|  |  |
| --- | --- |
| **To:** | Anna |
| **From:** | Shuvam |
| **Subject:** | Potential M&A Targets in Asia for WorldWide Brewing Co. |
| Dear Anna,  Based on the transcript of our call with the Hong Kong Director and my notes from the call, here are the concise descriptions of the five targets discussed, along with their strategic and financial fit for WorldWide Brewing Co. Please find my assessment of each company and their relevance as a potential acquisition target:   |  |  |  |  | | --- | --- | --- | --- | | **Company** | **Description** | **Relevance to WorldWide Brewing** | **Recommendation** | | **HappyHour Co.** | HappyHour Co. is a leading beverage company in Singapore and Malaysia, operating in beers, spirits, and non-alcoholic beverages. With integrated operations and strong financial performance (US$300mm EBITDA in FY2020), it presents strategic alignment and potential synergies with WorldWide Brewing's operations. Furthermore, its ownership structure, held among three families, simplifies the acquisition process. | HappyHour Co. is the largest player in Singapore and Malaysia, as well as integrated operations including manufacturing, distribution, and direct sales. The ownership structure is relatively simple, with three families owning the company, making a potential acquisition feasible. Similar operations and leading market position in Southeast Asia suggest strategic benefits and synergies. Family ownership simplifies potential acquisition. | **Recommend sharing with Carlos as a potential M&A target.** | | **Brew Co** | A Malaysian beer and spirits company that operates manufacturing facilities and is listed on Bursa Malaysia with US$800mm EBITDA in FY2020. Relevance: With considerable EBITDA and being in the alcohol manufacturing sector, this target aligns with WorldWide Brewing Co's needs and growth strategy, however, the shareholders' structure and potential integration might be complex | Market leadership in Malaysia presents an opportunity for market expansion. However, potential complexities associated with its institutional ownership structure may warrant careful consideration. Mostly institutional shareholders, making an acquisition may be more straightforward. However, the financial performance decline could be a concern. This target may be worth considering, but the financial trends should be examined further | **Consider sharing with Carlos, but highlight the potential limitations and complexities.** | | **Spirit Bay** | Spirit Bay is an Indonesian beverage company with a significant presence in Singapore, Malaysia, and China. While reporting impressive earnings (US$400mm EBITDA); Its operations include manufacturing, distribution, and direct sales. EBITDA in FY2020 was US$400mm, up 40% from the previous year. | Spirit Bay's strong financial performance and market position in Indonesia make it an attractive target. However, its ownership structure (60% owned by a Global Sponsor) may complicate an acquisition. its ownership by a Global Sponsor and recent cost-cutting measures may complicate acquisition negotiations. Therefore, it might not be the most suitable option to share with Carlos Johnson due to potential complexities. | **Consider sharing with Carlos, but highlight potential ownership complexities.** | | **Hipsters’ Ale** | Hipsters' Ale is a Malaysian beer and spirits company operating in several Asian markets, including Singapore, Indonesia, Japan, and Korea. It has a unique ownership structure, being owned by a consortium of 30 independent breweries. It reported EBITDA of US$200 million in FY2020, up 15%, | Geographic reach and diverse ownership might present integration challenges. Its ownership by 30 independent breweries and decentralized manufacturing facilities suggest potential complexities in acquisition negotiations. However, its solid financial performance (US$200mm EBITDA in FY2020) and diversified market presence could still make it a viable option to share with Carlos Johnson. | **Not recommended at this stage** | | **Bevy’s Direct** | Bevy's Direct is a wholesale distributor of beer, spirits, and non-alcoholic beverages across multiple Asian markets, including Singapore, Malaysia, China, Indonesia, Japan, Korea, Cambodia, Australia, and New Zealand. EBITDA in FY2020 was US$250mm, up 20% from the previous year. | Bevy's Direct's distribution capabilities and presence across multiple target markets could complement WorldWide Brewing's operations. However, as a distributor without manufacturing operations, potential synergies may be limited. Its family ownership structure could simplify an acquisition. Overall, the lack of integrated operations may not align well with WorldWide Brewing's strategic objectives. This target may not be the most appropriate to share with Carlos | **Not recommended at this stage** |   HappyHour Co. appears to be the most promising target based on its strong market position, operational alignment with WorldWide Brewing, and relatively straightforward ownership structure. Spirit Bay and Brew Co are also worth considering, but with some reservations about its ownership and recent focus on cost-cutting.  Let's discuss these options further and tailor a presentation to Carlos highlighting the strategic and financial merits of each potential acquisition.  Best regards,  Shuvam | |