

DIVERSIFIED INDUSTRIALS UPDATE

Fire & Life Safety and Security Services Spotlight



MERIDIAN CAPITAL
INVESTMENT BANKERS





FIRE & LIFE SAFETY AND SECURITY SERVICES MARKET INSIGHTS

Financial Investors Increasingly Focused on Industrial Services Sectors

- With economic headwinds in key industrials sectors, private equity investors for general industrial funds continue to prioritize opportunities in resilient facilities services sectors.
- Investors are focused on investing in companies where there is a high level of recurring monthly revenue (“RMR”) and near-term opportunities for expansion in services and scale.
- With more than 60 deals in the space over the past year, two thirds have involved a financial sponsor.

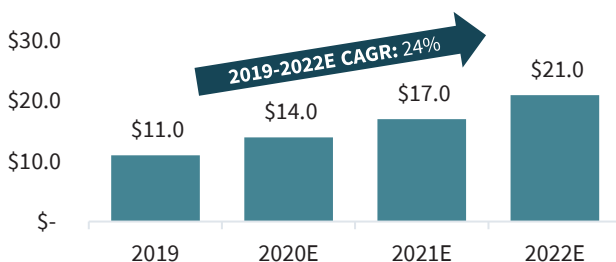
COVID-19 Drives Changes in Forecasted Commercial Real Estate Occupation Levels

- Stay-at-home orders have resulted in vacant and vulnerable commercial buildings, emphasizing the importance of ongoing fire safety inspection and maintenance services.
- While the sector tends to be recession resilient, the evolving commercial real estate market, challenges to the hospitality sector, and forecasted suburbanization could impact installation-focused businesses.
- Covid-19 has also driven increased demand for enhanced HVAC filtration systems at commercial properties.

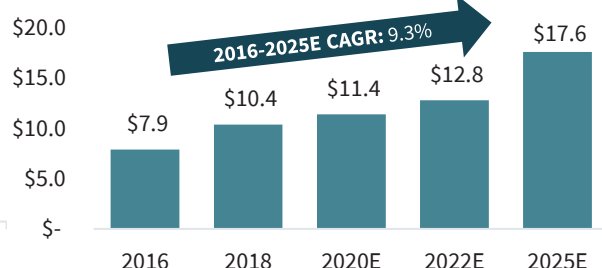
Continued Emphasis on Modernization and Updating for Smart Buildings

- Expanded internet of things and 5G modernization are continuing to drive hybrid technology and services building automation and security models.
- The ongoing conversion of fire alarm systems to cellular will provide substantial upgrade opportunities over the next few years.
- The significant recent investment by Google in ADT represents a major milestone in the maturity of the smart security market and is expected to accelerate the growth of DIY home security systems.

Global Smart Security Market (\$B)



U.S. Fire Safety Market (\$B)



WHAT WE'RE READING

Google invests in ADT, will integrate its Nest devices into smart home business – The Verge

Takeaway: Big Tech is making headways into the security services business as legacy security services providers look to integrate smart-home devices.

SDM: State of the Market: Fire Alarms 2020– SDM Magazine

Takeaway: Industry continues to experience strong growth despite challenges related to COVID-19 as fire & life safety businesses continue to look for opportunities to build more RMR.

Retrofitting homes with lower cost sprinkler technologies – U.S. Fire Administration

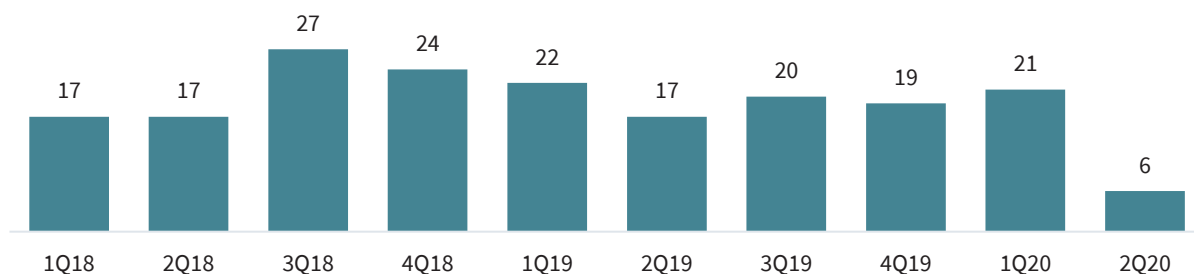
Takeaway: The U.S. Fire Administration is supporting research on the retrofitting of homes with fire-sprinkler systems, which could help open up incremental residential fire-sprinkler system opportunities for fire & life safety businesses.



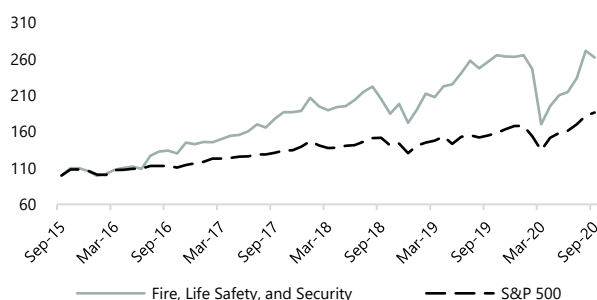
FIRE & LIFE SAFETY AND SECURITY SERVICES M&A ACTIVITY

M&A Activity and Market Trends

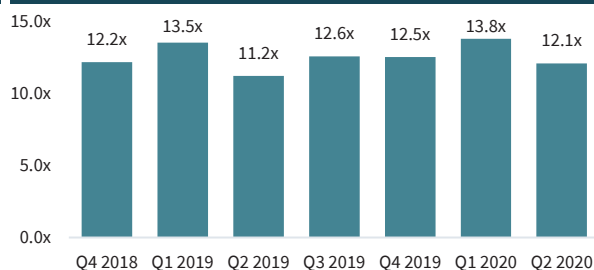
U.S. Fire & Life Safety and Security M&A Activity



Sector Market Performance



Sector Valuation Trends (EV / EBITDA)



Recent Transaction Spotlights



Backed
By



Sep. 2020

Description: National Fire & Safety, a portfolio company of Highview Capital, has acquired Element Fire Protection LLC.

Rationale: The acquisition meaningfully expands National Fire & Safety's subsidiary RCI Systems, Inc.'s scale and leadership in the Phoenix market.



Backed
By



Aug. 2020

Description: Certasite has merged Advanced Fire Company, Approved Fire Protection, and Advanced Fire & Security to form Advanced Fire, a Certasite Company.

Rationale: The acquisition continues Certasite's regional roll-up strategy and expands the company's presence in Pennsylvania.



Feb. 2020

Description: ADT acquired Alliant Integrators, a provider of commercial fire alarm detection, installation, inspection, and maintenance.

Rationale: The acquisition bolsters ADT's ability to serve mid-market and national commercial accounts by deepening the Company's geographic footprint in Kentucky and southern Indiana.



CONSOLIDATION IN FIRE & LIFE SAFETY AND SECURITY MARKET



Fire and Life Safety Services

Highly fragmented market in early stages of aggressive consolidation with multiple PE firms pursuing roll up strategies



Security Services

Market further along consolidation curve with major national consolidators and a handful of regional consolidators continuing to be active

Firm	Verticals of Interest	Notable Acquisitions	
 AI FIRE Backed By  Audax Group	  	 LRC FIRE & SAFETY Acquired 2020  DYNAMIC SAFETY INTERNATIONAL Acquired 2019	
 CertaSite Backed By  Riverside	 	 ADVANCE FIRE EXTINGUISHER COMPANY Acquired 2020  COUNTY FIRE PROTECTION Acquired 2019  FIELD'S Fire Protection Acquired 2019	
 PERFORMANCE SYSTEMS INTEGRATION	 	 BARBARO FIRE & SAFETY Acquired 2020  FIRE KING OF SEATTLE Acquired 2017	
 API Group	   	 NEUS ALARM & SUPPRESSION Acquired 2012  AMERICAN FIRE PROTECTION GROUP, INC. Acquired 2012  ISLAND FIRE FIRE SPRINKLER & ALARM Acquired 2009	
 Convergent TECHNOLOGIES Backed By  ARES	 	 CERBERUS Acquired 2020  pendergraph systems inc fire security sound Acquired 2019  realconnect Acquired 2019	
 SUMMIT COMPANIES Backed By  CI CAPITAL PARTNERS	 	 Farmington Fire Equipment Acquired 2020  BAY LINE FIRE PROTECTION INC Acquired 2019  Fire Protection Acquired 2019	
 ADT	   	 DEFENDERS Acquired 2020  I-VIEW NOW Acquired 2019  LifeShield HOME SECURITY Acquired 2019	
 Fire safety services	 HVAC & mechanical services	 Security services	 Building automation and other services



SELECT FIRE & LIFE SAFETY AND SECURITY M&A TRANSACTIONS

Date	Target	Buyer	Target Description	EV (\$M)
Sep-20	American Fire and Safety	Pye Barker Fire & Safety, Leonard Green & Partners	Provider of fire and life safety services in Laurel, Mississippi.	
Jul-20	Kennebec Fire Equipment, Inc.	AI Fire, Audax Group	Provider of fire protection equipment.	
Apr-20	Basic Fire & Safety, LLC	Performance Systems Integration, The Riverside Company	Provider of fire and life safety services in Washington, United States.	
Mar-20	Alpine Fire & Safety	Pye Barker Fire & Safety, Leonard Green & Partners	Operator of a fire protection company based in Burlington, Washington.	
Mar-20	Advance Fire Extinguisher Company	CertaSite, The Riverside Company	Provider of fire and life safety services in the Puget Sound area of Washington State.	
Feb-20	Florida Fire Safety	Pye Barker Fire & Safety, Leonard Green & Partners	Operator of fire extinguisher service company based in Miami, Florida.	
Feb-20	Certified Fire Protection, Inc.	Leonard Green & Partners	Operator of a fire protection company based in Las Vegas, Nevada.	
Feb-20	Florida Fire Safety	Certified Fire Protection	Operator of a fire protection company based in Las Vegas, Nevada.	
Feb-20	LRC Fire Safety, LLC	AI Fire, Audax Group	Operator of a full-service fire and safety company.	
Jan-20	Defenders Inc.	ADT Security Services	Operator of a home automation company intended to provide home security and automation option services to users fitting their needs.	\$289
Jan-20	Strauss Security Solutions	Security Equipment	Provider of full-service home security systems based in Urbandale, Iowa.	
Dec-19	Bay Line Fire Protection, Inc.	The Summit Companies, CI Capital Partners	Provider of fire protection system installation and inspection services.	
Dec-19	Allied Universal	Warburg Pincus	Provider of security and facility management services in the United States.	\$7,000
Dec-19	Byrd's Fire Protection	The Summit Companies, CI Capital Partners	Provider of fire equipment sales and services based in Murray, Utah.	
Nov-19	Florida Fire Service, Inc.	Align Capital Partners	Provider of fire protection services.	
Nov-19	Pye Barker Fire & Safety	Leonard Green & Partners	Provider of route-based fire protection and commercial cleaning services to restaurants and food service companies.	
Sep-19	Southern Supply Inc	The Summit Companies, CI Capital Partners	Manufacturer and supplier of fire protection, first aid safety and emergency products & services.	
Sep-19	PAW Security, LLC	The Summit Companies, CI Capital Partners	Provider of fire safety products and services.	
Sep-19	Hoodco systems Inc	AI Fire, Audax Group	Provider of fire protection systems for the restaurant industry.	
Aug-19	Performance Systems Integration, Corp.	The Riverside Company	Provider fire and life safety services.	
Jul-19	County Fire Protection, Inc.	CertaSite, The Riverside Company	Provider of fire protection services based in Kent, Ohio.	
Jul-19	Field's Fire Protection Inc.	CertaSite, The Riverside Company	Provider of fire protection services.	
Jun-19	Security Corp.	Red Hawk Fire & Security	Provider of integrated security systems and services.	
Jan-19	Red Beetle Fire and Safety, LLC	Cintas	Provider of fire and safety products and services to multi-unit family complexes, industrial buildings, retail buildings and stores, restaurants,	
Oct-18	Flametamer Fire Protection, LLC	CI Capital Partners	Provider of fire protection products and services.	
Oct-18	Clark Fire and Safety	CI Capital Partners	Provider of fire protection products and services.	
Oct-18	Dunbar Security Solutions	ControlScan, Thomson Street Capital Partners	Provider of managed security solutions for businesses.	
Oct-18	LJR Security Services, LLC	NuLife Sciences	Provider of security systems services.	
Aug-18	ABCO Fire Protection, Inc.	Align Capital Partners	Manufacturer of commercial fire alarm systems and technology.	
Jul-18	Systems By Design Inc.	ADS Security	Manufacturer of security and fire alarms in Alabama.	
Jun-18	YPS Integrated Systems, Inc.	Select Security	Provider of security and life safety solutions intended to protect customers, neighbors, and families.	
Feb-18	Convergent Technologies LLC	Ares Private Equity Group	Provider of electronic security, fire alarm, healthcare technologies, physical security, communications and building automation systems.	\$1,620

Source: PitchBook Data, Inc, Company Press Releases, Meridian Research

DIVERSIFIED INDUSTRIALS



MERIDIAN CAPITAL INVESTMENT BANKERS

Meridian Capital has been helping middle market business owners achieve their M&A and corporate finance goals since 1995.

Meridian's Diversified Industrials Team

INDUSTRY EXPERIENCE

Meridian's diversified industrials practice provides comprehensive access to top industry-wide strategic and financial sponsor relationships, deep sector expertise, and proven transaction experience to help maximize shareholder value.

TRANSACTION EXPERTISE

- Mergers & Acquisitions
- Growth Capital
- Strategic Advisory

TAILORED PROCESSES

- High-Touch Approach
- Multidisciplinary Deal Team
- End-to-End Services

MERIDIAN CAPITAL'S DEDICATED DIVERSIFIED INDUSTRIALS TEAM

Team Leads



Brian Murphy
President & Managing Director
bmurphy@meridianllc.com



Kristin Brandtner
Sr. Vice President
kbrandtner@meridianllc.com



Bruce Pym
Managing Director
bpym@meridianllc.com



Aaron Franzheim
Sr. Associate
afranzheim@meridianllc.com



Jacob Atkinson
Analyst
jatkinson@meridianllc.com

About Meridian Capital

Meridian Capital (www.meridianllc.com), a Seattle-based M&A advisory firm, has served as a trusted advisor to business owners on complex corporate finance, M&A, and strategic challenges for over 20 years. The firm differentiates itself through its deep industry insights, highly customized service approach, and end-to-end commitment to execution.

Contact Us

1809 Seventh Avenue
Suite 1330
Seattle, WA 98101
t: (206) 623-4000
e: info@meridianllc.com
meridianllc.com