

Security Finance Newsletter

June 2013

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Volume IX, Issue 2

1st/2nd QUARTER MERGERS & ACQUISITIONS

Buyer: HONEYWELL (NYSE: HON)

Seller: RAE SYSTEMS was taken private in 2012 and was owned by **VECTOR CAPITAL**. RAE is a manufacturer of fixed and portable gas and radiation systems and software. They had \$100 million in estimated revenue for 2011 and forward twelve months 2013 revenue of \$107 million.

Buyer: MOOG, INC. (NYSE:A) Moog Inc. designs, manufactures, and integrates precision motion and fluid controls, and control systems for original equipment manufacturers and end users worldwide.

Seller: ASPEN MOTION TECHNOLOGIES is a subsidiary of **PENTAIR LTD**. Aspen specializes in custom motor designs and also makes integrated digital controls and motorized impellers. Last year's revenue was about \$36 million.

Buyer: PLATINUM EQUITY AFFILIATE

Seller: CHECKPOINT SYSTEMS' (NYSE: CKP) CHECKVIEW BUSINESS. CheckView provides advanced digital video, intrusion and fire life safety solutions to retailers.

Buyer: UNIVERSAL PROTECTION SERVICE

Seller: ALLEGIANCE SECURITY GROUP which is owned by **TRIVEST**

PARTNERS LP. Allegiance Security Group provides premier security services.

Buyer: CENTRAL SECURITY GROUP is a full service security provider.

Seller: SECURENET is based in Wichita, Kansas and specializes in burglar alarm, fire alarm and video systems, interactive services, access control and monitoring. They have 130 employees with branches in five states.

Buyer: TYCO (NYSE: TYCO)

Seller: FIRST CITY CARE, PLC is a security systems integrator. They have expected 2014 annual revenue of \$20M. Tyco also acquired **NATIONAL FIRE SOLUTIONS GROUP** with expected 2014 annual revenue of \$65M. NFS is a provider of fire protection services in Australia.

Buyer: TRI-ED DISTRIBUTION is a security distributor.

Seller: COMCABLES was acquired by Tri-Ed in September of 2012 but was not announced until May of 2013. The company is a manufacturer and distributor of structured cabling solutions and is based in Denver.

Buyer: PAE is a provider of global mission services to the U.S. Government and its allied partners.

Seller: COMPUTER SCIENCES (NYSE: CSC) APPLIED TECHNOLOGY DIVISION. This division has approximately 5,400

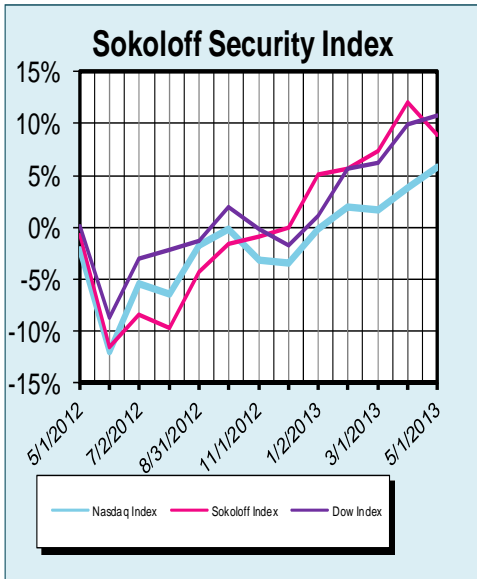
employees, provides aviation maintenance, base operations and maintenance, test and training range, and space range support at critical U.S. government installations.

Buyer: BOYD & ASSOCIATES is a security guard and alarm company based in North Hollywood, California.

Seller: GET ALARMED is based in Indio, California and is a burglar and fire alarm company.

Buyer: B-SAFE SECURITY is a regional security and fire alarm company based in Wilmington, Delaware.

Seller: Five smaller alarm companies: **ACCREDITED SECURITY SYSTEMS** and **PRECISION ALARMS SYSTEMS** based in Pennsylvania, and **B-COM SECURITY, ROSELAND SECURITY SYSTEMS** and **KWICK ALARM** based in New Jersey.



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INTERVIEW WITH SECURADYNE CEO, CAREY BOETHEL

This quarter, Sokoloff & Company interviews CEO of Securadyne Systems, Carey Boethel. Securadyne is a systems integrator headquartered in Texas.

Tell us about your history and what brought you to Securadyne.

I've been in the security industry for 20 years. I began my career in 1993 as a CAD draftsman and engineer at a small security consulting firm, Schiff & Associates. In 2004 I shifted away from consulting and into security systems integration when I joined NetVersant Solutions to lead their security division. In 2008 I went to work for Siemens Building Technologies, where I ran the security systems integration business unit within the US and Canada. It was ultimately my entrepreneurial aspirations that pushed me to launch Securadyne with Pamlico Capital as a partner in September of 2011.

Securadyne is owned by Pamlico Capital. What is it like working with a PE Firm and how do they support Securadyne's goals?

Pamlico has been a terrific partner—I can't imagine a healthier, more collaborative relationship. In addition to growth capital, they also bring a tremendous amount of knowledge and experience to our Board of Directors. Pamlico invests in a variety of business segments and is able to offer an extremely well-rounded view of business and growth strategy. They have successfully invested in the security industry in the past as part of the team that bought Sonitrol from ADT and later sold it to Stanley.

How does Securadyne's service differ from others in the marketplace – how do you compete?

We are undergoing a dual transformation with respect to how we service our customers. **First, we are shifting focus to**

the cloud not only in the form of the solutions we sell, but also in terms of how we do business and deliver service.

For example, we are in the process of implementing an enterprise-wide, cloud-based ERP system that will provide improved efficiency and broader connectivity across the entire company. On the sales front, we are implementing a strategy that will have us leading with cloud-based solutions in the commercial market segment, which is a fundamental paradigm shift for conventional systems integrators. Lastly

"Consistency is a real differentiator in this business."

our employees aren't committed to standardization. We're trying hard to create a culture of reliability and accountability within our company, and being reliable means being consistent. We are building mindshare about the importance of consistency across all branches and as we achieve that mindshare, standardization comes naturally for us.

Tell us about some of your most successful and/or difficult installations.

Our most successful installations are those where the benefits are tangible and quantifiable. In many instances, we are selling loss prevention and it can be very difficult to ascribe value to our solution when there are other variables that also affect security. Our customers get really excited when they can point directly to our solutions as the basis for mitigated loss or improved profitability. For example, we recently deployed cloud-based, outdoor thermal imaging video using advanced analytics for a major auction house in order to mitigate after-hours theft of high-value, untraceable assets. We can now point to specific apprehensions that have been made as a result of our solution, and, considering past losses, accurately calculate our value-add.

The "cloud" has started to become a big buzz word in access control. Give us an idea on how this area is growing and the types of products we can expect.

This notice appears as a matter of record only.

LogicMark

Has been acquired by a new company formed by


Generation 3
Capital, LLC


PROMUS
EQUITY PARTNERS

The undersigned advised LogicMark, LLC.



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and very importantly, we are standardizing the ways in which we go to market and serve our customers. **Consistency is a real differentiator in this business**—there aren't many companies that have gotten that exactly right.

How do you ensure consistency in customer service from site to site?

As I previously mentioned, this is an area in which we are focusing heavily. ERP will go a long way towards helping us harmonize business practices nationally, but a tool like ERP is not nearly enough if

It's important to differentiate between the cloud and remote access. The latter, which entails outsourcing systems monitoring and administration to a third-party service provider, has been around for many years. True cloud-based solutions, however, are relatively new with companies like Brivo pioneering the movement. The cloud and remote services are part-and-parcel to one another, and our hosted/managed value proposition typically includes both. **When we talk about the cloud, we are referring to technology being delivered as a service - either soft-**

ware as a service (SaaS) or infrastructure as a service (IaaS). Most of the new products we are seeing in the security marketplace are SaaS-based solutions and we expect to see much more SaaS-based technology not only in access control and video, but also emergency management, emergency communications and PSIM.

You recently made an acquisition of Surveillance Specialties, Ltd. in Sept 2012. How is the integration coming along and what are you doing to assure a smooth transition?

The integration of SURV is proceeding as planned and will be completed this year. The SURV team under Justin Davis' leadership has done an excellent job of acclimating and managing change. Securadyne has benefitted greatly from the quality of SURV's management team, their well-established presence in New England, and their highly skilled employee base. Not only was the acquisition accretive, but it also significantly strengthened our bench and broadened our reach both in terms of geography and the verticals we serve.

What is Securadyne's corporate culture?

It's evolving. Having founded the company in late 2011 and having acquired two companies last year, our culture is still a little fragmented. Our build-up process is designed to drive cultural migration from free-form operating like you'd see in small, entrepreneurial environments to one of reliability and accountability that can be leveraged nationally. **The trick is finding the right balance between standardization and local autonomy at the branch level. We believe both ideals can co-exist in the right culture.**

Carey Boethel
CEO/Securadyne Systems, Inc.

Carey Boethel is a twenty year veteran of the security industry and has experience in a variety of areas including organizational leadership, strategic planning, consulting, profit/loss management, M&A and field operations. Prior to starting Securadyne, Carey held top positions at both Siemens and NetVersant Solutions.



How do you find and retain talent?

Our best source of talent almost always comes from within our organization, either in form of employees who can and want to do more for the company or from

What major trends ahead do you see in Security that will affect your company in the long term?

There are a number of trends that we could point to as potential game changers, such as Near Field Communications, adaptive video analytics, and video-based access control, but chief among them is the proliferation of cloud computing. The cloud is fundamentally changing the way our society consumes data and security technology produces a ton of data. The implications run much deeper than systems architectures; the cloud is changing the way security is purchased, deployed, managed and maintained over the long-term, all of which positively change our profit formula.

What are the goals for the company for 2013?

Our 2013 goals center on integrating the SURV business, standardizing our business practices and achieving aggressive growth, both organic and acquisitive.

**Contact
Sokoloff & Company**

**Please contact Bernie Walko,
Managing Director
for a confidential consultation about
your company's merger and
acquisition needs.
818-547-4500
bwalko@sokoloffco.com**

This notice appears as a matter of record only.

dmn
DMN Ltd., UK

Has been acquired by

THE GORES GROUP

The undersigned advised DMN Ltd.

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their referrals. When we do have to go outside our organization to find talent, our employees' testament to the quality of our work and our customer focus are the main attractants for outside applicants.

This is where I spend the majority of my time—finding and developing talent. The same can be said for the rest of our leadership team. **We are a service business and we deliver that service through people so talent management is mission critical.**

Do you receive our free weekly e-mail Security Newsletter Update? If not, please adjust your spam filter or sign up easily on-line at www.sokoloffco.com.

While at our website, surf around. There's plenty of useful information, including valuation case studies and our archive of newsletters tracking historical industry performance.

**"Always do right. This will gratify some people and astonish the rest."
- Mark Twain (1901)**

SOKOLOFF & CO. VALUATION RANKINGS OF PUBLIC SECURITY COMPANIES Q1 2013 Reports and Stock Prices as of May 29, 2013

USA LISTED COMPANIES

Sokoloff & Company compiles a quarterly review of selected public security companies (and companies that dedicate a portion of their business to Security) and compares how each is valued by the public marketplace. The companies are ranked comparatively by **EVS**, which is Enterprise Value divided by Sales. Other comparative indicators shown are **P/E**, **Price to Earnings** (market cap divided by earnings) and **EVM**, which is Enterprise Value divided by EBITDA (Earnings Before Taxes, Interest, Depreciation and Amortization). All multiples are based on trailing twelve months (TTM) numbers through the most recently reported quarter.

(Note: The quarterly revenue percentage column is the increase (or decrease) from the same quarter in the previous year. Where fiscal year has differed from calendar year, the most recently reported information is used.

Current Rank	Previous Rank	Company	Symbol	Stock Price 5/29/2013	52 Week Range	Market Cap 5/29/2013	(000s) 2010 Revenue	(000s) 2011 Revenue	(000s) 2012 Revenue	(000s) 1st Q 13 Revenue	Over Q1 2012 1st Q 13 Incr/Decr	P/E	EVS	EVM
1		Sourcefire, Inc.	FIRE	56.52	39.50-59.49	1.76B	130,572	165,646	223,090	56,164	21.3%	360.00	6.33	86.90
2		Roper Industries, Inc.	ROP	124.29	92.53-127.42	12.31B	2,386,112	2,797,089	2,993,489	737,135	3.7%	24.76	4.53	14.50
3		Taser Corp.	TASR	9.58	4.60-9.80	490.58M	86,930	90,028	114,753	30,434	18.7%	36.85	3.77	16.49
4		ADT	ADT	42.00	35.38-50.37	9.19B	2,591,000	3,110,000	3,228,000	821,000	1.7%	24.15	3.71	8.80
5		The Geo Group	GEO	35.65	20.84-39.35	2.53B	1,269,968	1,407,172	1,479,062	377,301	4.8%	15.95	2.72	14.64
6		Gentex Corporation	GNIX	23.06	14.38-25.40	3.31B	816,263	1,023,762	1,099,560	269,499	-7.3%	19.71	2.68	10.00
7		Verritt	VRNT	33.69	24.60-37.00	1.77B	703,633	726,799	782,648	228,961	8.0%	35.09	2.54	13.14
8		Flir Systems, Inc.	FLIR	24.50	17.99-27.16	3.48B	1,388,437	1,544,062	1,405,358	348,583	0.0%	16.36	2.44	9.33
9		Zebra Technologies Corp.	ZBRA	45.96	31.79-47.24	2.34B	894,359	983,488	996,168	236,937	-2.8%	20.43	1.94	10.37
10		United Technologies Corp.	UTX	95.12	70.71-98.18	87.44B	54,326,000	55,754,000	57,708,000	14,399,000	16.0%	14.24	1.77	10.49
11		Honeywell	HON	78.80	52.21-81.24	62.00B	32,350,000	36,529,000	37,665,000	9,328,000	0.2%	20.40	1.73	12.45
12		Stanley Black & Decker	SWK	80.85	58.59-83.26	13.09B	8,343,900	9,435,500	10,190,500	2,487,200	2.5%	15.75	1.66	10.57
13		Tyco International*	TYC	34.22	26.17-58.12	15.88B	17,016,000	10,557,000	10,403,000	2,608,000	2.6%	280.49	1.59	13.86
14		OSI Systems	OSIS	57.38	48.10-81.23	1.14B	595,111	656,100	792,990	198,409	-4.8%	24.45	1.45	11.89
15		Brady Corporation	BRC	33.00	24.72-36.45	1.70B	1,259,096	1,339,597	1,324,269	305,737	11.0%	49.40	1.44	10.11
16		Napco Security Systems, Inc	NSSC	4.40	2.76-4.45	84.90M	67,757	71,392	70,928	17,163	-0.4%	51.16	1.44	20.50
17		Ingersoll Rand	IR	57.23	38.24-58.92	17.11B	14,001,100	14,782,000	14,034,900	3,112,400	-1.2%	16.97	1.39	10.30
18		Mace Security International	MAGE	0.40	.12-.42	23.58M	18,395	13,858	12,984	3,206	-2.3%	N/A	1.38	N/A
19		Siemens AG	SI	107.31	77.88-113.16	90.50B	94,025,000	93,672,000	108,083,000	23,704,000	-6.7%	16.39	1.05	9.05
20		L-3 Communications Holdings	LLL	84.61	66.81-87.96	7.61B	15,680,000	13,157,600	13,146,300	3,185,000	0.8%	10.07	0.84	6.96
21		Lockheed Martin Corp.	LMT	107.31	80.14-108.80	34.12B	45,671,000	46,499,000	47,182,000	11,070,000	-2.0%	12.39	0.79	7.06
22		Northrop Grumman Holdings	NOC	81.87	56.59-83.28	19.25B	28,143,000	26,412,000	25,218,000	6,104,000	-1.5%	10.39	0.79	5.53
23		Johnson Controls	JCI	38.02	23.37-38.33	26.04B	34,305,000	40,833,000	41,955,000	10,430,000	-1.3%	28.27	0.75	12.67
24		Diebold	DBD	32.08	27.59-38.49	2.04B	823,793	2,835,848	2,991,693	633,511	-9.3%	102.17	0.72	11.50
25		Checkpoint Systems, Inc	CKP	13.00	6.69-13.95	533.30M	821,678	763,749	690,789	148,835	3.2%	N/A	0.71	10.10
26		Intermec	IN	9.85	5.37-9.94	595.72M	679,111	848,181	790,093	199,391	-0.8%	N/A	0.71	17.33
27		Identive Group	INVE	0.80	.65-1.60	49.84M	84,843	102,708	94,599	21,064	-0.7%	N/A	0.63	N/A
28		Anixter International, Inc.	AXE	76.09	47.98-77.36	2.47B	5,274,500	6,146,900	6,253,100	1,490,900	-2.1%	22.81	0.53	9.01
29		URS Corporation	URS	48.49	32.13-49.45	3.68B	9,177,051	9,545,000	10,972,500	2,802,500	18.7%	11.94	0.48	6.50
30		Brinks Company	BCO	26.92	20.91-30.75	1.29B	3,121,500	3,766,000	3,842,000	977,400	3.9%	23.68	0.41	5.33
31		ManTech International	MANT	27.31	19.74-28.25	1.01B	2,604,038	2,869,982	2,582,295	646,008	-4.5%	11.29	0.41	5.22
32		Magal Security Systems Ltd.	MAGS	3.85	3.06-5.09	62.07M	49,699	88,581	77,697	13,454	-13.5%	15.04	0.32	3.66
33		Vericon Industries, Inc.	VII	2.65	2.33-3.46	11.91M	48,681	47,182	49,652	8,686	-30.4%	N/A	0.11	N/A
Sokoloff Index							380,753,527	388,574,234	408,453,417	96,999,878	Quarterly Growth Over Q4 2012			
							Over Year 2010	Over Year 2011	Over Q4 2012					
							2.1%	5.1%	5.1%	Average	0.8%	46.09	1.63	13.14
										Median	-0.4%	20.42	1.39	10.34

Growth over previous period

*Tyco yearly revenues declined due to the break up of the diversified Tyco International conglomerate.



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