



*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*



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# 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



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# 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



### Private or PE backed acquirers



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

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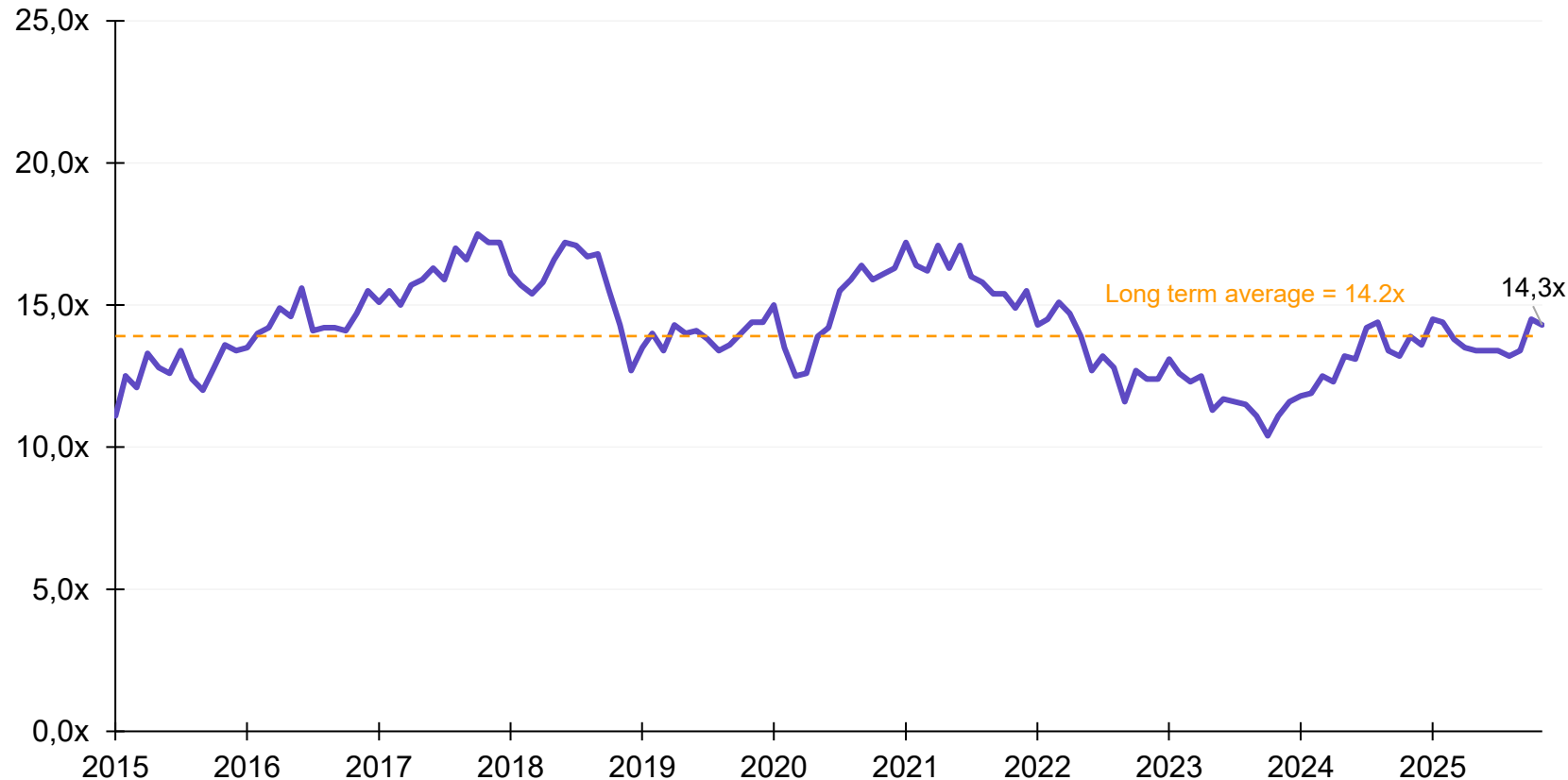




# Valuation: EV/EBITDA Multiples

Publicly traded TIC companies have traded at a long-term average EV/EBITDA multiple of 14.2x

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



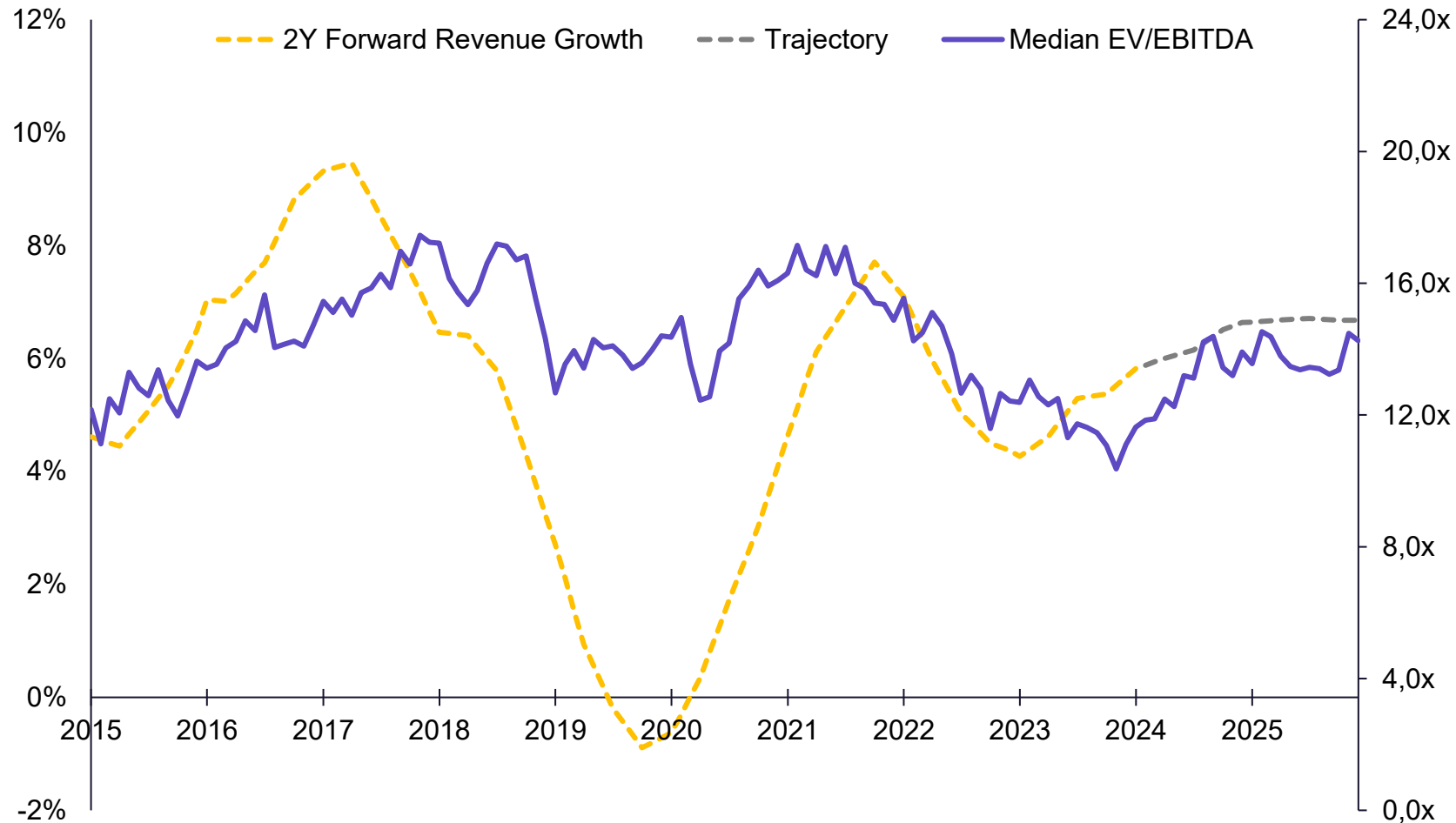
## Comments

- 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)



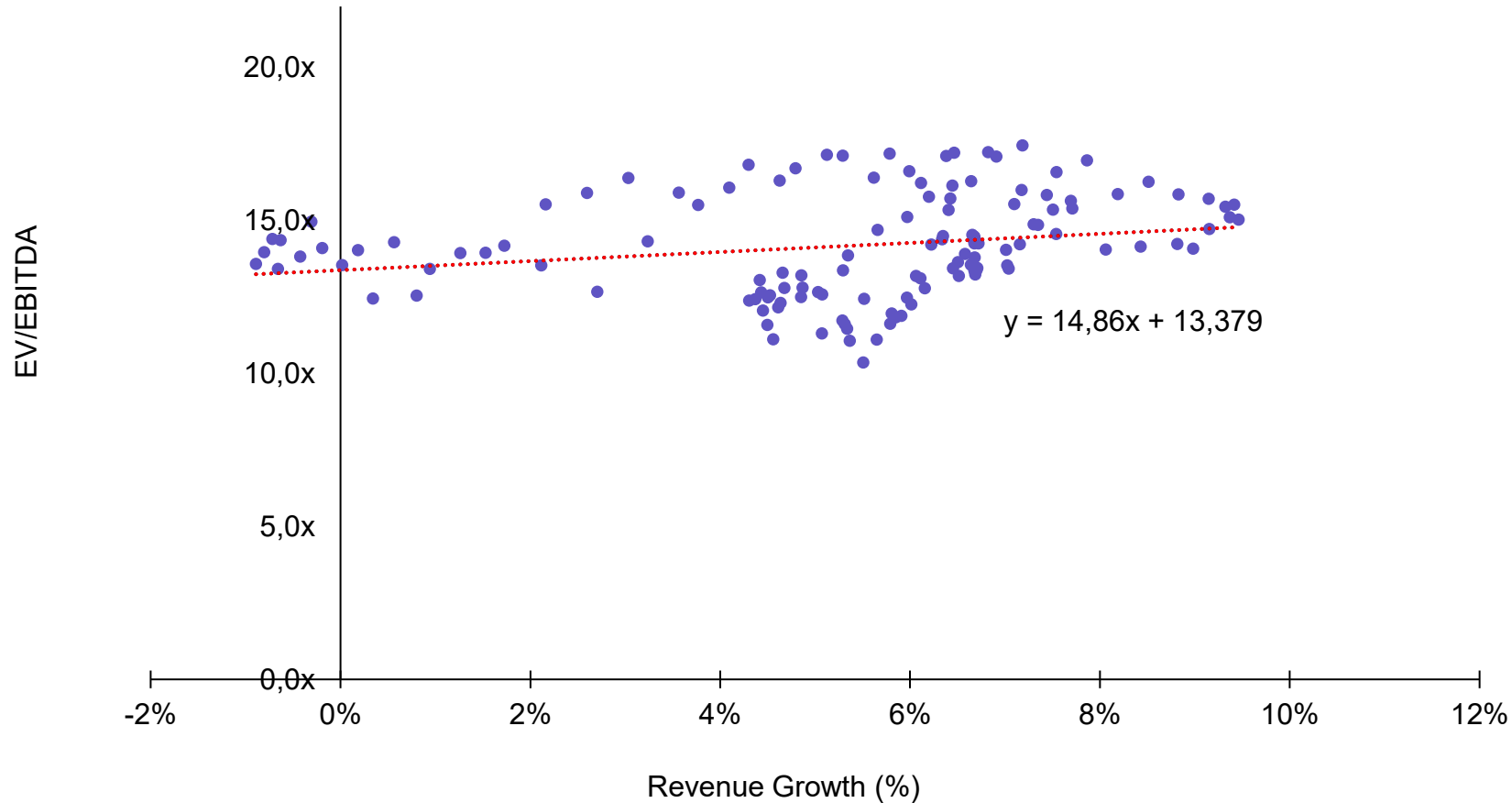
### Comments

- 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 6.7% 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)

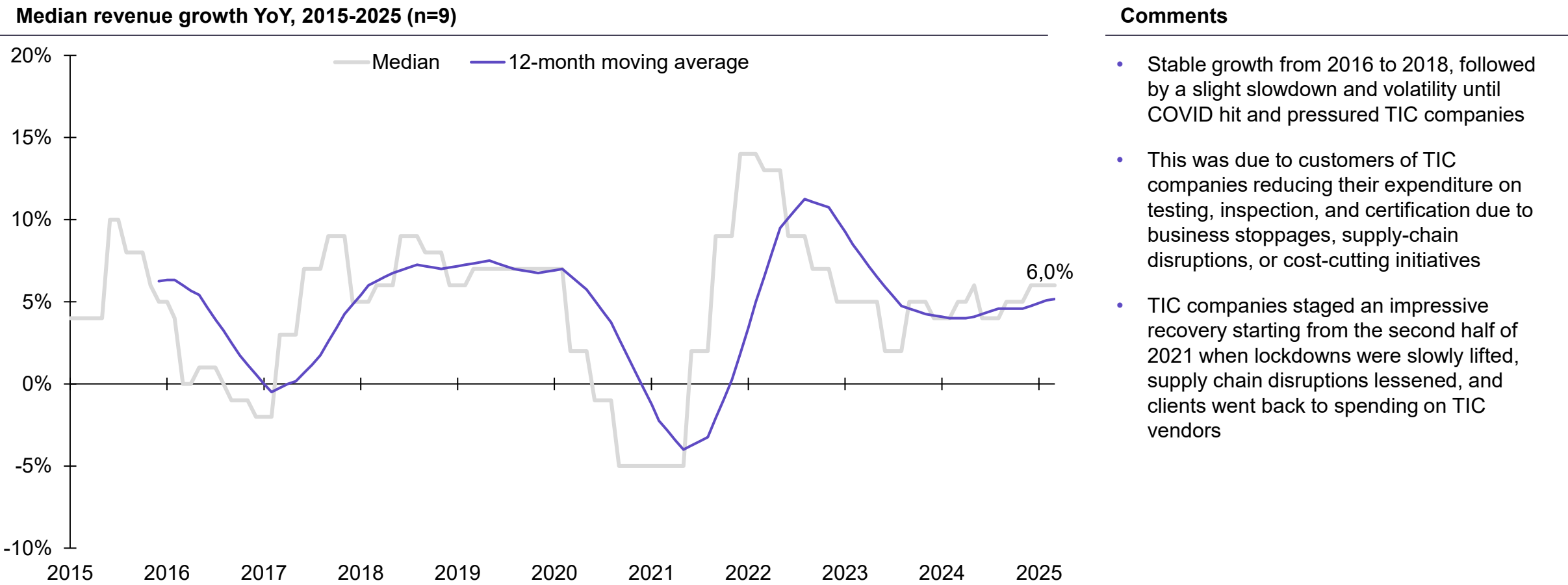


### Comments

- 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 **+1.5x EBITDA multiple** for a TIC company

# TIC industry benchmarks: Revenue growth

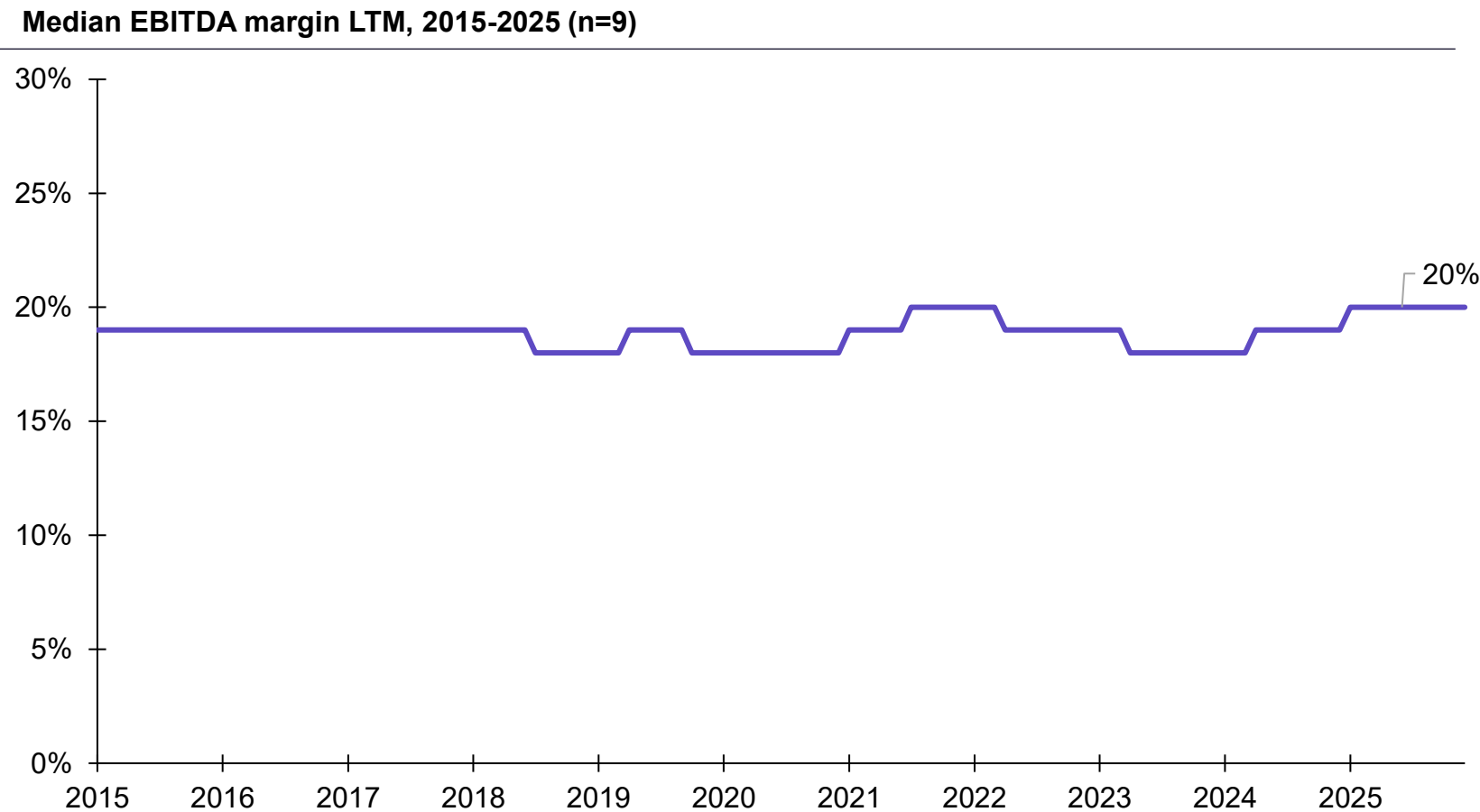
TIC companies experienced slowing revenue growth in years preceding the global pandemic and when COVID hit, revenue growth turned negative





# TIC industry benchmarks: EBITDA margin

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



- Comments
- Over the past decade, publicly traded Testing, Inspection, and Certification (TIC) companies have consistently demonstrated remarkably stable EBITDA margins of around 19%, with occasional fluctuations of only about one percentage point.

# Contact us

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



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