

SECURITY INDUSTRY – OVERVIEW



December 2016



Security Service – *Definition*

Security is the degree of resistance to, or protection from, harm. It applies to any vulnerable and valuable asset, such as a person, dwelling, community, nation, or organization

Major Security Services in Pakistan

Guarding
(Man Guarding, Escort Services, VIP Security, Event Security etc)

Cash in Transit (Cash Transportation, ATM Management etc)

Electronic Monitoring
(Security Systems, Monitoring & Response etc)

Security service agencies calculate risks and threats that could be possible and provide counter measures that mitigate the activity before it take place

International Industry – *Key Facts (2015)*

Market Size	\$ 218bln
Guarding	\$ 140bln (64%)
Cash Services	\$ 21bln (10%)
Electronic Monitoring	\$ 57bln (26%)
YOY Market Growth	6.9% / annum





International Industry – *Key Facts (2015)*

G4S

- Founded in 1901, it employs 566,000 people with operations in 85 countries worldwide
- Annual revenue of \$9.9 billion in 2015

Securitas
AB

- Founded in 1964, the company has over 330,000 employees spread out over 53 countries
- Annual revenue of \$8.8 billion in 2015

Secom

- Founded in 1962, it employs 57,957 people in 21 countries
- Annual revenue of \$7.4 billion in 2015

Brinks

- Founded in 1859, it employs ~ 59,900 people in more than 100 countries
- Annual revenue of \$3.0 billion in 2015

ADT
(USA)

- Founded in 1874, providing its services in 35 countries with employees around 17,100
- In 2015, its revenues were of \$3.6 billion.

Source:

• Security Agency website



Security Industry in Pakistan – *Key Facts*

Fragmented industry, with over 400 companies;
217 registered with APSAA

Manned guarding, labor intensive industry, with
around 200,000 security guards

CIT, specialized business with over 1,600 CIT
vehicles.

Market Size	~ 22bln
Guarding	~ 18bln
Cash Services	~ 4bln
Security Guards	~ 200,000
CIT Vehicles	over 1,600

Major Players in Pakistan – *A Snapshot*

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Pathfinder Group (WPPL/SMS)
Largest Guard services provider; Expanding CIT operations
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Phoenix Guarding Services
Main competitor in Cash services; largest fleet of CIT vehicles in Pakistan
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Askari Guards
Emerging competitor in Cash services and manned-guarding
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Security 2000
Affiliated with Securitas – USA; majority of the company's manpower is former Military
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Mustang Group (Mustang Security/Mustang Eye)
Mainly providing manned guarding and technology solutions
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ZIMS Security (Pvt.) Limited
Mainly providing manned guarding and technology solutions



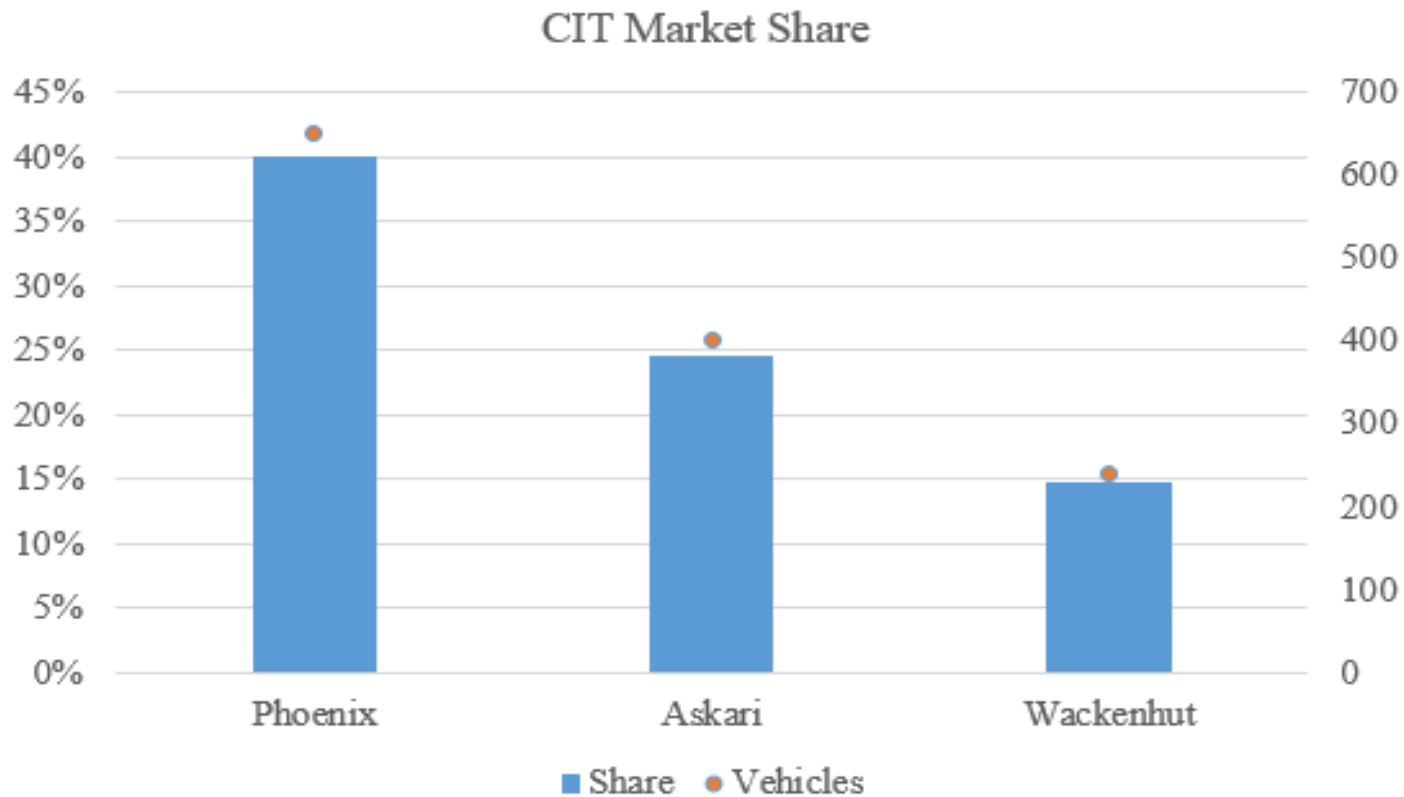
Manned Guarding | Industry Snapshot

~200,000
Security Guards

Top five players
employ ~15% of total
guard force

~1:3
Private Security Guard
force to Police force

CIT | Industry Snapshot



Conclusion

Man Guarding

- Large players (2,000 or more guards) mainly catering to sensitive and high end clients
- Increasing number of small players in market, taking market share from large players
- Low margins due to intense competition on pricing.

Cash In Transit

- Top 3 players having ~80% market share– *Oligopoly Structure*
- Lucrative business with higher margins than manned guarding
- New players entering market; may lead to competition

Electronic Monitoring

- Increasing share due to low operational cost – *gradual shift towards this segment*
- Room for growth due to untapped market

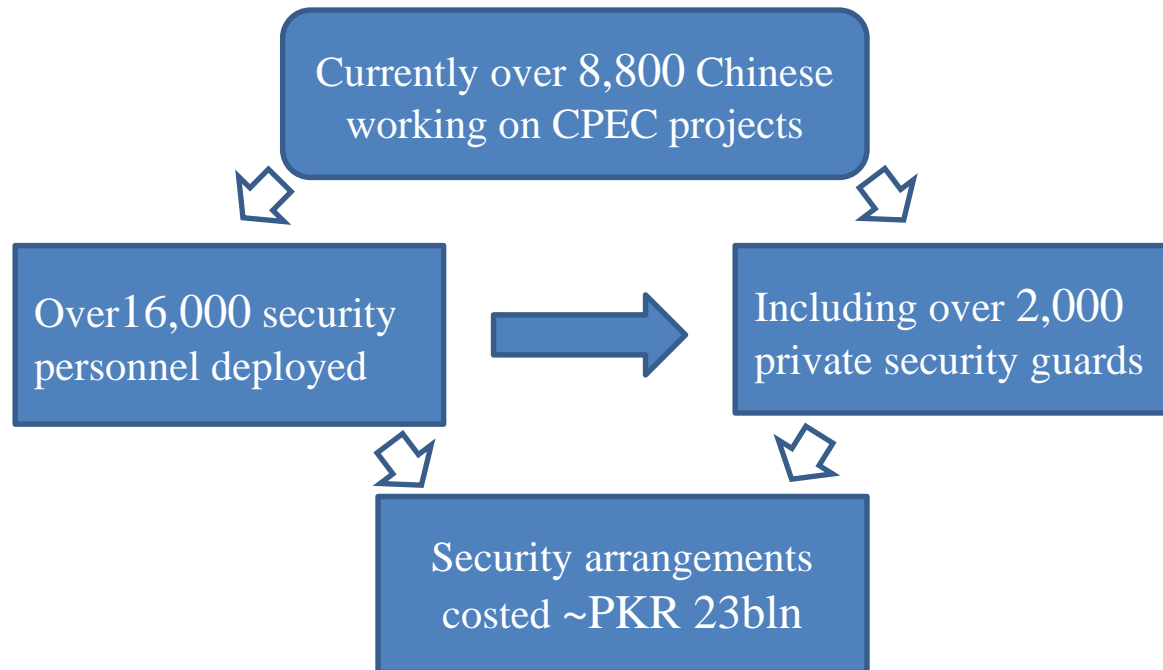
Industry Opportunity & Challenges

Segment	Growth Opportunities	Challenges
<p>Manned Security/ Infrastructure Facility Management</p>	<ul style="list-style-type: none"> ▪ Law and order situation in Pakistan. People looking towards private security providers for their security needs ▪ Development and extension of private housing societies, expansion in schools and universities branch network (Government's emphasis on enhanced security measures). ▪ Foreign investment. ▪ Commencement of CPEC projects 	<ul style="list-style-type: none"> ▪ Involvement of guards in robberies, creating negative perceptions ▪ Smaller players now encroaching on high end market ▪ Intense competition, compromise on quality to protect margins.
<p>Cash in Transit</p>	<ul style="list-style-type: none"> ▪ Expansion of customer network – Corporate cash handling ▪ Increasing customer expenditure/retail patterns ▪ Focus on ancillary services, like provision of overnight vault and ATM replenishment ▪ Increase in off-site ATMs (Malls, Airports, and Stations) 	<ul style="list-style-type: none"> ▪ Expensive CIT vehicles ▪ Penetration of existing security companies in CIT ▪ Limited number of customers ▪ Relatively less movement of cash with emergence of e-channels, though unlikely to materialize in short term
<p>Surveillance & Monitoring</p>	<ul style="list-style-type: none"> ▪ Emerging/Growing segment of Pakistan with low operational cost 	<ul style="list-style-type: none"> ▪ Human presence is preferred ▪ Lack of awareness about available tech security solutions in customers

CPEC | Corridor of Opportunity

CPEC, over 3,000 km long route, to be built over next several years, consisting of highways, railways, and pipelines.

CPEC projects cost estimated to be around \$46bln



Deployment of more Private Security Guards expected as developmental work and spending increases.



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