

Oaklins



THE SMART LOCKS MARKET

MARKET OVERVIEW AND M&A ACTIVITY

April 2022

Experts in the Smart Locks segment | M&A Advisory

Table of Contents

Executive Summary	04
Introduction	05
Market Overview	07
<ul style="list-style-type: none">▪ Market trends, drivers and challenges▪ Market landscape▪ Value chain▪ Consequences of the Covid-19 pandemic▪ Regional snapshot of the DACH region	
M&A Activity	14
<ul style="list-style-type: none">▪ Selected transactions in Europe▪ Global market leaders▪ Transactions including global market leaders	
Valuation Trends	20
Oaklins Case Studies	21
Conclusion	23
About Oaklins	24


Dedication and passion for high-performance




has successfully acquired




M&A BUY-SIDE
Private Equity/TMT




has been acquired through an LMBDO by



M&A SELL-SIDE
Business Support Services/Private Equity/TMT



has been acquired by




M&A SELL-SIDE
Business Support Services/TMT




has been acquired by



US\$74.5m
M&A SELL-SIDE
TMT



has been acquired by




M&A SELL-SIDE
TMT




has been acquired by




M&A SELL-SIDE
TMT




has been acquired by



M&A SELL-SIDE
Other Industries




has been acquired by



M&A SELL-SIDE
Consumer & Retail/Private Equity/TMT

Datamars SA

has been acquired by



M&A SELL-SIDE
TMT

Oaklins – your trusted M&A advisor for transactions in the Smart Locks industry

- Oaklins has been active as an experienced M&A advisor for sell- and buy-side transactions in the Smart Locks industry for several years
- Excellent relationships to major market players in the industry
- Personal advice and counselling during the entire transaction process
- Global presence with offices in more than 45 countries enables Oaklins to deliver high-quality results for all stakeholders
- This results in the best possible merger, acquisition and divestment opportunities in the field of Smart Locks



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Executive Summary

Market drivers



- 1 Emergence of Internet of Things (IoT) helps to connect domestic appliances



- 2 Growing concern of security and privacy enhances the demand for Smart Locks



- 3 Upsurge of smartphone usage stimulates the growth of connected devices



- 4 Rising income in developed European countries allows people to spend more money on advanced security solutions

European M&A Outlook



- 1 Increasing cross-border M&A activity



- 2 Industry is dominated by strategic buyers



- 3 Motivations for M&A activities include gain of software knowledge, market share and product extension

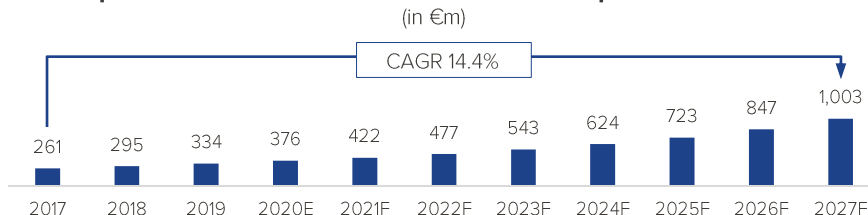
What are Smart Locks?

- Electronic and mechanical locking devices
- Open wirelessly with an authorized user authentication

Integration of Smart Locks via:

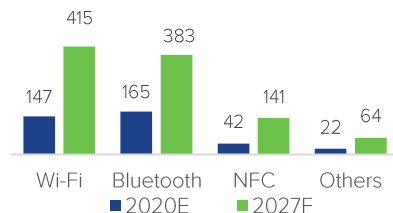
- Keypad and combination locks
- App-enabled locks applicable via smartphone
- Fob-enabled locks with ID card or key fob
- Fingerprint and biometric locks

European Smart Locks market revenue development 2017-2027F

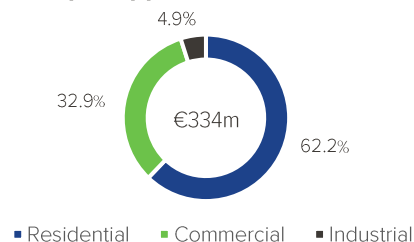


Global revenue per communication technology from 2020E and 2027F

(in €m)



European revenue per application in 2019



Challenges:

- Fear of privacy intrusion of smart devices at home hinders the implementation of Smart Locks
- Consumers have different price perceptions and want to pay only between €50-100 per device while the average price is €200
- Low awareness of Smart Locks especially in underdeveloped European countries

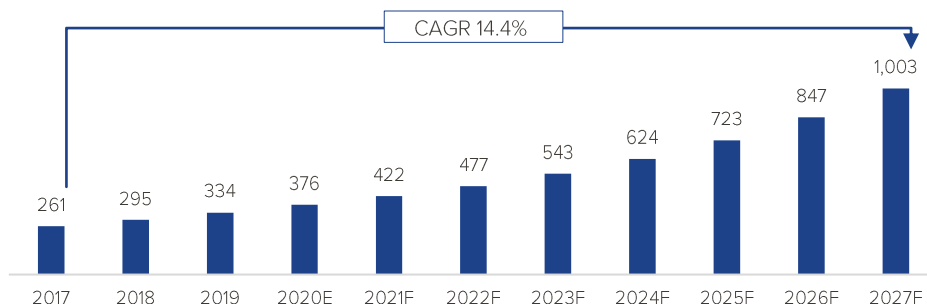
Introduction (1/2)

A Smart Lock is an electronic and mechanical locking device, applicable with deadbolts, padlocks, lever handles and other locks, which opens wirelessly with an authorized user authentication. As a result of the emergence of the Internet of Things (IoT) and the growing concern related to security and privacy, the European market of Smart Locks is expected to grow significantly in the future. Increasing awareness regarding the advantages of the advanced security solutions is anticipated to positively impact the sales of Smart Locks in Europe. Furthermore, the increasing interference of smartphones in daily life has further boosted the deployment of Smart Locks in the last few years as a consequence of enhanced benefits such as easy user interface and convenience to the users. In the future, more and more consumers will shift to smart devices and experience the benefits of Smart Locks, which will lead to an increasing demand.

Oaklins has successfully advised numerous M&A transactions not only in the smart home industry but also in the sectors cybersecurity, SaaS, data management and analytics as well as workflow automation.

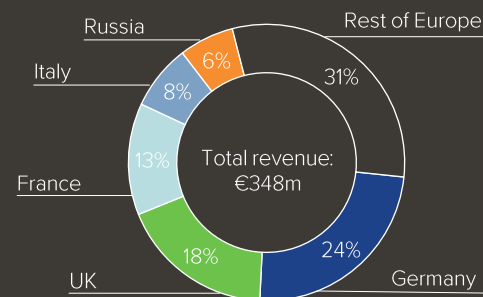
This report analyzes the European Smart Locks market and presents the key drivers for the industry and its challenges, an outlook as well as its value chain. It provides an in-depth analysis of the DACH region and presents the consequences of the Covid-19 pandemic. Lastly, M&A activities and valuation trends for the Smart Locks market are displayed.

European Smart Locks market revenue development 2017-2027F (in €m)

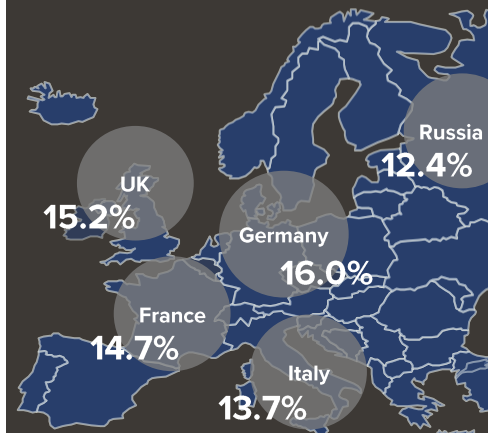


Source: Thomson Reuters (2020)

Market revenue share of European key countries in 2019

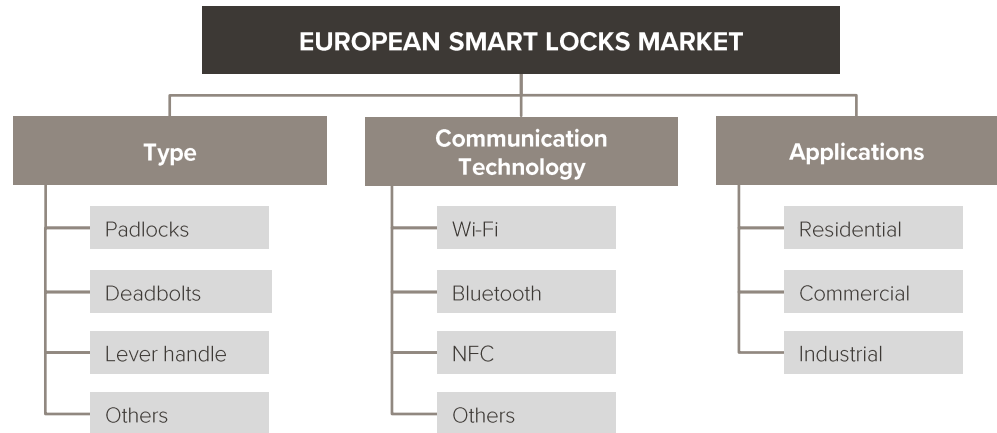


2017-2027F CAGRs for different countries





Introduction (2/2)



Smart Locks have created a new home security experience with customization features and functionality designed to give customers control over what happens in their home. Smart Locks are an extension of home automation into home security and as a connected device, Smart Locks can be considered part of Internet of Things (IoT).

Smart Locks consist of two main components. While the software processes and interprets information at the entrance (i.e. doors), the hardware forms the material component of the lock. The hardware most often appears in the form of padlocks. The information at the door is transmitted via Wi-Fi, Bluetooth or Near Field Communication (NFC) to the Smart Lock and to ensure that the data transmission between devices remains private, cryptographic keys are used in connection with the existing communication protocols.

The different options to use Smart Locks are keypad and combination locks, app-enabled locks which can be applied via smartphone, fob-enabled locks in form of an ID card or a key fob as well as fingerprint and biometric locks which are most often utilized in combination with an access code.

Trends



The development of “Smart Cities” implies big public investments in Smart Lock systems



Emergence of the IoT connects domestic appliances and improves the domestic security



Voice-controlled technology improves the utilization of Smart Locks



Drivers



Upsurge of smart-phone usage is stimulating the connected devices’ growth



Growing concern of security and privacy enhance the demand for Smart Locks



Rapid growth in the internet infrastructure and advancements in the technology sector



Rising income in Europe allows the population to improve the security systems



Challenges



The fear of privacy intrusion hinders the implementation of smart home devices



High costs for Smart Locks discourage consumers to change their current systems



The acceptance of Smart Locks is still relatively low due to lack of awareness especially in under-developed economies



Markets trends, its drivers and challenges

The European Smart Locks market has experienced tremendous growth in the past and is looking forward to even higher growth rates. As the Internet of Things (IoT) emerges, consumers connect their domestic appliances including their door locks more often. Therefore, their home security and privacy improves. Developed economies plan to invest in the development of smart cities in order to connect applications and to improve living conditions for the population which will further enhance the demand for Smart Locks. The market of Smart Locks is constantly improving and new technologies as voice-controlled Smart Locks are entering the market.

The constantly growing demand for Smart Locks is driven by the rapid growth in the internet infrastructure and the advancements in the technological sector as well as the upsurge of the smartphone usage. Smartphones allow users to remotely access their door locks through the help of several connected mobile apps and unite all domestic appliances through one app.

However, the high number of the market's advantages offset by a number of challenges. The biggest challenge are the high costs associated with setting up Smart Lock devices. Currently, smart devices are seen as luxury goods with pleasant but not necessary improvements for the life of the consumers. However, significant price cuts are to be expected in the future, particularly as a result of constant innovations.

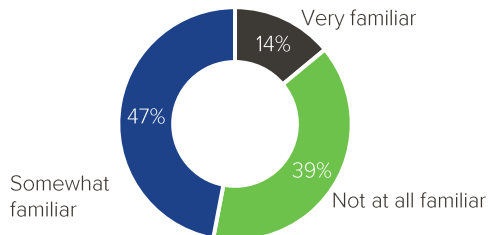
Characteristics of the European Smart Locks market

As the Internet of Things (IoT) is rising in familiarity in the majority of the population, smart home devices have started to contribute to the lives of the Europeans. In 2019 the number of households with installed smart security products was 11.5 million. Compared to other large economies in the world, like the United States with 15.7 million and China with 17.0 million smart devices, there is potential for future growth in Europe.

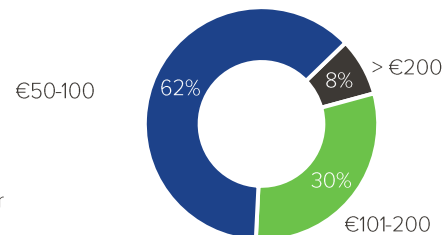
The reasons for the low acceptance are on the one hand the low awareness of the advantages that Smart Locks have, compared to standard locks. Only 14% of respondents are very familiar with Smart Locks, while 39% of respondents indicate, that they are not familiar with the device. On the other hand, there are different price expectations. 62% of the Europeans are willing to pay between €50-100 for a Smart Lock while the average price for a device is around €200. Especially China offers a wide variety of cheaper products and is consequently one step ahead of Europe in terms of pricing.

For European consumers, the most important feature of Smart Locks is a high security standard. As innovations continue, it is crucial that suppliers of Smart Locks create added value by improving the security of the user's lock. In order to raise the attraction of Smart Locks there must be a clear improvement of the security standard in comparison to the established lock.

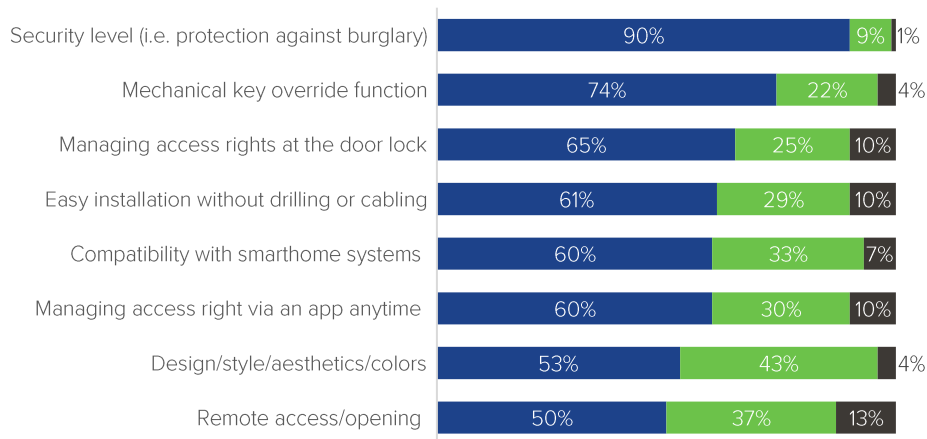
Familiarity with Smart Locks



Preferred prices for Smart Locks

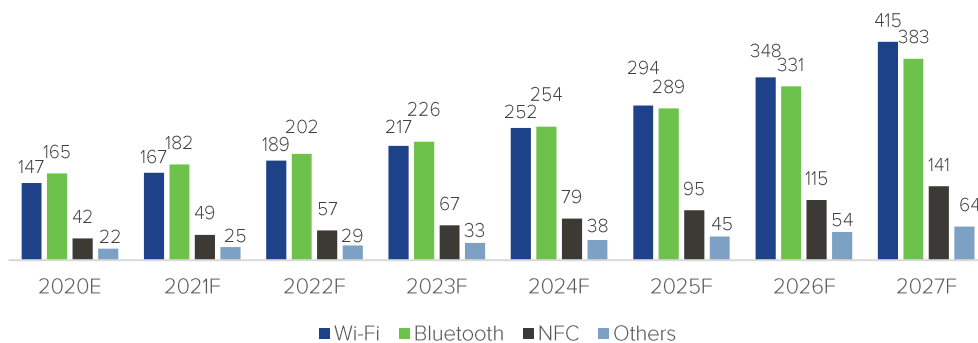


Importance of Smart Locks features

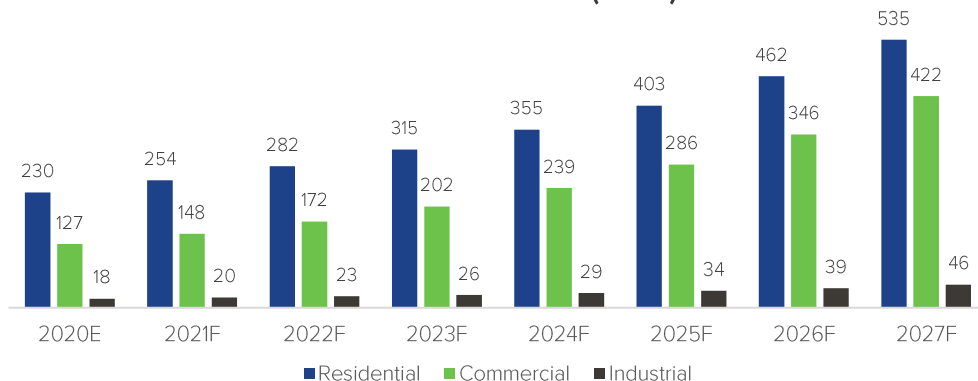


■ Very important ■ Somewhat important ■ Not important

**Future revenue development by communication technology
between 2020E-2027F (in €m)**



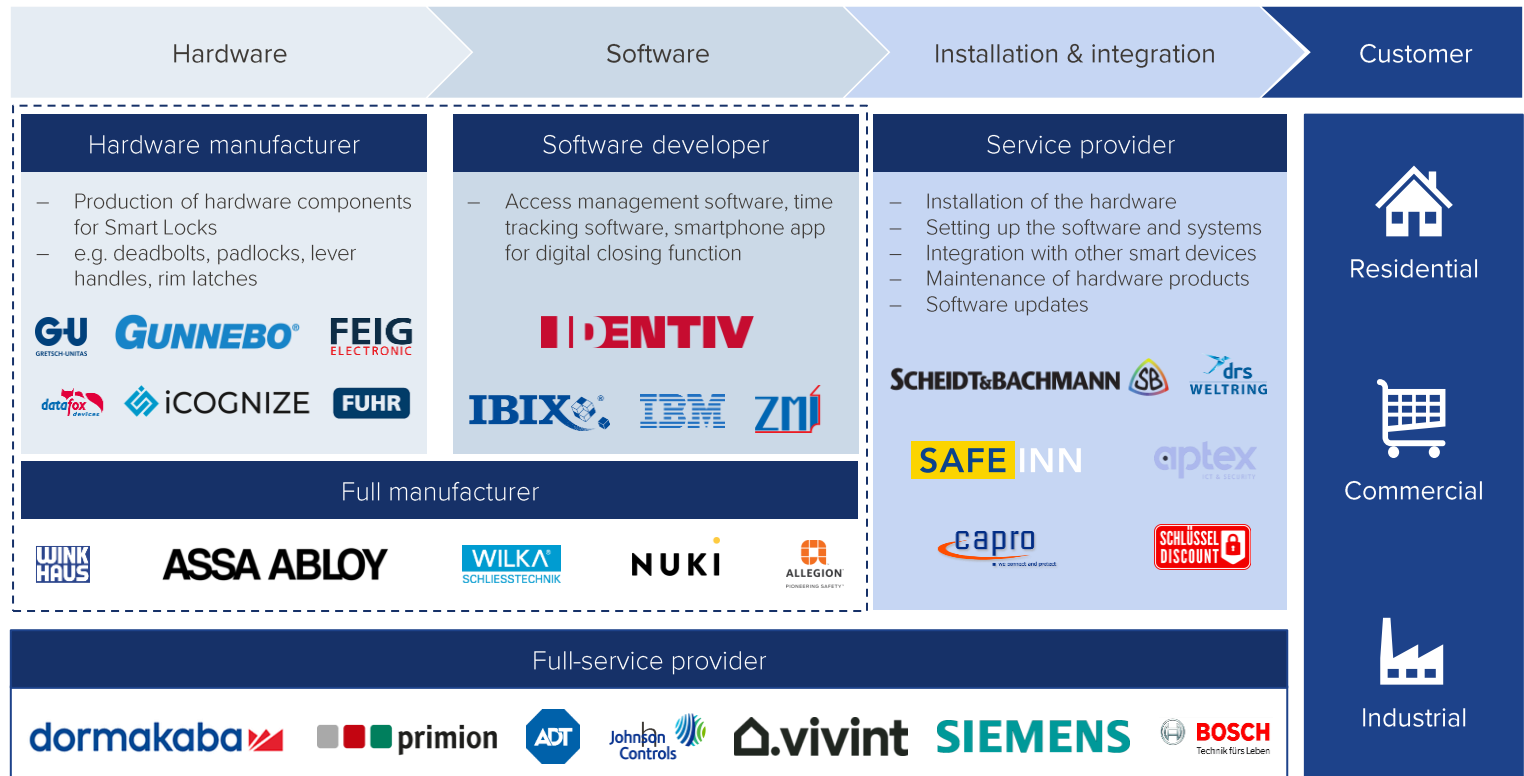
**Future revenue development by lock component
between 2020E-2027F (in €m)**



Key facts about the European Smart Locks market

- The European Smart Locks market is expected to grow at a CAGR of 15.1% from a total market value of €0.4bn in 2020 to €1.0bn in 2027
- In 2020 43.9% of the Smart Locks were connected via Bluetooth. This communication technology is expected to grow at a CAGR of 12.8% until 2027
- A connection via Wi-Fi is assumed to be the most revenue generating in 2027 as a result of an expected CAGR of 16.0%
- The biggest growth potential is expected for the NFC transmission with a CAGR of 18.9%. This connection technology is mostly integrated in smartphones and is considered the safest of all technologies
- In 2019 62.2% of the Smart Locks market revenue was generated in the residential segment. Although, this segment expects only a CAGR of 12.8%
- The biggest growth will take place in the commercial segment with a CAGR of 18.7% as the retail sector is expected to quickly adapt to Smart Locks
- With 59.0% most of the Smart Locks are using a deadbolt as a locking system due to high security and the easy implementation. There are no expected changes until 2027 in the component's aspect of Smart Locks

Value chain of the Smart Locks market



Management priorities and implications for a post Covid-19 world



Health & Safety

- Protect employees
- Support employees adapting to new ways of working in a safe environment
- Transparent continuous internal and external communication



Supply Chain

- Ensure business continuity
- Provide continuous premium services for customers
- Secure flexible and resilient supply chain



“Cash is King”

- Ensure liquidity for the worst-case scenario
- Focus on cash flow by effective working capital management
- Initiate cost savings and restructuring programs

The unprecedented slump in business activity resulting from mandatory business lockdowns and travel bans as well as supply chain disruptions had a direct effect on the European Smart Locks market. Even usually very stable and non-fluctuating businesses such as the service sector of Smart Locks is affected by the Covid-19 restrictions. The electronic and telecommunication industry, which is essential for the Smart Locks market, also witnesses a slowdown as the European electronic manufacturers rely on China-based suppliers for providing raw material and other components and the industry is expected to still be under stress in the first quarter of 2021.

The most important aspect for Smart Locks manufacturers during Covid-19 is to ensure the health of their employees. A fluent transition to home office options and a strict health protocol for the production process are necessary for the companies. To secure a flexible and resilient supply chain there must be a constant supervision of the ongoing stock. Companies should also make contracts with a domestic alternative supplier, in case foreign suppliers can not deliver the necessary raw materials on time. In addition to that, cost savings and restructuring programs must be initiated in order to ensure liquidity for the worst-case scenario. Therefore, an adjustment of the financial management must take place which always retains entrepreneurial flexibility. Additionally, there must be a daily monitoring of the cash flow development by tracking all bank accounts and a sufficient availability of committed credit lines. Consequently, the working capital can be improved, and a stable net debt and solid leverage achieved to surpass the Covid-19 pandemic with financial stability.



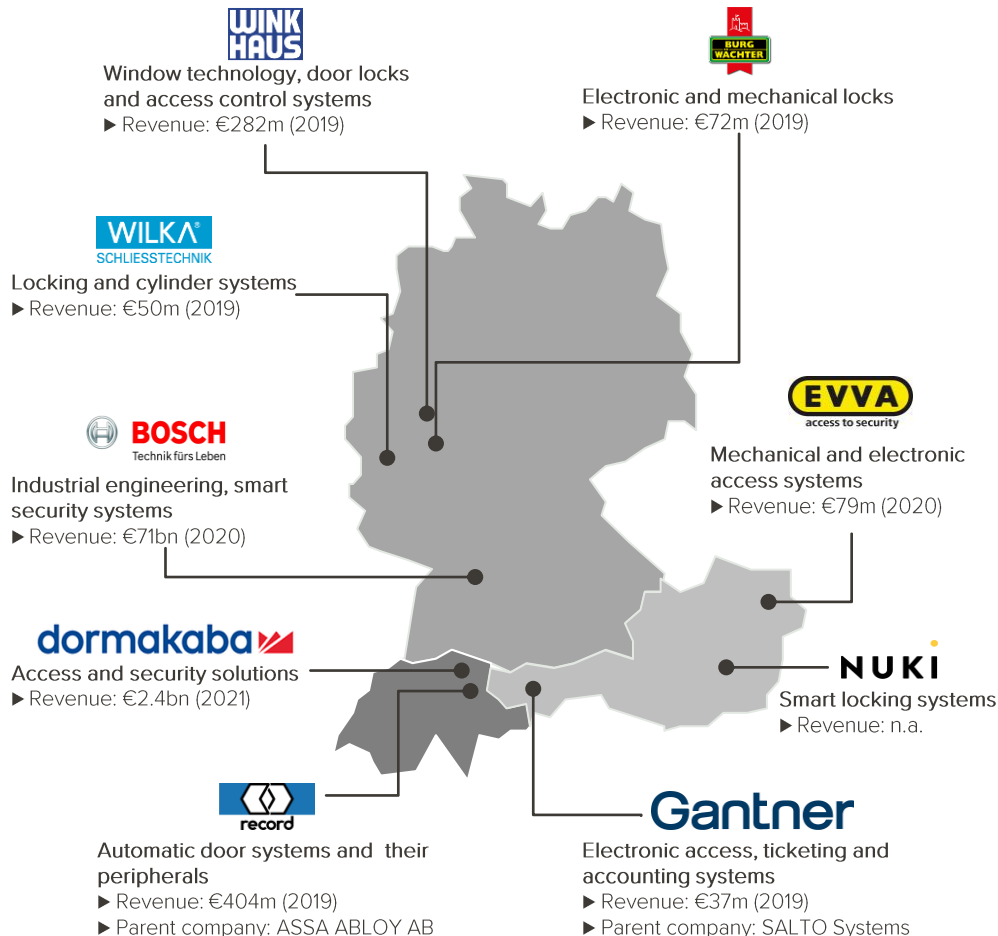
The DACH region is characterized by many SMEs

The Smart Locks market in the DACH region is currently fragmented by many SMEs with no clear market leader – apart from dormakaba as one of the largest providers of access control solutions worldwide.

With new innovations and the goal to change the market younger companies like the Austrian Nuki Home Solutions are surpassing established lock manufactures that missed the trend of Smart Locks. However, more and more established producers are recognizing that shift and are starting to recognize the growth potential of smart devices.

Especially Germany has room for further growth but currently most of the German customers are having only a small variety of German manufacturers to choose from. Therefore, they rely on innovative locking solutions from foreign suppliers.

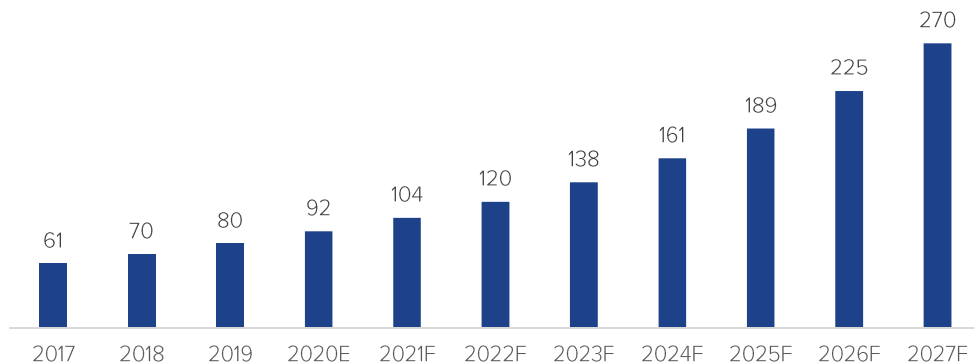
However, big corporations as Robert Bosch and Siemens have recently introduced their own Smart Locks and are willing to meet the rising demand. The so far inactive M&A market in Germany is expected to become active in the next couple of years as big corporations shift their focus to the high-growth market and prior market leaders in the locking segment have to acquire the necessary software knowledge for Smart Locks.



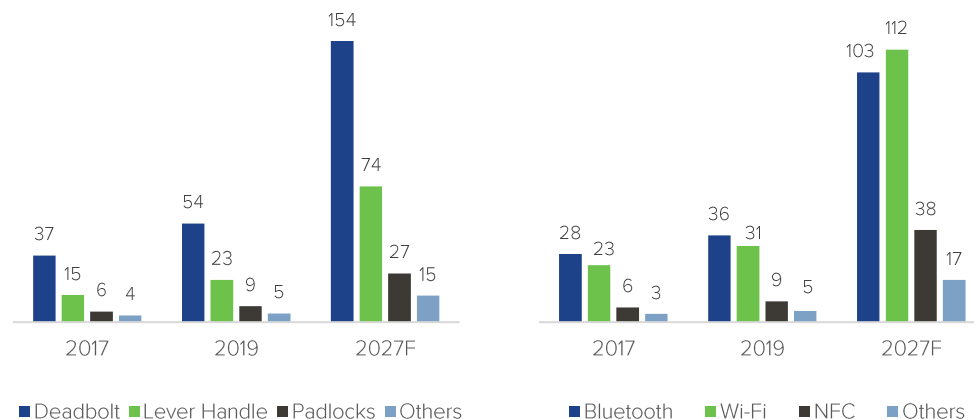
Sources: Capital IQ, Markus – Bureau van Dijk per 12/09/21

Note: Total revenue from the last available financial year

Smart Locks revenue forecast (in €m)



Smart Locks product type and communication technology forecast (in €m)



Source: Thomson Reuters (2020), Statista (2020)

Snapshot of the German Smart Locks market

- Growing incorporation of the IoT technology in security solutions leads to a rising adoption of smart security solutions
- Emergence of several new manufacturers in the last five years
- Big public investments in the expansion of wireless technologies are enhancing the change to Smart Locks
- In 2019 2.2 million households had smart devices incorporated at home
- Bosch and Samsung have, with 16.2% each, the biggest market shares of smart home security products

Outlook

- The German market for Smart Locks has the highest growth potential in Europe with a CAGR of 16.7% between 2020 and 2027 from €92.8 m to €273.2 m
- A shift from the Bluetooth technology to a Smart Lock system with Wi-Fi is expected in the next decade
- Biggest growth will take place in the segment of NFC technology with an expected CAGR of 20.6% between 2020 and 2027
- In 2025 12.2 million German households are expected to have a smart device in their home

Motivation for M&A transactions

"This acquisition proves Datalogic's desire to strengthen its position as an innovator and to pursue its growth strategy, always looking for cutting-edge solutions for its customers."

Valentia Volta, CEO of Datalogic
















"Cognitec's technology is highly compatible and integrable across the SALTO product portfolio of access control, smart lockers, and booking and ticketing solutions. Incorporating applications like frictionless check-in and hands-free access into our applications will improve the SALTO customer experience whether it's used in business, residential, or leisure and fitness."

Marc Handels, Chief Technology Innovation Officer of Salto Systems

By joining forces, we can extend our scale and market access in our core business as well as in services."

Jim-Heng Lee, CEO of dormakaba

Selected transactions from the European Smart Locks market (1/4)

Date*	Target	HQ	Deal description and rationale	Buyer	HQ
MAR 2022			Pekat Vision (revenue 2021: n/a) develops machine learning- and AI-based technology to automate quality assurance and visual inspection tasks in manufacturing. The acquisition will broaden Datalogic's software offerings and expand its research on AI.		
MAR 2022			Cognitec Systems GmbH (revenue 2019: €10.2m) is a provider of facial recognition software. The acquisition gives Salto Systems S.L. direct access to its technology for the use in a wide range of applications in the future.		
MAR 2022			Heikki Bruvik AS (revenue 2021: €8m) is a provider of locks, access control, burglar alarm and related safety & security services. The acquisition enables Lössenteret AS to strengthen its position within Norway.		
FEB 2022			AtiQx Holding B.V. (revenue 2021: n/a) provides customized solutions for electronic access control and workforce management, as well as a cloud-base 24/7 service model. Through the acquisition Kaba Holding AG accelerates its operations in the Netherlands and the elections access control segment.		
FEB 2022			TexTrace AG (revenue 2021: €100.2m) is a tech-developer that specializes in custom-made woven and knitted RFID products. TexTrace's innovative technology expands Avery Dennison Corp. digital ID portfolio to offer integrated RFID solutions for the apparel industry.		

*Announced or closing date

Source: Mergermarket retrieved on 07-April-2022

Motivation for M&A transactions



1 M&A transactions are used to gain the necessary software knowledge for the transformation from traditional locks to Smart Locks



2 Cross-border deals are used to expand the international market share



3 Market leaders are implementing inorganic growth strategies to defend their market position

"The acquisition of Solus fits into our strategy to become a leader in smart, secure and seamless access solutions. [...] We will leverage the companies' products and software expertise to grow in other Asian markets, as Solus becomes an integral part of our Asia-Pacific platform."

Jim-Heng Lee, CEO of dormakaba

"We are committed to growing our mechanical core business and the acquisition of the MR Group hardware division will help us drive that through expanding our product portfolio and improving our regional footprint."

Neil Vann, Vice President of ASSA ABLOY

Selected transactions from the European Smart Locks market (2/4)

Date*	Target	HQ	Deal description and rationale	Buyer	HQ
OCT 2021	sofia Smart access. Digital control.		Sofia Srl (revenue 2020: €11.9m) develops smart access security systems for offices and residences. This acquisition expands Iseo's Serrature s.p.a portfolio of security products for private houses, flats, apartment blocks and public buildings.	ISEO SECURITY ACCESS TECHNOLOGIES	
OCT 2021	NORTEK SECURITY & CONTROL		Nortek Security and Control (revenue 2020: €93.9m) develops and manufactures wired and wireless security and control systems for residential and commercial security markets. This acquisition expands Nice's portfolio to provide a full suite of integrated solutions for residential, commercial, industrial and government customers.	Nice	
AUG 2021	Reliance Doors and Best Doors Australia		Reliance Doors and Best Doors Australia Group (revenue 2020/2021: €50.3m) is a specialist for residential garage doors, automatic openers and industrial overhead doors. With this transaction, dormakaba aims to strengthen its position in the Australian door automation and residential market.	dormakaba	
AUG 2021	CAPITOL DOOR		Capital Door Service (revenue 2020: €14.5m) is a leading pedestrian door distributor and service company. The acquisition strengthens ASSA ABLOY's geographic coverage in Western United States, especially in California, Nevada and Arizona.	ASSA ABLOY	
JUL 2021	SOLUS Software & Systems		Solus Security Systems Pvt Ltd provides integrated solutions for access control, security solutions and door hardware products. The acquisition is expected to accelerate the expansion in India with a wide range of products and strengthen dormakaba's position in electronic access & data.	dormakaba	

*Announced or closing date

Source: Mergermarket retrieved on 07-April-2022

Motivation for M&A transactions



1

Market leaders are expected to expand their footprint geographically in fast growing markets with rising incomes which enable the population to buy Smart Locks



2

Traditional lock manufacturers shift to electronical solutions and are expected to acquire the required knowledge



3

More financial investors are anticipated to profit from the high growth potential of the Smart Locks market



















"If there is one thing the global COVID pandemic has taught us, it's that the ability to deliver more contactless solutions managed by end-users is very much needed and is here to stay."

Javier Roquero, Founder of Salto Systems

"We believe we have been the leader in revolutionizing the smart home industry by delivering what consumers demand: a fully-integrated smart home and security solution that is professionally installed and seamlessly managed."

Todd R. Pedersen, CEO of Vivint Smart Home.

Selected transactions from the European Smart Locks market (3/4)

Date*	Target	HQ	Deal description and rationale	Buyer	HQ
JUN 2021			MR Group (revenue 2020: €23.0m) sells its hardware division to ASSA ABLOY. The business unit is engaged in supplying aluminum profile hardware and locks. With the transaction, ASSA ABLOY aims to grow the mechanical core business by expanding its product portfolio.	ASSA ABLOY	
JUN 2021			Sure-Loc Hardware Inc. (revenue 2020: €11.9m) is a supplier of residential locks and associated hardware products. The acquisition supports ASSA ABLOY's strategy to strengthen the position in the mature markets by adding complementary products and services to the core business.	ASSA ABLOY	
FEB 2021			Larmatic Alarm AB is engaged in designing, installing and maintaining technical security systems, such as burglary and fire alarms, access control systems as well as locking and electromechanics. The acquisition strengthens Prosero's position in the Stockholm region.		
OCT 2020			Gantner Electronic Austria Holding GmbH (revenue 2019: €34.3m) manufactures radio-frequency identification (RFID) access control systems and electronic locking for the European fitness industry. The acquisition expands SALTO Systems' product portfolio, enabling the company to offer more comprehensive solutions to end customers.		
SEP 2020			ASSA ABLOY AB (revenue 2019: €9.3bn) sells its direct subsidiaries in the United Kingdom and France which are operating in the segments automatic pedestrian doors (APD) and high-speed doors (HSD). Through the acquisition of the automatic door segment, FAAC benefits from synergies on a geographic, technological and industrial level which will contribute to creating value in the long term.		

*Announced or closing date

Source: Mergermarket retrieved on 07-April-2022

"In recent years, the solutions we offer to our customers as well as the quality of our technical service have enabled us to conquer many market shares [...]. For AZMAN, joining the ANAVEO Group is the opportunity to take a new step by developing our offer on the national territory while benefiting from the dynamics of an ambitious group."

Cedric Wizman, AZMAN Group Director and Founder

"As a part of Prosero, we now have the possibility to further develop our company, especially in access control systems where Prosero contributes in-depth competence."

Jari Piironen, CEO of Arvolukko Oy

"Our vision of seamless access and a safer world continues to be our guide, and we see long-term opportunities for innovation across the markets we serve."

David D. Petratis, CEO of Allegion

Selected transactions from the European Smart Locks market (4/4)

Date*	Target	HQ	Deal description and rationale	Buyer	HQ
AUG 2020			Access-IS (revenue 2019: €18.9m) is a provider of electronic RFID, NFC and barcode devices enabling the authentication of travel and identity documents, ticket reading and contactless payments. Access-IS will reinforce the current offering within extended access technologies of ASSA ABLOY and will provide complementary growth opportunities.	ASSA ABLOY	
FEB 2020			Låssenteret AS (revenue 2019: €33.7m) is a lock and access control security center which offers locks and fittings, patented locking systems and door automation solutions. The private equity fund Procuritas Capital Investors expects that the underlying market fundamentals of the Nordic locksmiths market will continue to drive growth in the future.	PROCURITAS	
FEB 2020			Azman Groupe Securite (revenue 2019: €10.0m) distributes and installs security solutions such as video surveillance, biometric access control and alarm systems. With this transaction, ANAVEO expands its offer of electronical security on the national market and profits of the growth dynamic of Azman Groupe Securite.	ANAVEO GROUPE	
FEB 2020			Biosite Systems Ltd (revenue 2019: €16.6m) is a provider of biometric access control and software-based workforce management solutions, task management, material management and fire safety and security. Biosite supports ASSA ABLOY in the digital transformation of the construction industry and expands the product portfolio of biometric access and workforce management solutions.	ASSA ABLOY	
JAN 2020			Arvolukko OY (revenue 2019: €13.0m) manufactures, distributes and installs mechanical and electrical locking systems along with access control and burglar alarm systems. With the transaction Prosero Security expands its market position in the Nordic region by entering the Finnish market. With its intense customer-oriented emphasis Arvolukko constitutes strong preconditions for further growth.	PROSERO SECURITY GROUP	

*Announced or closing date

Source: Mergermarket retrieved on 07-April-2022

The global Smart Locks market is highly fragmented








The Smart Locks market is currently dominated by security specialists, who firstly recognized the potential of smart home devices. However, market leaders in the technological sector such as Google, Samsung and Amazon are collaborating with Smart Lock ecosystem providers for the integration of their exclusive smart solutions like Samsung SmartThings, Google Assistant, Alexa or Siri.

The biggest and best-known players in the market right now are originated in the United States and Europe and are presented on the right side of this page. Other smaller companies are Amadas, Inc., HAVENLock, August Home, GANTNER Electronic GmbH and Skidata GmbH.




















Key market players are expected to pursue an inorganic growth strategy by acquiring smaller technological companies to improve their software and cloud services which are incorporated in their Smart Locks.

An increase in product extensions, product quality enhancements and technological innovations as well as price reductions of Smart Locks are expected to increase the competitiveness on the market and extend the demand for Smart Locks in the overall European population.

Selected global leaders in the Smart Locks market

ASSA ABLOY	Headquarters:  Stockholm	ASSA ABLOY provides door opening products, solutions and services for institutional, commercial and residential markets globally. The company offers a complete range of access solutions including a wide variety of different Smart Locks.
	Employees: 51,000	
	Revenues 2021: €9.2bn	
 ALLEGION PIONEERING SAFETY™	Headquarters:  Dublin	Allegion is a specialist in security around the doorway including residential and commercial locks, door closer and exit devices as well as steel doors. Through its subsidiary Schlage, the group offers Smart Locks enabled via a smartphone app.
	Employees: 11,500	
	Revenues 2021: €2.5bn	
	Headquarters:  Miami	ADT provides security and automation solutions for residential and commercial applications in North America. The product portfolio includes Smart Locks and the ADT mobile app which connects the smart devices of ADT with the smartphone of the customers.
	Employees: 25,000	
	Revenues 2021: €4.7bn	
	Headquarters:  Zurich	dormakaba is a global security group which offers access and security solutions. In addition to its Smart Locks, the mobile app evoluo smart, created by dormakaba, expands its hardware solutions and connects the locks with smartphones.
	Employees: 15,304	
	Revenues 2021: €2.6bn	

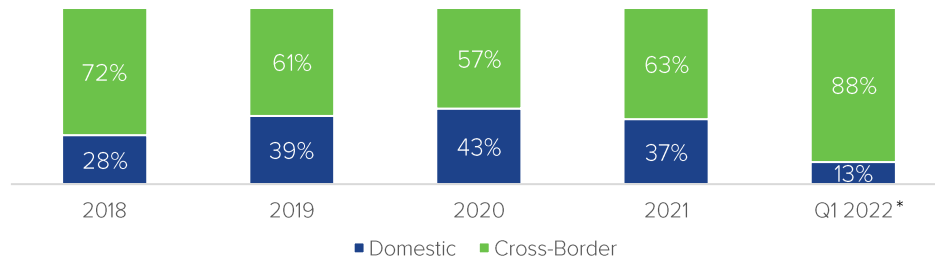
M&A activity of selected serial acquirors

Buyers			Selected targets				
 ASSA ABLOY	 Revenue: €4m ► Tempered glass	 Revenue: €11m ► Alarm systems	 Revenue: €12m ► Residential locks	 Revenue: €14m ► Door distributor	 Revenue: €26m ► Door RFID tags	 Revenue: €2,650m ► Locksets, faucets	 Revenue: €3m ► Medical equipment
 ALLEGION PIONEERING SAFETY™			 Yonomi Revenue: €24m ► Mobile application for smart devices				
2020			2021				2022
 ADT	 Revenue: €370m ► Residential security services	 Revenue: €7m ► Life safety systems	 Revenue: €9m ► Access control systems				 Revenue: n/a ► Robotics
 dormakaba		 Revenue: n/a ► Access control solutions	 Revenue: €50m ► Door automation systems		 Revenue: n/a ► Electronic access control		

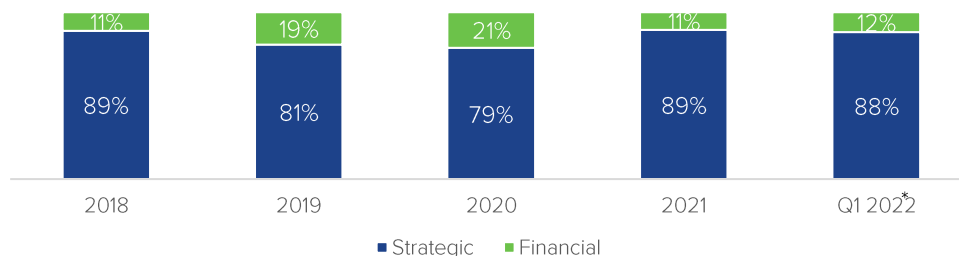
Domination of cross-border transactions in Europe

- The number of M&A transactions in the Smart Locks market has been stable over the last five years
- The Covid-19 impact on the M&A market failed to appear as crisis resilient companies used the possibility to improve the product quality in 2020
- The cross-border activity has been volatile between 2018 and Q1 2022 with a share of 88% in Q1 2022
- Strategic investors are primarily dominating the market trying to improve their software services and push their transformation to smart devices
- The transaction multiples listed on the right are based on transactions within the Smart Locks market between 2018 and Q1 2022
- The median of the EV/Sales multiple values at 1.6x and considers 17 transactions since 2018, while the median of the EV/EBITDA multiple is 12.6x including 9 transactions.

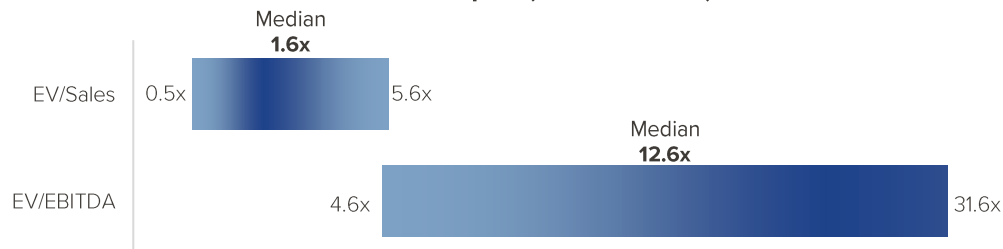
Domestic vs. cross-border transactions (2018-Q1 2022)



Strategic vs. financial buyers (2018-Q1 2022)



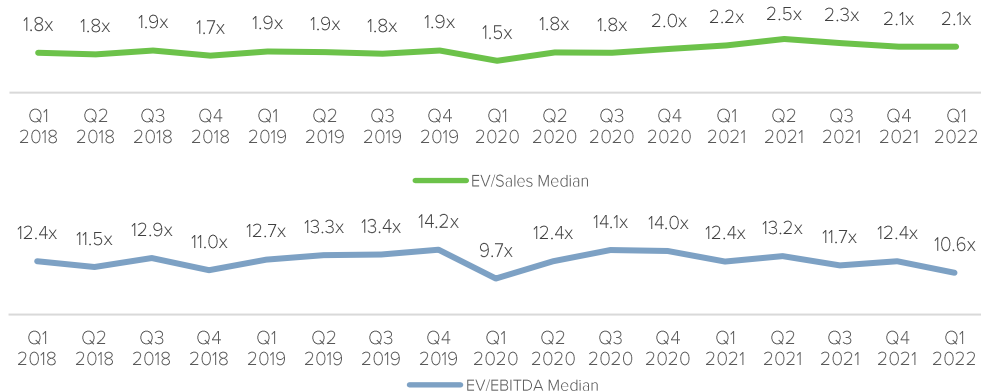
Transaction multiples (2018-Q1 2022)



*Until 31-March 2022
Source: Mergermarket retrieved on 07-April-2022

Valuation trends

Valuation of comparable companies



Selection of comparable companies (as per LTM)

15	HQ	FTE	Sales (€m)	EBITDA (€m)	EV (€m)	EV/Sales	EV/EBITDA
ADT Inc.		25,000	4,667	1,730	14,534	3.1x	7.9x
Allegion Plc		11,000	2,521	539	9,301	3.7x	16.1x
Assa Abloy AB		51,000	9,239	1,657	29,750	3.2x	16.7x
Dormakaba Holding AG		15,304	2,529	341	2,422	1.0x	7.1x
Fortune Brands Home & Security Inc.		28,000	6,732	1,151	10,616	1.6x	8.8x
Johnson Controls International plc		101,000	21,269	3,721	48,957	2.3x	11.1x
Nedap N.V		786	207	33	425	2.1x	12.8x
Spectrum Brands Holdings Inc		12,100	2,655	231	5,590	2.1x	21.6x
Stanley Black & Decker Inc		71,300	13,732	2,281	25,374	1.8x	10.1x
Tyman Plc		4,200	757	121	898	1.2x	6.9x

Source: Capital IQ retrieved on 31-March-2022

Valuation of the Smart Locks market

- The comparable company analysis considers ten companies active as a full service, hardware or software supplier in the Smart Locks market between January 2018 and March 2022
- The EBITDA multiple reached its peak in the fourth quarter of 2019 with a multiple of 14.2x
- Due to the Covid-19 pandemic the volatility of the EBITDA multiple increased by dropping to a five-year minimum at 9.7x in Q1 2020
- Although the market recovered quickly, the EBITDA multiple is currently valued slightly below the five-year median at 10.6x

Comparable company characteristics

- All the listed companies are either listed in the United States or in Europe
- As the market of Smart Locks is relatively new, established suppliers of home security systems are expanding their product portfolios with Smart Locks. These companies are following an inorganic growth strategy by acquiring knowledge in the software segment
- However, there are also companies which recently went public changing the characteristics of the market with a big focus on the software department

Oaklins Case Studies

Unica has acquired Nsecure from Nedap

Our client

Oaklins advised the buyer Unica, the largest technical services provider in the Netherlands and industry leader in sustainable solutions. The company offers complementary specialized and innovative electrical and mechanical engineering as well as Information and Communication ICT services. Unica is backed by the private equity firm Triton.

Target

Nsecure is a leading security management system integrator, with a market leading position in access control. The company designs, configures and implements security systems tailored to customer requirements, integrating security technology and software from various external suppliers to end customers along the entire security management value chain.

Transaction details

Unica, the largest independent provider of technical services in the Netherlands, has successfully acquired Nsecure from the Nederlandsche Apparatenfabriek "Nedap". With the acquisition of Nsecure, Unica can build on its specialized know-how in the field of security management and access control following a "buy-and-build" strategy supported by Triton.

Rational

Trough the acquisition of Nsecure, Unica can unlock new specialized knowledge which will help expand the range of technical solutions the company is able to offer in the field of building engineering services. The expertise and all-round package of services offered by Nsecure supplements perfectly with Unica's existing in-house know-how.



unica

has successfully acquired



M&A BUY-SIDE

Private Equity/TMT



has been acquired through an LMBO by



M&A SELL-SIDE

Business Support Services/Private Equity/TMT

Anaveo has been acquired by Bridgepoint

Our client

Oaklins advised the private shareholder of Anaveo during the transaction. Anaveo specializes in security solutions such as video surveillance, security access control and intrusion detection which are all devised and designed by the company's in-house R&D team.

Buyer

Bridgepoint Development Capital (BDC) is an international alternative asset fund management group, focused on the Middle Market providing private equity and private debt lending solutions. BDC looks to invest in individual businesses, which will typically have the potential for value creation through organic growth, acquisitions and operational improvement.

Transaction details

Anaveo has been acquired by BDC, through a Leverage Management Buyout (LMBO) from its majority private shareholder and minority financial investors, CM CIC, Garibaldi Participations and Viveris, for an undisclosed sum. With an impressive growth rate of 25% over the past 15 years, Anaveo is willing to take the next step with the financial support of BDC.

Rational

Anaveo operates in a resilient, growing but fragmented market comprised of smaller independent players, providing the opportunity for it to accelerate growth via add-on acquisitions, to increase market share, and grow sales to the non-retail segment in France. This includes commercial, data centre and public sector buildings.

Conclusion

The market for Smart Locks is expected to grow at a CAGR 15.1% between 2020 to 2027 from € 0.4bn to €1.0bn.

Until 2027 a Wi-Fi communication technology is assumed to be the most revenue generating with a CAGR of 16.0% from 2020 to 2027. Nonetheless, the biggest growth potential is expected for the NFC technology with a CAGR of 18.9% for the same period.

Currently, Smart Locks are most used in the residential segment with a market share of 62.2%, while the commercial segment is expected to adapt the quickest to Smart Locks in the future.

The high growth rates are due to the emergence of the Internet of Things (IoT) and the growing concern of security and privacy. In combination of big public investment in the expansion of the internet infrastructure and Smart Cities, Smart Locks will be more and more incorporated in the daily life.

The M&A market is dominated by strategic players aiming to improve their technological background by buying the necessary software knowledge for Smart Locks externally. Especially market leaders are following inorganic growth strategies to expand their market share by executing cross-border deals.

Market trends



Significant growth potentials for Smart Locks



Emergence of the IoT is improving the domestic security



Planned "Smart cities" relying on Smart Locks

Strategic buyers are the most active players



High volume cross-border transactions



M&A activity

Constant deal flow despite Covid-19 pandemic



Transfer of necessary software know-how

Deal drivers



Cross-border deals used to expand market share



Inorganic growth strategies executed by market leaders

Geographic expansion of market leaders



Sustained growth potentials



Outlook

Big public investments





About Oaklins

Deep local roots, global commitment

Oaklins brings you opportunities from across the world and we meet you with our expertise wherever you are

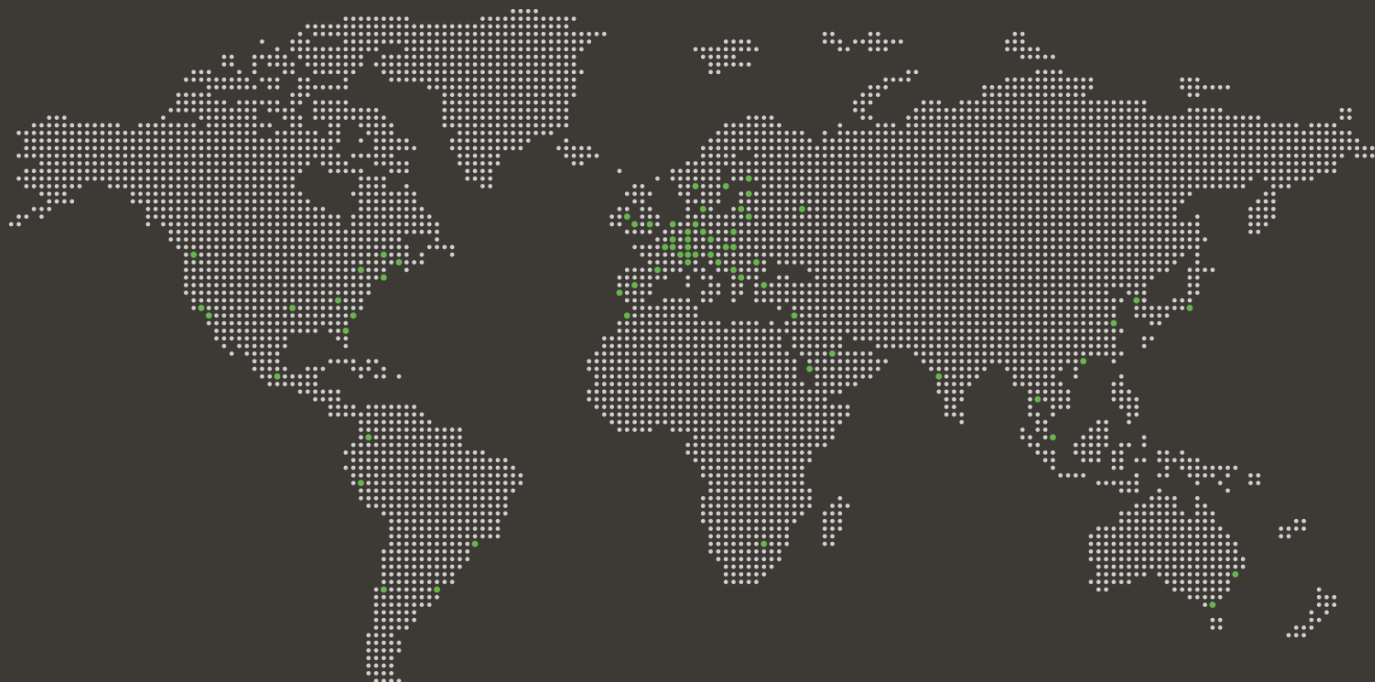
Oaklins offers a comprehensive range of services:

- M&A advisory (buy- and sell-side)
- Growth equity and equity capital markets advisory
- Debt advisory
- Corporate finance services

Oaklins is the world's most experienced mid-market M&A advisor, with over 850 professionals globally and dedicated industry teams in more than 45 countries. We have closed 1,700 transactions in the past five years.

If mergers, acquisitions, or divestitures of businesses or business units are part of your strategy, we would welcome the opportunity to exchange ideas with you.

Global Reach



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