



Sustainable M&A activity in the TIC market

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“Although the TIC M&A market never closed during the pandemic, we have seen more than average activity since the summer. Sustainability investing is an important driver of the current M&A market.”

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TIC SPECIALIST, OAKLINS

OVERVIEW

Story of strength

The global M&A market for TIC has had an excellent year.

02

M&A ACTIVITY

Recent deals

A summary of TIC transactions closed in three key sub-sectors since June 2021.

03

MARKET STUDY

Future looks bright

Going forward, the worldwide TIC market is due to grow significantly by 2028.

07





Market trends

The global M&A market for TIC companies seems fully recovered from COVID-19, thanks to strong underlying market dynamics and trends such as digitalization of services, increased awareness regarding sustainability, and paying greater attention to a safe and healthy environment. After an attractive deal flow at the beginning of the year, M&A activity even rose in the second half of 2021.

As sustainability is becoming increasingly important in all segments of society, so it is in the TIC market. Climate objectives are being reflected in more rules and regulations, sustainable

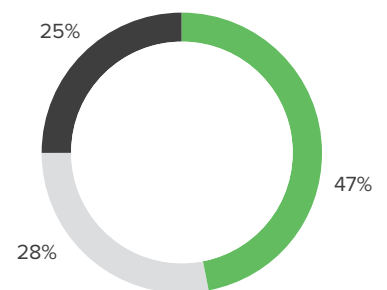
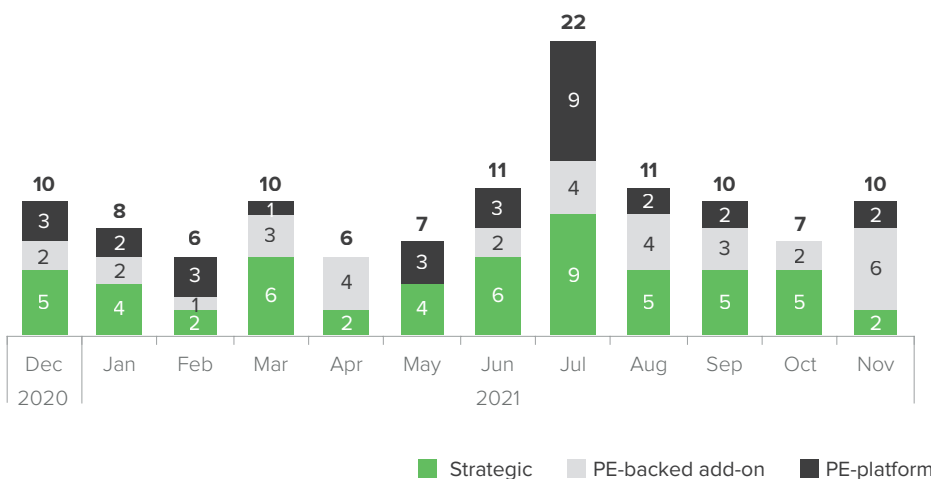
investing, and societal and corporate awareness, which all result in a need for additional TIC services.

Two examples of transactions driven by the sustainability trend are the acquisition of Alliance Technical Group, a US-based provider of source testing, emissions monitoring and analytical services, by Morgan Stanley Private Equity, and the acquisition of SkyeTec, a US-based provider of energy ratings and indoor environmental consulting services, by Gallant Capital Partners. The latter transaction is the focus of our case study on page 7.

In addition, the fire safety TIC segment has seen a lot of M&A activity in 2021. Among others, Marlowe, a UK-based provider of safety and regulatory compliance software and services, was active in this sub-sector with the acquisition of Hydro-X and Alarm Communication Limited.

As well as TIC companies making acquisitions to broaden their sector coverage, private equity investors are still showing strong interest in the TIC sector, where about 53% of the analyzed deals in the last 12 months involved private equity on the buy-side.

Monthly number of deals in the TIC sector in LTM November 2021, split by buyer type



Source: Oaklins analysis

Overview of relevant transactions

As illustrated in the graph on page 2, deal activity increased in the second half of 2021. Strategic and private equity deals remain almost evenly distributed across the last 12 months.

1. FOOD AND ENVIRONMENTAL

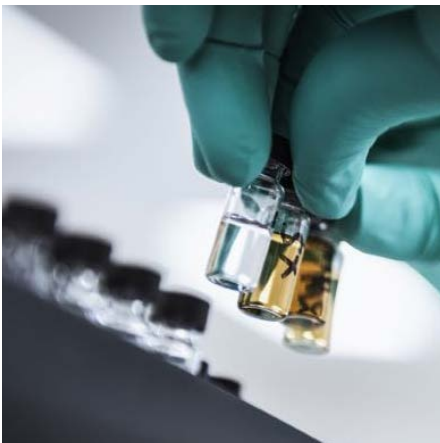
- In November, **JS Hamilton Group**, a Poland-based provider of testing, inspection and certification services for manufacturers of food, cosmetics, pharmaceuticals and fuels, acquired **Institut za zaštitu na radu**, a Serbia-based provider of testing, inspection and certification services for the environmental, food, mechanical and physical industries, for an undisclosed amount
- In November, **Tentamus Group**, a Germany-based provider of laboratory food, pharmaceutical and cosmetics testing and analysis services, acquired **MK Analysis Laboratory**, an Italy-based provider of chemical and microbiological analysis services to companies operating in the agri-food and environmental industries, for an undisclosed amount
- In November, **Ensign-Bickford Industries**, a US-based developer of blast-initiation systems and specialty blasting products, acquired **Cawood Scientific**, a UK-based provider of analytical laboratory testing services for the agricultural, food and environmental industries, for an undisclosed amount
- In November, **Certania**, a Germany-based provider of testing, inspection and certification services for the health and consumer goods, building and renewable energy industries, acquired **TÜV SÜD FSI**, a Germany-based provider of laboratory analyses in the field of food safety, for an undisclosed amount
- In November, **Mainline Environmental**, a US-based provider of environmental investigation, testing and expert services, acquired **LEW Corporation**, a US-based provider of environmental inspection, testing and remediation services, for an undisclosed amount
- In October, **Normec Group**, a Netherlands-based provider of testing, inspection and certification services for the food, life safety and environmental industries, acquired **Goodacre**, a Netherlands-based provider of food inspection and quality certification services, for an undisclosed amount
- In September, **Battery Ventures**, a US-based private equity firm, acquired **ifp Institut für Produktqualität**, a Germany-based provider of analytical testing and analysis services for the food, feed and pharmaceutical industries, for an undisclosed amount
- In September, **Marlowe**, a UK-based provider of safety and regulatory compliance software and services, acquired **Santia**, a UK-based provider of environmental safety testing and consultancy services, for a consideration of US\$6 million
- In August, **Paine Schwartz Partners**, a US-based private equity firm, acquired **Registrar Corp**, a US-based provider of Food and Drug Administration compliance services, for an undisclosed amount
- In July, **Warburg Pincus**, a US-based private equity firm, acquired a majority stake in **FlexXray**, a US-based provider of testing, inspection and recovery services to food companies, for an undisclosed amount
- In July, **Alliance Technical Group**, a US-based provider of source testing, emissions monitoring and analytical services, acquired **Ambient Air Services**, a US-based provider of stack testing and ambient air monitoring, installation and maintenance services, for an undisclosed amount
- In July, **Intertek Group**, a UK-based provider of testing, inspection and certification services, acquired **JLA Brasil Laboratorio de Analises de Alimentos**, a Brazil-based provider of food, agricultural and environmental testing solutions, for an undisclosed amount
- In July, **Morgan Stanley Private Equity**, a US-based private equity arm of Morgan Stanley, acquired **Alliance Technical Group**, a US-based provider of source testing, emissions monitoring and analytical services, for an undisclosed amount
- In July, **Warburg Pincus**, a US-based private equity firm, acquired **Food Safety Net Services**, a US-based provider of laboratory testing services in the food and beverage industry, for an undisclosed amount
- In June, **Alliance Technical Group**, a US-based provider of source testing, emissions monitoring and analytical services, acquired **Horizon Air Measurement Services**, a US-based provider of source (or stack) emission testing services, for an undisclosed amount
- In June, **Eurofins**, a Luxembourg-based provider of food, environmental and pharmaceutical TIC services, acquired **Labser Les Rachines**, a Spain-based laboratory for food testing services, for an undisclosed amount
- In June, **Cotecna Inspection**, a Switzerland-based provider of testing, inspection, trade security and certification services, acquired **Baier**, a China-based laboratory providing food safety testing services

2. BUILDING, INDUSTRIAL AND PRODUCTS

- In November, **Acuren**, a US-based provider of industrial testing, inspection, engineering and rope access integrated services, acquired **Premium Inspection and Testing Group**, a US-based provider of nondestructive industrial testing and inspection services, for an undisclosed amount
- In November, **Universal Engineering Sciences**, a US-based consulting engineering firm, acquired **Alpha Testing**, a US-based provider of geotechnical engineering, construction material testing and environmental services, for an undisclosed amount
- In October, **CountPlus**, an Australia-based provider of investment advisory services, acquired **Accurium**, an Australia-based provider of actuarial certificates, for a consideration of US\$7 million
- In October, **Eurofins**, a Luxembourg-based provider of food, environmental and pharmaceutical TIC services, acquired **Nemko UK**, a UK-based provider of safety testing and certification services focusing on consumer and industrial products, for an undisclosed amount
- In October, **Kiwa**, a Netherlands-based provider of testing, inspection and certification services in the fields of water, energy, construction, infrastructure, automotive and transport, agriculture, feed and food safety and security, health and care, and the environment, acquired **Intega Group**, an Australia-based provider of construction materials testing, underground surveying and engineering services, and quality assurance for energy companies, for a consideration of US\$337 million, equivalent to an EBITDA multiple of 10.2x
- In October, **Marlowe**, a UK-based provider of safety and regulatory compliance software and services, acquired **VinciWorks**, a UK-based provider of e-learning and compliance software, for a consideration of US\$73 million, equivalent to an EBITDA multiple of 20.0x
- In October, **Marlowe**, a UK-based provider of safety and regulatory compliance software and services, acquired **Hydro-X**, a UK-based provider of technical compliance services in the field of water, air and fire safety, for a consideration of US\$41 million, equivalent to an EBITDA multiple of 8.6x
- In September, **OceanSound Partners**, a US-based private equity firm, acquired **RMA Group of Companies**, a US-based provider of technology-enabled laboratory testing, inspection and quality management services for critical infrastructure end markets, for an undisclosed amount
- In September, **Trescal Group**, a France-based provider of calibration and asset management services, acquired **SICT**, a South Korea-based provider of technical tests, inspections and analyses, for an undisclosed amount
- In September, **Element Material Technology**, a UK-based provider of testing, inspection and certification services, acquired **Impact Analytical**, a US-based contract testing laboratory providing analytical services in the fields of pharmaceuticals, plastics, consumer products, medical devices, packaging and specialty chemicals, for an undisclosed amount
- In September, **Socotec**, a France-based provider of testing, inspection and certification services for the construction, infrastructure and environmental industries, acquired **Hanselman Groep**, a Netherlands-based provider of risk analyses, value taxation, risk management and measurement services for the construction and transport industries, for an undisclosed amount
- In September, **RINA**, an Italy-based provider of ship classification, assessment, control, certification and research services, acquired **Logimatic Software**, a Denmark-based developer of application software products for logistics, materials management, production, resources and planning, for an undisclosed amount
- In September, **Eurofins**, a Luxembourg-based provider of food, environmental and pharmaceutical TIC services, acquired **A Test Lab Techno Corp**, a Taiwan-based provider of testing, certification and approval services for wireless technologies, telecommunications and information technology products, for a consideration of US\$7 million
- In August, **AMTIVO**, a UK-based provider of certification audit services and consulting services, acquired **QA International Certification**, a UK-based provider of accredited certifications to companies across the manufacturing and service industries, for an undisclosed amount
- In August, **CertaSite**, a US-based provider of fire and life safety services, acquired **Craynon Fire Protection**, a US-based provider of fire and life safety system inspections, repairs and maintenance services, for an undisclosed amount
- In August, **Performance Systems Integration**, a US-based provider of fire and life safety services, acquired the fire protection division of **Oxarc**, a US-based provider of certified welding inspection services, for an undisclosed amount
- In August, **Incline Equity Partners**, a US-based private equity firm, acquired **AquaPhoenix Scientific**, a US-based provider of water treatment testing solutions, for an undisclosed amount
- In July, **BDT Capital Partners**, a US-based private equity arm of BDT & Company, acquired **Universal Engineering Sciences**, a US-based consulting engineering firm specializing in geotechnical engineering, environmental sciences, construction materials testing and threshold inspection, for an undisclosed amount
- In July, **AMTIVO**, a UK-based provider of certification audit services and consulting services, acquired **ACM-CCAS**, a UK-based provider of accredited certifications, for an undisclosed amount
- In July, **DIF Capital Partners**, a Netherlands-based infrastructure fund manager, acquired **Corporativa de Servicios Grupo Itevelesa**, a Spain-based provider of car inspection services and technical and industrial specification services, for a consideration of US\$413 million

- In July, **Gallant Capital Partners**, a US-based private equity firm, acquired **SkyeTec**, a US-based provider of energy ratings and indoor environmental consulting services, for an undisclosed amount
 - In July, **Pye-Barker Fire & Safety**, a US-based provider of fire protection services, acquired **Rapid Fire Protection Group**, a US-based provider of fire protection solutions specializing in the design, installation, inspection, testing and maintenance of fire suppression and alarm systems, for an undisclosed amount
 - In July, **Eurofins**, a Luxembourg-based provider of food, environmental and pharmaceutical TIC services, acquired **Qualitech**, a Switzerland-based provider of technologically material testing services, for an undisclosed amount
 - In July, **CenterOak Partners**, a US-based private equity firm, acquired **HK Solutions Group**, a US-based provider of water and wastewater infrastructure inspection, cleaning and repair services, for an undisclosed amount
 - In July, **SHV**, a Netherlands-based investment firm, acquired **Kiwa**, a Netherlands-based provider of testing, inspection and certification services in the fields of water, energy, construction, infrastructure, automotive and transport, agriculture, feed and food safety and security, health and care, and the environment, for an undisclosed amount
 - In July, **Nemko**, a Norway-based provider of safety testing for electrical equipment manufacturing, acquired **IASELAB**, an Italy-based laboratory providing environmental, safety and electromagnetic compatibility tests, for an undisclosed amount
 - In July, **Applus Services**, a Spain-based provider of testing, inspection, certification, engineering and consulting services, acquired **EnerTis Solar**, a Spain-based renewable energy consultant, for an undisclosed amount
 - In July, **TÜV SÜD**, a Germany-based provider of auditing, testing, inspection and certification services, acquired the testing division of **PROSE**, a Switzerland-based provider of testing services for the railway industry, for an undisclosed amount
 - In July, **The Smithers Group**, a US-based provider of testing, consulting, information and compliance services for the life science, transportation, consumer products, packaging, materials, components and energy industries, acquired **Stockpile Surveying and Protection**, a Netherlands-based provider of inspection, supervision, sampling, weight determination and analytical services for dry commodities, for an undisclosed amount
 - In June, **Goldman Sachs Asset Management**, a US-based asset management arm of Goldman Sachs, acquired the business assurance and inspection services division of **Lloyd's Register**, a UK-based provider of business assurance and assessment services for a wide range of industries, for a consideration of US\$100 million
 - In June, **Fremman Capital**, a Germany-based private equity firm, acquired **Veritas Petroleum Services**, a Netherlands-based provider of fuel testing, inspections and advisory services, for an undisclosed amount
 - In June, **Phenna Group**, a UK-based provider of testing, inspection, certification and compliance services for a wide range of industries, acquired **Safety Services UK**, a UK-based provider of health and safety inspection services, for an undisclosed amount
 - In June, **Marlowe**, a UK-based provider of safety and regulatory compliance software and services, acquired **Alarm Communication Limited**, a UK-based provider of fire safety and security services, for a consideration of US\$10 million, equivalent to a revenue multiple of 0.7x
 - In June, **SGS**, a Switzerland-based provider of auditing, testing, certification and quality assurance services, acquired **Metair Lab**, a France-based provider of air sampling and asbestos testing services, for an undisclosed amount
- ### 3. HEALTHCARE
- In November, **Cinven Partners**, a Belgium-based private equity firm, acquired a majority stake in **BioAgilytix**, a US-based bioanalytical testing laboratory specializing in large molecule bioanalysis, for a consideration of US\$2.5 billion
 - In November, **Biogroup**, a France-based group of medical biology analysis laboratories, acquired **MediIys**, a France-based operator of medical biology analysis laboratories, for an undisclosed amount
 - In November, **Biogroup**, a France-based group of medical biology analysis laboratories, acquired **Analiza Sociedad de Diagnostico**, a Spain-based diagnostic center for clinical analysis, diagnostic imaging tests and pathological anatomy, for an undisclosed amount
 - In October, **SGS**, a Switzerland-based provider of auditing, testing, certification and quality assurance services, acquired **IDEA TESTS**, a France-based provider of clinical, microbiological and in vitro testing and regulatory services to the cosmetics and personal care industry, for an undisclosed amount
 - In September, **Casa-Dea Finance**, a Canada-based investment firm, acquired **Spartan Bioscience**, a US-based company specializing in on-demand DNA testing, for an undisclosed amount
 - In September, **Tentamus Group**, a Germany-based provider of laboratory food, pharmaceutical and cosmetics testing and analysis services, acquired **Lambda Cientifica**, a Mexico-based provider of laboratory testing and analysis services for the pharmaceutical industry, for an undisclosed amount
 - In August, **BioAgilytix**, a US-based bioanalytical testing laboratory specializing in large molecule bioanalysis, acquired **MicroConstants**, a US-based provider of specialized bioanalytical services, for an undisclosed amount
 - In August, **BioReference Laboratories**, a US-based company engaged in providing clinical laboratory testing

- services, acquired **Ariosa Diagnostics**, a US-based provider of molecular diagnostics testing services, for an undisclosed amount
- In August, **BioAgilytix**, a US-based bioanalytical testing laboratory specializing in large molecule bioanalysis, acquired **360Biolabs**, an Australia-based provider of laboratory services in the field of virology and immunology support, for a consideration of US\$295 million
 - In August, **Labcorp**, a US-based clinical laboratory services company that provides diagnostic, drug development and technology-enabled solutions, acquired **Ovuline**, a US-based digital health platform, for an undisclosed amount
 - In August, **Eddyfi**, a Canada-based provider of nondestructive testing and inspection technologies, acquired **Zetec**, a US-based provider of nondestructive testing and inspection technologies, for a consideration of US\$351 million, equivalent to an EBITDA multiple of 20.6x
 - In August, **Eurofins**, a Luxembourg-based provider of food, environmental and pharmaceutical TIC services, acquired **bioskin**, a Germany-based provider of clinical dermatological trials for pharmaceutical and medical services, for an undisclosed amount
 - In July, **IVIRMA Global**, a Spain-based provider of assisted reproduction services, acquired **Create Health Limited**, a UK-based provider of fertility testing, treatments and healthcare facilities, for an undisclosed amount
 - In July, **ALS**, an Australia-based provider of technical testing and inspection services, acquired a minority stake in **NUVISAN**, a Germany-based research organization providing drug development services, for a consideration of US\$171 million
 - In July, **Element Materials Technology**, a UK-based provider of testing, inspection and certification services, acquired **Arch Sciences Group**, a UK-based provider of analytical services and laboratory solutions to customers in the pharmaceutical industry, for an undisclosed amount
 - In July, **BC Partners**, a UK-based private equity firm, acquired a minority stake in **Tentamus Group**, a Germany-based company engaged in operating laboratories of food, pharma and cosmetics analysis, for an undisclosed amount
 - In July, **Vitrolife**, a Sweden-based provider of assisted reproduction services, acquired **Igenomix**, a Spain-based provider of genetic testing services for reproductive health patients and IVF clinics, for a consideration of US\$1.5 billion
 - In June, **Eurofins**, a Luxembourg-based provider of food, environmental and pharmaceutical TIC services, acquired **DNA Diagnostics Center**, a US-based provider of private DNA testing services, for an undisclosed amount
 - In June, **Alto Partners**, an Italy-based private equity firm, acquired **Diatech Pharmacogenetics**, an Italy-based producer of reagents and customized genomic testing for molecular diagnostics and pharmacogenetics, for an undisclosed amount
 - In June, **Eurofins**, a Luxembourg-based provider of food, environmental and pharmaceutical TIC services, acquired 7 laboratories of **Biogroup**, a France-based group of medical biology testing laboratories, for an undisclosed amount



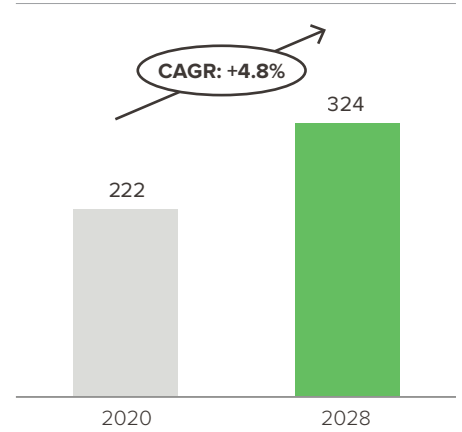
Market study

The global TIC market is projected to reach US\$324 billion in 2028

The TIC market – spanning a broad range of services, from food certification and drug trials to safe and sustainable buildings – is expected to grow at a compound annual growth rate (CAGR) of 4.8%, from US\$222 billion in 2020 to US\$324 billion in 2028. The primary reason for this growth in the global TIC market is the rise in enforcing relevant legislation around the world.


Simultaneously, in response to this increase in enforcing regulations, which can be very complicated, there is a growing demand for outsourced TIC services. Organizations themselves are unable to manage the increase in enforcing these laws or the complexity involved, and decide to outsource TIC services. As such, the outsourced TIC services market is expected to grow at a CAGR of 8% from 2019 to 2026.

Global TIC market size (US\$ billion)




Sources: Verified Market Research and Global Market Insights

Case study



has been acquired by



M&A SELL-SIDE

Business Support Services/Private Equity

SkyeTec has been acquired by Gallant Capital Partners

SkyeTec is a leading energy ratings and indoor environmental consulting company providing third-party inspections for residential and commercial construction projects throughout the USA. The company’s services include construction inspection services and building code inspections for construction projects.

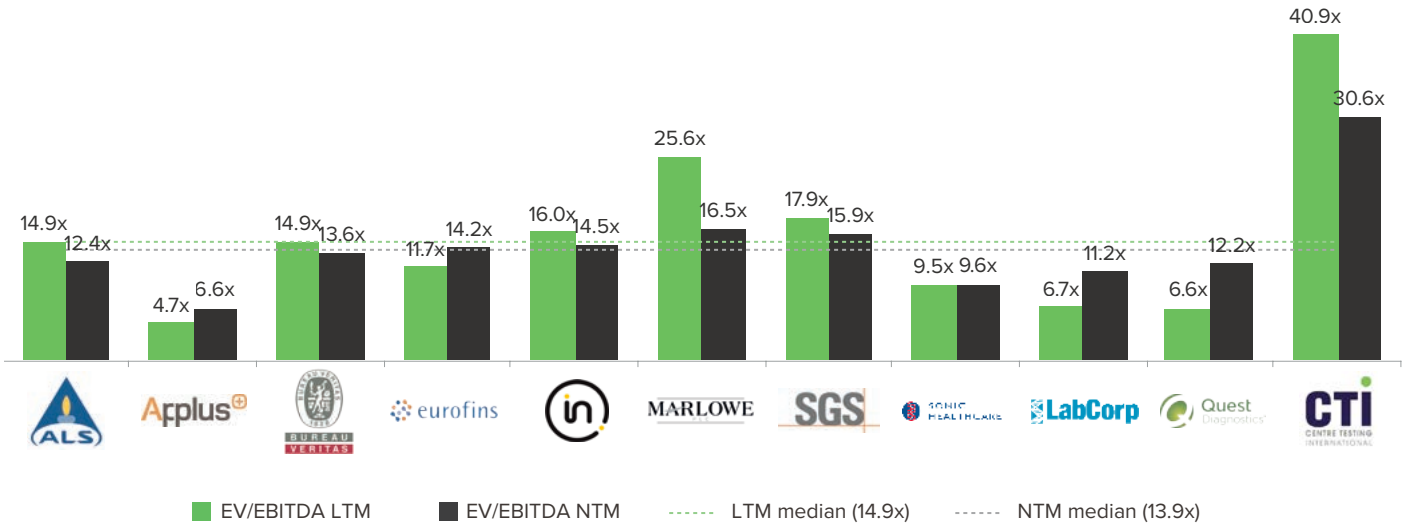
Gallant Capital Partners is an investment firm that focuses on lower middle-market companies in the technology, industrial and business service industries.

Oaklins’ team in Jacksonville acted as the lead advisor to the seller and the management of SkyeTec in the preparation of the sale process and due diligence, and the approach to and parallel negotiations with potential buyers, then assisted them until closing.

Ted Nelson, founder and president of SkyeTec says “I built SkyeTec on a foundation of high-quality testing and inspection services. It was important to me to find a buyer that shared these values to continue to grow the company. The Oaklins team worked hard to find that buyer in Gallant Capital. They brought expertise and experience that resulted in an efficient and effective deal close, while allowing my management team to continue to focus on growing the company through the pandemic and other challenges.”

Market multiples and valuation trends

CURRENT TRADING MULTIPLES (EV/EBITDA) OF LISTED TIC COMPANIES



Source: Capital IQ, as at 9 December 2021

HISTORICAL VALUATIONS (EV/EBITDA NTM)



Source: Capital IQ, as at 9 December 2021

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- Debt advisory
- Corporate finance services

Testing, Inspection & Certification (TIC) is one of our focus areas. Combining comprehensive sector knowledge with global execution has led Oaklins to become one of the most experienced M&A advisors in the TIC sector, with a large network of relevant market players worldwide. This results in the best possible merger, acquisition and divestment opportunities for TIC companies.

If mergers, acquisitions, or divestitures of businesses or business units are part of your strategy, we would welcome the opportunity to exchange ideas with you.



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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, the sale of Insite Security and Omegam 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 is the world's most experienced mid-market M&A advisor, with over 850 professionals globally and dedicated industry teams in more than 45 countries. We have closed 1,700 transactions in the past five years.

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