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| **To:** | Anna |
| **From:** | Sa |
| **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** | Spirit Bay is a prominent player in the Indonesian beverages sector and holds the second position in both Singapore and Malaysia. The company's business spans beer, spirits, and non-alcoholic beverages, with manufacturing facilities exclusively situated in Indonesia. Notably, they've recorded a substantial $400 million EBITDA, reflecting a remarkable 40% growth over the preceding period. Despite their impressive financial performance, Spirit Bay has yet to embark on new market expansions. | Spirit Bay, operating in the same beverage segments as Worldwide Brewing, holds a dominant position in Indonesia, Singapore, and Malaysia, suggesting the possibility of strategic advantages and synergies. However, its ownership structure presents potential challenges for M&A, with a 60% stake held by a Global Sponsor and 40% owned by Spirit Bay employees. Furthermore, while Spirit Bay has achieved remarkable EBITDA growth, this was the result of aggressive cost-cutting measures aimed at enhancing profitability. Additionally, the company exclusively distributes its products from its Indonesian headquarters, which may impact its reach and distribution capabilities. | **Not recommend** | | **Hipsters’ Ale** | Hipsters' Ale, headquartered in Malaysia, is a beer and spirits production company with a significant presence across various Asian countries, including Singapore, Indonesia, Japan, Korea, and Cambodia. They reported a noteworthy EBITDA of US$200 million in the fiscal year 2020, reflecting a 15% increase compared to the previous period. | Hipsters' Ale operates within the beer and spirits industry, distinct from Worldwide Brewing, as they do not participate in the non-alcoholic beverages sector, potentially lacking established production lines for this category. However, their ownership structure, consisting of shareholders of 30 independent breweries, provides considerable strategic advantages and synergies. Furthermore, they have local production, distribution, and sales channels, which significantly eases Worldwide Brewing's expansion into various Asian countries. | **Recommend** | | **Brew Co.** | Brew Co. is a company exclusively operating in Malaysia, where it holds the top position as the leading alcohol manufacturer. Their EBITDA for FY2020 amounted to US$800 million, marking a 5% decline compared to the previous year. | Brew Co. operates in the beer and spirits industry, setting them apart from Worldwide Brewing, as they do not venture into the non-alcoholic beverages sector and may not possess established production lines for such products. While Brew Co. has production facilities, it lacks a distribution and sales network, which could hinder its market penetration in Malaysia. However, given their ownership structure (Shareholders: listed on the Malaysian stock exchange, primarily consisting of institutional shareholders) and declining revenue, this presents a favorable opportunity for Worldwide Brewing to consider acquisition. Nonetheless, if such an acquisition were to occur, Brew Co. would only expand into the Malaysian market. | **Not recommend** | | **Bevy’s Direct** | Bevy's Direct, headquartered in Singapore, specializes in the distribution of beer, spirits, and non-alcoholic beverages. Their operations span across several Asian countries, including Malaysia, China, Indonesia, Japan, Korea, Cambodia, Australia, and New Zealand. Their EBITDA for FY2020 reached US$250 million, reflecting a notable 20% increase compared to the previous year. | Bevy's Direct are advantages of being in the same industry as Worldwide Brewing and having an extensive distribution network across multiple Asian countries, the company's ownership structure is characterized by a single entity and a sole focus on product distribution, which opens up opportunities for a vertical acquisition. | **Recommend** |   Please do not hesitate to contact me if you have any further questions.  Kind regards,  Le Tran Ai Sa | |