

# A quality check for healthy multiples

SPOT ON | TESTING, INSPECTION & CERTIFICATION | OCTOBER 2020

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

Despite the COVID-19 pandemic, deal flow in the TIC sector has continued, although deal count was relatively low in April and May. Companies operating in the TIC sector are one of the few types of businesses that have generally not been severely affected by the current situation, and if they were, they were able to make a relatively accurate assessment of the impact that it had on them.

The pandemic caused an increase in the production of medical disposables and equipment such as ventilators, personal protective equipment (PPE) kits, PCR tests, blood tests, gloves and face masks across the world. As the capacity to produce certain products was low, new entrants entered the market. This has provided TIC companies ample opportunities to test and certify additional products and the products of newcomers. This has resulted

in TIC companies entering new markets organically (e.g. Eurofins and TÜV SÜD started testing ventilators and masks), or companies scaling up certain business lines via M&A.

An example of a TIC company recently scaling its health science business is Element Materials Technology, a Netherlands-based material and product testing company, which acquired Analytical Lab Group, a US-based microbiology and viral lab.

In addition to TIC companies making acquisitions to broaden their sector coverage, we still see private equity investors investing heavily in the sector, where approximately 40% of the analyzed TIC deals in the period between January and September 2020 involved private equity on the buy-side.

“We are currently seeing continuous deal flow in the TIC market. Given the limited number of ‘good’ assets in the market, multiples paid for quality TIC companies are exceptionally high.”

**ARJEN KOSTELIJK**  
TIC SPECIALIST  
OAKLINS

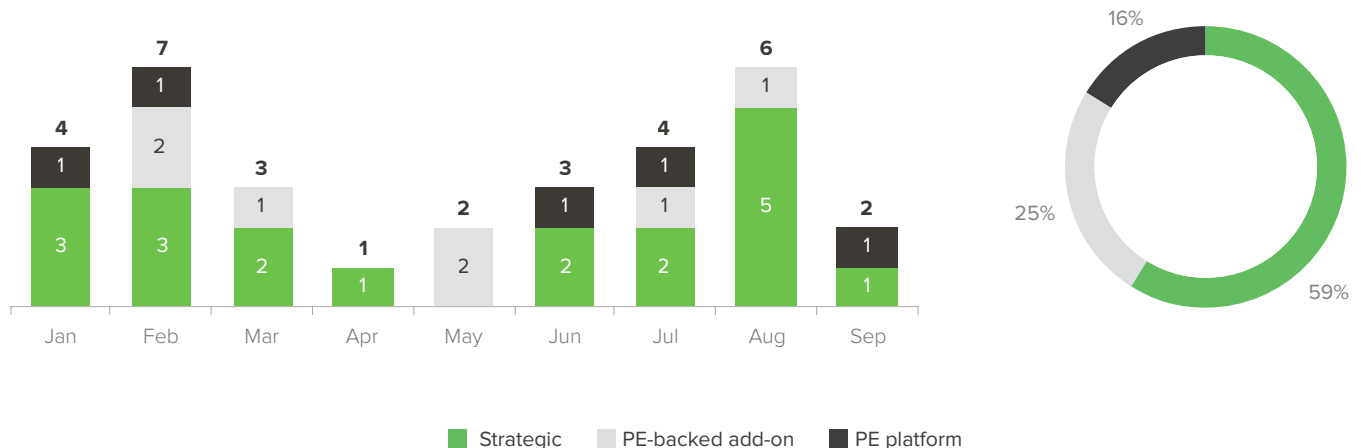


# Overview of relevant transactions

## 1. FOOD AND ENVIRONMENTAL

- In July 2020, **Portobello Capital Gestion**, a Spain-based private equity firm, acquired a 35% stake in **AGQ Labs International**, a Spain-based provider of chemical testing laboratory services for the food, agronomic, environmental, mining and health and safety sectors, for a total consideration of US\$59 million, equivalent to an EBITDA multiple of 12.5x.
- In July 2020, **Pharmaq**, a Norway-based veterinary pharmaceuticals company, acquired **Fish Vet Group**, a UK-based provider of diagnostics and (environmental) testing services for the aquaculture sector, for a total consideration of US\$19 million.
- In June 2020, **Astorg Partners**, a France-based private equity firm, acquired **Normec Group**, a Netherlands-based company that provides testing, inspections and certification services for the life sciences, environment and food sectors, for a total consideration of US\$412 million, equivalent to an EBITDA multiple of 14.6x.
- In June 2020, **Pace Analytical Services**, a US-based provider of environmental and life sciences testing services, acquired **Aerobiology Laboratory Associates**, a US-based provider of environmental microbiology testing, for an undisclosed consideration.
- In May 2020, **Universal Engineering Sciences**, a US-based consulting engineering firm specializing in geotechnical engineering, environmental sciences, construction materials testing and threshold inspection, acquired **NOVA Geotechnical & Inspection Services**, a US-based company providing geotechnical engineering, environmental consulting, soils inspection and testing, construction materials testing and special inspections, for an undisclosed consideration.
- In May 2020, **Cawood Scientific Limited**, a UK-based provider of analytical laboratory testing services for the agricultural, animal nutrition, environmental, horticultural and amenity sectors, acquired **Marchwood Scientific Services Ltd.**, a UK-based provider of analytical laboratory testing services in the energy, environmental, food, air, feed and pharma sectors, for an undisclosed amount.
- In March 2020, **Fugro**, a Netherlands-based provider of geotechnical, survey, subsea and geosciences services, as well as essential earth and related construction testing, inspection and monitoring data and consulting services, acquired **OREX SCRL**, a Belgium-based ground investigation and material testing company, for an undisclosed amount.

Monthly number of deals in the TIC sector, Jan–Sep 2020



Source: Oaklins research

- In March 2020, **Neogen**, an Australia-based animal genomics laboratory, acquired the food safety assets of **Cell Biosciences**, for an undisclosed amount.
- In February 2020, **Normec Group**, a Netherlands-based company that provides testing, inspections and certification services, acquired **Kalsbeek**, a Netherlands-based provider of water treatment and legionella prevention services, for an undisclosed amount.
- In February 2020, **Alliance Source Testing**, a US-based provider of source emissions testing services, acquired **METCO Environmental**, a US-based provider of source emissions (or stack) testing services to customers, for an undisclosed amount.
- In January 2020, **ALS**, an Australia-based company engaged in the provision of technical testing and inspection services, acquired **Aquimisa**, a Spain-based company engaged in food testing, food safety consulting services and veterinary services, for an undisclosed amount.

## 2. BUILDING, INDUSTRIAL AND PRODUCTS

- In August 2020, **ERI Solutions**, a US-based provider of risk control solutions for higher-hazard businesses, acquired **DBI**, a US-based provider of non-destructive testing, mechanical integrity inspections, pipeline integrity inspections, heat treatment services, industry training and consulting services, for an undisclosed amount.
- In August 2020, **Atlas Technical Consultants**, a US-based provider of testing, inspection engineering and consulting services, acquired **Alta Vista Solutions**, a US-based provider of transportation-related testing and inspection services, for an undisclosed amount.
- In April 2020, **ACV Auctions**, a US-based company offering a pricing application platform for franchise

dealers, acquired the transportation services of **SGS**, a US-based company offering off-lease vehicle inspections, off-rental, fleet and other services for original equipment manufacturers, for an undisclosed amount.

- In March 2020, **AMTIVO Group**, a UK-based company engaged in providing certification audit services and consulting services, acquired **Certification Europe**, an Ireland-based corporate certification, inspection and ISO training provider for a variety of management systems, for a total consideration of US\$7 million.
- In February 2020, **Phenna Group**, a UK-based company engaged in providing testing, inspection, certification and compliance services, acquired a 60% stake in **Code A Weld Group**, a UK-based company specializing in welding procedure testing, welder qualification testing, non-destructive testing and mechanical testing, for an undisclosed amount.
- In February 2020, **Kiwa**, a Netherlands-based provider of certification, inspection, testing and training services, acquired **New Century Inspection & Certification (BCC Inc.)**, a China-based Quality Management System (QMS), Environmental Management System (EMS) and Occupational Health & Safety Management System (OHSMS) inspection and certificate service provider, for an undisclosed amount.
- In February 2020, **Consecutive**, a US-based investment firm, acquired **NSS Labs**, a US-based company engaged in security product testing, for an undisclosed amount.
- In February 2020, **Eddyfi NDT**, a Canada-based manufacturer of non-destructive testing solutions for the inspection of critical components and assets in the nuclear, power generation, oil & gas and aerospace industries, acquired **NDT Global**, a Germany-based supplier of ultrasonic pipeline inspection and data analysis, for an undisclosed amount.
- In January 2020, **May River Capital**, a US-based private equity firm,

acquired **NSL Analytical Services**, a US-based company engaged in providing material testing services, for an undisclosed amount.

- In January 2020, **LGA Landes-gewerbeanstalt Bayern**, a Germany-based company engaged in providing engineering and testing services, acquired **TÜV Rheinland LGA Bautechnik**, a Germany-based company engaged in providing development, testing and certification services of building materials and structures, for an undisclosed amount.

## 3. HEALTHCARE

- In September 2020, **Sier Capital Partners**, a US-based private equity firm, acquired **Integrated Laboratory Systems**, a US-based provider of pre-clinical toxicology services and product safety testing, for an undisclosed amount.
- In September 2020, **ArchiMed**, a France-based private equity firm, acquired **North American Science Associates**, a US-based company that provides testing and consulting services to medical device makers, for an undisclosed amount.
- In August 2020, **Bionano Genomics**, a US-based company that operates as a life sciences instrumentation company in the genome analysis space, acquired **Lineagen**, a US-based company engaged in diagnostic and healthcare services, for a total consideration of US\$9 million.
- In August 2020, **Biogroup-LCD**, a France-based company engaged in operating medical biology analysis laboratories, acquired **Medisch Labo Medina**, a Belgium-based medical lab for testing and diagnosing, for an undisclosed amount.
- In August 2020, **Eurofins Scientific**, a Luxembourg-based provider of bio-analytical testing services, acquired **GeneTech**, a Japan-based company engaged in providing non-invasive prenatal testing services, for an undisclosed amount.

- In August 2020, **Ontario Teachers' Pension Plan**, a Canada-based pension fund, acquired **Healthscope New Zealand**, a New Zealand-based company that offers pathology services including hospital and community diagnostic services, veterinary diagnostic and screening services and food testing, for a total consideration of US\$363 million.
- In July 2020, **Element Materials Technology**, a Netherlands-based company that owns and operates a network of laboratories that provide materials testing, product qualification testing and failure analysis and consulting services, acquired **Analytical Lab Group**, a US-based company which provides a comprehensive range of microbiology, virology, product chemistry and environmental monitoring services to the antimicrobial, pharmaceutical, medical device and health care industries, for an undisclosed amount.
- In July 2020, **Biosynex**, a France-based medical diagnosis solutions provider, acquired **ProciSeDx**, a US-based in vitro diagnostics (IVD) company providing point-of-care testing, for a total consideration of US\$8 million.
- In June 2020, **Quest Diagnostics**, a US-based company engaged in providing diagnostic testing information services, acquired a 56% stake in **Mid America Clinical Laboratories**, a US-based clinical laboratory, for an undisclosed amount.
- In February 2020, **Viroclinics Biosciences**, a Netherlands-based company providing services to the global virology therapeutics and vaccine development market, acquired **DDL Diagnostic Laboratory**, a Netherlands-based research company related to diagnostic testing and diagnostic assay development, for an undisclosed amount.
- In January 2020, **SGS**, a Switzerland-based company providing auditing services, testing, certification and quality assurance services, acquired **Stephens & Associates**, a US-based company that provides safety, efficacy testing and contract research services to pharmaceutical, device, cosmetic and personal care products, for an undisclosed amount.

## Case study

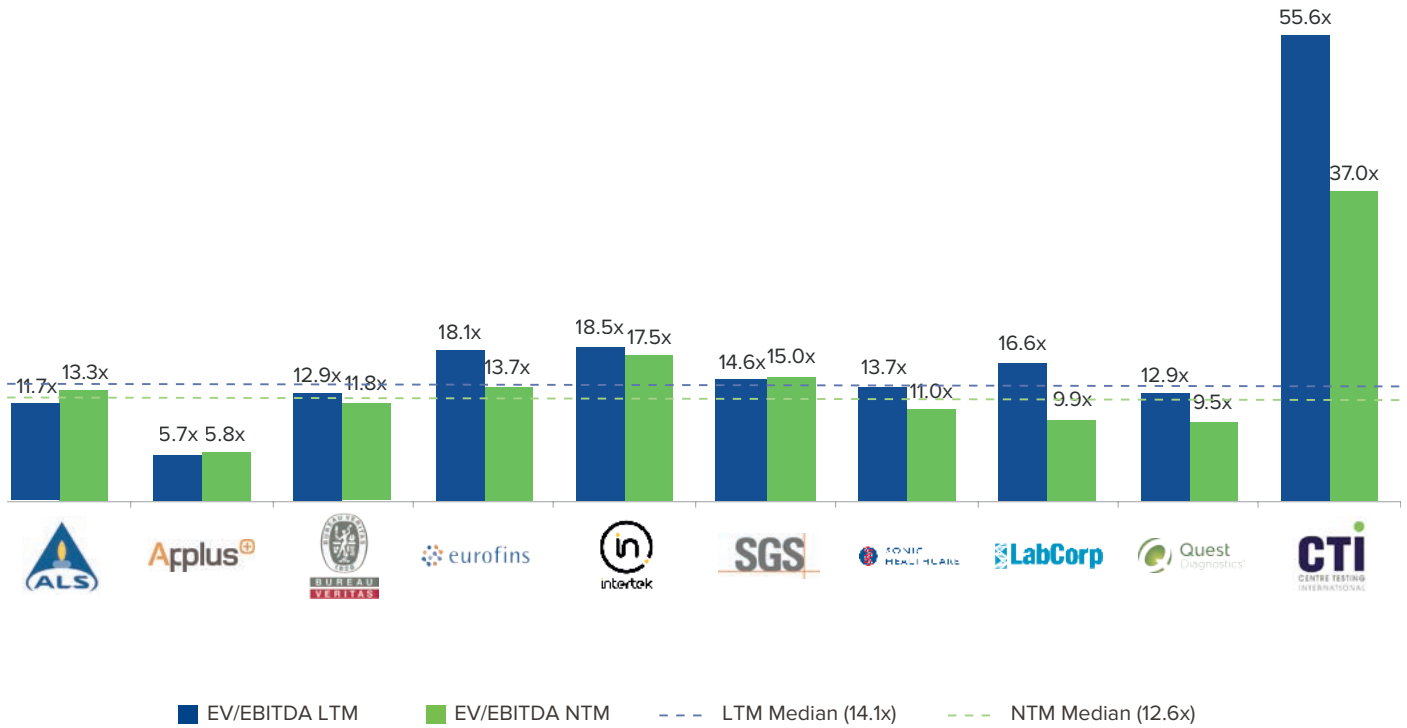


### The shareholders of Kalsbeek have sold the company to Normec Group

In February 2020, Oaklins completed another deal in the TIC sector. In this transaction, we advised the shareholders of Kalsbeek in the sale to Normec Group. Kalsbeek is a leading testing, inspection and certification company in the Netherlands, with a specific focus on water treatment and legionella prevention services. The company has a diversified client base that consists of over 800 clients in a variety of industries, including care and living, leisure and government and offshore sectors. Kalsbeek offers a wide range of complementary TIC services concerning water safety that provide its clients with safe and clean drinking, processed and cooling water that complies with applicable laws.

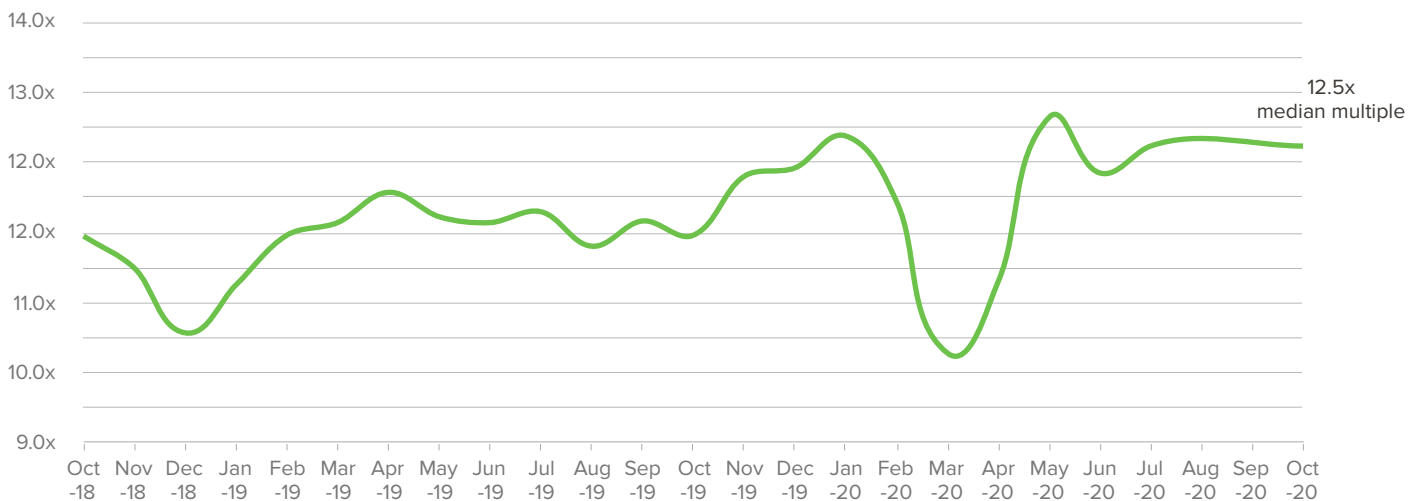
# Market multiples and valuation trends

## CURRENT TRADING MULTIPLES



Source: Infront Analytics, as per 30 September 2020

## 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

**SGS** SEKARGAS

has been acquired by

**SH** HAMILTON POLAND  
KONCERNOWA I REJENIA LABORATORYJNE

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



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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, Insite Security and Omeгам 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

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