

NOVACAP COMPLETES A SECOND MAJOR CONTINUATION VEHICLE TRANSACTION

December 16, 2021

The new fund will support the growth of Master Group

Novacap announced today that it has completed the closing of its second major continuation vehicle. Novacap Industries V and the continuation vehicle have acquired a majority interest in the Master Group (Master) from Novacap Industries III and other shareholders. As a result of this transaction, the total capital raised to support the growth of Master is C\$1.1 billion..



The continuation vehicle, whose lead limited partner is the Vintage Funds within Goldman Sachs Asset Management, includes participation from several additional key institutional investors including, Fonds de Solidarité FTQ, Fondation, Portfolio Advisors, Lexington Partners, Blackstone Strategic Partners, Whitehorse Liquidity Partners and iA Financial Group, among others.

This announcement follows Master's acquisition of U.S.-based Value-Added HVAC Distributors (VAD) and its three subsidiaries, Virginia Air Distributors, Allied HVAC Distributors and South Carolina Air Distributors last week. The move marks the company's expansion into the US market, after a successful expansion in Canada, from coast to coast.

"Building great companies takes time, resources and strong partnerships. The continuation vehicle is a testament to our unwavering commitment to providing Master with the resources and firepower necessary to succeed in its next phase of growth," said Jacques Foisy, Chairman of the Board & Managing Partner at Novacap. "Over the years, we have nurtured deep relationships with the entrepreneurs and their companies. The continuation vehicles allow us to expand our strategic ambitions and build scale in a disciplined manner. We look forward to creating sustainable value with Master as they realize the full scope of their ambition."

Founded in 1952, Master is a Canadian leader in the heating, ventilation, air conditioning and refrigeration industry. Following Novacap's investment in Master in 2014, the company has quadrupled its revenues, totaling more than \$1 billion per annum, and has significantly expanded its operations in Canada, and more recently in the United States.

The company today has 1,250 team members, operates 68 branches and five distribution centers across Canada and the United States. It is known for its deep technical expertise, customer-centric approach, and extensive inventory from over 1,400 suppliers.

"Master is committed to playing a leading role in the consolidation of the highly fragmented North American HVAC/R market. Today, in partnership with Novacap, the company is executing on its strategic plan to double the business over the next five years by increasing its presence in Canada and the United States through steady organic growth and acquisitions," said Louis St-Laurent, CEO at Master. "We

are proud of Master Group's culture: our business approach sets us apart from our peers and positions us as the preferred partner for entrepreneurs looking to grow with a dedicated team of experts at their side.”

"We have worked hand in hand with Master over the past seven years, transforming the company from a regional leader to the largest HVAC/R distributor in Canada," said Jean-Francois Routhier, Senior partner at Novacap and Chairman of the Board of Master Group. "This renewed partnership paves the way for our second phase of growth as we aim to become the largest independent distributor of HVAC/R products in North America. We are extremely proud of our accomplishments with Master Group and couldn't be more excited about the prospects for the team and the company."

“We were pleased to work with a high-quality group of institutional investors to help facilitate a strategic transaction that provides additional time and capital for Master’s continued growth. We are delighted that this is the second opportunity that we have partnered with Novacap on a transaction like this,” said Thom Spoto, Managing Director at Goldman Sachs Vintage Funds.

Credit Suisse Securities (USA) LLC acted as exclusive advisor and placement agent for the continuation vehicle. Davies, Ward, Phillips & Vineberg LLP, and Fasken Martineau DuMoulin LLP acted as legal counsel.

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