

A close-up, black and white photograph of a chain-link fence. The fence is made of interlocking diamond-shaped links. The background is dark and out of focus. A red rectangular overlay is positioned in the upper left quadrant, containing white text.

Sample Deliverable

US Perimeter Security & Fencing Market

Contents

Section 1: Market Definition & Segmentation

Section 2: Market Size

Section 3: Trends (Including Regulatory Landscape)

Section 4: Competitive Landscape

Section 5: Key Player Profiles



Market Size

- The global perimeter security market is expected to grow at a CAGR of XX% during 2015-19, driven by government regulations, rise in the number of perimeter intrusions, terrorist attacks, and technological advancements in the field of security
 - North America accounted for a xx% market share in the global perimeter security market in 2015. The US is the major market in North America as the country spends the highest amount on defence and security deployments
- The global and the US fencing market grew at a CAGR of xx % and xx%, respectively, during 2012-15, driven by growing concern for safety and security and rise in consumer interest in home décor and improvement
 - Metal fencing dominates the segment and accounted for a xx% share in the US in 2015, followed by wood with ~xx% share

Trends

- **Consolidation:** According to IBISWorld, there are ~XX companies in the US that construct and install a wide range of fences, indicating the fragmented nature of the market
 - Hence, companies are looking for M&A opportunities to grow market share, and expand geographical footprint and product portfolio
- **Product launches:** To compete in a highly fragmented market, companies are launching fencing products using new materials and technologies to differentiate themselves in the market
 - For instance, in April 2016, SimTek Fence launched “Ashland” - a fence made from polyethylene and contain up to xx% recycled material

Regulatory Landscape

- **Homeland Security Act (HAS) of 2002:** It was created immediately after September 11 attack, aiming to take care of the security needs of the country. It spends in the areas such as infrastructure security compliance, fences, etc.
- **The Secure Fence Act of 2006:** The purpose of the Act is to secure the US’ borders to decrease illegal entry, drug trafficking, and security threats by building 700 miles of physical barriers along the Mexico-United States border
- **Open Range Law:** According to the "open range" law, people who want to keep animals off their property must erect a fence. Nearly XX states in the US have adopted the open range law
 - A few of them are Texas, Nevada, Colorado, Arizona, Idaho, Oregon, Montana, Wyoming and Utah

Competitive Landscape

- The US fencing industry is fragmented and characterized by the presence of global, regional, and local players
 - Low entry barriers, due to factors such as lower capital requirement, government regulations, and technical know-how, facilitate the entry of players in the market
 - Product differentiation is low and hence, players compete on factors such as pricing, ease of installation, warranty, etc.
- Some of the key ornamental fencing players operating in the US are Betafence, Ameristar, and Master Halco

Perimeter security systems are technologies used to protect physical properties from unauthorized physical intrusions

Market Definition

- Perimeter security refers to an organization’s capability to observe its premises and protect assets within a perimeter by blocking unauthorized physical intrusions

Product Segments

Physical

Technological

Definition

- Physical security includes security measures in a physical form that requires limited technological usage/involvement and are designed to deny unauthorized access to facilities, equipment and resources, and to protect personnel and property from damage or harm

- It includes categories requiring high technological usage/involvement such as intrusion detection system (comprises of management console and sensors) & access control systems

Key Products

- Emergency lighting
- **Fences**
- Fire safety systems
- Fire arms
-
- Security guards
- Self-contained siren & speakers
- Threat detection & inspection, such as metal and bomb detectors

- Access/card readers
- Alarms & notification systems
- CCTV/DVR technologies
- Cellular detection systems
- Lock devices
- Maritime/underwater technologies
- Network door controllers
- Pipeline protection systems
- Portable bi-static barriers
- Radar systems
- Sensors such as microwave, infrared, motion, electrostatic, fiber optic, wall mounted, etc.
- UTP and fiber transmission systems
- Video management software, recorders, servers and storage, monitors, and transmitters

Applications

Typically, perimeter security systems are used across multiple industries. Following are some of the key industries across which these systems are deployed:

- Aerospace
- Commercial
- Correctional facilities
- Defense
- Energy
- Electrical substations
- Federal/State government
- Residential

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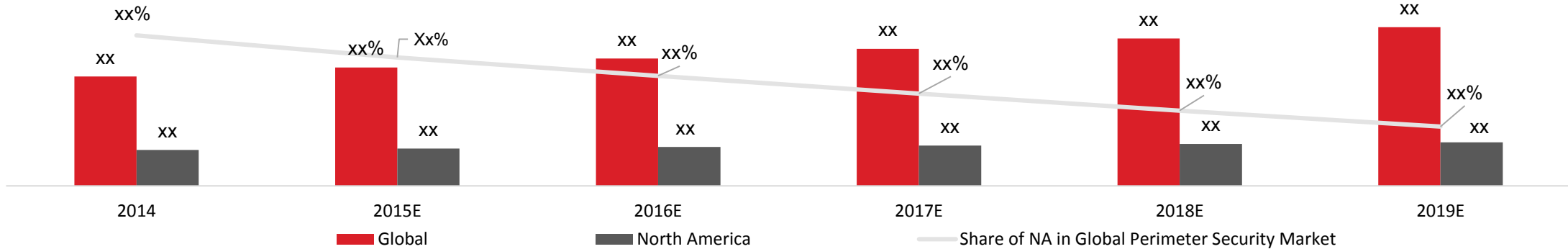
Section 3: Trends (Including Regulatory Landscape)

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Demand for perimeter security will continue to rise due to growing need for security against threats, & technological advancements

Perimeter Security Market Size (\$ Billion)



Market Drivers

- Global perimeter security market is expected to grow at a CAGR of x.x% during 2015-19, driven by government regulations, rise in the number of perimeter intrusions, terrorist attacks, and technological advancements in the field of security

Regional Insights

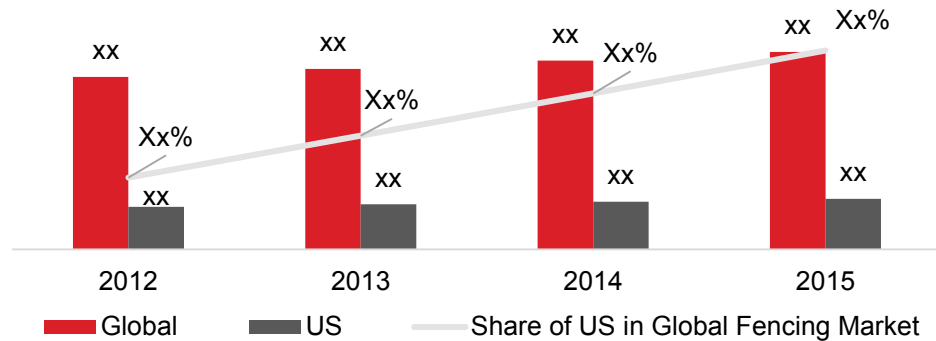
- The North American market for perimeter security solutions is driven primarily by technological advancements and extensive need of security against terrorists (specially post 9/11 terrorist attack) and offenders in the region
 - The US is the major market in North America as the country spends the highest amount on defence and security deployments
 - However, due to low economic growth, many industries and organizations are conservative to install such solutions as a result of their unwillingness to incur additional costs for high-end security solutions
- Other countries such as Brazil, Chile and Argentina are continuously spending to upgrade their technologies to resist the growing criminal activities
- The Middle East and Africa (MEA) have witnessed a substantial infrastructural development in the past few years, driving the need for such solutions

End-user Segments: US*

- The residential segment is the major end-user segment and expected to account for xx-xx% share in the US perimeter security market
- The remaining xx-xx% share is expected to be held by other critical end-user segments such as industrial, commercial, government and military establishments

Metal segment dominates the fencing industry due to high demand for barbed wire fencing that offers greater security

Fencing Market Size (\$ Billion)



Fencing Market Segmentation by Material Type* (% , 2015)



Market Drivers

- Global fencing market is largely driven by growing concern for safety and security and rise in consumer interest in home décor and improvement
- Globally, more than xx% of the consumption is expected from the middle class spending of Europe and North America. Increased per capita income of the middle class helps drive their spending on house safety products, such as fences

Regional Insights

- The US fencing market grew at a CAGR of xx% from 2012-15, helped by recovery in the housing market as a result of a steady growth in per capita disposable income
 - Going forward, increased demand from homeowners and home developers as well as recovery of the nonresidential building markets may stimulate industry growth

End-user Segments

- Globally, the residential sector is anticipated to be the key application segment and accounted for \$XX billion (~xx share) in 2014
 - Increase in construction activity will continue to drive the residential fencing market over the next 3-5 years
- Fencing demand in the industrial segment will likely be driven by school, colleges, and industrial premises
- Growing need to safeguard farm animals, crops, and farm areas from wild animals is anticipated to drive demand in the agricultural sector

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Companies are looking for M&A opportunities to grow market share, and expand geographical footprint and product portfolio

Trend

Growing Consolidation in the US Market

Drivers

- According to IBISWorld (a leading global market research entity), there are ~XX companies in the US that construct and install a wide range of fences, indicating the fragmented nature of the market
- The market is characterized by the presence of large global companies (such as Betafence) as well as local manufacturers catering to the needs of the customers of a particular region in the US
- Some of the key players such as Betafence, Honeywell, and Senstar are undertaking acquisitions to further gain market share, increase geographical footprints, expand product portfolio, and gain access to newer technologies (if any)

Examples of M&A Deals

Announced Date	Target Name	Target Country	Acquirer Name	Deal Synopsis	Deal Value (\$ mn)
3 Mar, 2016	Hesco Group	UK	Betafence	The acquisition helped enhance the Betafence's product portfolio, strengthened its integrated solutions approach, and expanded its global footprint, specifically in the US and the Middle East	-
6 Feb, 2016	Xtralis	United States	Honeywell	Acquired Xtralis (a global provider of aspirating smoke detection along with advanced perimeter security technologies and video analytics software) to strengthen its Honeywell Security and Fire business	480
9 Sept, 2014	SecureUSA	United States	Betafence	Acquired SecureUSA to increase & strengthen its presence in the areas of intelligent perimeter defense solutions and access control systems	-
11 Aug, 2014	Tri-Ed	United States	Anixter International Inc.	Acquired Tri-Ed to accelerate its revenue growth by expanding in the areas of video surveillance, access control, fire safety, and intrusion detection systems	420
19 Mar, 2014	Optellios Inc.	United States	Senstar Corp.	Senstar's merger with Optellios helped the former add advanced fiber-optic sensing technology to its portfolio and provide advanced solutions for sensing, security, and communication	-

Companies are launching fencing products using new materials and technologies to differentiate themselves in the market

Trend

Focus on Product Launches

Drivers

- To compete in a highly fragmented market, fencing firms are focusing on products that are unique, durable, and provides more security
- They are exploring new materials (such as recycled material) and technologies that potentially help them provide an edge over their competitors and gain market share
- For instance, in may 2015, Betafence installed a heavy polyester coating on top of Zincalu protected wires that provide superior protection against corrosion at Statoil's largest refinery in Norway
- The table below discusses a few recent product launches in the US fencing industry:

Recent Product Launches

Launch Date	Company Name	Product Name	Details
Apr 2016	SimTek Fence	Ashland	Made from a proprietary blend of polyethylene and contain up to xx% recycled material. It will not warp, fade, or crack, and will be unaffected by water and salt spray
Mar 2016	CertainTeed	CertaGrain fence	It is available in four, five or six feet solid privacy barrier with a steel reinforced bottom rail with different lattice accents to make outdoor environment more eye catching
Feb 2016	ActiveYards	Cambium fencing technology	Inspired from trees, this technology provides wood grain finish that requires no maintenance and it never cracks, wraps, fade and provides lifetime warranty
Jan 2016	Harsco Corporation	GrateGuard	It is supported with an architecturally designed high strength posts, rails and brackets that enable entire fencing perimeters to be quickly erected over variable terrain with less labor and waste than conventional systems
Dec 2015	Compass Ironworks	Compass Iron Security	It is the only "Certified Gate Systems Designer", qualified to produce gate systems compliant with MUTCD, ASTM F2200 and UL235 standards
Sep 2015	UltraLox	UltraLox interlocking technology	This machine produces high-quality powder-coated aluminium railings within minutes and helps reduce inventory carrying costs and warehouse requirements
Jul 2015	ActiveYards	GlideLock technology	Secures each fence board to the next without any gaps and blowouts, and provides more security

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The US fencing industry is fragmented and characterized by the presence of global, regional, and local players

Market Concentration

- The US fence industry is competitive & fragmented with the presence of a large number of local manufactures catering to the needs of the customers in a particular region
- The industry is characterized by the presence of global, regional, and local players, which has been discussed below:

Companies Classification – by Geographic Presence

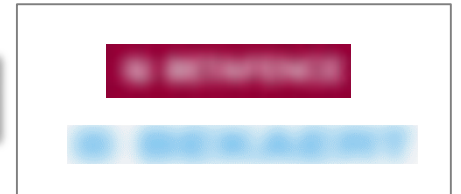
Tier 1

Consists of players having *global* presence

Description

- These are companies that are large in size (revenues or employees) and may also present in businesses other than fencing

Examples*



Tier 2

Includes players having *regional* presence. E.g., North America or APAC

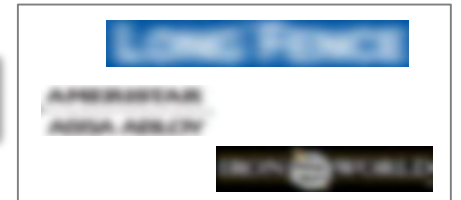
- These companies typically provide fencing or perimeter security solutions in a particular region, such as North America or Europe
- Most of them provide metal and wood fences



Tier 3

Consists of *local* companies that cater to demand in a particular state or city (e.g., only Texas in US)

- These companies focus on a particular state or city
- They have limited business capability and largely specialize in 1 or 2 fence material type (e.g., metal or wood)

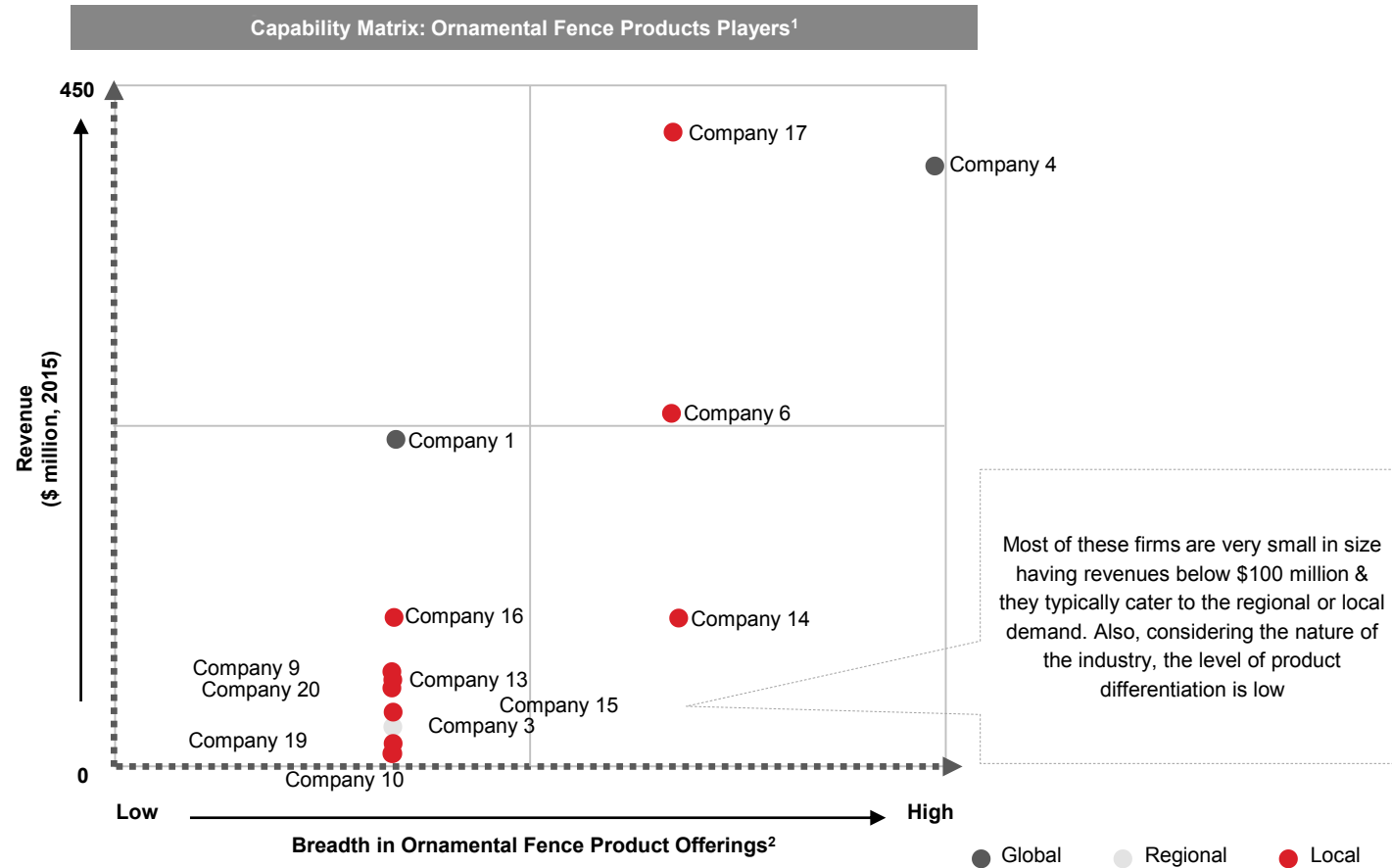


*The list of companies is indicative and not exhaustive

Examples of the companies offering ornamental metal fencing products in the US

Companies	Ornamental Fence Products Offering			Geographic Presence				Revenue (\$ million, 2015)
	Aluminum	Iron	Steel	US	Rest of NA	APAC	Europe	
Global Companies								
Company 1	x	✓	x	✓	✓	✓	✓	xx
Regional Companies								
Company 2	✓	x	x	✓	✓	x	x	xx
Company 3	✓	✓	✓	✓	✓	x	x	xxx
Local Companies								
Company 4	✓	x	✓	✓	x	x	x	xxx
Company 5	✓	x	x	✓	x	x	x	na
Company 6	x	✓	x	✓	x	x	x	na
Company 7	x	✓	x	✓	x	x	x	xx
Company 8	✓	x	x	✓	x	x	x	x
Company 9	✓	x	x	✓	x	x	x	na
Company 10	x	✓	x	✓	x	x	x	na
Company 11	x	✓	x	✓	x	x	x	xx
Company 12	✓	x	✓	✓	x	x	x	xx
Company 13	✓	x	x	✓	x	x	x	xx
Company 14	x	✓	x	✓	x	x	x	xx
Company 15	✓	x	✓	✓	x	x	x	xxx
Company 16	x	x	✓	✓	x	x	x	na
Company 17	✓	x	x	✓	x	x	x	x
Company 18	✓	x	x	✓	x	x	x	xx

A majority of players are privately-held local entities catering to demand in a few US states or cities



1) Key players capability matrix has been prepared mainly on the basis of information available in the secondary domain. Further, we have mapped only the top 10-15 players whose name appeared frequently in paid reports and searches on Google. Since the market is highly fragmented and a ready list of all the players is not available, we have not been able to map all the players in the matrix

2) Breadth in ornamental fence product offerings indicates the type of ornamental fences offered by a supplier—such as aluminum, iron & steel

3) We could not depict all the companies shown in the last slide as revenue data for some companies is not available in the secondary domain

Examples of the companies offering metal fences (excluding ornamental fence) in the US

Companies	Fence Products Offering				Geographic Presence				Revenue (\$ million, 2015)
	Metal	Wood	Plastic	Concrete	US	Rest of NA	APAC	Europe	
Global Companies									
Bekaert	✓	✗	✗	✗	✓	✓	✓	✓	xxxx
Regional Companies									
Ply Gem Holdings Incorporated	✓	✗	✓	✗	✓	✓	✗	✗	xxxx
Local Companies									
Compass Ironworks	✓	✗	x	✗	✓	✗	✗	✗	NA
GM Fence ³	✓	✓	✓	✗	✓	✗	✗	✗	xx
Gregory Industries	✓	✓	✗	✗	✓	✗	✗	✗	xx
Niles Fence & Security Products	✓	✗	✗	✗	✓	✗	✗	✗	NA
Razor Ribbon (a division of Allied Tube & Conduit) ⁴	✓	✗	✗	✗	✓	✗	✗	✗	xxx
Southwestern Wire	✓	✗	✗	✗	✓	✗	✗	✗	NA

¹Product mapping has been done solely based on information available on the company's website

²Geographic presence is based on offices

³GM Fence revenue represents 2014 data

⁴Razor Ribbon's revenue represents the parent company's revenue – Allied Tube & Conduit

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Ameristar is the leading US-based ornamental and decorative metal fences manufacturer and commands ~XX% market share

Business Description

- Founded in 1982, Ameristar Fence Products is one of the leading manufacturers of ornamental and decorative metal fences and gates
- The company also offers wood gate hardware products, galvanized tubing and pipes for chain link fences, and ornamental fence hardware products
- It offers fencing systems for residential, commercial, industrial, and high security applications
- Ameristar is based in Tulsa, Oklahoma, & operates 11 distribution centers across the US and Canada
- On June 15, 2011, the company received SAFETY Act Certification by the US Department of Homeland Security for its product Impasse (high security pale fence) and Stalwart (anti-ram passive cable barrier systems)
- The company has ~650 employees & generated revenue of approx. \$200 million in 2014
- According to Scott Galbraith, former Vice President - security & specified products at Ameristar, the company has nearly 40% market share in the US steel ornamental fences market
- The Ameristar family of companies includes:
 - Ameristar Security Products
 - Ameristar Booth & Building Structures
 - 440 Ranch Fence
- Ameristar is also a part of various associations such as American Fence Association, The American Institute of Architects, The Construction Specifications Institute, American Society of Landscape Architects, and International Standards Worldwide

Key Management Personnel

- **President:** Barry K. Willingham. He has previously worked with Smith & Wesson Security Solutions as the President & also has 20+ years of experience with Hilti Corporation at various sales & marketing positions
- **Managing Director, International Business:** Ken White. He has previously worked with Armor Holdings for 5 years & currently serving in Ameristar for over 15 years

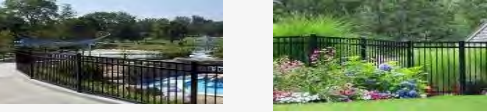
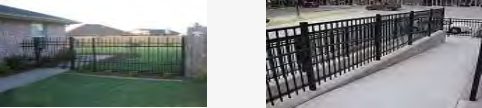


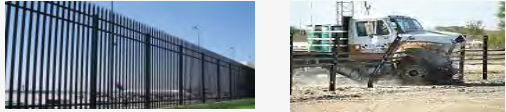
Key Recent Developments

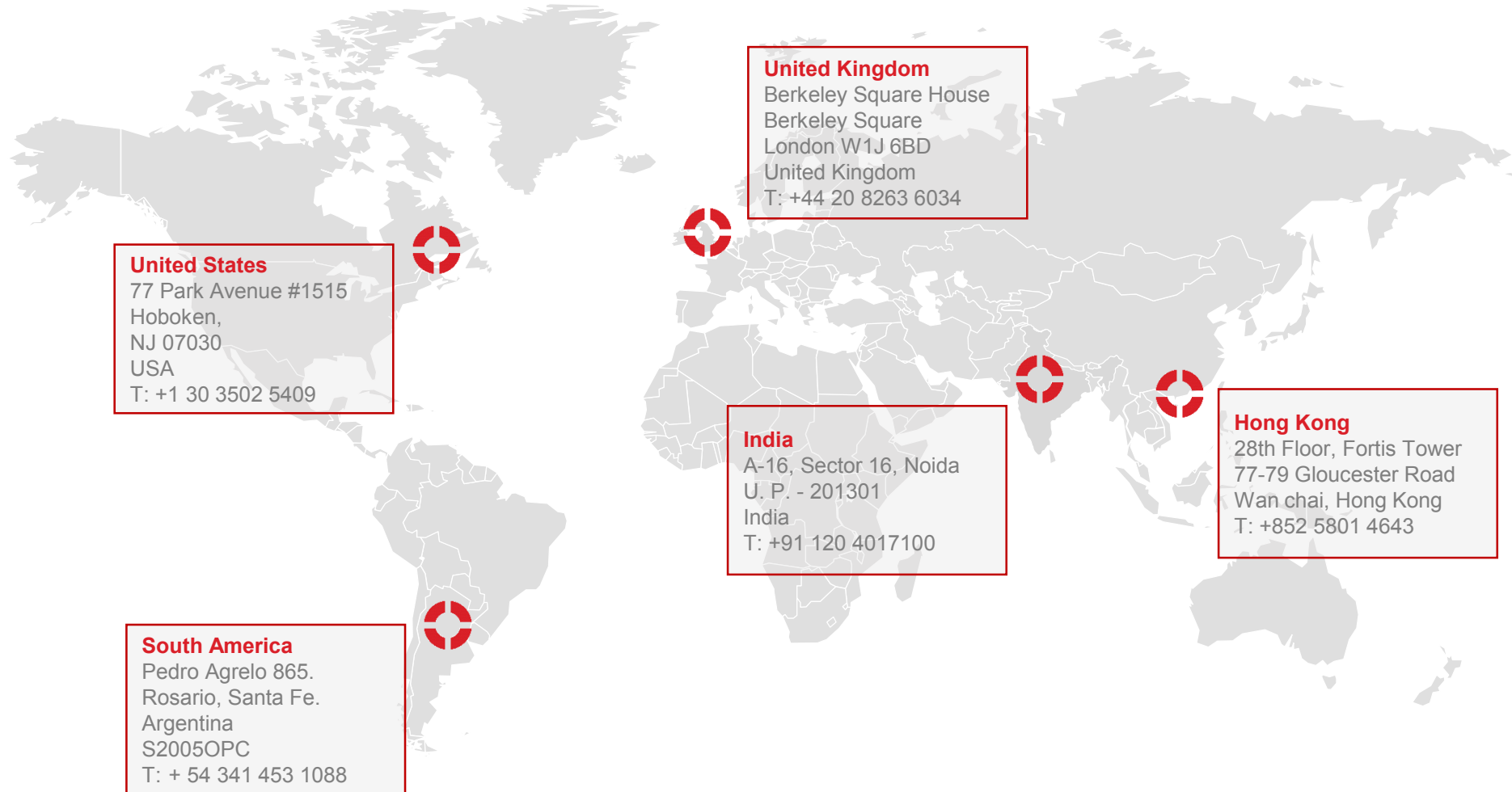
- **Nov 19, 2013:** ASSA ABLOY (a Swedish manufacturer of locks, doors, frames and door security) acquired Ameristar Fence Products for \$26.5 million to enter into the fencing market and expand in the areas of security
- **Jan 4, 2013:** Ameristar Fence Products acquired Parking Booth Company (California). The acquisition helped Ameristar to add guard booth and building structures and expand its perimeter security products portfolio

Ownership

- Sine 2013, Ameristar Fence Products operates as a subsidiary of ASSA ABLOY AB
- As of 31 March 2016, the top two shareholders of ASSA ABLOY are:
 - Investment AB Latour (xx%)
 - Capital Group fonder (xx%)

Ameristar serves across all major application segments. However, XX% of its sales is derived from the residential sector

Key Product Segments			
Residential Fencing	Commercial Fencing	Industrial Fencing	High Security Fencing
<p>Includes residential steel fence, residential ornamental steel fence, dog fences, etc. The company distributes its products through brands such as:</p> <ul style="list-style-type: none"> - Echelon Plus - Echelon Plus Puppy Panel - Echelon - Montage - Montage Plus - Montage Plus Pool, Pet, and Play - Montage Pool, Pet, and Play  <p>Applications:</p> <ul style="list-style-type: none"> - Backyard fencing - Estate fencing - Pool fencing - Pet fencing 	<p>Includes steel fence, ornamental steel fence (light), architectural welded wire fence, residential & commercial aluminium fence, etc.</p> <p>Key brands under this segment are:</p> <ul style="list-style-type: none"> - Aegis Plus - Echelon Plus - Montage Commercial - Montage Plus - WireWorks Plus <p>Applications:</p> <ul style="list-style-type: none"> - Apartments - Assisted living - Institutions - Municipals - Schools 	<p>Includes industrial & high security ornamental fences, industrial ornamental aluminium fences, etc.</p> <p>Key brands under this segment are:</p> <ul style="list-style-type: none"> - Aegis II - Echelon II - Montage II - Montage Industrial <p>Applications:</p> <ul style="list-style-type: none"> - Manufacturing industry - Parks - Public housing - Retail outlets - Stadiums 	<p>Includes industrial & high security ornamental steel fence, perimeter enclosure grid, anti-ram barrier with high security & ornamental steel fences, anti-ram crash barrier, etc.</p> <p>Key brands offered are:</p> <ul style="list-style-type: none"> - Aegis II - Impasse II - Impasse II Anti-Scale - Montage II - Matrix - Stalwart IS - Stalwart II - Stalwart - WireWorks Anti-Climb <p>Applications:</p> <ul style="list-style-type: none"> - Airports - Data centers - Federal and military - Petrochemical - Power utilities - Transportation 



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