

# Deal flow surges as TIC passes the COVID-19 test

**SPOT ON** | TESTING, INSPECTION & CERTIFICATION | FEBRUARY 2021

## WHAT'S BEEN HAPPENING AND WHAT'S NEXT

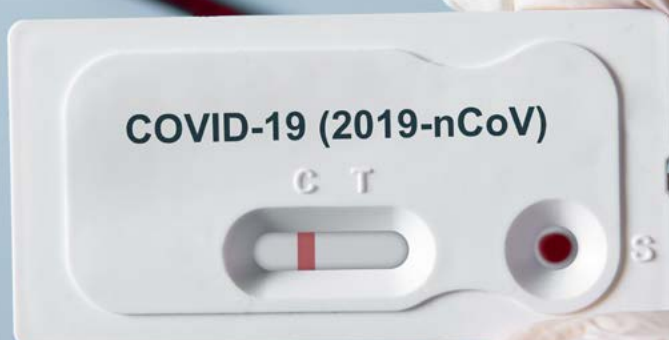
During Q4 2020, deal flow in the TIC sector surged. While the general M&A market slowly recovers from the COVID-19 impact, M&A in the TIC sector is currently thriving due to the market's strong underlying dynamics. These include, among others, a growing demand for regulation and compliance in global trade, a growing standardization of goods across global supply chains, and an increasingly strong focus on health and safety.

Major TIC players have also been engaged in acquisitions in recent months, most notably with the acquisition of SYNLAB Analytics and Services, the services arm of laboratory testing company SYNLAB, by the Switzerland-based TIC major SGS, for around €550 million (US\$665 million) in November 2020. Further consolidation is expected to continue to drive acquisitions in the growing TIC market.

Next to TIC companies making acquisitions to broaden their sector coverage, we see private equity investors increasingly investing heavily in the TIC sector, where almost half (ca. 46%) of the analyzed TIC deals in 2020 involved private equity on the buy-side.

“The last quarter of 2020 has seen a surge of TIC deals, with a large piece of the pie for private equity and private-equity-backed acquirors.”

**ARJEN KOSTELIJK**  
TIC SPECIALIST  
OAKLINS

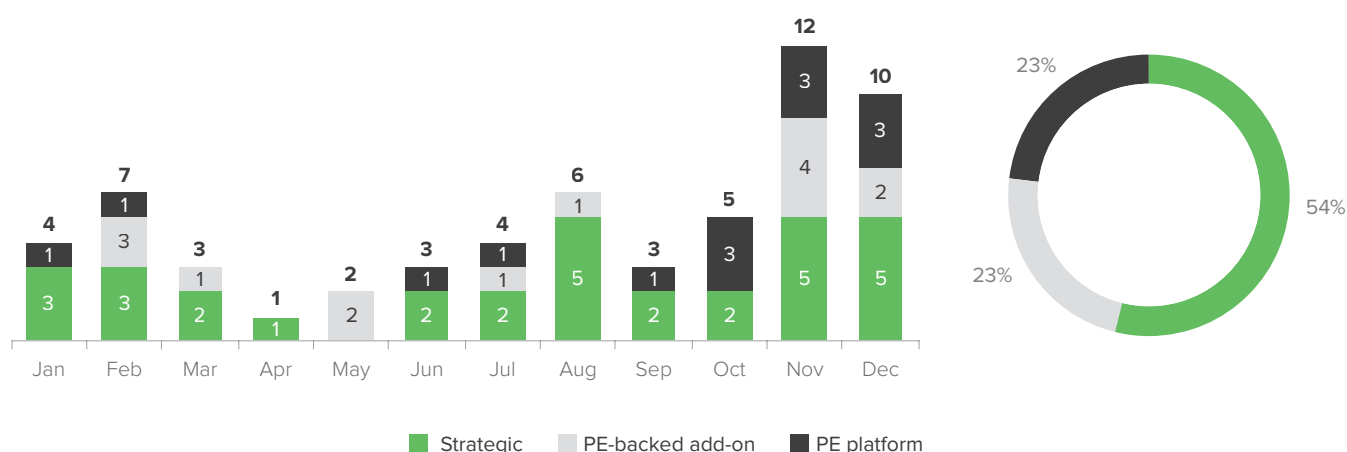


# Overview of relevant transactions

## 1. FOOD AND ENVIRONMENTAL

- In December 2020, **Berkshire Partners LLC**, a US-based private equity firm, acquired **FoodChain ID**, a US-based provider of analytic testing, third-party certification and consulting services to the agriculture and food industries, for an undisclosed amount
- In December 2020, **Industrial Inspection & Analysis**, a US-based company engaged in inspection, testing and analytical business, acquired **St. Louis Testing Laboratories**, a US-based commercial testing laboratory for chemicals, electronics, metallurgical, mechanical and environmental purposes, for an undisclosed amount
- In November 2020, **Alliance Holdings**, a US-based provider of source emissions and leak detection and repair testing solutions, acquired **Almega Environmental Corporation**, a US-based company providing emissions testing, ambient air testing, on-site analysis and EPA compliance solutions to the manufacturing, metals and renewable energy industries, for an undisclosed amount
- In November 2020, **Berkshire Partners LLC**, a US-based private equity firm, acquired **P&P Food Safety Holdings**, a US-based company providing food safety certification services, for an undisclosed amount
- In November 2020, **Normec Group**, a Netherlands-based company that provides testing, inspections and certification services, acquired **Organic Waste Systems**, a Belgium-based company active in the construction and operation of anaerobic digestion plants, in the biodegradability and compostability testing of different types of materials, and in waste management consultancy, for an undisclosed amount
- In November 2020, **SGS**, a Switzerland-based company providing auditing services, testing, certification and quality assurance services, acquired **SYNLAB Analytics & Services**, a Germany-based company providing inspection, verification, testing and certification for environmental, food, chemical and other industries, for a consideration of €550 million (US\$665 million), equivalent to an EBITDA multiple of 16.2x
- In November 2020, **Normec Group**, a Netherlands-based company that provides testing, inspections, and certification services, acquired **Dumea**, a Netherlands-based accredited laboratory focusing on sampling and laboratory research for the agricultural and water domain, for an undisclosed amount
- In October 2020, **Eurofins Scientific**, a Luxembourg-based provider of bio-analytical testing services, acquired **Envira Ingenieros Asesores**, a Spain-based environmental consultant, for an undisclosed amount
- In October 2020, **Levine Leichtman Capital Partners**, a US-based private equity firm, acquired **NMi Certin**, a Netherlands-based company providing measurement instrument services, such as testing, certification, verification, calibration and training in the fields of metrology and gaming, for an undisclosed amount
- In October 2020, **Levine Leichtman Capital Partners**, acquired **Triskelion**, a Netherlands-based contract and research laboratory for the food safety & quality and animal health & welfare, for an undisclosed amount

Monthly number of deals in the TIC sector in 2020, split by buyer type



Source: Oaklins research

## 2. BUILDING, INDUSTRIAL AND PRODUCTS

- In December 2020, an **undisclosed bidder** acquired a 40% stake in **Shandong High Speed Engineering Testing**, a China-based company engaged in providing testing and examination services for roads, bridge and engineering projects, for a consideration of €14 million (US\$17 million)
- In December 2020, **Applus Services**, a Spain-based company engaged in providing testing, inspection, certification, engineering and consulting services, acquired **Soil & Foundation Company**, a Saudi-Arabia-based provider of construction-based testing and inspection services, for a consideration of €25 million (US\$30 million), equivalent to a revenue multiple of 0.9x
- In December 2020, **SGS**, a Switzerland-based company providing auditing services, testing, certification and quality assurance services, as well as technical consultancy and training services, acquired a 80% stake in **Ryobi Geotechnique**, a Singapore-based company specializing in the provision of services in geotechnical engineering, ground imaging technology and real-time monitoring, for an undisclosed amount
- In December 2020, **Odyssey Investment Partners**, a US-based private equity firm, acquired **Applied Technical Services**, a US-based provider of high-quality consulting engineering, testing and inspection services, for an undisclosed amount
- In December 2020, **British Engineering Services**, a UK-based provider of engineering testing, inspection and consultancy services, acquired **Lantei**, a UK-based electrical testing company, for an undisclosed amount
- In December 2020, **UTAC CERAM**, a France-based vehicles testing and certification services provider, acquired **Millbrook Proving Ground**, a UK-based vehicle test, validation and engineering service provider primarily for the automotive and related markets, such as tires, petrochemical, defense and security, for a consideration of €130 million (US\$157 million), equivalent to a revenue multiple of 1.4x
- In December 2020, **Applus Services**, a Spain-based company engaged in providing testing, inspection, certification, engineering and consulting services, acquired **QPS Evaluation Services**, a Canada-based company engaged in providing product testing and evaluation and electrical product certification services, for a consideration of €42 million (US\$50 million), equivalent to a revenue multiple of 2.6x
- In November 2020, **Akca Holding**, a Turkey-based holding of companies active in the textile, dry fruits, energy and vehicle inspection industry, acquired a 48% stake in **Aktur Arac Muayene Istasyonlari Isletmeciligi**, a Turkey-based company engaged in providing vehicle inspection services, for a consideration of €18.7 million (US\$22.6 million)
- In November 2020, **Helix Partners**, a Finland-based investment firm, acquired **Q-katsastus** and **Katsastus Kovalainen**, both Finland-based providers of vehicle inspection services, for an undisclosed amount
- In November 2020, **Summit Partners**, a US-based private equity firm, acquired **GRESB**, a Netherlands-based company that assesses the sustainability performance of real estate and infrastructure portfolios and assets, for an undisclosed amount
- In November 2020, **Eurofins Scientific**, a Luxembourg-based provider of bio-analytical testing services, acquired **ARL Laboratory Services**, a Australia-based company providing non-destructive and mechanical testing, tank inspection, localized heat treatment and welding consultancy services, for an undisclosed amount
- In November 2020, **Apave International**, a France-based company providing risk control solutions and technical risk assessment and management,

- acquired a 80% stake in **EUROCONTROL**, a Spain-based company engaged in offering integrated solutions in the fields of regulatory inspection, measurement and trials, technical assistance, audit, engineering and technical studies, occupational safety and health, consultancy and training, for a consideration of €25 million (US\$30 million)
- In October 2020, **Applus Services**, a Spain-based company engaged in providing testing, inspection, certification, engineering and consulting services, acquired **Besikta Bilprovning**, a Sweden-based vehicle inspection company, for a consideration of €101 million (US\$122 million), equivalent to an EBITDA multiple of 11.5x
- In October 2020, a group of investors led by **Littlejohn & Co**, a US-based private equity firm, acquired **Mortgage Contracting Services**, a US-based company engaged in providing property inspection, property preservation, real-estate owned (REO) property maintenance, hazard claims administration, environmental remediation and valuation services, for an undisclosed amount

## 3. HEALTHCARE

- In December 2020, a group of investors led by **Highland Capital Partners**, a US-based venture capital firm, acquired **EverlyWell**, a US-based laboratory testing company, for a consideration of €144 million (US\$174 million)
- In November 2020, **Pharmaron Beijing**, a China-based company that manufactures medical products and provides biotechnology research and development services, acquired **Absorption Systems**, a US-based preclinical contract research organization (CRO) testing for drugs, biologics and medical devices, for a consideration of €116 million (US\$140 million), equivalent to a revenue multiple of 4.0x

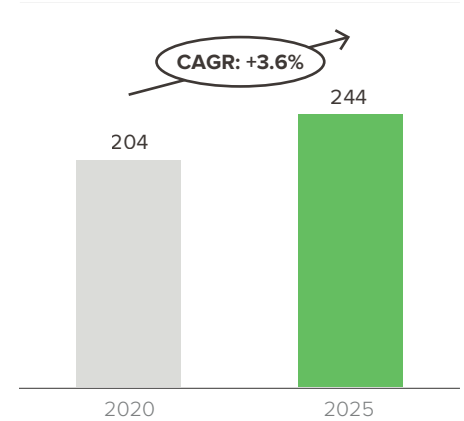
# Market study

## The global TIC market will continue to grow to US\$244 billion in 2025

The TIC market — spanning a broad range of services, from food certification and drug trialing to fire safety, education and construction — is expected to grow at a compound annual growth rate (CAGR) of 3.6% from US\$204.2 billion in 2020 to US\$243.7 billion in 2025. The primary reasons for this rise in demand are the increasing need for safety, surge in the illicit trade of counterfeit and pirated goods, advancements

in networking and communication technologies, and inclination toward outsourced TIC services. Many companies across the world have increased the manufacturing of medical equipment — such as ventilators, personal protective equipment (PPE) kits and N95 masks — which has provided the players in the TIC market with ample opportunities to test and certify these items. Thus, the escalated demand for testing services from the healthcare industry is driving the growth of the TIC market at present.

Global TIC market size (US\$ billions)



# Case study



has been acquired by



M&A SELL-SIDE

Business Support Services

## Advanced Safety Management Ltd. (ASM Group) has been sold to Phenna Group

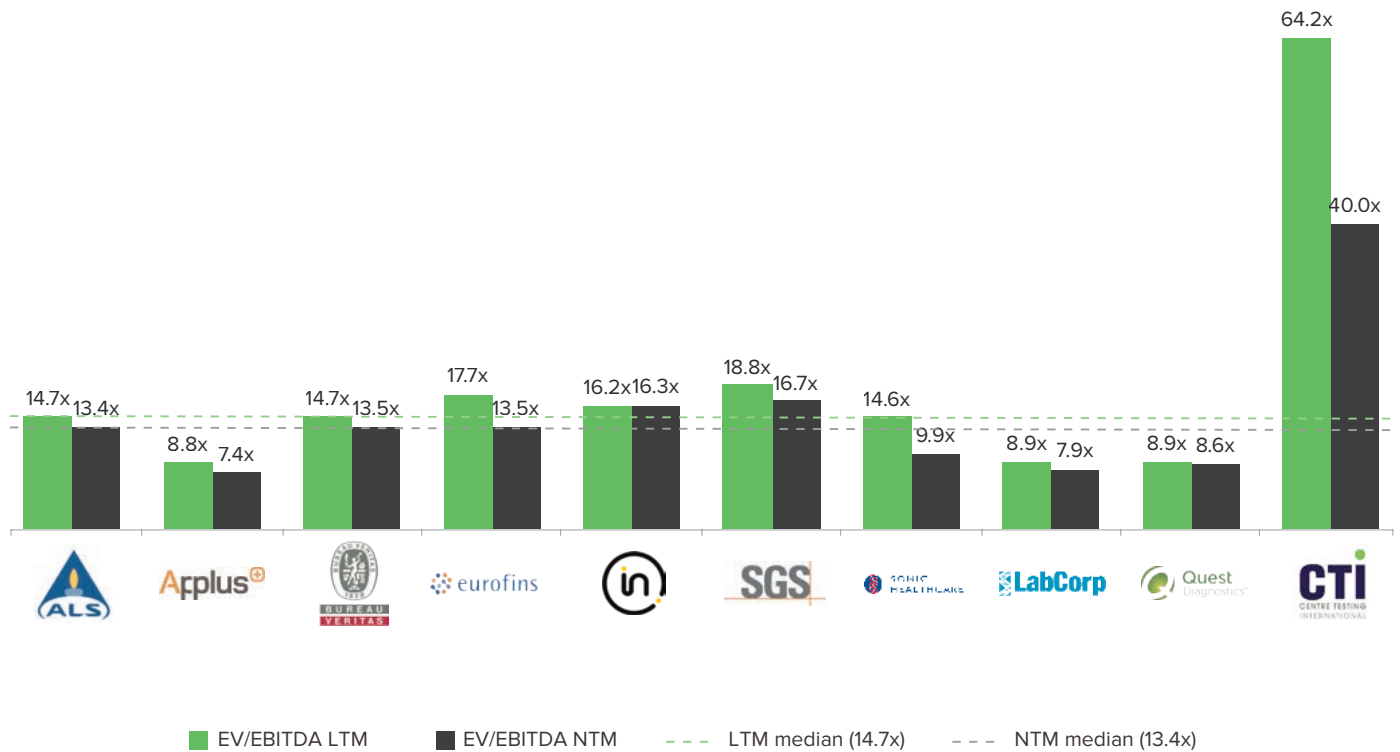
ASM Group is an Irish-based, niche health and safety business, offering a broad range of services to a diverse span of end markets. Established in 2003, the business has steadily grown to its current market-leading position, ensuring legal compliance for its clients against a backdrop of reduced accidents and incidents. ASM Group provides safety consultancy; health, safety and environment (HSE) recruitment and resourcing; bespoke and tailored training solutions; project supervisor construction stage (PSCS) and project supervisor design process (PSDP) services.

Headquartered in Nottingham, in the UK, Phenna Group's aim is to invest in and partner with selected niche, independent testing, inspection, certification and compliance (TICC) companies that serve a variety of sectors, ensuring customers' peace of mind by delivering first-class assurance services.

Oaklins' team in Ireland acted as sell-side advisor in this transaction.

# Market multiples and valuation trends

## CURRENT TRADING MULTIPLES



Source: Infront Analytics, as per 20 January 2021

## HISTORICAL VALUATIONS (EV/EBITDA NTM)





# Decades of experience behind the success of these deals:

  
LABORATORIO  
S. José  
Análisis Clínicos

has been acquired by

  
SYNLAB


M&A SELL-SIDE  
Business Support Services/Healthcare

  
SEKARGAS

has been acquired by

  
HAMILTON POLAND  
KONCERNOWY I BADAWCZY LABORATORIUM

M&A SELL-SIDE  
Business Support Services/Private Equity

  
Ambry Genetics

has been acquired by

  
KONICA MINOLTA

M&A SELL-SIDE  
Healthcare

  
insitesecurity

has been acquired by

  
eurofins

M&A SELL-SIDE  
Business Support Services/TMT

  
GENESISGROUP  
COMPLIANCE ASSURANCE

has sold a majority stake to

  
Actis  
The positive power of capital

M&A SELL-SIDE  
Agriculture/Business Support Services/  
Private Equity

  
cag amned

has sold a majority stake to

  
gate invest

M&A SELL-SIDE  
Business Support Services/Private Equity

  
KOAC NPC

has been acquired by

  
kiwa

M&A SELL-SIDE  
Business Support Services/Construction &  
Engineering Services/Logistics/Private Equity


  
OMEGAM  
Laboratoria

has been acquired by

  
eurofins

M&A SELL-SIDE  
Agriculture/Business Support Services



 **ARJEN KOSTELIJK**  
Partner  
Amsterdam, Netherlands  
T: +31 61397 9718

Arjen leads Oaklins' testing, inspection & certification (TIC) team. He is also a partner at Oaklins Netherlands. Arjen has advised multiple clients in the TIC sector, including the sale of Kalsbeek to Normec, Insite Security and Omeagam to Eurofins, the sale of KOAC-NPC to Kiwa, the disposal of Norkjemi to Shield Group International, the sale of Dansk Bygningsanalyse to Shield Group International and the sale of Xendo Drug Development to QPS. He has also established high-level contacts with market consolidators, such as Bureau Veritas, SGS, Eurofins, Normec, Applus and Kiwa.

## Oaklins disclaimer

This report is provided for information purposes only. Oaklins and its member firms make no guarantee, representation or warranty of any kind regarding the timeliness, accuracy or completeness of its content. This report is not intended to convey investment advice or solicit investments of any kind whatsoever. No investment decisions should be taken based on the contents and views expressed herein. Oaklins and its member firms shall not be responsible for any loss sustained by any person who relies on this publication.

© 2021 Oaklins. All rights reserved.

Oaklins is the collective trade name of independent member firms affiliated with Oaklins International Inc. For details of the nature of affiliation, please refer to [www.oaklins.com/legal](http://www.oaklins.com/legal).