

TIC NEWSLETTER

MERGERS & ACQUISITIONS, PUBLIC & PRIVATE FINANCINGS
AND FINANCIAL ADVISORY SERVICES

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Your Success is Our Business

Companies testing, inspecting and certifying the world's critical infrastructure and industrial solutions can turn to the Raymond James TIC team for results. The team's expansive industry relationships and deep market insight allow us to provide comprehensive service to our clients, particularly those addressing the industry's biggest secular trends: increasing industrial production, trade/globalization, regulation, technological advancement, outsourcing/privatization, and consolidation.

As one of the largest middle market investment banking teams with a dedicated focus on the industry, you can expect informed advice and quality results and the "client first" approach for which Raymond James is known.

Testing, Inspection & Certification Sector Expertise

✓ One of the largest teams of bankers focused on the TIC sector

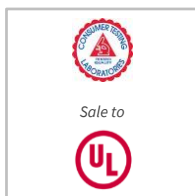
✓ Integrated teams across the U.S., Canada, U.K. and Germany

✓ Differentiated focus on the Industrial & Infrastructure sub-sector within TIC

✓ Distinct combination of M&A, lending and capital markets advisory services

✓ Strong relationships with public, privately-held and investor-backed companies

Selected Transaction Experience⁽¹⁾⁽²⁾



Learn how our deep industry expertise and commitment to each transaction can help you achieve your business objectives.

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(1) Included transactions were completed between July 2015 and November 2017.
(2) Representative credentials include transactions completed by a Raymond James banker while at a former firm.

TIC: PFAS TESTING MARKET

INTRODUCTION

Per- and polyfluoroalkyl substances, or PFAS, are a class of several thousand manmade chemicals that have been used in a variety of products and commercial applications for the past seven decades. Due to their resistance to heat, oil, water and chemical corrosion, they have been valuable for industrial, consumer and military application. Nicknamed ‘forever chemicals’ on account of their extremely stable nature, PFAS don’t naturally break down in the environment and, through every day exposure, humans can accumulate meaningful amounts in their bodies [blood] over time. Although commonly used in products such as non-stick coatings, waterproof fabrics, and firefighting foam, very small doses of PFAS have been linked to cancer, reproductive and immune system harm and other diseases. According to a study done by the Center for Disease Control and Prevention, nearly 99% of all Americans, including newborn babies, have traces of PFAS in their blood.

People come into contact with PFAS through a few primary avenues - consumer products such as commercially-treated carpets, textiles, leather and nonstick cookware may all contain the toxic chemicals. Additionally, low levels of PFAS may exist in food, which can become contaminated through the soil and water utilized to grow the food, packaging containing PFAS, and equipment used during food processing. Drinking water may also be contaminated with PFAS, especially when the source of the water is located near industrial facilities. All of these factors combine to make it very difficult to avoid coming into contact with PFAS in everyday life.

Public consciousness surrounding the adverse health effects of PFAS have risen dramatically over the past few years leading to increased demand for regulation.

The Environmental Protection Agency (“EPA”) has established a health advisory level of 70 parts per trillion (“ppt”) for two of the most dangerous PFAS compounds, PFOA and PFOS, and while many states are moving forward with different approaches to PFAS testing and control, there is currently no enforceable federal limit. Earlier this year, the House of Representatives introduced the PFAS Action Act of 2021, a bill that would require the EPA to enforce regulation of the chemicals in drinking water, solid waste, food and air. The bill passed and now sits with the Senate for debate.

GOING FORWARD

A recent market study done by Bluefield Research concludes that total PFAS technology spend could top \$3.1 billion annually by 2030. As the market begins to prepare for impending regulatory action, Testing, Inspection and Certification players have begun take note as consolidators in the space conduct PFAS-related transactions.

Recent acquisitions include: (i) Montrose’s acquisition of ECT2, a leading treatment provider with applications to test and remove PFAS from water systems (ii) Chart Industries’ acquisition of AdEdge Water Technologies, another treatment provider with PFAS testing and removal capabilities (iii) Pace Analytical’s acquisition of Shealy Environmental Services, an environmental testing company focused on PFAS chemicals (iv) TerraNova Partners acquisition of York Analytical Laboratories, a full-service laboratory providing analyses of water, wastewater, soil, solid & hazardous waste and air and (v) Enhesa’s acquisition of Scivera, a leader in providing sustainable chemistry business process capabilities to the global consumer products value chain.

CONCLUSION

While many unanswered questions exist surrounding the future of government-mandated regulations for PFAS, one thing is certain - these chemicals have been proven to be linked to serious illnesses and diseases. Remediation and purification of the chemicals may be a highly-debated topic, but the testing market stands to benefit from favorable tailwinds and increased public demand for clarification regarding the chemical composition of water, food, soil and everyday products.

Industry Perspectives:

“PFAS testing is very expensive: a basic lead-in-water test (of which York completes thousands every month) runs at \$15-16/per test, whereas a PFAS sample can cost \$300-\$400 or more depending on the complexity of the requirement. Hunting for PFAS is hard. Results are measured in parts per trillion. To visualize this, imagine searching for three droplets of water in an Olympic-size pool. Not surprisingly, detecting that requires careful chemistry and costly gear. In the last two years, PFAS testing has gone from 0% to 15% of York’s business. We continue to invest in people and specialized equipment to meet the growing demand.”

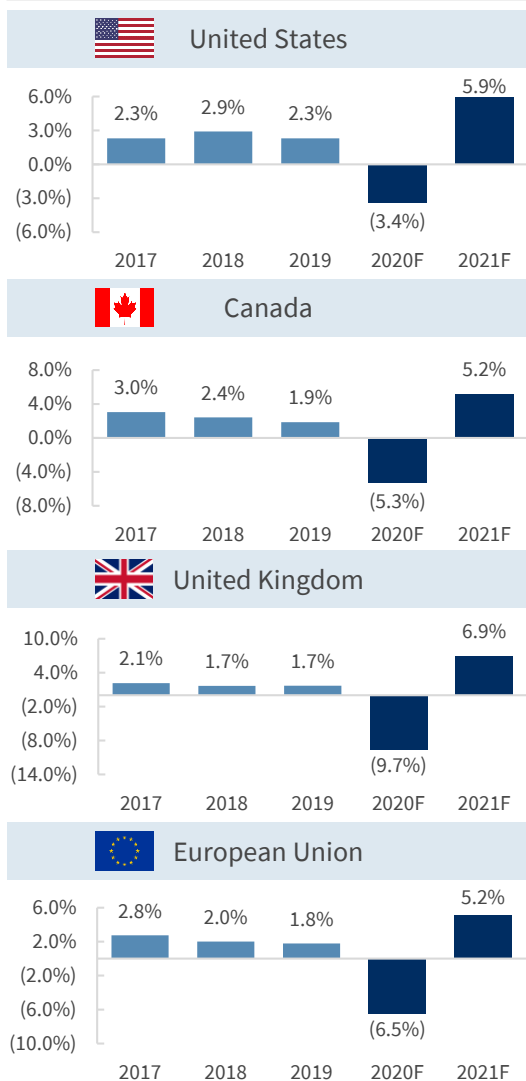
– **Michael Beckerich**

CEO of York Analytical Laboratories, Inc.

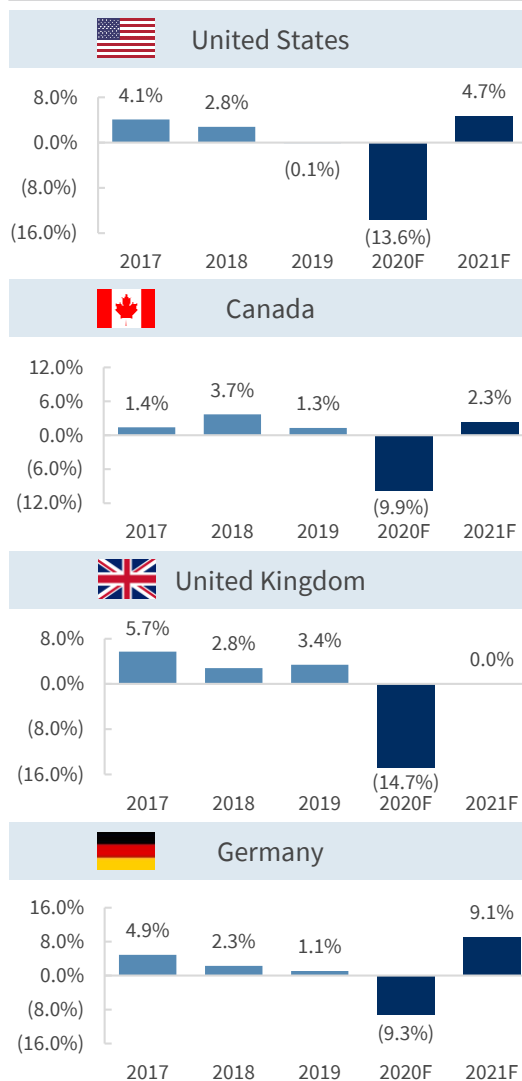
yorklab.com

Sector & Economic Indicators

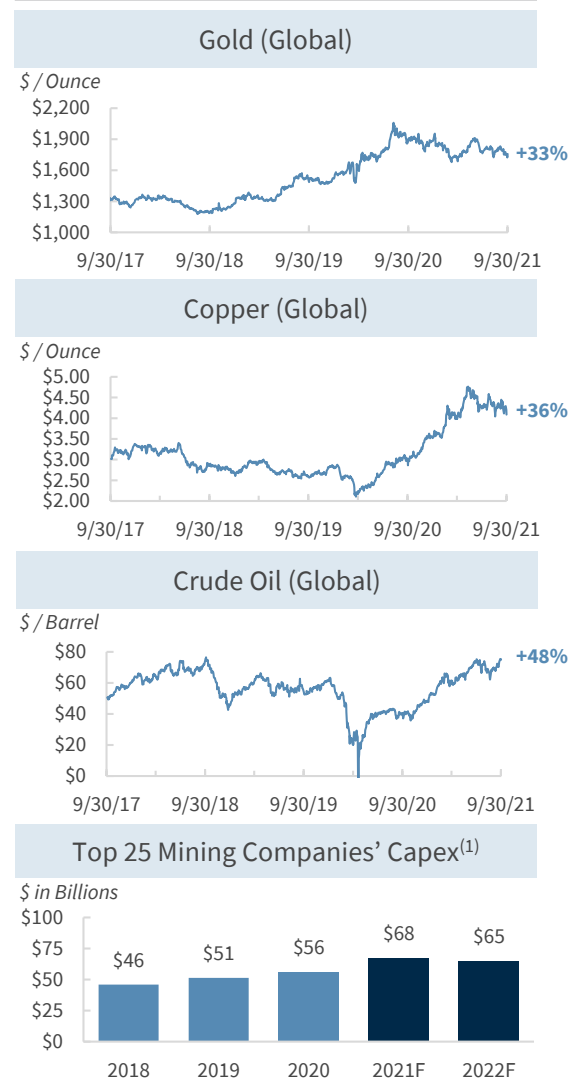
Gross Domestic Product (GDP)



Trade Volumes – Exports



Commodities



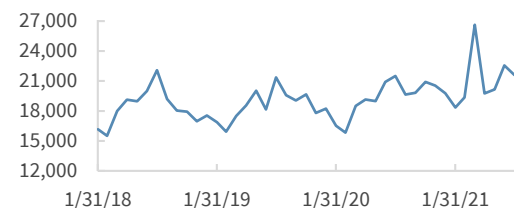
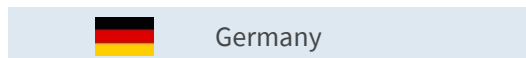
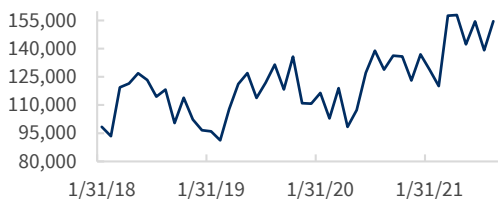
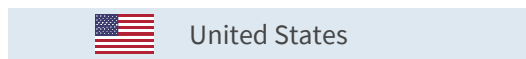
Sources: Bloomberg, S&P Capital IQ. Market data as of 9/30/2021.

Note: Light blue represents historical figures and dark blue represents forecasted figures.

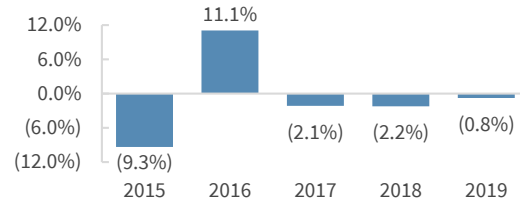
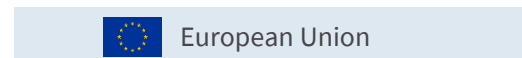
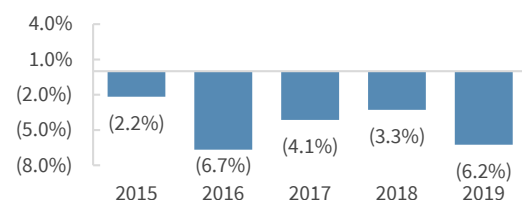
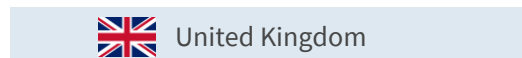
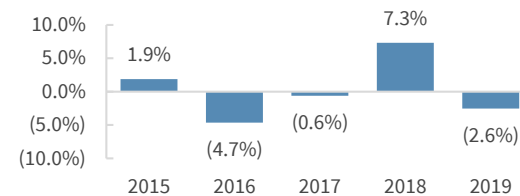
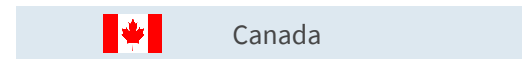
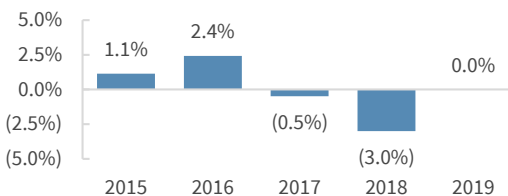
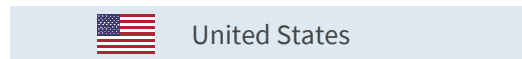
(1) Top 25 mining companies determined based on market capitalization.

Sector & Economic Indicators (Cont'd)

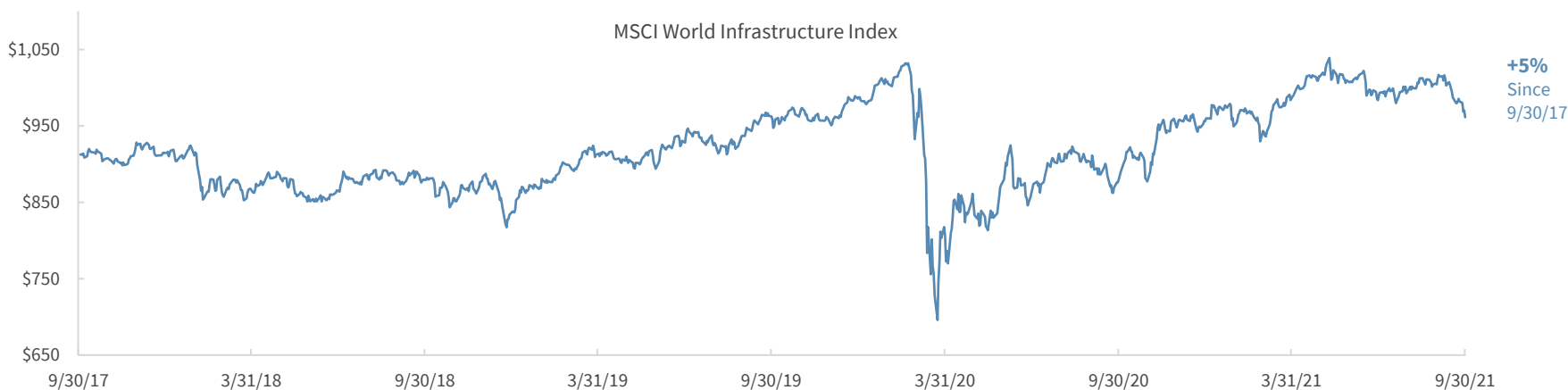
Building Permits⁽¹⁾



Patent Applications⁽²⁾



Infrastructure



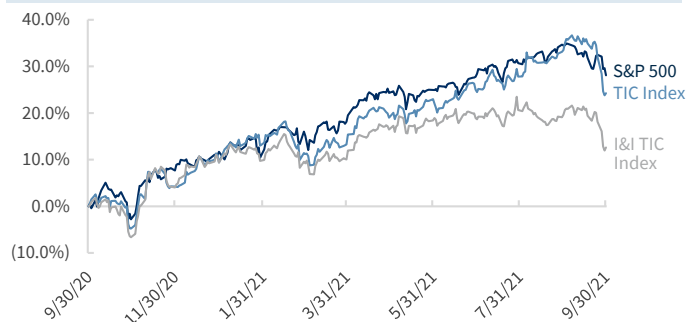
Sources: Bloomberg, S&P Capital IQ, Market data as of 6/30/2021.

1) Building permits include both residential and commercial. Charts display data through 8/31/2021 because September 2021 figures have not been released as of the publishing date of the newsletter. German building permit data for August and September 2021 are omitted because the figures have not been released as well.

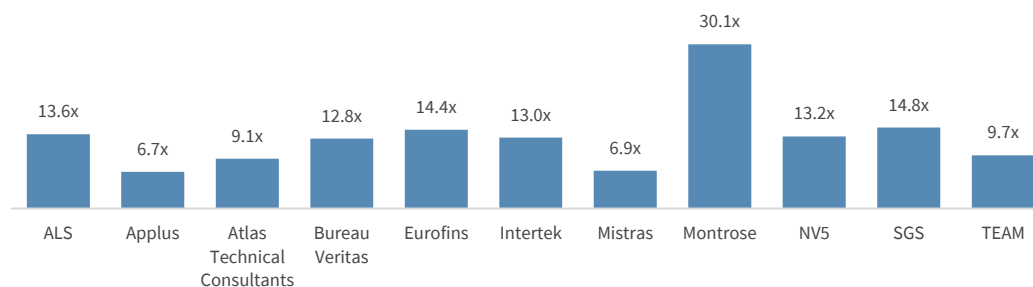
2) Note: The average time between patent application and approval ranges between 23 months and 60 months in the four geographies listed. For this reason, patent applications are viewed as a leading indicator for new product development. Charts display data through 2019 because 2020 and 2021 figures have not been released.

Public Company Financial Ratios

Stock Index



Enterprise Value / Next Twelve Months EBITDA



Financial Information

Local Currency in Millions	ALS	Applus	Atlas Technical Consultants	Bureau Veritas	Eurofins	Intertek	Mistras	Montrose	NV5	SGS	TEAM	Median
Enterprise Value	A\$6,932	€2,001	\$754	€13,684	€23,306	£8,748	\$550	\$2,169	\$1,618	CHF 23,278	\$502	NM
Market Capitalization	A\$6,122	€1,176	\$376 ⁽¹⁾	€12,065	€21,260	£8,017	\$299	\$1,786	\$1,516	CHF 20,431	\$93	NM
YTD Share Price Change	37.8%	28.7%	15.2%	38.7%	64.1%	(21.4%)	159.8%	274.2%	86.8%	10.4%	(45.3%)	37.8%
Net Debt	A\$799	€779	\$469	€1,558	€2,015	£700	\$251	\$230	\$102	CHF 2,752	\$409	NM
Revenue	A\$1,761	€1,659	\$501	€4,819	€6,388	£2,729	\$640	\$463	\$664	CHF 6,048	\$860	NM
Forward Revenue Growth	6.7%	5.2%	5.9%	5.4%	(1.2%)	6.2%	(100.0%)	(0.4%)	5.7%	5.0%	(100.0%)	5.2%
Gross Margins	29.4%	35.2%	47.9%	31.0%	30.2%	57.8%	33.5%	32.5%	50.7%	44.3%	26.8%	33.5%
EBITDA Margins	21.0%	22.4%	7.9%	18.3%	27.8%	22.5%	8.1%	13.2%	14.6%	20.3%	1.9%	18.3%
Net Leverage Ratio	2.2x	2.1x	11.8x	1.8x	1.1x	1.1x	4.9x	3.8x	1.1x	2.2x	24.5x	2.2x
Cash Conversion Ratio ⁽²⁾	1.6x	9.2x	(17.8x)	2.2x	1.7x	2.0x	22.4x	0.2x	3.4x	1.9x	0.1x	1.9x
Capex as a % of Sales	4.6%	3.4%	0.6%	2.3%	6.2%	3.1%	2.8%	1.4%	1.2%	5.0%	1.9%	2.8%
M&A as a % of Cash from Operations	18.4%	110.3%	134.6%	5.1%	10.7%	0.1%	0.8%	NM	21.0%	51.3%	0.0%	14.5%

Sources: S&P Capital IQ, public filings and Raymond James internal resources.

Note: All information is LTM as of 9/30/2021.

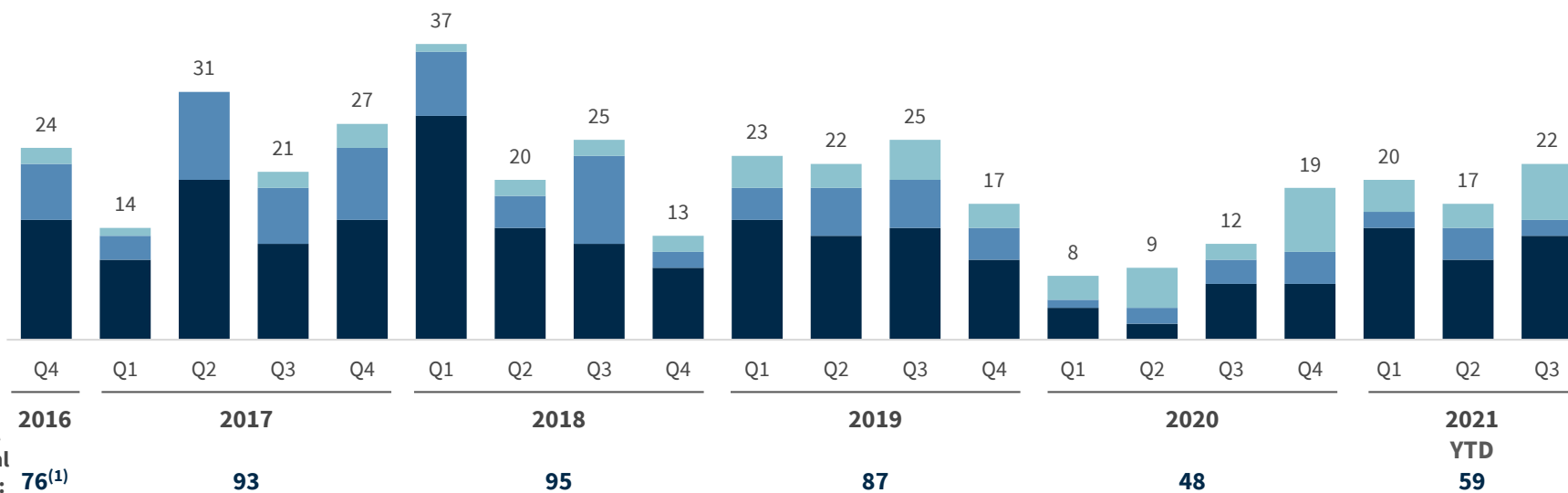
(1) Figure includes class A shares and class B shares.

(2) Cash conversion ratio is cash acquisitions divided by cash from operations.

Precedent M&A Transactions

M&A Transaction Breakdown by Buyer Type

■ Public Strategic Buyer ■ Private Strategic Buyer ■ PE Buyer



Select Testing, Inspection & Certification (TIC) Transactions

Date Announced	Buyers/Investors	Target	Target Description	Transaction Value (\$mm)	EV / LTM	
					Revenue	EBITDA
9/30/21	Evolution Capital Partners, LLC	EnviroScience Consultants, Inc.	Environmental consulting, construction inspection and testing service	-	-	-
9/30/21	Apollo Global Management, Inc.	Thermal and Emission Control Materials Business of Mitsubishi Chemical Corporation	Thermal and emission controls	\$762.0	-	-
9/29/21	Peak Rock Capital LLC	Surveying And Mapping, LLC	Geospatial and surveying services	-	-	-
9/28/21	Eurofins Scientific SE	Maser Engineering B.V.	Reliability test and failure analysis services	-	-	-
9/27/21	SPL, Inc.	Assured Flow Solutions, LLC	Consulting services for upstream and midstream oil & gas companies	-	-	-
9/7/21	The Goldman Sachs Group, Inc.; ENEOS Holdings, Inc.	Nippo Corporation	Construction, logistics and design	\$3,026.8	.8x	7.2x
9/3/21	Corbett Technology Solutions, Inc.	AFA Protective Systems, Inc.	Safety, protective and access control systems	\$131.8	1.6x	22.9x
9/1/21	Bureau Veritas SA	Appliance Engineering Technology France	Testing services for consumer goods markets	-	-	-
8/23/21	ChryCapital; True North Managers LLP	QuEST Global Services Pte. Ltd.	Engineering and analysis consulting	\$150.0	-	-
8/18/21	Shinnihon Corporation	Fujiko Co., Ltd.	Construction and engineering services	\$136.5	-	-
8/13/21	KBR, Inc.	Frazer-Nash Consultancy Ltd	Environmental engineering and technical services	\$395.0	2.8x	-
8/9/21	Montrose Environmental Group, Inc.	SensibleIoT, LLC	Integrated environmental software solutions	\$13.0	-	-
8/4/21	Eurofins Scientific SE	bioskin GmbH	Research consulting for pharmaceutical, food and cosmetics markets	-	-	-
7/29/21	Pontegadea Inversiones, S.L	Red Eléctrica Corporación, S.A.	Electricity transmission and electrical consulting	\$17,779.9	7.3x	9.6x

Sources: S&P LCD, S&P Capital IQ, MergerMarket, press releases and Raymond James internal resources.

Note: All information is LTM as of 9/30/2021.

(1) Indicates total deals tracked for the year, including those in quarters that are not displayed.

Precedent M&A Transactions (Cont'd)

Date Announced	Buyers/Investors	Target	Target Description	Transaction Value (\$mm)	EV / LTM	
					Revenue	EBITDA
7/29/21	BDT Capital Partners, LLC	Universal Engineering Sciences, LLC	Geotechnical & environmental engineering and materials testing	-	-	-
7/26/21	Warburg Pincus LLC; Tilia Holdings, LLC	FlexXray LLC	Inspection and recovery services	-	-	-
7/23/21	Quality Built, LLC	Ducttesters, Inc./SMC Systems Holdings, Inc.	Engineering, testing and inspection services	-	-	-
7/21/21	Intertek Group plc	JLA Brasil Laboratório de Análises de Alimentos S.A.	Food analysis and aggregated food services	-	-	-
7/20/21	Morgan Stanley Private Equity	Alliance Technical Group, LLC	Testing, emissions monitoring, and analytical services	-	-	-
7/7/21	Atlas Technical Consultants, Inc.	O'Neill Service Group, LLC	Construction quality assurance and environmental services	\$26.7	-	-
7/6/21	Montrose Environmental Group, Inc.	Environmental Intelligence, LLC	Environmental, biological, construction monitoring and regulatory ser	\$22.8	-	-
7/5/21	Applus Services, S.A.	Enertis Solar, S.L.	Engineering, testing and inspection services for solar and energy secto	-	-	-
6/29/20	Kohlberg & Company, L.L.C.	Ground Penetrating Radar Systems, LLC	Subsurface detection services to the construction industry	-	-	-
6/29/21	Oak Hill Capital Partners	Trinity Consultants, Inc.	Environmental consulting focused on industrial hygiene	-	-	-
6/21/21	Align Capital Partners, LP	Horizon Air Measurement Services, Inc.	Emission testing services	-	-	-
6/17/21	Enthalpy Analytical, LLC	Vista Analytical Laboratory, Inc.	Laboratory testing services for semi-volatile organic contaminants	-	-	-
6/1/21	SGS SA	METAIR LAB	Testing laboratory offering health and hygiene testing services	-	-	-
5/17/21	NV5 Global, Inc.	PES Environmental, Inc.	Environmental engineering, site assessment and compliance	\$9.8	-	-
5/17/21	Dye & Durham Limited	Future Climate Info Ltd	Environmental reports for the residential and commercial markets	\$77.7	-	-
5/13/21	Intertek Group plc	SAI Global Pty Limited	Risk management and property services	\$660.1	-	-
5/10/21	Alfa Laval AB (publ)	StormGeo Holding AS	Professional weather services and decision support systems	\$440.9	5.1x	-
5/7/21	Alliance Technical Group, LLC	Air Quality Services, LLC	Stack monitoring and testing, air monitoring systems	-	-	-
5/5/21	Wenco International Mining Systems Ltd.	All assets of SmartCap Technologies Pty Ltd	Developer of fatigue monitoring wearable tools	-	-	-
5/4/21	SGS SA	BrightSight B.V.	Security evaluation and consulting services for IT systems	-	-	-
4/22/21	Bureau Veritas SA	Bradley Construction Management LLC	Construction management systems	-	-	-
4/20/21	Warren Equity Partners, LLC	Magnolia River International, Inc.	Engineering, inspection and geographic information system solutions	-	-	-
4/6/21	Eurofins Scientific SE	IESPM-SAS	Engine diagnosis and analyses, sampling kit order and training service	-	-	-
4/6/21	Alliance Technical Group, LLC	Emission Monitoring Service, Inc.	Environmental regulation consulting services	-	-	-
4/1/21	SGS SA	The Lab (Asia) Ltd.	Materials testing, inspection and consulting services	-	-	-
3/29/21	NV5 Global, Inc.	Geodynamics LLC	Marine geology and coastal science services	\$38.9	-	-
4/12/21	Full Spectrum Analytics, Inc.	Analytical Maintenance Services, Inc.	Analytical lab equipment repair and validation services	-	-	-
3/3/21	Atlas Technical Consultants, Inc.	Atlantic Engineering Laboratories Inc.	Full-service materials testing and inspection	-	-	-
3/3/21	Englobe Corp.	Terraprobe Limited	Consulting, geotechnical and environmental engineering services	-	-	-
3/3/21	Applus Services, S.A.	Ingeniería, Estudios y Construcciones S.A./Adicora Servicios de Ingeniería S.L.	Civil engineering and related services	-	-	-
2/22/21	NV5 Global, Inc.	TerraTech Engineers, Inc.	Geotechnical engineering and environmental consulting	-	-	-
2/18/21	Baker Hughes Company	Arms Reliability Global Pty Ltd	Reliability solutions provider to industrial companies	-	-	-
2/18/21	Eurofins Scientific SE	Beacon Discovery	Drug discovery and contract research	-	-	-
2/18/21	QualiTest Ltd.	QA InfoTech Pvt. Ltd	Software testing and third-party quality assurance services	-	-	-
2/3/21	Alliance Holdings, LLC	Aeros Environmental	Source emission testing services	-	-	-
2/3/21	Tetra Tech, Inc.	Coanda Research & Development Corporation	Industrial research and engineering consulting services	-	-	-
2/2/21	SGS SA	Autoscope/CTOK	Energy and engineering consulting services	-	-	-
1/28/21	Intero Integrity Services B.V.	Pipetel Technologies Inc.	Manufactures pipeline inspection robots	-	-	-
1/26/21	DNV GL AS	Energy & Resource Solutions, Inc.	Food certification services	-	-	-

Precedent M&A Transactions (Cont'd)

Date Announced	Buyers/Investors	Target	Target Description	Transaction Value (\$mm)	EV / LTM	
					Revenue	EBITDA
1/26/21	DNV GL AS	Energy & Resource Solutions, Inc.	Food certification services	-	-	-
1/21/21	Bureau Veritas SA	Canadian Food Auditing Business of Orion Assessment Services International Inc.	Food certification services	-	-	-
1/20/21	Bureau Veritas SA	Secura B.V.	Digital security advisory services	-	-	-
1/15/21	Trinity Consultants, Inc.	Sespe Consulting, Inc.	Environmental compliance and permitting services	-	-	-
1/14/21	Certified Laboratories, Inc.	Micro Quality Labs, Inc.	Cosmetics, personal care, nutritional and pharmaceutical testing	-	-	-
1/12/21	NV5 Global, Inc.	Industrial Design Associates International (Hong Kong) Limited	Building commissioning and MEP designing services	\$3.0	-	-
1/7/21	SGS SA	Analytical & Development Services of Concept Life Sciences Limited	Food testing laboratory services	-	-	-
1/4/21	Montrose Environmental Group, Inc.	MSE Group, LLC	Environmental, engineering and health and safety services	\$20.5	-	-
12/30/20	Industrial Growth Partners	Hydromax USA LLC	Water, wastewater and natural gas systems data collection	-	-	-
12/18/20	Odyssey Investment Partners	Applied Technical Services, Inc.	Consulting, engineering, testing, analysis and inspection services	-	-	-
12/9/20	Berkshire Partners LLC	FoodChain ID, Inc.	Testing, certification and consulting services for food products	-	-	-
12/8/20	Industrial Inspection & Analysis, Inc.	St. Louis Testing Laboratories, Inc.	Commercial testing laboratory	-	-	RJ Confidential
12/4/20	Lloyd's Register Group Limited	C-MAP Norway AS	Producer of digital nautical charts	-	-	-
12/1/20	AEA Investors LP	Process Sensing Technologies Limited	Sensors and services for infrastructure condition monitoring	RJ Confidential	RJ Confidential	RJ Confidential
12/1/20	Applus Services, S.A.	QPS Evaluation Services Inc.	Product certification services	\$50.2	2.6x	-
11/30/20	Alliance Holdings, LLC	Almega Environmental & Technical Services, Inc.	Source emissions testing services	-	-	-
11/30/20	Eurofins Scientific SE	Taiyo Techno Research Company	Abestos laboratory testing services	-	-	-
11/25/20	Montrose Environmental Group, Inc.	Certain Testing assets and Operations of Leed Environmental Inc.	Environmental project management, coordination and consulting	-	-	-
11/12/20	Montrose Environmental Group, Inc.	Certain Assets and Operations of American Environmental Testing Laboratory, LLC	Environmental testing and laboratory services	-	-	-
11/11/20	DPIS Engineering, LLC	Ei Companies	Mechanical, electrical and plumbing design and engineering services	-	-	-
11/10/20	SGS SA	Analytics & Services Business Of Synlab	Environmental, food testing and tribology services	\$649.7	2.7x	16.2x
Median				\$131.8	2.7x	12.9x
Mean				\$1,284.0	3.3x	14.0x

Transaction Experience

Raymond James has participated in many industry-shaping transactions, including mergers and acquisitions, strategic advisory, fairness opinions and equity and debt capital raises, within the testing, inspection and certification space.

 <p>Follow-on Offering</p> <p>\$350,000,000</p>	 <p>has been acquired by</p>  <p>a portfolio company of</p> 	 <p>Simultaneous carve-out divestitures of</p>   <p>By way of an MBO backed by</p> 	 <p>Sale to</p>  <p>NEW MOUNTAIN CAPITAL LLC</p>	 <p>Sale to</p> 	 <p>Sale to</p> 	 <p>Sale to</p> 	 <p>Has acquired</p>  <p>A portfolio company of</p> 
 <p>Sale to</p> 	 <p>Sale to</p> 	 <p>Sale to</p> 	 <p>Sale to</p> 	 <p>Sale to</p> 	 <p>Sale to</p> 	 <p>Sale to</p> 	 <p>Sale to</p> 
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Note: Representative credentials include transactions completed by a Raymond James banker while at a former firm.

Note: Included transactions were completed between November 2011 and June 2021.

Note: Bold border indicates testing, inspection and certification (TIC) transaction.

Notes & Disclosures

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