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| **To:** | Anna |
| **From:** | Gaurav |
| **Subject:** | Recommendations for potential M&A targets for WorldWide Brewing to expand in Asia |
| Hi Anna,  You may find my recommendation for the potential companies that I find fit for M&A. “Description” section contains the description of the company’s position, presence in other countries, segments, area of operation and EBIDTA and YOY growth metric w.r.t. the previous Financial year.   |  |  |  |  | | --- | --- | --- | --- | | **Company** | **Description** | **Relevance to WorldWide Brewing** | **Recommendation** | | **HappyHour Co.** | HappyHour Co. is the largest player in Singapore and Malaysia, in the segments of beer, spirits and non-alcoholic beverages. Its operations include manufacturing facilities, distribution and direct sales and it has demonstrated strong growth in EBITDA in FY2020 which was up 20% pcp and amounted to US$300mm. | It has similar operations to WorldWide Brewing across the same segments and is the leading player in Singapore and Malaysia, suggesting the potential for strategic benefits and synergies. It has solid financial results and an ownership structure that is owned by 3 families, rendering a potential acquisition relatively simple and feasible. HappyHour Co. would be appropriate to share. | **Recommend** | | **Spirit Bay** | Spirit Bay is the largest player in indonesia and second largest player in Malaysia, in the segments of Beer, Spirits, Non-alcoholic beverages. Its operations include manufacturing facilities, distribution and direct sales and it has demonstrated strong growth in EBITDA in FY2020 which was up 40% pcp and amounted to US$400mm. | It operates in Singapore, Malaysia and China with Headquarters in Indonesia. It has super solid financials and functions within the same segments along with the similar area of operations as Worldwide Brewing. Stakes are owns 60% by Global Sponsors and 40% by employees, which might make M&A a little hectic. Its presence in the major countries and having the top places will provide a headstart along with strategic benefits. | **Recommend** | | **Hipsters’ Ale** | Spirit Bay function in the segments of Beer, Spirits, Non-alcoholic beverages. Its operations include manufacturing facilities, distribution and direct sales and it has demonstrated strong growth in EBITDA in FY2020 which was up 15% pcp and amounted to US$200mm. | It operates in major APAC countries like Singapore, Indonesia, Japan, Korea, Cambodia which will provide a huge presence in Asia’s market. The areas of operation are similar. But the ownership is shared between 30 independent breweries, which can make the negotiation complex but looking upon the potential to provide exposure in Asian countries this company could be a very good choice | **Recommend** | | **Brew Co.** | Brew Co. is the largest manufacturer in Malaysia and function in only 2 segments of Beer and Spirits. Its operations include only manufacturing facilities and it has given a negative 5% EBITDA in 2020 which amounted to US$800mm. | Operates only in Malaysia which hinders its exposure in other Asian markets. Despite being the largest manufacturer its area of operation is restricted to manufacturing reducing its capabilities to experiment and diversify. Also it caters only 2 segments i.e. Beer and spirits with sharing its ownership with multiple IIS as it’s a listed company making its Acquisition very complex. | **Not Recommend** | | **Bevy’s Direct** | Bevy’s functions in the segments of Beer, Spirits, and Non-alcoholic beverages. Its operations only wholesale distribution and it has demonstrated strong growth in EBITDA in FY2020 which was up 20% pcp and amounted to US$250mm. | Huge presence in APAC countries like Malaysia, China, Indonesia, Japan, Korea, Cambodia, Australia, New Zealand providing the opportunity to spread faster. Functioning in all the 3 segments as Worldwide Brewing. It operates only in wholesale distribution but is owned by only one company which makes it relatively easier to M&A. | **Recommend** |   Please let me know if there’s anything I can help you with.  Regards, Gaurav Gupta | |