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## ENERGY/POWER

# GenNx360 Capital-backed Shenandoah hunts for add-ons

GenNx360 acquired Shenandoah in September, and the pipeline services provider recently announced its first acquisition under the new ownership.

**G**enNx360 Capital Partners sees a resilient and largely untapped pipeline infrastructure maintenance market as fertile ground for geographic market expansion via add-on deals for one of its newest portfolio companies, Shenandoah Industrial Solutions.

PE Hub touched base with GenNx360 principal Pratik Rajeevan to discuss the investor's outlook on the infrastructure market and how add-on deals fit into the newly acquired company's growth strategy.

Rajeevan, who is based at the New York firm's headquarters, started to source utility services deals over the past three years. The industrial services investor found a lower mid-market niche of add-on targets with \$2 million-\$10 million EBITDA for Pompano Beach, Florida-based Shenandoah.

The investor expects to partake in five to 10 add-ons over its holding for Shenandoah, which GenNx360 acquired from KLH Capital in September.

"All these add-ons would fit the themes of: 'increase in density in existing geographies,' 'add technologies' or 'expand into new geographies,'" Rajeevan told PE Hub. "This buy and build playbook is consistent with other services companies that GenNx360 owns, including the recent monetization of GenServe (acquired by Aurora Capital) and Miller Environmental



Pratik Rajeevan, GenNx360 Capital Partners

(acquired by Coalesce Capital)."

Starting with Georgia, the pipeline services company could see add-ons facilitating Shenandoah's geographic expansion further up the East Coast.

In May, Shenandoah made its first add-on deal under GenNx360's ownership, acquiring Pro-Pipe Services, a cross-bore pipeline inspections provider across four southwestern states. The deal facilitated Shenandoah's southwest expansion efforts as well as customer expansion by serving gas utility companies.

"From a proactive sourcing thesis, we identified utility services as a focus for GenNx360 about three years ago, which

represents a 7-10 percent annual growth rate for critical recurring services in a very fragmented market," Rajeevan told PE Hub.

GenNx360 met Shenandoah in early 2024 at an industry conference and by September signed a deal to acquire the then \$40 million revenue company from growth investor KLH Capital, he said.

Starting in Florida, with aging infrastructure adhering to saltwater, sand and stormwater regulation, Shenandoah was identified as a key service provider to the \$25 billion pipeline maintenance market, Rajeevan said, pointing to a report by IGS. Florida represents up to \$4 billion of the overall market.

## Pipeline surveillance

Stormwater and sewer pipe maintenance is at the heart of Shenandoah's business model, as the service provider typically deploys camera systems down pipeline infrastructure for municipalities and gas utilities. Such maintenance work requires regulatory-mandated inspection every five to ten years to check for piping integrity and functionality.

Climate change, a growing population and urbanization are key themes driving PE investment into infrastructure services.

Besides a buy-and-build approach to add-ons for Shenandoah, Rajeevan pointed to GenNx360's proactive deal sourcing,



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management expansion and operational improvements as key growth levers to be deployed for the service provider in the coming years.

Ultimately, the lower mid-market firm expects to achieve 3x to 4x growth metrics for the company over its hold, Rajeevan said.

Founded in 2006, GenNx360 makes majority investments in company platforms of \$25 million EBITDA or less, with its typical equity check size of \$25 million-\$100 million. The firm invests in industrials, business services, industrial technology, packaging, environmental services and food products.

Over the past 15 months, GenNx360 has exited four portfolio holdings. These include Miller Environmental, a comparable service provider to Shenandoah providing emergency spill response, waste disposal and industrial cleaning services, sold to Coalesce Capital in September for undisclosed terms.