



THE BOTTOM LINE

By Stuart Aust and Daniel Aust | PMP Contributors

6 reasons why private equity buyers are worth a look

If you currently own a pest control company, you're well aware of the attention our industry is getting from private equity (PE) firms.

Chances are, you receive numerous phone calls and emails each week asking whether you're interested in selling. PE-backed companies and strategic buyers are extremely active in acquiring pest control businesses across the U.S., Canada and Europe. These companies are growing quickly through acquisitions and are leveraging technology to become more efficient and profitable.

Here are six reasons why partnering with a PE firm may make sense for your company:

1 Take some chips off the table. As they say in the PE world, this can be a great time to realize some of the value you've built. Multiples being paid by PE firms are among the highest we've seen, and as the pest control industry continues to consolidate, you can cash out on a portion of your company's value while still having skin in the game.

2 Roll some equity. This is another perk offered by PE firms. In this scenario, the seller becomes a partner with the PE firm. When the PE group eventually sells, you would be entitled to a "second bite of the apple." It's not uncommon for that rolled equity to be worth two to four times — or more — of your original investment. Most PE groups have a hold period of roughly three to

seven years before a liquidity event. Note, however, there's always a level of risk with any investment.

3 Keep things business as usual. If you're interested in staying on after the sale and continuing to lead your business, many PE firms welcome that. You can focus on growing your company with an infusion of capital and resources from the sponsor, which is an excellent way to take your business to the next level.

4 Become a platform. Some owners who partner with PE groups become platform companies. A platform company is the first or primary acquisition by a PE group. Once established, smaller add-on and bolt-on acquisitions typically follow.

5 Join the acquisitions team. Selling also can open doors to join the buyer's PE acquisitions team, to help identify and scale new opportunities. It's an exciting next chapter for many sellers.

6 Protect your legacy and take care of your team. For most owners, your business has been your baby. By staying on, you can continue your legacy with your employees and clients, and preserve your brand, culture and reputation while providing stability for your team.

Hot commodity

Currently, more than 25 PE firms are active in the pest control space.



Currently, more than 25 private equity firms are active in the pest control space. More than 100 others are looking to enter the industry.

More than 100 others are looking to enter the industry. How do we know this? At The Aust Group, we receive calls and emails from them daily.

You've spent years building your pest control business, so it's worth exploring your options if you're even thinking about selling. Partnering with a PE firm doesn't mean it's the end of the road for you or your company. With the right partner, the sky truly is the limit.

Pursuing the PE route is a compelling opportunity in today's ever-changing mergers and acquisitions (M&A) landscape. Between PE firms and strategic buyers, there's no shortage of acquirers in the market. It's an amazing time to dip your toes in the water and see what the market will bear. **PMP**

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