

# clearview

## Fire safety

M&A in the fire safety market is being driven by automation and strong appetite from private equity investors



### A growing market

The fire safety market is growing strongly as more stringent regulations are adopted to prevent and reduce loss from fire. These drivers mean that the sector is increasingly attractive for global industrial players and private equity investors.

Aside from the legislative drivers, there are other significant reasons for growth in the fire safety market. A key feature is the need for the automation of fire protection and suppression systems. Of equal importance is the expansion of over-arching software solutions for both product control and analysis applications. In fact, building automation solutions are increasingly focused on safety and security as integrated and connected elements of access solutions, heating, ventilation, and air conditioning (HVAC), lighting and power control in buildings.

The drive for more sophisticated building automation solutions is also inextricably linked to the adoption of the Internet of Things (IoT). As a result, fire control and safety equipment can now be controlled and monitored from remote locations. This is providing greater monitoring capabilities, as well as the facility for enhanced reaction times to damaging and life-threatening scenarios.

### Innovation

Fire safety product manufacturers are increasingly looking to differentiate and innovate their offerings in order to obtain a competitive advantage. They are focusing on other key product features which include the ease of operation of products and the extension of their operational life. Other significant product developments include heat and smoke detection, as well as the replacement of water sprinkler systems by mist-based fire suppression systems. Meanwhile, on the service side, there is more demand for relevant testing and certification services in order for users to demonstrate compliance.

### M&A activity

All of these developments in the fire safety market have resulted in a growth in M&A in the sector. Recent global transactions have included 3M's €1.7bn acquisition of Scott Safety Inc from Johnson Controls International plc. Scott Safety is a US manufacturer of breathing apparatus, gas and flame detection instruments and other safety devices. The acquisition will enhance 3M's safety products portfolio which already includes fall protection, and protective and respiratory equipment.

### Private equity

The sector is proving increasingly attractive to private equity investors. This was demonstrated by the €850m acquisition of Israel Chemicals Ltd's (ICL) fire safety and oil additives divisions by US private equity firm SK Capital. ICL's fire safety unit supplies chemicals for fighting wild fires and fire extinguishing foams.

Meanwhile, private equity appetite for businesses in the European fire safety market has also been growing. Recently Ergon Capital Partners, the Belgian private equity arm of Groupe Bruxelles Lambert SA, acquired svt Holding GmbH, a German manufacturer of passive fire protection equipment including fibre boards, protection coatings and sealants. The transaction provided an exit for Swedish private equity firm IK Investment Partners.

Other significant investments saw pan-European private equity firm Alpha Group acquire IPCOM NV, a Belgian distributor of acoustic insulation, high temperature resistant materials, passive fire protection products and thermal insulation. The transaction provided an exit for Dutch private equity firm Waterland. Meanwhile, UK private equity firm Lyceum Capital acquired Churchesfire Ltd, a UK provider of fire safety compliance services including fire risk assessments and safety training in relation to containment, detection and evacuation systems.

# Case study

## Angus Fire

### Angus Fire completes buyout from United Technology Corporation

The management of fire fighting product manufacturer Angus Fire completed a €70m management buyout backed by LDC and advised on by Clearwater International.

LDC acquired a significant equity stake in the business, which was formed via the acquisition of four international trading divisions of US-based United Technology Corporation.

Angus Fire, manufactures high performance fire protection products, using the latest technology and innovative designs. Through its expertise in rubber and textile technology, speciality chemicals, and engineering

designs, the company has achieved a number of technological 'firsts', including the development of a market leading fluorine-free firefighting foam. Angus supplies to over 150 countries worldwide across various sectors including: oil and petrochemical, aviation, military, mining, agriculture, marine, and local authority fire and rescue services.

*Michael Reeves, Partner, Clearwater International commented:*

*"Angus Fire is an established leader in fire fighting technology and a great British manufacturing success story. The business has significant potential to increase market share in emerging markets, such as the Middle East, and LDC's backing will accelerate this strategy."*

### Our recent deals



**ANGUS FIRE**

Fire fighting product manufacturer

Clearwater International advised on the management buyout of Angus Fire from United Technology Corp backed by the private equity firm LDC



**NOVENCO**

Developer of water mist systems for use in fire fighting

Clearwater International advised on the sale of Novenco to Wilhelmshen Technical Solutions



**ALLIGNED ASSETS**

Address management and augmented reality solution provider to emergency and fire services

Clearwater International advised the shareholders of Aligned Assets Ltd on an MBO backed by Allied Irish Bank

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