

THE DEFENSIBLE PLAY, RECURRING REVENUE ATTRACTS HEIGHTENED BUYER INTEREST

SECURITY SOLUTIONS SECTOR UPDATE | APRIL 2022



**CAPSTONE
PARTNERS**

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Security Solutions

Recurring Revenue Attracts Heightened Buyer Interest

KEY SECTOR TAKEAWAYS

Capstone Partners' Business Services Group is pleased to share its Security Solutions report. Merger and acquisition (M&A) activity in the Security Solutions sector reached record levels in 2021 and has exhibited a strong start in 2022. High-growth segments have continued to capture elevated buyer interest, with strategics fortifying margins to defend against economic uncertainty and private equity firms engaging in quick-turn, add-on acquisitions. Several key takeaways are outlined below.

1. Sector revenue is projected to decline year-over-year (YOY) in 2022. However, Residential end markets are expected to uplift the sector by 2023.
2. M&A transaction multiples in the Security Solutions sector have averaged a robust 10.2x EV/EBITDA over the past three years, outperforming the broader Businesses Services industry.
3. The rise in U.S. fires, coupled with unified building codes provides a strong backdrop for the continued expansion of the Fire & Life Safety segment.
4. The rapid adoption of cloud computing capabilities by physical security providers bodes well for near-term institutional investment in the Security Solutions sector.
5. Top public players showcase a robust appetite for the Security Solutions sector, specifically the Fire & Life Safety, Access Control, and Video Management System segments.
6. Strategic and financial buyers will aggressively diligence the resiliency of potential target's business models, revenue streams, and customer relationships. As a seller, to reach an optimal transaction outcome and avoid missteps, it is important to be prepared and to choose the investor or acquirer that is the right fit.

Capstone Partners has developed a full suite of corporate finance solutions, including M&A advisory, debt advisory, financial advisory, and equity capital financing to help privately owned businesses and private equity firms through each stage of the company's lifecycle, ranging from growth to an ultimate exit transaction.

To learn more about Capstone's wide range of advisory services and Security Solutions sector expertise, please contact [Todd McMahon](#) or [Tom McConnell](#).

DAMAGED MARGINS DRIVE PARTICIPANTS TO HIGH-GROWTH SEGMENTS

Security Solutions companies continue to weather the pandemic, as new variants of COVID-19 further impair Commercial end markets and hybrid work models remain in place for many businesses. As a result, sector revenue is forecasted to decrease by 2.1% YOY in 2022, according to IBISWorld.¹ Buoyed by Residential markets, sector revenue is slated to stabilize by 2023 with a compound annual growth rate (CAGR) of 2.6% from 2023 to 2027 to reach \$39.7 billion. Ongoing labor shortages, coupled with supply chain disruptions have cut into sector participants’ bottom lines, forcing security solutions providers to buttress margins by pursuing acquisition targets in defensible end markets and integrating advanced technology solutions.

The Fire & Life Safety segment has undoubtedly been a focal point of expansion through organic growth and M&A activity, as significant initial investments are required for the installation and maintenance of fire protection systems in both commercial and residential buildings. The implementation of unified building codes has also produced a healthy backdrop for expansion, as state governments attempt to combat the rising number of fires through stringent regulation. In 2021, the U.S. recorded the highest number of human-created and natural fires in the past four years (58,985 fires, 7.1 million acres burned), according to the National Interagency Fire Center.² Large operators such as ADT (NYSE:ADT) and Johnson Controls (NYSE:JCI) have continued to target the space to bolster margins and capitalize

on the projected growth. In comparison with ADT, Johnson Controls is a relatively new player in the segment, since merging with Tyco in 2016. However, the company now controls 6.7% of the U.S. market with its Fire & Security division accounting for nearly 40% of the company’s total revenue (see page 12 for more details).

Cloud-based security solutions have increasingly gained traction in the sector as a means to offset labor shortages and enable compatibility across multiple security devices. The impacts of which have been most significant in the Access Control and Video Management System segments. Of note, RemoteLock launched the first universal access software—a cloud-enabled platform that empowers residential and commercial customers to remotely manage and control building access. Following the launch, RemoteLock raised \$17.8 million in a Series B funding round led by venture capital firm UnitLeader (January 2022). With installations in more than 65 countries, RemoteLock’s platform manages more than 100 million door openings per year, according to a press release.³ Cloud-enabled participants have also been targeted in acquisitions, with heavy investment from top public players including ADT, Motorola Solutions (NYSE:MSI), and Securitas (OM:SECU.B) (see page seven). Although cloud computing has been historically reserved for digitally-native industries, the rapid adoption of this function by physical security providers bodes well for near-term institutional investment in the Security Solutions sector.



Todd McMahon
Head of Investment Banking

“With the continued increase in both state and local regulations around fire and life safety system requirements, we expect continued interest in the sector as new technologies and methodologies are developed and refined to adopt to the evolving landscape.”



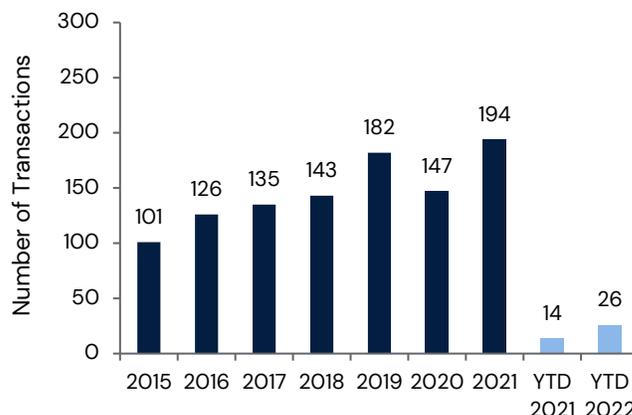
Tom McConnell
Managing Director

“Security and fire and life safety solutions are not only needed but also required regardless of the economic and political environment. Investors crave these steady, recurring and reoccurring revenue streams offered by the sector. Consequently, merger and acquisition transaction activity remains robust.”

M&A VOLUME SURGES, VALUATIONS OUTPERFORM BROADER INDUSTRY

M&A volume continued at a rapid pace through 2021 with 194 deals announced or completed, marking a 32% increase YOY and outpacing 2019’s record levels by 7%. A large portion of the initial transaction inventory in 2021 was fueled by business owners seeking to close deals before year-end ahead of prospective tax increases. The vast pipeline of transactions nearing or already in closing processes is expected to drive a flurry of M&A activity through 2022, evidenced by the 26 deals announced or completed in January (an increase of 85% YOY). In addition, the favorable valuation environment and cheap access to debt have created a healthy backdrop for continued near term consolidation. Security solutions providers with recurring revenue driven by repeat customers are poised to attract strong buyer appetite through 2022.

Security Solutions M&A Volume Rebounds to Record Levels



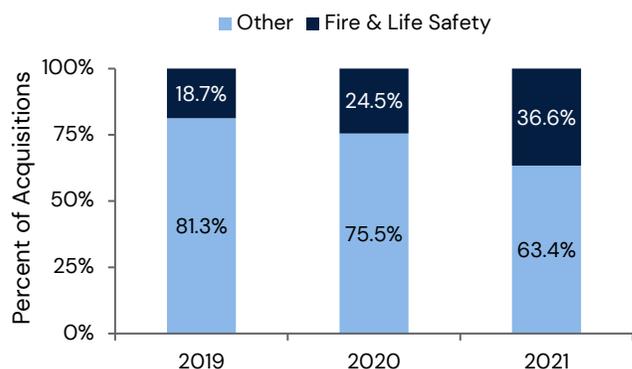
Year-to-date (YTD) ended January 31
Source: Capital IQ, FactSet, PitchBook, and Capstone Research

M&A transaction EBITDA multiples in the Security Solutions sector have averaged a robust 10.2x over the past three years, outperforming the broader Businesses Services industry (8.4x EBITDA) and falling slightly below the overall middle market average (10.8x EBITDA), according to Capstone’s Middle Market Valuation Index. Sector participants exhibiting a steady stream of income with healthy customer bases and compliance offerings, such as inspections, testing, and repairs, have become especially attractive targets, propelling valuations as buyers secure defensible assets.

FIRE & LIFE SAFETY M&A MARKET’S RAPID EXPANSION

The Fire & Life Safety segment has increasingly been the focus for acquirors in the Security Solutions sector, with more than one-third (36.6%) of M&A targets in 2021 operating in this segment. Strategic and financial buyers have aggressively bid for fire and life safety businesses, namely those serving Residential markets in the Western and Southern regions of the U.S. Notably, Pye-Barker Fire & Safety completed 15 fire and life safety acquisitions in 2021, nine with backing from Leonard Green & Partners and the last six with backing from Atlas Partners. Atlas Partners completed its majority stake investment in Pye-Barker in June 2021, scaling the portfolio’s 80,000 customers and 1,000 technicians to cover 19 states, according to a press release.⁴ Pye-Barker’s primary focus on fire suppression services, including inspection, testing, maintenance, and installation, demonstrates sponsors’ appetite for service-based offerings yielding recurring revenue streams. Pye-Barker has shown no signs of slowing its inorganic growth, retaining more than 90% of employees from its transactions in 2021 and recent acquisitions of Northwest Fire Suppression (January 2022) and Matson Alarm Company (February 2022), according to the company’s website.⁵ Terms of the transactions were not disclosed. Capstone expects M&A activity in the Fire & Life Safety segment to continue at an expeditious pace with a high level of investor interest in roll-up opportunities to gain market share in fire-prone regions, bolster workforces, and remain compliant with stringent state and federal fire codes.

Fire & Life Safety M&A Targets Surpass One-Third of Total Deals in 2021

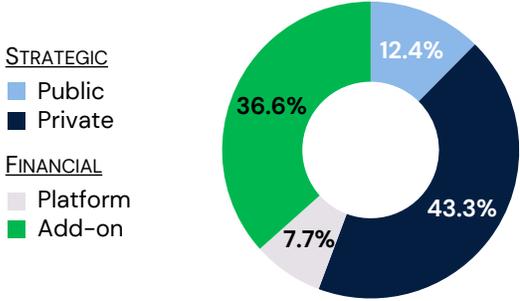


Source: Capital IQ, PitchBook, FactSet, and Capstone Research

STRATEGICS FORTIFY MARGINS THROUGH ACQUISITIONS

Strategic buyers have continued to lead the Security Solutions M&A market, accounting for 55.7% of total transactions announced or completed in 2021 and 57.7% of deals in January 2022. Fraught with declining margins and staffing issues, strategics have assertively pursued acquisition targets serving defensible end markets. Private strategic buyers (43.3% of deals in 2021) namely focused on enhancing regional market share, as evidenced by California-based Allied Universal Security Services’ acquisition of Weinstein Security in December 2021 (undisclosed). Weinstein provides private security services to the Commercial and Residential sectors in California. As a subsidiary of Allied, Weinstein’s guards will largely be deployed to the Residential sector, as the state’s property crime rate increased 17% YOY in 2021, according to the Public Policy Institute of California.⁶

Strategic Buyers Lead Security Solutions M&A Market in 2021



Source: Capital IQ, FactSet, PitchBook, and Capstone Research

Public strategic buyers comprised 12.4% of transactions in 2021, as leading providers such as Motorola Solutions and Securitas pivoted acquisition strategies to incorporate advanced technology capabilities for access control and video security offerings. In a recent example, Securitas acquired remote alarm monitoring provider Supreme Security Systems for an enterprise value of \$20 million, or 2.0x revenue (December 2021). The acquisition will be accretive to Securitas’ operating margin as 70% of Supreme’s revenues are collected on a recurring basis, according to a press release.⁷

Motorola Bolsters Commercial Cloud-Based Video Security Capabilities


MOTOROLA

Envysion

Enterprise Value: \$124 Million
Announce Date: November 2, 2021

Transaction Overview

Leading communications and analytics provider Motorola Solutions acquired Envysion in November 2021 for \$124 million in cash. Envysion offers cloud-based enterprise video security and analytics solutions for the Quick-Service Restaurant and Retail sectors. Heavy foot-traffic customers such as restaurants, convenience stores, and grocery retailers rely upon Envysion’s platform to identify and resolve theft and support employee safety, workplace productivity, and physical security.

Sector Implications

The transaction marks one of three cloud-based video security acquisitions completed by Motorola in 2021, totaling \$457 million invested in its Video Security & Access Control business segment, according to the company’s Q4 2021 investors presentation.⁸ The shift to cloud-based solutions has enabled Motorola to effectively manage video security data on a central, open-source platform, mitigating the fallout of global labor shortages. Through these acquisitions, Motorola plans to bolster video security solutions for commercial customers, which only comprised 25% of total revenues in 2021. The Retail industry, in particular, can provide a substantial recurring revenue stream for Motorola as convenience stores and grocery retailers remain essential regardless of COVID-19 protocols. With the added defensibility, Motorola expects its gross margin to increase 3% by Q2 2022, reconciling the 2% decline witnessed in Q4 2021.

CAPSTONE ADVISES SIGNET IN STRATEGIC DIVESTITURE

Signet Electronic Systems Sold its Fire Alarm Division to Encore Fire Protection (November 2021, Confidential)

Capstone Partners advised Signet Electronic Systems, Inc., a technology solutions provider, on the sale of its Fire Alarm division to [Encore Fire Protection](#) in November 2021. Terms of the transaction are confidential.

Founded in 1974, Signet has grown from a one-person installation services contractor to a 160-person complete technology solutions provider. The company offers design, engineering, installation, and managed security services, specializing in the Communications, Life Safety, Security, Healthcare Communications, Wireless Connectivity, and Mission Critical Technologies Program Management areas. Encore provides fire protection services throughout New England, saving lives and protecting property with innovative fire suppression, sprinkler, and alarm solutions. Encore operates as a sole source, customer-centric fire protection business, allowing a single point of contact for customers in the Education, Healthcare, and Industrial industries. For more information on the transaction, please see the full [press release](#).



Sector Implications

Encore leveraged a minority stake investment from private equity firm Levine Leichtman Capital Partners (completed July 2021) and a revolving credit line from Morgan Stanley’s (NYSE:MS) direct lending fund to complete the acquisition of Signet. The low cost of debt capital has spurred a flurry of leveraged buyouts (LBOs) in the Security Solutions sector, with strategic buyers bolstering segment-specific offerings through debt-based acquisition financing. LBOs as an acquisition strategy have continued into 2022, demonstrated by Corbett Technology Solutions’ acquisition of life safety and security solutions provider Systems Electronics in January (undisclosed). In October 2021, Corbett received \$313.8 million in debt financing from lender Churchill Asset Management to support the transaction and fund additional acquisitions throughout 2022. Capstone expects LBOs to be utilized throughout 2022 as debt capital remains readily accessible to prospective buyers.

Key Investment Considerations

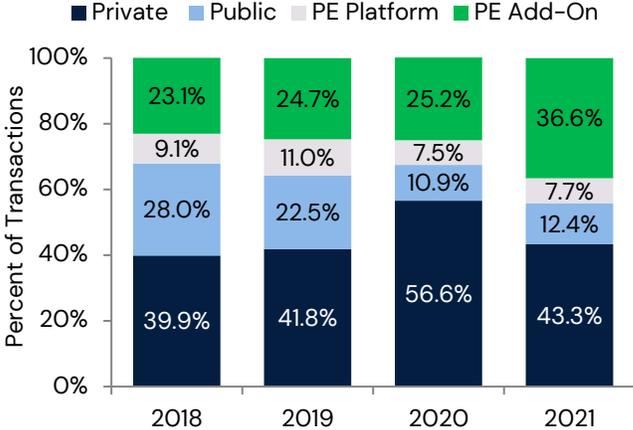
Capstone’s highly skilled transaction execution team leveraged the following key investment considerations, extensive buyer relationships, and in-depth sector knowledge to provide a favorable outcome for both parties.

- 1** Long-Term Contracts Enable Strong Revenue Visibility
- 2** Exceptionally Experienced & Qualified Professionals
- 3** Leading Position in Major Market, Premier Product Offering
- 4** Clear Path to Improved Growth & Financial Performance

TRUNCATED HOLDING TIMES DRIVE PRIVATE EQUITY ACTIVITY

Private equity add-on deals comprised a record 36.6% of Security Solutions transactions in 2021, an increase of 11% YOY. Although businesses shuttered at the onset of the pandemic, sponsors’ portfolio holding times were not extended resulting in urgency for value-creation in order to provide substantial returns to initial investors. With average holding times ranging between four to six years, private equity firms rapidly engaged in add-on acquisitions in 2021 to rectify the time lost. In addition, abundant levels of dry powder (\$1.4 trillion as of Q4 2021) and a favorable interest rate environment have created a healthy backdrop for private equity transaction activity, which has heavily targeted the Security Solutions sector. As exemplified below, there has been healthy sponsor-to-sponsor activity in the market, with notable private equity firms realizing strong outcomes on exits from holding companies.

Security Solutions Add-On Deals Increase 11% YOY in 2021



Source: Capital IQ, FactSet, PitchBook, and Capstone Research

Sciens Building Solutions Receives Majority Investment, Completes Three Add-On Deals

THE CARLYLE GROUP

Completes Platform Investment



The Carlyle Group (Nasdaq:CG), a global private equity firm, completed its platform acquisition of Sciens Building Solutions in early November 2021 for an undisclosed sum. Sciens provides fire detection services including the installation, inspection, testing, and maintenance of fire and security devices. The company’s senior management team, as well as current owner Huron Capital, will retain minority equity stakes. As depicted below, The Carlyle Group leveraged its \$293 billion in assets under management to implement a buy-and-build strategy, according to a press release.⁹

Completes Three Add-On Acquisitions



&



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Following the majority stake investment from The Carlyle Group, Sciens completed three add-on acquisitions in late November 2021, demonstrating the ambitious bidding behavior from private equity firms in the Fire & Life Safety segment. The targets included Absolute Protective Systems, a manufacturer and installation services provider of fire suppression solutions; Cen-Cal Fire Systems, provider of fire consultation and inspection services for commercial and residential applications; and Time & Alarm Systems, offering low-voltage systems and integration services. Terms of the transactions were not disclosed.

Sciens attributed the quick-turn acquisition strategy to The Carlyle Group’s available resources and proven expertise in the broader Business Services industry. Through their partnership with The Carlyle Group, Sciens will continue to target synergistic businesses in the Fire & Life Safety segment to consolidate market share and become one of the largest single-source providers of integrated life safety, security, communication, and electrical system services in the U.S.

SELECT TRANSACTIONS

Date	Target	Acquirer	Target Business Description	Enterprise	EV / LTM	
				Value (mm)	Revenue	EBITDA
01/12/22	FogHorn Systems	Johnson Controls (NYSE:JCI)	Develops an Internet of Things application platform for remote monitoring and alarm management.	-	-	-
01/06/22	Northwest Fire Suppression	Pye-Barker Fire & Safety	Provides fire detection and extinguishing equipment.	-	-	-
01/05/22	Norred & Associates	Allied Universal Security Services	Offers corporate security and investigative services	-	-	-
01/04/22	Lodging Access Systems	Avery Products	Provides security related services to the Hospitality industry.	\$27.9	1.7x	5.0x
12/23/21	Weinstein Security	Allied Universal Security Services	Offers security guard services to businesses and Residential sector.	-	-	-
12/21/21	Star Asset Security	Corbett Technology Solutions	Installs, integrates, and maintains video security systems.	-	-	-
12/21/21	On Guard Security/ Gem Alarm	Chorus SmartSecure	Provides security alarm systems in the U.S.	-	-	-
12/17/21	Yarnell Security Systems	Pye-Barker Fire & Safety	Offers home and business fire security systems.	-	-	-
12/13/21	US Digital Designs	Honeywell (Nasdaq:HON)	Develops and installs alerting devices for fire safety and access control.	-	-	-
12/02/21	Supreme Security Systems	Securitas (OM:SECU B)	Sells, installs, and services security alarm system solutions and services to businesses and residences.	\$20.0	2.0x	-
12/02/21	Unlimited Technology	Lee Equity Partners	Provides security solutions such as integrated access control and video management.	-	-	-
11/30/21	Time & Alarm Systems	Sciens Building Solutions	Offers low voltage systems and integrated solutions.	-	-	-
11/30/21	Cen-Cal Fire Systems	Sciens Building Solutions	Engages in the consultation, installation, and service of fire protection devices.	-	-	-
11/30/21	Absolute Protective Systems	Sciens Building Solutions	Offers fire, safety, and security protection solutions.	-	-	-
11/09/21	Sciens Building Solutions	The Carlyle Group (Nasdaq:CG)	Provides fire detection services.	-	-	-
11/04/21	BECO	H.I.G. Capital	Offers installation services of fire protection equipment and related parts.	-	-	-
11/02/21	Envysion	Motorola Solutions (NYSE:MSI)	Provides enterprise video security solutions to the Quick-Service Restaurant and Retail industries.	\$124.0	-	-
10/07/21	Edwards Electronic Systems	ADT (NYSE:ADT)	Operates as an installer and service provider of fire and life safety systems.	-	-	-
10/01/21	March Networks	Delta International Holding	Provides video and data solutions for security surveillance, monitoring, and analysis.	\$114.0	-	-
09/09/21	Signet Electronic Fire Division	Encore Fire Protection	Offers fire and life safety solutions.	CF	CF	CF
09/03/21	AFA Protective Systems	Corbett Technology Solutions	Installs, operates, maintains, and sells protective systems to safeguard life and property.	\$131.8	1.6x	22.9x
09/02/21	Nortek Security & Control	Nice	Offers security and home automation control panels.	\$285.0	-	-
09/01/21	Access Control Technologies	Janus International (NYSE:JBI)	Provides installation and maintenance services for access control systems.	\$10.7	-	-

Blue indicated Capstone advised transaction, CF=Confidential; Source: Capital IQ, PitchBook, FactSet, and Capstone Research



BUYER UNIVERSE

Capstone has built relationships with and tracked buyers that have been highly acquisitive in the Security Solutions sector, particularly those that have completed notable M&A transactions. Our sector expertise and network provides us with unique insights into this buyer universe and sector and growth drivers for the companies within it.

Leading Strategic Buyers



Leading Financial Buyers



Source: Capstone Research

JOHNSON CONTROLS EXPANDS FIRE & SECURITY SEGMENT



Ticker: NYSE:JCI
Headquarters: Cork, Ireland
Markets: Building, Security, and Fire Solutions
LTM Revenue: \$24.2 Billion
Market Capitalization: \$46.8 Billion

Company Description

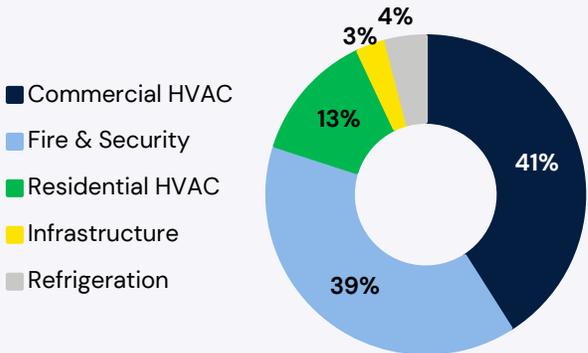
Johnson Controls International, a diversified technology and multi-industrial company, has showcased a robust appetite for the Security Solutions sector since its merger with global provider of fire and security solutions Tyco, in 2016. Johnson Controls has since grown its Fire & Security division to be the company’s second-highest revenue-generating segment (39% of total 2021 revenues) behind Commercial Heating, Ventilation, and Air Conditioning (HVAC), according to its Fiscal Year Q1 2022 investors presentation.¹⁰ The division designs, manufactures, and installs fire protection and security products including intrusion detection devices, fire alarms and sprinkler systems, and access control and video management systems. The division’s growth in 2021 has been driven by backlog of fire and security installation projects, amounting to \$2.2 billion (+12% YOY) in Europe and \$6.5 billion (+12% YOY) in North America.

Across all business segments, Johnson Controls’ recurring revenues reached ~60% of total revenue in 2021, led by the organic and inorganic growth of its two top-performing divisions. In 2021, the company launched its special hazards installation and services offering for sites where chemicals, flammables, or electrical wiring requires specialized fire protection. Through these services, Johnson Controls aims to corner the Industrial and Food service markets as a single-source fire detection and suppression solutions provider. In addition, Johnson Controls acquired California-based FogHorn Systems in January 2022 for an undisclosed sum. FogHorn develops an Internet of Things (IoT) application for remote monitoring of anomaly detection and alarm management. The acquisition bolsters Johnson Controls’ security analytics capabilities for Industrial customers in the U.S. and Europe.

Johnson Controls’ Quarterly Revenue Rebounds in FY 2022



Johnson Controls’ 2021 Revenue Share by Segment



Source: Johnson Controls

PUBLIC COMPANY DATA BY SEGMENT

ACCESS CONTROL

Company	Price 02/22/22	% 52 Wk High	Market Cap	Enterprise Value	LTM			EV / LTM	
					Revenue	EBITDA	Margin	Revenue	EBITDA
Allegion plc	\$113.51	76.3%	\$10,015.0	\$11,154.9	\$2,867.4	\$658.7	23.0%	3.9x	16.9x
ASSA ABLOY AB	\$27.73	88.9%	\$30,797.0	\$33,418.9	\$10,507.1	\$1,993.1	19.0%	3.2x	16.8x
dormakaba Holding AG	\$562.13	70.4%	\$2,343.4	\$2,956.3	\$2,703.7	\$382.0	14.1%	1.1x	7.7x
Mean							18.7%	2.7x	13.8x
Median							19.0%	3.2x	16.8x
Harmonic Mean							18.0%	2.0x	12.1x

EV = enterprise value; LTM = last twelve months
\$ in millions, except per share data
NM = Not Meaningful, above 30x EV/EBITDA

ALARM MONITORING

Company	Price 02/22/22	% 52 Wk High	Market Cap	Enterprise Value	LTM			EV / LTM	
					Revenue	EBITDA	Margin	Revenue	EBITDA
ADT Inc.	\$7.20	61.1%	\$5,985.1	\$15,827.0	\$5,240.8	\$2,049.5	39.1%	3.0x	7.7x
Alarm.com Holdings, Inc.	\$68.07	71.0%	\$3,407.6	\$3,182.9	\$719.3	\$111.6	15.5%	4.4x	28.5x
Monitronics International, Inc.	\$2.50	24.5%	\$56.3	\$1,048.1	\$503.6	\$231.7	46.0%	2.1x	4.5x
Mean							33.5%	3.2x	13.6x
Median							39.1%	3.0x	7.7x
Harmonic Mean							26.8%	2.9x	7.8x

DIVERSIFIED IT SERVICES & INTEGRATION

Company	Price 02/22/22	% 52 Wk High	Market Cap	Enterprise Value	LTM			EV / LTM	
					Revenue	EBITDA	Margin	Revenue	EBITDA
Diebold Nixdorf, Incorporated	\$7.96	46.0%	\$623.7	\$2,501.3	\$3,905.2	\$314.0	8.0%	0.6x	8.0x
Honeywell International Inc.	\$182.56	77.1%	\$125,203.1	\$134,991.1	\$34,392.0	\$9,020.0	26.2%	3.9x	15.0x
Johnson Controls International	\$65.22	79.8%	\$45,809.0	\$55,228.0	\$24,189.0	\$5,011.5	20.7%	2.3x	11.0x
Kratos Defense & Security	\$16.31	53.7%	\$2,022.2	\$2,051.8	\$806.3	\$66.3	8.2%	2.5x	NM
Shotspotter, Inc.	\$25.00	48.5%	\$291.9	\$279.3	\$56.8	\$6.6	11.6%	4.9x	NM
Stanley Black & Decker, Inc.	\$158.65	70.5%	\$25,865.2	\$32,320.8	\$15,617.2	\$2,607.4	16.7%	2.1x	12.4x
Mean							15.2%	2.7x	11.6x
Median							14.1%	2.4x	11.7x
Harmonic Mean							12.5%	1.8x	11.0x

Source: Capital IQ as of February 22, 2022

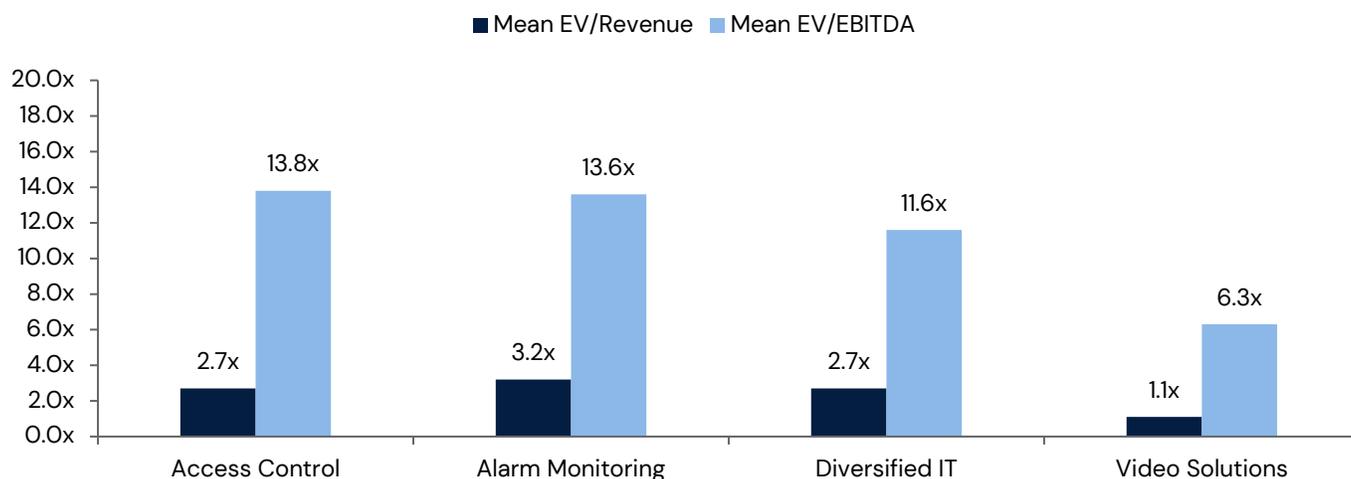
PUBLIC COMPANY DATA BY SEGMENT (CONTINUED)

VIDEO SOLUTIONS

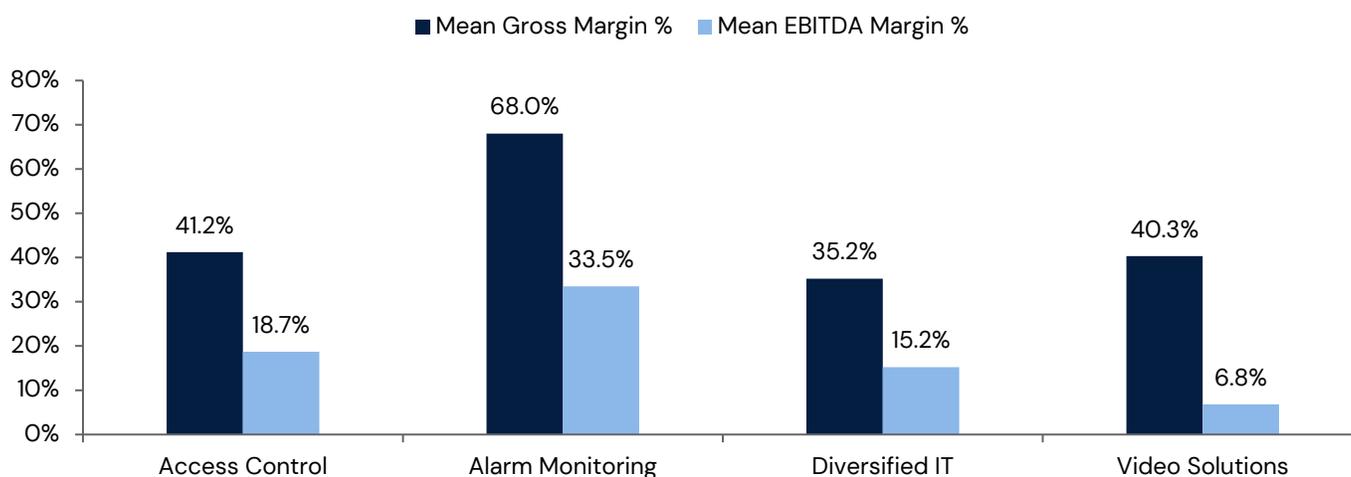
Company	Price 02/22/22	% 52 Wk High	Market Cap	Enterprise Value	LTM			EV / LTM	
					Revenue	EBITDA	Margin	Revenue	EBITDA
Canon Inc.	\$23.72	92.8%	\$24,803.6	\$26,029.1	\$30,514.3	\$4,835.0	15.8%	0.9x	5.4x
Mobotix AG	\$4.88	52.4%	\$65.4	\$93.3	\$77.5	\$3.4	4.4%	1.2x	27.3x
Shenzhen Infinova Limited	\$0.62	84.4%	\$738.9	\$878.7	\$690.3	\$0.1	0.0%	1.3x	NM
Mean							6.8%	1.1x	16.3x
Median							4.4%	1.2x	16.3x
Harmonic Mean							6.0%	1.1x	9.0x

EV = enterprise value; LTM = last twelve months
 \$ in millions, except per share data
 NM = Not Meaningful, above 30x EV/EBITDA

Last Twelve Month Revenue and EBITDA Multiples By Segment



Last Twelve Month Margin Performance By Segment



Source: Capital IQ as of February 22, 2022

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Todd possesses over 20 years of transaction, financial services and corporate executive experience. Throughout Todd's career he has worked with clients in various industries including business and consumer services, manufacturing, environmental services and high tech. Todd was the founder and President of Array Financial Services, a Boston based boutique M&A advisory firm, founded in 2002. He began his career at Putnam Investments then moved to Bank Boston's investment banking group.

Later, Todd served as Managing Director at Ross Crossland Weston/RCW Mirus, where he was responsible for managing the firm's technology investment banking practice. Todd's investment banking experience is complemented by his involvement as an entrepreneur and investor in a number of service companies. As an entrepreneur, Todd has purchased over a dozen companies, raised numerous rounds of debt and equity financing, and has been responsible for managing all aspects of operations, from sales and business development to finance and administration. He has been involved with growth related opportunities as an entrepreneur, service provider, director and investor.



Tom McConnell

Managing Director

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Tom joined Capstone Partners in 2011 and brings over 20 years of investment banking experience for clients' benefit. He has an impressive track record of completed transactions with cyber security, physical security, compliance and risk management related companies. Mergers, acquisitions, and capital raise engagements with founder-owned, private equity-backed and public corporations across the United States and internationally, demonstrate the depth of his sector knowledge and transaction acumen.

Throughout his career, Tom has also believed in the importance of giving back to the community and has been recognized for his professional accomplishments and leadership. He co-founded Colorado Cyber with the mission of connecting private and public sector leaders in the cybersecurity ecosystem, stimulating discussion on critical issues, and supporting economic growth. Tom has also served on numerous nonprofit boards including the Breckenridge Outdoor Education Center, Griffith Centers for Children, Supervisory Committee to the Board of Directors for Bellco Credit Union and the Denver Advisory Board. In his spare time, he enjoys coaching his son's athletic teams.



Max Morrissey

Research Associate

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Max is a Research Associate at Capstone Partners with a primary focus on the Business Services, Technology, Media & Telecom, and Education & Training industries. Before joining the corporate Research Team at Capstone Partners, Max was an analyst at Lab42 Research, a Chicago-based market research firm. At Lab42 he specialized in the development and analysis of proprietary research projects with a focus in quantitative methodology. Max has a BS in Economics and Marketing from DePaul University.

FIRM TRACK RECORD

Capstone Partners maintains an active Business Services practice in the middle market, with Security Solutions being an important vertical within our focus. This market presence allows Capstone Partners to provide security companies with experienced, up-to-date market data and access to key decision makers among the sector’s most active acquirers and investors.

CONFIDENTIAL

Corporate Sale
(In Process)

**BIOMETRICS
TECHNOLOGY PROVIDER**

CONFIDENTIAL

Corporate Sale
(In Process)

**MANAGED SECURITY
SERVICES PROVIDER**


The Power of One

HAS SOLD ITS FIRE
ALARM DIVISION TO


encore
FIRE PROTECTION


SAFE
ELECTRONICS INC.
PROTECTING LIVES SINCE 1984

HAS BEEN ACQUIRED BY

**AN UNDISCLOSED
STRATEGIC BUYER**

STRATOZEN

HAS BEEN ACQUIRED BY

 **ConnectWise**


**REVOLUTIONARY
SECURITY**

HAS BEEN ACQUIRED BY

 **accenture**


GC&E
SYSTEMS GROUP

HAS BEEN ACQUIRED BY


Bristol Bay
NATIVE CORPORATION


ROOK SECURITY

HAS BEEN ACQUIRED BY

SOPHOS

 **Security Integrations**
A Division of SI Technologies, Inc.

HAS BEEN ACQUIRED BY


Convergent
TECHNOLOGIES


NMC
NATIONAL MONITORING CENTER

HAS MERGED TO FORM


netwatch
GROUP

 **Riverside**

Note: Deals also include Cybersecurity industry clients

ENDNOTES

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Common Goals. Uncommon Results.

Disclosure

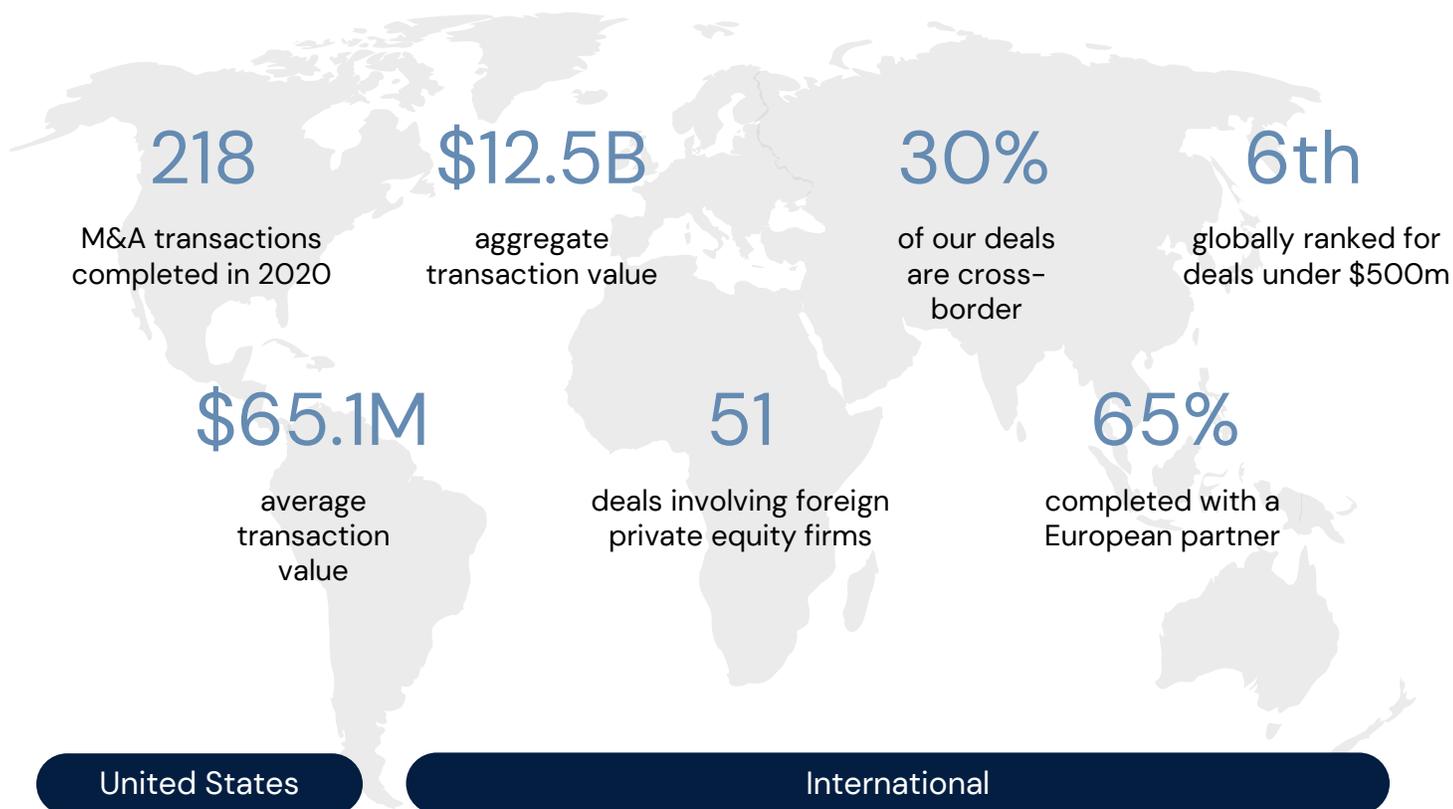
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CAPSTONE PARTNERS

Market Presence

With a long-established U.S. footprint, together with an international partner platform, we provide clients with broad expertise and access to key market relationships on a global basis. Our presence is backed by ~200 professionals in the U.S. with 450+ professionals across 43 countries.



170+ professionals
12 offices

Boston · Chicago · Dallas ·
Denver · Detroit · Los Angeles ·
New York · Orange County ·
Philadelphia · Richmond · San
Diego · Tampa

450+ professionals
60+ offices in 43 countries

Asia: China · India · Japan · Thailand
Africa: Congo · Egypt · Ghana · Ivory Coast · Mauritius · Morocco · Nigeria · Senegal · South Africa
Americas: Toronto · Vancouver · Argentina · Brazil · Chile · Colombia · Mexico · Panama & Central
America · Peru
Europe: Belgium · Bosnia & Herzegovina · Croatia · Czech Republic · Finland · France · Germany ·
Hungary · Ireland
Italy · Netherlands · Poland · Portugal · Russia · Serbia · Slovakia · Slovenia · Spain · Sweden ·
United Kingdom