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| **To:** | Anna |
| **From:** | Sheersh |
| **Subject:** | Insights on Potential M&A Target for WorldWide Brewing Co. |
| Hi Anna,  I hope you are doing well. This email is regarding the insights on the 5 potential M&A targets for WorldWide Brewing Co. Please refer to the table below for insights and recommendations related to the 5 potential targets identified by the Hong Kong Office MD.   |  |  |  |  | | --- | --- | --- | --- | | 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 #1 company in Indonesia, #2 in Singapore and Malaysia, in the segment of beer, spirit and non-alcoholic beverages. Its operations include manufacturing facilities, distribution and direct sales and has reported a strong growth in EBITDA in FY June 2020 amounting to $400mm which is up by 40% pcp from last year. | Spirit Bay operates in segment same as WorldWide Brewing and is in the top 3 players in Indonesia, Singapore & Malaysia, suggesting a potential for revenue & operational synergies. Spirit Bay is 60% owned by Global Sponsor and 40% by employees posing itself as a potential target which might make the acquisition challenging but feasible | **Recommended** | | Hipsters’ Ale | Hipsters’ Ale covers wider market in Asia with HQ in Malaysia and covering Singapore, Indonesia, Japan, Korea & Cambodia. Operates in beer & spirit segment only with operations including manufacturing facilities, distribution and direct sales. Hipsters’ Ale demonstrated an EBITDA growth of 15% pcp in FY June 2020 amounting to $200mm. | Hipsters’ Ale operates only in beer and spirit and not in non-alcoholic segment and covers multiple countries in Asia suggesting a potential for reaching wide market in Asia. Demonstrated a solid growth from the last FY. Hipsters’ Ale is owned by 30 independent breweries across Asia which makes the acquisition less tough and less feasible. | **Not Recommended** | | Brew Co. | Brew Co. is the largest player Malaysia, operating only in beer & spirit segment. Brew Co.’s operations include only manufacturing facility and no other operational channel. Brew Co. reported a decrease of 5% pcp in EBITDA in FY June 2020 amounting to $800mm. | While Brew Co. being the #1 manufacturer in Malaysia, covers only one location across Asia along with only manufacturing facilities which might not be beneficial for WorldWide Brewing in terms of synergies. Brew Co. also reported weak financials in FY 2020 making it less feasible than other M&A targets. | **Not Recommended** | | Bevy’s Direct | Bevy’s Direct located in Singapore with operating across Asia including Malaysia, China, Indonesia, Japan, Korea, Cambodia and outside Asia i.e. New Zealand and Australia. Bevy’s Direct operated in beer, spirit & non-alcoholic beverages with operating only as a wholesale distributor only. Bevy’s Direct reported a growth of 20% in EBITDA amounting to $250mm. | Bevy’s Direct covers large number of locations across Asia and outside Asia as well. Operating across the same segment and being a wholesale distributor suggests a potential for synergies and ability to reach wider market across Asia. Has demonstrated a solid financial result and an ownership structure that is owned by one family makes acquisition of Bevy’s Direct simple & feasible. | **Recommended** |   I hope the above insights prove to be of use. Please let me know if there are any further queries. I am also open for further analysis of the above potential M&A targets for WorldWide Brewing Co.  Thanks & Regards  Sheersh | |