

Testing, Inspection and Certification Industry: Merger & Acquisition Activity Remains High



KKR, famous for its 1989 buyout of RJR Nabisco (of “*Barbarians at the Gate*” fame), added its name to the ranks of major private equity groups invested in the Testing Inspection & Certification (“TIC”) sector when KKR Europe acquired LGC Limited, a life sciences measurement and testing company, for approx. £900 million, from Bridgepoint Advisers. Around the same time, Bridgepoint Advisers acquired Element Materials Technology (f.k.a. Stork Materials Testing), a provider of aircraft materials testing services, for approx. £650 million, from 3i. Thus in the space of a week, Bridgepoint was both the seller and buyer of two of the biggest TIC transactions completed recently.

M&A activity by global multinationals is truly transformative as illustrated by both Eurofins und UL (Underwriters Laboratories). By making over 40 acquisitions since 2010, UL transformed its legacy safety testing business by adding two separate divisions (Consumer and UL Ventures) while doubling revenues over that time period to approximately \$2 billion. Similarly Eurofins’ revenue has doubled every three years over the last 10 years mainly as a result of acquisitions, and is now a global market leader in the Food & Feed Testing, and also in the Environmental Testing verticals. In the mega merger of Germanischer Lloyd SE and DNV of Norway in December 2012 (an exchange of shares) Stiftelsen Det Norske Veritas became the majority shareholder (63.5%) while Mayfair Vermögensverwaltungs SE held the remaining shares (36.5%). The combined DNV GL group, a leading technical advisor to the global oil and gas industry, is the fourth largest certification company globally, has 15,000 employees in 100 countries and will have annual turnover of €2.4 billion.

Albeit the Commodities and O&G sectors, both major TIC services end markets, saw a correction as a result of tighter market conditions following the end of the commodity super cycle and oil & gas price declines, market sentiment and spending in most TIC end markets remained strong throughout 2016, and into 2017, maintaining the momentum for growth that began in 2010 (see company M&A charts at back for the extent of the financial meltdown on TIC M&A in 2009). This bodes well for the selling shareholders of privately owned companies participating in industry consolidation. This momentum is demonstrated by the performance of five industry majors - Bureau Veritas, Dekra, Eurofins, Intertek and SGS who spent a combined \$9.3 billion completing more than 450 bolt-on acquisitions in the ten years from 2007 through 2016. In 2016, they closed 62 add-on acquisitions. Excluding acquisitions over \$100 million, the average transaction size was \$11.5 million. These add-on acquisitions added a record \$1.2 billion to their 2015 revenues, and over \$600 million to their 2016 revenues, constituting between one-fifth and one-half of top line revenue growth for these companies. In the case of Eurofins, which spent €200 million completing 27 acquisitions in 2016, acquisitions added €225 million in revenue on an annualized basis.

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Testing, Inspection and Certification Industry: Merger & Acquisition Activity Remains High (continued)

Changes at the top: A new group of top leaders at the major TIC companies is bringing renewed vigor to planning and focus on corporate growth. This started in 2012 when Frank Piedelièvre, who has been Bureau Veritas' Chief Executive Officer for 17 years, left the role, and was replaced by Didier Michaud-Daniel, a former Otis Elevator Company executive. Recently, Frank Piedelièvre became a board member of Cotecna, a leader in Customs inspections. Chris Kirk left the role of CEO at SGS in March 2015 after 10 years at the helm, and was replaced by Frankie Ng, a 20 year SGS veteran most recently leading the Industrial Services and Consumer Testing divisions of SGS.

In January 2015 Dr.-Ing. Michael Fübi took over as CEO of TÜV Rheinland. Intertek CEO Wolfhart Hauser announced his intention to retire in 2015, and Andre Lacroix (formerly Inchcape) was appointed as of May 15, 2015. On August 1, 2015, Remi Eriksen became Group President & Chief Executive Officer of DNV GL, replacing Hendrik Madsen who retired after 10 years at the helm. David Weinstein, former CEO of ABS Group, was appointed President and CEO of Canada based CSA Group on November 11, 2015.

Market outlook: The global TIC services market constitute over \$200 billion of which less than half is outsourced. China (\$60 billion) and the USA (\$35 billion) represent the largest country markets, as well as the markets with some of the best long term growth characteristics.

In its 2020 outlook, SGS is planning on accelerating M&A activities with acquired revenue over the period in the range of CHF 1 billion (\$1 billion). SGS is looking to expand its North American and China footprints substantially, mainly through acquisitions.

Between 2011 and 2015, BV posted average annual revenue growth of 8%, split evenly between organic growth and growth through acquisitions. By 2020, Bureau Veritas' plans to add €200 million annually in revenues via selected acquisitions in attractive markets. In traditional markets this includes Oil & Gas, Power & Utilities, Chemicals, Retail & Mining, Certification global contracts and Marine & Offshore. Bureau Veritas also plans to increase its exposure to sectors related to consumer spending through four initiatives: Building & Infrastructure, Agri-Food, Automotive and Smartworld. Bureau Veritas has specifically identified two country markets where it wants to focus its growth initiatives going forward; the USA and China.

Eurofins, the leading Food & Feed Testing company, has built a leading position in testing for Pharma/Biotech, and also in the Environment Testing industry verticals via acquisition. In 2015, the company completed 21 acquisitions including the €220 million acquisition of Biomnis (approx. 7 – 8x EBITDA), €225 million acquisition of BioAccess, and \$140 million acquisition of Boston Heart Diagnostics. After doubling in size between 2012 and 2015, the company plans to double in size again by 2020 i.e. adding an additional €2 billion in revenues, with €200 million in annual revenue growth expected from acquisitions.

In its "Group Strategy 2020" TÜV Rheinland wants to focus on the following cores areas; digitization (the IoT and internet security), supply chain services (qualification of supply chain with system certification), energy (asset integrity management) and infrastructure (railway engineering).

What's behind the M&A activity? Globalization continues to fuel the industry's M&A activity. The global TIC industry is dominated by European-based multinational companies. The top

10 companies have combined annual revenues in excess of \$30 billion, and the next 10 biggest companies have combined annual revenues of approximately \$10 billion, indicating that the top 20 companies hold about a 40% share of the global TIC outsourced services market. These companies operate globally; SGS has 90,000 employees in 140 countries (2,000 offices), Bureau Veritas has 69,000 employees in 140 countries (1,400 offices), Intertek has 42,000 employees in over 100 countries (1,000 offices), Dekra has 36,000 employees in 50 countries, and TÜV SÜD, recently celebrating its 150th anniversary, has 20,000 employees in 50 countries (800 offices). Their global networks assist these operators in supporting global clients on a uniform basis, and accordingly they continue to seek acquisitions that contribute to greater geographic coverage.

In addition to the above listed majors, most other large TIC companies are pursuing similar strategies to enhance their geographic footprint and to achieve greater operational diversification. These players include Applus+, Exova, Lloyd's Register, Merieux / Silliker, TÜV Nord, TÜV Rheinland and UL, amongst others. Notably, UL acquired about 40 companies during the last six years, doubling annual revenues to approximately \$2 billion, while NSF International established an international footprint particularly in the food and environmental sectors with about 15 company acquisitions since 2010. TÜV Nord invested €300 million in 30 companies the last 10 years. Like the majors, these groups' expansion objectives are often achieved through platform and subsequent add-on acquisitions.

As an example of geographic expansion, Socotec, the leading French building inspection company with operations in 40 countries, announced the acquisition of 1,400 employee ESG,

the UKs leading provider of testing, inspection and certification services to the construction and infrastructure sectors, from 3i (March 2017). Socotec seeks to lead these sectors in Europe with €800 million of annual revenues by 2020.

In addition to the international players, U.S. based marine classification society ABS expanded its Consulting division with the acquisition of Genesis Technology Solutions, a provider of enterprise asset management services (Feb 2012), and Safetec Nordic AS, a provider of integrated risk and asset management services (Jan 2012). Offshore giant Oceaneering acquired AGR Field Operations Holdings AS, whose services include inspection & integrity services, maintenance management services, operations & maintenance services, project management and engineering and subsea services (\$236 million, Nov 2011).

IPO's lead to continued growth: In April 2014, Exova Group, a leading provider of laboratory based testing and calibration services listed on the main board of the London Stock Exchange. This presented a successful partial exit for private equity group Clayton Dubilier & Rice, who acquired the Bodycote Testing Group for 25.4x fiscal 2007 EBIT (Oct 2008, £417 million). Since going public Exova has completed fifteen bolt on acquisitions for a total of £66 million, including BM TRADA, a provider of independent certification schemes and building products testing, for a consideration of approximately £22 million. In April 2017, Exova received an offer from Element Materials Technology Group, recently acquired by Bridgepoint Advisers, to acquire the entire shareholding of Exova at 12.5x 2016 EBITDA.

In April 2014, Applus+, one of the world's largest TIC companies (€1.6 billion revenues, 19,000 employees) and the owner of RTD, announced its intention to proceed with an initial public offering on the Spanish Stock Exchanges. According to Applus+, gross proceeds of the issue of €300 million and was used primarily to

reduce indebtedness and for other general corporate purposes, which may include, among other things, capital expenditures and acquisitions. This represented an exit for Applus' private equity owner, The Carlyle Group.

Internet of Things (IoT): Several recent acquisitions have been driven by the growth of the IoT, and such expertise will enable TIC companies to test whether vehicles, equipment and everyday devices are communicating with each other securely and reliably via wireless communications. These include Dekra's €45 million acquisition of AT4 wireless (Spain), and Quietek (€29 million) and iST Reliability Group, both in Taiwan. Not to be outdone, GE acquired the remaining 74% stake of Meridium, Inc., a provider of asset performance management software and services, for an enterprise value of \$495 million inclusive of the original investment in the 26% stake (Sept 2016). GE is targeting to spend \$10 billion in M&A over the next two to three years in the digital, but also in the oil & gas sector. Subsequent to this announcement the BakerHughes transaction was announced. And in October 2016 Schneider Electric acquired Canada-based MaxEAM, an Enterprise Asset Management software provider.

The rise of private equity: Private equity firms are also staking a claim in the industry. Many of the industry's top 25 companies are now majority or minority-owned by private equity. Recently many of the transactions have been sales from mid-sized private equity groups to larger private equity groups, including some of the top names in private equity globally. A core part of the private equity investment thesis is to pursue smaller bolt-on acquisitions to increase the critical mass of their platform investments, funding acquisitions out of credit facilities or free cash flow. Several private equity led transactions have transformed ownership within the TIC industry:

- Industrial Growth Partners acquired Southern Petroleum Laboratories, a provider of gas and hydrocarbon measurement and analysis, from a

consortium of private equity groups including JZ Capital Partners and the Edgewater Funds (September 2016).

- First Reserve Corporation acquired Applied Consultants, a provider of inspection and integrity management services for energy infrastructure, from Nautic Partners (Sept 2016).
- Olympus Partners acquired AmSpec Services, a leading provider of testing, inspection and certification services to the oil, gas and petrochemical industries, from Incline Equity Partners (fund size \$2.3 billion, July 2016).
- KKR Europe acquired LGC Limited, a life sciences measurement and testing company, for approx. £900 million or 14.2x EBITDA (Dec 2015).
- Bridgepoint Advisers acquired Element Materials Technology, a provider of aircraft materials testing services, for approx. £650 million or 12.2x EBITDA from 3i (Dec 2015). Element made ten add-on acquisitions during the investment by 3i, doubling the number of labs it operates.
- 3i sold Inspecta, a 1,600 employee inspection service provider, to the Dutch ACTA Group for 14.0x EBITDA (June 2015).
- Metalmark Capital acquired Camin Cargo Control, a provider of inspection and laboratory services to the petroleum industry (June 2015, fund size \$2.5 billion).
- IK Investment Partners acquired DNV Petroleum Services, a provider of maritime testing and surveys, and subsequently rebranded as Veritas Petroleum Services (Oct 2013, fund size \$1.7 billion)
- Socotec, a provider of risk management services for construction and property, industry and energy, infrastructure, local authorities, services, and healthcare was acquired by Cobepa S.A. and Five Arrows Principal Investments from Qualium Investissement (Feb 2013, €450 million).
- Oaktree Capital's GFI Energy Ventures acquired Shermco Industries, a provider of testing, maintenance, repair and

- commissioning, engineering and training services for electrical infrastructure (Dec 2012). Subsequently Shermco acquired Magna Electric Corp of Canada. (fund size \$1 billion).
- Dorilton Capital acquired Owensby & Kritikos (Dec 2010) and subsequently added Savoy Technical Services (Dec 2012) and Rope Access Technology (Aug 2012). Recently, the group was rebranded Versa Integrity.
 - Apex Companies, an environmental firm, was acquired by management of Apex and Tailwind Capital (Dec 2010, fund size \$1.05 billion). Apex completed half a dozen acquisitions the last few years including The Source Group (2016), Altus Environmental and InterTech Environmental & Engineering (2015).
 - LGC was acquired by Bridgepoint for 14x EBIT (Feb 2010, £257 million).
 - Gryphon Investors sold Trinity Consultants, an environmental consulting company, to Levine Leichtman Capital Partners (Aug 2015).
 - Clearview Capital sold its NDT and inspection platform Qualspec Group, to NYSE listed Team for 11.0x EBITDA (July 2014, USD 265 million).
 - Calvert Street Capital Partners sold Inspection Oilfield Services to L.B. Foster Company for 1.9x sales (March 2015, \$230 million).
 - Sterling Partners sold Desert NDT to ShawCor for 11.7x EBIT (July 2014, \$258 million).
 - Canada based OMERS Private Equity sold Maxxam Analytics International Corporation to Bureau Veritas for 10.65x EBITDA (Dec 2013, CAD 650 million).
 - Platte River Equity sold Global X-Ray & Testing Corporation to Intertek (Oct 2013, \$72 million).
 - Close Brothers Private Equity LLP sold Stewart Group, a global provider of inspection services to the mining and mineral exploration industry, to ALS Laboratories of Australia (Jul 2011, £146 million).
 - Investcorp sold Moody International to Intertek for 13.4x 2010 EBITA (March 2011, £450 million).
 - Inspicio was acquired by 3i, the British private equity group for 13.8x fiscal 2007 EBITDA (Dec 2007, £288 million). 3i sold Inspectorate to Bureau Veritas for a 10.9x forward EBITDA multiple (Sept 2010, £450 million).
 - Applus+ was acquired by Carlyle in July 2007 for 19.2x fiscal 2006 EBITDA (€1,480 million).
 - qualifications of inspector base
 - tenure and turnover of employees
 - full-time employee inspectors or part time project inspectors
 - diversification of the customer base
 - historical levels of repeat business
 - mix between in-service inspection work and turnaround work
 - mix between work of a capital expenditure nature and maintenance expenditure nature
 - certifications including ISO 9001 or 17025 as applicable, OHSAS 18001, or NADCAP
 - ability to maintain margins
 - ability to charge premium prices for value added services
 - lab turnaround times
 - state of LMS
 - historical and future growth trends
 - strength of management team
 - cultural fit
 - capital expenditures required to maintain equipment base
 - global demand for the service

Private equity groups offer a wide array of transaction structure options for private company owners to consider including: full or partial liquidity, an opportunity to roll retained equity to allow for a 'second bite of the apple', and the option of limited, medium or long term involvement in the business post transaction. Beyond transaction structure, private equity groups can provide growth capital and expertise to support organic and acquisition led growth strategies, and brings in valuable operational, financial and strategic resources and expertise to support rapid growth of the business.

Private equity's exit: The investment thesis in the TIC industry has rewarded several private equity groups handsomely. Many of these exists are in the form of secondary sales from one private equity group to another.

- The Edgewater Funds sold environmental testing firm Accutest to SGS (Jan 2016, CHF 38 million).
- Olympus Partners sold Professional Service Industries (including Hi-Tech Testing Service) to Intertek for 7.6x EBITDA (Oct 2015, \$330 million).

What are buyers looking for? One of the primary attractions of the TIC industry is the annuity-like nature of its revenue streams. This is especially beneficial in industries typified by long-term client relationships and where deep integration with the client business operation exists. Other important factors for buyers when they evaluate a specific acquisition target include:

- the quality and economic resilience of the target's customer base
- safety record

Size requirement: Given the robust growth characteristics of the industry and the increasing trend towards outsourcing TIC activities, sector valuations have remained resilient.

Most strategic buyers and private equity groups with existing industry platforms will look at smaller transactions valued as low as \$1 million enterprise value for add-on acquisitions. Meanwhile, companies with \$5 million in EBITDA and higher, present ideal platforms for investment by many private equity groups.

Valuation in the mid-market:

The strengthening of the global economy has led to an uptick of valuation multiples of between ½ and 1 turn of EBITDA for lower mid-market transactions over the last few years. Small targets, with enterprise values in the range of \$3 million to \$10 million, are typically valued at between 4 and 6 times trailing (last 12 months) EBITDA. Our current market analysis indicates companies with \$2 million to \$5 million in earnings can expect to be valued in the 5x to 7.5x trailing EBITDA range. Companies with \$5 million to \$10 million in earnings can expect valuations between 7x and 9x trailing EBITDA. Companies with strong growth characteristics, high barriers to entry, a diversified customer base or those serving attractive niches, may command a premium valuation. In certain verticals i.e. food testing, IT security, medical devices, pharmaceutical and biomedical higher valuation multiples can be expected, in line with the robust end market characteristics of those sectors. Each individual company valuation and transaction structure is specific to the company characteristics, and customized to suit owner requirements and objectives.

Transaction structure: Private company business owners always want to know two things. How much is their company worth? And how will they be paid? To answer the latter question, we studied 65 publicly announced transactions consummated by Intertek since 2005. Many transactions in the sample were structured as all-cash deals; however approximately 43% of the transactions included performance-based earnout payments. It is most notable that of those transactions with an earnout component, the median cash consideration, as a percentage of total enterprise value, was 75%. This is positive news for sellers concerned about the likelihood of receiving their earnout payments when they are no longer fully in control of operations.

Based on our recent experience, most acquirers of mid-sized TIC companies indicate a preference for mostly cash transactions (typically 70% - 85% of

enterprise value) and limited earnout periods of one to two years. Over the past five years, SGS paid an average 78% cash consideration for 69 companies acquired over that term. One strategic acquirer indicated that earnouts are hampering their ability to fully integrate targets immediately post-acquisition; consequently they now lean towards all-cash transactions for future mid-sized buyouts.

Knowing the acquirer: Once past the valuation stage of a transaction process, with multiple comparable acquirer proposals in hand (in most cases), the task of selecting the suitable acquirer begins. This is an area of great importance for business owners, since not only will they most likely work for the acquirer for an agreed upon term post-closing, but they will also want to be assured that their employees will be well taken care of. Getting to know the managers of the acquirer is important and it is typical to perform reverse diligence visits to the acquirer's headquarters, and/or to conduct in person or telephonic interviews with the selling shareholders of companies recently acquired by the prospective acquirer. These visits provide a very good understanding of the people, culture and approach to business, safety and the internal workings of the acquiring organization. Integration, branding and future reporting requirements are also deliberated at length at such meetings.

Our recent successes: Industrial Capital Strategies, focusing on transactions with enterprise values between \$5 million and \$200 million, has a track record of advising selling shareholders or managers of divisions in this sector. Recent successful engagements are featured below; in each of these transactions the principal of ICS was the exclusive M&A advisor to the owners of the companies:

- Sale of National Inspection and Consultants, a provider of NDE services to the nuclear and aircraft sectors, to Industrial Service Solutions, an Edgewater Funds / Bolder Capital portfolio company. The company employs over 200 inspectors during turnaround season.
- Sale of Baker Inspection Group, a provider of Mechanical Integrity services, to NYSE listed Mistras.
- Sale of UT Quality, the developer of specialized pipeline inspection solutions utilized for pipe weld inspection, to RAE Energy U.K. UT Quality had 150 employees and operations in Canada, U.S., Brazil, Europe, Indonesia, Thailand and Australia.
- Sale of TesTex Inspection LLC, an inspection company specializing in the Oil & Gas industry with highly qualified personnel and a presence in the growing field of shale gas, to Applus+ of Spain.
- Sale of Carab Technologies, specializing in asset integrity, reliability studies, plant care and IT solutions services focusing on the steam generation, power and petrochemical industries, to Bureau Veritas of France. Carab Technologies is renowned for its plant care software with current applications in boilers, high pressure piping, pressure vessels and heat exchangers, and employs over 100 staff, including highly skilled engineers, technicians and software developers.
- Sale of Metalogic Inspection Services, specializing in NDE, providing ultrasonic inspection services for processing plants, fabrication and refining customers, power and nuclear plants, to Mid-

American Energy Holdings, an affiliate of Berkshire Hathaway Energy.

- Divestiture of the U.S. based steam generation equipment engineering and service division of TÜV SÜD America. The division provides full-service maintenance, engineering and upgrades, with a specialization of fluidized bed boilers.
- Sale of Metlab, providing destructive and nondestructive metallurgical testing, to SGS of Switzerland. Metlab is renowned for its replication, hardness and chemical test technicians, and serves the heavy engineering, power engineering, testing & inspection, heat transfer, piping and tubing, steel mill and steel fabrication industries.
- Sale of PfiNDE, specializing in NDE, testing and pipeline integrity for major pipeline operators across the U.S., to SGS of Switzerland for \$40 million. PfiNDE had approximately 100 employees and \$22 million in revenues.
- Sale of Pro-Tec Boiler Inspection & NDT Services, the leading provider of NDT and boiler inspection services for the power industry, to TÜV SÜD of Germany. Pro-Tec had 160 employees and revenues of €8 million.

Prior to the formation of Industrial Capital Strategies, the principal advised on the following transactions:

- Sale of Houston-based Pro-Inspect, a provider of inspection services to the petro-chemical industry, to Moody International. Pro-Inspect had 150 employees.
- Sale of PetroSpect Inspection Services, a provider of inspection services to the petro-chemical industry, to Moody International. PetroSpect had over 100 employees.
- Sale of Oilind Safety, a provider of safety products and services; monitoring, training, and equipment rental, to Airgas.
- Sale of H.P. White Laboratory, a provider of ballistics, small arms and ammunition research, development, and testing services for government and commercial

customers, to Intertek for \$43 million.

We are currently working on active sell-side and corporate investment engagements globally. We are actively tracking M&A trends in the TIC space and we see continued interest from both strategic and private equity buyers in the lower middle market (companies with 20 to 1,000 employees). We assist business owners with strategic planning, and integrating our merger and acquisition knowledge and experience with your specific circumstances. We welcome your questions regarding business valuation, value creation strategies and current market conditions in the sector.

Merger & Acquisition Activity

Select Recent Add-on Acquisitions

Buyer	Seller	Country	Seller Line Of Business	Transaction Value (MM)
ALS Ltd	Alcontrol UK Ltd.	U.K.	Food, environmental, and oil testing and support services	AUD 66.7
ALS Ltd	Mikrolab s.r.o	Slovakia	Food, healthcare, pharmaceuticals, environment, and agriculture	ND
ALS Ltd	Maverick Testing Laboratories Inc.	USA	Metallurgical and mechanical testing services	USD 5.3
ALS Ltd	Tribolab Ltda	Brazil	Laboratory testing services for oil, fuel, coolant, metalworking fluid analysis	ND
Applus	Caparo Testing Technologies	U.K.	Aerospace Testing	EUR 11
Applus	SKC Engineering	Canada	Power and civil infrastructure	EUR 2
Applus	Aerial Photography Specialist	Australia	Inspection using Unmanned Aerial Vehicles	ND
Applus	Integrity Aerospace Group	USA	Aerospace Testing	EUR 44
Applus	Ingelog	Chile	Engineering and Project Management services	ND
BV*	Summit Inspection Services	USA	Leak detection & repair, environmental compliance	ND
BV	Hangzhou VEO Standards Technical Service Co. Ltd.	China	Homologation and technical support for full vehicles and automotive systems	ND
BV	TMC (Marine Consultants) Ltd.	U.K.	Marine consultancy; marine claims and accident investigation services	ND
BV	Dairy Technical Services Ltd	Australia	Analytical and testing services of food and beverage.	ND
BV	Chongqing Liansheng Construction Proj. Mgmt.	China	Supervision, certification, and auditing services to construction projects	ND
BV	HCD Group Ltd.	U.K.	Building control, fire safety engineering	ND
BV	HydroOcean	France	Hydrodynamic digital simulation for maritime sector	ND
BV	Shadong Chengxin Engineering	China	Technical supervision of infrastructure construction projects in power industry	ND
BV	Shanghai TJU Engineering	China	Construction project supervision for industrial assets	ND
BV	CTS Ningbo Co.,Ltd	Hong Kong	Toys, electrical goods, electronics, hard-lines	ND
BV	Certest Srl.	Italy	Testing luxury apparel and accessories	ND
BV	NCC Certificações do Brasil	Brazil	Certification body for electrical and electronic equipment	ND
BV	North Island Labs	Canada	In service inspection of commodities	ND
BV	CIBV	Netherlands	In service inspection of commodities	ND
BV	Beijing Huali BV Technical	China	Consumer products	ND
BV	Ningbo Hengxin Engineering	China	NDT & metallurgical testing services to oil and chemical	ND
BV	MatthewsDaniel	USA	Loss adjusting and risk assessment services	ND
Dekra	AT4 wireless Group	Spain	Telecomms. device manufacturers w/focus on wireless	EUR 44.5
Dekra	Quietek Group	Taiwan	EMC	EUR 28.7
Dekra	iST Reliability Services	Taiwan	Reliability testing and failure analysis	ND
Dekra	Optimus Seventh Generation	Scotland	Safety consulting	ND
Dekra	Plurel	Netherlands	Rail testing	EUR 2.2
Dekra	RCI Safety	USA	Organizational & process safety software	ND
Dekra	Comequal Management	France	Training	EUR 4.5

*Bureau Veritas

Buyer	Seller	Country	Seller Line Of Business	Transaction Value (MM)
Dekra	TTL Automotive	UK	Auto dealer process optimization & personnel mgmt.	EUR 8.8
Dekra	Dekra Automotive Reunion	France	Automotive	EUR 9.7
Dekra	Visatech	Germany	Materials testing	EUR 5.2
Eurofins	Megalab SA	Spain	Clinical diagnostic labs	EUR 40
Eurofins	Agro Analyses SAS	France	Food, environmental	ND
Eurofins	Exova environmental labs	U.K. / Ireland	Food, water, pharmaceutical	ND
Eurofins	PerkinElmenr Labs/NTD	USA	Prenatal screening reference lab	ND
Eurofins	EAC Corporation Ltd.	Japan	Environment testing services	ND
Eurofins	Advantar Laboratories	USA	GLP and cGMP contract analytical	ND
Eurofins	ams Laboratories Pty Ltd	Australia	Analytical and cGMP Quality Control (QC) services	ND
Eurofins	Sinensis Life Sciences B.V.	Netherlands	Pharmaceutical product testing and cGMP QC	ND
Eurofins	Boston Heart Diagnostics	USA	Clinical diagnostics, prevent cardiovascular disease	USD 140+
Eurofins	BioDiagnostics (BDI)	USA	Genetic testing of seeds and plants	ND
Eurofins	NUA GmbH	Austria	Environment	ND
Eurofins	CEBAT	France	Environment	ND
Eurofins	Testronic	Belgium	Product testing	ND
Eurofins	Experchem	Canada	Analytical (nutraceutical) testing	ND
Eurofins	QC Labs	USA	Food (incl dairy testing ref lab) & environment testing	ND
Eurofins	Sac Ky Hai Dang	Vietnam	Food, agriculture and environmental	ND
Eurofins	Trailcamp	Spain	GLP and GEP accredited portfolio of test systems in the area of ecotox as well as efficacy and residue trials	ND
Eurofins	Diatherix	USA	Molecular diagnostic test infectious diseases agents	USD 50+
Eurofins	Nihon Soken	Japan	Pollution analysis	ND
Eurofins	BioAccess	France	Clinical diagnostic laboratories	EUR 220
Eurofins	De Bredelaar	Netherlands	Agro-sciences	ND
Eurofins	EVIC	France	Cosmetology testing	ND
Eurofins	Emory Genetics Laboratory	USA	Molecular testing for genetic diseases diagnostics lab	USD 40
Eurofins	Spectrum	USA	Environment	ND
Eurofins	Biomnis Group	Europe	Diagnostic testing	EUR 220
Eurofins	NML	Malaysia	Food & Environmental	ND
Eurofins	Water & Waste Laboratorien	Austria	Environmental	ND
Eurofins	Radonlab	Norway	Radon testing	ND
Eurofins	Phyliae	France	Agro-sciences	ND
Intertek	Electronic Warfare Assoc.	Canada	Information & comms. technology security & assurance	GBP25
Intertek	Food International Trust	Italy	Quality management and food safety verification	ND
Intertek	MT Group	New York	Materials testing and construction inspection	ND
Intertek	Professional Service Indust.	USA	Testing for commercial and civil construction	USD 330
Intertek	Dansk Institut for Certificering	Denmark	QA and Certification	ND
Intertek	Adelaide Inspection Svcs.	Australia	NDT for power sector	GBP 6.3
Intertek	International Inspection Svcs.	UAE / Oman	NDT for O&G	GBP 40

Buyer	Seller	Country	Seller Line Of Business	Transaction Value (MM)
Intertek	QPS Bioserve (Analytical)	India	Analytical testing division for food and agricultural	ND
Intertek	ScanBi Diagnostics	Sweden	Analysis to agriculture, food & feed	ND
Intertek	Architectural Testing, Inc.	USA	Testing, inspection and certification of building products	GBP 57.6
Intertek	Global X-Ray & Testing	USA	NDT O&G	GBP 45
Intertek	Melbourne Scientific Ltd.	U.K.	Analytical for pharmaceutical, biotech and healthcare	GBP 10.5
Intertek	E-Test Laboratorio de Ensaaios e Tecnologia	Brazil	Toy and consumer products	GBP 6.6
NSF Intl.*	G+S Laboratory	Germany	Food & water testing lab	ND
NSF Intl.	Euro Consultants Group	Belgium	Food safety & quality	ND
NSF Intl.	Burwater Pacific Group	New Zealand	Food safety training, consulting & auditing	ND
NSF Intl.	AuthenTechnologies	USA	DNA Testing for species identification	ND
NSF Intl.	Averent LLC	USA	Medical device products/processes development, QA	ND
NSF Intl.	Erdmann Analytics	Germany	Analytical testing of food products	ND
NSF Intl.	Knight International Inspectorate	UK	Food safety certifications	ND
NSF Intl.	Jana Laboratories	Canada	Plastic pipe testing	ND
NSF Intl.	Bioensaaios Analysis and Environmental Consulting	Brazil	Environmental	ND
NSF Intl.	Guelph Food Tech. Centre	Canada	Food safety certification, training, quality solutions	ND
NSF Intl.	INASSA	Peru	Testing and certification to seafood, pharma and water	ND
NSF Intl.	Becker & Associates	USA	Regulatory firm specializing in U.S. FDA-regulated industries	ND
NSF Intl.	Pink Associates	USA	Consulting and training to the medical device industry	ND
SGS	Compliance Services	China	EMC	CHF 32
SGS	Roos + Bijl BV	Netherlands	Engineering services for O&G transport, asset mgmt.	ND
SGS	AXYS Analytical Services	Canada	Ultra-trace analysis of POPs, CECs	ND
SGS	John R. McRea	Illinois	Grain inspection services	ND
SGS	Unigeo Geoprocessamento e Consultoria Ltda.	Brazil	Soil sampling, soil testing, crop plantation advisory	ND
SGS	EecoLab Ltda	Chile	Construction material testing, geophysical surveying	ND
SGS	AgFlow SA	Switzerland	Agri-trade intelligence data platform (grains, oilseeds)	ND
SGS	SpecHub Inc.	Panama	Consult, metrology, survey, test for maritime industry	CHF 42
SGS	Laboratorios Contecon Urbar	Colombia	Materials testing services, QC of building materials.	ND
SGS	Transparency-One	USA	Brand owners analyze & monitor entire supply chain	ND
SGS	CyberMetrix, Inc.	USA	Test cells, equipment, svcs for engine & power syst.	USD 32
SGS	The Lab (Asia) Ltd	Hong Kong	Materials testing, inspection, for civil engineering	ND
SGS	Cargo Compliance Company	Netherlands	Compliance operation, storage, screening airfreight	ND
SGS	Matrolab Group (Pty) Ltd	South Africa	Provides civil engineering laboratory services	ND
SGS	Accutest Laboratories	USA	Environmental testing	CHF 38
SGS	SVA Ltd	UK	Food testing for retailers and food manufacturers	GBP 21
SGS	SIGA Ingenieria y Consultoria	Chile	Project management, technical inspection, engineering	ND
SGS	Quality Compliance Labs	Canada	Analytical testing to pharma, nutrition and cosmetic	ND

*NSF International

Buyer	Seller	Country	Seller Line Of Business	Transaction Value (MM)
SGS	Le Brigand NDT	France	NDT for aviation sector	ND
SGS	Western Radiation Services	Australia	Analysis, monitoring of radioactivity in air, water, soil.	ND
SGS	Radiation Safety Services	Australia	Radiation safety, protection, equipment, training	ND
SGS	Air Services Estudos	Brazil	Measures and monitors air emissions	ND
SGS	Cronolab Referencia	Brazil	Water, soil, and air testing services	ND
SGS	Testing Services Group LLC	USA	Fuel Testing Services	ND
SGS	DLH-VIS Centers	France	Vehicle inspection services	ND
UL	Consumer Testing Laboratories, Inc	USA	Soft lines, hard lines, and footwear	ND
UL	AWS Truepower, LLC	USA	Renewable energy consulting for onshore wind, offshore wind, solar energy	ND
UL	Safeware Quasar Ltd	U.K.	Globally Harmonized System (GHS) standards compliance software for chemical industry	ND
UL	CR Edit360 Limited	U.K.	Energy and carbon, supply chain, compliance, sustainability & reporting solutions	ND
UL	InfoGard Laboratories, Inc.	USA	IT security consulting and assurance services to Federal, Payment, & Healthcare IT	ND
UL	Acquirer Systems Ltd.	USA	Test and certification software solutions to the payment card industry	ND
UL	National Analysis Center, Inc.	USA	Testing services for Bluetooth devices, mobile phones, automotive products	ND
UL	Futuremark Corporation	Finland	Benchmarking software measure hardware performance of PCs, tablets, smartphones	ND
UL	Advanced Automation & Testing, Inc.	USA	Furniture testing service	ND
UL	NEC Technologies (UK) Ltd.	U.K.	R&D and product testing and certification, as well as develops mobile solutions on 3G technology	ND
UL	The Weracs Ltd		Software tools for material safety data sheet (MSDS) and hazard communications	ND
Tuv R.*	INTEGRA Ltda.	Chile	Architectural and engineering project management	ND
Tuv R.	LABEN Laboratorio de Ensaaios Ltda.	Brazil	Gas powered equipment and electrical household appliances	ND
Tuv R.	LUXCONTROL S.A.	Luxembourg	Occupational safety, food hygiene, standards and regulations	ND
Tuv R.	OpenSky Corporation	USA	IT and data security infrastructure consulting	EUR 32
Tuv R.	Risktec Solutions Ltd.	U.K.	Consulting and training services for risk management	EUR 63.3
Tuv R.	ISTec GmbH	Germany	Specialist provider of diagnostics and safety technology for industry	ND
Tüv Süd	Asistencia Técnica Industrial, S.A.E.	Spain	Testing, quality control, environmental for automotive, construction, industrial	EUR 182.5
Tüv Süd	Dunbar and Boardman Partnership Ltd.	U.K.	Elevator, escalator, and access equipment consultancy	ND
Tüv Süd	Keerbergen	Belgium	Fleet management software solutions	ND
Tüv Süd	Tekkon Teknoloji A.S.	Turkey	QA/ QC, NDT	ND
Tüv Süd	cgmunich Holding GmbH	Germany	Services related to planning, building, and operating real estate properties	ND
Tüv Süd	AL Technologies Pte.	Singapore	Materials testing for buildings and construction	ND

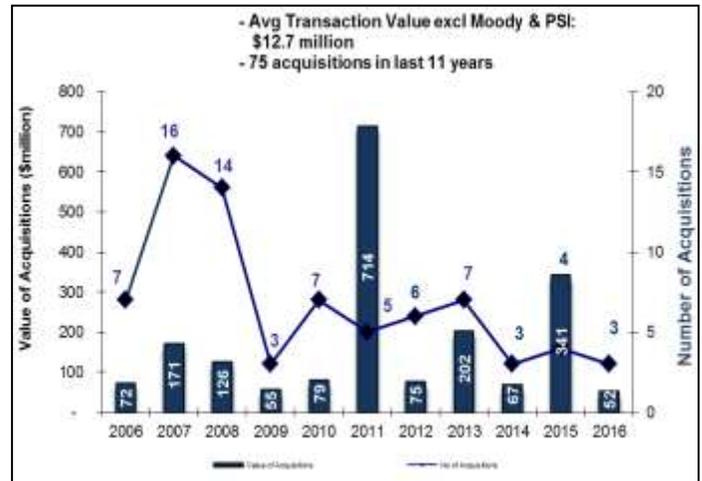
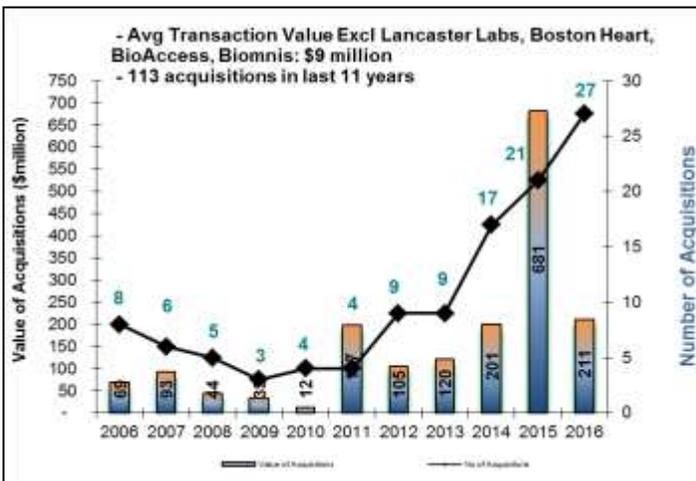
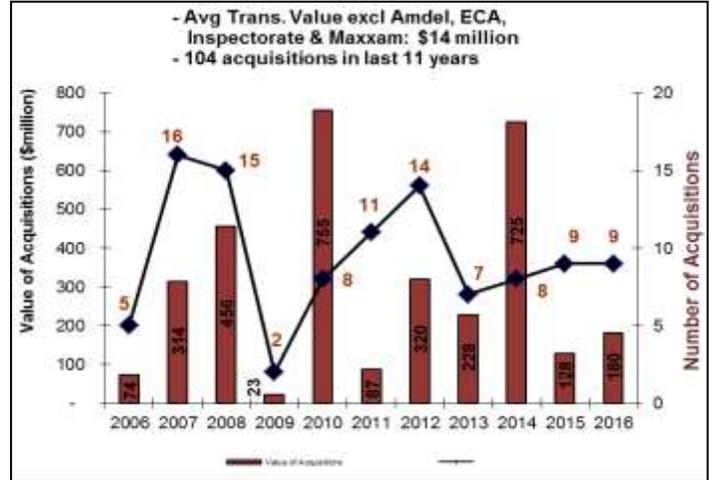
*Tuv Rheinland

Note:

ND indicates transaction value not disclosed.

Source: CapIQ, Company Announcements and public filings

Acquisition History by Testing, Inspection & Certification Majors



Source: Corporate Annual Reports, 2006–2016; Industrial Capital Strategies analysis

Our Mission

Industrial Capital Strategies specializes in mergers and acquisitions in the Testing, Inspection and Certification industry. We assist the owners of private middle-market companies with the sale of their businesses to multinational corporations and private equity groups.

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