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PRESENTATION

Operator

Hello, and welcome to the Juniper Industrial Holdings and Janus International Group Business Combination Announcement Conference Call. There is a presentation that was publicly filed with the SEC that will accompany today's discussion. The presentation can also be viewed on Juniper Industrial Holdings website. And for everyone on the phone, Juniper and Janus will not be fielding any question on today's call.

Before we begin, we will refer you to the forward-looking statements on Slide 1 and 2 of the presentation.

I will now turn our conference over to Roger Fradin, Chairman of Juniper, who will begin on Slide 3. You may begin.

Roger B. Fradin - *Juniper Industrial Holdings, Inc. - Chairman of the Board*

Good morning. I'm Roger Fradin, Chairman of Juniper Industrial Holdings. I am joined on today's call by Brian Cook, CEO of Juniper; as well as Ramey Jackson, Janus International Group's Chief Executive Officer; and Scott Sannes, Janus' Chief Financial Officer. We are proud to announce Juniper's planned business combination with Janus. This transaction will bring to market a leading provider of self-storage and access control technology solutions with a compelling valuation and an implied pro forma enterprise value of approximately $1.9 billion at closing.

On today's call, we will discuss why Janus and Juniper are a perfect match. Janus has an unrivaled market position as a resilient and high-growth building products company. They have a strong track record of above-market organic growth with industry-leading margins and a rapidly increasing client base as the sole acquirer of choice in a fragmented market.

Before we dive further into this unique opportunity, I'd like to introduce the team. I've been running industrial businesses for 40 years and bring a track record of both building well-regarded companies and identifying great acquisitions. Years ago, I helped build a very small company called Pittway Corporation to just under $2 billion in sales before selling it to Honeywell in 2000.

I then stayed at Honeywell as the #2 executive for the next 17 years, creating over $80 billion in market value during that time. I've learned a really strong set of business improvement tools while fixing, improving and growing Honeywell businesses. That same set of tools can be used to make an already great companies such as Janus even better.

I'll turn it over to Brian, Ramey and Scott to provide their backgrounds. Brian?

Brian Scott Cook - *Juniper Industrial Holdings, Inc. - CEO, CFO & Director*

Thanks, Roger. This is Brian Cook, and I'm the CEO of Juniper Industrial Holdings. In terms of my background, I have over 20 years of experience within mergers and acquisitions, business development and strategic planning. Most of that experience came within a broader industrial sector.

I spent 17-plus years at Honeywell, capping my tenure there as the Global Head of M&A, where I led over 60 buy and sell-side transactions, most of which were in partnership with Roger, where he was running our largest and most diverse business, automation and control solutions. Roger and I are very excited about this opportunity. The industry and the company had a number of attributes that are very similar to a number of businesses we acquired and ramped successfully at Honeywell.

So with that, I'll turn it over to Ramey.

Ramey Jackson

Thank you, Brian. I'm Ramey Jackson, CEO of Janus. In terms of my background, I've worked in the industrial door and self-storage space for over 20 years, and I've been a part of Janus' growth story since 2002. I previously ran sales and marketing and led our M&A efforts. I couldn't be more excited about the combination with Juniper as we look to advance Janus into the next stage of value creation.

Scott?

Scott M. Sannes - *Janus International Group, LLC - CFO*

Thanks, Ramey. I'm Scott Sannes, CFO of Janus since 2015. Prior to Janus, I served as CFO for several businesses, helping them to grow and navigate through purchase and sale transactions. I have 20-plus years of highly diverse business experience on both national and international levels.

Back to you, Roger.

Roger B. Fradin - *Juniper Industrial Holdings, Inc. - Chairman of the Board*

Thanks, Scott. Moving to Slide 4. When we formed our SPAC, Janus was on a very short list of highly attractive industrial opportunities that we had identified early on. We are delighted that Clearlake and management chose us as partners on this transaction. As you listen to this morning's presentation, I believe you will see what a terrific steward Clearlake has been for this business in terms of supporting organic growth investments as well as smart M&A. Clearlake and the management team will be retaining approximately 50% of their pro forma equity balance, which Brian and I both saw as a very strong statement underwriting the forward growth projections that we're going to present.

Turning to Slide 5. Janus is an opportunity to own a self-store and a commercial warehousing platform growing faster than its markets in a great industry at a very attractive valuation. The self-storage industry has solid macro drivers, amplified by the fact that the existing infrastructure is old and needs to be upgraded. And at the same time, the existing infrastructure is sold out. The industry is running at almost 95% capacity utilization above the historical sweet spot of 85%. In itself, that represents billion-dollar opportunity. Janus' other end market is commercial warehousing, where expansion is being driven by the accelerating growth of e-commerce, a great market to be in.

Moving to Slide 6. This is an important growth opportunity that I'm really excited by. Here's why. I have a long and successful track record of transforming businesses and driving exceptional growth with wireless connectivity. I did it in home security, commercial alarm communications, building automation and the continuous process manufacturing industries, and I know I can help Janus drive similar growth in self-storage.

There is no wireless connectivity in self-storage today. Janus acquired a company called Noke and became the first mover in self-storage connectivity. Noke delivers the killer app that will transform the 22 million dumb padlocks on self-storage doors today into wireless network and connected smart locks. These smart locks fully integrate into the self-storage operators' property management system and offer significantly reduced operating cost.

The lock can be controlled by the consumer with their smartphone and provides numerous convenience and ease-of-use features. The smart lock application by itself is a billion-dollar-plus opportunity, and that does not include all the new revenue from other smart wireless sensors that can be deployed on the same network. A key point is that only a trivial amount of this growth opportunity is reflected in the financial forecast supporting Janus' valuation.

With that, I will turn it back over to Brian for an overview of the transaction on Slide 7.

Brian Scott Cook - *Juniper Industrial Holdings, Inc. - CEO, CFO & Director*

Thanks, Roger. In terms of the deal itself, we valued the company at $1.9 billion or 12x 2021 adjusted EBITDA and 10x 2022 adjusted EBITDA, which is substantially lower than the company's peer group, which we will discuss further in the presentation. This certainly reflects the ongoing growth that is expected in the business. We will be funding the cash needs of the transaction through a $250 million pipe as well as $345 million in cash from the Juniper IPO.

In terms of leverage, we see 3.5x as being very reasonable, given the company's attractive cash flow dynamics, which Scott will discuss later in the presentation. Our strong cash flow profile will allow for an accelerated deleveraging as well as continued capital deployment through the company's highly accretive M&A program.

With that, I'll turn it over to Ramey to provide more information on the company.

Ramey Jackson

Thanks, Brian. Moving ahead to Slide 9. Janus provides industry-leading products and access control technologies to the self-storage and commercial space. We offer a wide range of critical products and solutions with over 50% share of the fastest-growing self-storage market. In our R3 division, which is our Replacement, Remix & Renovation business, we sell products and services to help customers upgrade their assets within an aging storage industry. As Roger mentioned, we are the first mover in providing smart lock technology through our proprietary Noke wireless solutions. In addition, we provide a full line of complete building systems with our Betco division as well as a complete offering of rolling steel doors for the commercial and industrial warehousing space with our ASTA division.

Our business produces over $560 million in annual sales with an adjusted EBITDA margin of over 25% and exceptional cash flows that we're very proud of. Over the past 5 years, we've doubled our business and expect to replicate the growth rate in the future. We have a very strong position in self-storage and a leading position with our customers in all of our business segments. Just under half of our business is new construction, while the remainder represents both highly profitable retrofit business as well as our commercial business, which is in the early innings of growth.

Turning to Slide 10. As I mentioned, we've doubled our business over the past 5 years. You can see we've grown roughly $150 million organically, with another $105 million coming from M&A. Janus' organic growth strategy is driven by adding content to our self-storage solutions and also R3 market adoption as customers refurbish and digitize their storage spaces. In 2009, we had 0 revenue from R3. Today, we're approximately $150 million in sales.

M&A is a core competency for us. It's truly in our DNA. Our 6 deals completed since 2016 have collectively enhanced our growth trajectory, technology and global footprint, while providing us access to highly attractive adjacent categories. We're particularly excited to partner with Juniper given the team's tremendous track record in M&A and are confident that will help accelerate our efforts on this front.

Turning to Slide 11. I'd like to highlight a few key points. We own 50% market share in the self-storage space. Our value proposition and meaningful relationships are unique and that we are a complete life cycle partner to our customers. We've consistently outperformed the self-storage new construction spend year after year and becoming public will give us the best capital structure we've ever had. Furthermore, our strong cash profile will assist us in delevering the business quickly while also allowing us to continue our focus on M&A.

On to Slide 12. We think about our market in self-storage in terms of institutional and noninstitutional operators. One of our primary focuses is on the REITs and institutional customers. They're the fastest-growing segment of the industry. In 2006, they own approximately 24% of the marketplace. And today, they make up over 30%. This segment continues to grow by way of content and footprint expansion.

In terms of noninstitutional customers, we lead this segment and enjoy a similar margin profile. On the commercial side, we're experiencing accelerated growth in warehousing and e-commerce distribution. Our sales in the commercial space is around 5% of a $3 billion addressable market, which represents a tremendous opportunity.

Turning to the next Slide 13. The industry truly rely on our services and products. As a full life cycle partner to our clients, we are driving value before self-storage facilities are even built. We consult with our customers during the planning phase with our design services. We install our products during the construction phase and meet ultra-critical deadlines.

We also provide products and services to their aging facilities with our R3 solutions. And it's important to note that 60% of the self-storage facilities are over 20 years old. Our industry-leading third-party installation network is a trusted resource by our general contractors and critical to ensuring an on-time project completion. The industry looks at us as a one-stop shop solution.

This is best captured on Slide 14, which provides visual of Janus' self-storage offerings. In the early days of the company, we were exclusively providing doors and partitioning. Today, we provide virtually everything inside of a multilevel climate control facility. The key point here is over the past several years, we've essentially tripled their content per square foot, which has been a key element of our strategy.

On Slide 15, you can see the competition is not even close to us in terms of our capabilities. And you look at the 2 major growth drivers, our R3 solutions and electronic locks, we have a clear advantage. And in terms of our manufacturing locations, we are exactly where our customers need us to be in North America, Europe and Australia.

Turning to Slide 16. Our products are typically the last to be installed before a facility can generate revenue. We have to be perfect with every installation. We're only a small portion of the facility cost or approximately 5% to 10%. Our customers prioritize efficiency and reliability, which results in a very low incentive for them to switch suppliers.

Moving to Slide 17. I'll share 2 case studies to give you a sense of our R3 solutions. Public Storage tasked us to assist them to increase their share in a highly competitive Torrance, California market. We were able to provide a renovation and remix solution that resulted in an impressive 16-point increase in rental rates over a 5-year period. We effectively did a similar exercise in Santa Ana, California, with similar results and a meaningful difference in the rental rates for that location. The key takeaway here is that Janus is a bespoke provider of not only products but solutions that generate a favorable financial outcome for our clients.

On Slide 18, our position in commercial industrial market was strengthened by our ASTA acquisition that we completed in 2017. As I mentioned earlier, it's a massive growth opportunity considering a $3 billion addressable market. Since the acquisition, we've invested heavily in our manufacturing capabilities and have also broadened our product offerings. A couple of reasons that we're excited about this market is the replacement cycles are generally a lot shorter than self-storage, and there is a long runway in e-commerce growth.

Now turning to our Noke solution on Slide 19 and 20. We offer 2 different smart locks, which are targeted at retrofitting and also new construction, respectively. We are on a path to transform the self-storage industry in terms of the wireless networking solutions as we see Noke as an end-to-end security as a service offering with enormous potential.

We've sized the opportunity at roughly $1 billion, which assumes a 20% adoption rate. And it's worth noting that we expect 60% sales growth from Noke through 2023, which only assumes a fraction of the market potential in our projections. We believe that customer adoption will be driven by our customers' ability to remotely manage their facilities, thus driving down operational costs while also enhancing security and remote access via the app.

We also give the end user 24-hour access and the ability to share keys digitally. These features do not exist in self-storage without our solution. Furthermore, looking beyond self-storage, we believe Noke can transform attractive adjacencies in shipping, trucking, transportation and other markets.

Moving to Slide '21. We've embedded positions with many large customers in a well-structured market. Many facilities are controlled by the REITs, which are becoming a larger portion of the marketplace. Given that the larger REITs are financially sophisticated and returns driven, industry consolidation actually driving increased demand for our R3 services in order to modernize the state-of-the-art self-storage portfolios.

Turning to Slide 22. We project a 3-year forward organic growth rate of approximately 10%, which is consistent with our historical track record. You can think of storage as an event-based business and the underlying demand drivers are expansive. This includes population growth, relocations, marriage, accumulation of possessions and a range of life events, which contribute to a mid-single-digit underlying growth in storage demand.

Turning to Slide 23. COVID-19 pandemic has resulted in some projects being pushed to 2021. However, COVID has actually generated some key tailwinds for the business because our business is driven by mobility. Temporary storage is on the rise. And many REITS, as an example, are at occupancy rates above 90%. As Roger mentioned previously, operators target around 85% occupancy, which will require a tremendous amount of new capacity.

To that point, on Slide 24, we expect a very high current occupancy rates to result in approximately 130 million square feet of new capacity. Given our content per square foot of about $8, the additional capacity requirements will generate a billion-dollar revenue opportunity for us. The additional capacity will not only come from new facilities, but will also come from expansions and upgrades, which will in turn fuel our R3 business.

Moving to Slide 25 is our highly experienced leadership team, who has helped us deliver consistent organic growth and accretive M&A. While meeting or exceeding our financial commitments, most of the people on this slide have literally grown up in the industry and are extremely excited about the next chapter ahead. They're looking forward to becoming public and the opportunity to further grow the business.

As we look at Slide 26, I'd like to mention that we are extremely proud of the historical track record with respect to growth. In the last 10 years, growth has occurred at a 20% compound annual rate. My personal goal for the business is to reach $1 billion in sales by 2023. We have a clear path of organic growth to achieve about $740 million of that. And if you combine our organic growth and M&A, I'm optimistic we'll achieve our goal of $1 billion.

In the next few slides, Scott will put some additional context around our growth projections with a brief review of our financials. Scott?

Scott M. Sannes - *Janus International Group, LLC - CFO*

Thank you, Ramey. I'll begin on Slide 28. Janet has a robust track record of above-market growth and an attractive margin profile with significant runway for future growth. We are projecting EBITDA to grow at a 13% CAGR for 2020 to 2023. Our accelerated EBITDA growth is being largely driven by 3 key items: the accretive Noke smart entry margin profile, Six Sigma operational initiatives and continued operating leverage.

Turning to Slide 29. Despite the pandemic, we have been able to expand EBITDA in terms of both dollars and percentage in 2020. I'll provide a quick recap of how the business performed over the past year. In Q1, we experienced a slight top line increase over the prior year first quarter. Q2 was significantly impacted by the pandemic as we experienced project delays due to shelter-in-place mandates.

Revenue bounced back rapidly in Q3 despite the lingering effects from the pandemic, and we are forecasting Q4 revenue to grow year-over-year. Our industry and business is incredibly resilient, and our momentum during 2020 clearly demonstrates that. With our pipeline at historical highs and with a strong and growing backlog, we're confident heading into 2021.

On Slide 30, we have a clear path to grow revenue from roughly $550 million in 2020 to a little over $735 million in 2023. This growth does not include M&A activity, nor does it include the significant upside potential from an accelerated adoption of our Noke smart entry solution. We have only forecasted a modest $46 million in revenue, which translates to only a 1% penetration rate for that product line by 2023. Based on our success to date, I am confident we will be able to accelerate the commercial adoption of Noke over the forecast period.

I'll review our key new construction in R3 end markets on Slide 31 and 32. Our new construction revenue was adversely impacted in the first half 2020 due to delayed projects and backlogged permitting offices earlier in the pandemic. However, new construction activity experienced a rapid rebound in Q3 2020 with further growth expected in Q4. Our forecasted 2021 new construction number is below both the annualized Q4 2020 run rate as well as the second half 2020 run rate, which is providing us with a high degree of confidence in our forecast to nearly $250 million of revenue by 2023.

Our R3 markets were more resilient throughout 2020, with sales roughly flat year-to-date compared to the prior year. In terms of conversions and expansions, with the occupancy rates over 90% and the optimal level below 85%, there's 130 million square feet of additional capacity needed to be brought online. Historically, that capacity would have been brought online through greenfield sites, which would have rolled up into the new construction segment of our business.

We are seeing a trend where a larger portion of that, if not the primary portion of that capacity is now being brought online through conversions and expansions. That is how we forecasted the accelerated growth rates in the R3 segment versus the somewhat muted growth rates in the new construction segment. We expect R3 to reach nearly $250 million in revenue by 2023, growing at an 18% CAGR from 2020. 60% of current facilities are greater than 20 years old, which provides a large replacement cycle opportunity for Janus.

Moving to Slide 33. Our company has an exceptional cash flow profile due to low CapEx and working capital requirements, with CapEx equating to about 1% to 2% of sales annually.

Turning to Slide 34. In addition to the organic growth opportunities ahead, we will continue to be thoughtful around M&A opportunities that add value to our existing platform. We have a proven track record of identifying, executing and integrating acquisitions to support future growth. We have a handful of active deals being reviewed and a large pipeline of attractive acquisition opportunities. That said, our number one priority is to ensure the business is stable, and we are focused primarily on achieving our organic growth objectives.

Before I turn the call back to Brian, I would like to point you to Slide 35. Janus is planning on maintaining a prudent capital structure. As Brian previously mentioned, on a pro forma basis, we will be operating at a 3.5x leverage ratio based on estimated 2021 EBITDA. This is the lowest level for Janus in the past several years, and our free cash flow gives us the ability to delever the business quickly. In addition, our debt instruments allow for the prepayment of debt without penalty.

With that, I'll turn it back over to Brian.

Brian Scott Cook - *Juniper Industrial Holdings, Inc. - CEO, CFO & Director*

Thanks, Scott. On Slide 36 through 38, I'll walk through how we value the business. Because there aren't any public companies exactly like Janus, we looked at a cross-section of mid-market industrial companies within the broader building products sector, companies with similar business models as well as companies in the industrial technology sector.

In order to correlate like-kind financial performance, which we thought was important, we separated our identified mid-market industrial companies into 2 groups, one of which was high growth, high margin; and the second group, which is lower growth, lower margin. Overall, Janus' growth and margin rates are very consistent with the higher-margin group, which trades at a very attractive EBITDA multiple of 21x 2021 adjusted EBITDA. Due to the fact that we are pricing the transaction at 12x 2021 adjusted EBITDA, you can see that is a massive discount for that group.

It is also worth pointing out that Janus' financial performance is actually far superior to that of the lower growth, lower margin group despite a 5-point multiple discount for that group. And building products peers from both groups, which are arguably the closest to Janus from a products perspective, traded at an average 2021 EBITDA multiple of approximately 20x, which again reflects a massive discount to the Janus valuation. I will also point out that Janus is far superior to the identified companies in both groups in terms of free cash flow yield. Janus has a free cash flow yield in the 8% to 9% range as compared to 3% to 4% for the peer group.

Lastly, as mentioned earlier, we expect substantial upside from the Noke business, which is currently incorporated at a very conservative level in the company's projections. We think that business could be worth several billion dollars alone when compared to how similar emerging growth companies are being valued in the market today.

In summary, on Slide 39, we look forward to generating significant value for our shareholders through this business combination. Janus is a world-class asset, and we believe you will find very few companies that have achieved the consistent organic growth track record in sales, margin improvement and income and cash generation. This business has delivered that under both up and down economic scenarios. For Juniper, Janus checks all the boxes and is highly aligned with our goals and objectives. We look forward to making further progress on the transaction and hope to speak with you in the near future. Thank you for your time today, and have a great day.