

Security Finance Newsletter

April 2018

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Volume XIV, Issue 1

4th/1st QUARTER MERGERS & ACQUISITIONS

Buyer: CONVERGINT TECHNOLOGIES is a systems integration company.

Seller: GENESIS SECURITY SYSTEMS is a systems integrator based in Germantown, MD and has 75 employees.

Merger: NORTEK SECURITY & CONTROL BRANDS. Nortek provides smart connected devices and systems for residential, security, access control, and digital health markets. Core Brands focuses on control, audio, power management, connectivity and video distribution. Both are based in California.

Buyer: ALLEGION (NYSE:ALLE) manufactures and sells mechanical and electronic security products and solutions worldwide.

Seller: TECHNICAL GLASS PRODUCTS (TGP) and AURORA SYSTEMS (AD SYSTEMS). TGP is a manufacturer of advanced fire-related entrance and wall systems. TGP had approx \$80 million in net sales for the trailing 12 months ended Sept. 30, 2017. AD SYSTEMS is a manufacturer of high performance door systems based in Everett, WA. AD generated net sales of approx. \$18M in 2017.

Buyer: THE BRINK'S COMPANY (NYSE:BCO)

Seller: RODOBAN is based in the state of Minas Gerais, Brazil. They provide cash-in-transit, money processing and ATM services. The company generates annual revenue of approx. \$80 million.

Buyer: DTT is a provider of video-based managed loss prevention solutions.

Seller: LP INNOVATIONS, INC. is a loss prevention provider to the retail industry which has approx. 70 employees and is based in Milford, MA.

Buyer: WAYNE ALARM SYSTEMS

Seller: LEXINGTON ALARM SYSTEMS is based in Bedford, MA with approx. 20 employees. Wayne will gain about 8,700 accounts from Lexington.

Buyer: KASTLE SYSTEMS INTERNATIONAL is a systems integration company.

Seller: URBAN ALARM is a security provider and patrol service based in Washington DC.

Buyer: RED HAWK FIRE & SECURITY, LLC

Seller: DIVERSIFIED PROTECTION SERVICES (DPI) based in Anaheim, CA and **ATCI COMMUNICATIONS, INC.** based in Miami, FL. DPSI provides design, construction, installation, and service of specialty systems and ATCi is a systems integrator.

Buyer: MOTOROLA SOLUTIONS (NYSE:MSI)

Seller: AVIGILON (AV.TO) is based in Vancouver, British Columbia and designs, develops and manufactures advanced video solutions. The company has 1,171 employees and has TTM revenue of \$390.9M.

Buyer: GENERAL DYNAMICS (NYSE:GD)

Seller: CSRA (NYSE:CSRA) provides next-generation technology solutions to federal customers. The company's FY2017 (March) revenue was \$5 billion and they have 19,000 employees.

Buyer: IDENTIV, INC. (Nasdaq:INVE)

Seller: 3VR SECURITY, INC. is a video technology and data analytics company based in San Francisco.

Buyer: AMAZON (Nasdaq:AMZN)

Seller: RING SECURITY is a smart-doorbell maker that streams audio and video to cellphones. The company is located in Santa Monica, California.

Buyer: WIPRO (NYSE:WIT)

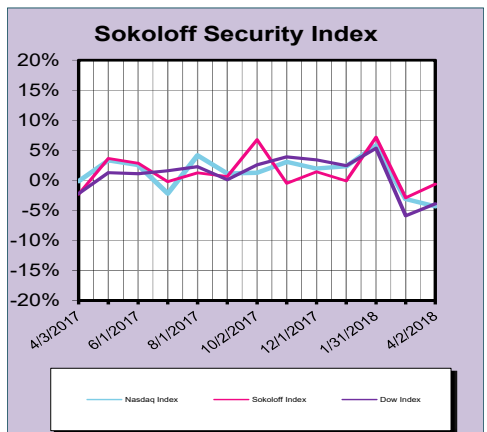
Seller: DENIM GROUP is an independent application security firm based in San Antonio, Texas.

Buyer: MAGAL SECURITY SYSTEMS, LTD (Nasdaq:MAGS)

Seller: ESC BAZ LTD. is an Israeli-based company focused on the development and manufacturing of military-grade smart Security Video Observation and Surveillance systems.

Buyer: JOHNSON CONTROLS (NYSE:JCI)

Seller: SMARTVUE is an IoT wireless video-surveillance company based in Nashville, TN.



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**AN INTERVIEW WITH
LUIS LOPEZ
FOUNDER/PRESIDENT
ALANTE SECURITY**

This quarter, Sokoloff & Company interviews **LUIS LOPEZ**, Founder and President of **ALANTE SECURITY**. Alante Security is a guard company and distributor of various security products that is based in Westbury, NY.

How did you get into the security industry and how did you start Alante Security Group?

I retired from the Police department at a relatively young age and wanted to embark on a new career where I would be able to use my Police and military experience. I was confident that I would be able to bring a unique perspective and expertise to the industry so I started Alante from a small room in my house. As the company grew we moved to my garage. Several years later we outgrew the garage and purchased a two story building consisting of 3000 square feet. Seven years later we sold the building and are currently leasing an office consisting of 5000 square feet.

What do you enjoy about your job and running a security business?

I enjoy the independence of own-

"I attribute our success to the fact that we are intimately involved in the day to day operations and details of every customer we service."

ing a business, being my own boss and seeing the fruits of my labor and sacrifice. I also like running the company and working all jobs from the actual guard service to now serving as president and CEO. I have and continue to wear many hats.

Alante Security Group has been

This notice appears as a matter of record only.



Apollo Video Technology

Apollo Video Technology
has been acquired by



**LUMINATOR
TECHNOLOGY GROUP**

The undersigned advised
Apollo Video Technology LLC



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in business for 26 years. What do you attribute your success to and how do you keep your customers?

I attribute our success to the fact that we are intimately involved in the day to day operation and details of every customer we service. Our management staff is hands on and I am always available to discuss with our clients any issue they may have. Clients enjoy a level of customer service uncommon in the industry. For

that reason, most of our work comes from referrals.

How do you find and train people and what is your corporate culture like?

We have very little turnover. My HR Department Head has been with me from the very beginning.

The staff at corporate headquarters has been with Alante for many years. They are hardworking, dedicated and loyal and all work for the success of the company.

For recruitment we use numerous apparatuses. Potential candidates are referred by current employees and from time to time we place classified ads in industry specific publications.

The most effective tool, however, is online recruitment services. They allow us to hone in on multiple potential candidates that have the prerequisite experience level or qualifications. This allows us the opportunity to quickly sift through masses of potential hires so that we are able to choose the most qualified individuals.

Tell us about the changing landscape of protection and how it has evolved over the years.

The industry continues to evolve in a positive direction. In addition to an ever-expanding pool of clientele, clients are requiring a better trained and qualified guard force. A robust training and quality control program has never been more important or necessary. They are key factors in

customer satisfaction and retention.

In addition, the growing influence of the electronic surveillance industry has also had an impact on our operations. In an effort to keep pace with the changes we have secured the necessary expertise and licensing needed to take advantage of any opportunities. We have partnered with the leading manufacturers and distributors in the electronic surveillance community and look forward to establishing a presence in the space.

Tell us about some jobs that Alante has done that has saved a customer's assets and how you apprehended or prevented a problem from occurring?

While there have been several examples of exemplary service I'll relay one experience where Alante truly went above and beyond for our clients.

While servicing a residential complex it was discovered that there was a rash of vehicular break-ins occurring in the early AM hours. This particular complex was a sprawling property which included wooded areas devoid of any fencing or electronic surveillance. The level of guard coverage requested was woefully inadequate and the client's budgetary constraints did not allow us to increase the level of security officers assigned to the location. In an effort to thwart the culprits, Alante's executive staff made

Luis Lopez, Founder/President, Alante Security

After serving with distinction in the United States Air Force, Mr. Lopez went on to serve as a New York City Police Officer where he attained the rank of Detective Sergeant. His career spanned twenty years serving with some of the department's most diverse units: Uniformed Patrol commands, Plainclothes/Undercover Narcotics, Public Morals, Robbery Investigation Units and the Police Commissioner's specialized Community Affairs and Immigrants Liaison Units.



the decision to augment the patrol by utilizing privately owned vehicles. Our efforts were fruitful. The vandalism and theft oc-

find us through the internet and we advertise through local media. Additionally, a great source of pride for us is that we are offered work based on the quality of our service. Clients promote us through word of mouth.

What are your goals for Alante in the next five years?

My goals for Alante for the next five years are to expand our client base exponentially. We may be a small company but we are capable of doing very big things. We would like to offer our brand of commitment, professionalism, and customer service nationally and abroad.

Sokoloff & Company

Please contact Pete Sokoloff Senior Managing Director for a confidential consultation about your company's merger and acquisition needs.
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psokoloff@sokoloffco.com

This notice appears as a matter of record only.



EF&I Services Corp.

has been acquired by



The undersigned advised EF&I Services Corp.



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curing at the facility stopped and the client was able to stay within their budget.

How do customers find you, what type of outreach do you do? Social Media? Word of Mouth? Advertising?

Alante is a certified Small and Veteran Owned Business. These certifications afford us the opportunity to bid on projects offered by all levels of government. Potential clients can also

Do you receive our free weekly e-mail Security Newsletter Update? If not, please adjust your spam filter or sign up easily online 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

Q4 2017 Reports and Stock Prices as of March 28, 2018

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)

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

Multiple; the Enterprise Value divided by EBITDA (Earnings Before Taxes, Interest, Depreciation and Amortization). Changed from last quarter: Taser International, Inc. (Nasdaq: TASR) changed its name to Axon Enterprise, Inc. (AXNN). 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.

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Current Rank	Previous Rank	Company	Symbol	Stock Price 3/28/2018	52 Week Range	Market Cap 3/28/2018	2015 Revenue (000s)	2016 Revenue (000s)	2017 Revenue (000s)	4th Q 16 Revenue (000s)	4th Q 17 Revenue (000s)	Incr/Decr 4th Q 17	P/E	EVS	EVM	
1		1 Roper Industries, Inc.	ROP	276.49	204.62-292.97	28,43B	3,582,395	3,789,925	4,607,471	1,010,800	1,226,583	21.3%	29.45	7.24	21.45	
2		4 Axon Enterprise, Inc.	AXNN	37.92	20.57-40.49	2.01B	197,892	288,245	343,798	82,077	94,651	15.3%	383.03	5.71	88.95	
3		2 Allegion, Plc.	ALLE	83.13	73.93-89.81	7.91B	2,068,100	2,238,000	2,408,200	569,700	623,000	9.4%	29.17	3.80	16.42	
4		3 Flir Systems, Inc.	FLIR	49.17	33.95-52.88	6.83B	1,577,067	1,662,167	1,800,434	474,738	494,784	4.2%	63.86	3.80	17.75	
5		6 Gentex Corporation	GNTX	22.60	16.59-24.07	6.20B	1,543,618	1,678,925	1,794,873	419,913	459,571	9.4%	16.03	3.20	9.22	
6		5 Honeywell	HON	143.26	122.40-165.13	107.21B	38,581,000	39,302,000	40,534,000	9,985,000	10,843,000	8.6%	66.94	2.97	14.55	
7		7 Veit	VRNT	37.40	37.05-44.70	2.39B	1,128,436	1,135,229	1,062,106	295,859	318,731	7.7%	N/A	2.62	29.94	
8		10 Zebra Technologies Corp. *	ZBRA	135.95	86.82-147.99	7.24B	3,650,000	3,574,000	3,722,000	942,000	1,026,000	8.9%	424.84	2.56	14.66	
9		11 Northrop Grumman Holdings	NOC	344.71	235.07-359.43	60.01B	23,526,000	24,508,000	25,803,000	6,397,000	6,634,000	3.7%	30.05	2.44	16.70	
10		8 The Geo Group	GEO	20.42	19.86-20.54	2.49B	1,843,307	2,179,490	2,263,420	566,579	568,977	0.4%	16.88	2.24	12.93	
11		9 Stanley Black & Decker	SWK	150.84	130.04-176.62	23.25B	11,171,800	11,406,900	12,747,200	2,920,400	3,413,500	16.9%	18.76	2.19	13.45	
12		13 Necpa Security Systems, Inc.	NSSC	11.30	7.40-11.50	211.41M	77,762	82,513	87,374	20,715	21,112	1.9%	34.24	2.09	22.52	
13		12 Lockheed Martin Corp.	LMT	335.33	266.01-363.00	95.85B	40,536,000	47,248,000	51,048,000	13,752,000	15,137,000	10.1%	48.66	2.07	16.02	
14		14 United Technologies Corp.	UTX	124.45	109.10-139.24	99.57B	56,098,000	57,244,000	59,837,000	14,659,000	15,680,000	7.0%	21.83	1.97	11.72	
15		17 L-3 Communications Holdings**	LLL	202.64	159.43-218.71	15.85B	10,466,000	9,210,000	9,573,000	2,643,000	2,574,000	-2.6%	23.83	1.92	13.76	
16		16 Brady Corporation	BRC	36.90	31.70-40.25	1.91B	1,171,731	1,120,625	1,113,316	268,001	287,780	7.4%	25.07	1.66	11.59	
17		21 Johnson Controls***	JCI	34.29	33.89-44.37	31.76B	37,179,000	29,569,000	30,172,000	7,086,000	7,435,000	4.9%	21.27	1.47	9.76	
18		23 Magal Security Systems Ltd.	MAGS	6.15	4.13-8.00	141.53M	63,736	67,825	64,292	20,252	23,017	13.7%	N/A	1.45	134.60	
19		15 OSI Systems	OSIS	63.61	50.50-96.64	1.21B	958,202	829,660	960,951	242,548	277,528	14.4%	N/A	1.42	8.63	
20		20 ManTech International	MANT	54.15	33.50-62.24	2.12B	1,550,117	1,601,596	1,717,018	394,178	462,285	17.3%	18.58	1.27	16.45	
21		18 Brik's Company	BCO	70.70	52.70-88.10	3.58B	3,061,000	3,021,000	3,347,000	804,000	903,200	12.3%	216.87	1.24	11.05	
22		19 Siemens AG	SIEGY	62.66	61.98-63.42	104.87B	80,608,000	79,644,000	83,049,000	23,448,000	23,731,000	1.2%	13.43	1.15	9.80	
23		22 CACI International, Inc.	CACI	148.90	112.10-159.40	3.67B	3,313,452	3,744,053	4,354,617	1,057,530	1,087,860	2.9%	13.91	1.08	12.71	
24		24 Identiv, Inc.	INVE	3.68	2.55-7.58	52.42M	60,794	56,168	60,219	14,647	16,555	13.0%	N/A	0.85	N/A	
25		25 Diebold Nixdorf	DBD	14.35	12.90-31.00	1.09B	2,419,300	3,316,300	4,609,300	1,243,400	1,249,900	0.5%	N/A	0.53	8.32	
26		26 Anixter International, Inc.	AXE	74.35	62.40-88.85	2.48B	6,190,500	7,622,800	7,927,400	1,894,600	2,013,800	6.3%	23.16	0.46	9.60	
27		27 Vicon Industries, Inc.****	VII	0.41	0.30-0.99	7.25M	44,884	35,760	26,652	6,605	7,747	17.3%	N/A	0.28	N/A	
Sokoloff Index							332,668,093	336,156,181	355,033,641	91,218,542	96,610,581	Over Q3 2017	Quarterly Growth Over Q4 2016			
							Over Year 2014	Over Year 2015	Over Year 2016				Average	8.6%	73.33	2.21
							-2.3%	1.0%	5.6%				Median	8.6%	25.07	1.97

*2015 Year End Revenues for Zebra (Nasdaq: ZBRA) include two months of results of the Enterprise business that the company acquired from Motorola Solutions.

** 2016 & 2017 Revenues for L3 Technologies (NYSE:LLL) were adjusted to present the Vertex Aerospace business as discontinued operations.

***Yearly and quarterly revenues for Johnson Controls (NYSE:JCI) dropped due to their spin-off of Adient and merger with Tyco

****Vicon Industries (NYSE:VII) still has not reported their Q3 numbers - for comparison purposes we plugged Q2 revenues in for Q3

Growth over previous period

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