

# THE AUST GROUP

Mergers & Acquisitions

**Winning in the  
Pest Control**

**GOLD  
RUSH**



## M&A TRENDS

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# Winning in the pest control gold rush



**T**he professional pest management industry is in the middle of a gold rush when it comes to selling businesses.

What was once a fragmented market with modest valuations has evolved into one of the most competitive acquisition environments the industry has ever experienced.

If you are the owner of a pest control company and have considered selling, current market conditions make this one of the most compelling opportunities in decades. Strategic buyers and private equity-backed platform companies are paying some of the highest valuation multiples ever recorded. Competition among buyers is intense — and well-run, high-quality companies are being rewarded like never before.

Over the past 12 years, the pest control industry has seen hundreds of operators sell their businesses and become millionaires. What is different today is the accelerating pace. More sellers are entering the market as awareness grows around strong valuations and buyer demand.

**FACT: Historically, selling a pest control company was largely reserved for owners nearing retirement. Today, owners in their 30s and 40s are increasingly choosing to sell, to capitalize on historically high multiples. Many recognize that waiting longer does not always lead to better outcomes.**

### Market dynamics

For many years, pest control companies were valued modestly based on size, local reputation and longevity. That reality has changed dramatically. Acquirers now view the pest control industry as both recession-resistant and largely pandemic-resistant. Even during economic downturns such as 2008 and global disruptions like 2020, pest management services remained essential.

Several factors make pest control businesses especially attractive to buyers, including:

- ▶ Recurring service agreements create predictable revenue.
- ▶ Strong customer retention supports long-term stability.
- ▶ Healthy earnings exist before and after interest, taxes, depreciation and amortization (EBITDA).
- ▶ Profitability demonstrates operational discipline.
- ▶ Solid leadership teams reduce risk and support scalable growth.

### Private equity factors in

Several private equity firms have raised funds exceeding \$1 billion that are specifically earmarked for acquisitions in the pest control space. Once capital is allocated to a fund, it must be deployed, creating urgency and competition among buyers — especially for assets that are scalable.

Private equity firms grow rapidly through acquisitions and frequently compete with one another to win deals. In most

cases, the highest bidder prevails. When strong demand meets a limited supply of best-in-class companies, valuation multiples rise. That is exactly what the industry is experiencing today.

As we write this column in mid-February, the industry is operating in a bull market characterized by strong investor confidence and high transaction volume. This environment strongly favors sellers, although no market lasts forever.

### Timing is everything

Timing matters, both in life and in business. Valuation multiples for selling a pest control company are extremely favorable, but there is no guarantee that conditions like this will exist again.

Many owners face a critical decision. Do you continue growing your business and gamble on receiving a higher offer in the future, or do you take advantage of today's market and secure value now? At some point, there will be owners who wish they had sold when the market was at its peak.

Evaluating your options does *not* require a commitment to sell. It simply provides clarity. For many owners, taking advantage of the pest control gold rush while conditions remain favorable may be one of the smartest business decisions they ever make, to secure wealth for generations to come. **PMP**

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