



Ironline

A D V I S O R S

Industry Focus:

Creating Value in Fire Protection

The North American Fire Protection market is expected to reach \$25.5 Billion by 2023, growing at an 8.5% annual rate. Industry growth is driven by the Commercial and Residential Construction Industries, especially in new construction and building renovations in high population-density markets. Also, strict regulations and infrastructure development drive the North American Fire Protection markets of Canada and the U.S., as multi-story, high rise buildings require fire protection systems, and stricter fire & safety codes are being implemented to minimize risk and losses caused by fires. U.S. property damage from fires was an estimated \$14.8 Billion in 2020.

Fire Protection Products: With the adoption of wireless technology, products such as Fire Detection Systems, Fire Management Systems, Fire Response Systems, and Fire Analysis Systems & Software are advancing technologically. Other new technology advances include smart buildings, building automation, and intelligent sensors with networking capabilities. These innovations are increasing protection capabilities and efficiencies while lowering operating costs and fire losses. Prominent product technology players - Honeywell, Johnson Controls, Siemens, Orcus, Tyco, etc. - are expanding market presence through acquisitions and geographic expansion.

Fire Protection Services: Companies providing design consulting, installation, maintenance, monitoring and certification of fire protection systems are benefiting from a robust U.S. economy, construction-industry activity and added fire protection regulations. Prominent installation and maintenance players - API Group, ADT, Pye-Barker, FLSA, etc. - are expanding their brands aggressively through acquisitions and industry specialization. The primary challenge for this sector of Fire Protection is the limited technician labor supply.

Investor Interest: Private Equity and Strategic Buyers are attracted to Fire Protection for its consistent growth, high profit margins, recurring revenue, diverse customer base, competitive entry barriers and heavy regulation. For Fire Protection businesses focused on commercial and residential customers, the following performance attributes create significant investor interest and enterprise value for owners:

- Revenue growth exceeding 8-10% annually;
- Gross profit margins above 40% and EBITDA margins above 15%;
- Minimal annual revenue above \$5 Million;
- Higher revenue mix of service, inspection and monitoring versus installation;
- Industry concentration beneficial to market value - multi-family, industrial, etc.;
- High quality management team in place; and
- Technician recruitment/training/certification programs in place.

A combination of these performance attributes may create significant enterprise value, in excess of traditional investment returns.

Visit IronlineAdvisors.com

Ironline assist clients in the evaluation and implementation of business transitions. Please contact us at (205) 873-9597 if interested in further discussions about the M&A environment.

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US SPRINKLER, INC.
FIRE SPRINKLER SYSTEMS

HAS BEEN ACQUIRED BY

Century
Fire Protection
360

Ironline Advisors acted as Advisor to US Sprinkler, Inc.

SUPERHERO
FIRE PROTECTION

HAS BEEN ACQUIRED BY

HIDDEN HARBOR
CAPITAL PARTNERS

Ironline Advisors acted as Advisor to SuperHero Fire Protection

SOUTHEASTERN
AUTOMATIC
SPRINKLER
COMPANY

HAS BEEN ACQUIRED BY

MTECK
DESIGN. BUILD. SUPPORT.
A portfolio company of

TRIVE CAPITAL

Ironline Advisors acted as Advisor to Southeastern Automatic Sprinkler Co.