

# TESTING, INSPECTION AND CERTIFICATION (TIC) M&A REPORT

2034/24

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Insights into the M&A deals within the testing, inspection and certification (TIC) sector and some predictions for the future.

# MESSAGE FROM SYMMETRY

## MAXIMISING VALUE, MINIMISING UNCERTAINTY

Symmetry Corporate Finance are a Corporate Finance and M&A advisory boutique serving clients across the UK.

Utilising our extensive experience and M&A expertise, we tailor our fully managed service around each business owner's needs & objectives to achieve maximum value for our clients.



The year 2023 marked a significant chapter in the dynamic landscape of the Testing, Inspection, and Certification (TIC) sector, characterized by a myriad of transformative trends, strategic shifts, and evolving market dynamics. As industries worldwide navigated the complexities of a rapidly changing global environment, TIC companies found themselves at the forefront of ensuring regulatory compliance, quality assurance, and risk management across diverse sectors. Against the backdrop of economic uncertainties, technological advancements, and regulatory reforms, the M&A landscape within the TIC industry witnessed notable developments and strategic manoeuvres.

This report delves into the intricate tapestry of M&A activities within the TIC sector throughout 2023, offering comprehensive insights into the drivers, trends, and implications shaping the industry. From regulatory changes shaping compliance frameworks to technological innovations revolutionizing inspection methodologies, TIC companies embarked on strategic partnerships, acquisitions, and divestitures to fortify their market positions, expand service portfolios, and unlock synergies in an increasingly competitive marketplace.

With a nuanced analysis of key transactions, geographical trends, sectoral dynamics, and emerging patterns, this report aims to provide stakeholders, industry analysts, and investors with a holistic understanding of the prevailing M&A landscape within the TIC sector. By unravelling the strategic imperatives, challenges, and opportunities driving M&A activities, this report seeks to empower decision-makers to navigate the complexities of the TIC industry and capitalize on emerging trends to drive sustainable growth and innovation in the years ahead.



# KEY FINDINGS

**01** | EMEA leads the way in M&A deal volume

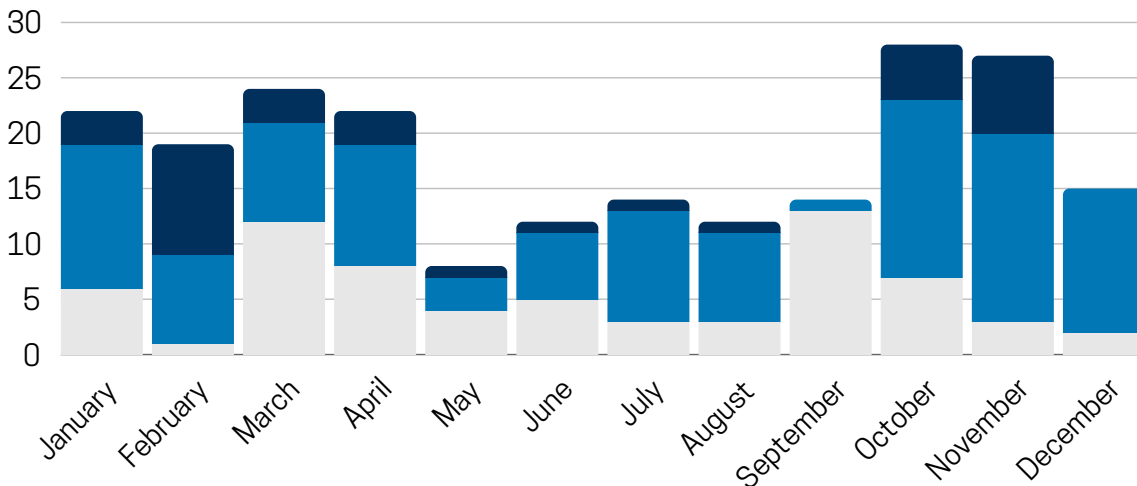
**02** | 2023 surpassed the average of 12 monthly transactions

**03** | Median deal volume stands at 10.4x EBITDA



# DEAL VOLUMES

Monthly number of deals in the TICC sector split by buyer type - 2023



Source: Oaklins Analysis

## Attractiveness of Industry

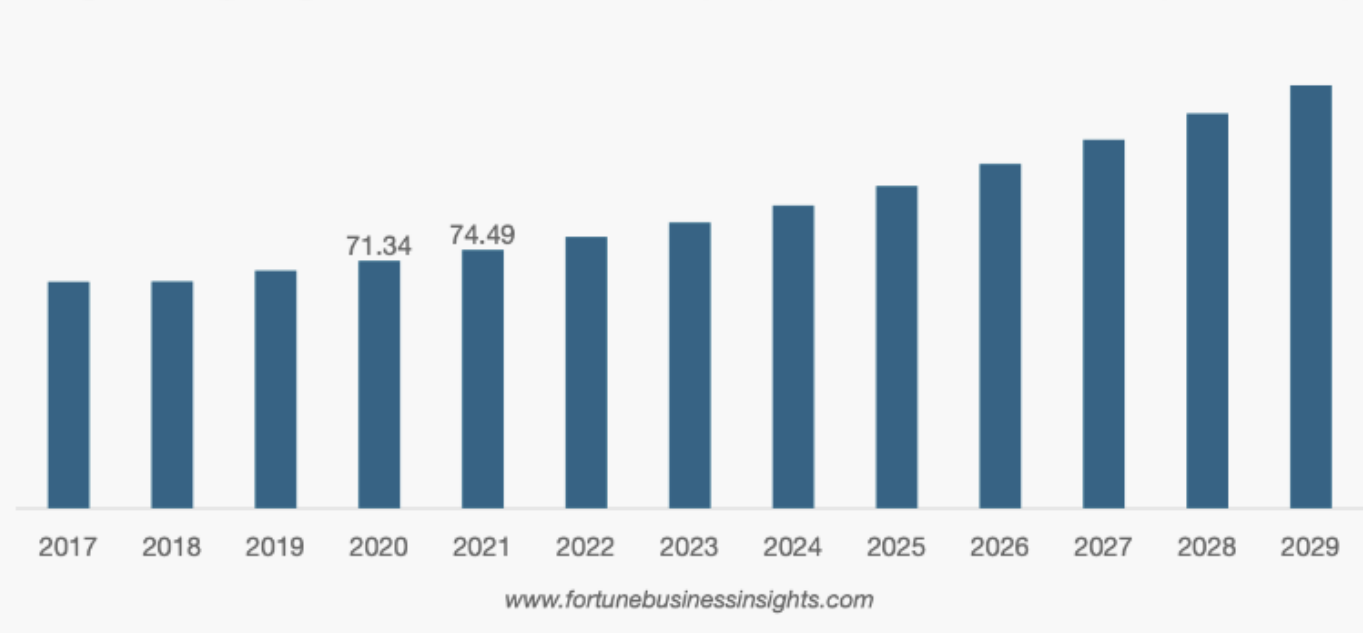
The M&A environment underwent a significant shift in the final quarter of 2023, marked by the stabilization of broader economic factors. With decreasing inflation rates and the prospect of lower interest rates, there was a notable uptick in M&A operations within the TICC sector. Between September and December 2023, the global TICC market witnessed a surge in transactional activity, surpassing the monthly average of around 12 transactions sustained since January 2020. This heightened level of activity is projected to persist into 2024.

## Why M&A activity is expected to take off in 2024

M&A activity in the Testing, Inspection, and Certification (TIC) sector is poised for growth in 2024 driven by evolving regulatory standards, globalization, and technological innovations. Companies in the TIC sector are expected to pursue acquisitions to enhance compliance capabilities, expand global reach, and adopt advanced technologies such as automation and data analytics. Industry consolidation and competitive pressures further incentivize M&A transactions to consolidate market share and improve efficiency. As businesses and consumers increasingly prioritize quality assurance and risk management, demand for TIC services is anticipated to rise, contributing to heightened M&A activity within the sector.

# MARKET TRENDS

Europe Testing, Inspection, and Certification (TIC) Market Size, 2018-2029 (USD Billion)



## What should I be thinking about?

With favourable market conditions and your company's robust performance, consider taking the initiative to launch preparatory steps for a potential future exit through a proactive marketing route. As the pro-active route consistently delivers the best deal outcomes as determined by individual sellers, this is the pathway we recommend in most cases.

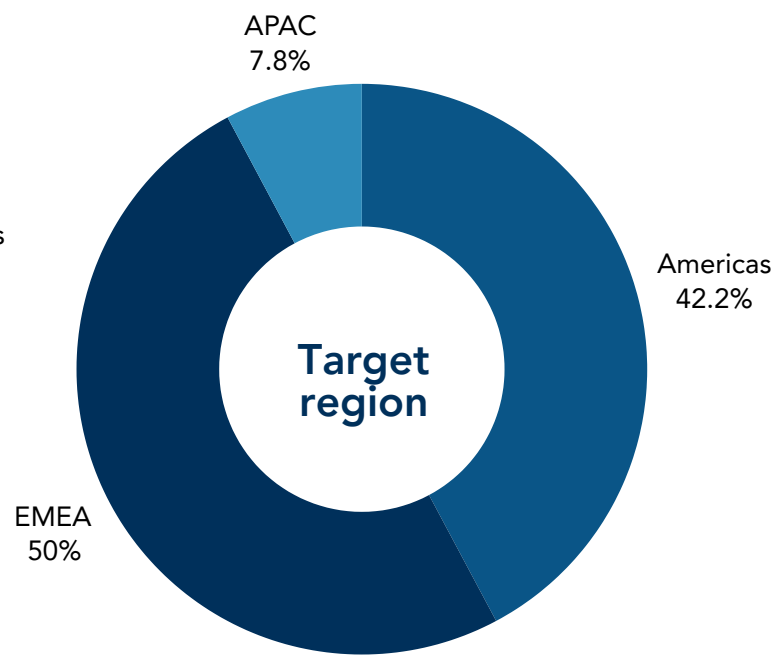
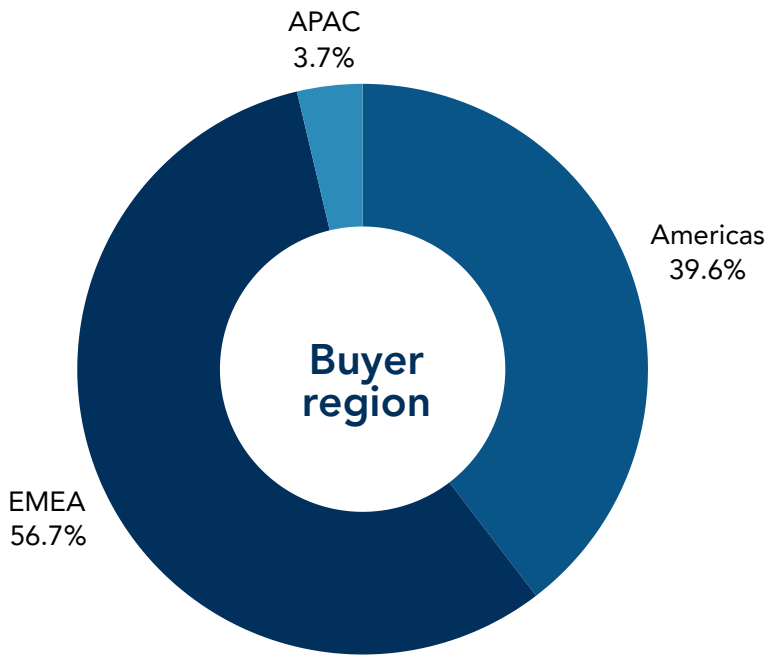
## Time frames

With a typical 6-9 month sales timeline, consider how an upcoming sale might impact your near-term resource allocation, hiring plans, or investment decisions.





# M&A DEAL VOLUME BY REGION



Source: Oaklins Analysis

## What does the data show?

The data illustrates the distribution of M&A activity across regions: EMEA leads with 56.7%, indicating a thriving market with diverse opportunities. The USA follows at 39.6%, underscoring its pivotal role in global M&A.

Despite its smaller share at 3.7%, APAC showcases emerging opportunities amidst its growing markets and industries

## Options

Engaging with a corporate finance adviser early in the process significantly expands your potential buyer pool, allowing you to tap into both domestic and international markets.

# M&A DEAL HIGHLIGHTS IN THE INDUSTRY

Acquiror	Target name	Description	Date
Phenna Group	Eville & Jones	Phenna Group acquires Eville & Jones, the leading provider of veterinary, compliance and public health solutions to the food industry. Headquartered in Nottingham, UK, Phenna Group's aim is to invest in and partner with selected niche, independent Testing, Inspection, Certification and Compliance (TICC) companies that serve a variety of sectors, ensuring customers' peace of mind by delivering first class testing and assurance services.	December 2023
Socotec UK	IETG Ltd & 40Seven	SOCOTEC UK, a market leader in testing, inspection, and certification (TIC) services for the construction and infrastructure sectors, is pleased to announce the acquisition of IETG, specialists in flow level, temperature, and water quality monitoring, and 40SEVEN, renowned for their industry leading expertise in land and utility surveying services.	November 2023
Normec Group	i2 Analytical	Normec, a leading provider of TICC services, is delighted to announce the acquisition of i2 Analytical ("i2"), an industry-leading, UK-headquartered provider of environmental site services, construction materials and food testing services. This strategic combination marks a key milestone for Normec as it represents Normec's first acquisition in the UK and further cements its position as a pre-eminent pan-European TICC provider.	May 2023
Inflexion	Celnor	Inflexion is pleased to announce a majority investment in Celnor, a newly established platform for testing, inspection, certification and compliance ("TICC") businesses. The investment was made from Enterprise Fund V.	October 2023

# FUTURE INSIGHTS

## Company Valuation Trends:

During the period spanning January to December 2023, the historical valuations in the TIC (Testing, Inspection, and Certification) sector were assessed based on the EV/EBITDA NTM (Enterprise Value to Earnings Before Interest, Taxes, Depreciation, and Amortization, Next Twelve Months) metric. The analysis revealed that the median multiple for this sector stood at 10.4x.

This valuation metric, EV/EBITDA NTM, provides insight into how the market values companies within the TIC sector relative to their earnings potential over the next twelve months. A multiple of 10.4x suggests that, on average, companies in this sector were valued at approximately 10.4 times their projected EBITDA for the upcoming year.

The median multiple serves as a key benchmark for understanding the relative valuation of companies within the TIC sector during the specified time frame. It indicates the midpoint of the valuation range, giving investors and stakeholders a reference point for assessing individual company valuations, identifying outliers, and understanding market trends.

## Beyond multiples

It's important to remember that EBITDA multiples are just one piece of the puzzle. Strategic fit, synergy potential, and future growth opportunities also play a crucial role in determining deal valuations.

**HISTORICAL VALUATIONS BETWEEN JANUARY AND DECEMBER 2023 (EV/EBITDA NTM)**



Source: S&P Capital IQ, as at 31 December 2023





# OUR TIC INDUSTRY DEAL SPOTLIGHT

## SYMMETRY CORPORATE FINANCE ADVISED ON THE SALE OF AVON DYNAMIC CALIBRATION LTD TO NMI GROUP

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“We are grateful to the team at Symmetry, they ensured we fully explored all our market options so we could be absolutely confident that NMI are the best acquirer to take Avon Dynamic to the next level of success for our customers and our team. Jonathan (Managing Director at Symmetry) worked closely with us to navigate the challenges of what can be a complex process, especially for business owners who haven't sold a company before.”

**Former owners of Avon Dynamic Calibration Suzy & Jamie)**

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NMi Group, a leader in mission-critical product Testing, Inspection, Certification and Calibration (TICC) services, announces the strategic acquisition of Avon Dynamic Calibration Ltd (“Avon Dynamic”). Avon Dynamic is a UKAS-accredited calibration and dimensional measurement specialist in Bristol (UK). This pivotal acquisition strengthens NMi's foothold in the applied metrology and calibration industry and marks a significant step forward in NMi's strategic expansion in the UK.

Established as Avon Calibration in 1985, Avon Dynamic merged with Dynamic Calibration in 2007, creating a powerhouse renowned for delivering comprehensive calibration solutions in electrical and dimensional fields. Avon Dynamic is strategically located in the Southwest of England, nestled within a vital aerospace and advanced manufacturing/engineering hub, ideally situated to serve a diverse clientele. This includes both domestic and international blue-chip customers seeking premium quality services, such as Avon Dynamic's highly specialised interferometry testing.

Yvo Jansen, NMi Group CEO, stated, “Avon Dynamic's legacy of quality, accuracy, and reliability, cultivated over nearly four decades, aligns seamlessly with NMi Group's vision. We are honoured to welcome Avon Dynamic and their great team to NMi Group to further enhance our reputation for unmatched solutions.” Suzy Brain and Jamie Castree affirmed their excitement for the transaction, stating, “Our journey with Avon Dynamic has been incredibly rewarding, and we're thrilled to see it further evolve by becoming a part of the NMi Group. This move reflects our dedication to ensure Avon Dynamic remains at the forefront of the calibration industry.” This acquisition is a significant milestone in NMi Group's buy-and-build growth strategy, underscoring its commitment to delivering world-class Testing, Inspection, Certification and Calibration services globally.

## Don't miss out on this dynamic market

Contact Symmetry Corporate Finance for a no obligation confidential consultation and let us help you achieve your M&A aspirations.

## KEEP IN TOUCH



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