

# INVESTOR'S BUSINESS DAILY

MONDAY, OCTOBER 22, 2001

## THE NEW AMERICA



Doors and windows made by CompuDyne prevented a breach of entry in 1998 when rioters attacked the U.S. Embassy in Macedonia.

**COMPUDYNE CORP.** Hanover, Maryland

## Blast-Proof Door Firm Expects Higher Demand

BY ROBIN M. GRUGAL  
INVESTOR'S BUSINESS DAILY

Blast- and bulletproof doors and windows would have been useless against the Sept. 11 terrorist attack.

But for U.S. embassies and government buildings, such protective structural hardware is still one of the best lines of defense.

After setting up barricades, redirecting traffic away from buildings and checking people's IDs and bags, protecting a building's entry points is an obvious move.

That has folks paying close attention to CompuDyne Corp. It makes high-end blast-, attack- and ballistic-resistant doors and windows. It also provides physical and electronic

protection for correctional facilities. Recent events could mean a boost in orders for the company.

"We haven't seen anything yet because of what has happened," said Craig Washing, vice president of CompuDyne's Norshield attack-protection division. "It takes time to formulate security plans."

The company's products already are in the White House, the U.S. Capitol, the State Department, seven of the eight Federal Reserve buildings and other key structures.

There's also a piece of CompuDyne in every U.S. embassy around the world. The firm's doors and windows helped protect the U.S. Embas-

# INVESTOR'S BUSINESS DAILY

MONDAY, OCTOBER 22, 2001

THE NEW AMERICA

PAGE -2-

## CompuDyne Corp.

compudyne.com

|                           |           |
|---------------------------|-----------|
| Ticker                    | CDCY      |
| Share price               | Near 13   |
| 12-month sales            | \$127 mil |
| 5-year profit growth rate | 57%       |

### IBD SmartSelect Corporate Ratings

|                                  |    |
|----------------------------------|----|
| Earnings Per Share               | 93 |
| Relative Price Strength          | 96 |
| Industry Group Relative Strength | A+ |
| Sales+Profit Margins+ROE         | B  |
| Accumulation/Distribution        | B- |

See investors.com for more details

sy in Beijing when protesters attacked it in 1999.

There's been a move in recent years to upgrade security at U.S. embassies. That includes physical relocations and building upgrades. CompuDyne has received contracts for six new embassies and 50 upgrades.

Now its domestic business is expected to pick up, too.

"Before, overseas was where we had the greatest amount of work," said Chief Executive Martin Roenigk. "There wasn't much drive domestically to put this equipment in. In the new environment, that might change."

Attack protection is just a \$24 million-a-year industry. But that's double what it was three years ago. In the high end of this market, CompuDyne is the runaway leader.

When CompuDyne finds itself up against another company, it's either a small private firm or a tiny unit of a large corporation.

Roenigk doesn't sound worried about the competition. One reason: It's not easy to get your wares certi-

fied by the State Department. Doors and windows must pass tests. Blast consultants come in and give them a pounding to gauge their strength.

CompuDyne's attack division is growing faster than its private corrections business, but on a far smaller base. Its backlog for attack-protection products stands at \$16 million — a small chunk of the company's total backlog of \$130 million.

The company makes everything from prefabricated prison cells to electronic security systems and electromechanical cell locks.

"There are not that many businesses you can invest in where the whole business will benefit from recent events," said analyst Jim Macdonald of First Analysis Corp.

"You're usually looking at a component of a manufacturer's business — maybe card readers, new Internet systems that integrate cameras for monitoring, etc. And it's usually in a sector facing local competition."

CompuDyne has the capacity to churn out \$25 million worth of attack products a year. If capacity becomes a problem, the company can easily bump that up to \$30 million within six months with a modest capital expenditure, Roenigk says.

"If demand is there, we'll find a way to manage it," Roenigk said.

Some wonder whether CompuDyne will benefit if airplane cockpits are retrofitted with attack-resistant doors. Not likely, Roenigk says.

"Sure, we could make those doors," he said. "But we don't expect to be asked. Boeing would probably deal with an aerospace contractor instead."

There are other ways CompuDyne might help in the fight against terrorism. The intrusion and detection systems it supplies to prisons and Air Force bases might provide added protection around airports, utilities and water supplies.

With these systems, even the tiniest vibration can be detected from a central location by watching the light as it travels through cables installed on fences. The system is sensitive enough to detect someone climbing a brick wall.

Another area of potential is public safety software via CompuDyne's pending acquisition of Tiburon Inc. The software links police, fire and ambulance crews to share information about an event: its location, the kinds of vehicles involved and what resources might be needed.

The software also coordinates 400 city, county, state and federal police department databases, letting officers do cross-checks on individuals they stop for traffic violations, crimes and accidents. It's thought such software could be used with a federal terrorist database.

But that's far from a sure thing, analyst Macdonald says. For one thing, there would be many competing suppliers.

CompuDyne's second-quarter earnings climbed 14% from a year ago to 16 cents a share. But sales dipped 6% to \$31.3 million.