



Houlihan Lokey

Security and Safety Solutions

Market Update

Spring 2023

ABOUT OUR FIRM



Houlihan Lokey is a leading global investment bank with expertise in mergers and acquisitions, capital markets, financial restructuring, and financial and valuation advisory.

Our firm is the trusted advisor to more top decision-makers than any other independent global investment bank.

We invite you to learn more about how our bankers can serve your needs:

Learn More About Corporate Finance

Learn More About Financial Restructuring

Learn More About Financial and Valuation Advisory

Learn More About Our Industry Coverage

Key Facts and Figures



36
LOCATIONS
WORLDWIDE

~2,000
TOTAL FINANCIAL
PROFESSIONALS

313
MANAGING
DIRECTORS⁽¹⁾

2,000+
CLIENTS SERVED
ANNUALLY

\$6B
MARKET
CAPITALIZATION⁽²⁾

\$1.8B
REVENUE⁽³⁾

Our Ranking by Service

Corporate Finance

2022 M&A Advisory Rankings Global Transactions Under \$1 Billion		
Advisor	Deals	
1 Houlihan Lokey	381	
2 Rothschild & Co	369	
3 JP Morgan	217	
4 Lazard	206	
5 Goldman Sachs & Co	203	

Source: Refinitiv. Excludes accounting firms and brokers.

No. 1 Global M&A Advisor for Transactions Under \$1 Billion

Leading Capital Markets Advisor

Financial Restructuring

2022 Global Distressed Debt & Bankruptcy Restructuring Rankings		
Advisor	Deals	
1 Houlihan Lokey	58	
2 PJT Partners Inc	30	
3 Lazard	29	
4 Rothschild & Co	25	
5 Moelis & Co	21	

Source: Refinitiv.

No. 1 Global Restructuring Advisor

1,500+ Transactions Completed Valued at More Than \$3.0 Trillion Collectively

Financial and Valuation Advisory

1998 to 2022 Global M&A Fairness Advisory Rankings		
Advisor	Deals	
1 Houlihan Lokey	1,232	
2 JP Morgan	1,030	
3 Duff & Phelps, A Kroll Business	938	
4 Morgan Stanley	725	
5 BofA Securities Inc	710	

Source: Refinitiv. Announced or completed transactions.

No. 1 Global M&A Fairness Opinion Advisor Over the Past 25 Years

1,000+ Annual Valuation Engagements

Fully Integrated Financial Sponsors Coverage

24 Senior officers dedicated to the sponsor community in the Americas and Europe

1,000+ Sponsors covered, providing market insights and knowledge of buyer behavior

700+ Companies sold to financial sponsors over the past five years

Houlihan Lokey Is a Global Firm

Americas

Atlanta Houston San Francisco
Baltimore Los Angeles São Paulo
Boston Miami Washington,
Chicago Minneapolis D.C.
Dallas New York

Europe and Middle East

Amsterdam Madrid Stockholm
Antwerp Manchester Tel Aviv
Dubai Milan Zurich
Frankfurt Munich
London Paris

Asia-Pacific

Beijing Mumbai Sydney
Fukuoka Nagoya Tokyo
Gurugram Shanghai
Hong Kong Singapore
SAR

(1) As of April 2023. Excludes corporate managing directors. (2) As of April 2023. (3) LTM ended March 31, 2023.

ABOUT OUR INDUSTRIALS GROUP

Houlihan Lokey's Industrials Group has earned a reputation for providing superior service and achieving outstanding results in M&A advisory, capital raising, restructuring, and financial and valuation advisory services.

According to data provided by Refinitiv, our Industrials Group was once again ranked as the No. 1 M&A advisor for all U.S. industrials transactions in 2022.*

*Excludes accounting firms and brokers.

2022 M&A Advisory Rankings All U.S. Industrials Transactions		
Advisor	Deals	
1 Houlihan Lokey	35	
2 Lincoln International	33	
3 Goldman Sachs & Co	26	
3 Stout	26	
5 Benchmark International	25	
5 Jefferies LLC	25	

Source: Refinitiv. Excludes accounting firms and brokers.

Learn More About Our
Industrials Group Industry Coverage

Key Facts and Figures

160+

Dedicated Industrials Group bankers

75

Completed Industrials Group M&A/
private placement transactions in CY22

\$2B

In disclosed financing deals in CY22

Industry Sector Coverage

We cover a broad array of sectors, with bankers dedicated to each of our primary coverage areas.



Aerospace



Advanced Manufacturing
and Engineered Products



Automotive, Truck, and
Automotive Technologies



Building Products



Chemicals



Decarbonization
Products and Services



Defense



Energy Services and
Technology



Government Services
and Technology



Industrial Technology



Metals and Engineered
Materials



Packaging, Plastics, and
Paper



Security and Safety
Solutions



Specialty Distribution

Selected Industrials Group Transactions

 a portfolio company of has been acquired by 	 has partnered with 	 a portfolio company of has been acquired by 	 has acquired a portfolio company of 	 a portfolio company of has been acquired by 	 a portfolio company of has been acquired by 	 has been acquired by a portfolio company of 	 has sold a majority interest in the company to
Sellside Advisor	Sellside Advisor	Sellside Advisor	Buy-side Advisor	Sellside Advisor	Sellside Advisor	Sellside Advisor	Sellside Advisor

SECURITY AND SAFETY SOLUTIONS TEAM



The security and safety solutions sector, which operates within Houlihan Lokey's Industrials Group, has earned a reputation for providing superior service and achieving outstanding results in M&A advisory, capital raising, restructuring, and financial and valuation advisory services.

Our transaction quality and client work benefit from our company culture, where senior bankers are highly engaged in the execution of client projects, and from our experience as leaders in the market for more than a decade, which has given our professionals valuable exposure to a variety of situations and challenges. In 2022, our Industrials Group was once again ranked as the No. 1 M&A advisor for all U.S. industrials transactions.⁽¹⁾

(1) Source: Refinitiv. Excludes accounting firms and brokers.

Leadership



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Contact Us

Please reach out to us to schedule a call to discuss this quarter's market update or to explore how we can serve your business needs.

[Request a Meeting](#)

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Subsector Coverage



- Access Control
- Authentication and Identification
- Building Technology and Automation
- Connected Home
- Fire and Life Safety
- Physical Security
- Public Safety Technology
- Safety Products and Services
- Security Monitoring
- Systems Integration
- Video Surveillance

Featured Transactions

<p>Security Source has been acquired by PAVION a portfolio company of WIND POINT PARTNERS</p> <p>Sellside Advisor</p>	<p>SureWerx a portfolio company of Riverside has been acquired by Partners Group</p> <p>Sellside Advisor</p>	<p>Cognyte has divested Situational Intelligence Solutions to VOLARIS</p> <p>Sellside Advisor</p>	<p>DoorBird has been acquired by ASSA ABLOY</p> <p>Sellside Advisor</p>
<p>ACRE a portfolio company of LLR Partners has been acquired by Triton</p> <p>Sellside Advisor</p>	<p>Revolution Retail Systems has been acquired by GLORY</p> <p>Sellside Advisor</p>	<p>Texecom an operating subsidiary of Halma has been acquired by LDC BACKING AMBITION</p> <p>Sellside Advisor</p>	<p>MARCH a subsidiary of Innova has been acquired by DELTA</p> <p>Sellside Advisor</p>
<p>Protection One Alles sicher has been acquired by Securitas</p> <p>Sellside Advisor*</p>	<p>BauWatch a portfolio company of NORDIAN CAPITAL PARTNERS has been acquired by HANIEL</p> <p>Sellside Advisor</p>	<p>ALERT 360 has merged with MY ALARM CENTER</p> <p>Sellside Advisor</p>	<p>Safety Products HOLDINGS a portfolio company of LEVINE LEICHTMAN CAPITAL PARTNERS has been acquired by BERTRAM CAPITAL</p> <p>Sellside Advisor</p>
<p>S2 SECURITY has been acquired by United Technologies</p> <p>Sellside Advisor</p>	<p>MERCURY SECURITY a portfolio company of LLR partners has been acquired by HID</p> <p>Sellside Advisor</p>	<p>ARDIAN has sold Gantner to SALTO inspired.access</p> <p>Sellside Advisor*</p>	<p>3M Gas & Flame Detection has been acquired by TELEDYNE TECHNOLOGIES Everywhere you look.</p> <p>Sellside Advisor</p>

*Selected transactions were executed by Houlihan Lokey professionals while at other firms acquired by Houlihan Lokey or by professionals from a Houlihan Lokey joint venture company. Tombstones included herein represent transactions closed from 2017 forward.

SECURITY AND SAFETY SOLUTIONS MARKET COVERAGE

Access Control

Hardware- and software-based solutions to manage entry into, access to, and the use of physical and digital sites



Authentication and Identification

Technologies used to address counterfeiting activities and solutions used to identify individuals based on biological factors



Building Tech and Automation

Fully integrated solutions offering energy efficiency, quality control, and systems control for commercial use



CBRNE and Testing

Sensor technologies that screen and detect for chemical, biological, radiological, nuclear, and explosives



Connected Home

Technology allowing for complete automation of the home, including lights, doors, systems, and temperature



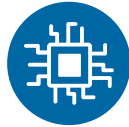
Fire and Life Safety

Fire systems solutions, including fire alarms, sprinklers, wet and dry agent suppression systems, and extinguishers



Industrial Cyber

Software and hardware to provide security to the industrials sector for IoT and operational technology applications



Physical Security

Threat protection products for people, vehicles, and buildings, including armor and blast-protection technologies



Public Safety Technology

Hardware and software technologies to manage the retrieval, analysis, and storage of data as part of public safety operations



Risk Mitigation

Disaster recovery, emergency procedures, investigations, business intelligence, consulting, and employee screening services



Safety Products and Services

Products, technology, and services designed to protect people and property in life-threatening or harsh conditions



Security Monitoring

Intrusion, fire, and video system design, installation, and monitoring for residential and commercial customers



Systems Integration

Services comprising the installation and maintenance of intrusion, fire, and other critical security systems



Track and Trace

Hardware and software that enables asset tracking, field personnel communications, and supply-chain management



Video Surveillance

Hardware and software technologies that capture, record, and analyze real-time images



SPRING SECURITY AND SAFETY SOLUTIONS MARKET UPDATE

Introduction

Dear Clients and Friends,

Houlihan Lokey is pleased to present its Security and Safety Solutions Market Update for spring 2023.

We have included important news stories—including a profile and coverage on Carrier’s recent announcement of its planned spinoff of the company’s Fire & Security business—transaction announcements, and a public markets overview to help you stay ahead in our dynamic and constantly evolving industry.

In April, several security and safety solutions verticals performed exceptionally well relative to the S&P. Most notably, video surveillance and system integrator peer groups led the sector.

Overall deal flow through April 2023 has remained active, albeit at a slower pace, as debt markets continue to constrain transactions. Notable developments include Berkshire Partners’ investment in Thompson Safety and EQT’s acquisition of SK Shieldus.

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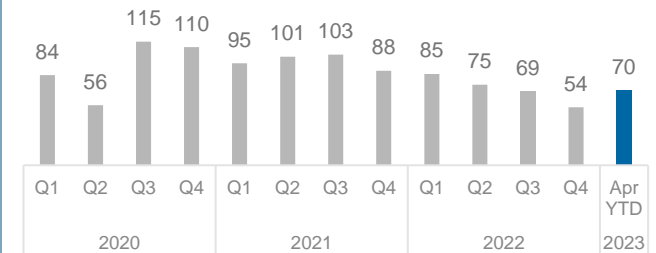
Source: S&P Capital IQ. Data as of April 28, 2023.

Spring 2023 Quick Facts

Security and Safety Solutions M&A Transaction Volume

70

Transactions Spring 2023



Security and Safety Solutions Sector Market Snapshot

2.2x

TEV/NTM
Revenue

12.0x

TEV/NTM
EBITDA







6.7%

2022–2023E
Revenue CAGR

18.6%

NTM EBITDA
Margin

FEATURED SECTOR NEWS

Date	Company	Subsectors	Article Title	Article Link
Apr. 11, 2023		Fire and Life Safety	"Carrier Plots Separation of Fire Unit"	Read more
Mar. 30, 2023	ASSA ABLOY	Physical Security	"ASSA ABLOY Acquires Mottura in Italy"	Read more
Mar. 29, 2023	Honeywell	Building Technology and Automation	"Honeywell Invests in Energy-as-a-Service Market Leader Redaptive to Drive Private Sector Energy Contracting"	Read more
Mar. 29, 2023		Building Technology and Automation	"Johnson Controls Launches New IQ Pro Hybrid Security Panel, Adding Flexibility to Intrusion Protection"	Read more
Mar. 28, 2023		Fire and Life Safety	"Halma Acquires FirePro for €150 Million"	Read more
Mar. 22, 2023		Building Technology and Automation	"Schneider Electric Investing €40 Million in New Smart Factory in Hungary"	Read more
Mar. 2, 2023	3M	Safety Products and Services	"3M and Guardhat Announce Collaboration on Connected Safety"	Read more
Mar. 1, 2023		Public Safety Technology	"Tyler Technologies Acquires Safeguard Analytics"	Read more
Feb. 15, 2023	3M	Safety Products and Services	"3M to Partner With U.S. Federal Government on National Strategy to Curb Traffic-Related Deaths, Offering 80 Years of Science in Traffic Safety"	Read more
Jan. 3, 2023	ALLEGION 	Physical Security	"Allegion Finalizes Acquisition of SaaS Workforce Management Solution Provider Plano"	Read more

CARRIER GLOBAL CORP. (NYSE:CARR)

COMPANY OVERVIEW



Group Overview

- Carrier Global Corp. (Carrier) provides HVAC, refrigeration, fire, security, and building technologies worldwide
- Operates ~1,100 sites, which comprise approximately 41 million square feet of production space
- The company maintains 52,000+ employees and sells its products to 160+ countries
- Focused on portfolio simplification to streamline operations and emphasize the digital and aftermarket portions of its business

No. 1 in North America
Residential HVAC

No. 1 in Global
Transport Refrigeration

No. 1 in Global
Residential Fire

Divisional Overview

<p>HVAC</p>	<ul style="list-style-type: none"> Provides products, controls, services, and solutions to meet the heating, cooling, and ventilation needs of residential and commercial customers while enhancing building performance, health, energy efficiency, and sustainability
<p>Refrigeration</p>	<ul style="list-style-type: none"> Provides cold chain solutions for the transport and preservation of food, medicine, and other perishable cargo Products designed for trucks, trailers, shipping containers, intermodal applications, food retail, and warehouse cooling
<p>Fire & Security</p>	<ul style="list-style-type: none"> Provides a wide range of residential, commercial, and industrial technologies, with products including fire detection devices and extinguishers, fire suppression systems, intruder alarms, access control systems, and video management systems

Brands

HVAC	Refrigeration	Fire & Security

Senior Leadership



David Gitlin, Chairman and CEO

- Joined Carrier in June 2019
- Previously served as the President and COO of Collins Aerospace



Patrick Goris, SVP and CFO

- Joined Carrier in November 2020
- Previously served as CFO of Rockwell Automation



Ajay Agrawal, SVP and Chief Strategy Officer

- Joined Carrier in October 2019
- Previously served as the President of Aftermarket at Collins Aerospace



Jurgen Timperman, President – Fire & Security

- Joined Carrier in January 2019
- Previously served as the VP of Sales & Marketing (EMEA region) at GE Security

CARRIER ANNOUNCES PLANS TO DIVEST F&S DIVISION

SELECT PRESS COMMENTARY



Recent News Articles

 **Carrier Plots Separation of Fire Unit**
Air-conditioning company aims to sell or spin off Fire & Security business

◆ WSJ NEWS EXCLUSIVE | BUSINESS

By [Laura Cooper](#) [Follow](#) and [Lauren Thomas](#) [Follow](#)

Updated April 11, 2023 11:35 am ET

 **Carrier Global Explores Strategic Alternatives For Its Fire And Safety Business Unit**

Joe Cornell Contributor @ [Follow](#)

Apr 17, 2023, 12:14pm EDT

 **Market-Moving News: Carrier Aims to Sell or Spin Off Fire & Security Business**

April 14, 2023

 **Carrier Global: Talk of Fire and Security Sale Swirls**

 Brian Bernard, CFA, CPA
Apr 12, 2023

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Equity Research Commentary

“Relevant F&S sale comps, including Stanley’s Security business and Chubb, point to an EV/EBITDA multiple in the mid-teens. The resultant value of F&S using a 15x EV/EBITDA multiple is ~\$9.5 billion, a relatively large price tag, which could limit the number of suitors with enough balance sheet capacity to fund a deal (particularly given private equity tends to be active in this space and financing tightness/high interest rates are now limiting PE transaction activity).”

– Deutsche Bank, April 13, 2023

“We believe that investors would applaud a divestiture of Fire & Security, as it would position Carrier as a more focused HVAC pure-play. Overall, we believe this divestiture makes sense, as roughly 75% of Fire & Security revenues are in products, many of which are commoditized, in our view. By our rough back-of-the-envelope estimates, a sale would be modestly dilutive assuming a 13.8x EBITDA multiple, which is a roughly 20% takeout premium to our SOP for the Fire & Security segment, a 23% tax rate, and the proceeds were used on buybacks. For a spinoff, the business could trade at 11.5x EV/EBITDA and be 15%–17% dilutive, assuming roughly 2.0x leverage.

– RBC Capital Markets, April 11, 2023

“Investors argue a potential breakup would drive a higher valuation multiple for the HVAC business, a playbook that worked successfully for Trane Technologies following the Ingersoll Rand spin-off. Fire & Security peers currently trade at 9.1x 2023 EV/EBITDA. To be clear, potential AFFF liability within Fire & Security creates uncertainty around valuation. However, Carrier’s exposure is fundamentally different from 3M and other fluoro-chemistry manufacturers.”

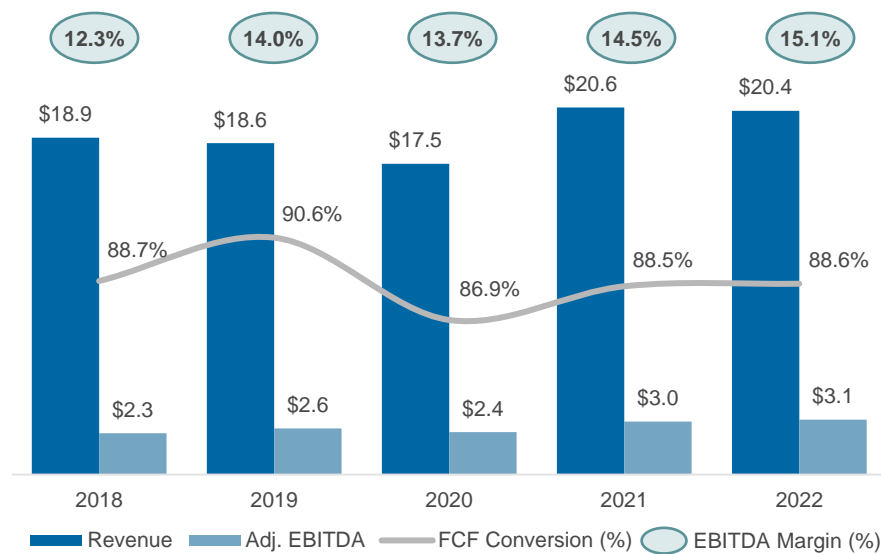
– BofA Global Research, April 10, 2023

CARRIER GLOBAL CORP. (NYSE: CARR)

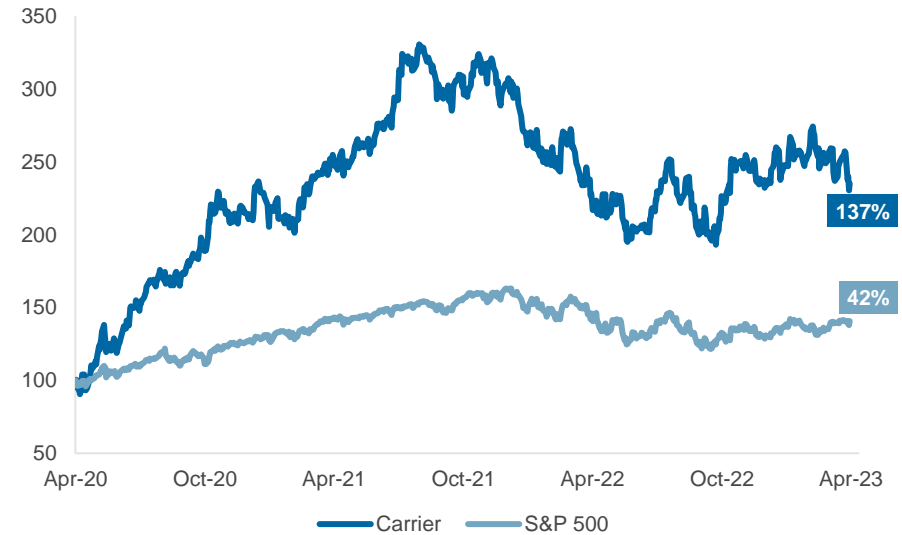
FINANCIAL OVERVIEW



Historical Financial Performance^(1,2)



3-Year Share Price Performance⁽³⁾



Trading Statistics

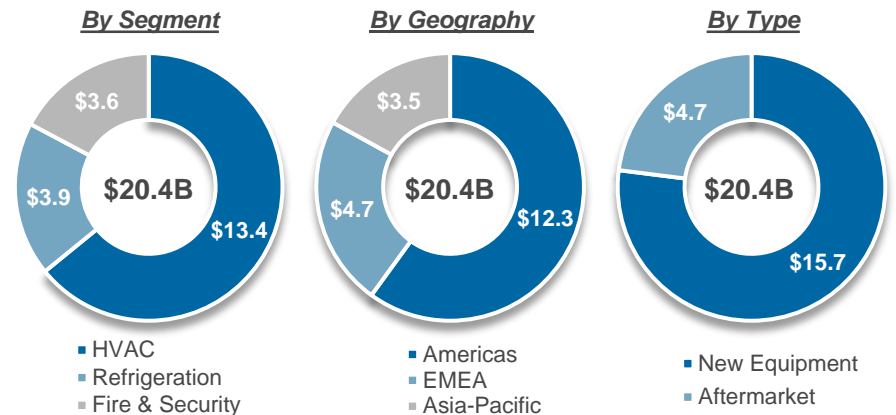


2022A

EV / EBITDA	12.7x
EV / FCF	14.2x
P/E (diluted)	17.9x

Segment Breakdown (FY 2022)

(\$ in billions)



Source: 2022 Company Investor Presentation, Q4 2022 Earnings Presentation, CapitalIQ as of 4/28/2023

(1) Adjusted EBITDA = (Operating Profit - Non-cash Gains on Asset Sales + Asset Impairment Charges + Depreciation & Amortization)

(2) FCF Conversion = (Adjusted EBITDA - Capital Expenditures) / Adjusted EBITDA

(3) Carrier and S&P share pricing indexed to 100 as of 4/28/2020

FIRE & SECURITY

DIVISIONAL OVERVIEW



Group Overview

- Carrier's Fire & Security division provides product and technology innovations that are supported by installation, maintenance, and monitoring through a wide network of channel partners
- Primarily sells its products directly to end customers, though the division also utilizes distributors, dealers, and retail distributors
- The division completed a \$3.1 billion sale of its Chubb Fire & Security field business to APi Group (NYSE:APG) in January 2022, seeking to streamline its portfolio and focus on higher-margin offerings
- Reported \$3.6 billion in sales in 2022, which represented 17% of Carrier's total revenue

No. 1 in Global Fire & Security Products

No. 1 in Access Software

No. 1 in North America Real Estate Access Controls

Product Group Overview

<p>Fire</p>	<ul style="list-style-type: none"> Encompassed by fire and carbon monoxide detection, alarm signaling, incident management, monitoring, gas and water mist suppression, and fire and gas safety solutions
<p>Security</p>	<ul style="list-style-type: none"> Includes access control and event monitoring, intrusion devices, electronic locks, hospitality solutions, mobile apps and credentialing, real estate access solutions, remote access management, and video management
<p>Controls</p>	<ul style="list-style-type: none"> Encompasses a wide variety of control systems, including fire and flame controls, temperature controls, heat detectors, HVAC, and electronic controls

Brands

Fire	Security	Controls

Recent Trends and Outlook

- Netting the impact of the Chubb Fire & Security divestiture, the division realized 6% organic sales growth in 2022
 - Growth driven entirely by price increases, with organic volumes with organic volumes down in the low single digits
- 2022 operating margin of 15% fell short of 16% operating margin guidance
 - Attributable to continued high supply chain and logistics costs and operational performance challenges
- Fire & Security Products backlog is up almost 30% year over year
- Guidance suggests low single-digit top-line growth in 2023 with continued margin expansion as the division continues to focus on a mix shift to higher-margin offerings

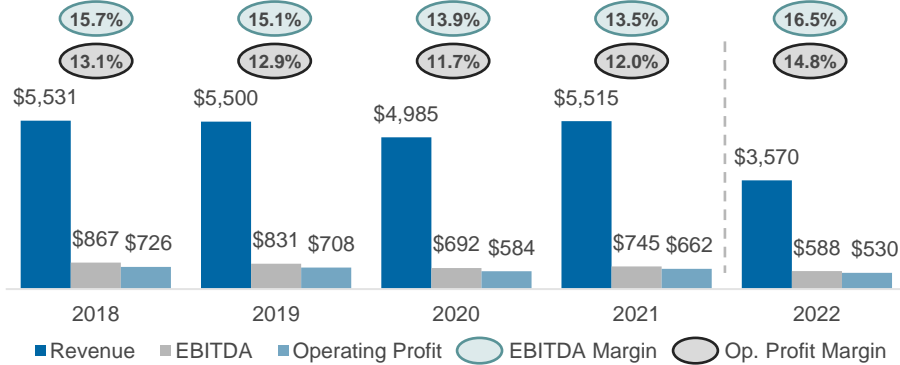
FIRE & SECURITY

FINANCIAL OVERVIEW



Summary Financials⁽¹⁾

(\$ in millions)

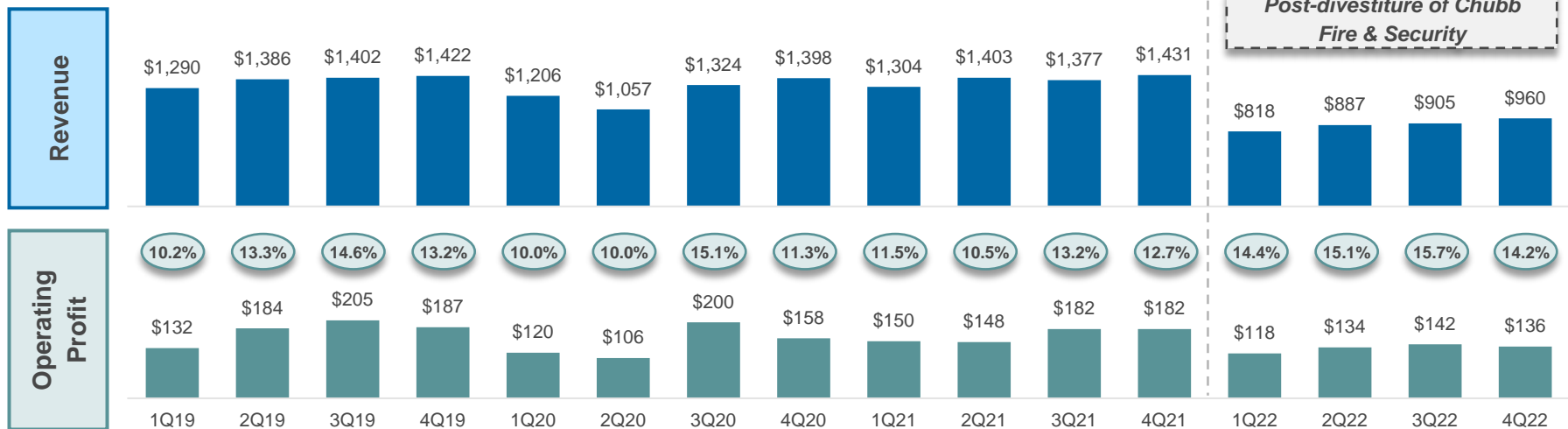


Summary Financials (\$m)

	2018	2019	2020	2021	2022
Capex	45	50	51	49	40
Capex as a % of Revenue	0.8%	0.9%	1.0%	0.9%	1.1%

Quarterly Financial Overview⁽¹⁾

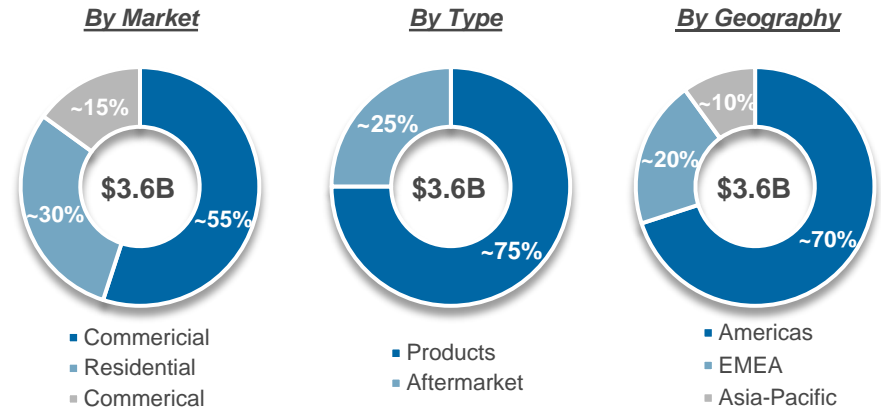
(\$ in millions)



Source: Company Investor Presentations and Filings

(1) 2022 financial metrics exclude contributions and sale proceeds from Chubb Fire & Security

Revenue Split (FY 2022)



FIRE & SECURITY

BRAND OVERVIEW



The Fire & Security division has an expansive brand portfolio servicing a wide array of end markets

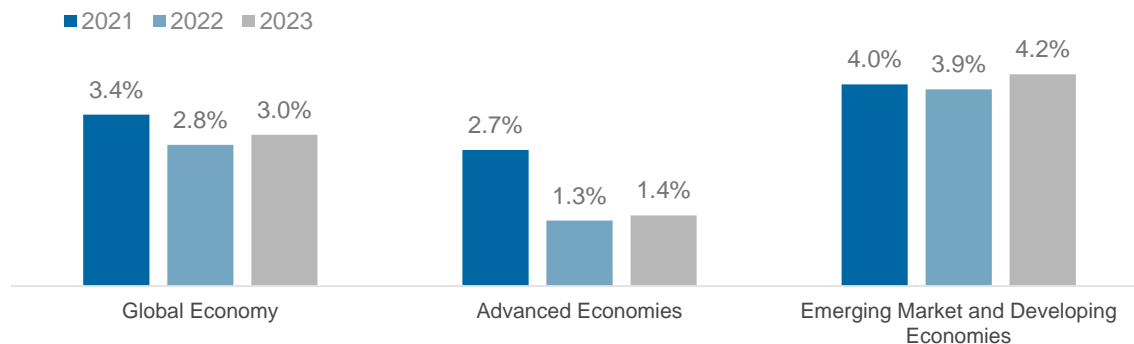
Brand	Product Category			End-Market Focus			Selected Product Offerings
	Fire	Security	Controls	Commercial	Industrial	Residential	
ARITECH		✓		✓			<ul style="list-style-type: none"> Alarm systems Commercial cameras Video recorders Surveillance systems Key locks Control panels
AUTRONICA	✓			✓	✓		<ul style="list-style-type: none"> Fire detectors Alarm units Monitoring systems Voice alarm systems Fire suppression systems
DET-TRONICS	✓				✓		<ul style="list-style-type: none"> Flame detectors Toxic gas detectors Combustible gas detectors Smoke and heat detectors
EDWARDS	✓			✓			<ul style="list-style-type: none"> Life safety panels Wide area speakers Horn-strobe systems Aspirating detectors Voice communication systems
FENWAL CONTROLS			✓		✓		<ul style="list-style-type: none"> Gas ignition controls Thermostats Temperature controllers Kitchen fire detection equipment
fireye			✓		✓		<ul style="list-style-type: none"> Burner controls Flame scanners Combustion control accessories Spark ignitors Gas pilots
GST	✓			✓			<ul style="list-style-type: none"> Fire alarm control panels Smoke detectors Wall mount strobes Flame-proof UV flame detectors
Kidde Fire Systems	✓				✓	✓	<ul style="list-style-type: none"> Smoke and carbon monoxide alarms Escape ladders Batteries Fire extinguishers Key boxes and locks
LENEL S2		✓		✓			<ul style="list-style-type: none"> Video access control systems Cloud-based software programs Video management and analytics platforms
MARIFF	✓			✓	✓		<ul style="list-style-type: none"> Water-mist fire mitigation systems BluEdge lifecycle services platform
Onity		✓		✓			<ul style="list-style-type: none"> Mobile access control solutions Electronic locking systems Electronic in-room safes
Supra		✓				✓	<ul style="list-style-type: none"> Digital keys and lockboxes Electronic locking systems Real estate broker showing management
UTEC			✓	✓		✓	<ul style="list-style-type: none"> Electric heat controls Ignition controls Defrost controls Zoning controls Water heater controls Pool and spa controls

GLOBAL MACROECONOMIC TRENDS

Global GDP has slowed down amid stubbornly high inflation and recent financial sector turmoil

1 Global economic outlook remains uncertain as the full impact of macro headwinds continue to materialize

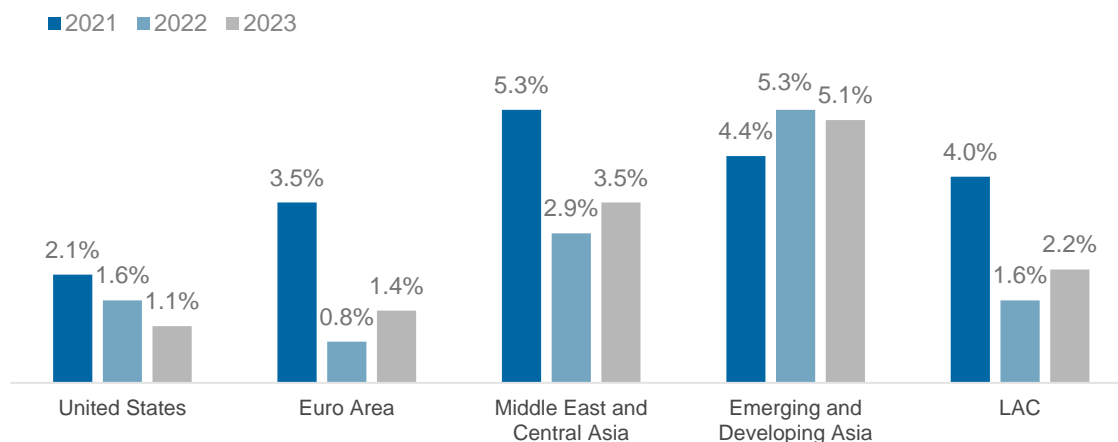
Global Real GDP Growth (annual percent change)⁽¹⁾



- Early indications in 2023 that the global economy might experience a gentle landing, characterized by a decrease in inflation and stable growth, have lost momentum due to persistently high inflation and recent upheavals in the financial industry
- The ongoing conflict in Ukraine and the lingering COVID-19 impact from the past three years continue to hinder global growth

2 Growth rates continue to be low across most geographical regions through 2023

Real GDP Growth by Region (annual percent change)⁽¹⁾



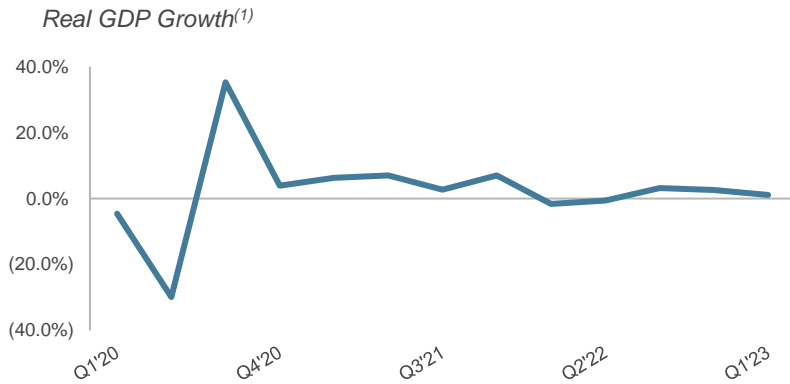
- Global headline inflation in the baseline is set to fall from 8.7% in 2022 to 7.0% in 2023 on the back of lower commodity prices, but underlying (core) inflation is likely to decline more slowly

⁽¹⁾ International Monetary Fund as of April 2023.

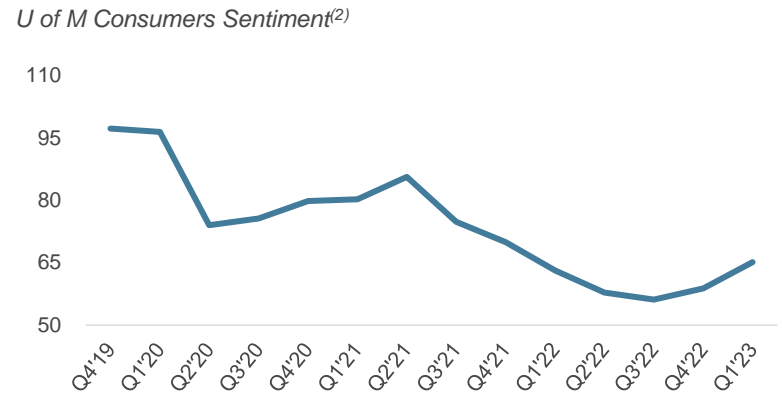
KEY U.S. ECONOMIC INDICATORS

Key U.S. economic indicators show slow economic contraction

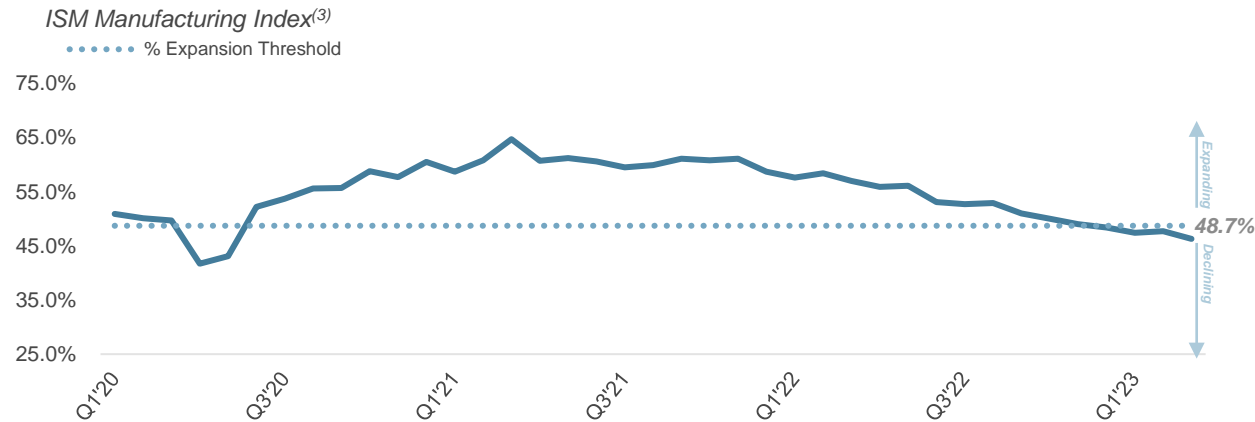
1 GDP growth decelerated to 1.1%, impacted by the slowdown in business and housing investment...



2 Consumers' confidence wanes over high pricing



3 Product demand and production levels signal slow contraction



- Manufacturing PMI contracted for the fifth straight month, signaling slow contraction and the continuation of a downward trend that began in June 2022
- In March, consumer sentiment fell for the first time in the past four months; despite this, the quarterly average is still above last year's ratings
- Consumers' expectations primarily worsened based on consistently high prices

(1) U.S. Bureau of Economic Analysis as of April 2023.

(2) University of Michigan as of March 2023.

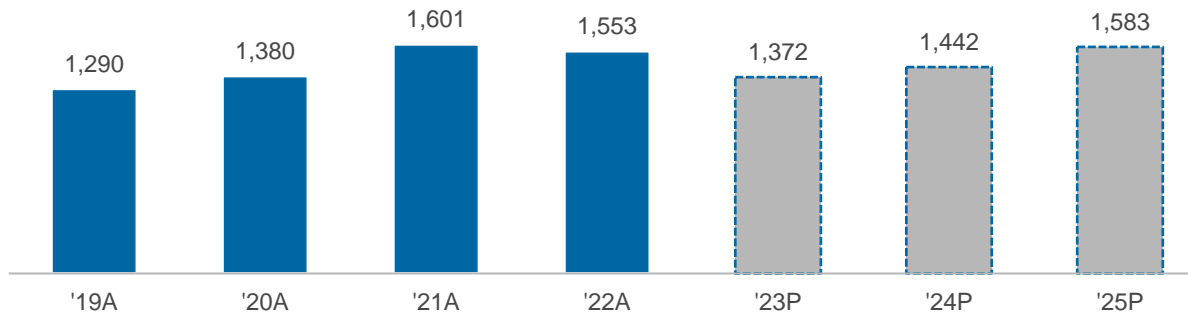
(3) Institute for Supply Management as of March 2023.

KEY U.S. CONSTRUCTION TRENDS

The residential housing sector is experiencing a slowdown, while the nonresidential outlook is more upbeat, led by strength in domestic lodging, commercial, transportation, and manufacturing spend

1 Housing investment subdued due to rising rates environment

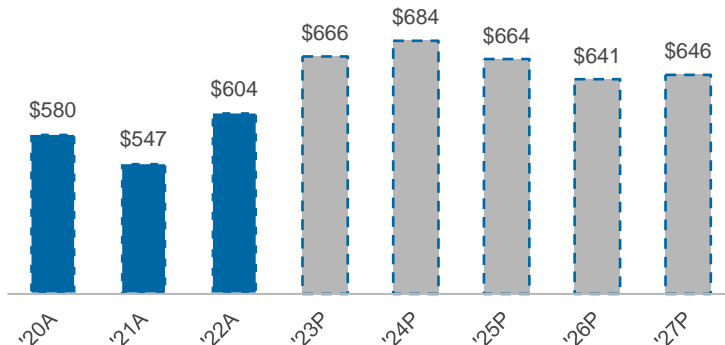
Housing Starts (\$ in Thousands)⁽¹⁾



- Mortgage rate increases had an immediate negative impact on new housing starts in 2022
- Higher interest have paused home appreciation
- Inflationary price environment is slowing R&R spend

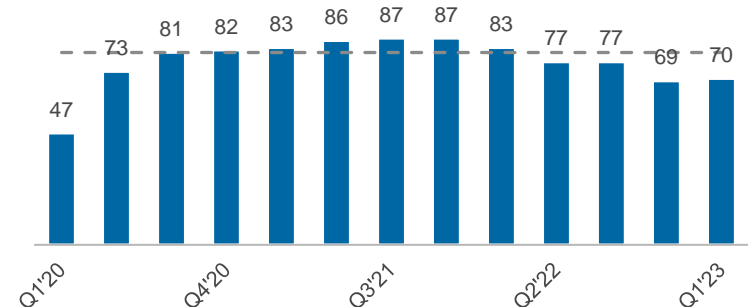
2 Nonresidential building segments are expected to experience growth through 2023

Nonresidential Construction Put in Place (\$ in Billions)⁽²⁾



3 RMI of 70 suggests slower growth in 2023 remodeling market compared to 2022

Remodeling Market Index (RMI)⁽³⁾



(1) United States Census Bureau, Fannie Mae, National Association of Realtors, and Mortgage Bankers Association as of April 2023.

(2) United States Census Bureau and FMI U.S. Construction Outlook as of April 2023.

(3) National Association of Home Builders as of April 2023.

SELECTED TRANSACTIONS EXECUTED BY HOULIHAN LOKEY'S SECURITY AND SAFETY SOLUTIONS TEAM

Houlihan Lokey Advises Security Source












- Houlihan Lokey conducted a targeted process that included a selected group of strategic buyers with significant experience in the security and safety solutions industry as well as uniquely qualified financial sponsors with relevant expertise. The company was ultimately sold to Pavion Corp., a leading provider of integrated solutions for fire, safety, security, and critical communications. Wind Point Partners, a Chicago-based private equity investment firm, partnered with Pavion in 2020. The transaction closed on March 31, 2023.
- Security Source, headquartered in Andover, Massachusetts, is a leading solutions-oriented systems integrator providing physical security and intelligent building solutions to high-growth multilocation enterprises nationwide. The company offers technical service, installation, support, and maintenance for video surveillance, access control, and intrusion detection systems. Security Source maintains strong partnerships with leading OEM security manufacturers and operates through a vendor-managed service delivery model supported by a network of more than 1,000 certified independent contractors and technicians. The company's product-agnostic, consultative approach, efficiency, and superior service allow Security Source to be the preferred security partner to large customers across the commercial, convenience store, quick service restaurant, essential retail, and self-storage end markets.
- Houlihan Lokey served as the exclusive financial advisor to Security Source and assisted in initiating, marketing, structuring, and negotiating the transaction on its behalf.

Houlihan Lokey Advises SureWerx



- Co-headquartered in Vancouver, B.C., and Chicago, Illinois, SureWerx is a leading supplier of technical safety equipment and safety tools that help improve employee wellbeing, working conditions, and productivity. SureWerx owns 18 well-established safety brands across 27 product categories, including welding safety, head protection, safety footwear and traction aids, arc flash apparel, detectable warning equipment, and abrasive and cutting tools. SureWerx is positioned to benefit from tailwinds in the safety equipment market, such as increasing regulatory requirements for worker safety, a proliferating culture of safety across industries and geographies, and new use-case scenarios for innovative safety equipment.
- The Riverside Company is a global private equity firm focused on investing in growing businesses valued at up to \$400 million. Since its founding in 1988, Riverside has made more than 850 investments. The firm's international private equity and structured capital portfolios include more than 140 companies.
- Partners Group is a leading global private markets firm. Since 1996, the firm has invested \$185 billion in private equity, private real estate, private debt, and private infrastructure on behalf of its clients globally. The firm employs more than 1,600 diverse professionals across 20 offices worldwide and has regional headquarters in Baar-Zug, Switzerland; Denver, USA; and Singapore.
- Houlihan Lokey served as the lead financial advisor to SureWerx and assisted in initiating, structuring, and negotiating the transaction on its behalf.

SELECTED 2023 INDUSTRY EVENTS

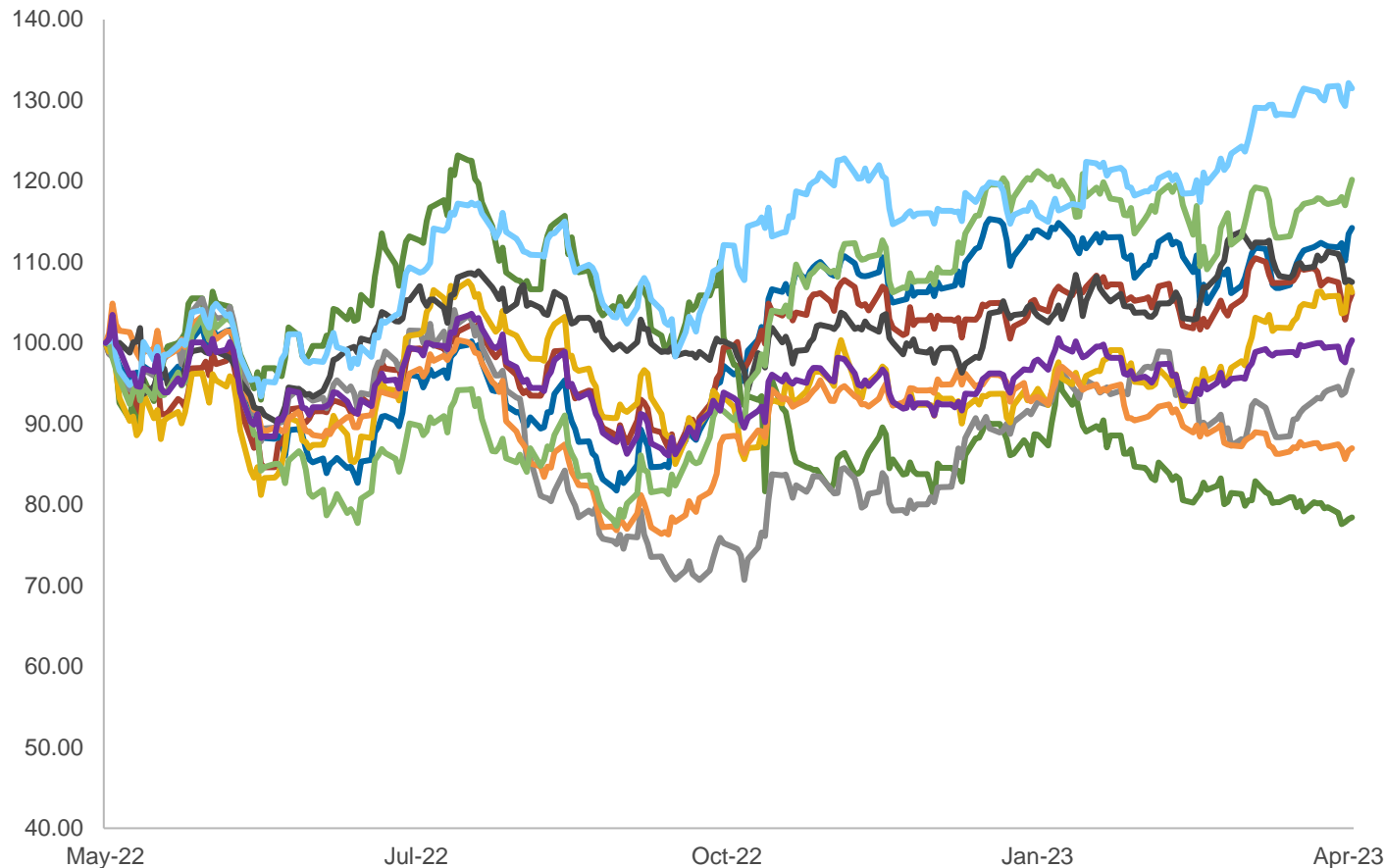
Show	Location	Date
	Las Vegas, NV	March 28–30, 2023 COMPLETED
RSA Conference™ 2023	San Francisco, CA	April 24–27, 2023 COMPLETED
 Houlihan Lokey 17th Annual Global Industrials Conference	New York, NY	May 10, 2023 COMPLETED
 SIAGOV SUMMIT Connecting Government, Security and Technology	Washington, D.C.	May 16–17, 2023 COMPLETED
	London, U.K.	May 16–18, 2023 COMPLETED
	Las Vegas, NV	June 19–21, 2023
	Dallas, TX	September 11–13, 2023
	New York, NY	October 18–19, 2023
	New Orleans, LA	October 20–26, 2023
	Las Vegas, NV	November 14–16, 2023

EQUITY MARKET INDEX PERFORMANCE

SECURITY AND SAFETY SOLUTIONS SUBSECTORS

As of April, the video surveillance and systems integrator sectors saw the highest reported gains, with several other sectors in the space reporting strong performance relative to the S&P

LTM April 2023 Performance by Subsector

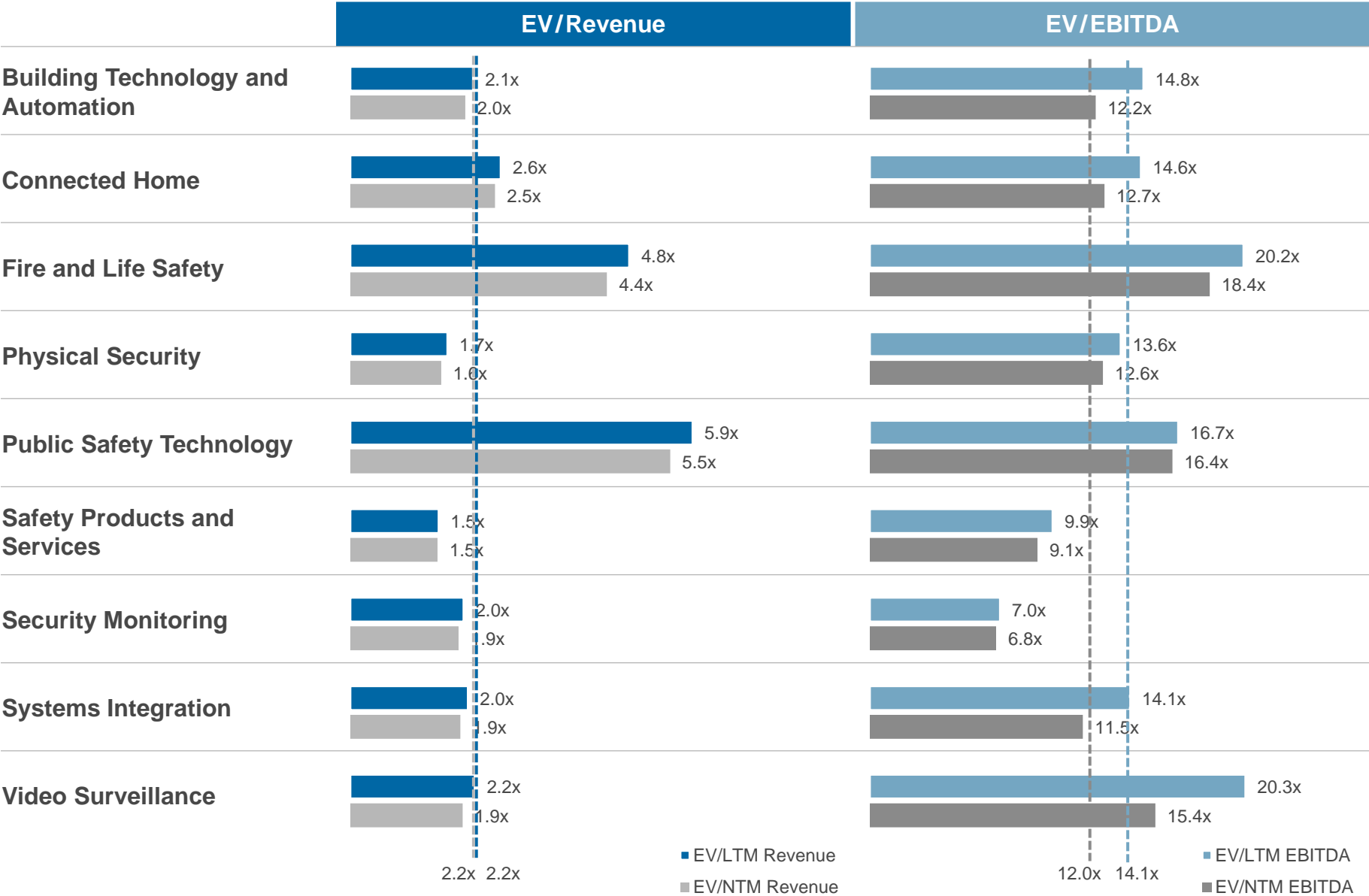


Sector	Current
Video Surveillance	31.5%
Systems Integration	20.2%
Building Tech and Automation	14.2%
Security Monitoring	7.5%
Public Safety Technology	6.3%
Fire and Life Safety	6.1%
S&P 500	0.3%
Physical Security	(3.4%)
Safety Products and Services	(13.0%)
Connected Home	(21.6%)

- Building Technology and Automation
- Connected Home
- Fire and Life Safety
- Physical Security
- Public Safety Technology
- Safety Products and Services
- Security Monitoring
- Systems Integration
- Video Surveillance
- S&P 500

Source: S&P Capital IQ. Data as of April 28, 2023. All share prices rebased to 100.

PUBLIC COMPANY VALUATIONS



Source: S&P Capital IQ. Data as of April 28, 2023.

PUBLIC COMPARABLES

SECURITY AND SAFETY SOLUTIONS

(\$ in millions, except per-share prices)

Company Name	Stock Price	% of 52 Week High	Equity Value	Enterprise Value	LTM			Net Debt / EBITDA	TEV /				
					Revenue	EBITDA	EBITDA Margin		LTM Revenue	NTM Revenue	LTM EBITDA	NTM EBITDA	
Building Technology and Automation	Siemens Aktiengesellschaft	\$164.33	97.8%	\$130,240	\$179,482	\$81,172	\$12,142	15.0%	3.4x	2.2x	2.1x	14.8x	11.5x
	Honeywell International Inc.	\$199.84	90.4%	\$132,980	\$146,454	\$35,954	\$8,630	24.0%	1.5x	4.1x	3.9x	17.0x	15.4x
	Schneider Electric S.E.	\$174.18	98.9%	\$97,384	\$111,721	\$37,718	\$7,385	19.6%	1.8x	3.0x	2.8x	15.1x	13.8x
	Johnson Controls International plc	\$59.84	86.0%	\$41,120	\$51,863	\$25,505	\$3,690	14.5%	2.6x	2.0x	1.9x	14.1x	12.2x
	Carrier Global Corporation	\$41.82	85.1%	\$34,913	\$41,256	\$21,040	\$3,015	14.3%	2.0x	2.0x	1.8x	13.7x	11.3x
	SmartRent, Inc.	\$2.58	39.2%	\$514	\$308	\$168	(\$83)	N/M	N/M	1.8x	1.3x	N/M	N/M
Mean:								17.5%	2.3x	2.5x	2.3x	14.9x	12.8x
Median:								15.0%	2.0x	2.1x	2.0x	14.8x	12.2x
Connected Home	ADT Inc.	\$6.70	66.4%	\$6,113	\$15,751	\$6,395	\$2,563	40.1%	3.8x	2.5x	2.3x	6.1x	6.1x
	Alarm.com Holdings, Inc.	\$47.69	60.4%	\$2,377	\$2,308	\$843	\$100	11.8%	(0.9x)	2.7x	2.7x	23.1x	19.2x
Mean:								26.0%	1.4x	2.6x	2.5x	14.6x	12.7x
Median:								26.0%	1.4x	2.6x	2.5x	14.6x	12.7x
Fire and Life Safety	Cintas Corporation	\$455.77	96.9%	\$46,353	\$49,181	\$8,606	\$2,106	24.5%	1.3x	5.7x	5.3x	23.4x	21.0x
	Teledyne Technologies Incorporated	\$414.40	91.5%	\$19,496	\$22,655	\$5,521	\$1,330	24.1%	2.4x	4.1x	3.9x	17.0x	16.0x
	Halma plc	\$29.02	92.7%	\$10,960	\$11,588	\$2,091	\$479	22.9%	1.2x	5.5x	5.0x	24.2x	20.7x
	APi Group Corporation	\$22.76	92.9%	\$5,353	\$8,573	\$6,558	\$643	9.8%	3.8x	1.3x	1.2x	13.3x	11.3x
Mean:								20.3%	2.2x	4.2x	3.9x	19.5x	17.3x
Median:								23.5%	1.9x	4.8x	4.4x	20.2x	18.4x

PUBLIC COMPARABLES (CONT.)

SECURITY AND SAFETY SOLUTIONS

(\$ in millions, except per-share prices)

Company Name	Stock Price	% of 52 Week High	Equity Value	Enterprise Value	LTM			Net Debt / EBITDA	TEV /			
					Revenue	EBITDA	EBITDA Margin		LTM Revenue	NTM Revenue	LTM EBITDA	NTM EBITDA
ASSA ABLOY AB (publ)	\$23.78	90.5%	\$26,414	\$29,132	\$12,342	\$2,258	18.3%	1.2x	2.4x	2.2x	12.9x	11.8x
Allegion plc	\$110.48	89.5%	\$9,716	\$11,686	\$3,471	\$822	23.7%	2.4x	3.4x	3.2x	14.2x	13.4x
dormakaba Holding AG	\$448.07	84.5%	\$1,872	\$2,706	\$3,175	\$347	10.9%	2.3x	0.9x	0.8x	7.8x	6.5x
Identiv, Inc.	\$5.50	32.4%	\$125	\$113	\$113	\$3	3.1%	(3.5x)	1.0x	0.9x	32.3x	22.0x
Mean:							14.0%	0.6x	1.9x	1.8x	16.8x	13.4x
Median:							14.6%	1.7x	1.7x	1.6x	13.6x	12.6x
Motorola Solutions, Inc.	\$291.40	98.9%	\$48,800	\$54,041	\$9,112	\$2,663	29.2%	2.0x	5.9x	5.6x	20.3x	19.0x
Hexagon AB (publ)	\$11.39	88.8%	\$30,642	\$34,447	\$5,834	\$2,068	35.4%	1.8x	5.9x	5.8x	16.7x	14.4x
Tyler Technologies, Inc.	\$379.03	89.0%	\$15,891	\$16,658	\$1,866	\$327	17.5%	2.3x	8.9x	8.3x	N/M	33.4x
Smiths Group plc	\$21.13	93.0%	\$7,420	\$7,992	\$3,609	\$646	17.9%	0.8x	2.2x	2.1x	12.4x	10.9x
Everbridge, Inc.	\$26.28	55.5%	\$1,063	\$1,387	\$432	(\$24)	N/M	N/M	3.2x	3.0x	N/M	16.4x
Evolv Technologies Holdings, Inc.	\$3.60	91.1%	\$533	\$335	\$55	(\$96)	N/M	N/M	6.1x	5.5x	N/M	N/M
Mean:							25.0%	1.7x	5.4x	5.1x	16.4x	18.8x
Median:							23.6%	1.9x	5.9x	5.5x	16.7x	16.4x

PUBLIC COMPARABLES (CONT.)

SECURITY AND SAFETY SOLUTIONS

(\$ in millions, except per-share prices)

Company Name	Stock Price	% of 52 Week High	Equity Value	Enterprise Value	LTM			Net Debt / EBITDA	TEV /				
					Revenue	EBITDA	EBITDA Margin		LTM Revenue	NTM Revenue	LTM EBITDA	NTM EBITDA	
Safety Products and Services	3M Company	\$106.22	68.7%	\$58,599	\$71,623	\$33,431	\$7,266	21.7%	1.8x	2.1x	2.2x	9.9x	8.9x
	MSA Safety Incorporated	\$129.75	88.7%	\$5,088	\$5,536	\$1,528	\$384	25.1%	1.2x	3.6x	3.4x	14.4x	14.6x
	Ansell Limited	\$17.68	89.7%	\$2,234	\$2,580	\$1,778	\$294	16.5%	1.1x	1.5x	1.5x	8.8x	9.2x
	Delta Plus Group	\$72.84	72.8%	\$522	\$743	\$464	\$75	16.1%	2.9x	1.6x	1.6x	9.9x	10.4x
	Bergman & Beving AB (publ)	\$14.04	99.3%	\$373	\$514	\$460	\$52	11.3%	2.6x	1.1x	1.1x	9.9x	8.9x
	Lakeland Industries, Inc.	\$12.05	65.7%	\$88	\$69	\$113	\$10	8.4%	(2.0x)	0.6x	0.6x	7.2x	5.3x
	Mean:							16.5%	1.2x	1.8x	1.7x	10.0x	9.5x
Median:							16.3%	1.5x	1.5x	1.5x	9.9x	9.1x	
Security Monitoring	ADT Inc.	\$6.70	66.4%	\$6,113	\$15,751	\$6,395	\$2,563	40.1%	3.8x	2.5x	2.3x	6.1x	6.1x
	SECOM CO., LTD.	\$63.90	92.1%	\$13,709	\$11,503	\$7,918	\$1,452	18.3%	(3.2x)	1.5x	1.4x	7.9x	7.5x
	Prosegur Compañía de Seguridad, S.A.	\$1.92	79.5%	\$1,021	\$2,671	\$4,607	\$505	11.0%	3.1x	0.6x	0.6x	5.3x	4.7x
	Napco Security Technologies, Inc.	\$31.00	79.0%	\$1,139	\$1,098	\$161	\$33	20.4%	(1.3x)	6.8x	5.9x	33.4x	24.6x
	Mean:							22.4%	0.6x	2.8x	2.6x	13.2x	10.7x
Median:							19.4%	0.9x	2.0x	1.9x	7.0x	6.8x	
Systems Integration	Siemens Aktiengesellschaft	\$164.33	97.8%	\$130,240	\$179,482	\$81,172	\$12,142	15.0%	3.4x	2.2x	2.1x	14.8x	11.5x
	Johnson Controls International plc	\$59.84	86.0%	\$41,120	\$51,863	\$25,505	\$3,690	14.5%	2.6x	2.0x	1.9x	14.1x	12.2x
	Securitas AB (publ)	\$8.95	76.7%	\$5,128	\$9,219	\$12,990	\$1,028	7.9%	3.9x	0.7x	0.6x	9.0x	7.4x
Mean:							12.4%	3.3x	1.7x	1.5x	12.6x	10.4x	
Median:							14.5%	3.4x	2.0x	1.9x	14.1x	11.5x	

PUBLIC COMPARABLES (CONT.)

SECURITY AND SAFETY SOLUTIONS

(\$ in millions, except per-share prices)

Company Name	Stock Price	% of 52 Week High	Equity Value	Enterprise Value	LTM			Net Debt / EBITDA	TEV /			
					Revenue	EBITDA	EBITDA Margin		LTM Revenue	NTM Revenue	LTM EBITDA	NTM EBITDA
Motorola Solutions, Inc.	\$291.40	98.9%	\$48,800	\$54,041	\$9,112	\$2,663	29.2%	2.0x	5.9x	5.6x	20.3x	19.0x
Hangzhou Hikvision Digital Technology Co., Ltd.	\$5.46	77.3%	\$51,132	\$48,446	\$11,984	\$1,980	16.5%	(1.7x)	4.0x	3.5x	24.5x	16.9x
Canon Inc.	\$23.79	92.1%	\$24,157	\$26,427	\$30,290	\$4,949	16.3%	0.1x	0.9x	0.9x	5.3x	6.2x
Delta Electronics, Inc.	\$9.75	92.7%	\$25,327	\$26,148	\$12,495	\$1,962	15.7%	(0.2x)	2.1x	1.9x	13.3x	11.5x
Zhejiang Dahua Technology Co., Ltd.	\$3.39	80.1%	\$11,247	\$10,125	\$4,704	\$484	10.3%	(0.9x)	2.2x	1.9x	20.9x	15.4x
Mean:							17.6%	(0.2x)	3.0x	2.7x	16.9x	13.8x
Median:							16.3%	(0.2x)	2.2x	1.9x	20.3x	15.4x
Overall Mean:							18.7%	1.4x	3.0x	2.8x	14.8x	13.3x
Overall Median:							16.5%	1.8x	2.2x	2.2x	14.1x	12.0x

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