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| **To:** | Anna |
| **From:** | Akshat |
| **Subject:** | Recommendations for Worldwide Brewing – Asia – M&A Operations |
| Hi Anna, this is Akshat. Hope this email finds you well. I’m writing this in order to present my report and recommendations for Merger Operations for Worldwide Brewing – Asia. Please find them below and please revert back with any feedback.   |  |  |  |  | | --- | --- | --- | --- | | **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, a renowned industry frontrunner, is headquartered in Indonesia, where it enjoys a dominant market position. The company's operations have also extended to encompass Singapore, Malaysia, and a recent expansion into China. These operations encompass the presence of a manufacturing unit at headquarters complemented by an extensive network of distribution channels and a robust direct sales framework. | Spirit Bay operates in the same industry sector as Worldwide Brewing. Its equity structure consists of 60% ownership by a global sponsor and 40% held in ESOP Pools. While merging under this structure can be complex, it remains a feasible option. Notably, Spirit Bay has achieved outstanding financial results, with $400 million in EBITDA till (June 2020 Actuals), a significant 40% increase from FY 2019. The company is actively engaged in cost-cutting initiatives to enhance its profit margins. | **Recommend** | | **Hipsters’ Ale** | Hipsters' Ale is a distinguished market leader in the realm of mature beverages, with its corporate headquarters situated in Indonesia. The company has significantly expanded its international footprint throughout Asia, particularly in countries such as Singapore, Indonesia, Japan, Korea, and Cambodia. Its operations are characterized by a network of independent microbreweries in each region, as well as a robust direct sales network. | Hipsters' Ale operates in the same sector as Worldwide Brewing. It comprises a network of 30 independent breweries as shareholders, which can present challenges in the merger process. In terms of financial performance, the company reported an EBITDA of US$200 million (June 2020 Actuals) , reflecting a noteworthy 15% year-on-year increase. | **Recommend** | | **Brew Co** | Brew Co exclusively operates within the borders of Malaysia and has not pursued expansion into international markets. Despite its localized presence, the company holds a prominent position as the foremost alcohol manufacturer in Malaysia, ranking as the industry leader. | Brew Co operates within the same product segments as Worldwide Brewing, offering a range of alcoholic beverages, including beer and spirits. It is publicly listed on the Malaysian Stock Exchange, with a predominantly institutional investor base, which may present challenges in successfully concluding a merger. In terms of financial performance, the company reported an EBITDA of $800 million for the fiscal year ending in June 2020, indicating a slight decrease of -5% compared to the previous year. | **Not Recommended** | | **Bevy’s Direct** | Bevy's Direct has a multinational presence in various Asian countries, including Malaysia, China, Indonesia, Japan, Korea, Cambodia, Australia, and New Zealand. The company exclusively engages in wholesale distribution, catering to a wide range of markets across these regions. | Bevy’s direct deals in Beer, spirits and Non Alcoholic Beverages which is relevant to Worldwide brewings. It is only owned by 1 family which makes the merger and acquisition a fairly easy process. Financial Reporting is as follows: $250 Million during FY-(June 2020 actuals), a 20% increase from the last year. | **Recommend** |   In conclusion, I trust that these recommendations will be beneficial for your consideration. If you have any questions or require further assistance, please feel free to reach out. We look forward to assisting you in achieving your goals.  ***Best Regards***  ***Akshat*** | |