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| **To:** | Anna |
| **From:** | Ipsita Nandy |
| **Subject:** | Potential M&A targets\_Worldwide Brewing Co |
| Hello Anna,  Please find the details and recommendations for the five potential targeted company for WorldWide Brewing Co acquisition.   |  |  |  |  | | --- | --- | --- | --- | | **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 the largest player in Indonesia and the second largest in Singapore and Malaysia, in the segments of Beer, Spirits, and Non-alcoholic beverages. Its operation includes manufacturing facilities, distribution, and direct sales and it has demonstrated strong growth in EBITDA in FY2020 which was up 40% PCP and amounted to US$400mm. | It has similar operations to WorldWide Brewing across the same segments and is the leading player in Indonesia and second-best in Singapore and Malaysia, suggesting the potential for strategic benefits and synergies. It hasn’t expanded to the new market, and they are 60% owned by Global Sponsor, which makes the acquisition feasible. The company is going through aggressive cost-cutting to improve their earnings, which makes WorldWide’s acquisition proposal lucrative for them as well. | **Recommend** | | **Hipsters’ Ale** | Hipsters’ Ale is a Malaysian company that is also operational in Singapore, Indonesia, Japan, Korea, Cambodia in the segment of Beer and Spirits. Its operation includes manufacturing facilities, distribution, and direct sales and it has demonstrated strong growth in EBITDA in FY2020 which was up 15% PCP and amounted to US$200mm. | Though this company does have a similar operation as WorldWide, its operation does not include Non-alcoholic beverages. This company operates in different locations compared to HappyHour Co. and Spirit Bay. But in no location does it holds any significant position. Its manufacturing is done in a consortium of independent microbreweries in each region which gives an upper hand to take risks, innovate flavors, this can also create problems in quality control and maintenance in all the regions. Shareholders for this company are 30 independent breweries, which can make this acquisition difficult to process. | **Not Recommend** | | **Brew Co.** | Brew Co. is a Malaysian company in the segment of Beer and Spirits. The company operation includes manufacturing facilities in Malaysia, which is the best one in manufacturing. It has demonstrated a slight down in EBITDA in FY2020 which was down 5% PCP and amounted to US$800mm. | This company is not operating in any other location except Malaysia, and they also do not have distribution and direct sale facilities like previous companies, but they have the best manufacturing facility in Malaysia. This is also a public company listed on the Malaysian stock exchange and investors are mostly institutional, this can be a big plus for the acquisition. Even though the company couldn’t display growth in EBITDA in FY2020, it still has strong EBITDA, better than any other company on the list. | **Recommend** | | **Bevy’s Direct** | Bevy’s Direct is a company HQ in Singapore and operates in Malaysia, China, Indonesia, Japan, Korea, Cambodia, Australia, New Zealand. It is in the segments of Beer, Spirits, and Non-alcoholic beverages. Its operations include wholesale distribution only and it has demonstrated strong growth in EBITDA in FY2020 which was up 20% PCP and amounted to US$250mm. | This company has operations to WorldWide Brewing across the same segments, suggesting the potential for strategic benefits and synergies. But unfortunately, the company does not have any significant acknowledgment in any of these locations. Also, the company only has a distribution facility and not manufacturing and sales. The company is owned by a family which can disrupt business acquisition. Even though the company showed growth in EBITDA in FY2020, the company's EBITDA is not satisfactory. | **Not Recommend** |   Regards,  Ipsita Nandy | |