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| **To:** | Anna |
| **From:** | Ayush |
| **Subject:** | Potential M&A Targets for Carlos |
| [Hi Anna]  [I hope you're doing well.  Below are brief descriptions of the potential M&A targets we discussed, along with my recommendations on whether to share them with Carlos and their relevance to WorldWide Brewing Company]   |  |  |  |  | | --- | --- | --- | --- | | **Company** | **Description** | **Relevance to WorldWide Brewing** | **Recommendation** | | **HappyHour Co.** | HappyHour Co. is the largest Beer, Spirit, and Non-alcoholic beverages manufacturer in Singapore and Malaysia and operates in China. Its operation involve manufacturing distribution and direct sales and it also has strong growth in EBITDA in FY2020 which was up 20% pcp and amounted to US$300mm. | It will generate lot of synergies for Worldwide Brewing as they both operate in same segment  Of Beer, Spirit, and Non-alcoholic beverages manufacturing and strategical advantage as it is largest producer in Singapore and Malaysia. Company is fully owned by three families which will make acquisition process more easier and they are also focusing on expanding their business. | **Recommend because both want to expand In same segment and simple shareholding pattern so less chance of conflict** | | **Spirit Bay** | Similar to HappyHour Co. Spirit Bay is largest Beer, Spirit, and Non-alcoholic beverages manufacturer in Indonesia and second largest in Singapore and Malaysia and also operates in China. It has reported US$400 mm in EBIT in FY2020 up 40% from last year. It is owned 60% by International Institution and been under extensive cost cutting to maximise their profit. | It will generate more synergies than HappyHour Co. It have higher EBITDA which is mostly because of aggressive cost cutting measures implemented to improve their earnings. Which means that they are not focusing on expansion of biusness which is conflicting with WorldWide Brewing’s goal to expand the business. It also have more complex share holding pattern. | **Recommend**  **But**  **HappyHour Co.**  **Should be preferred** | | **Hipster’s Ale** | Beer and Spirit company with similar operations to HappyHour and Spirit Bay. It is owned by consortium of independent microbreweries owners. and it also has strong growth in EBITDA in FY2020 which was up 15% pcp and amounted to US$200mm. | It have presence in 6 countries but it does not operate non-alcoholic beverages also it is owned by owners of 30 independent breweries so acquisition will not be easy as some might oppose the offer. | **Recommend**  **But HappyHour Co should be preferred because it have bit complex shareholding pattern and also less EBITDA than HappyHour Co** | | **Brew Co.** | Top Malaysian beer and spirits manufacturer but does not operate in distribution and non-alcoholic beverages market. Have huge EBITDA of $800 million which was 5% down from last year. It is owned by institutional investors | Institutional investors may have high expectations for valuation, potentially leading to tough negotiations on price. Institutional investors are motivated by financial returns so acquisition will be easy only if we offered good premium. | **Do Not Recommend**  **It has it presence only in Malaysia.**  **Acquiring will not be easy and we will might even end up paying more than required** | | **Bevy’s Direct** | Bevy's Direct operates in multiple Asian markets (Malaysia, China, Indonesia, Japan, Korea, Cambodia, Australia, and New Zealand), which aligns well with client's goal of expanding into Asia With US$250 million in FY2020 EBITDA and a 20% growth from the previous year, Bevy's Direct demonstrates strong financial health and growth potential. | Strategically good fit for WorldWide Brewing because of Good geographic reach, good financial performance and aligning product portfolio. The only challenge will be the willingness of owner to sell. | **Recommended**  **Will get wide exposure in Asia and Australia too.** |   Let me know if you need any further details.  Best regards  Ayush | |