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## Allied Universal carries on M&A spree while keeping IPO in sights, CEO says

**Allied Universal**, the world's largest security and facility services company, continues to pursue acquisitions as it monitors the markets for an expected initial public offering, said Chairman and CEO Steve Jones.

Jones told this news service in March 2021 that Santa Ana, California-based Allied could consider an IPO within 18 to 24 months. For this report, the CEO said a listing is now possible within 12 to 24 months, with timing depending largely on market conditions and labor supply.

"We are public-ready now, but it has been a very challenging labor market over the last nine to 12 months," Jones said.

The CEO noted that within the last year, Allied added **JPMorgan**, **Goldman Sachs** and **Evercore** to its roster of financial advisors.

Allied is pushing USD 20bn in revenue today, Jones said, thanks partly to its April 2021 GBP 3.8bn merger with UK-based G4S, which had approximately GBP 7bn in revenue and 558,000 employees at the time. Today, Allied operates in more than 90 countries and has approximately 800,000 employees operating at more than 127,000 client sites.

The company aims to reach USD 25bn in revenue by 2025 through a combination of organic and inorganic growth, according to Jones.

Formed in 2016 by the merger of Universal Services of America and AlliedBarton Security Services, Allied's institutional investors include **Warburg Pincus**, **Caisse de dépôt et placement du Québec (CDPQ)**, **Partners Group** and **The SAFRA Group**.

In February, several news reports stated that blank check firms controlled by Warburg Pincus and billionaire Barry Sternlicht were in discussions to merge with Allied Universal and take it public. For this report, Jones said he would not comment on rumors but that Allied is "constantly looking and evaluating long-term strategic opportunities."

According to Jones, the closest comparable public companies to Allied are **ABM Industries** [NYSE:ABM], **Terminix Global Holdings** [NYSE:TMX], **Cintas** [NASDAQ:CTAS] and **Aramark** [NYSE:ARMK].

Allied provides uniformed guards, electronic security and advanced technology solutions, janitorial and disinfecting services, risk advisory and consulting, and executive protection and intelligence services. The company serves multiple industries including retail, healthcare, higher education, government, corporate campuses, commercial real estate, financial services, aerospace and defense, petrochemical, and stadiums and sporting events.

### Acquisition strategy

In 2021, Allied acquired 10 companies, including G4S. It has completed four deals so far this year. The company, which mainly served North America and the UK before combining with G4S, is now

seeking buys around the globe, Jones said. Allied made its first international acquisition outside of G4S in March, purchasing Total Security Services, the UK's fifth largest security guard company.

Since G4S, Allied has looked at targets with revenue of less than USD 10m and up to more than 200m, Jones said. The company will continue to consider transformational deals like G4S in any of its business lines, he added, noting Allied has made several large buys in the past, including SecurAmerica (13,500 employees), SOS Security (15,000 employees) and US Security Associates (50,000 employees). In 2018, Allied paid USD 1bn for US Security, which had revenue and adjusted EBITDA of approximately USD 1.5bn and USD 95m, respectively.

Ideally, acquisition targets will fit into Allied's two primary offerings: manned guarding, and systems and technology, according to Jones. The company is "always interested" in strengthening its ancillary services as well, he added, pointing to Allied's September acquisition of New York-based MSA Security, which at USD 200m in revenue greatly expanded its K9 security services.

The company would fund smaller and mid-size deals primarily with cash flow and could tap lines of credit for larger buys, Jones said.

Multiples in the space range from 7x-10x EBITDA, according to Jones. Average EBITDA margins are between 4% and 10%, with tech-focused players on the higher end, he added.

After its acquisition of G4S, Allied became the seventh-largest employer in the world and the third-largest employer in North America behind only Walmart [NYSE:WMT] and Amazon [NASDAQ:AMZN]. Jones mentioned that G4S continues to operate under its name outside North America, given its brand recognition.

Allied uses law firms **Cleary Gottlieb, Kirkland & Ellis** and **Sheppard Mullin. EY** and **Deloitte** provide accounting and auditing services, respectively.

The company's financial advisors include **Morgan Stanley**, **Credit Suisse** and **Citi**. **Freshfields Bruckhaus Deringer** advised on the G4S transaction.

by Deborah Balshem in Fort Lauderdale

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