



Fire and safety: The opportunity for PE firms

The fire and safety market has seen increased private equity (PE) interest over the last few years as PE firms recognize the highly fragmented nature of the industry as well as the stable nature of the sector given the number of regulations that businesses must comply with.

The fire and safety market at a glance

8.8%

projected CAGR globally from 2019 through 2025



24%

of global insurance claims between 2013 and 2018 were related to fire/explosion; this is the top cause of loss based on total value



9.3%

projected CAGR for the suppression segment, **the fastest-growing segment**



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cause of corporate insurance losses in Canada, China, Germany, and United States

What's driving growth

Technology advancements:

Whether it's the use of automation or connectivity with Internet of Things and the cloud, new capabilities are able to enhance prevention, speed up response times, and increase safety of first responders.

Regulations:

With fire and safety codes enforced by cities and states, businesses must comply or risk being fined. Given this risk, staying up to date with the right technology is not optional.

Automation:

Building owners are increasingly focused on the safety and security of their buildings and automation is one way to do that.

Why PE firms are interested in the fire and safety subsector



Technology is giving companies the ability to invest in new ways.



The sector is highly fragmented. There are opportunities to consolidate companies into more cohesive and unified offerings.

What PE firms are looking for from their fire and safety investments



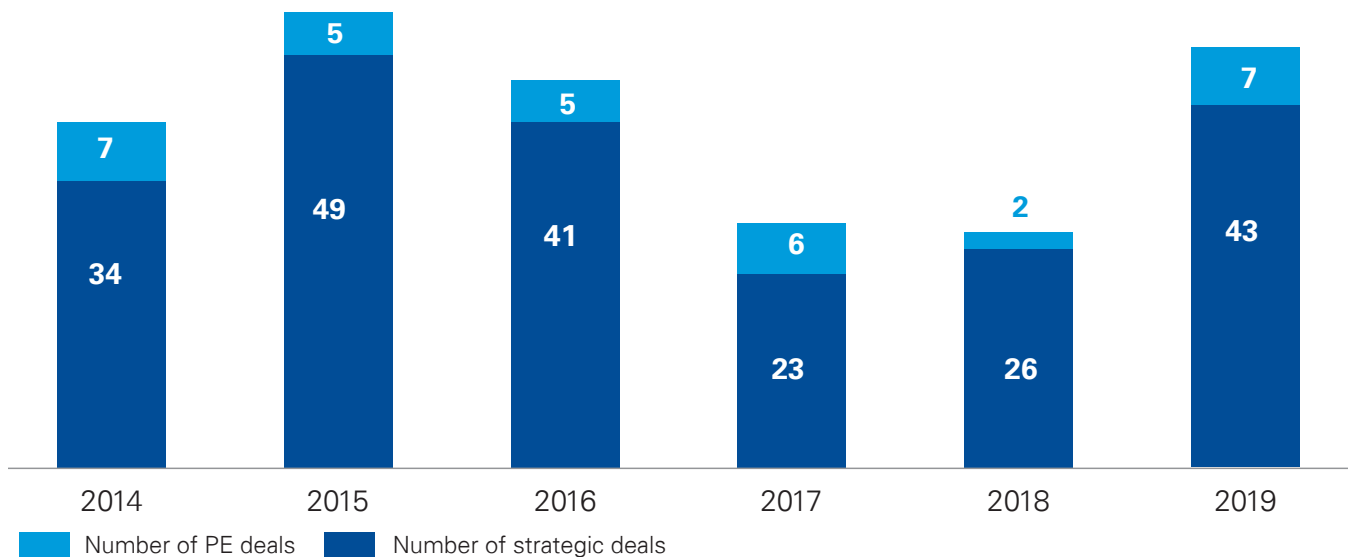
Technology capabilities



Ability to scale both into new markets geographically and create new offerings

Fire and safety M&A activity

Industry M&A Volume (U.S. and Canada)



Industry PE Buyout (US and Canada)





Notable PE acquisitions

- Riverside Partners has acquired Performance Systems Integration, Corp., a provider of automation and management services for life safety systems, from Peterson Partners LP.
- Bow River Capital Partners, LLC has acquired Dynamic Energy Services, LLC/Dynamix Engineering Ltd., an energy services company that focuses on implementing and installing energy and technology solutions.
- Highview Capital, LLC has acquired Frontier Fire Protection, LLC, a provider of installation, inspection, maintenance, and energy response services to fire sprinkler and alarm systems.



Key takeaways

- Fire and safety companies are an attractive target given increasing regulation and the opportunity for consolidation.
- PE firms are expected to continue investing in this space given the growth potential.



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Contact us

Phil Isom

Global Head of M&A
E: pisom@kpmg.com

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