

HappyHour Co. DCF Valuation Summary

DCF Results & Key Assumptions

Base Case Valuation

- **Intrinsic Share Price:** 320c per share
- **Current Market Price:** 165c per share
- **Implied Upside:** +94%
- **Enterprise Value:** \$722m
- **Equity Value:** \$638m (after \$85m net debt)

Key Financial Projections (2020-2030)

Year	Revenue (\$m)	Revenue Growth	EBITDA (\$m)	EBITDA Margin	FCF (\$m)
2020	1,149	-	94	8.2%	41
2021	1,256	9.3%	75	5.9%	-17
2022	1,354	7.8%	105	7.8%	18
2023	1,447	6.9%	126	8.7%	48
2024	1,443	-0.3%	123	8.5%	47
2025E	1,472	2.0%	126	8.6%	64
2030E	1,577	1.0%	142	9.0%	76

Note: 2020-2024 based on company forecasts; 2025-2030 extrapolated using conservative assumptions

DCF Methodology & Key Assumptions

Valuation Approach:

- **Method:** Perpetuity Growth Model (base case)
- **Forecast Period:** 11 years (2020-2030)
- **Terminal Value:** Perpetuity growth method

Key Financial Assumptions:

- **WACC:** 8.5%
- **Terminal Growth Rate:** 0.5%

- **Tax Rate:** 19% (2020-21), 17% (2022+)
- **Terminal EBITDA Margin:** 9.0% (vs 8.5% in 2024)

Operating Assumptions (2025-2030):

- **Revenue Growth:** Declining from 2% to 1% terminal
- **Capex:** Maintained at \$50m annually
- **Working Capital:** No change (0% of revenue)
- **D&A as % of Capex:** Trending to 95% by 2030

Sensitivity Analysis

Share Price Sensitivity - Perpetuity Growth Method

WACC	0.0% Growth	0.25% Growth	0.5% Growth	0.75% Growth	1.0% Growth
7.5%	365c	374c	383c	394c	405c
8.0%	334c	342c	350c	359c	368c
8.5%	307c	313c	320c	328c	336c
9.0%	283c	289c	294c	301c	307c
9.5%	262c	267c	272c	277c	283c

Share Price Sensitivity - EBITDA Multiple Method

WACC	7.5x Multiple	8.0x Multiple	8.5x Multiple	9.0x Multiple	9.5x Multiple
7.5%	377c	395c	412c	429c	447c
8.0%	361c	377c	394c	410c	427c
8.5%	345c	361c	377c	392c	408c
9.0%	330c	345c	360c	375c	390c
9.5%	316c	330c	344c	359c	373c

Value Bridge Analysis

Component	Value (\$m)	% of EV
PV of FCF (2021-2030)	300	42%
PV of Terminal Value	422	58%
Enterprise Value	722	100%
Less: Net Debt	(85)	-
Equity Value	638	-

Key Risks & Considerations

Upside Risks:

- Strong market position (#1 in Singapore/Malaysia)
- Premium product portfolio with expansion into Cambodia
- Potential for margin expansion and operational leverage

Downside Risks:

- Heavy reliance on terminal value (58% of EV)
- Volatile FCF profile in near-term (negative in 2021)
- Competitive pressures in Asian beverage markets

Investment Recommendation:

Based on DCF analysis, HappyHour Co. appears **attractively valued** with significant upside potential of 94% to intrinsic value, supporting a strategic acquisition at current market levels.