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PNC's private equity arm buys 98-year-old manufacturing firm

Pittsburgh Business Times - by [Patty Tascarella](#)

PNC Equity Management Corp. said Wednesday it acquired [Bacharach Inc.](#), a 98-year-old New Kensington-based manufacturer of testing equipment for air quality and gas detection.

The price wasn't disclosed but the money came from a \$272 million fund raised by the private equity arm of [PNC Financial Services Group Inc.](#), late last month.

"It's a nice niche business that's been around for a long time and they're brand name is probably the best known within their segment of the industry," PNC Equity President David Hillman said. "We think we can build on that with product development and updating existing products."

The sale provided an exit to Paul Zito, Bacharach's long-time CEO and chairman, who bought Bacharach from United Technologies in 1986 and built it internationally through acquisitions. Hillman said Bacharach President Dan Strafalace remains at the helm with his management team intact.

"(PNC Equity) sought us as a good mix for the types of company they invest in," Strafalace said. "They provide experience in helping companies our size and our position in the market to grow."

Bacharach employs 122 and has operations in Markham, Ontario; Medellin, Columbia; and Mexico City, Mexico. Strafalace said he expects to do some hiring "in a few key positions" but did not say how many posts.

"The highest priority is internal growth, that's where the best opportunity is," Hillman said. "There are definitely opportunities in the pipe line. As an owner gets closer to selling a business, they're usually not focused on acquisitions."

PNC Equity finished the Bacharach buy in a dead heat with a second purchase. It acquired Lone Star Overnight, an Austin, Texas-based regional business-to-business courier service, for \$16 million from [Brazos Private Equity Partners LLC](#), Dallas. Lone Star is focused on Texas and Louisiana. Brazos bought the company in 2003.

PNC Equity, launched 25 years ago, is the Pittsburgh region's largest private equity firm, managing more than \$1 billion in capital. The new fund, [PNC Equity Partners II LP](#), focuses on manufacturers, distribution companies and service firms with sales ranging from \$25 million to \$125 million. It is backed by 14 institutional investors and seven private investors. At least two had invested in a previous \$200 million PNC Equity Fund, including parent PNC Financial Services Group, which committed \$75 million. The other repeat investor was the Pennsylvania Teachers Pension Fund.

"We've been able to diversify our investor base and bring in a number of new insittions as well as individual investors," Hillman said.

The only larger locally managed private equity fund is the \$350 million raised two years ago by a sibling PNC division, [PNC Mezzanine Partners III](#).

Richard Stover, managing principal of [Birchmere Capital LP](#), a Wexford-based private equity firm, said that PNC's fund is "terrific for the region," especially since an early investment was made here.

"They (PNC) play across the whole United States, so what you hope is that a reasonable portion of its fund is invested in Western Pennsylvania," Stover said. "Being raised here is one thing. Being used here is another."

When PNC Equity backed a \$13.2 million management-led buyout of four business units of Railworks Corp. to create Station Square-based [Tangent Rail Corp.](#) in 2005, it marked PNC's first local transaction in several years.

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