



TESTING, INSPECTION AND CERTIFICATION

QUARTERLY SECTOR REVIEW | 1Q 2019

HW Harris Williams

HARRIS WILLIAMS OVERVIEW

HARRIS WILLIAMS (“HW”) GLOBAL ADVISORY PLATFORM BY THE NUMBERS

27+

Years of Middle Market
M&A Leadership

170+

Closed transactions in the last 24
months

8

Offices across the U.S. and
Europe

10

Industry groups

300+

Professionals

21st

Record year in 2018



HW TESTING, INSPECTION AND CERTIFICATION (“TIC”) SECTOR FOCUS AREAS

BUILDINGS & INFRASTRUCTURE

- Design Review
- Commercial, Residential, and Civil Inspection
- Project and Construction Management
- Construction Materials Testing
- Structure Integrity Analysis

CONSUMER

- Product Failure Analysis
- Environmental Impact Testing
- Consumer Products Testing
- Trade Certification and Auditing
- Expert Witness Services

ENERGY / OIL & GAS

- Oil, Fuel, Liquids, and Chain of Custody Testing
- Energy Infrastructure Inspection and Testing
- Integrity Management
- Corrosion Monitoring
- Production Analytics and Measurement

ENVIRONMENTAL

- Stormwater Management
- Emissions Monitoring and Testing
- Soil, Water, and Air Testing
- Environmental Consulting
- Industrial Hygiene

FOOD & AGRICULTURE

- Pesticide, Soil, and Seed/Crop Testing
- FDA Audit and Compliance
- Chemical and Nutritional Testing
- Food Production Assessments
- Food Contaminant Testing

LIFE SCIENCES

- Pharmaceuticals Testing
- Medical Device Testing
- Ecological Toxicology
- Residue and Analytical Chemistry
- Soil, Plant, Animal Metabolism

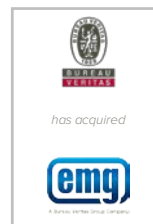
POWER & UTILITIES

- T&D Inspection & Testing
- Electrical Inspection & Testing
- Renewables Testing and Inspection
- In-Plant Inspection
- Reliability Services

TRANSPORTATION / AEROSPACE

- Supplier and Supply Chain Audits
- 3rd Party Assessments
- Performance Management Services
- Aerospace and Automotive Parts Testing
- Manufacturing Inspection

SELECT RECENT HW TIC TRANSACTIONS



CONTENTS

- DEAL SPOTLIGHT
- M&A TRANSACTIONS – January 2019
- TIC M&A ACTIVITY
- TIC PUBLIC VALUATIONS
- TIC PUBLIC COMPANY BENCHMARKING
- APPENDIX: PUBLIC COMPARABLES DETAIL

TIC CONTACTS

UNITED STATES

Brian Lucas
Managing Director
blucas@harriswilliams.com

Luke Semple
Managing Director
lsemple@harriswilliams.com

Ian Thomas
Director
ithomas@harriswilliams.com

SELECT TIC M&A TRANSACTIONS

Announced February 12, 2019



Enterprise Value: N/D

EV / EBITDA: N/D

Jensen Hughes' acquisition of Technical Response Planning

- Technical Resource Planning is a U.S. based, leading safety engineering and consulting firm.
- Jensen Hughes is a portfolio company of Gryphon Investors.

Announced January 25, 2019



Enterprise Value: N/D

EV / EBITDA: N/D

Sentry Energy Solutions' acquisition of Himarc Environmental Solutions

- Himarc Environmental Solutions is a leading provider of natural gas engine emissions testing and onsite gas leak detection services.
- Sentry Energy Solutions is a portfolio company of Intervale Capital.

Announced January 17, 2019



Enterprise Value: N/D

EV / EBITDA: N/D

Bureau Veritas' acquisition of Capital Energy SAS

- Capital Energy SAS is a France based, leading provider of consulting and support services for white certificate projects.
- Bureau Veritas believes the acquisition of Capital Energy SAS enables Bureau Veritas to expand its range of energy efficiency services for the building and industrial asset sector.

Announced January 9, 2019



Enterprise Value: N/D

EV / EBITDA: N/D

Applus+'s acquisition of Talon Test Laboratories

- Talon Test Laboratories is a leading, independent provider of aerospace non-destructive inspection services.
- Applus+ believes the acquisition of Talon Test Laboratories strengthens its presence in the United States while also broadening its network and range of services in the energy and industry field.

Announced January 8, 2019



Enterprise Value: N/D

EV / EBITDA: N/D

Southern Petroleum Laboratories merges with Atchafalaya Measurement

- Southern Petroleum Laboratories, a portfolio company of Industrial Growth Partners, is a leading provider of hydrocarbon production measurement services.
- Atchafalaya Measurement is a leading provider of liquid, gas, and electronic measurement products and services.

Announced December 17, 2018



Enterprise Value: N/D

EV / EBITDA: N/D

HydroChemPSC's acquisition of CARBER

- CARBER is a Canada based, leading provider of pipeline inspection and data analytical services firm.
- HydrochemPSC is a portfolio company of Littlejohn & Co.

Announced November 29, 2018



Enterprise Value: \$215M

EV / EBITDA: N/D

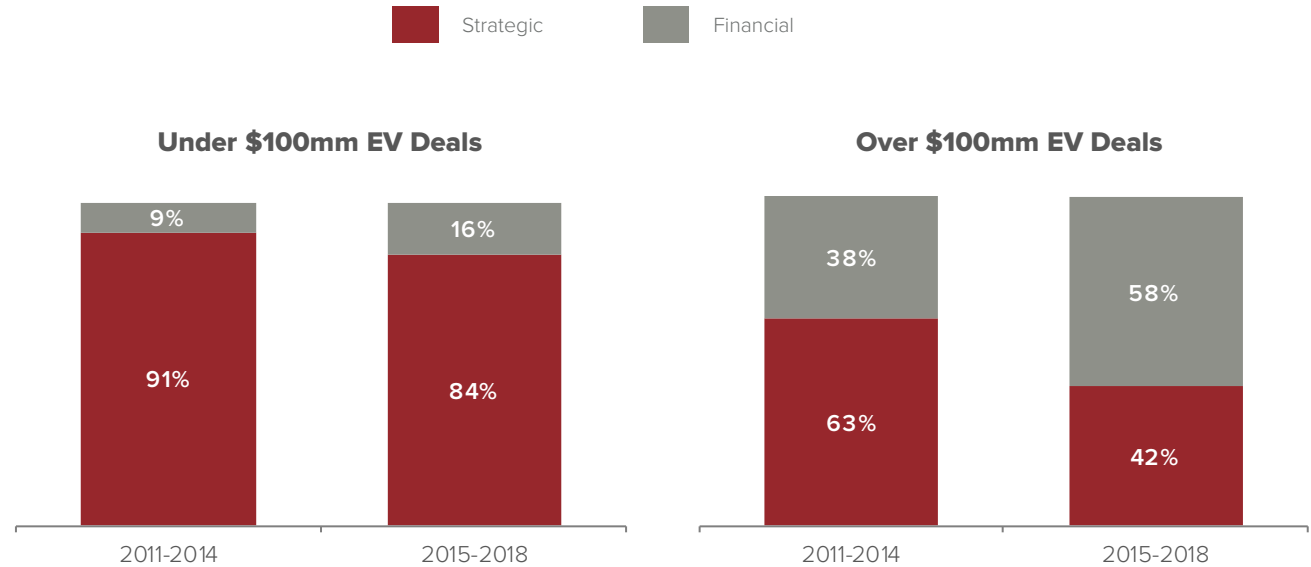
Sentinel Capital Partners' acquisition of Apex Companies

- Apex Companies is a leading water resources, environmental services, and industrial hygiene firm..
- Apex Companies was previously a portfolio company of Tailwind Capital.

TIC ACQUISITION ACTIVITY – BY SIZE & ACQUIRER TYPE¹

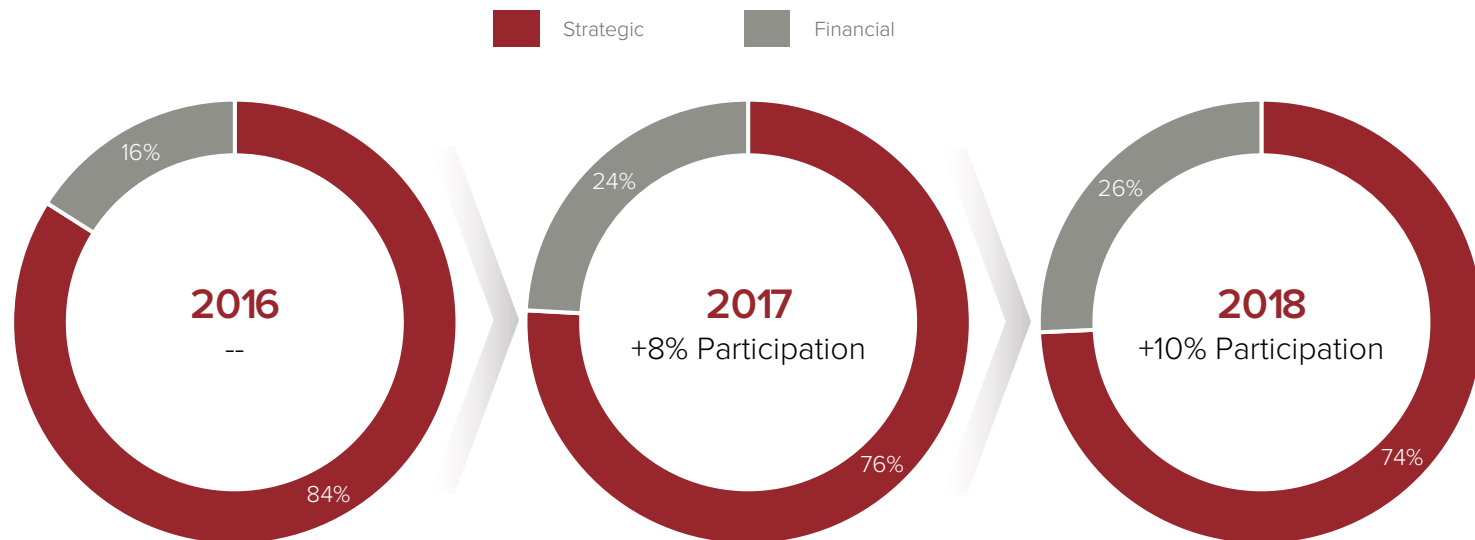
PERCENTAGE OF DEALS BY TYPE OF BUYER

- As shown in the figure, from 2015 through 2018, financial buyers were involved in 16% of smaller deals and 58% of larger ones – up from 9% and 38% respectively between 2011 and 2014.
- Overall, this represents increasing involvement by private equity in deals of all sizes, including a near-doubling in participation in sub-\$100 million transactions.



INCREASED FINANCIAL BUYER PARTICIPATION

- Financial buyers continue to command a larger portion of the TIC market.
- Financial buyers prevail in an increasing number of processes, acquiring 10% more of TIC assets in the market since 2016.
- As the size of TIC assets in the market has grown on average, financial buyers have displayed an increased ability to transact on assets of scale.



Note: Includes NAM transactions only.

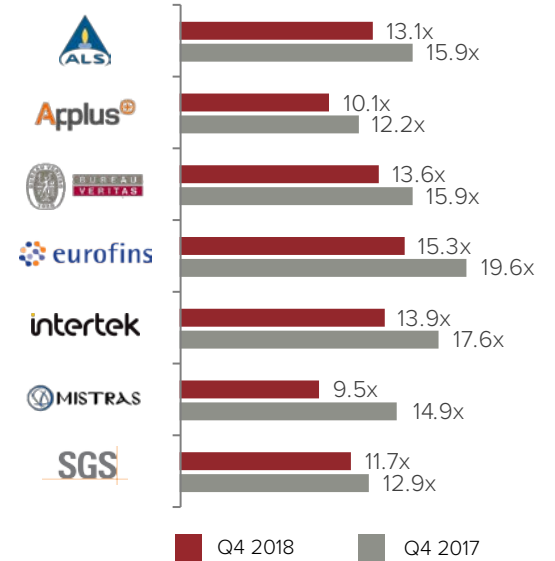
TIC PUBLIC VALUATIONS²

EV / EBITDA MULTIPLE

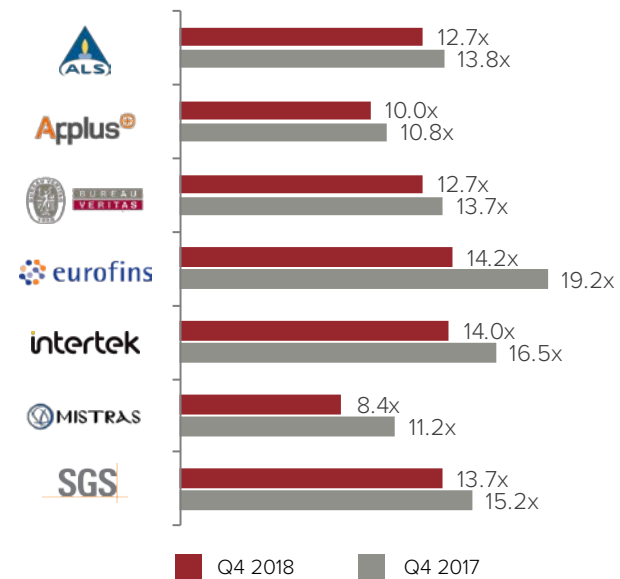
Median of ALQ-AU; APPS-ES; BVI-FR; ERF-FR; ITRK-GB; MG-US; SGSN-CH



EV / LTM EBITDA MULTIPLE

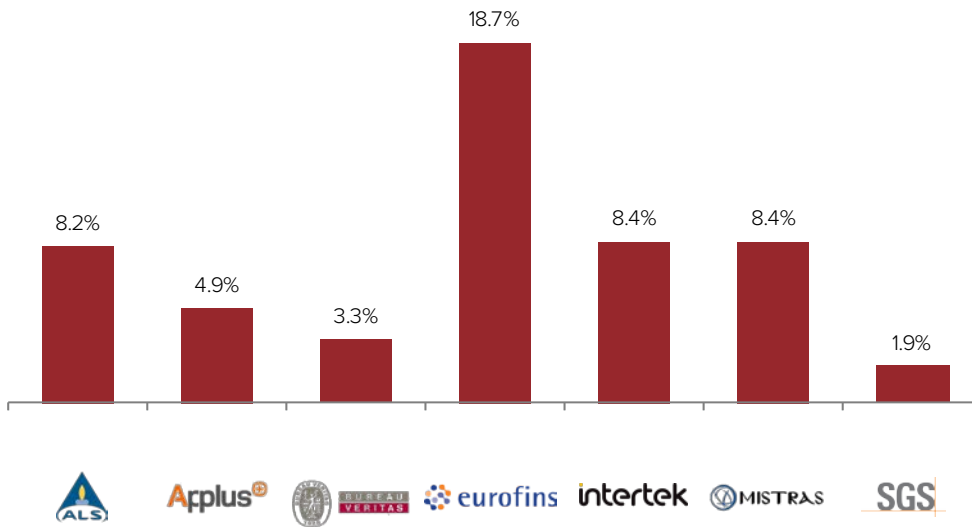


EV / NTM EBITDA MULTIPLE

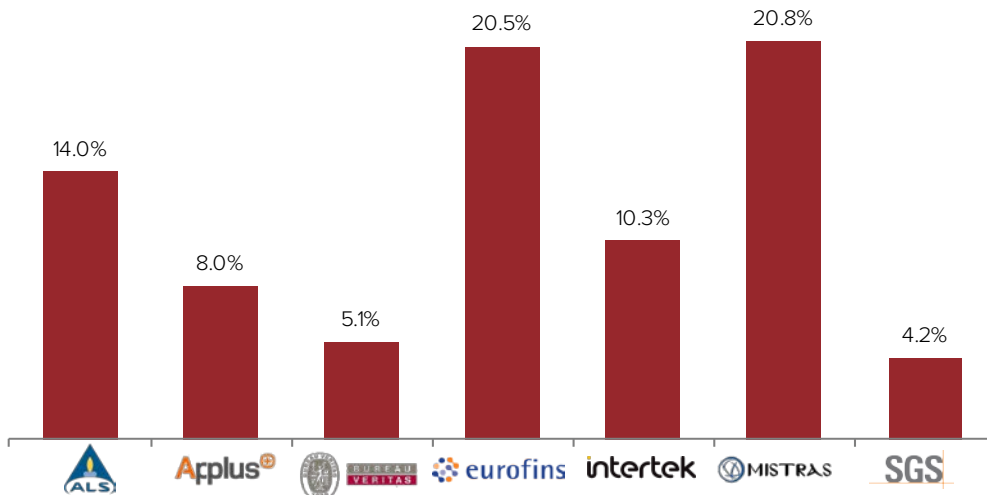


TIC PUBLIC COMPANY BENCHMARKING²

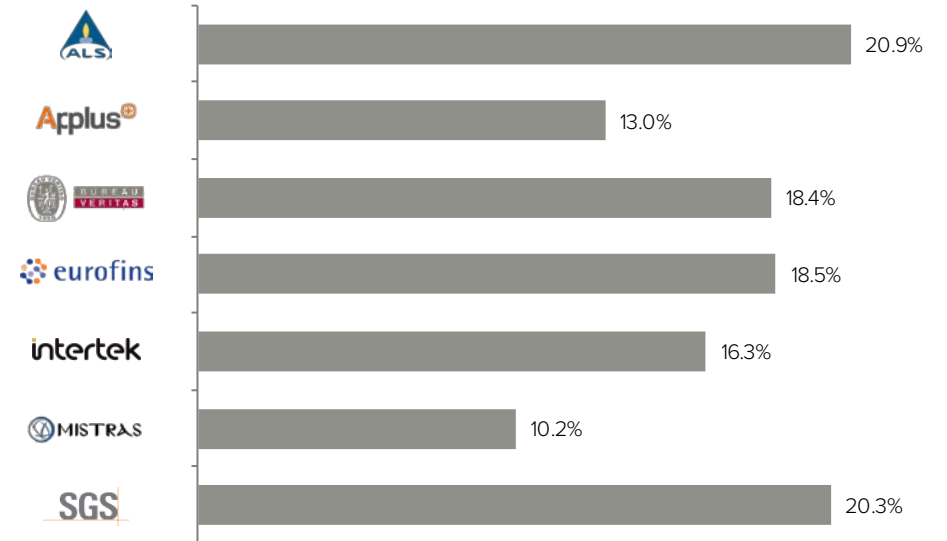
NTM REVENUE GROWTH FORECAST



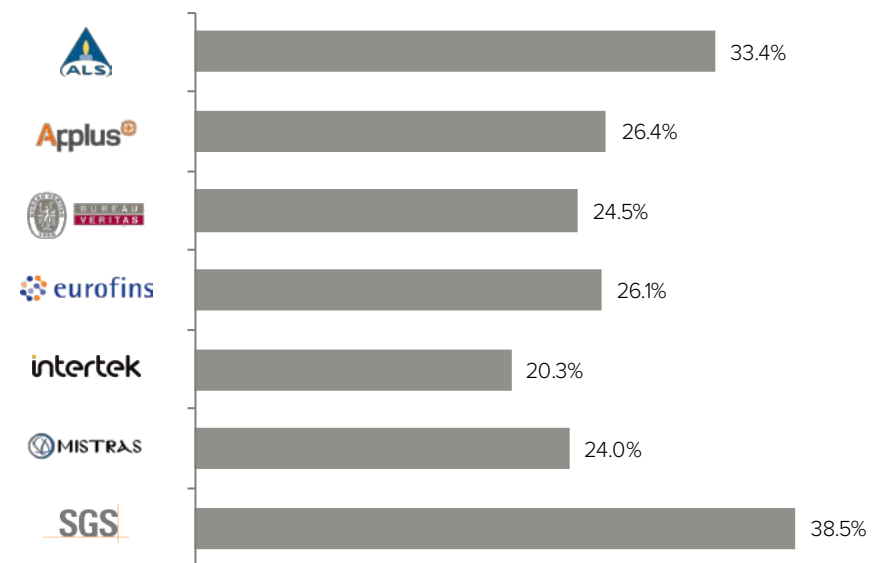
NTM EBITDA GROWTH FORECAST



LTM EBITDA MARGIN



GROSS PROFIT MARGIN



SELECT HW EPI TRANSACTIONS

| | | | | | | | | | | |
|---------------------|---------------------|---------------------|---------------------|---------------------|--|---------------------|---------------------|---------------------|---------------------|--|
| acquired by | acquired by | acquired by | acquired by | acquired by | Bhermo Industries acquired by | acquired by | acquired by | acquired by | acquired by | acquired by |
| acquired by | merged with | acquired by | acquired by | acquired by | acquired by | acquired by | acquired by | acquired by | acquired by | acquired by |
| acquired by | acquired by | acquired by | acquired by | acquired by | acquired by | acquired by | acquired by | acquired by | acquired by | acquired by |
| acquired by | acquired by | acquired by | acquired by | acquired by | acquired by | acquired by | acquired by | acquired by | acquired by | acquired by |
| acquired by | acquired by | acquired by | acquired by | acquired by | acquired by | acquired by | acquired by | acquired by | acquired by | acquired by |
| acquired by | acquired by | acquired by | acquired by | acquired by | acquired by | acquired by | acquired by | acquired by | acquired by | has been advised on strategic alternatives |
| acquired by | acquired by | acquired by | acquired by | acquired by | acquired by | acquired by | acquired by | acquired by | acquired by | acquired by |

Our Firm

Harris Williams has a broad range of industry expertise, which create powerful opportunities. Our clients benefit from our deep-sector experience, integrated industry intelligence and collaboration across the firm, and our commitment to learning what makes them unique. For more information, visit our website at www.harriswilliams.com/industries.

Industry Group Expertise

**AEROSPACE, DEFENSE &
GOVERNMENT SERVICES**

**BUSINESS
SERVICES**

**ENERGY, POWER
& INFRASTRUCTURE**

**SPECIALTY
DISTRIBUTION**

**TRANSPORTATION
& LOGISTICS**

**BUILDING PRODUCTS
& MATERIALS**

CONSUMER

**HEALTHCARE
& LIFE SCIENCES**

INDUSTRIALS

**TECHNOLOGY,
MEDIA & TELECOM**

Harris Williams Office Locations

UNITED STATES

Boston

One International Place
Suite 2620
Boston, Massachusetts 02110
Phone: +1 (617) 482-7501

Cleveland

1900 East 9th Street
20th Floor
Cleveland, Ohio 44114
Phone: +1 (216) 689-2400

Minneapolis

222 South 9th Street
Suite 3350
Minneapolis, Minnesota 55402
Phone: +1 (612) 359-2700

Richmond (Headquarters)

1001 Haxall Point
9th Floor
Richmond, Virginia 23219
Phone: +1 (804) 648-0072

San Francisco

575 Market Street
31st Floor
San Francisco, California 94105
Phone: +1 (415) 288-4260

Washington, D.C.

800 17th St. NW
2nd Floor
Washington, D.C. 20006
Phone: +1 (202)-207-2300

EUROPE

Frankfurt

Bockenheimer Landstrasse 33-35
60325 Frankfurt
Germany
Phone: +49 069 3650638 00

London

63 Brook Street
London W1K 4HS, England
Phone: +44 (0) 20 7518 8900

NETWORK OFFICES

Beijing

New Delhi

Hong Kong

Shanghai

Mumbai

Sources

1. Harris Williams proprietary data
2. FACTSET

Disclosures

The information and views contained in this report were prepared by Harris Williams LLC ("Harris Williams"). It is not a research report, as such term is defined by applicable law and regulations, and is provided for informational purposes only. It is not to be construed as an offer to buy or sell or a solicitation of an offer to buy or sell any securities or financial instruments or to participate in any particular trading strategy. The information contained herein is believed by Harris Williams to be reliable but Harris Williams makes no representation as to the accuracy or completeness of such information. Harris Williams and/or its affiliates may be market makers or specialists in, act as advisers or lenders to, have positions in and effect transactions in securities of companies mentioned herein and also may provide, may have provided, or may seek to provide investment banking services for those companies. In addition, Harris Williams and/or its affiliates or their respective officers, directors and employees may hold long or short positions in the securities, options thereon or other related financial products of companies discussed herein. Opinions, estimates and projections in this report constitute Harris Williams' judgment and are subject to change without notice. The securities and financial instruments discussed in this report may not be suitable for all investors and investors must make their own investment decisions using their own independent advisors as they believe necessary and based upon their specific financial situations and investment objectives. Also, past performance is not necessarily indicative of future results. No part of this material may be copied or duplicated in any form or by any means, or redistributed, without Harris Williams' prior written consent.

Harris Williams LLC is a registered broker-dealer and member of FINRA and SIPC. Harris Williams & Co. Ltd is a private limited company incorporated under English law with its registered office at 5th Floor, 6 St. Andrew Street, London EC4A 3AE, UK, registered with the Registrar of Companies for England and Wales (registration number 07078852). Harris Williams & Co. Ltd is authorized and regulated by the Financial Conduct Authority. Harris Williams & Co. Corporate Finance Advisors GmbH is registered in the commercial register of the local court of Frankfurt am Main, Germany, under HRB 107540. The registered address is Bockenheimer Landstrasse 33-35, 60325 Frankfurt am Main, Germany (email address: hwgermany@harriswilliams.com). Geschäftsführer/Directors: Jeffery H. Perkins, Paul Poggi. (VAT No. awaited). Harris Williams is a trade name under which Harris Williams LLC, Harris Williams & Co. Ltd and Harris Williams & Co. Corporate Finance Advisors GmbH conduct business.

Copyright© 2019 Harris Williams, all rights reserved.