



APi Group Corp (NYSE: APG)

Healthcare & Industrials

Recommendation: Buy | **Target Price:** \$43.73 | **Implied Upside:** 10.54%

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Executive Summary APi Group Corp (NYSE: APG)

Company Overview

APi Group is a leading provider of fire protection, life-safety, security, HVAC, and specialty contracting services. The company operates in more than 500 branches with +29,000 employees across North America, Europe, APAC and MEA. Its core markets are driven by mandatory safety regulations and recurring inspection and maintenance requirements, which have created steady, mandatory demand

Industry Overview

APi Group is a global provider of life safety, security, HVAC, and specialty contracting services across 500+ branches and 29,000+ employees in North America and Europe. Operations are anchored in regulation-driven, compliance-mandated markets, were recurring inspections

Investment Thesis

APi has steadily shifted toward recurring inspections, service, and monitoring, which now make up about 60% of revenue. These are higher-margin, more stable streams with renewal rates above 90%, giving strong cash-flow visibility. APi also has a long acquisition track record and a deep pipeline of small owner-operated targets in fire, HVAC, and security services. Together, these drivers support sustained margin expansion and long-term growth.

Valuation

APi trades at 15.69x EV/EBITDA, slightly above the comparable average (16.2x) but below higher-recurring service peers. Our DCF, weighted toward the exit multiple method, implies a \$43.73 target price, or approximately 10.5% upside. A 20x exit multiple reflects APi's stable recurring mix, high FCF conversion (~60%)

Risks & Catalysts

APi still has exposure to specialty contracting, which is more cyclical and carries lower margins than life-safety services. Large acquisitions, take time to integrate and may delay expected margin gains. The company also faces competition from private equity buyers who are active in fire protection and HVAC services. In addition, inspection volumes can shift when regional safety codes or renewal cycles change. Even so, APi's high renewal rates, strong free cash flow, and lower leverage today help offset these risks.

Recommendations

We recommend a BUY on APi Group. The company's expanding base of recurring, compliance-driven revenue, improving margins, and M&A strategy position it well for steady, long-term performance. Our target price of \$43.73 reflects APi's move toward a more stable, higher-margin model supported by consistent cash flow generation

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Risks & Catalysts

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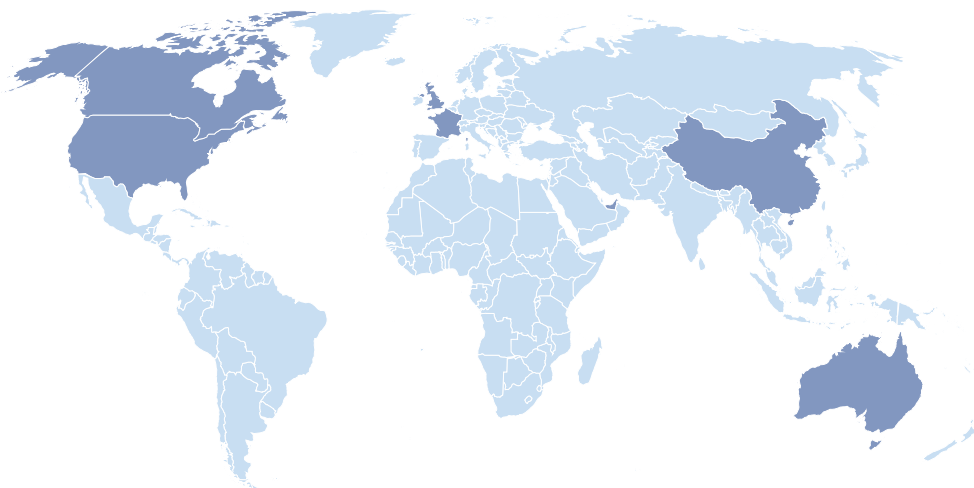
APi Group (NYSE: APG)

APi Group maintains a strong competitive moat through its scale, end-to-end capabilities, and recurring revenue base, while expanding into international markets and complementary services to drive diversified, long-term growth.

Business Description

- Headquartered in New Brighton, Minnesota, with +500 branches and over 29,000 employees across North America and Europe
- Global leader in life safety, security, and specialty building services
- Provides inspection, maintenance, and installation of fire protection, HVAC, security, and specialty infrastructure systems
- Proven M&A style growth strategy, with 10-12 company acquisitions per year and a strong track record expanding into new markets

Geographical Presence



North America remains the core market with strong inspection volume and a robust M&A pipeline

Europe is stabilizing after recent integration, with health growth in fire and security monitoring services

APAC/MEA offer long-term expansion potential through multinational clients and have gained a broader presence since the Chubb acquisition

Management Team



**Sir Martin
Franklin**



Russ Becker



Tom Lydon

Position	Executive Chair	CEO	CFO
Tenure (Years)	3+	20+	2+
Background	Built Jarden from \$300M → \$10B+ & founded Element Solutions (\$2B → \$6B)	20+ years at APi, led 50+ integrations Scaled APi recurring-revenue model	Former Atkore CFO Led Atkore margin and EBITDA expansion

Core Services

SAFETY

- Recurring inspections & monitoring across fire, HVAC, alarms, security, and elevators
- Regulation-driven, mandatory compliance workflows
- Mandatory services with very stable customer retention

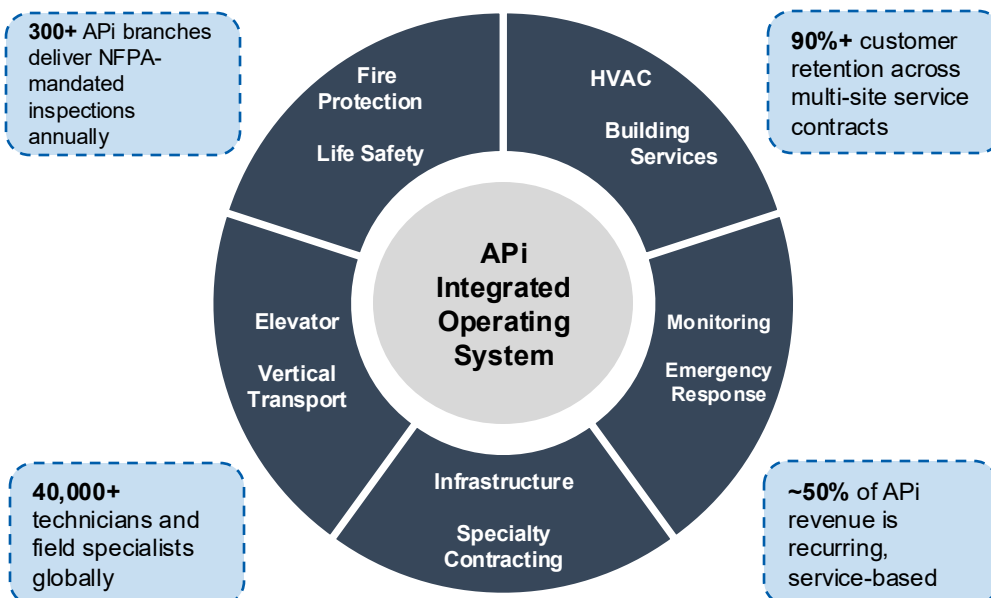
SPECIALITY

- Infrastructure, utility, and industrial contracting
- Project-based + multi-year capital programs
- Diversified demand across energy & infrastructure

API's Unique Operating System

A multi-vertical, compliance-led service platform where fire protection, specialty contracting, and infrastructure services feed a unified, recurring-revenue engine.

Integrated Services Platform Overview



API Contract Structure

Master Service Agreement

- Term: 1-3 years
- Scope: Covers all scheduled inspections + routine visits
- Pricing: Fixed fees with small annual escalators (~3-5%)
- Renewal: Auto-renews unless cancelled 30-60 days prior

Monitoring Contracts

- 3-5 years
- 24/7 UL-listed monitoring + signal reporting + emergency dispatch
- Evergreen (auto-renews) until 90-day written notice

Maintenance Agreement

- Multi-year (1-5 yrs) with monthly or quarterly services
- Preventative maintenance, tune-ups, seasonal checks, priority response
- Usually re-signed or extended at end of term

Compliance Agreement

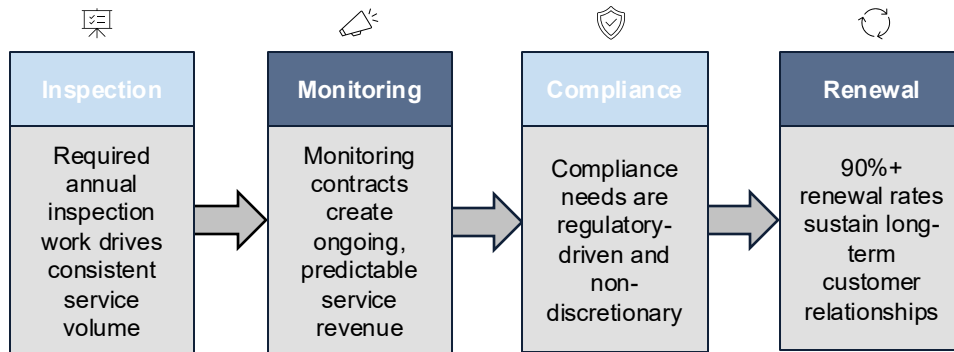
- Multi-year (3-10 years depending on the program)
- Milestone or annual billing tied to regulatory cycles
- Recurring required tasks (eg corrosion testing, valve exercising, leak surveys, system integrity checks)

Fire Protection & Life Safety	Monitoring & Emergency Response	HVAC & Building Services	Infrastructure & Specialty Contracting	Elevator & Vertical Transportation
<ul style="list-style-type: none"> • Code-mandated annual inspections (NFPA 13/25/72) across 300+ API branches • Recurring testing & maintenance drives predictable, high-volume service orders • High-volume, mandated workflows 	<ul style="list-style-type: none"> • 24/7 UL-listed monitoring of fire, hazard, and life-safety signals • Multi-year subscriptions with automated renewal cycles linked to inspection data • High-margin, software-like revenue model with <5% cancellation rates 	<ul style="list-style-type: none"> • Preventative maintenance agreements covering mechanical, electrical, and controls • Energy-efficiency retrofits and code-driven upgrades (ASHRAE standards) • Expands API's wallet-share inside existing facilities 	<ul style="list-style-type: none"> • Utility, pipeline, telecom, and industrial infrastructure installation & integrity work • Strong demand from regulatory compliance (DOT, PHMSA, industrial safety codes) • Mission-critical, schedule-driven work with strong backlog visibility 	<ul style="list-style-type: none"> • Monthly/quarterly inspection, testing & maintenance under local jurisdiction codes • High-frequency service intervals yield consistent recurring revenue • Strong multi-year contract penetration with low displacement risk

Revenue Drivers

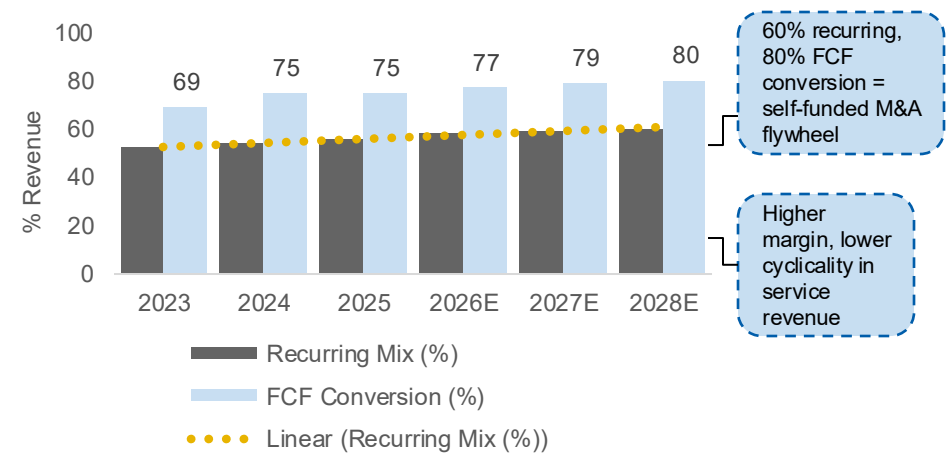
API's recurring inspection, service, and monitoring revenues create a high-margin, defensible cash engine, driving stable growth across cycles and funding the company's M&A strategy.

Recurring Revenue Growth & Renewal Trends

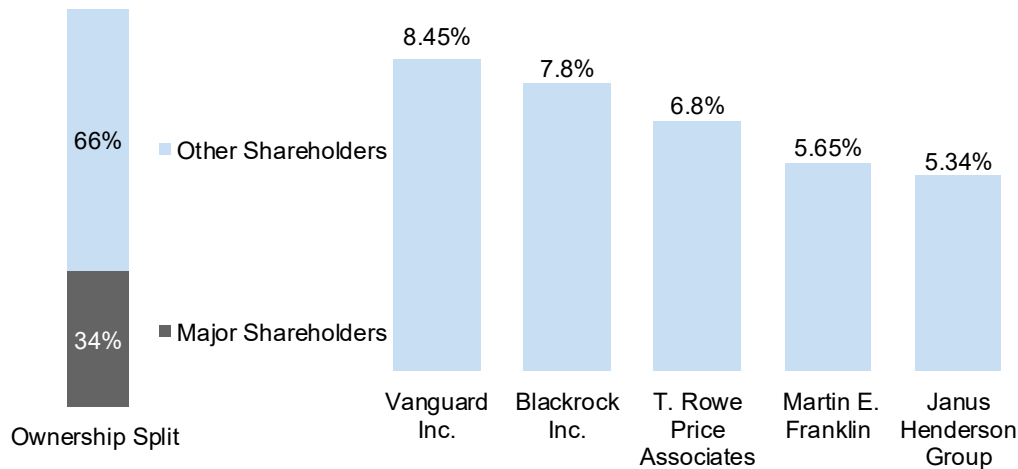


Recurring services provide margin stability, FCF visibility, and fuel API's M&A strategy

Recurring Mix & FCF Conversions



Shareholder and Ownership Structure



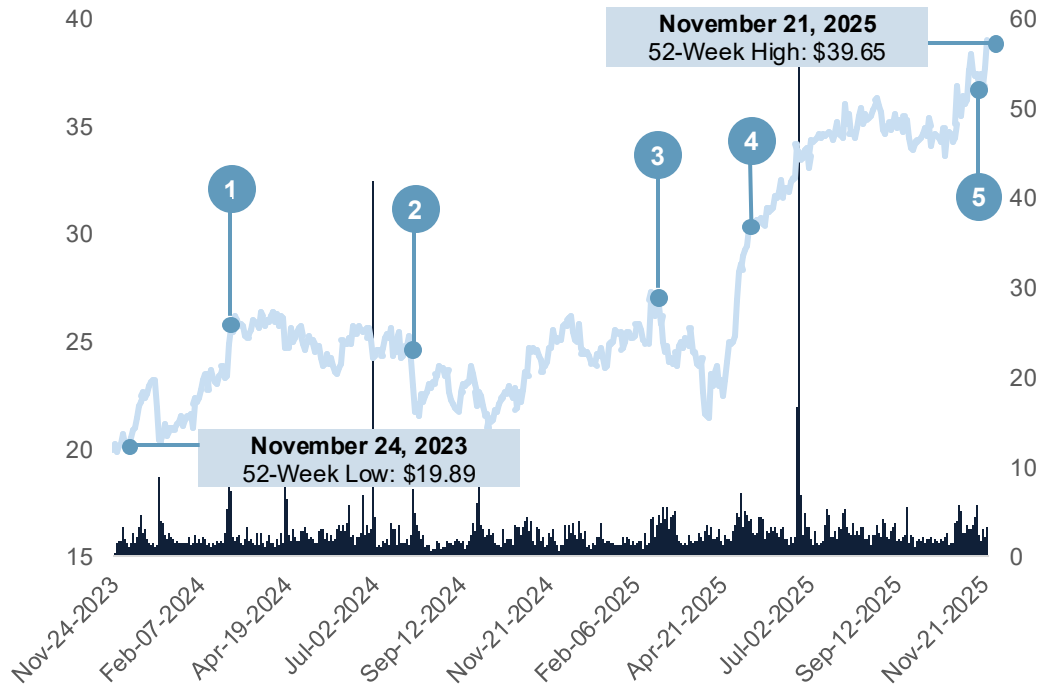
API's shareholder base is dominated by long-duration institutions whose investment mandates align with the company's stable, recurring cash flows enhancing support for API's self-funded M&A strategy.

Recent Acquisitions and Impact

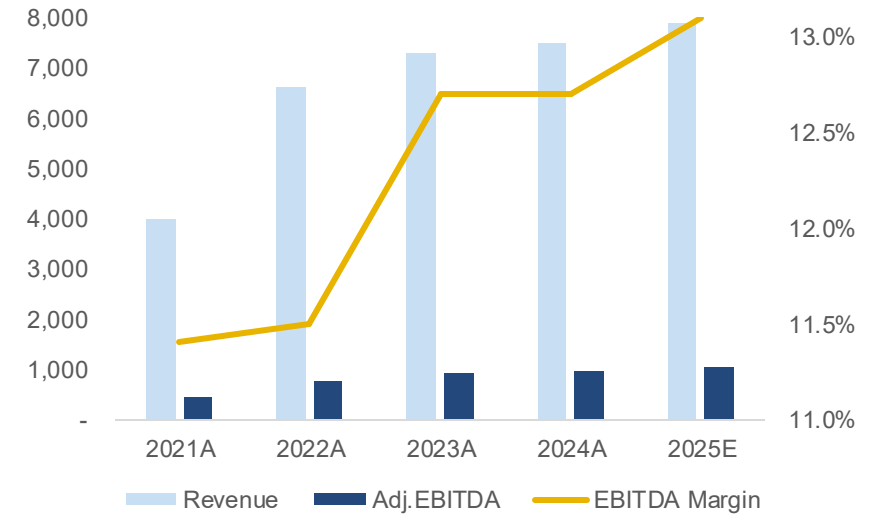
Acquisition	Deal Value	Rationale	Type
Chubb	\$3.1B EV	Increases high-margin, recurring inspection and monitoring revenue	Fire & Security Services
Elevated.	\$570M	Stronger recurring maintenance base	Facility, Elevator & Building Services
SK FIRE SAFETY GROUP	Part of \$324M four-company acquisition	Stable, regulated recurring revenue	European Fire & Life-Safety Services
START ELEVATOR	Undisclosed	Expands API's elevator/escalator platform in New York	Elevator & Escalator Services

Price to Volume & Key Stats

Price-Volume Chart & Commentary



Revenue, EBITDA & Margin Expansion (2021-2025)



A larger recurring revenue mix and improving operating efficiency support APG's projected 13%+ EBITDA margins in 2025

Key Valuation Metrics

Market Cap	16.45B	Revenue 2021-2025
Share Price	\$38.89	
Shares Outstanding	416M	
EV	\$18.5B	
Net Debt/EBITDA	2.87x	
EV/EBITDA	15.89x	
		2021-2025 CAGR: 19.5%

- February 27, 2024**
Stocks Climbs on strong FY23 results and margin expansion
- Aug 6, 2024**
Shares dip on weaker Q2 Specialty Services and weather delays
- February 25, 2025**
Stock pauses after cautious FY24 guidance, especially in Europe
- May 6, 2025**
Shares rebound as APi raises FY25 outlook and reports strong M&A Vol
- October 30, 2025**
Stock slips despite Q3 earnings beat as revenue comes in below consensus

After a volatile 2024, with stronger service margins, better outlooks, and steady execution in 2025, helping push the stock toward new 52-week highs

APi Group (NYSE: APG)

Company Overview

Industry Overview

Investment Thesis

Valuation

Risks & Catalysts

Recommendation

Industry Overview

APi Group's key services exhibit strong recurring revenue and stable demand patterns, with growth driven by increasingly stringent safety regulations, deferred infrastructure investment, and continued consolidation within fragmented service ecosystems.

Key Service Coverage Areas

Safety Services	
Fire Protection	Fire sprinkler system inspection, testing & maintenance (ITM)
Electronic Security	Video surveillance (CCTV) design, installation & monitoring
Elevator & Escalator Services	Modernization and equipment upgrades, inspections & repair
Specialty Services	
Infrastructure/Utility	Pipeline integrity, corrosion control services & utility construction
HVAC	Commercial heating, ventilation, AC installation & replacement
Fabrication	Industrial piping, ductwork fabrication & welding

Breadth of service offerings strengthen APi's competitive position, enabling the company to capture recurring, regulation-driven demand across diverse end markets.

Deferred U.S. Infrastructure Investment

Years of underinvestment in U.S. infrastructure have created an estimated **USD \$1 trillion+** backlog of maintenance, repair, and retrofit needs; postponed capital spending has resulted in aging systems that now require urgent upgrades.

- **Infrastructure Investment and Jobs Act (2021):** \$550bn in newly authorized spend through 2026 to modernize transportation, utilities, and public safety infrastructure
- The **CHIPS and Science Act (2022)** includes \$39B for new U.S. semiconductor facilities and equipment, supporting growth infrastructure

Federal funding into public infrastructure and domestic semiconductor facilities creates strong tailwinds for growth in APi's **specialty services** revenue.

Notable Characteristics

Market Fragmentation

- APi operates in highly fragmented, low barrier-to-entry markets- HVAC, fire & life safety, and specialty contracting are comprised of hundreds of small, local owner-operated companies. Markets are highly competitive, with firms differentiating through price, safety record, and quality rather than scale.

Regulation-Backed Demand

- Demand in the safety service industry is primarily driven by regulation, not discretionary spending. Regulations in key services such as HVAC and fire protection have tightened in recent years, in both the US and Canada

Seasonality

- North American companies experience lower Q1 & Q2 revenues due to unfavourable weather conditions, often resulting in project delays and decreased productivity.

Recurring Revenue

- A substantial portion of revenue across industries is long-term and recurring, providing stability during downturns and predictable cash flows.






Notable Markets

Fire Protection	Electronic Security	Elevator & Escalator Services	~\$160+ billion total addressable market. Strong growth forecasts and TAMs in key service areas create a strong underlying market for APi Group's long-term growth
TAM: ~\$60bn+ CAGR: 6.6%	TAM: ~\$90bn+ CAGR: 8%	TAM: ~\$10bn+ CAGR: 1.8%	

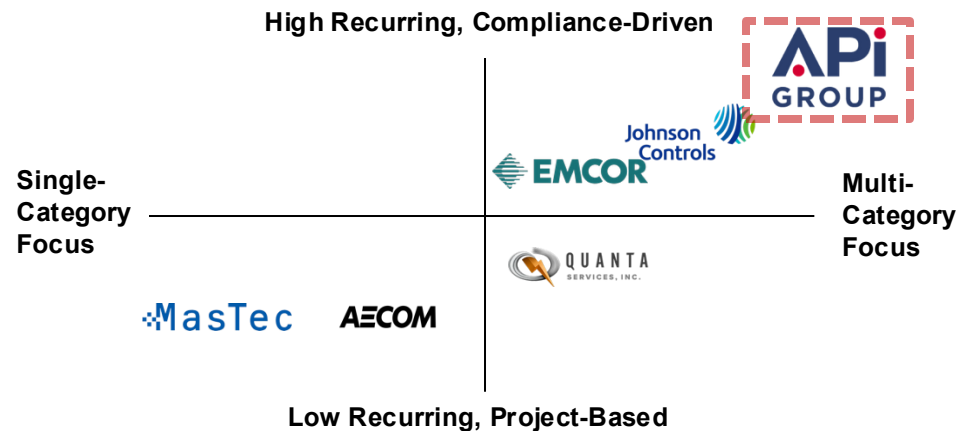
APi's increasing shift toward recurring inspection, testing, and maintenance revenue enhances stability, reduces cyclical, and supports long-term strategic planning

Competitive Landscape

API's differentiated service offerings and compliance-driven demand position it ahead of more project-reliant, narrow-focused peers in the industry.

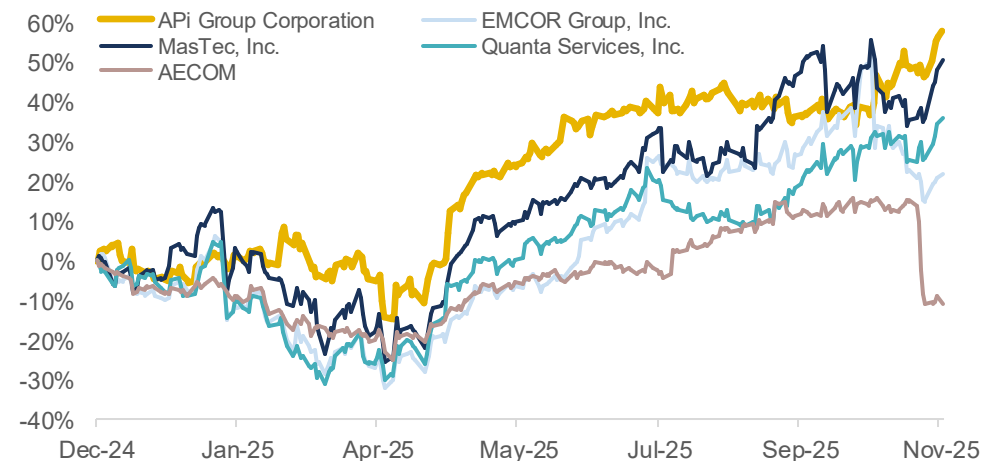
Competitor	Company Description	Market Cap (\$USD millions)	PE Ratio
	Johnson Controls provides HVAC, fire and security systems, and automation solutions for buildings worldwide.	71,081.2	44.2x
	MasTec constructs and services energy, power-delivery, and telecom infrastructure across North America.	16,606.2	51.0x
	AECOM delivers engineering, consulting, and construction-management services for major global infrastructure projects.	13,596.0	21.5x
	Quanta builds and maintains electric-power, renewable-energy, and communications infrastructure for utilities.	69,321.0	68.9x
	EMCOR provides mechanical, electrical, and building-services solutions across commercial, industrial, and government facilities.	27,534.1	24.8x

Competitive Positioning



API's broad services and recurring, regulation-based revenue allow it to enjoy the most defensible position against more project-driven peers.

Key Competitors One Year Share Performance



API's strong organic growth and global expansion with recent acquisitions has led to consistently outperforming earnings, bringing relative price growth above competitors.

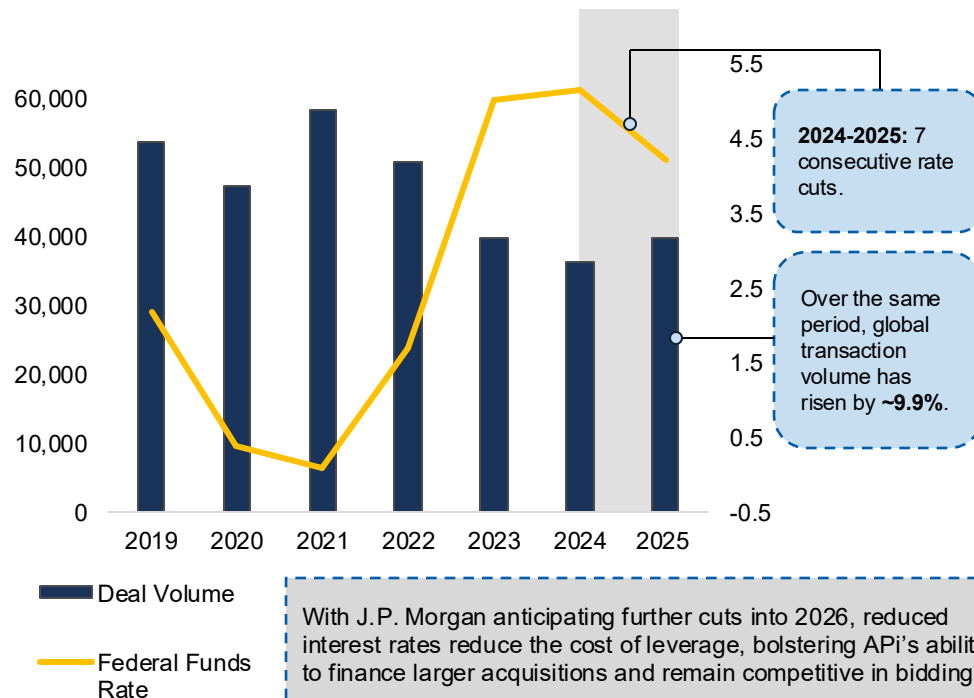
Acquisition Overview

Favourable M&A conditions support continued strategic acquisitional growth for API in coming years, with lowering interest rates supporting lower costs of debt.

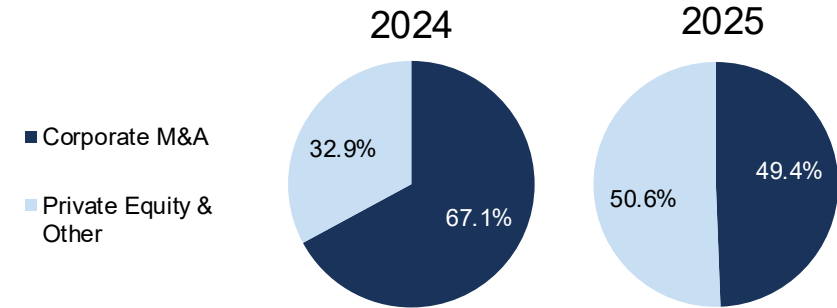
Key Dynamics

- **Acquisitional Competition:** High recurring-revenue industries are favoured by private equity, creating competition between corporate M&A and private investment.
- **Interest Rates:** Sellers are incentivized to sell in low-rate environments due to higher EBITDA multiple valuations; low rates lower leverage costs and strengthen purchasing.
- **Personal Connection:** Owner-operated businesses means that factors such as employee wellbeing post-sale, family, and health hold significant weight in the decision to sell.
- **Retirement and Sale:** ~60% of SME owners in Canada are aged 50+, with 4 in 10 likely to leave within the next five years. This trend may drive seller volume in coming years.

Global Transaction Volume Over Effective Federal Funds Rate

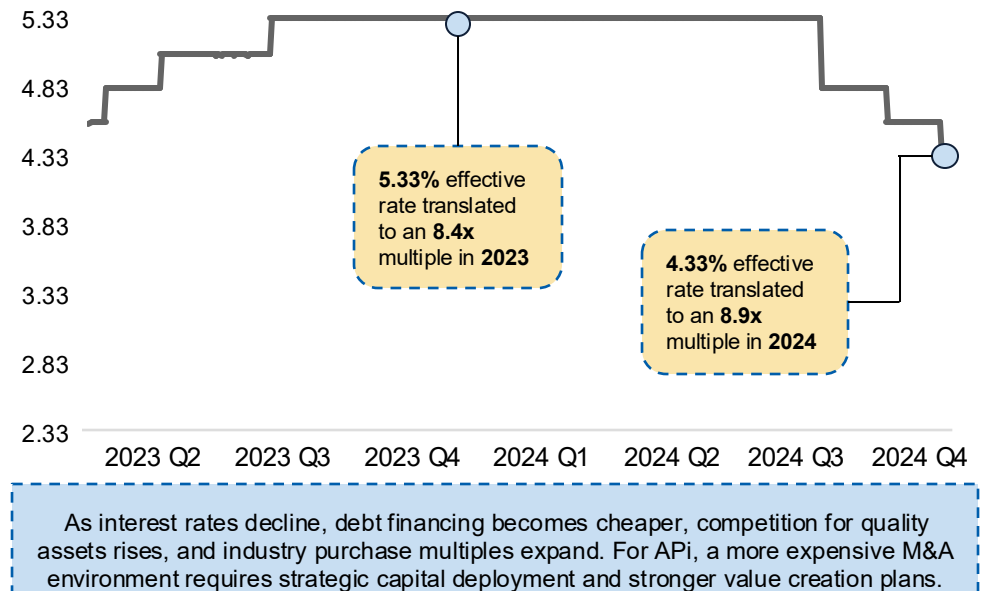


Private Equity Firms Drive M&A Market – HVAC Services Highlight



Private equity now represents 50.6% of acquisitions in the HVAC industry, compared to 32.9% in 2024. More accessible debt following consecutive rate cuts in 2024 and 2025 has allowed private equity buyers to gain in the space.

Middle Market Services Multiples – Security Services Highlight



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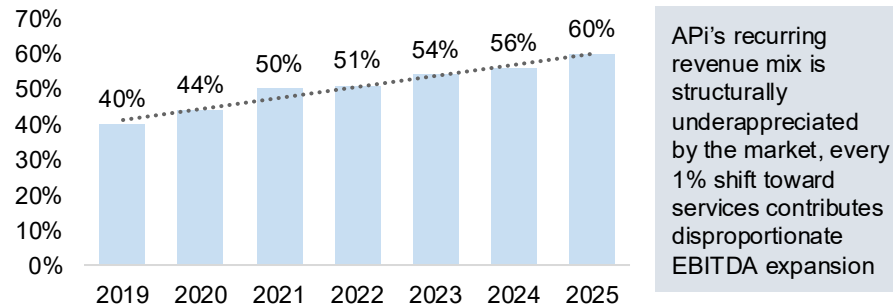
Risks & Catalysts

Recommendation

Thesis (1/2): Margin Expansion Through Recurring Revenue

APi's compliance-driven service model creates durable recurring revenue streams, margin expansion visibility, and a structural advantage versus project-based peers. Near-term mix headwinds mask long-term operating leverage and margin uplift.

Recurring Revenue Backbone Supporting Margin Upside



- Recurring revenue mix has expanded ~20 percentage points since 2019, driven by inspections, monitoring, testing, and code-mandated maintenance.
- Recurring services earn 600-900 bps higher margins than project-based work.
- Monitoring subscriptions and multi-year service agreements provide highly visible renewal streams.

Structural Moat Driving Recurring Margin Expansion

1. National Scale

- Wins multi-site, multi-year compliance contract
- Drives high-visibility recurring revenue and leverages fixed branch cost base

2. Aging Infrastructure Tailwind

- Deferred maintenance creates growing recurring demand
- Expands inspection, monitoring, and renewal cycles with structurally higher margins

3. Long-Term Operator

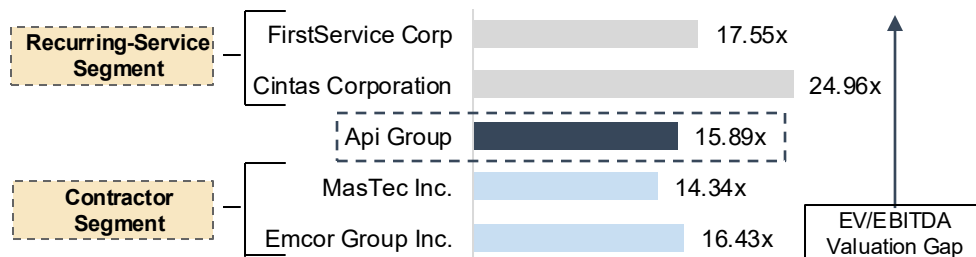
- Reinvests in technicians, safety systems; lowers churn
- Sustains renewal rates and supports long-term margin uplift vs. PE roll-ups

4. Recurring Mix Shift

- Converts projects into subscription-like high-margin revenue
- Lifts EBITDA margins as recurring mix rises and project exposure declines

APi's structural moat accelerates the shift toward recurring, compliance-driven services, providing a visible, multi-year pathway for sustainable EBITDA margin expansion.

Why the Market Is Mispricing APi's Margin Potential



APi trades between contractor and recurring-service peers despite deriving >55% of revenue from mandated, subscription-like service work.

Because APi's branch costs are mostly fixed, every extra inspection or monitoring job adds profit with very little extra cost. But analysts still treat APi like a contractor, using cost models that don't reflect this.

Contractors deal with unpredictable work and idle crews. APi's renewals keep technicians fully booked, driving stronger margins, but models still assume old project-style downtime.

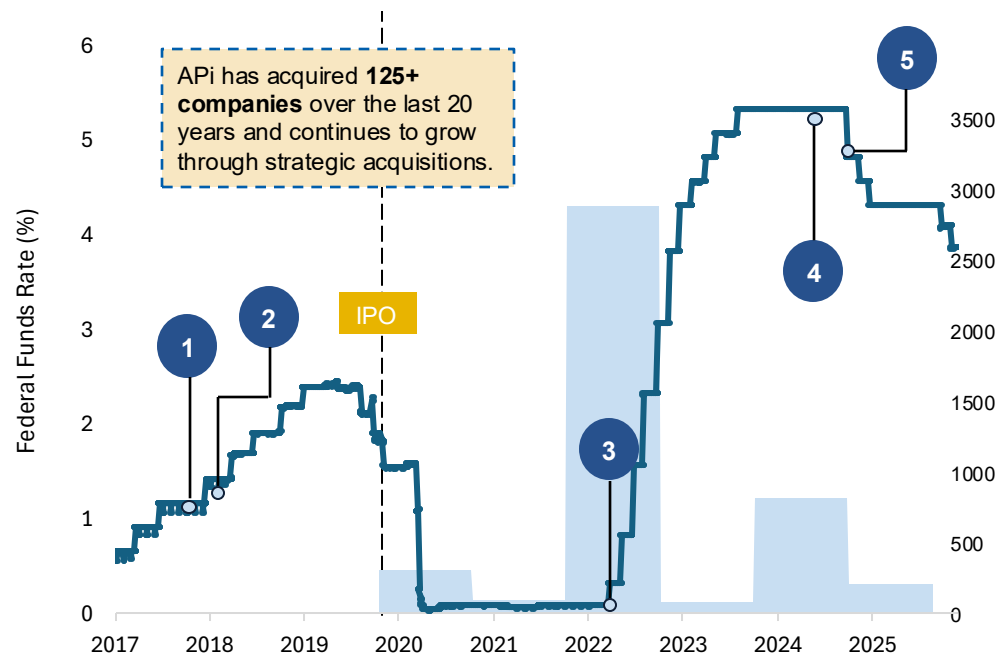
With over half of revenue renewing automatically, APi avoids constant re-bidding and yearly resets. Most contractors start from zero each year APi doesn't. Analysts overlook how this steady renewal base steadily compounds margins.

The market still values APi like a project-based contractor, even though it now operates a compliance-driven service platform supported by recurring inspections and subscription monitoring. These revenue streams deliver higher margins, stronger cash flow, and far lower churn than analysts currently model.

Thesis (2/2): Proven Acquisitional Success and Continued Growth

APi's proven acquisition model remains resilient across economic cycles, enabling continued inorganic growth.

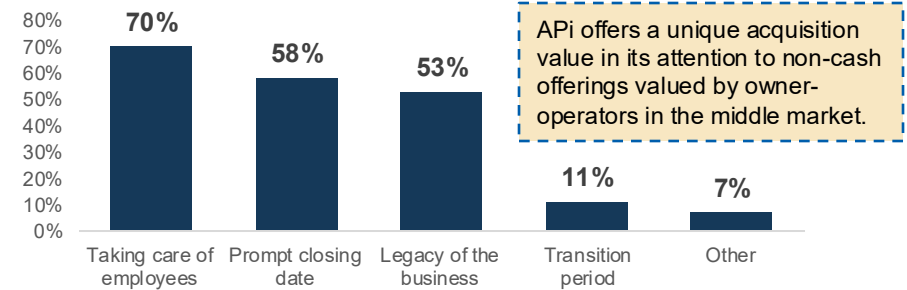
API Acquisitions Over Effective Federal Funds Rate



Unique Offerings For Middle Market Owner-Operators

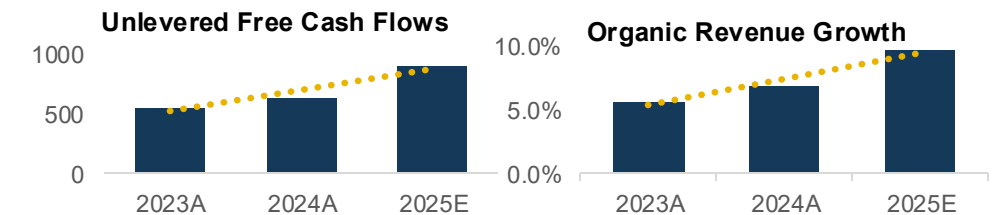
- Middle-market owner-operators see fewer acquisitions in their company lifetime; the personal involvement of many owners means non-cash factors are valued highly.

Seller Priorities Beyond Cash at Close



	Api Group	Other Buyers
Employees & Culture	<ul style="list-style-type: none"> Staff retention, minimal restructuring, culture preservation. 	<ul style="list-style-type: none"> Layoffs, leadership turnover, restructuring, uncertainty, potential culture dilution.
Ownership Horizon	<ul style="list-style-type: none"> Permanent ownership, long-term security, legacy preservation. 	<ul style="list-style-type: none"> Short hold periods with exit deadlines, unknown outcome after resale.
Long-Term Growth	<ul style="list-style-type: none"> Access to APi network, cross-selling, operational and strategic value-oriented. 	<ul style="list-style-type: none"> Financial engineering over operational growth, disregard for success following sale.

Growing Margins Support Further Acquisitions



Despite economic uncertainty, pandemics, and varying rates, APi has maintained a consistent acquisition strategy, with its largest purchase to date occurring in 2022.

Increased organic growth, positively trending cash flows, and expanding revenue margins support acquisitions by strengthening APi's ability to meet higher multiples, deleverage following acquisitions, and remain competitive on bids for future targets.

Chubb Acquisition Case Study

Chubb's acquisition and integration into API fast forward shift toward recurring, regulation-based services while broadening API's international footprint and operational leverage

Chubb As an Acquisition Opportunity



Chubb Fire & Security is a global provider of fire protection and electronic security installation, service, and monitoring, operating across ~17 countries primarily in Europe and APAC. **Chubb was acquired by API Group in January 2022.**

Chubb was purchased for an EV of **\$3.1 billion** in January 2022. The deal was structured with **\$2.9 billion** in cash and **\$200 million** in assumed liabilities. The acquisition was heavily debt-funded:

New Term Loan

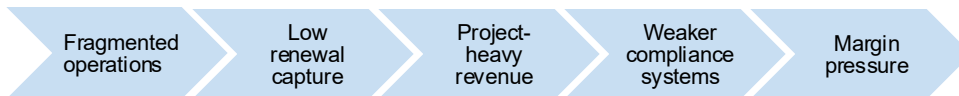
- New term loans of **\$1.0 billion** (Chubb Acquisition Term Loan).

New Senior Notes

- New senior notes totalling **\$400 million** (Chubb Acquisition Notes).

The remainder of the cash portion was financed with Series B Perpetual Preferred Stock (**\$800m**), common equity issuing (**8.8m shares, \$390m**), cash on hand (**~\$390m**).

Chubb Before Acquisition



Chubb allowed API to strengthen underachieving segments through the following:

1. International Scale

- 200+ offices in 17 countries, 13k employees, 1.5mn sites globally serviced by Chubb.

2. Strong Financials

- \$2.2 billion trailing twelve-month revenue, adjusted EBITDA of \$213m March 31, 2021.

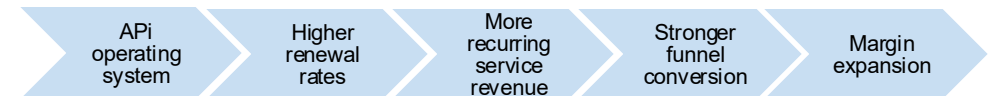
3. Brand Reputation & Trust

- 200+ years as a recognized leader in life-safety solutions, strong customer retention.

4. Compliance-Driven Demand

- Fire protection and security services are regulation-mandated and recurring.

Post Acquisition



Metric	Pre	Post	Rationale
Recurring Revenue Mix	100	135	→ increased to 50%+
FCF Conversion	100	120	Service mix ↑ → FCF improves
Inspection Volume	100	145	1.5M+ customer sites added
Monitoring Opportunity	100	130	Massive under-penetrated base
Global Service Coverage	100	150	Chubb added 17 countries & 13k employees

API's 10-K highlights a disciplined deleveraging program following the Chubb acquisition. Strong free cash flow enabled API to repay acquisition-related debt ahead of schedule and materially reduce net leverage, bringing Net Debt / EBITDA down to ~2.87x. This balance sheet improvement restored financial flexibility and positioned the company for continued strategic M&A and margin-accretive growth.

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Comparable Company Analysis

API trades at an EV/EBITDA Multiple of 15.9x, which is lower than the comparable average of 16.2x

Analysis Commentary

Diverse Business Segments: API's diverse business segments make it difficult to assign a weight to a singular comparable peer set. These companies instead serve as a range of potential valuations.

Recurring Revenue: API has a higher mix of recurring, compliance-driven life-safety and inspection revenue than most peers, giving it more predictable cash flows than infrastructure-heavy contractors like MasTec or Quanta.

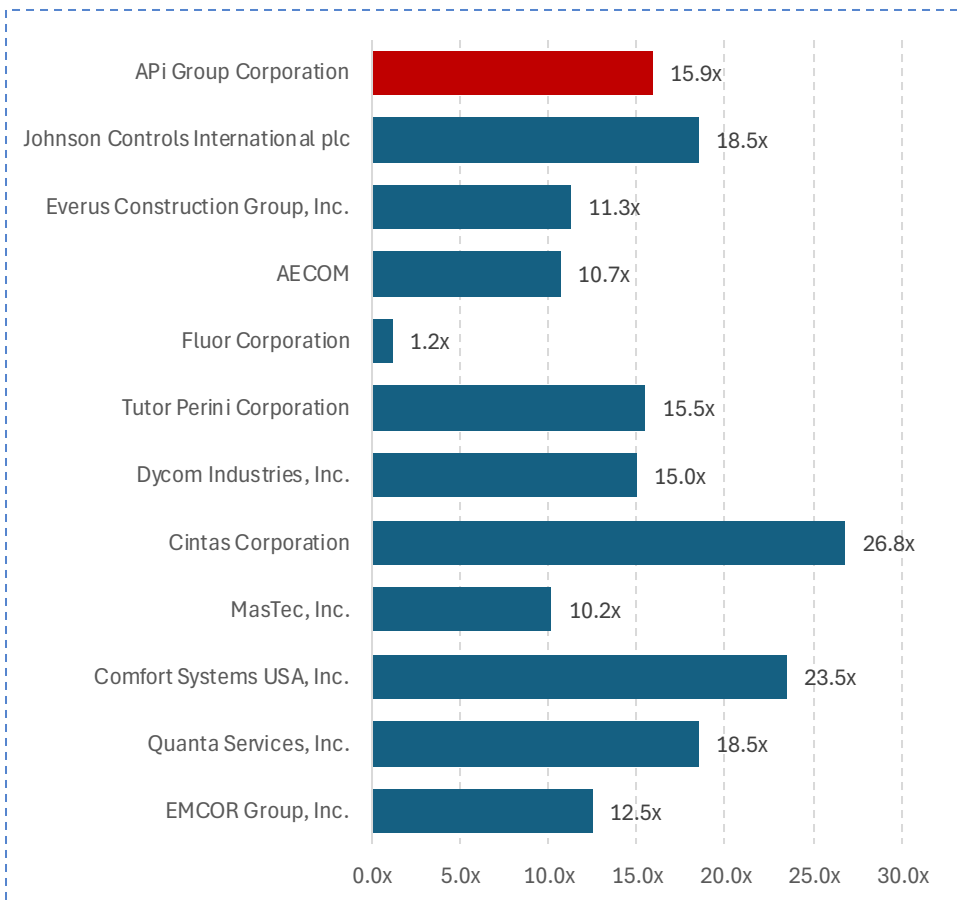
Greater Margin Expansion: API offers a greater margin expansion runway, driven by procurement initiatives and continued integration of acquired platforms.

Cyclicality: API is less cyclical than infrastructure peers, which rely heavily on utility, energy, and communications CapEx cycles.

Downside Protection: API's diversified portfolio across safety, monitoring, and specialty services, combined with their focus on small-scale business acquisition, supports steadier growth and better downside protection than contractors that depend on large project wins.

Overall, API sits between facilities services and specialty contracting peers, offering a balanced, less volatile profile with meaningful operational upside relative to both groups. Compared to services peers such as EMCOR and Comfort Systems, API offers a greater margin expansion runway, driven by procurement initiatives and continued integration of acquired platforms.

EV/EBITDA Visualization of Peer Universe



Rationale on excluding Comparable Company Analysis

Ultimately, these comparable companies provide a benchmark for evaluating API's various business segments. As API's financial statements do not disclose segment-level revenue, COGS or operating expenses, it is not feasible to estimate the EBITDA for each segment. The investment team does not consider revenue multiples to be a reliable metric for valuation in this context as they neglect the breakdown of the different segments, which are key value drivers of a business such as API's.

Discounted Cash Flow Analysis (1/2)

Discounted Cash Flow Output Table

(US\$m) Period	Historicals					Forecast Period				
	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
						1	2	3	4	5
Revenue			6,558	6,928	7,018	7,875	8,332	8,748	9,098	9,462
Growth Rate (%)				5.6%	1.3%	12.2%	5.8%	5.0%	4.0%	4.0%
(-) COGS		(4,844)	(4,988)	(4,840)		(5,313)	(5,559)	(5,782)	(5,967)	(6,158)
Gross Profit		1,714	1,940	2,178		2,562	2,772	2,967	3,132	3,305
Margin (%)		26.1%	28.0%	31.0%		32.5%	33.3%	33.9%	34.4%	34.9%
(-) SG&A		(1,552)	(1,581)	(1,694)		(1,854)	(1,961)	(2,059)	(2,142)	(2,228)
margin, % revenue		23.7%	22.8%	24.1%		23.5%	23.5%	23.5%	23.5%	23.5%
(+) Depreciation & Amortization		304	303	302		311	316	320	323	326
margin, % revenue		4.6%	4.4%	4.3%		4.0%	3.8%	3.7%	3.5%	3.4%
EBITDA		466	662	786		1,020	1,127	1,227	1,313	1,403
Margin (%)		7.1%	9.6%	11.2%		12.9%	13.5%	14.0%	14.4%	14.8%
(-) Depreciation & Amortization		(304)	(303)	(302)		(311)	(316)	(320)	(323)	(326)
margin, % revenue		4.6%	4.4%	4.3%		4.0%	3.8%	3.7%	3.5%	3.4%
EBIT (Operating Income)		162	359	484		708	811	907	990	1,077
Margin (%)		2.5%	5.2%	6.9%		9.0%	9.7%	10.4%	10.9%	11.4%
(-) Taxes		(20)	(79)	(80)		(123)	(141)	(157)	(172)	(187)
Tax Rate (%)		15.7%	20.4%	15.9%		17.3%	17.3%	17.3%	17.3%	17.3%
Net Operating Profit After Tax (NOPAT)		142	280	404		586	670	750	818	890
(+) Depreciation & Amortization		304	303	302		311	316	320	323	326
Growth Rate (%)				0%	0%	3.1%	1.5%	1.3%	1.0%	1.0%
Margin (%)			5%	4%	4%	4.0%	3.8%	3.7%	3.5%	3.4%
(+/-) Change in NWC		(1,028)	44	(2)		77	41	37	31	33
Growth Rate (%)			-104%	-105%		-3957%	-47%	-9%	-16%	4%
Margin (%)			0%	0%	0%	1%	0%	0%	0%	0%
(-) Capital Expenditures		(74)	(73)	(71)		(69)	(67)	(66)	(64)	(63)
Growth Rate (%)			-1%	-3%		-3%	-2%	-2%	-2%	-2%
Margin (%)			1%	1%	1%	1%	1%	1%	1%	1%
Unlevered Free Cash Flow (UFCF)		(656)	554	633		905	960	1,041	1,108	1,187
Growth Rate (%)				10%	16%	43%	6%	8%	6%	7%
WACC (%)						9.37%	9.37%	9.37%	9.37%	9.37%
Present Value UFCF						827	802	796	775	758
Sum of Present Value UFCF						3,958				

Key Assumptions

Current Share Price	\$39.56
WACC	9.37%
Perpetuity Growth Rate	4%
Exit EV/EBITDA	20.0x
Tax Rate	17.3%

Terminal Value - Exit Multiple

Terminal Year EBITDA	1,403
Exit EV/EBITDA	20.00x
Terminal Value	28,062

(+) PV of Terminal Value	17,931
(+) Sum of PV of UFCFs	3,958

Implied Enterprise Value	21,890
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Implied Growth Rate	4.00%
% of Implied EV from Terminal Value	128%

Enterprise Value to Equity Value

Implied Enterprise Value	21,890
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(-) Net Debt	(2,497)
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Implied Equity Value	19,393
Diluted Shares Outstanding	415.9

Implied Share Price	46.63
Premium / Discount to Current	19%

Key Takeaways

- High growth rates at start due to expansion recurring revenue model.
- 12.2% YoY growth in 2025 reflects Q4 guidance.
- YoY margin expansion due strategic company-wide goals and executive team guidance.

Discounted Cash Flow Analysis (2/2)

Under our base-case WACC and exit multiple assumptions, our DCF yields a stock price of \$46.63.

Discounted Cash Flow Analysis Commentary

- **Revenue and Cost Assumptions**
 - The revenue and cost assumptions were based on management's guidance and performance so far this year.
- **Depreciation & Amortization**
 - Expected to increase as APi increases acquisitions
- **Weighted Average Cost of Capital (WACC)**
 - Quite high for a company like APi
 - Driven by debt which accounts for roughly 20% of APi's capital structure and the cost of equity is roughly 10.5%
- **Methodology Rationale**
 - We decided to assign the exit multiple method the highest weight as it is the most relevant for a company such as APi due to its constant acquisitions.
 - Arrive at an implied exit multiple of 20.0x due to its ongoing initiatives and a falling rate environment.

WACC Build

Numerical data is taken from Capital IQ

The cost of equity is calculate using the Capital Asset Pricing Model (CAPM)

WACC	
Equity	15,596.25
Debt	3,052.00
Cost of Debt	4.80%
Tax Rate	17.30%
D/(D+E)	16.37%
After Tax CoD	3.60%
Risk Free Rate	4.17%
Expected Market Return	10.00%
Market Risk Premium	5.83%
Levered Beta	1.09
E/(D+E)	0.836
Cost of Equity	10.50%
WACC	9.37%

Sensitivity Analysis

		WACC						
		5.77%	6.97%	8.17%	9.37%	10.57%	11.77%	12.97%
Exit Multiple	21.5x	\$58.30	\$55.30	\$52.49	\$49.86	\$47.40	\$45.09	\$42.93
	21.0x	\$57.03	\$54.10	\$51.35	\$48.78	\$46.38	\$44.13	\$42.02
	20.5x	\$55.76	\$52.89	\$50.21	\$47.71	\$45.36	\$43.16	\$41.10
	20.0x	\$54.48	\$51.69	\$49.07	\$46.63	\$44.34	\$42.19	\$40.18
	19.5x	\$53.21	\$50.48	\$47.93	\$45.55	\$43.32	\$41.23	\$39.27
	19.0x	\$51.93	\$49.28	\$46.80	\$44.47	\$42.30	\$40.26	\$38.35
	18.5x	\$50.66	\$48.07	\$45.66	\$43.39	\$41.28	\$39.29	\$37.43

APi Group (NYSE: APG)

Company Overview

Industry Overview

Investment Thesis

Valuation

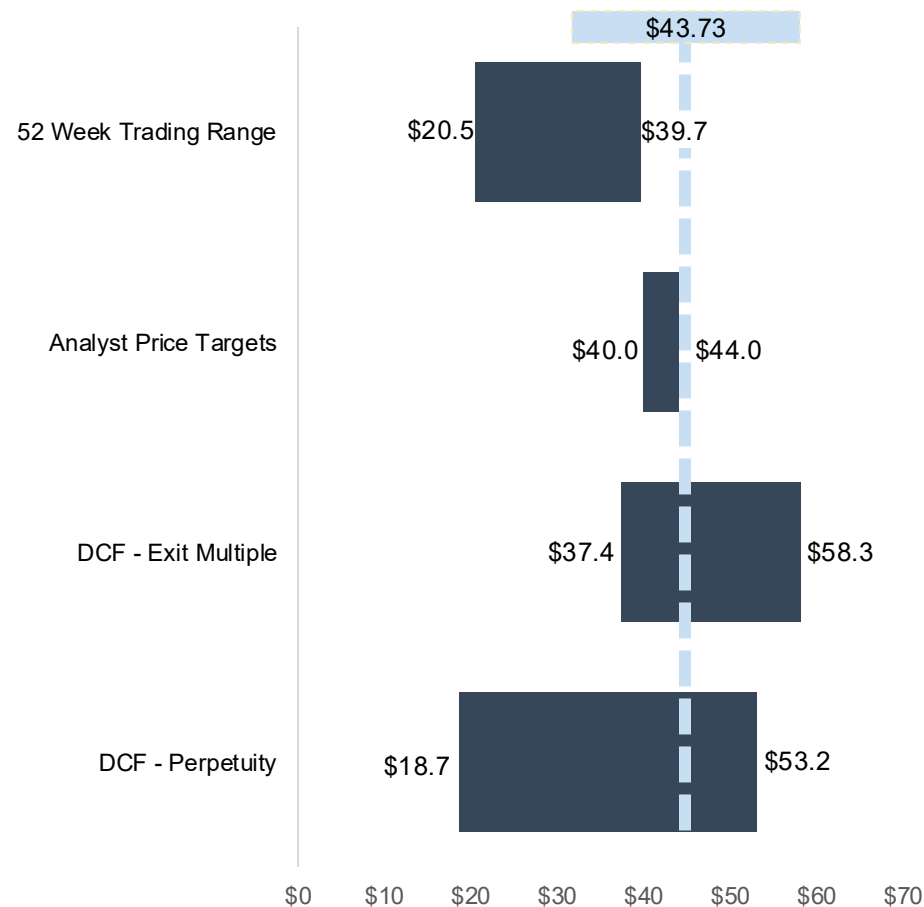
Recommendation

Risks and Catalysts

Buy With A Price Target Of \$43.73

Our base case, with the DCF Exit Multiple Method and Analyst Price Targets carrying the most weight, yields a price of \$43.73, a 11.41% discount to API's share price of \$39.25 at market open on December 2nd, 2025.

Indicative Valuation Range



Price Target

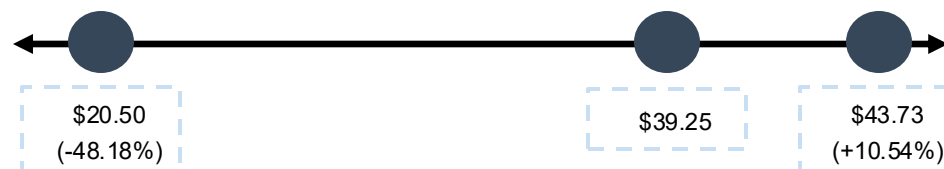
Valuation Summary - Price Target

Analysis	Price	Weight
DCF - Perpetuity	\$ 38.82	15%
DCF - Exit Multiple	\$ 46.63	45%
Analyst Price Targets	\$ 42.30	40%
Weighted Average	\$ 43.73	

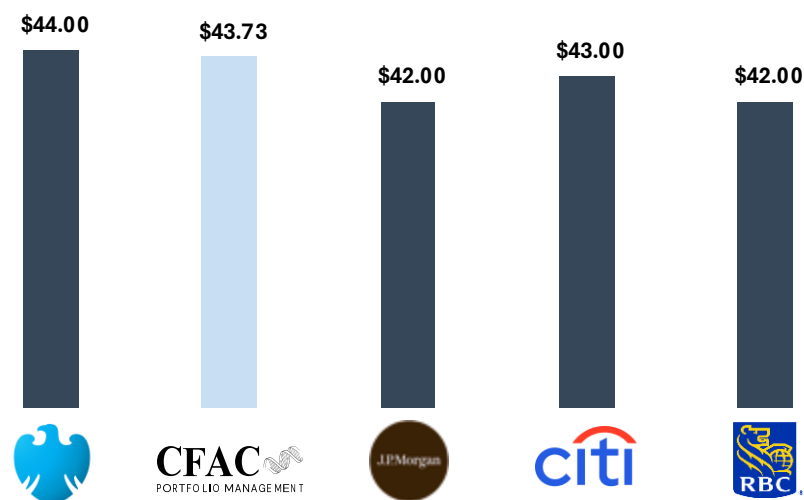
52-Week Low

Current Price

Our Target



Selected Broker Summary



The valuation analysis supports a 'Buy' recommendation with a target price of \$43.73, reflecting a 11.41% upside from the current price of \$39.25

APi Group (NYSE: APG)

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Recommendation

Risks & Catalysts

Risks & Catalysts

Risks

- Big acquisitions can take time to fully integrate and improve
 - Delays in system upgrades or aligning operations can slow the expected margin gains
 - If integration runs behind schedule, CF may come in below expectations
- PE firms are aggressively bidding for fire and life-safety companies
 - Higher deal prices can reduce the number of attractive acquisitions for APi
 - Slower M&A activity can temporarily reduce APi's inorganic growth
- Project based specialty work softens during economic slowdowns
 - It has more variable margins compared to recurring inspections
 - Weaker specialty results can temporarily reduce the company's total margins
- Inspection cycles depend on building and safety codes
 - Regional code changes can shift the timing of revenue
 - When compliance rule changes, it can temporarily adjust how much APi does in a quarter

Catalysts

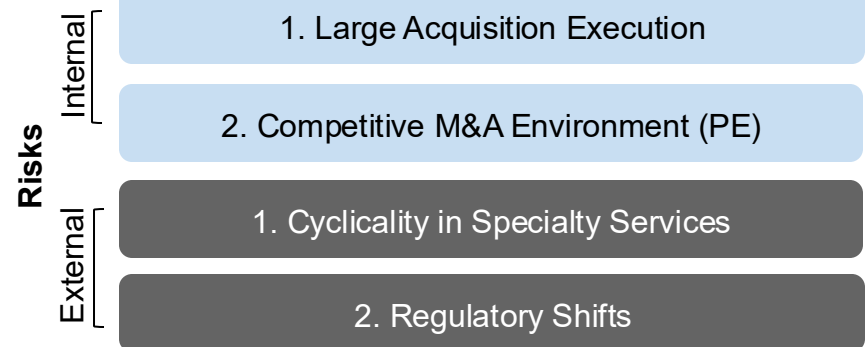
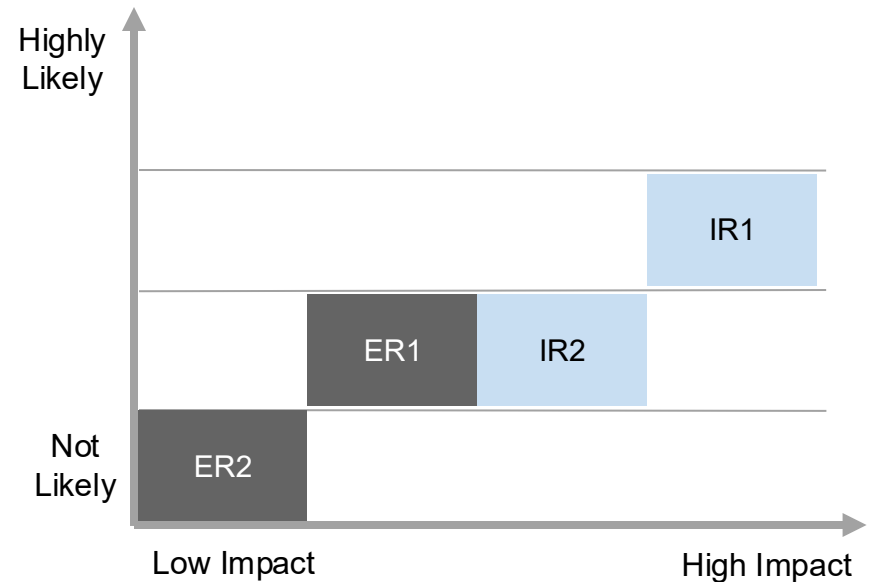
National Scale Advantage

- APi is one of the few players with national coverage in fire and life safety
- Competes against a market of 10,000+ local/regional firms
- National customers require multi-site capability that PE-backed roll-ups lack
- National scale unlocks multi-site contracts + cross-selling across APG's service lines

Persistent Inflation Accelerates Value Migration

- Net/EBITDA fell from more than 4x (2021 post-Chubb) to ~2.8x today
- Strong FCF enables debt paydown + disciplined M&A
- ROIC now exceeds WACC, supporting multiple expansion toward industrial services peers

Risk Matrix



Mitigation

- IR1 → APi has a 20+ year track record of integrating 50+ acquisitions
- IR2 → Wins on national scale and long-term customer contracts
- ER1 → +50% of revenue is recurring and code-driven, cushioning volatility
- ER2 → Benefits from diversified geographies and service lines, reducing exposure to any singular regulatory change