

# Security Finance Newsletter

December 2013

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Volume IX, Issue 4

## 3rd/4th QUARTER MERGERS & ACQUISITIONS

**Buyer:** SECURADYNE is a systems integrator.

**Seller:** ADVANCED CONTROL CONCEPTS is an integrator based in Pensacola, Florida and has 30 employees.

**Buyer:** ADVANCED FIRE & SECURITY is a systems integrator and full-service fire protection company.

**Seller:** ACTION FIRE SPRINKLERS is based in Oakland Park, Florida and has 20 employees.

**Buyer:** UNIVERSAL PROTECTION SERVICE

**Seller:** THE BUDD GROUP is a guard service company.

**Buyer:** LOCKHEED MARTIN (NYSE: LMT)

**Seller:** AMOR GROUP is a United Kingdom-based company specializing in information technology solutions for the energy, transport and public services sectors. They have more than 500 employees.

**Buyer:** GENTEX (NASDAQ: GNIX) is a manufacturer of automotive automatic-dimming rearview mirrors and electronics, dimmable aircraft windows, and fire protection products.

**Seller:** HOMELINK is a vehicle-based control system that enables drivers to remotely activate garage door openers, entry door locks, home lighting, security systems, entry gates, and other radio frequency convenience products.

**Buyer:** SKYHAWK GROUP is a systems integrator that specializes in IT, access control and video monitoring.

**Seller:** BIG NETWORKS, LLC is a Baton Rouge-based IT Firm.

**Buyer:** CISCO (NASDAQ: CSCO)

**Seller:** SOURCEFIRE (NASDAQ: FIRE) is a provider of cybersecurity solutions. They are headquartered in Columbia, MD with 674 employees and year to date revenues of \$247.41M.

**Buyer:** POWERSECURE INTERNATIONAL, INC. (NYSE: POWR) is a provider of utility and

energy technologies to electric utilities and their industrial, institutional and commercial customers.

**Seller:** ENCARI, LLC is a provider of cybersecurity and compliance consulting services to the utility industry. The company is headquartered in Lincolnshire, IL.

**Buyer:** CACI INTERNATIONAL (NYSE: CACI) provides information solutions and services to the U.S. federal government and commercial markets in North America and internationally.

**Seller:** SIX3 SYSTEMS is based in McLean, VA and is a cyber intelligence firm. They expect to post 2013 revenue of about \$470 million.

**Buyer:** CONVERGINT TECHNOLOGIES, LLC is a systems integrator that made three acquisitions:

**Seller:** QUALIFIED SYSTEMS CONTRACTING, INC. is a provider of physical security technologies throughout the Central Florida Market. They have 40 employees.

**Seller:** FSC (FUTURE SECURITY CONTROLS) is a provider of physical security systems and services throughout Eastern Canada.

**Seller:** ICD SECURITY SOLUTIONS is a provider of physical security systems and services throughout the Asia Pacific region.

**Buyer:** SPECTRA SYSTEMS CORPORATION (LSE: SPSY) is a provider of machine-readable high speed banknote authentication technology and transaction security software.

**Seller:** INKSURE TECHNOLOGIES (OTC BB: INKS) develops, markets, and sells customized authentication solutions designed to enhance the security of documents and branded products for protection from counterfeiting, fraud, and diversion. They are headquartered in NYC and have 8 employees with \$1.34M in TTM revenue.

**Buyer:** DATABANK IMX, LLC specializes in Business Process Automation, providing Workflow & Enterprise Content Software solutions, Document Management and Document Conversion services.

**Seller:** IMAGING SOLUTIONS, INC. (ISI) is a systems integrator that specializes in imaging, workflow, data capture and Enterprise Content Management. The company is headquartered in NYC.

**Buyer:** IBM (NYSE: IBM)

**Seller:** FIBERLINK COMMUNICATIONS delivers comprehensive mobile security and management for applications, documents, email and devices. They are headquartered in Blue Bell, PA.

**Buyer:** TYCO (NYSE: TYC)

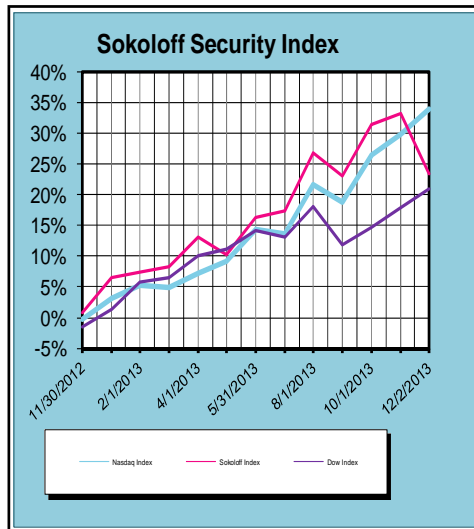
**Seller:** WESTFIRE is a fire protection company which has offices in Arizona, Colorado, Texas, Utah and Washington. They are an \$80 million company that provides critical special-hazard suppression and detection applications in mining, telecommunications and other vertical markets.

**Buyer:** AURORA CAPITAL GROUP is a private equity firm.

**Seller:** NATIONAL TECHNICAL SYSTEMS, INC. (NASDAQ: NTSC) is a provider of testing and engineering services for several markets including the aerospace and defense industries. They will be merged with an affiliate of Aurora Capital and will become a privately held company. Headquartered in Calabasas, CA, they have 1,197 employees and TTM Revenue of \$184.97M.

**Buyer:** KASTLE SYSTEMS is a systems integrator and full-service security company.

**Seller:** MUTUAL CENTER ALARM SERVICES & STAT-LAND SECURITY SYSTEMS. Both companies are central stations owned by ADT and headquartered in NYC.



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Investment Bankers and Financial Advisory  
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550 North Brand Blvd. Suite 1650 Glendale, CA 91203  
(818) 547-4500, fax (818) 547-4388, www.sokoloffco.com

## FAMILY OWNED DORMA GROUP OPENS DOORS AROUND THE WORLD

This quarter Sokoloff & Company interviews **Torsten Stolte, Director of Corporate Development for Dorma Group North America.** The international company is a family-owned manufacturer of door controls, movable walls and glass fittings and accessories. Dorma further specializes in security, time management, access control, emergency exit control and escape route security systems. Headquartered in Ennepetal, Germany, Dorma Group has around 6,700 employees with sales of €1,001.8 million.

***DORMA is over a hundred years old and is still family-owned. How do you think the company has been able to maintain its growth and competitiveness?***

DORMA has always had a good combination of organic and acquired growth with organic growth being driven by innovation and an increasing global presence. DORMA established its first overseas subsidiary in the seventies, when most European companies were only focused on their home and neighboring markets. Because of our long international history we know how to react to local demands. We have applied this experience to successfully open and build strong businesses in both established and emerging markets. As a result DORMA's business has grown to over €1 billion in revenues.

***DORMA has companies in more than 50 locations across the world. How does the company maintain quality across so many different areas?***

We have established a customer centric quality culture at DORMA and a continuous improvement culture all across the world. We lead these initiatives with a special program: PACE (Performance Advancement for Customer Excellence). The focus is on serving our customer's needs in an intelligent, process optimized way and our goal is to make it easy, quick and reliable for our

partners to work with DORMA. We are also governed by the guidelines of ISO which results in the highest standards for all our products.

### ***What is DORMA's R&D Process?***

DORMA has a market driven R&D approach, we call "MIND," Management of Innovation from Need to Demand. This is the way we identify market trends and focus on growth opportunities. **We also maintain a global R&D network, with R&D centers on almost all continents.** Regionaliz-

"The corporate culture at DORMA is driven by the fact that we are a family owned business with a global focus inclusive of many different ethnicities."

Trade Center project in New York City. DORMA's Crane Revolving Doors will be on Tower One as well as buildings 4, 7 and the World Financial Center. We have a proud history - the doors on the original World Trade Center were also Crane - so it has special meaning to be involved in this project.

### ***How did you come to work for DORMA and how does DORMA find and retain talent?***

DORMA is a large global player in the security industry. Yet as a privately owned business we retain family values and a long term growth strategy which is really attractive to a lot of talented people. In fact this is one of the reasons I came to work for DORMA five years ago.

When it comes to retaining talent, DORMA offers great opportunities for professional and personal development. Example: DORMA operates a DORMA Academy with different development programs for all levels of management. We operate in some 50 countries so DORMA senior managers can also enjoy opportunities to work in countries outside their native land.

### ***What is the corporate culture at DORMA?***

**The corporate culture at DORMA is driven by the fact that we are a family owned business with a global focus inclusive of many different ethnicities.** Our corporate values embrace integrity, responsibility, innovation and performance. This culture encourages associates to contribute their best ideas in an entrepreneurial way.

### ***Tell us about the new DORMA Design Center in New York.***

DORMA's Design Center presents a state of the art access technology experience for architects, designers, building owners and DORMA partners. It displays our full product portfolio and provides a hands-on approach to helping customers determine the

*This notice appears as a matter of record only.*

**Red Oak Growth Partners**

**INSIGHT VENTURE PARTNERS**

 **EGIS**  
CAPITAL PARTNERS

Have invested in

**CSSN**  
**Card Scanning Solutions**

The undersigned advised Card Scanning Solutions, Inc.

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550 North Brand Blvd. Suite 1650 Glendale, CA 91203  
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ing R&D is key to success for a locally oriented product and service portfolio.

### ***Tell us about some of the installations that DORMA is most proud of and why.***

A major DORMA project was the Burj Kahlifa in the Gulf Region (tallest building in the world). We provided all of the locks, exits and closers - in addition to automated technology, working very closely with the architect, contractor and building owner to achieve the desired results. DORMA is also very proud to be a part of the new World

best solution for their project. Its location in the heart of Manhattan provides easy access and also accredited programs. We either host these classes ourselves or put on external lectures. We invite people to see our Design Center Event Calendar online at [www.dorma.com](http://www.dorma.com).

**What major trends do you see in Security that will affect DORMA in the long term?**

We see an increasing need to help avoid tragedies like shootings in schools and terrorist attacks of public places. We believe that security access control and monitoring budgets in this field will continue to grow.

We also see ongoing urbanization and infrastructure investments in emerging markets. This is another opportunity for globally active security companies. Examples of these types of investments are the new Metro System in Dubai, where we provide the entrance systems, and Olympics and World Cup related projects in Brazil, where we supply soccer stadiums as well as hospitality buildings. Further, ongoing investments in office, residential and commercial space in the US as well as the BRIC countries (Brazil, Russia, India, China) provide strong growth opportunities for DORMA.

**Last but not least technology is driving trends towards more convenience and user friendliness of access control.** Electronic security systems will continue growing faster than mechanical solutions. To us it's not a question *if* buildings will be equipped with electronic access solutions instead of mechanical solutions; it's more a question of *when* facility or property managers make the decision to replace existing mechanical solutions with electronic solutions.

**Give us an idea of what the future of access control looks like.**

**TORSTEN STOLTE**

*Director, Corporate Development at DORMA Americas*

Before moving to the Americas, Torsten held Senior Management positions in Business Development and M&A with DORMA headquarters in Germany. Prior to joining DORMA Torsten held global Sales & Marketing positions with market leading German manufacturers of building material and other metal products.



That's a very good yet difficult question. Let me try to answer it from a customer standpoint rather than from a manufacturer's standpoint.

Customer demand will be focused on turn-key/hassle-free solutions. Convenient,

*when?* We still see very long product life cycles of mechanical access products compared to other industries and long adoption time for new access technology.

**What are the goals for the company in 2014?**

DORMA launched its global growth program - DORMA 2020 - two years ago. The aim is to reach 2bn Euro revenues in 2020 with Premium Access Solutions and Services. We have experienced growth outperforming the market in the last couple of years and aim at continuing our global growth initiatives in 2014.


Although macro-economic indicators are indicating slower growth in some emerging economies and a protracted recovery in many European countries, we are confident that our initiatives will continue to deliver strong growth and that our newly launched programs will succeed.

We look forward to another year of strong performance to add to our long history.

**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](mailto:bwalko@sokoloffco.com)**

*This notice appears as a matter of record only.*




**DMN Ltd., UK**

Has been acquired by



The undersigned advised DMN Ltd.



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easy to maintain and operate (cloud/smartphone-apps) access control will merge with 'entry level' video streaming and biometric technology for validation of entry (2 point identification – a combination of credential and biometric identification). Further, local systems on the door will be able to communicate with building automation systems.

All of this aims at making it easier for users to run the access control system in their building.

An important question again is not *if*, but

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**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 Q2 2013 Reports and Stock Prices as of August 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, and **EVM**, which is Enterprise Value divided by Earnings. Other comparative indicators shown are **P/E**, **Price to Earnings** (market cap divided by earnings) and **Multiple**, the 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. This information is provided strictly for informational purposes to industry senior executives. Sokoloff & Co. makes no representations as to its accuracy. Sokoloff & Co. does not advise public investors; therefore this information should not be used for investing purposes.)

Current Rank	Previous Rank	Company	Symbol	Stock Price 8/29/2012	52 Week Range	Market Cap 8/29/2012	(000s) Revenue 2010	(000s) Revenue 2011	(000s) Revenue 2012	(000s) Revenue 2nd Q 12	(000s) Revenue 2nd Q 13	Over Q2 2012 2nd Q 13	Incr/Decr	P/E	EVS	EVM
1	1	Sourcefire, Inc.	<b>FIRE</b>	75.50	39.50-75.97	2.38B	130,572	165,646	223,090	50,598	65,052	28.6%	399.47	8.82	118.16	
2	2	Roper Industries, Inc.	<b>ROP</b>	124.01	101.21-132.72	12.30B	2,386,112	2,797,089	2,993,489	724,872	784,010	8.2%	24.91	4.83	15.54	
3	3	Taser Corp.	<b>TASR</b>	11.92	5.16-12.17	608.67M	86,930	90,028	114,753	28,222	32,176	14.0%	40.82	4.47	19.77	
4	4	ADT	<b>ADT</b>	40.71	35.38-50.37	8.57B	2,591,000	3,110,000	3,228,000	814,000	833,000	2.3%	22.27	3.55	8.35	
5	6	Flir Systems, Inc.	<b>FLIR</b>	31.77	18.58-33.81	4.51B	1,388,437	1,544,062	1,405,358	338,291	389,329	15.1%	19.94	3.09	11.91	
6	6	Genetex Corporation	<b>GNX</b>	22.77	15.25-25.40	3.28B	816,263	1,023,762	1,099,560	280,256	286,974	2.4%	18.22	2.56	9.11	
7	7	Verritt	<b>VRNT</b>	33.92	24.60-37.04	1.79B	703,633	726,799	782,648	196,635	204,786	4.1%	64.00	2.55	13.72	
8	5	The Geo Group	<b>GEO</b>	31.84	26.11-39.35	2.26B	1,269,968	1,407,172	1,479,062	371,173	381,653	2.8%	13.69	2.51	13.68	
9	18	Mace Security International	<b>MACE</b>	0.49	17.59	28.88M	18,395	13,858	12,984	3,433	3,244	-5.5%	N/A	2.09	N/A	
10	9	Zebra Technologies Corp.	<b>ZBRA</b>	46.80	34.92-49.38	2.38B	894,359	983,488	996,168	247,077	253,160	2.5%	20.76	1.97	10.59	
11	14	OSI Systems	<b>OSIS</b>	71.94	48.10-81.23	1.44B	595,111	656,100	792,990	235,241	227,895	-3.1%	33.46	1.84	13.39	
12	10	United Technologies Corp.	<b>UTX</b>	100.46	74.44-107.86	92.17B	54,326,000	55,754,000	57,708,000	13,807,000	16,006,000	15.9%	14.54	1.80	10.44	
13	11	Honeywell	<b>HON</b>	80.06	57.16-84.85	62.83B	32,350,000	36,529,000	37,665,000	9,435,000	9,693,000	2.7%	20.05	1.75	12.44	
14	12	Stanley Black & Decker	<b>SWK</b>	85.85	65.01-89.50	13.74B	8,343,900	9,435,500	10,190,500	2,567,000	2,869,300	11.8%	15.87	1.73	11.13	
15	16	Napco Security Systems, Inc.	<b>NSSC</b>	4.94	2.90-5.15	95.32M	67,757	71,392	70,928	19,872	No report	N/A	57.44	1.59	22.68	
16	13	Tyco International*	<b>TYC</b>	33.27	26.17-57.30	15.38B	17,016,000	10,557,000	10,403,000	2,655,000	2,678,000	0.9%	N/A	1.56	11.96	
17	15	Brady Corporation	<b>BRD</b>	33.70	27.57-36.45	1.74B	1,259,096	1,339,597	1,324,269	275,388	305,757	11.0%	50.37	1.51	10.43	
18	17	Ingersoll Rand	<b>IR</b>	59.59	43.85-63.35	17.34B	14,001,100	14,782,000	14,034,900	3,821,300	3,932,700	2.9%	18.82	1.45	10.78	
19	19	Siemens AG	<b>SI</b>	107.71	93.04-113.16	90.77B	94,025,000	93,672,000	108,083,000	26,086,000	25,694,000	-1.5%	15.12	1.11	10.07	
20	21	Lockheed Martin Corp.	<b>LMT</b>	122.34	85.88-126.73	39.03B	45,671,000	46,499,000	47,182,000	11,921,000	11,408,000	-4.3%	13.72	0.94	8.13	
21	25	Checkpoint Systems, Inc.	<b>CHKP</b>	15.54	7.70-17.78	640.19M	821,678	763,749	690,789	177,604	172,018	-3.1%	N/A	0.94	12.27	
22	22	Northrop Grumman Holdings	<b>NOG</b>	93.06	62.80-96.42	21.42B	28,143,000	26,412,000	25,218,000	6,274,000	6,294,000	0.3%	11.56	0.91	6.30	
23	24	L-3 Communications Holdings	<b>LLL</b>	90.98	68.84-94.32	8.15B	15,680,000	13,157,600	13,148,300	3,143,000	3,192,000	1.6%	10.88	0.88	7.44	
24	23	Johnson Controls	<b>JCI</b>	40.85	24.75-42.01	27.95B	34,305,000	40,833,000	41,955,000	10,581,000	10,831,000	2.4%	26.35	0.81	12.84	
25	24	Drebold	<b>DBD</b>	28.70	27.59-35.40	1.83B	2,823,793	2,835,848	2,991,693	743,188	707,113	-4.9%	N/A	0.72	13.37	
26	26	Intemec	<b>IN</b>	9.90	5.78-9.96	601.97M	679,111	848,181	790,093	200,951	No report	N/A	N/A	0.72	23.91	
27	27	Identix Group	<b>INVE</b>	0.79	65.160	49.24M	84,843	102,708	94,599	23,856	23,595	-1.1%	N/A	0.63	N/A	
28	28	Anixter International, Inc.	<b>AXE</b>	84.29	54.11-86.85	2.74B	5,274,500	6,146,900	6,253,100	1,577,000	1,579,500	0.2%	24.52	0.57	9.84	
29	29	URS Corporation	<b>URS</b>	50.14	33.20-51.21	3.75B	9,177,051	9,545,000	10,972,500	2,690,700	2,792,000	3.8%	11.80	0.49	6.67	
30	31	ManTech International	<b>MANIT</b>	28.99	21.58-30.21	1.08B	2,604,038	2,869,982	2,582,295	638,937	605,129	-5.3%	12.44	0.43	5.74	
31	30	Brinks Company	<b>BCO</b>	26.64	21.77-30.75	1.28B	3,121,500	3,766,000	3,842,000	935,600	990,500	5.9%	38.55	0.41	5.38	
32	32	Magal Security Systems Ltd.	<b>MAGS</b>	3.74	3.31-5.09	60.39M	49,699	88,591	77,697	16,427	12,231	-25.5%	20.22	0.39	5.12	
33	33	Vicon Industries, Inc.	<b>VII</b>	2.57	2.33-3.46	11.57M	48,681	47,182	49,652	11,722	10,024	-14.5%	N/A	0.25	N/A	

**Sokoloff Index 1,595.78**

380,753,527 388,574,234 408,453,417 100,891,343 103,257,146  
Over Year 2010 Over Year 2011 Over Q1 2013

2.1% 5.1% 6.5%

Average Median

2.3% 2.4% 39.22 20.14 15.04 10.96

Quarterly Growth Over Q2 2012

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



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Phone: 818-547-4500  
Fax: 818-547-4388