

Life Support International, Inc.

“When faced with future acquisition opportunities, we'll definitely use CoreValue again.”

Greg Yerkes

Owner, Life Support International

Bristol, PA

www.lifesupportintl.com

Advised by:

Clarke Langrall, Jr. CEPA

President, Forecast Strategic Advisors

www.forecastadvisors.com



CASE STUDY

Vetting a Potential Acquisition Target: Perception is Not Always Reality



Life Support International (LSI) is a leading manufacturer and distributor of aviation survival equipment. These products consist of many materials onboard sea and aircraft (e.g. parachutes, rations, survival kits and vests, rafts, flares, knives, rescue hooks, etc.) designed to aid in the survival of passengers. LSI's core customer base consists of domestic and international military organizations and contractors, including Sikorsky, Lockheed Martin, Drummond and Boeing.

This niche business services all aspects of their products, including raft repair. When the opportunity presented itself to acquire one of their long-time suppliers, a Florida-based manufacturer and service provider of life crafts, LSI was interested.

LSI's business advisor, Clarke Langrall, President of Forecast Strategic Advisors, suggested they use CoreValue Software as a vetting tool to conduct a holistic, efficient, affordable, and thorough, pre-due

diligence analysis of the target. LSI agreed, as did the target. Simultaneously, a separate assessment was performed on LSI itself. "When you take your pants down to show what you've got, it's a bit sensitive, regardless of how long you've known each other. CoreValue made it fun, easy, understandable, and extremely informative," said LSI owner, Greg Yerkes.

After conducting the assessment, it became evident that debt and operational issues made the potential deal too risky for LSI. CoreValue also exposed the fact that the asking price did not reflect the value of the company, which came up short by about \$2 million. The deal was off.

LSI was grateful for the ability to vet the target without going through a lengthy and expensive due diligence process. "Had the outputs been different, a more formal process would have been necessary. CoreValue, and Clarke's wise counsel, saved us time and money. When faced with future acquisition opportunities, we'll definitely use CoreValue again," Yerkes elaborated.

As for the assessment conducted on LSI? It confirmed what they were doing well, what they were already working on to improve, and it served as an affirmation of LSI's own enterprise value.