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| **To:** | anna.jpmorgan@gmail.com |
| **From:** | chauhanrythem013@gmail.com |
| **Subject:** | Potential M&A targets for Worldwide Brewing |
| Dear Anna  Here is a list of potential M&A targets for Worldwide Brewing to consider:   |  |  |  |  | | --- | --- | --- | --- | | **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 no. 2 player in Singapore, Malaysia and no. 1 in Indonesia, in the segments of beer, spirits and non-alcoholic beverages. Its operations include manufacturing facilities (Indonesia), distribution, and direct Sales and has shown very 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 is among the top players in Singapore, Malaysia suggesting the potential for strategic benefits and synergies. It has solid financial results and an ownership structure that is such that 60% is owned by Global Sponsor and 40% employee owned rendering a structured potential acquisition relatively simple. Spirit Bay would be appropriate to share. | **Recommend** | | **Hipsters’ Ale** | Hipsters’ Alehas its headquarters in Malaysia and is also present in other locations like: Singapore, Indonesia, Japan, Korea, Cambodiain the segments of beer and spirits. Its operations include manufacturing facilities (consortium of independent microbreweries in each region), distribution, and direct sales and has shown good growth in EBITDA in FY2020 which was up 15% pcp and amounted to US$200mm. | It has moderately similar operations to WorldWide Brewing across the same segments except it doesn’t participate in the non-alcoholic beverages segment and is a player in many locations like: Malaysia, Singapore, Indonesia, Japan, Korea, Cambodia so it has a wide distribution network suggesting the potential for strategic benefits and dispersion into many south east Asian countries. It has good financial results but an ownership structure comprising of 30 independent breweries so the acquisition might not be so simple and those many breweries might have to be consulted for the final decision. Hipsters’ Alewould still be appropriate to share. | **Recommend** | | **Brew Co.** | Brew Co. is the largest alcohol manufacturer with its headquarters in Malaysia, and operates in the segments of beer and spirits. Its operations include manufacturing facilities only but has slowed in growth as EBITDA in FY2020 is down 5% pcp and amounted to US$800mm. | It has moderately similar operations to WorldWide Brewing across the same segments except it doesn’t participate in the non-alcoholic beverages. It has poor financial results and is listed on the Malaysian stock exchange so it comprises mainly of institutional shareholders so the acquisition might be more difficult and complex. Brew Co. would not be appropriate to share. | **Don’t Recommend** | | **Bevy’s Direct** | Bevy’s Directhas its headquarters in Singapore and is also present in other locations like: Malaysia, China, Indonesia, Japan, Korea, Cambodia, Australia and New Zealand 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. | It has different operations to WorldWide Brewing across the same segments and is a player in many Asian countries so it has a wide distribution network suggesting the potential for strategic benefits and dispersion into many Asian countries. It has solid financial results and an ownership structure that it is owned by one family rendering a potential acquisition relatively simple. Bevy’s Directwould be appropriate to share. | **Recommend** |   Regards  Rythem Chauhan | |