

Industrial Services
M&A Update
First Quarter 2021

Industrial Services Sector is Well Positioned to Have a Strong 2021

Targeted M&A consolidation in a fragmented and competitive sector will drive deal volume in 2021; Industrial service companies are realigning and diversifying their end-markets away from underperforming segments

Industrial Services Market Outlook

- The Industrial Services market is bracing for changing regulation stemming from the Biden Administration
- Renewed focus on recurring models drive primary acquisition focus – facility services, HVAC, and commercial landscaping services are driving consolidation
- Testing and Inspection services are poised to grow considerably as the market looks to understand changing regulatory demand
- Construction and Engineering performance was mixed in 2020 – those with specialty focus generally outperformed. Important to note surging commodity prices could impact 2021 growth
- COVID-19 has impacted the business model within the sector – new focus on remote monitoring and the integration of key systems to drive efficiency will be critical in 2021 and the use of technology to drive service performance can differentiate “winners” in each sub-sector

Industrial Services Middle-Market M&A

Testing & Inspection Spotlight

In 2020, there were 33 Testing and Inspection transactions up from 27 in 2019 – continued focus in this sub-sector should drive further consolidation



Construction & Engineering Spotlight

Construction & Engineering companies are exploring non-traditional approaches and utilization of technology to drive new capabilities and turnkey solutions



Financial Sponsors

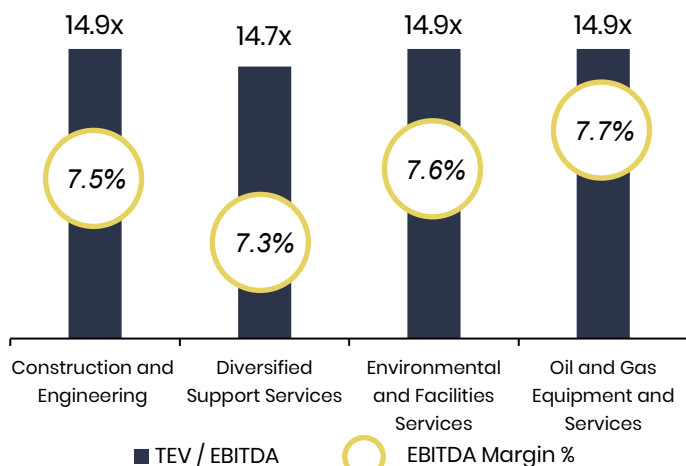
Private equity and PE-backed companies are bullish on the industrial services sector generally – private equity accounts for more than 90% of the transactions in the sector



“The Industrial Services sector is poised to experience significant growth in 2021, driven by recurring business models that drive predictability and strong profitability. In particular, the Testing and Inspection subsector should continue to remain attractive to strategic and financial buyers looking for inroads into often complex regulatory environments. We expect regulation to increase as the Biden Administration tackles aging infrastructure and re-commits to extensive environmental policy.”

Bryan Wallace, Managing Director
Bridgepoint Investment Banking

LTM Valuation & Margin %



Bridgepoint Professionals are Active in the Testing & Inspection Space

DBI, Inc.
Reliable...Responsive...Resourceful...Proactive

HAS BEEN ACQUIRED BY

SpireCapital

Sole Financial Advisor

YORK
ANALYTICAL LABORATORIES INC.

HAS BEEN ACQUIRED BY

TerraNova Partners

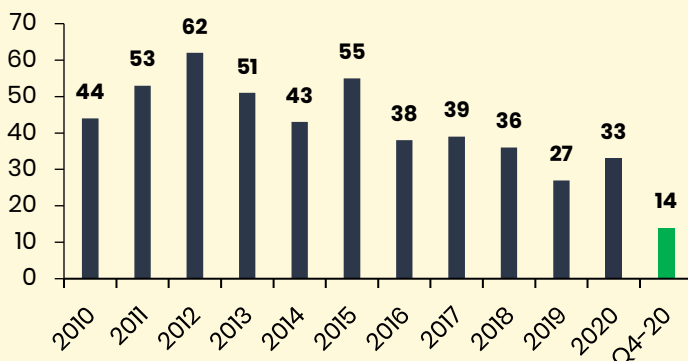
Sole Financial Advisor



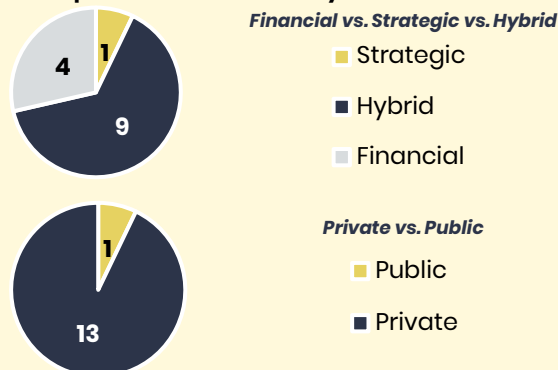
[Trust and Tenacity Yield Success for DBI, Inc.](#)

Selected Testing and Inspection M&A Transaction Statistics

Testing and Inspection Transaction Volume 2010–Q4–20



Testing and Inspection Transaction Buyer Statistics YTD



Notable Recent Testing and Inspection Transactions

Testing Transaction



On November 30, 2020 Align Capital Partners, an environmental services platform, announced it acquired Almega Environmental & Technical Services, a provider of source emissions testing.



"We are thrilled to continue to support the Alliance team as they build the Company to be the leading provider of environmental compliance services focused primarily on air emissions testing in the United States."
– Rob Langley, Managing Partner, ACP

Inspection Transaction



On December 18, 2020 Odyssey Investment Partners announced it acquired Applied Technical Services, a premier provider of high-quality testing, inspection and calibration services.



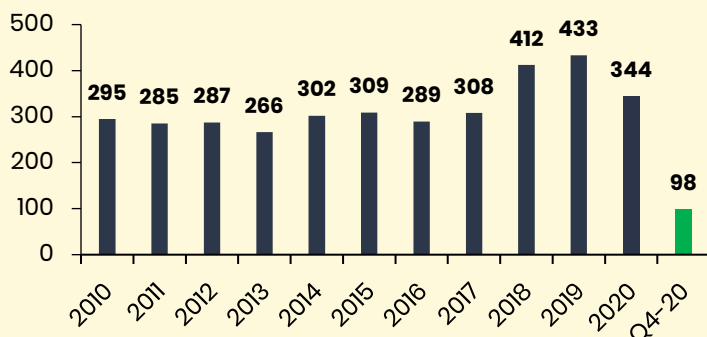
"We selected Odyssey as our partner because we believe the firm has the knowledge and experience to help us capitalize on the transformative growth opportunities ahead of us." – Jim Hills, President, Applied Technical Services

Recent Q4–20 Testing and Inspection M&A Transactions

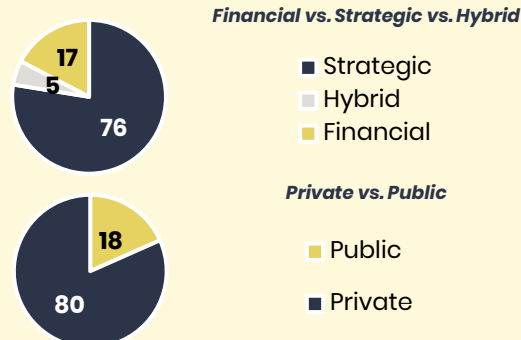
Date	Target	Buyer	Business Description
12/22/2020	VA Forensics	Forensic Engineering Services	Provides biomechanical and accident reconstruction forensic engineering services
12/18/2020	Applied Technical Services	Odyssey Investment Partners	Provides consulting engineering, test and analysis, and inspection services
12/17/2020	KF Holding Company	Matrix Sciences	Provides on-site consulting, sampling and monitoring for food, pharmaceutical and environmental testing
12/16/2020	Applied Safety and Ergonomics	Rimkus Consulting Group	Provides product safety and warnings consulting, forensic and litigation support services, and research/testing
12/15/2020	Ballast Research	Falfurrias Capital Partners	Provides direct feedback from senior policymakers to government relations professionals
12/09/2020	FoodChain ID	Berkshire Partners	Provides testing, certification and consulting services for the production of food products worldwide
12/01/2020	QPS Evaluation Services	Applus Services	Provides third-party testing, product certification and field evaluation services
11/30/2020	Source Molecular	LuminUltra Technologies	Offers microbial source tracking (MST) services
11/30/2020	Almega Environmental & Technical Services	Alliance Holdings	Provides emission testing and analysis services for industrial facilities in the western part of the United States
11/17/2020	Marshall's Business Records	Lexitas	Offers research, records retrieval, issuance of legal papers, notice delivery, subpoena service and e-filing/e-service
10/19/2020	Datasite Global	CapVest Partners	Provides technology-enabled platforms for secure content sharing, regulated communications, and disclosure services
10/14/2020	The LiRo Group	Global Infrastructure Solutions	Provides project construction management, engineering, environmental, architectural, and program management services
10/05/2020	Mortgage Contracting Services	Littlejohn & Co	Provides property inspections, property preservation, REO property maintenance and valuation services
10/01/2020	Fire Retardant Chemical Technologies	UFP Retail	Engages in production, development and testing of chemicals, fire retardants and water repellants

Selected Construction and Engineering Services M&A Transaction Statistics

**Construction and Engineering Services
Transaction Volume 2010-Q4-20**



**Construction and Engineering Services
Transaction Buyer Statistics YTD**



Notable Recent Construction and Engineering Services Transactions

Construction Transaction



On December 12, 2020 Construction Partners announced it acquired R.P.C. Contracting, a full service excavation, grading and paving contractor.

"I'd gotten to meet Robbie several years ago and he and I've been getting to know each other for several years now and discussing would combining our force makes sense." – *Jule Smith, COO, Construction Partners*



Engineering Transaction

LINDSAY GOLDBERG

On December 21, 2020 Lindsay Goldberg announced it acquired Pike Corporation, a provider of infrastructure solutions to utilities.

"As Pike looks at the opportunities ahead, the addition of Lindsay Goldberg to our shareholder group provides access to substantial resources to further accelerate our significant growth and strategic initiatives." – *Eric Pike, CEO, Pike Corporation*



Recent Q4-20 Construction and Engineering Services M&A Transactions

Date	Target	Buyer	Business Description
12/31/2020	Barriere Construction	CRH Americas Materials	Constructs roads and infrastructure for transportation, petrochemical, power, residential, commercial, and ports and rail industries
12/28/2020	Consumer Contracts of Petersen-Dean	SolarJuice American	Provides roofing and solar power contracting services
12/23/2020	North American Pipeline Services	Vortex Companies	Offers commercial and residential sewer and pipeline services
12/22/2020	Gudenkauf	Congruex	Provides telecommunication, utility and system integration solutions
12/22/2020	King Electric of Fayetteville	Aptus Group USA	Designs, engineers, procures materials and constructs bridge utilities and bridge drainage systems
12/21/2020	Bayonet Plumbing, Heating & Air Conditioning	IES Residential	Provides plumbing, heating and air conditioning services
12/21/2020	Sierra Air Conditioning	SE Capital Partners	Provides residential heating, ventilation and air conditioning (HVAC) installation services to new homes built by national and local homebuilders
12/21/2020	Dayspring Restoration	Trinity Hunt Partners	Provides disaster restoration, mitigation and renovation services
12/21/2020	Pike Corporation	Lindsay Goldberg	Provides construction and engineering services for investor-owned, municipal and co-operative electric utilities
12/19/2020	Top Sites	Everest Infrastructure Partners	Constructs telecommunication towers for telecom companies
12/18/2020	R.P.C. Contracting	Construction Partners	Operates as an excavation, grading and paving contractor
12/18/2020	KTA Group	Bowman Consulting Group	Provides mechanical, electrical and plumbing engineering design and consulting services
12/16/2020	Sterling Air Service	HomeServe USA	Offers plumbing and HVAC services
12/16/2020	Substantially all assets of West Virginia Pipeline	Energy Services of America Corporation (OTCPK:ESOA)	Comprises pipeline construction business

Market-leading boutique investment bank providing M&A and capital raising advisory solutions focused on the Industrial Services industry

- 274+ years cumulative investment banking experience spanning 216 transactions
- \$121+ billion of M&A, capital raising, corporate finance and M&A transaction advisory service experience
- 96 completed M&A assignments spanning more than \$36 billion
- 120 completed corporate finance transactions, raising more than \$85 billion in capital

SELECTED RECENT BRIDGEPOINT TRANSACTIONS

Bridgepoint Professionals are Active in the Testing and Inspection Space

 DBI, Inc. <i>Reliable...Responsive...Resourceful...Proactive</i> HAS BEEN ACQUIRED BY  SpireCapital Sell-side Advisory Financial Advisor	 TWIN EAGLE™ HAS BEEN ACQUIRED BY  MAIN ST CAPITAL CORPORATION Buy-side advisory Sole Financial Advisor	 N&S Nebraska Vet Services HAS BEEN RECAPITALIZED BY  MAIN ST CAPITAL CORPORATION Growth equity and debt capital raise Financial Advisor	 diabetes supply HAS BEEN ACQUIRED BY  adapthealth Sell-side advisory Financial Advisor	 Dabarc HAS BEEN ACQUIRED BY  DMR Buy-side advisory Financial Advisor
 YORK HAS BEEN ACQUIRED BY  TerraNova Partners Sole Financial Advisor	 CONTRACTORS HAS BEEN ACQUIRED BY  SRS Distribution Financial Advisor	 PrairieLife FITNESS HAS BEEN ACQUIRED BY  THE ATHLETIC CLUB Sell-side advisory Financial Advisor	 MONEY MARKET FISH CO. HAS BEEN ACQUIRED BY  McCarthy Capital Sell-side advisory Financial Advisor	 AULICK Leasing HAS BEEN ACQUIRED BY  TFI International Sell-side advisory Sole Financial Advisor

SECTORS OF FOCUS

 Industrials & Transportation	 Business & IT Services	 Healthcare	 Technology	 Consumer & Retail
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274

YEARS OF EXPERIENCE




\$121B

IN TRANSACTIONS

216

TOTAL TRANSACTIONS

SENIOR LEADERSHIP

 Matt Plooster Founder & CEO	 Wm. Lee Merritt MD & General Counsel	 Gary Grote Managing Director	 Mike Anderson Managing Director	 Nick Orr Managing Director
 Bryan Wallace Managing Director	 Chad Gardiner Director	 Joe Liss Managing Director	 Natasha Plooster COO	 Subhash Marineni Vice President

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Note: The transactions listed above include those executed by bankers at firms outside of Bridgepoint Investment Banking.