

Aventis Advisors

Valuations in Testing, Inspection, and Certification (TIC) industry

About Aventis Advisors

We advise founders of **technology, business services, and growth** companies on company exits and strategy.

Our focus sectors are **Software and Business Services**. Our job is to make sure you **sell at the right time to the right people** for a fair valuation.

We provide honest M&A advice

Warsaw-HQ, globally-focused

Cross-border expertise

Thought leadership

Aventis Advisors



Table of Contents

1. [About the TIC industry](#)
2. Most active acquirers in TIC
3. Listed TIC company valuations



Testing, Inspection, and Certification (TIC) industry

A basic explanation of the activities of companies operating in the TIC industry along with their applications in different sectors of the economy



Testing

- Involves laboratory testing and field testing; evaluations and experiments are done to verify performance, functionality, and compliance of products, services, or systems against established standards

Example: Testing of food and agricultural produce in laboratory, testing of medical samples



Inspection

- Verify the quality, safety, and reliability of products, providing stakeholders with confidence in their performance and compliance

Example: Inspection and audits of oil and energy plants, construction sites, marine projects, aviation design



Certification & Compliance

- Issuing formal documents or certificates to confirm that products, services, or systems meet specific standards, regulations, or customer requirements.

Example: ISO certification of management bodies, B-Corp certification for ESG-compliant companies, HACCP food safety certification

Table of Contents

1. About the TIC industry
2. Most active acquirers in TIC
3. Listed TIC company valuations



Overview of most active acquirers in the TIC industry

These companies look for strategic growth initiatives in M&A to further solidify their market positioning

Testing, Inspection, and Certification M&A Landscape: Most active acquirers

Listed acquirers



The 'Listed acquirers' box contains the following logos: Bureau Veritas (1828), Intertek (Total Quality. Assured.), Mistras, ALS, SGS, Marlowe PLC, Eurofins, and Montrose Environmental.

Private or PE backed acquirers



The 'Private or PE backed acquirers' box contains the following logos: Apave, LR, Certania, PTSG (Premier Technical Services Group Ltd, Niche Specialist Service Provider), Normec, DNV, Phenna Group, Dekra, TUVNORD, Sansidor, and Inter 360.

- Ongoing **consolidation in the TIC industry** is being driven by larger players that absorb the smaller and niche TIC consulting and service providers. The acquirers are mostly **publicly traded companies or PE-backed platforms** with significant capital earmarked for **growth through M&A**.

Selected active buyer profiles

These selected companies are actively engaged in cross-border M&A in the testing, inspection, and certification industry

| Company | Recent acquisitions and insights | Acquisition strategy |
|---|--|--|
|  | <ul style="list-style-type: none"> Acquired ONETECH (Korea), KOSTEC (Korea), and HI Physix Laboratory (India) in 2024 Acquired ANCE S.A de C.V. in 2024, a Mexican business proving testing and services for electrical products | <ul style="list-style-type: none"> Aggressive appetite for acquisitions in 2024, with plans to expand their electrical testing and certification services Looks to diversify their global presence, gaining access to global clients |
|  | <ul style="list-style-type: none"> Acquired Tecnatom France in 2024, a provider of inspection and training-related services for plant operations Acquired Lonestar Technical Services in 2023, a leading testing company in the United Arab Emirates | <ul style="list-style-type: none"> Aims to grow externally through acquisitions Seeking opportunities in new countries such to strengthen international presence |
|  | <ul style="list-style-type: none"> SGS acquired majority stake in Nutrasource Pharmaceutical (Canada) in 2023 SGS acquired Penumbra Security in 2022, a US-based provider in information security conformance testing | <ul style="list-style-type: none"> Extend the range and geographic availability of existing services through acquisitions |
|  | <ul style="list-style-type: none"> Acquired Base Meta Labs in 2024, a US-based company providing testing services for minerals Acquired Controle Analitco in 2023, leading environmental analysis business in Brazil | <ul style="list-style-type: none"> M&A is one of their key priorities for capital allocation Looks to broaden TIC portfolio and expand international coverage Acquisitions should strengthen margins and deliver growth |

Table of Contents

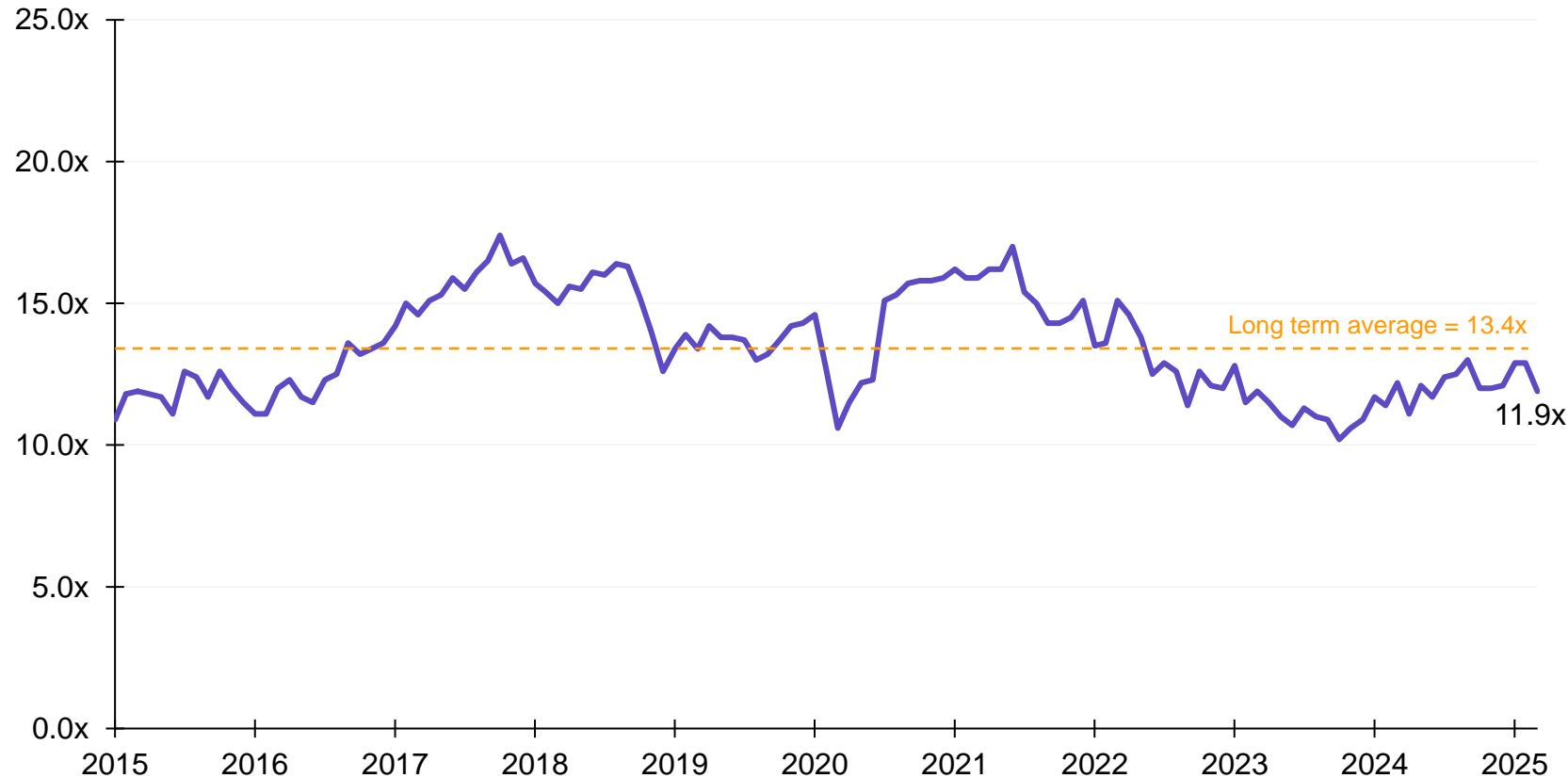
1. About the TIC industry
2. Most active acquirers in TIC
3. Listed TIC company valuations



Valuation: EV/EBITDA Multiples

Publicly traded TIC companies have traded at a long-term average EV/EBITDA multiple of 13.4x

Median EV/EBITDA multiples of TIC companies (n=9)



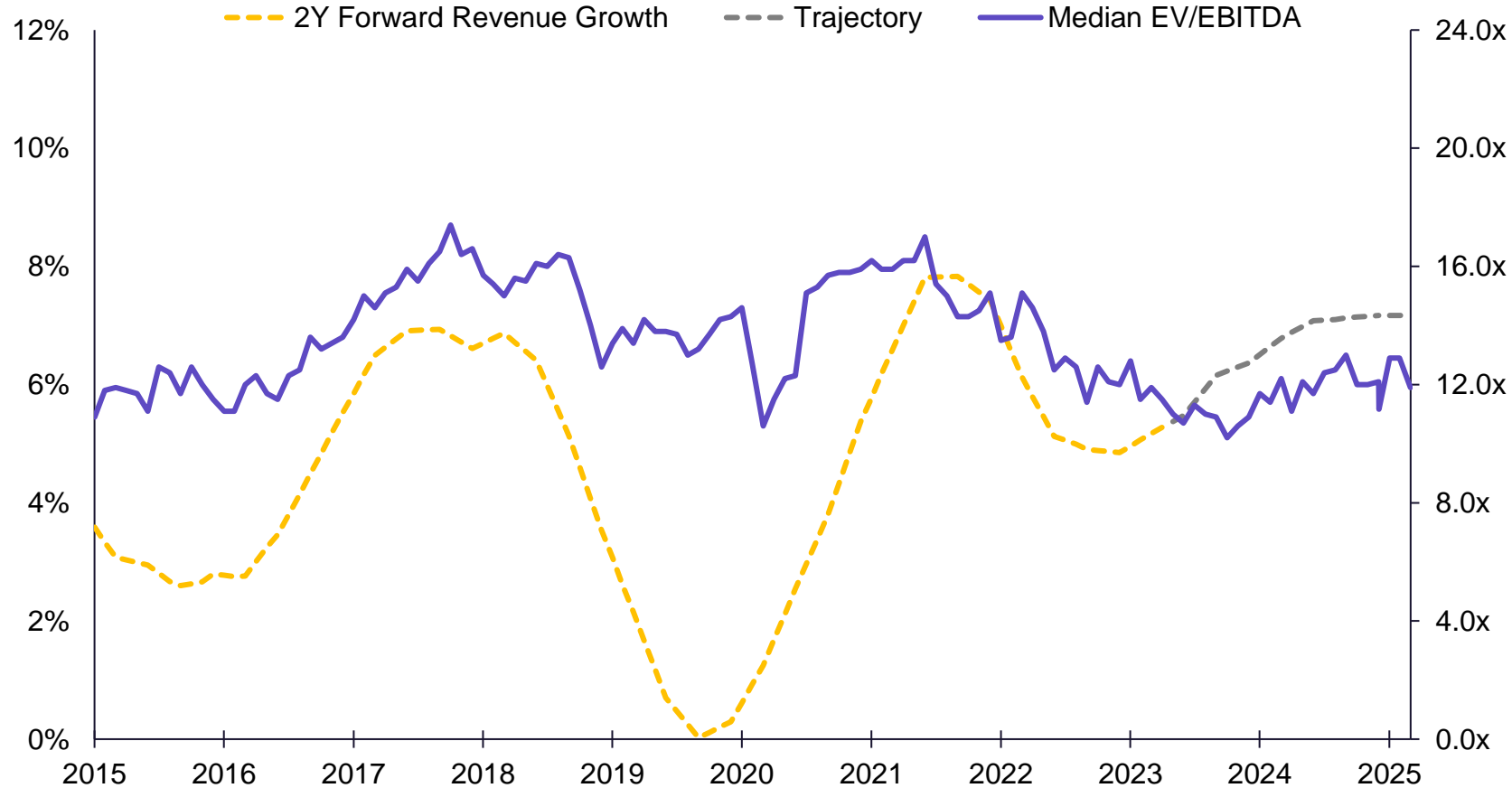
Comments

- Between 2015-2025, TIC company valuations have remained fairly-stable
- However, there were pockets of volatility throughout. One of the biggest ones was during the outbreak of global pandemic when the valuations of TIC companies fell by approximately 30%
- This was due to customers of TIC companies reducing their expenditure on testing, inspection, and certification due to business stoppages, supply-chain disruptions, or cost-cutting initiatives
- Niche TIC companies that served healthcare or pharmaceutical clients experienced higher business volumes and demand during this time

Valuation drivers: What drives value for TIC company? (1/2)

Expected future revenue growth influences the valuation multiples for TIC companies

Median EV/EBITDA multiple vs next 2yr average revenue growth (n=9)



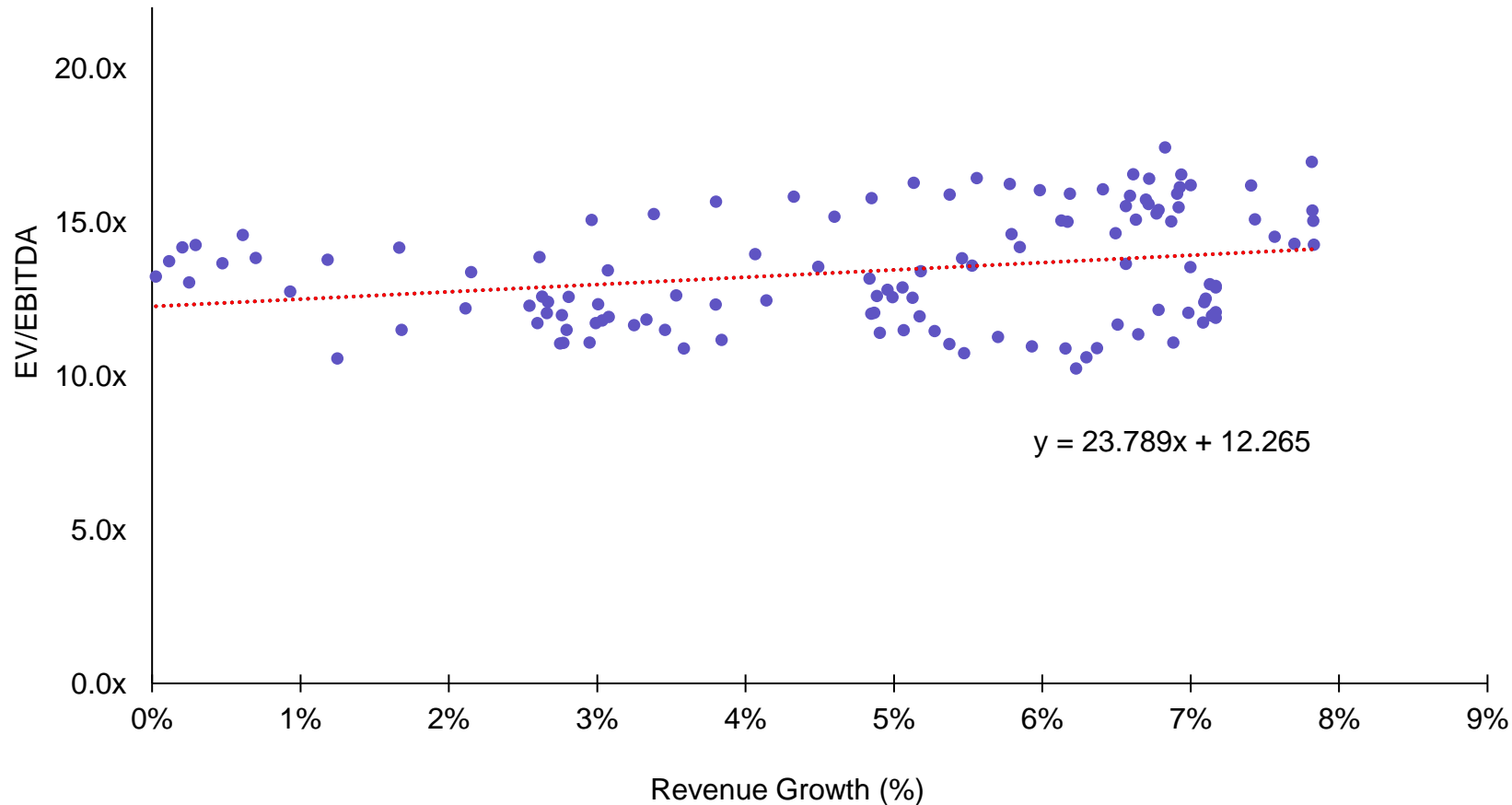
Comments

- The EV/EBITDA multiple is correlated with its respective 2Y revenue growth as the EBITDA multiple is forward-looking
- Increased market momentum and customer demands for consumer/industrial goods post-pandemic drove TIC revenue upward
- An increase in consumption usually results in a rise in demand TIC services as can be seen in the U-shaped rapid recovery in expected revenue growth of TIC companies after the pandemic
- The trajectory is calculated assuming the revenue growth rate stays at median of 7.0% for the next 2 years

Valuation drivers: What drives value for TIC company? (2/2)

The EV/EBITDA multiple of TIC companies is influenced by the expected revenue growth of the company in the next 2 years

EV/EBITDA vs next 2Y average revenue growth (n=9)



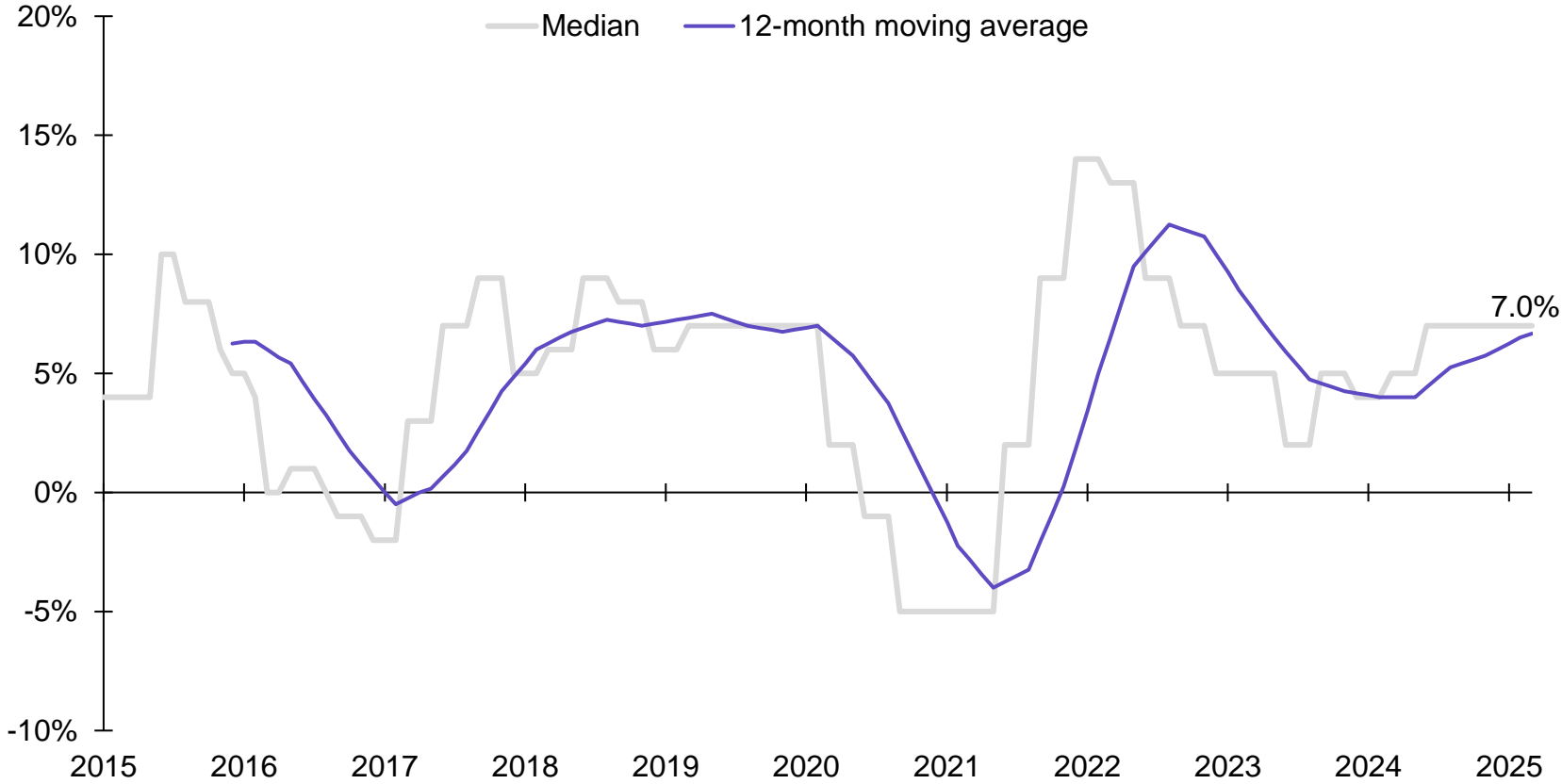
Comments

- Revenue growth is an important metric for TIC companies to unlock a higher valuation
- Given two TIC companies, if all else being the same, the company that is growing revenue YoY will be valued higher than a company that neither grows nor declines in revenue
- We find that a **10% increase** in the expected 2Y revenue growth will result in **+2.4x EBITDA multiple** for a TIC company

TIC industry benchmarks: Revenue growth

TIC companies experienced slowing revenue growth in years preceding the global pandemic and when COVID hit, revenue growth turned negative

Median revenue growth LTM YoY, 2015-2025 (n=9)



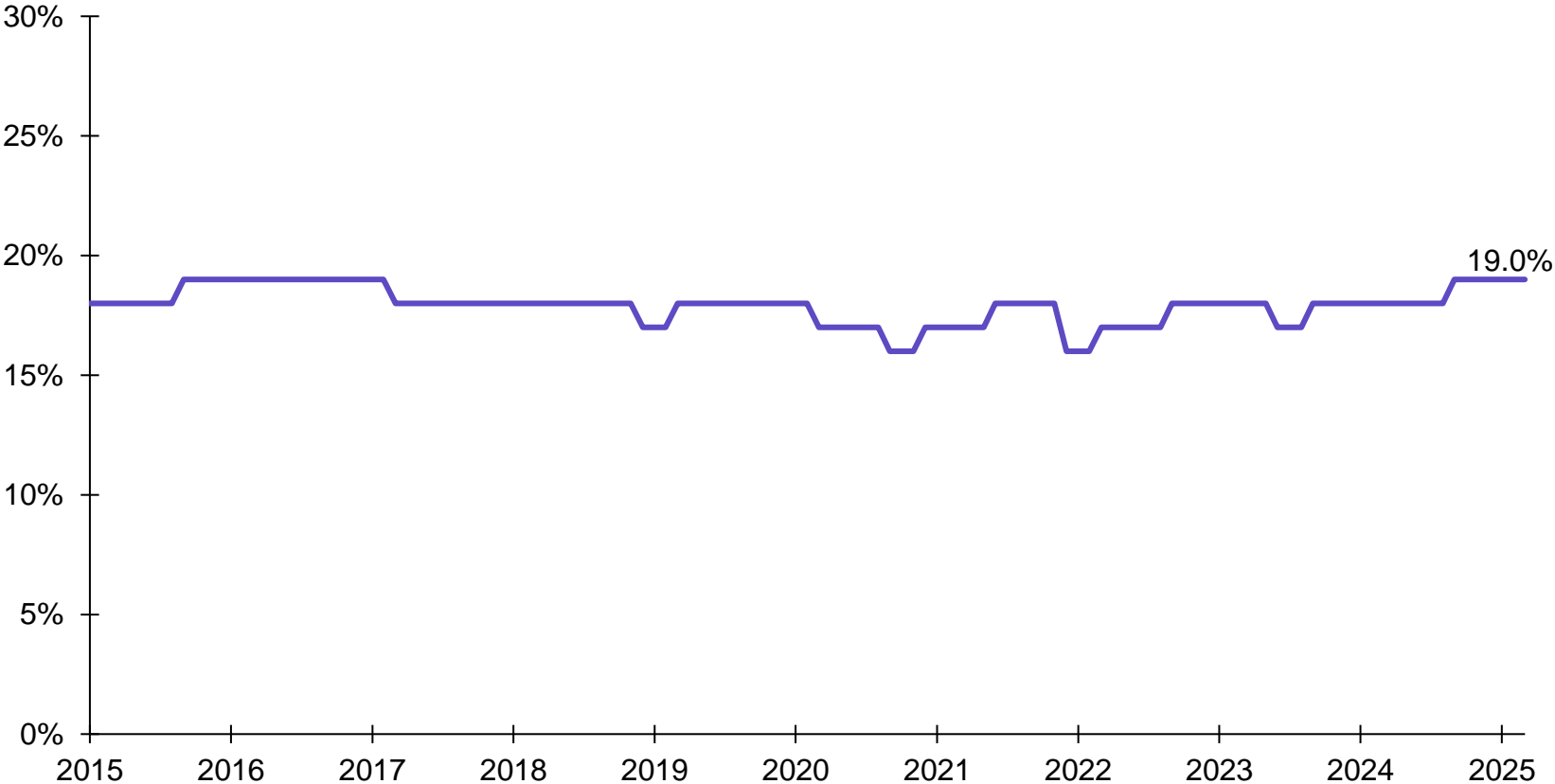
Comments

- Stable growth from 2016 to 2018, followed by a slight slowdown and volatility until COVID hit and pressured TIC companies
- This was due to customers of TIC companies reducing their expenditure on testing, inspection, and certification due to business stoppages, supply-chain disruptions, or cost-cutting initiatives
- TIC companies staged an impressive recovery starting from the second half of 2021 when lockdowns were slowly lifted, supply chain disruptions lessened, and clients went back to spending on TIC vendors

TIC industry benchmarks: EBITDA margin

The long-term average median EBITDA margin for TIC companies has been 18%

Median EBITDA margin LTM, 2015-2025 (n=9)



Comments

- Over the past decade, publicly traded Testing, Inspection, and Certification (TIC) companies have consistently demonstrated remarkably stable EBITDA margins, slowly moving higher from 14% to 18%

Contact us

[Get in touch with our advisors](#) to discuss our research and M&A services



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