

Perimeter Security M&A Outlook

Q1 2025

Outlook: Favorable characteristics in the perimeter security industry are attracting more attention from consolidators and outside investors, creating opportunities for business owners

As global security threats evolve, customers, businesses and governments are investing heavily in perimeter security to protect assets, data and infrastructure. Companies specializing in perimeter security solutions have benefited from these strong, secular tailwinds. M&A activity in the perimeter security industry has seen growing demand from PE investors and strategic buyers that offer strong valuations for scalable platforms with strong organic and inorganic growth prospects. Griffin believes that this trend will continue for the foreseeable future. **If you have questions on the information presented in this report or how the current market impacts your company's valuation, don't hesitate to reach out to one of the contacts listed.**

Key Takeaways

- **Large Addressable Market:** The perimeter security services industry is a massive addressable market valued at \$24.2Bn with an extensive installed base requiring upkeep, plus continuously evolving demand for upgrades and new installation
- **Critical Services to a Diverse Set of End Markets:** Critical components of customer facilities in almost all end markets. Key end markets driving demand include schools, utilities, distribution and storage facilities, DoTs, prisons, airports, military, industrial facilities, public works, retail and many others
- **High Fragmentation and Strong Rollup Opportunity:** Despite the industry's longevity, size and long-term growth, the industry remains highly fragmented with most market share controlled by small, family-owned operators, creating a long runway of M&A activity
- **Adjacent Service Offerings:** Several opportunities to expand service-based offerings to capitalize on recurring revenue opportunities similar to the successful model pursued in many other consolidating industries such as HVAC, landscaping, pest control and fire and life safety
- **New Opportunities for Owners:** Interest in this segment from outside investors continues to grow. New buyers entering the space expand the options available to business owners interested in exiting. More opportunities to partner with outside capital and pursue growth have become available to owners as well

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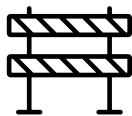


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Perimeter Security Industry

Physical Security



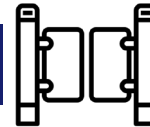
- Fencing and specialty fencing
- Bollards and crash barriers
- Jersey barrier and related products

Vehicle Access



- Gates and automated gates
- Parking and traffic control
- Garage doors, roll-up doors, commercial and dock doors

Pedestrian Access



- Automated doors
- Turnstiles and checkpoints
- Access control

Detection



- Video surveillance
- Alarm systems
- Motion sensor lighting
- Intrusion detection systems

Perimeter Security Investment Thesis

Why is perimeter security an attractive market for investors?



Highly Fragmented Industry: The fencing and perimeter security industries are highly fragmented, creating opportunities to execute roll-up strategies by acquiring and integrating smaller players to achieve scale, improve efficiencies and enhance market share



Exit Strategy Appeal: Clear path for owners and investors to generate significant returns based on their ability to position the company as a growth asset that can generate consistent, stable cash flows with recurring revenue opportunities



Mission Critical Nature of Product: Security solutions are essential and non-discretionary, ensuring sustained demand as customers prioritize safety over cost-cutting, even in tighter economic conditions



Technology-Driven Growth: The integration of smart technologies is transforming the industry and increasing profitability, making these companies attractive as scalable, tech-enabled investments



Growing Market Demand: Security concerns across all end markets drive steady demand for fencing and perimeter security solutions. Increasing awareness of safety and regulatory compliance amplifies this need



Lack of Dominant Strategic Player: The absence of a national strategic creates a significant opportunity for owners to establish a category leader by leveraging resources to expand geographically and professionalize operations



Strong Recurring Revenue Opportunities: Many companies in this space can generate recurring revenue through maintenance contracts, replacements, upgrades or service subscriptions, which provide stable, predictable cash flows



Regulatory and Compliance Requirements: Strict industry regulations across sectors like energy, health care, government and education necessitate investments in fencing and perimeter security



Diversified End Markets: Fencing and perimeter security companies serve multiple sectors, providing a diversified revenue base that mitigates risk and ensures resilience across economic cycles



Scalability of Business Model: Significant organic and inorganic growth opportunities exist in the industry for business owners and allow buyers to gain confidence in the growth story

M&A Activity in Perimeter Security

Accelerating Consolidation

The perimeter security industry continues to see robust M&A activity with several new platforms being formed over the past five years. Financial buyers have aggressively pursued buy and build strategies, driving much of the M&A activity among service-based companies. The industry is highly fragmented, with the landscape dominated by small, family-owned companies that tend to generate less than \$10M in revenues and service specific regions around a single location. Many industry participants have aging ownership with no succession plan in place and operate with traditional small business models. This leaves significant room for private equity and strategic buyers to add value by implementing best practices such as supply chain management, procurement and workforce optimization. Strategic buyers that have demonstrated platforms can be successful pursuing disciplined and strategic value-add M&A with the ability to add scale and density to the business. These add-on opportunities allow acquirers to quickly add scale and density as a competitive advantage and enable acquirers to have greater capacity and corporate infrastructure to consistently bid and compete for larger, more complex projects without concern about the ability to execute if awarded. **Griffin believes that the perimeter security industry will continue to see significant interest from PE investors and PE-backed strategic buyers.**

Select Strategic and Sponsor-Backed Strategic Buyers



Est. Oct 2024



Est. June 2024



Est. Aug 2023



Est. Oct 2021



What Opportunities Does This Create for Business Owners?

Full Exit – By selling entirely, owners can capitalize on their hard work and investments by receiving maximum cash today, allowing them to reinvest in new ventures or enjoy a comfortable retirement

- These buyers, often larger corporations, tend to be well-capitalized, professional buyers and have the financial resources and industry expertise to streamline operations and enhance market reach
- Allows sellers to step away from day-to-day operations without key man risk or business disruption

Become a platform – Investor interest has grown in the fencing and perimeter security market, providing owners the opportunity to pivot their businesses into platforms for growth.

- By partnering with these external investors, owners can secure immediate liquidity while also positioning their companies to scale rapidly via internal investment and acquisitions with the goal of driving significant value creation
- **For those looking to maximize their overall return, becoming a platform and retaining a stake in a growth platform offers a compelling pathway forward**

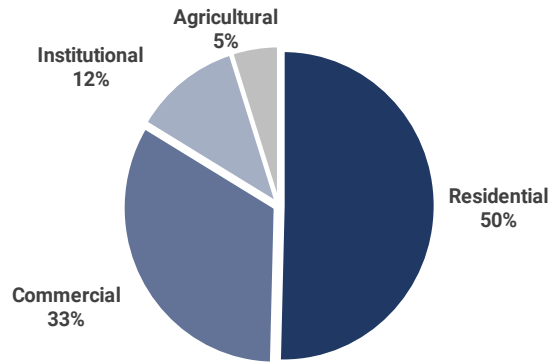
Join an existing platform – By selling a portion of their business for cash today while rolling over equity into a larger, established entity, sellers can receive liquidity along with some additional upside potential in a larger platform

- This arrangement allows owners to maintain involvement in the industry and reap the benefits of collective resources and expertise, and contribute to a larger organization

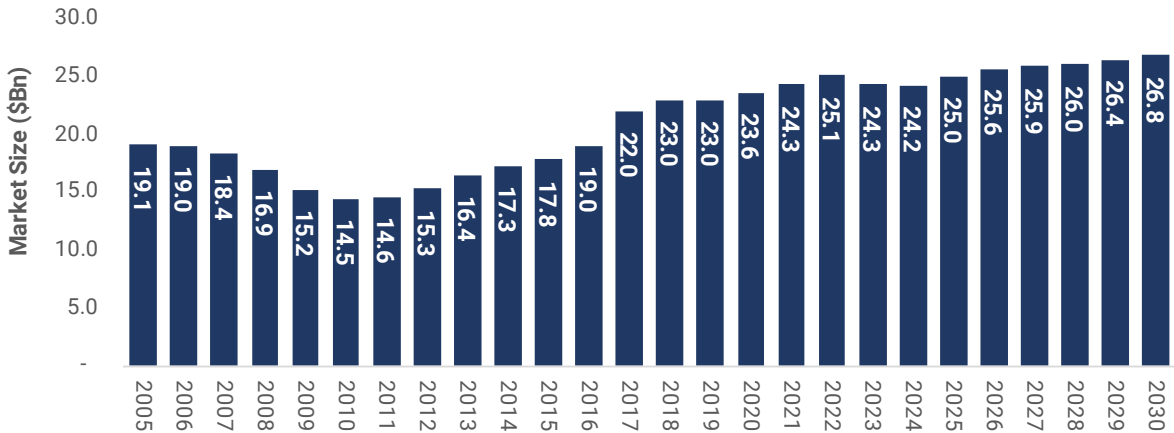
Industry Overview

Market Size and Competition

Demand for tech-enabled perimeter security services continues to grow, driven by increased public funding from legislation such as the IIJA, IRA, and CHIPS Act. These initiatives encourage the reshoring of manufacturing and industrial operations that need perimeter security solutions. The perimeter security services industry is a massive addressable market valued at \$24.2Bn, nationally. While more than half of all industry demand is driven by residential homeowners, commercial and municipal markets account for ~40% of sales. Griffin expects the market to continue to grow over the next 5 years as ongoing cuts to interest rates are likely to usher in favorable homeowner affordability and a surge in consumer demand. The recovery of nonresidential construction is expected to be slower as it will take time to improve occupancy rates, which will come as the economy gains momentum next year. While the outlook for new commercial construction is expected to be softer until 2026, there will still be significant repair/replace opportunities on existing properties.



2024 Total Addressable Market: \$24.2Bn



Source: IBISWorld

End Markets

Fencing and access control systems are often critical components of customers' facilities. Failure to maintain can result in placing assets or people at risk and could also cause disruptions to customers' daily operations. Damaged or poorly maintained perimeter security is an unacceptable liability for many commercial, municipal and institutional end users. Griffin expects demand to be long-lived as growth in the market will be driven by (1) new construction resulting from funding legislation such as the IIJA, IRA, and Chips Act, (2) ordinary wear and tear on commercial, municipal and institutional projects, (3) incidental damage requiring repairs or replacements, (4) increasing security requirements, (5) changing regulatory requirements. While the outcome of the 2024 U.S. presidential election may reduce demand driven by regulatory requirements, Griffin believes it will be more than offset by the expected economic growth as the Fed continues to cut interest rates and inflationary pressures continue to recede.

Residential	Commercial	Institutional / Utility	Municipal
Single-Family Homes, Condominiums, Townhomes, Gated Communities	Blue Chip Companies, Data Centers, Warehouses and Logistics Centers, Storage Facilities, Large Ticket Retailers	Utilities, Hospitals, Medical Centers, Schools	Government Agencies, Airports, Local Parks, Prisons, Military Stations

Select 2023-YTD 2024 Perimeter Security Transactions

Announced Date	Target	Buyer	Business Description
11/12/2024		 Perimeter Solutions Group Integrated Fencing Systems	Glendale, AZ-based provider of commercial and industrial perimeter protection solutions including fences, automated gates, access controls, parking controls and barrier arms
10/22/2024	 Perimeter Solutions Group Integrated Fencing Systems	 BERTRAM CAPITAL	A leading provider of commercial and industrial perimeter protection solutions including fencing, automated gate and access control services in the southeast U.S.
9/27/2024		 NCH NORTH COAST HOLDINGS	Fence contractor that provides variety of construction services to commercial, agricultural and residential clients in Colorado and surrounding states
7/1/2024		 MINUTEMAN™ security & life safety	The company specializes in electronic access control and perimeter protection including automatic gates, and burglar and fire alarm detection systems
7/1/2024		 MINUTEMAN™ security & life safety	Provider of perimeter security system integration services intended for industrial and commercial firms, schools and organizations
6/26/2024	 Pro Max Fence Systems Professional Service Maximum Value	 SAW MILL CAPITAL	Provider of access control and fencing services intended for the residential, commercial, municipal and institutional industries
6/1/2024		 WEST EDGE PARTNERS	The company offers installation, maintenance and repairs of gates, commercial and overhead doors, access control systems, video surveillance systems
6/1/2024	 PassCo Perimeter Access Security Solutions	 Halle capital management	The company services, repairs and installs doors, docks, gates, access control, video surveillance, parking and barrier systems
5/14/2024	Carolina Wood Fence		Provider of fencing services based out of North Carolina, offering a variety of fences made with wood, aluminum, iron and other materials
4/17/2024	 Federal RENTA FENCE 1-800-260-8301	 ARGOSY PRIVATE EQUITY	Provider of temporary chain link fence rental services catering to the construction and event industries, with 15 branch locations across the east coast and Midwest
4/1/2024		 GUARDIAN ACCESS SOLUTIONS™	The company installs and services security products such as access controls, surveillance cameras, gate operators and designing gates
4/1/2024		 OXER CAPITAL	Provider of repair and replacement services intended for commercial doors, dock equipment, gates and access control systems
3/1/2024	 D & C EST. 1983 FENCE CO	 Perimeter Solutions Group Integrated Fencing Systems	Provides installation, repair and maintenance services for various types of fences, guard rails, temporary fences and access control

Sources: Pitchbook, S&P CapitalIQ, Griffin research

Select 2023-YTD 2024 Perimeter Security Transactions

Announced Date	Target	Buyer	Business Description
12/5/2023		ASSA ABLOY	A Canadian manufacturer, distributor and installer of fencing products for commercial and residential perimeter security applications
11/22/2023			PA-based provider of contracting services intended to install wood, vinyl, aluminum and split rail fencing products for residential and agricultural clients
11/15/2023		GEMSPRING	Provider of fencing products intended to serve single-family homebuilders, commercial customers and local fencing providers
8/25/2023			The company offers services including custom gate design, installation and repair as well as access control, video surveillance and commercial overhead doors
8/2/2023			Provider of temporary chain link fence rental services catering to the construction and event industries in the southwest U.S.
6/6/2023			Provider of fence construction services designed to safeguard solar farms, substations and commercial and industrial facilities
3/28/2023			Provider of property management services intended for commercial and residential sectors, including fence installation and repair
2/7/2023			The company installs and services exterior fencing, manual and automated gates, privacy products, barbed wire and agricultural fences, and associated hardware
1/1/2023		A K O Y A	The company offers a range of fencing services, including wrought iron, security gates and automated gates, as well as DIY materials and parts, fence service and repairs
12/1/2022			Provider of fencing products intended to serve commercial and residential properties across Greater Cincinnati and Northern Kentucky
11/1/2022			The company specializes in installation of residential wood fences, gates and arbors and is based out of Dallas-Fort-Worth, TX
9/26/2022		Private Investor	Provider of residential and commercial fencing materials and installation of fencing materials made of aluminum, wrought iron, vinyl and wood
9/23/2022			The company offers wood, cedar, iron, metal, chain link and other fences as well as offers related installation and rental services

About Griffin Financial Group



M&A Advisory Services



Private Placement Services



Consulting Services

Perimeter Security Case Study

has been recapitalized by

May 2024

Pro Max, a leading specialist in commercial fencing and access control installation and maintenance/repair services, sought a private equity partner to help realize their ambitious acquisitive and organic growth strategies

Pro Max engaged Griffin as its exclusive financial advisor and received dozens of proposals. As a result, Pro Max received an investment from Saw Mill Capital

Griffin helps small and mid-sized business owners interested in selling all or part of their business, raising capital via debt or equity or acquiring other businesses. Griffin's market and industry knowledge plus transactional expertise helps clients efficiently achieve their goals and optimize their outcomes

- Griffin Financial Group is a growing middle market investment bank with primary office locations in Philadelphia, Boston and New York City
- We specialize in advising closely held private companies
- We provide M&A advisory, capital raise advisory and strategic consulting services to a variety of industry verticals
- Part of The Stevens & Lee Companies, a multidisciplinary professional services Platform of 300+ professionals providing financial, legal, tax and consulting services
- Griffin actively covers the perimeter security industry and maintains an extensive network of owners, buyers, investors and industry experts as well as knowledge of recent M&A activity and valuation trends

Recent Transaction Examples: Contractors and Property Services

has been recapitalized by

November 2024

has been recapitalized by

December 2023

has been sold to

December 2023

has been acquired by

April 2022