



Leadership Forum

Extracting Opportunities from Challenges

16th September 2025, New York USA



Chad Hoeft
Managing Director
Citi Bank

Attractiveness of the Industry to Investors

11:30 – 12:30

Attractiveness of the Security Industry for Investors

Today's Speaker: Chad Hoeft



Chad Hoeft
*Managing Director
Global Head of Building
Automation and Services
Citi Investment Banking*

Role

- Senior Investment Banking Advisor with over 25 years in the industry

History

- Joined Citigroup in 1999 after earning an MBA from UCLA
- Founded Citi's Global Services Investment Banking Group in 2012
- Advisor to clients across Services, Building Automation, and Technology with a concentrated focus on Security

Transaction Experience

- Raised billions in capital across a variety of global debt and equity markets
- Advisor on many of the Security Industry's most notable transactions

Attractiveness of the Industry to Investors – Selected Topics

1.

Investor Types and How They View / Define the “Security” Industry

2.

Capitalizing on Attractive Industry Attributes

3.

Addressing Key Issues / Concerns

4.

Key Metrics

5.

Investor Positioning to Create Value for Stakeholders

Defining the Investor Universe







Investors of all types are active in security with varying goals and time frames for value creation.

Private / Family Office	Private Equity / Financial Sponsors	Sovereign Wealth Funds	Pre-IPO / Public Investors
<p><i>Private families or long-dated funds with ability to invest for long term upside (5 - 10+ years)</i></p>	<p><i>Sponsors with varying strategies designed to create value over 3 - 7 year hold period</i></p>	<p><i>Sovereign wealth backed funds with long-dated capital and flexible underwriting criteria</i></p>	<p><i>Public equity funds that establish initial positions in IPOs and trade secondary markets; Performance measured every trading day</i></p>
<p>\$3T+ Assets Managed Globally¹</p>	<p>\$2.5T+ Global Dry Powder²</p>	<p>\$13T+ Total Assets Managed by Top 100 Largest SWFs³</p>	<p>\$125T+ Global Equity Market Capitalization⁴</p>
			

Source: 1. Report published September 4, 2024 from Deloitte. 2. Data as of January 2025 from Prequin. 3. Data through 2024 from IE University's Sovereign Wealth Funds report. 4. Data as of July 28, 2025 from SIFMA (Securities Industry and Financial Markets Association).

What Does “Security” Mean to Investors?

Security can be defined in several ways, with numerous businesses participating in the industry with various business models.


Physical Security	Electronic Commercial Security Services	Diversified Technology / Equipment-Focused with Exposure to Security
		
Cash in Transit / Armored Cars	Residential Security Services & Software	Diversified Industrials with Exposure to Security
		

Security Services Often Viewed Against Other Services

This comparison is common in public markets given limited number of public security services companies.

Best-In-Class Services	Catering	Environmental	Equipment Rental
			
Facility Services	Industrial / Infrastructure Services	Uniforms	Real Estate Services
			

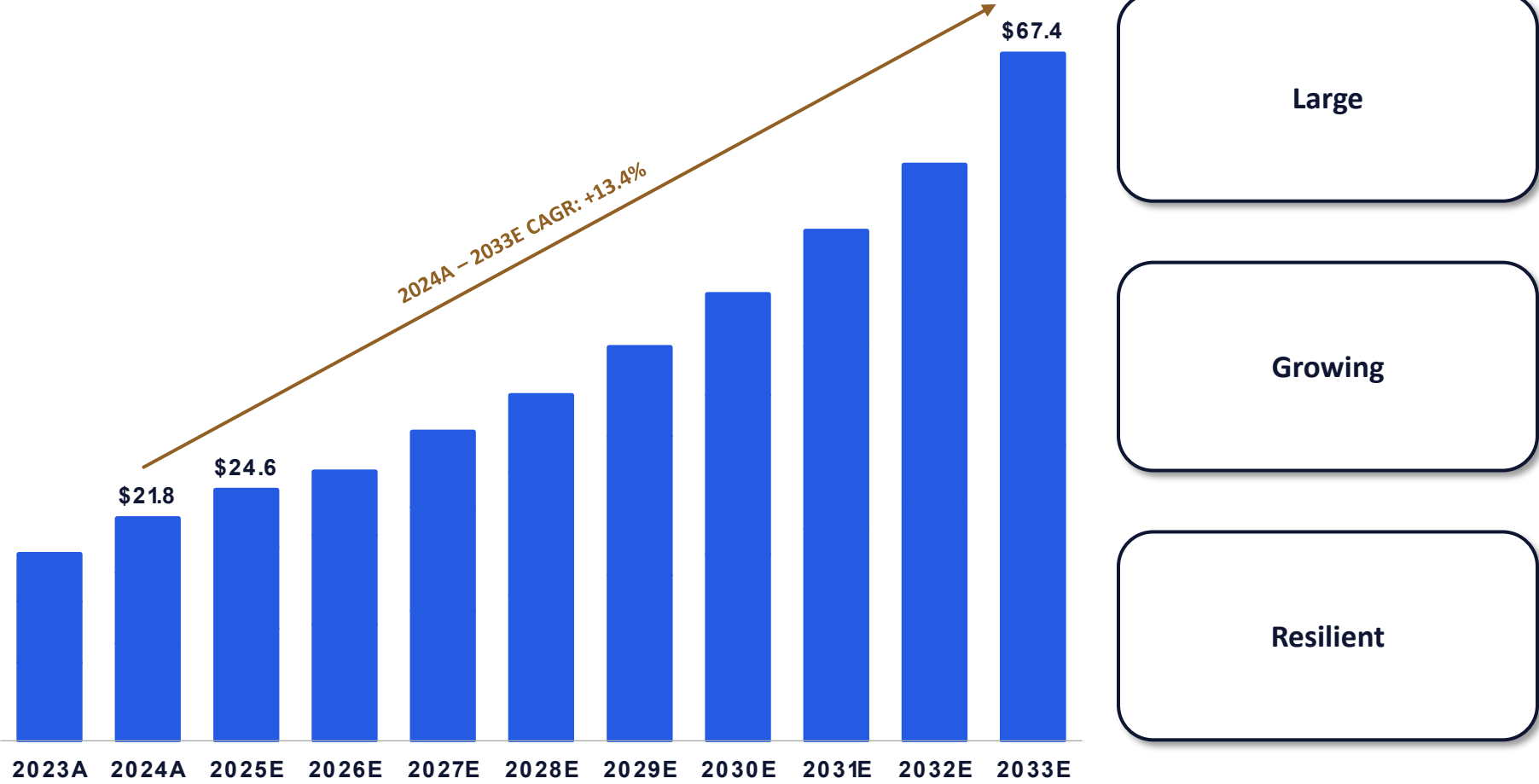
Security Has All the Critical Elements of an Industry for Attractive Investment

- 1** Large and Growing Addressable Market 
- 2** Favorable Long-Term Demand Drivers 
- 3** Numerous Business Models & Strategies Available to Create Value 

Traditional Physical Security Market is Attractive

Global Manned Guarding Market Size

\$ in billions

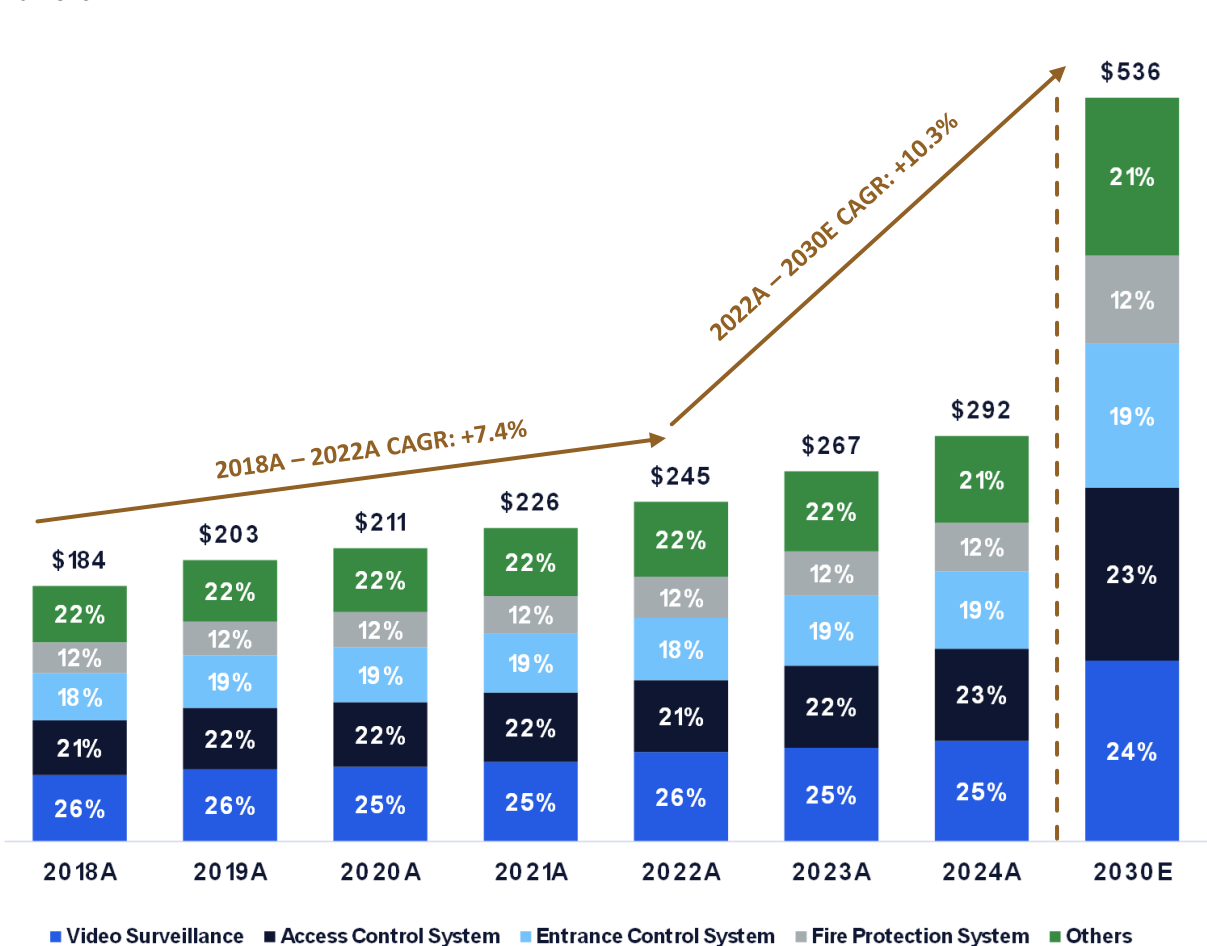


Source: Grand View Research Manned Security Services Market Size, Share & Trends 2024.

Adjacent Commercial Security System Market Even Larger

Global Commercial Security System Market Size by System Type

\$ in billions



	Historical (2018A – 2022A)	Outlook (2022A – 2030E)
Others	7.5%	9.8%
Fire Protection Systems	7.4%	10.1%
Intrusion	7.2%	11.0%
Access Control Systems	7.0%	11.6%
Video Surveillance	7.6%	9.3%

Source: 360iResearch Commercial Security Market Research Report 2023.

Secular Trends Driving Long-Term Growth



Population growth and increasing globalization



Increasing concern around safety and crime



Increasing number of construction projects and need for reinvestment

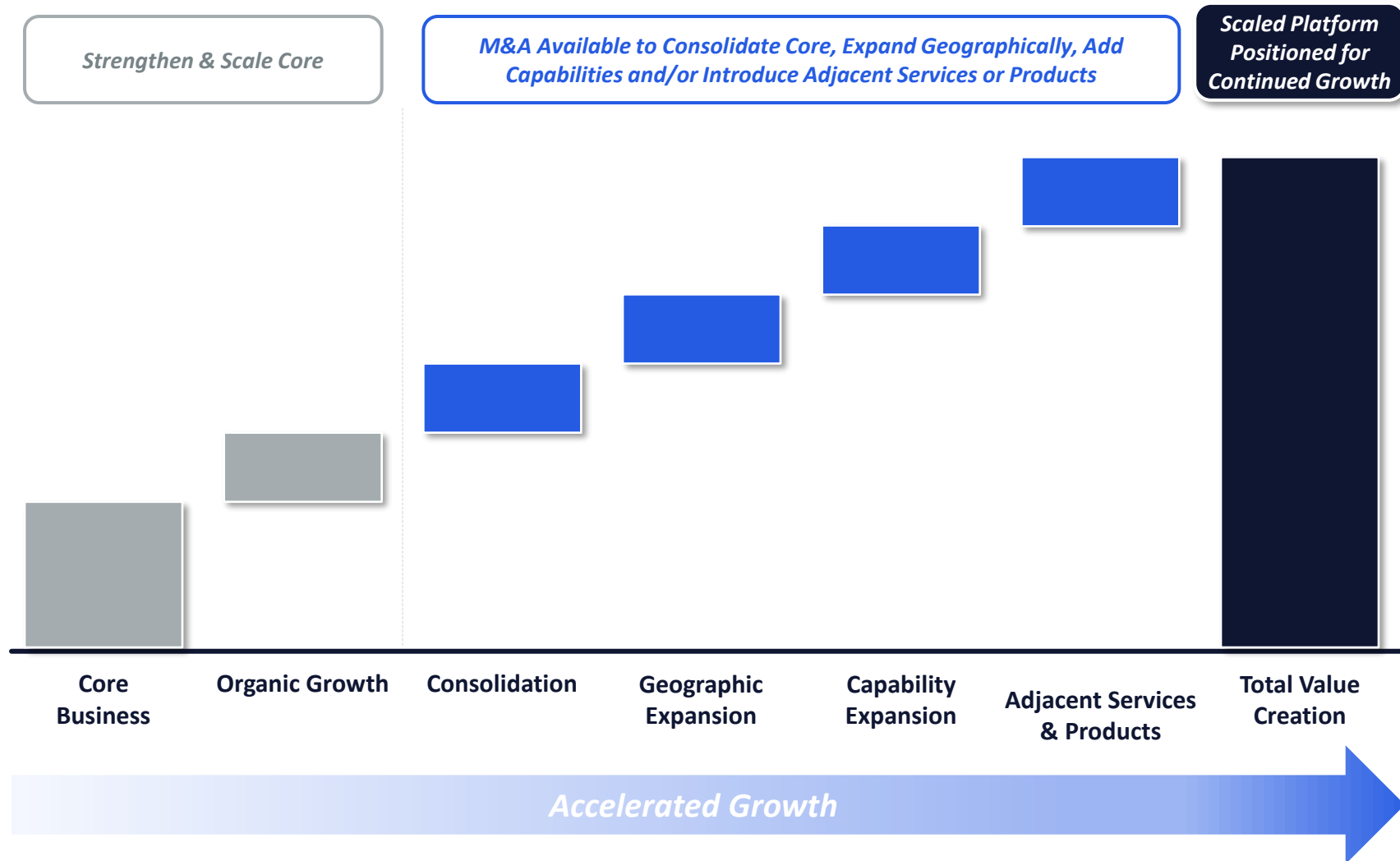


Increasing regulation imposes stricter security standards and compliance requirements



Technological advances

Various Strategies Available to Create Value

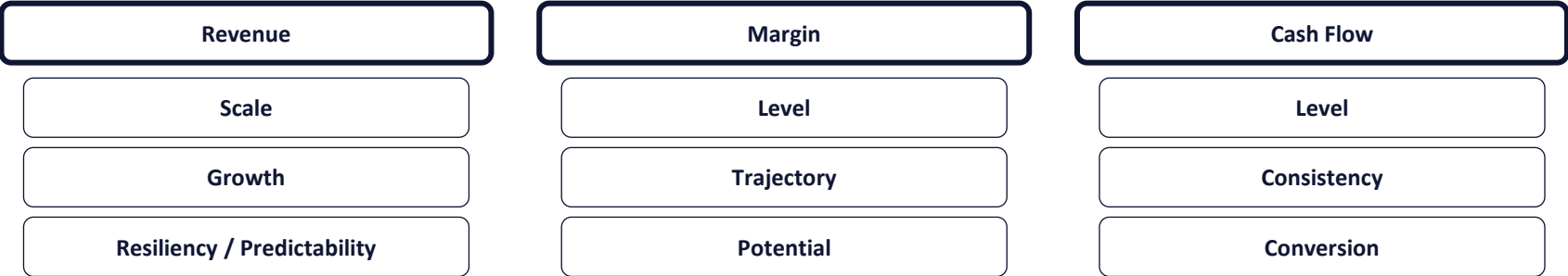


Addressing Key Concerns

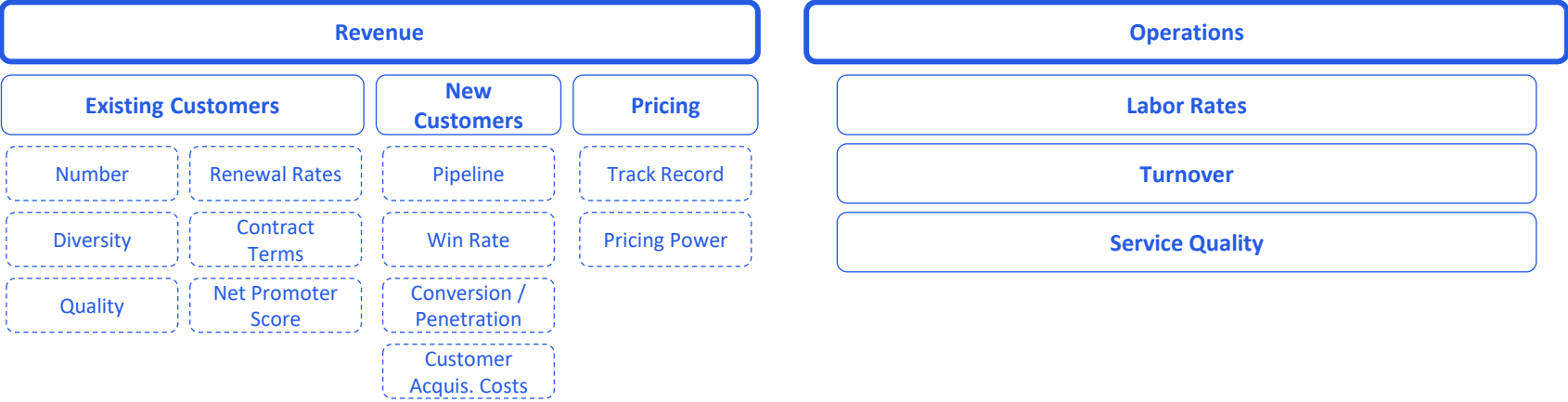
	Investor Concerns	Discussion Points
People Intensive	<ul style="list-style-type: none"> • Wages represent substantial cost • Hiring can be challenging • Managing quality difficult • Significant turnover 	<ul style="list-style-type: none"> • Pricing policies and track record • Recruiting and onboarding processes • Training and management approach • Retention rates / career development
Technology Impact	<ul style="list-style-type: none"> • Replacement of guards with cameras, drones, robots, sensors 	<ul style="list-style-type: none"> • Difficult to replicate “personal touch / judgment / flexibility of response” • Technology a value-added supplement • Opportunity for adjacent economics
Financial Profile	<ul style="list-style-type: none"> • Traditionally modest growth • Thin margins 	<ul style="list-style-type: none"> • Demand drivers remain strong and accelerating in selected areas • Supplemental growth available via M&A and expansion into adjacencies • Margins traditionally thin but relatively stable and levers to expand • Strong predictable cash flows key
Intense Competition	<ul style="list-style-type: none"> • Highly competitive bidding in many markets / segments • Significant number of global players • Technology driven interlopers looking to disintermediate 	<ul style="list-style-type: none"> • Relationship management • Thoughtful proposals • Positioning technology as supplemental • Retention rates / win rates key proof points

What Metrics Matter for Investors?

Traditional P&L



KPIs



Capital Structure



How Are Services Companies Incorporating AI Into Their Businesses?

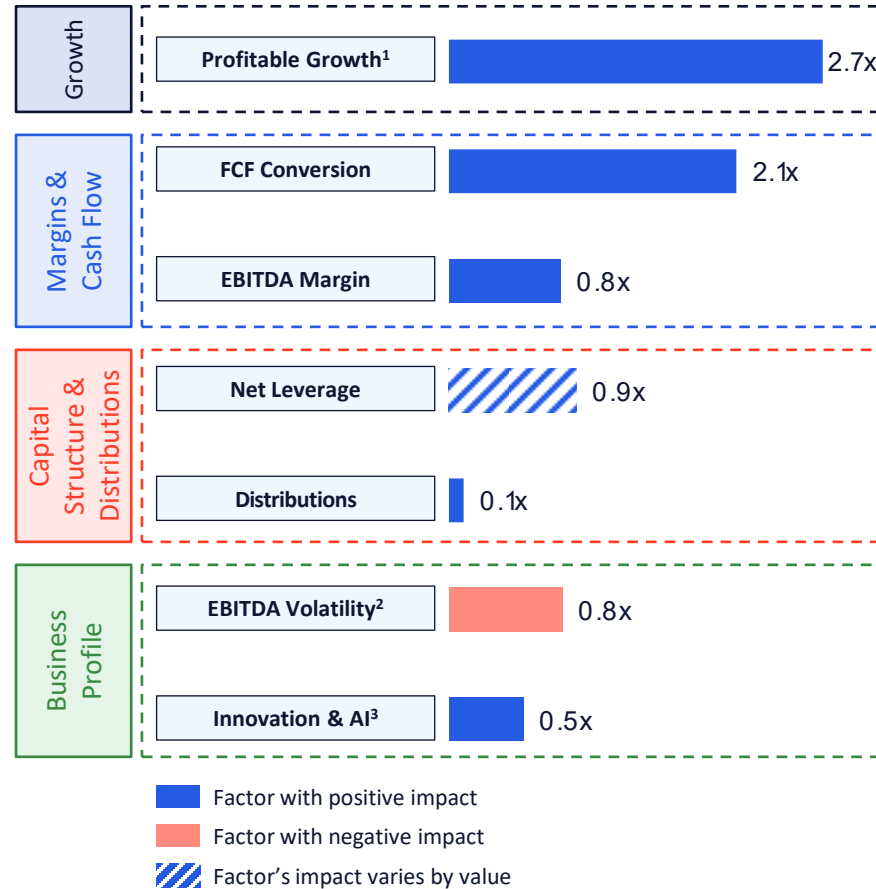
Increase Efficiency of Support / Overhead Functions	<ul style="list-style-type: none">• Financial reporting, MD&A and transcript drafting, content creation, acquisition target screening, vendor selection
Remote Monitoring of Physical Assets	<ul style="list-style-type: none">• Sensor-to-cloud technologies, reduce service visits, remote diagnostics, automated inspection tasks
Preventative Maintenance	<ul style="list-style-type: none">• Record and analyze maintenance history, spare parts management, predictive maintenance
Labor Optimization	<ul style="list-style-type: none">• Route planning, scheduling / over-time reduction, performance tracking
Customer Engagement and Personalized Offerings	<ul style="list-style-type: none">• AI-driven chatbots, tailored service recommendations, improve client satisfaction
Data-Driven Decision Support	<ul style="list-style-type: none">• Actionable insights for pricing, forecasting, capital planning and strategy derived from big data

Combination of Growth and Cash Flows Drive Valuation

Profitable growth is the predominant driver of valuation, with margins & free cash flow generation enhancing the impact of growth. Capital structure, distribution policy, and the business profile also play a meaningful role.

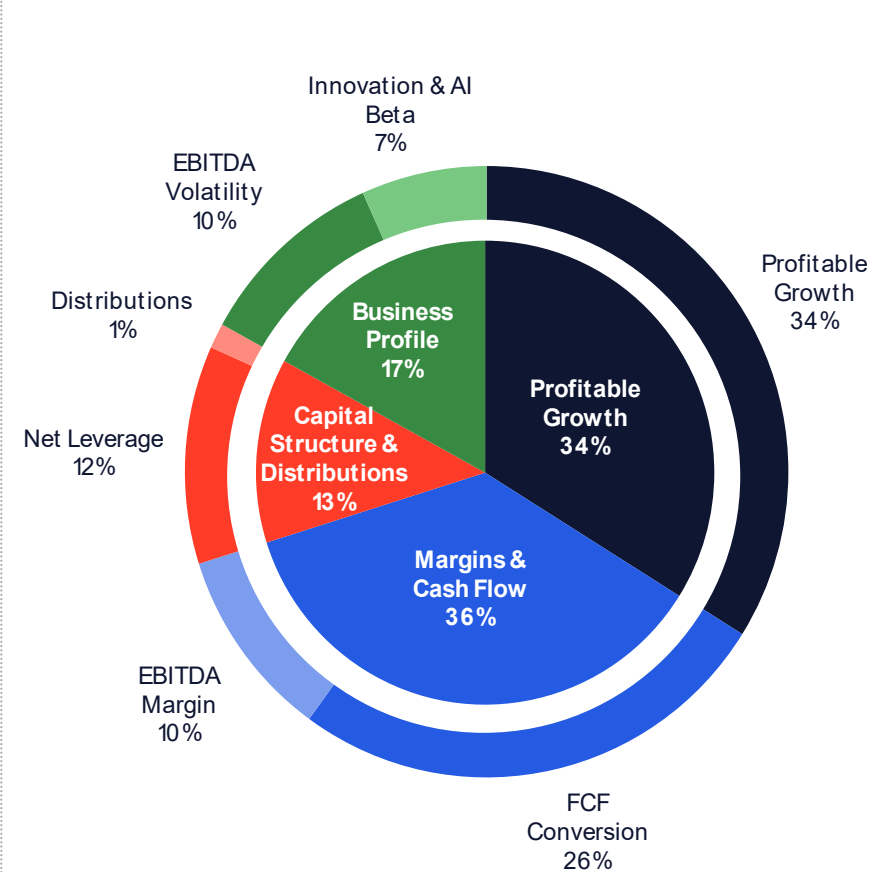
Profitable Growth, Margins, and Cash Flows Drive Valuation

Valuation impact of moving from bottom to top quartile while holding other metrics constant (x)



Combination of Growth and Profitability Critical for Valuation

Relative economic impact of factors moving from bottom to top quartile while others constant (%)



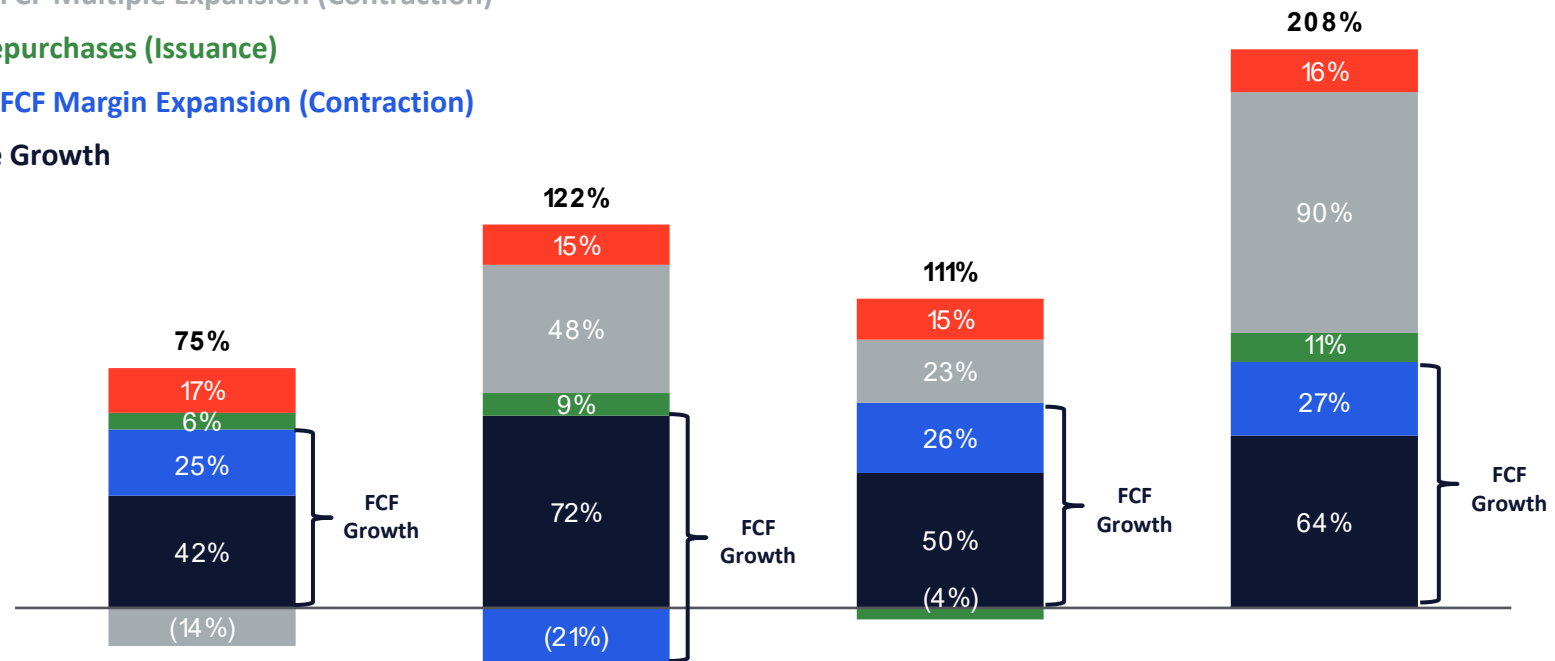
Sources: FactSet, consensus estimates. Notes: Based on a linear regression model of S&P 500 corporates. 1. Profitable growth: STM / NTM revenue growth including interaction with EBITDA margin. 2. EBITDA Volatility: Measured over past 6 years. 3. Innovation & AI: 2-year weekly two-factor beta against a long-short portfolio of innovative companies.

Revenue Growth + Cash Flows Drive Value for Shareholders

Companies in security and broader services drive value for their public shareholders by delivering a combination of revenue growth alongside cash flows. They supplemental value through share buybacks and dividends payments.

Drivers of Value for Shareholders Over The Past 5 Years

- Dividends
- Levered FCF Multiple Expansion (Contraction)
- Share Repurchases (Issuance)
- Levered FCF Margin Expansion (Contraction)
- Revenue Growth



Security

Services

S&P 500

S&P 500 Top Quartile

Sources: FactSet. Market data as of 9/10/25. Notes: TSR in USD. Median of groups shown. Security peers: ADT, Alarm.com, JCI, API Group, Securitas, Motorola, Prosegur, Allegion, ASSA ABLOY, dormakaba, Carrier, Honeywell, Siemens, Hikvision, Secom, Dahua, Loomis, Brink's, Prosegur Cash, Comfort Systems, EMCOR, Otis. Services peers: Casella, GFL Environmental, WM, Republic Services, Clean Harbors, Newmark, Colliers, CBRE, Jones Lang LaSalle, Cushman & Wakefield, Dycom, Quanta, MasTec, Jacobs, Compass Group, Aramark, Sodexo, UniFirst, Vestis, ABM, Custom Truck One Source, McGrath RentCorp, United Rentals, Ashtead Group, WillScot Holdings, Herc Holdings.

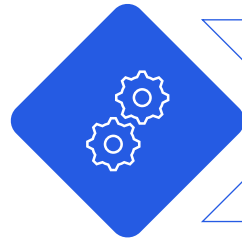
Positioning for Investor Interest & Value Creation



Understanding what you have, where you want to go and what you need to get there



Who is the right investor to support?



How will you measure your success?



What is the end game?

Summary Considerations for Security Companies



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Officer Lowers Risk Group



Steve Jones
Global Chairman & CEO
Allied Universal



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