



# API TO ACQUIRE CHUBB FIRE & SECURITY BUSINESS

July 27, 2021

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# Non-GAAP Financial Measures

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# Today's Speakers



Russ  
Becker



Sir Martin E.  
Franklin



James E.  
Lillie

# Executive Summary

## 1 APi Group to acquire Chubb Fire & Security from Carrier Global Corporation

- Creates world's leading life safety services provider
- Expands APi's protective moat through greater statutorily required service offerings
- High free cash flow conversion business with meaningful organic growth & margin expansion opportunities

## 2 Transforms APi into a global business services company with substantial recurring-revenue

- Strengthens APi's strategic platform and expands the company's geographic reach
- Combined entity will have market leading positions in major geographies with strong organic growth
- Expansion into new markets with complementary service offerings, presenting cross selling and synergy opportunities

## 3 Enterprise value of \$3.1 billion, which includes ~\$2.9 billion cash & \$200 million of assumed liabilities and other adjustments

- Expected to be accretive to adjusted EPS pre-synergies
- Transaction financed through mix of cash on hand, new debt and equity financing
- Fully committed financing with supporting preferred equity investment by Blackstone Group and Viking Global Investors

# Transaction Overview & Strategic Rationale

# Transaction Details

## Overview

- APi to acquire Chubb for total enterprise value of \$3.1 billion, which includes ~\$2.9 billion cash & \$200 million of assumed liabilities and other adjustments
- Combination creates leading global, asset light, safety services provider

## Financing

- Transaction will be funded by a combination of cash on hand, perpetual preferred equity financing and new debt issuance
- Blackstone Group and Viking Global Investors to provide a total of \$800M perpetual preferred equity financing
- Expected pro forma target net leverage ratio of 4.25x before synergies at closing with goal of returning to below 3.0x net leverage expeditiously

## Value Creation

- Highly accretive transaction on a pro forma basis
- Expect to achieve meaningful run-rate revenue and cost synergies

## Timing

- Subject to customary closing conditions and regulatory approvals
- Expected to close around year end

# Strategic Rationale



# Chubb Meets Our Stated Investment Criteria

## KEY INVESTMENT CRITERIA



### Market Leaders in Niche Markets



- Combination forms world's leading life safety services provider
- Leading fire and security market positions in each of top 6 geographies
- Global trusted brand boasting strong, tenured customer relationships



### History of Strong Free Cash Flow Generation



- Low capital intensity business, with strong free cash flow conversion
- Stable margin profile with organic expansion opportunity
- Over 60% of Chubb's revenue is recurring in nature



### Experienced Management Team



- Incentivized and aligned leadership team with performance culture consistent with API
- Re-energized team as business shifts from non-core to strategic priority
- Robust entrepreneurial spirit at branch level



### Recurring Revenue Profile with Diversified End Market Exposure



- Recurring revenue base, with long-term visibility
- Well diversified across geographies, end markets, and clients
- Product-agnostic service offerings and strong relationships with key OEMs



### Value Accretive



- Compelling valuation at ~13.3x LTM Adjusted EBITDA including synergies
- Transaction is expected to be immediately accretive to API
- Meaningful revenue and cost synergy opportunities

Chubb has 200+ year history providing statutorily required and route-based services through internationally recognized brand

A blue-tinted photograph of two workers in a large industrial warehouse. The worker on the left is wearing a yellow and black hard hat and a high-visibility vest. The worker on the right is wearing a white hard hat and a high-visibility vest, and is holding a tablet computer. They are both looking at the tablet. The background shows the interior of a large warehouse with high ceilings and metal structures.

# Chubb Business Overview

# Chubb is an Iconic, Market-Leading Safety Brand Globally

## Company Snapshot

- Full-service provider of fire and electronic security services, including integrated system sales, design, installation, service and monitoring
- Product-agnostic platform with best-in-class technology tailored to individual customer needs
- End-to-end business model with significant recurring, predictable revenue
- Internationally-recognized brand with 200+ year history
- Presence in 17 countries serving over 1.5 million customer sites
  - Leading market positions in France, UK, Australia, Canada, Hong Kong and Netherlands
  - Top 6 markets comprise ~90% of revenue
- Asset light financial profile:
  - LTM 3/31/21 Revenue: ~\$2.2 billion and Adj. EBITDA margins of ~9.6%
  - Free Cash Flow conversion<sup>(1)</sup> of ~90%

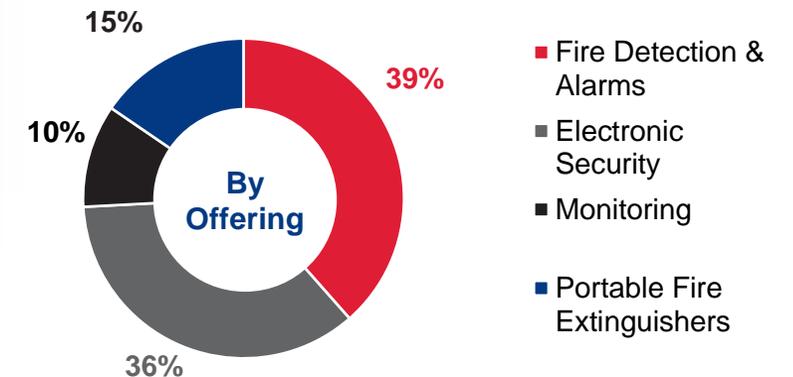
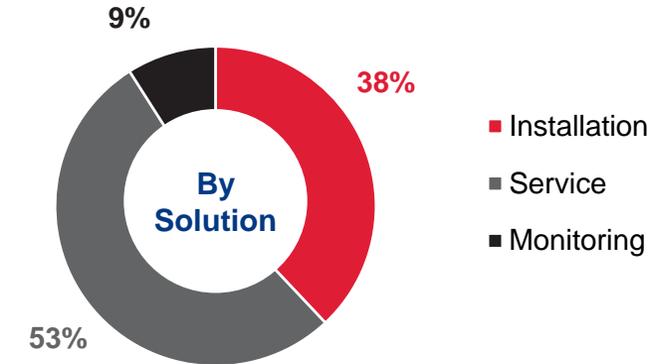
HQ: London, UK

200+ Year History

13,000+ Employees

1.5m+ Customer Sites Serviced

## 2020A Revenue Breakdown



(1) Free Cash Flow defined as Adj. EBITDA less capex divided by Adj. EBITDA.

# Safety Services Overview

## Security Services

Integrated Security Solutions



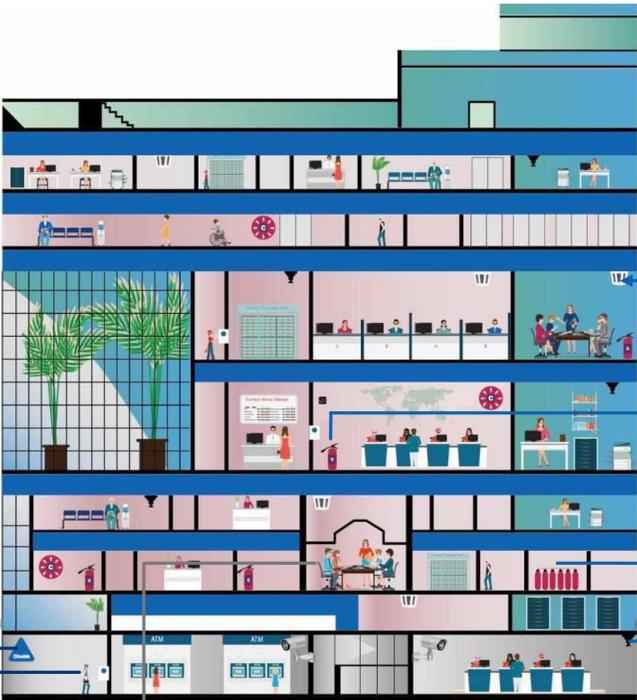
Monitoring, Video Verification and Remote Guarding



Intruder Detection



Access Control



## Life Safety

Detection and Alarm Systems



Fire Protection Equipment



Fire Suppression Systems



Water Mist Systems

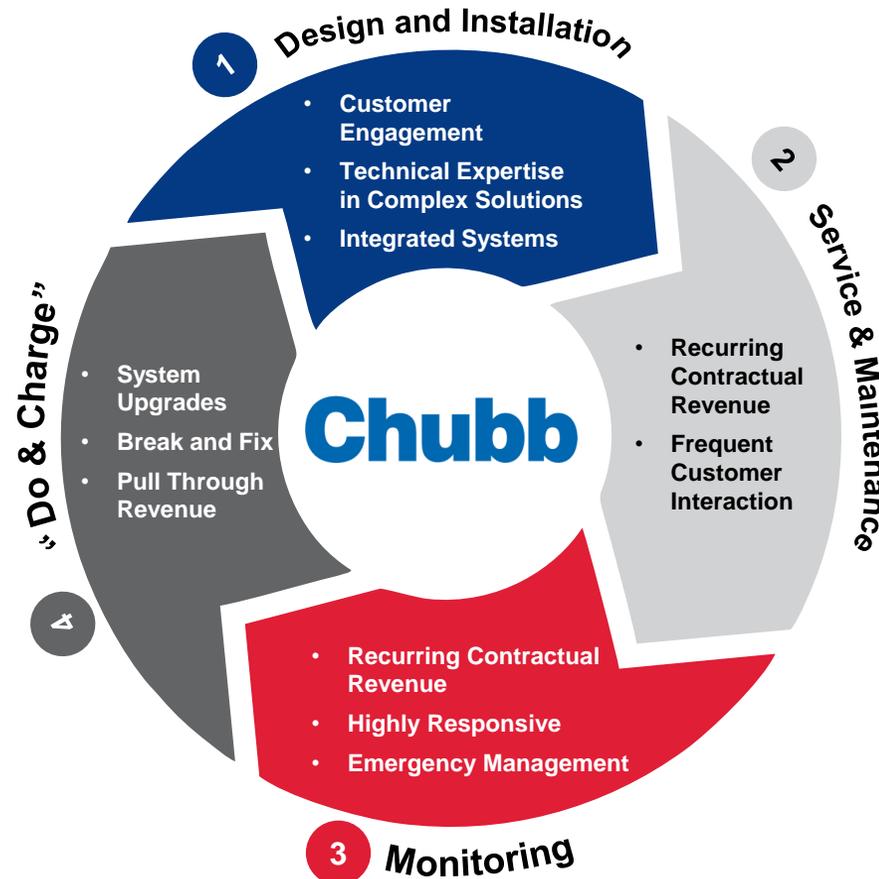


Consultancy, Installation, Maintenance, Remote Services and Training

# End-to-End Business Model Delivering Predictable Revenue

- 1**
- Experienced technicians engage directly with customers to develop and install a bespoke integrated system
  - Establishes the foundation for future recurring revenue

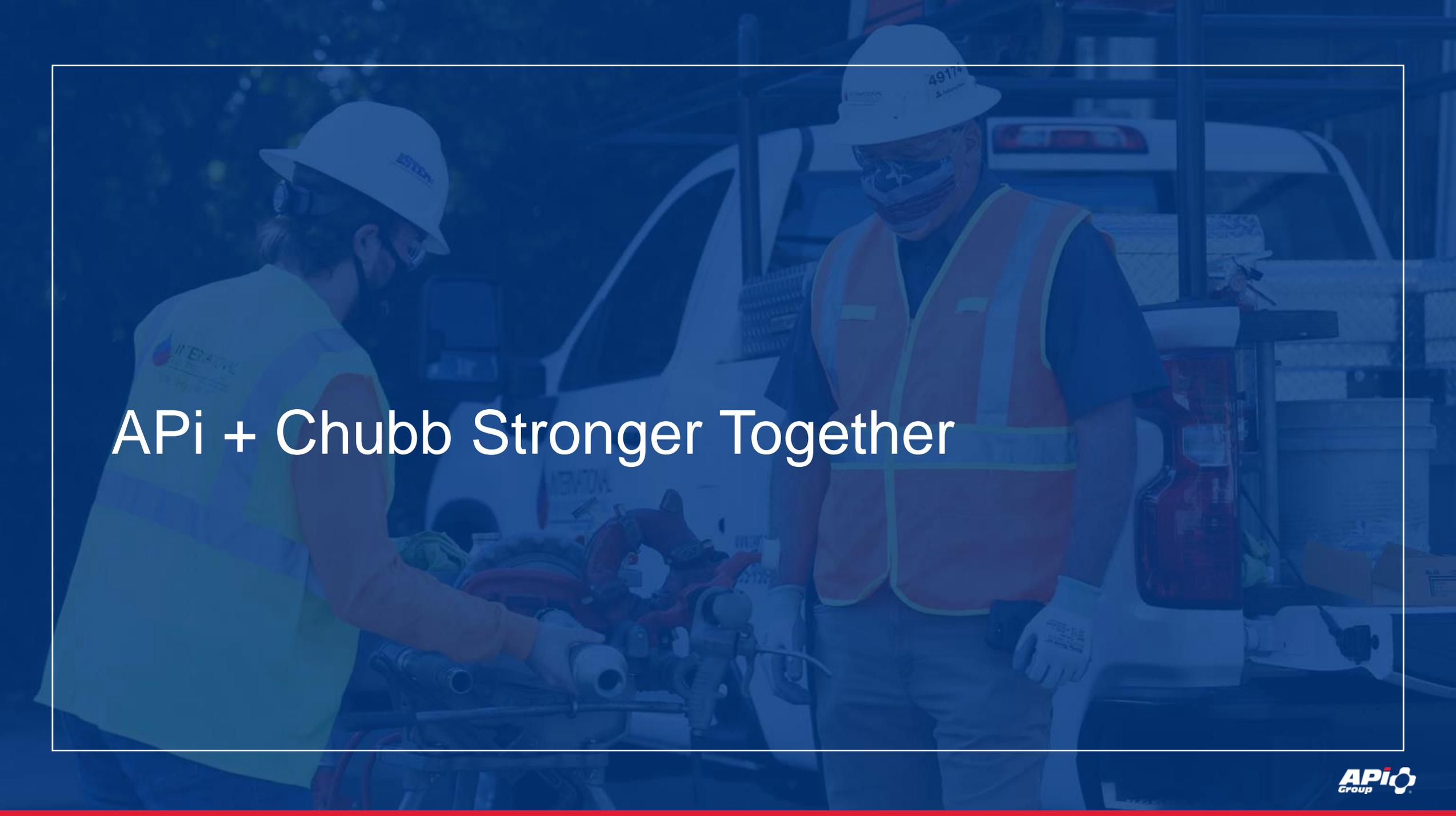
- 4**
- “Do & Charge” pull through revenue from customer maintenance visits
  - +60% recurring revenue, drives high degree of revenue visibility



- 2**
- Multi-year service contracts to maintain and update systems acquired through Chubb installation and service
  - Provides robust portfolio value and predictable recurring revenue
  - Technicians increasingly able to perform maintenance remotely

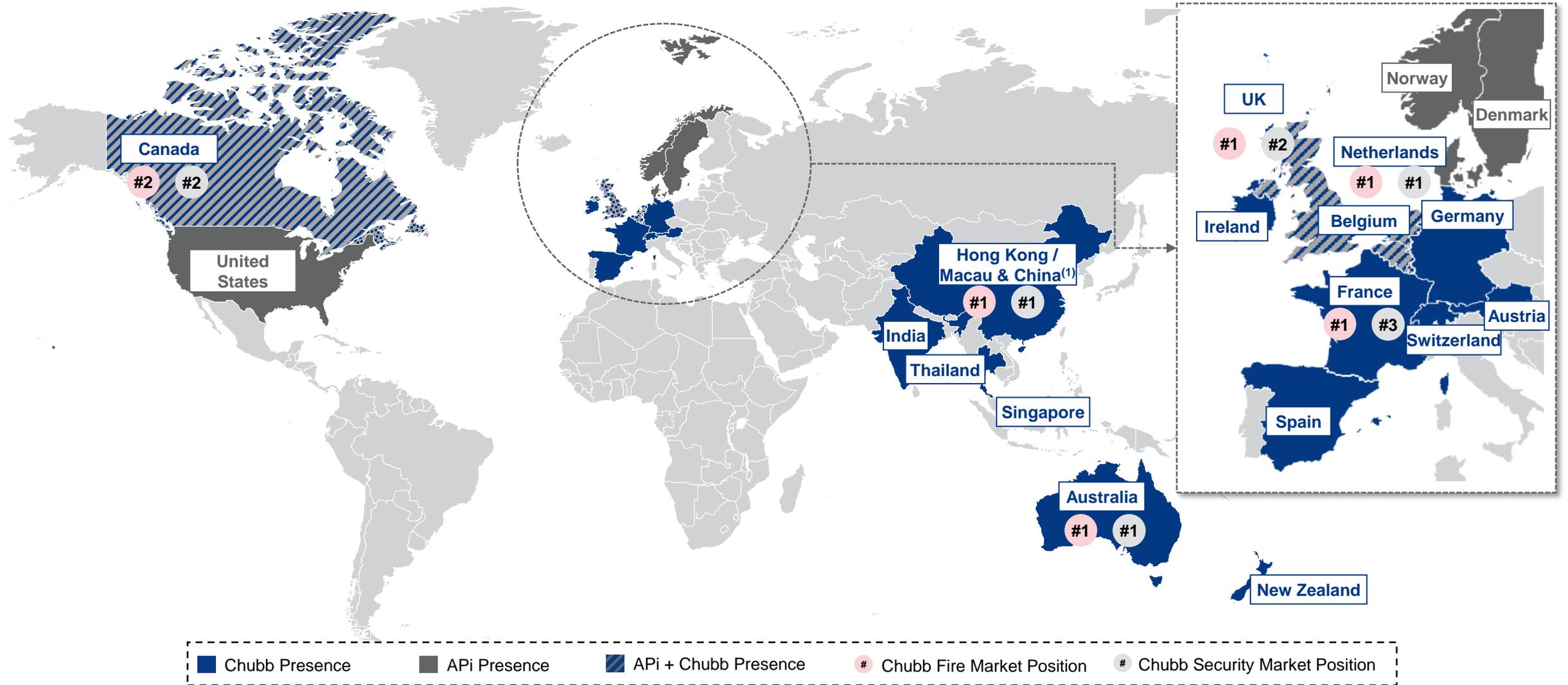
- 3**
- Secure, connected network of 22 monitoring centers provides 24/7 fire and security monitoring
  - Enables security coverage without an on-site presence

Chubb’s operating model drives predictable recurring revenue and a consistent sales cycle

A photograph of two workers in safety gear (hard hats, safety glasses, and high-visibility vests) working at a site. The worker on the left is wearing a yellow vest with a logo and is looking down at a piece of equipment. The worker on the right is wearing an orange vest and a hard hat with the number 49174, and is looking towards the equipment. The background shows a white van and some equipment. The entire image has a blue overlay.

# APi + Chubb Stronger Together

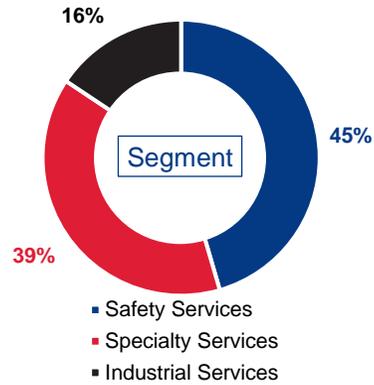
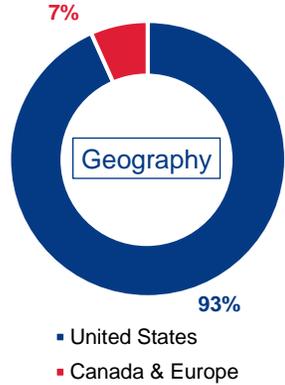
# Chubb Geography Overview



(1) Market positions in Hong Kong.

# 2020 Revenue Split – APi vs. APi + Chubb

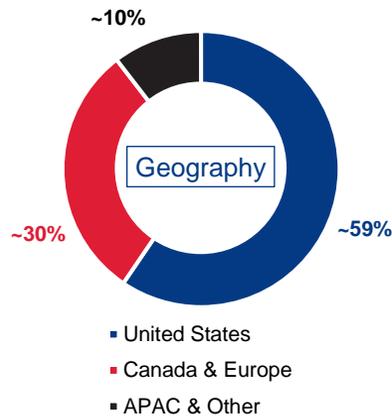
APi Standalone (2020A) – ~\$3.6B



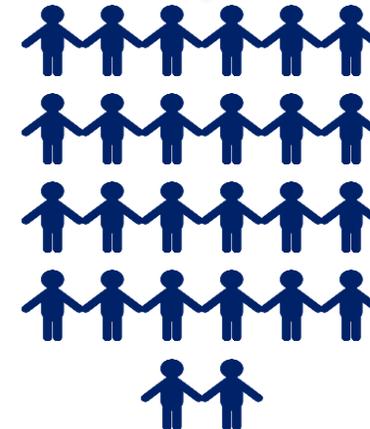
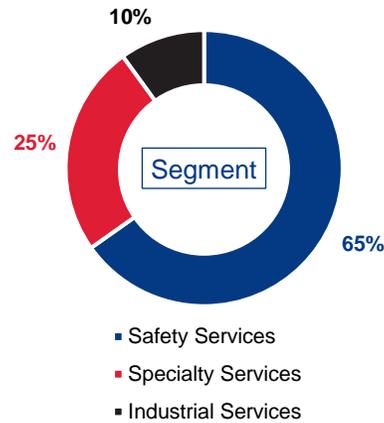
~13k Employees

APi + Chubb (2020A) – ~\$5.6B

Diversified, global business

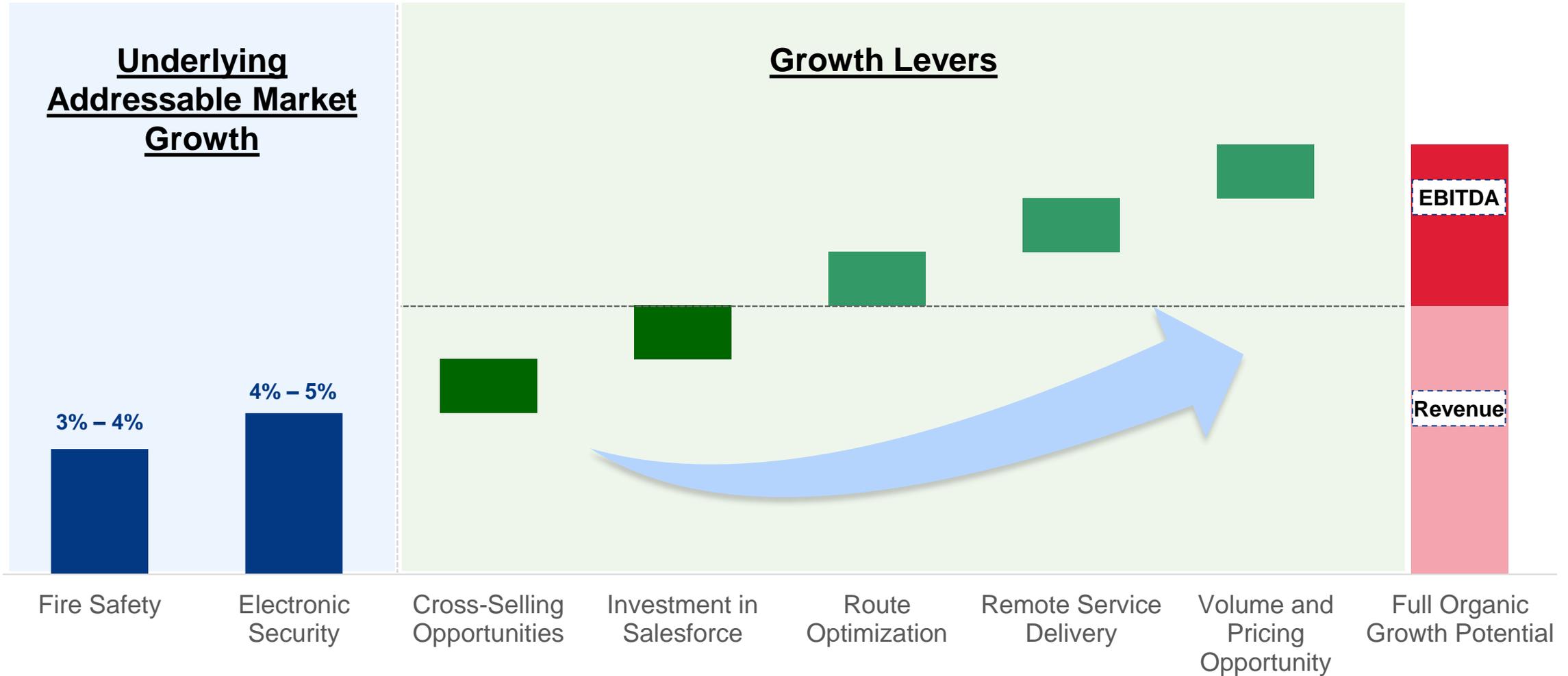


Increases safety services



~26k Employees

# Chubb Organic Growth Potential



# Consistent with Our Previously Communicated Long-Term Growth Strategy at our 2021 Investor Day

## ORGANIC EXPANSION



### GROW      CAPITALIZE      SCALE

- Recurring service revenue
- Geographic expansion
- Expansion into adjacencies
- Channel expansion

- Improved project and customer selection
- Increase market share
- Pricing opportunities
- Investment in back-office infrastructure
- Increase margins

- Expand core business and service offerings
- Sister company cross-selling
- Grow national accounts
- Win more share of entire facility life cycle
- Leverage scale and drive margins



## M & A

**Chubb**

### SEEK

- Disciplined, opportunistic and accretive acquisitions
- Incremental customer base
- Add capabilities in adjacencies
- Expand geographic reach



# Summary Investment Highlights



# Highly Strategic Acquisition With Significant Upside Potential for Shareholders

- ✓ Integrate and enhance combined corporate culture and values to bring out the best of both organizations
- ✓ Greater investment and increased support to the Chubb team to drive improvements in the organization and realize financial profile in line with API's Safety Services segment
- ✓ Access to Blackstone's substantial commercial property portfolio in the US and internationally
- ✓ Drive operational improvements and reinvest free cash flow to achieve best in class returns
- ✓ Near-term capital allocation plan focused on deleveraging through asset-light, high free cash flow conversion operating model

Chubb is a sleeping giant and will be a core asset for us that we plan to invest behind



**API**  
*Group*

The logo consists of the word "API" in a bold, white, sans-serif font, with a small red horizontal bar above the dot of the "i". Below "API" is the word "Group" in a white, italicized, sans-serif font. To the right of the text is a white gear icon with a registered trademark symbol (®) to its lower right.