracts represent predictable, bankable income that a buyer can rely on from day one.

A business doing **£500,000** with 70% recurring contracts could be worth **30% to 50% more** than one doing the same turnover with only 25% on contract. The difference is certainty.

## Geographic density

Forty maintenance contracts concentrated in a 20-mile radius are worth more than forty contracts spread across 150 miles. Route density means less time driving, lower fuel costs, faster response times, and better margins. Buyers understand this and will pay accordingly.

## Commercial vs domestic mix

Commercial contracts typically command higher multiples. They tend to be larger in value, longer in duration, and more predictable than domestic work. A business weighted towards commercial HVAC, particularly in offices, retail, hospitality, or healthcare, will attract stronger offers.

## Owner dependency

This is the critical question every buyer will ask: can the business operate without you? If you are the main engineer, the person who answers the phone, the one who handles all the quoting, and the only name clients trust, the business has an owner dependency problem. This is the single biggest discount factor in any HVAC business valuation. Reducing that dependency before a sale is one of the most valuable things you can do.

## Fleet and equipment condition

A well-maintained fleet of vans and properly serviced equipment signals a well-run operation. Buyers will inspect your vehicles, your tools, your refrigerant recovery equipment, and your stock levels. A tidy depot and clean vehicles make a strong first impression.

## Rate your business

Factor	Strong (pushes multiple up)	Weak (pushes multiple down)
Gas Safe engineers	6+ registered engineers	1-2 (or owner only)
F-Gas certification	Yes, multiple holders	No, or single holder
MCS accreditation	Yes, active installations	No heat pump capability
Recurring contracts	60%+ of revenue	Below 30%
Geographic density	Tight service area	Spread across regions
Commercial mix	Majority commercial	Mostly domestic reactive
Owner dependency	Business runs without you	You do everything

Factor	Strong (pushes multiple up)	Weak (pushes multiple down)
Fleet condition	Clean, maintained, MOT current	Ageing, repairs overdue

*This is not a formal assessment. It is a quick way to see where your business sits and where improvement would add value before a sale.*

# 03

## How Valuations Work

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Business valuations can feel opaque, but the core principles are straightforward. Understanding how a buyer will assess your business helps you see it through their eyes.

### **SDE: Seller's Discretionary Earnings**

SDE is the total financial benefit that a single owner-operator takes from the business. It starts with net profit and adds back the owner's salary, personal expenses run through the business, one-off costs, and any other items that would not continue under new ownership. SDE is the most common valuation basis for smaller HVAC businesses, typically those with turnover below £500,000.

### **EBITDA: Earnings Before Interest, Tax, Depreciation and Amortisation**

EBITDA strips out financing costs, tax, and accounting adjustments to show the operating profit of the business. It is the standard measure for larger businesses and the one that most professional buyers will use. Think of it as the cash the business generates from its core operations, before the accountants get involved.

### **What does "multiple" mean?**

When someone says a business is worth "four times earnings", they mean the sale price is four times the annual EBITDA (or SDE). The multiple reflects how desirable the business is to buyers.

Typical HVAC business multiples range from **3x to 6x EBITDA**. The wide range reflects the enormous difference between a well-run, MCS-accredited business with strong recurring contracts and a one-man operation doing reactive callouts.

### **What drives the multiple higher**

- High recurring contract percentage (above 60%)
- MCS accreditation with active heat pump installations
- Multiple Gas Safe and F-Gas qualified engineers
- Strong geographic density
- Low owner dependency

- Clean, growing financial track record

## **What pushes the multiple lower**

- Heavy reliance on reactive/one-off work
- No heat pump or renewable capability
- Owner does most of the technical work
- Declining revenue or margins
- **Key-person risk** (a single engineer who holds client relationships)

## Worked example

### Example: ABC Heating & Cooling Ltd

**Turnover:** £500,000    **Adjusted EBITDA:** £100,000

**Recurring contract percentage:** 65%    **MCS accredited:** Yes

**Gas Safe engineers:** 8    **Heat pump trained:** 3

**Owner role:** Managing director (does not do technical work day-to-day)

At a **3x multiple:** £300,000

At a **4x multiple:** £400,000

At a **5x multiple:** £500,000

Given the strong recurring revenue base, MCS accreditation, qualified team, and reduced owner dependency, this business would likely attract offers in the **£400,000 to £500,000 range** (4x to 5x).

Every business is different, and these figures are indicative. The actual multiple achieved depends on a range of factors, including the buyer type, market conditions, and the quality of the business being presented.

## Impact on multiple: factor by factor

Factor	Impact on Multiple
Recurring contracts above 60%	+0.5x to +1.5x
MCS accreditation (active)	+0.5x to +1.0x
6+ Gas Safe engineers	+0.5x
Low owner dependency	+0.5x to +1.0x
Tight geographic density	+0.25x to +0.5x
Heavy owner dependency	-1.0x to -1.5x
No renewable capability	-0.5x to -1.0x

Factor	Impact on Multiple
Declining revenue	-0.5x to -1.0x

*These ranges are indicative and based on recent HVAC market transactions. Every business is unique. A formal valuation considers all factors in combination.*

## 04

## The Tax Landscape

Tax is one of the most significant factors in determining what you actually walk away with after a sale. Understanding the current landscape, and the changes that took effect in April 2026, is essential.

### Business Asset Disposal Relief (BADR)

Previously known as Entrepreneurs' Relief, BADR provides a reduced rate of Capital Gains Tax on qualifying business disposals. To qualify, you generally need to have owned the business for at least two years, been a director or employee, and held at least 5% of the shares.

The lifetime limit for BADR is £1,000,000 in qualifying gains. This means the reduced rate applies to the first £1 million of gains from business sales over your lifetime. Any gains above that threshold are taxed at the standard Capital Gains Tax rates.

### The rate changes: a brief history

BADR has been through several rate changes in a short period:

- **Before October 2024:** 10% on qualifying gains
- **October 2024 onwards:** increased to 14%
- **April 2026 onwards:** increased to 18%

### What this means in real money

Gain	At 10%	At 14%	At 18%
£250,000	£25,000	£35,000	<b>£45,000</b>
£500,000	£50,000	£70,000	<b>£90,000</b>
£1,000,000	£100,000	£140,000	<b>£180,000</b>

## THE BOTTOM LINE

A business owner selling for a £500,000 gain now pays £40,000 more in tax than they would have paid before October 2024. That is a meaningful difference, and it underlines the importance of taking professional tax advice early in the process.

## Qualifying conditions

To qualify for BADR, you generally need to meet all of the following:

- **Ownership period:** you must have owned the business (or shares) for at least two years before the date of disposal.
- **Employment:** you must have been a director or employee of the company throughout that two-year period.
- **Shareholding:** you must hold at least 5% of the ordinary share capital and voting rights.
- **Trading company:** the company must be a trading company (or holding company of a trading group) throughout the qualifying period.

## Capital Gains Tax beyond BADR

For gains that do not qualify for BADR, or for gains above the £1 million lifetime limit, standard Capital Gains Tax rates apply. For higher-rate taxpayers, this is currently 24% on business asset disposals. The annual CGT exemption (£3,000 per individual) can be used to reduce the taxable gain, but on a business sale of any significant size, this is a relatively small amount.

## Structuring the deal

Whether the sale is structured as a share sale or an asset sale has significant tax implications. A share sale is generally more tax-efficient for the seller, while asset sales can be more attractive to buyers. Your accountant and solicitor should advise on the best structure for your specific circumstances.

### Important

The figures and rates in this guide are for illustration only. Tax rules change, and individual circumstances vary. **Always take personal advice from your accountant before making any decisions based on tax implications.** We can introduce you to specialist accountants if you do not already have one.

# 05

## Who Buys HVAC Businesses?

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Understanding the different types of buyers helps you think about who might be the right fit for your business, and what each type is looking for.

### PE-backed platforms

Private equity-backed platforms are companies that buy multiple HVAC businesses with the aim of building a larger, more valuable group. They are backed by investment funds and have the capital to acquire several businesses in a relatively short period. The heat pump transition has made HVAC businesses particularly attractive to PE investors who see the sector as poised for structural growth.

- **What they look for:** Recurring revenue, MCS accreditation, qualified teams, geographic coverage, growth potential.
- **What to expect:** Typically the highest prices and structured acquisition processes. They often retain existing management and may offer earn-out structures tied to future performance.

### National heating groups

Large national heating and HVAC companies acquire smaller businesses to expand their geographic coverage, add capabilities (particularly heat pump installation), or increase their commercial contract base.

- **What they look for:** Geographic expansion opportunities, established client relationships in areas they do not currently cover, F-Gas and MCS accreditations.
- **What to expect:** Competitive pricing, professional due diligence, and a clear integration plan. They will want your team and your contracts.

### Trade buyers

Trade buyers are other HVAC companies looking to expand. This could be a regional competitor expanding into your area, or a firm adding heating capability to an existing air conditioning business.

- **What they look for:** Complementary service mix, client overlap (or lack of it), operational

synergies, qualified engineers.

- **What to expect:** They understand the business, value the contracts, and the transition can be smoother because they already know how HVAC operations work. However, they may negotiate harder because they can benchmark against their own performance.

## Individual buyers

Individual buyers are people looking to buy themselves a business. They might be coming from a corporate career, have redundancy funds to invest, or be experienced HVAC engineers looking to own and run something themselves.

- **What they look for:** A well-run business that generates a good income, is manageable in size, and does not require specialist skills they do not have.
- **What to expect:** Often passionate and motivated, but may lack the capital for larger businesses. The due diligence process can take longer. They may need vendor financing (where you effectively lend part of the purchase price) or external lending.

**The right buyer depends on your priorities. If maximising price is the goal, a PE-backed platform or national group may be the answer. If continuity for your team matters most, a trade buyer or MBO might be the better route.**

### A NOTE ON CONFIDENTIALITY

One of the biggest concerns business owners have is that staff, clients, or competitors will find out they are considering a sale. A properly managed process keeps everything confidential until you are ready. No details are shared with any potential buyer without your express approval, and all parties sign non-disclosure agreements before receiving any meaningful information.

## What all buyers have in common

Regardless of type, all buyers want the same fundamental things:

- **Certainty of income.** Recurring contracts, formal agreements, predictable revenue.
- **Qualified people.** Gas Safe, F-Gas, MCS-accredited engineers who will stay.
- **Clean financials.** Accurate accounts that tell a clear story.

- **A business that runs without the owner.** Reduced dependency, documented processes, delegated responsibilities.

# 06

## Preparing Your Business for Sale

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The difference between a well-prepared sale and a rushed one can be tens of thousands of pounds. Most of the steps below can be completed in 6 to 12 months and will materially increase your valuation.

### 12-month preparation checklist

#### Accounts

- ✓ **Three years of clean, filed accounts** showing true profitability
- ✓ **Separate personal expenses** from business costs and prepare adjusted EBITDA figures
- ✓ **Document any add-backs** clearly so a buyer's accountant can verify them

#### Contracts

- ✓ **Formalise all contracts in writing** with clear terms, renewal dates, and pricing
- ✓ **List all contract values and renewal dates** in a single schedule
- ✓ **Identify and address any contracts with change-of-control clauses**

#### Team and accreditations

- ✓ **Ensure all Gas Safe registrations are current** and documented
- ✓ **Verify F-Gas certifications** are up to date for all relevant engineers
- ✓ **Confirm MCS accreditation** is active (if applicable)
- ✓ **Reduce single-person dependencies** by cross-training team members

#### Fleet and equipment

- ✓ **Service all vehicles** and ensure MOTs are current
- ✓ **Maintain and present equipment professionally**



## Processes and documentation

- ✓ **Document standard operating procedures** for all key activities
- ✓ **Ensure H&S documentation is complete** and current
- ✓ **COSHH assessments** documented and up to date
- ✓ **Service schedules and maintenance records** organised and accessible

## Owner role

- ✓ **Start delegating NOW.** Hand over client relationships, quoting, and day-to-day decisions
- ✓ **Appoint or develop a number two** who can run operations in your absence
- ✓ **Take a two-week holiday** as a test: does everything carry on without you?

### QUICK WINS VS LONGER-TERM IMPROVEMENTS

**Quick wins (1-3 months):** Tidy the depot, service the fleet, update your online presence, respond to outstanding reviews, file any overdue accounts.

**Medium-term (3-6 months):** Formalise verbal contracts, document processes, start delegating client relationships.

**Longer-term (6-12 months):** Reduce owner dependency, build management capability, improve recurring contract percentage, achieve MCS accreditation if not already held.

None of these steps require huge investment, but together they present a business that is well-run, well-documented, and ready for new ownership. That is what buyers pay a premium for.

# 07

## The Sale Process Step by Step

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A typical sale from first conversation to completion takes 6 to 9 months. Here is what the process looks like:

### Step 1 **Confidential conversation**

A no-obligation discussion about your business, your goals, and whether now is the right time. Everything is confidential from the outset.

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### Step 2 **Business assessment**

We review your accounts, contracts, team, accreditations, operations, and market position. This is where we build a detailed picture of the business and its strengths.

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### Step 3 **Valuation**

Based on the assessment, we agree a realistic valuation range and prepare the business for market. This includes an information memorandum for potential buyers.

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### Step 4 **Buyer matching**

We identify suitable buyers from our network, including PE-backed platforms, national groups, trade buyers, and individuals. Confidential approaches are made. No details are shared without your approval.

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### Step 5 **Meetings and offers**

Serious buyers sign NDAs, receive detailed information, meet you, and visit the premises. Offers come in and we negotiate on price, structure, and terms.

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### Step 6 **Due diligence**

Once heads of terms are agreed, the buyer's team conducts a detailed review of contracts, accounts, accreditations, compliance, and operations.

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### Step 7 **Completion**

Contracts are signed, funds transfer, and the agreed handover period begins. This typically involves you staying on for an agreed period to ensure a smooth transition.

**Typical timeline:** 6 to 9 months from first conversation to completion. Some businesses sell more quickly if there is strong buyer interest; others take longer if the due diligence is complex.

**At every stage, nothing happens without your say-so. Confidentiality is absolute until you are ready.**

# 08

## About HVAC Business Sales

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HVAC Business Sales is a specialist advisory service for owners of heating, ventilation, and air conditioning businesses who are considering selling. We work exclusively with HVAC businesses because we understand what makes them valuable, what buyers are looking for, and how to achieve the best outcome for owners.

We are not generalist business brokers who handle everything from cafes to car washes. Our focus is HVAC, and that specialism means we know the market, the buyers, the accreditation requirements, and the factors that drive valuation in this industry.

### Part of the Reads Advice Partners network

HVAC Business Sales is a division of Reads Advice Partners Ltd, a specialist business advisory firm focused on trade and services sectors. This gives us access to a broad network of buyers, advisors, and sector specialists across the UK.

### No upfront fees

There is no cost to have an initial conversation, and no obligation to proceed. We believe that the best business relationships start with trust, not invoices.

### Start with a conversation

When you are ready to talk, get in touch. There is no obligation, no pressure, and everything stays completely confidential.

**Email:** [simon@hvacbusinessforsale.co.uk](mailto:simon@hvacbusinessforsale.co.uk)

**Phone:** 0203 811 5433

**Web:** [hvacbusinessforsale.co.uk](http://hvacbusinessforsale.co.uk)

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