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| **To:** | Anna |
| **From:** | Michael |
| **Subject:** | Potential M&A targets for WorldWide Brewing Co. |
| Hi Anna,  Below I have described and recommended potential M&A targets for WorldWide Brewing Co.   |  |  |  |  | | --- | --- | --- | --- | | **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** | The biggest player in Indonesia whilst being the number 2 player in Singapore and Malaysia in Beer, Spirits and Non-alcoholic beverages. Operations include manufacturing in Indonesia, distribution and direct sales. Their EBITDA growth is very strong, up 40% pcp (amounting to US$400mm). | Being the biggest player in Indonesia and the number 2 in Malaysia and Singapore with brewing across the same segments indicates strategic benefits and synergies over several countries. Has very strong growth and is financially sound. It is owned by both Global Sponsor and employees with a 60/40 split. Acquiring this would be simple and Spirit Bay would be appropriate to share. | **Recommend** | | **Hipsters’ Ale** | Based in Malaysia with direct sales operations in Singapore, Indonesia, Japan, Korea and Cambodia to manufacture and distribute Beer and Spirits from microbreweries in each region. A strong EBITDA of US$200mm up 20% pcp. | Despite only operating with beer and spirits, Hipsters’ Ale spans several countries that could have potential strategic synergies and benefits which is in line with WorldWide Brewing’s objectives. Ownership is complicated with 30 independent breweries, however, given the possible strategic opportunity, it would be appropriate to share. | **Recommend** | | **Brew Co.** | Headquarters in Malaysia and only manufactures beer and spirits. There is a large EBITDA of US$800mm down 5 pcp. | Operates only in Malaysia and only handles the manufacturing meaning that they are of limited reach geographically, despite being the biggest alcohol manufacturer in Malaysia. Largely owned by individual investors and listed on the Malaysian stock exchange means that acquisition would be more complex. The limited strategic and operational benefit would mean that it is not appropriate to share. | **Do not recommend** | | **Bevy’s Direct** | With headquarters in Singapore and only wholesale distribution operations in Malaysia, China, Indonesia, Japan, Korea, Cambodia, Australia and New Zealand in the Beer, Spirits and Non-alcoholic beverages segment, Bevy’s Dirt has a strong EBITDA of US$250mm up 20% pcp. | Operates in similar segments as the client but only in wholesale distribution. Despite this, operating in several APAC countries means a strong geographical reach and possible strategic benefits and synergies. It has strong financials, and a single family owns the company, making acquisition simple. Bevy’s Direct would be appropriate to share. | **Recommend** |   Please do not hesitate to contact me if you have any further questions.  Kind regards,  Michael Ishak | |