

## **Phone call transcript:**

US MD: Hey Sarah, it's Mark here. How's it going?

HK MD: Hi Mark – it's been busy. Great to hear from you again!

US MD: Thanks for making time to speak on this.

HK MD: No worries at all. US MD: One of my clients, a beverage company based here in the US, is looking to expand overseas and thought Asia would be a good market to look at. I was wondering if you could share with us a couple of beverage company opportunities we could share with the client.

### **<Company 1: HappyHour Co>**

HK MD: Of course. One company I can think of is HappyHour Co. They operate in beers, spirits, and non-alcoholic beverages, and are a market leader in Singapore and Malaysia. They've also recently expanded into China. HappyHour Co is pretty much integrated – they handle their own manufacturing facilities, distribution and sales. Operations are located throughout Southeast Asia and China. The business is pretty sizeable as well – they reported US\$300mm in EBITDA for FY2020, which is a 20% increase from the previous year.

US MD: Who are the current owners? Are there any shareholding dynamics we should be mindful of?

HK MD: HappyHour Co is owned amongst three families. In fact, the largest and controlling shareholder is looking to retire soon, and have launched a process to seek out potential buyers in the market. He wants to remain in management though, so the seller is most likely looking for a strategic player to come in.

US MD: Perfect. How much does the seller own?

HK MD: 60%.

US MD: Got it. Any other companies we should consider?

### **<Company 2: Spirit Bay>**

HK MD: You can also take a look at Spirit Bay. They are an Indonesian company, operating in beers, spirits and non-alcoholic beverages in Singapore, Malaysia and China. They are the #1 player in Indonesia, and #2 in Singapore and Malaysia. Operations are integrated too. Think their manufacturing facilities are located in Indonesia.

US MD: How about their earnings?

HK MD: Spirit Bay is reported US\$400mm in EBITDA, which is up 40% from the previous period.

US MD: The growth rate seems pretty attractive. Have they expanded into new markets recently?

HK MD: No they haven't. In fact, they are 60% owned by a Global Sponsor, and have been undergoing aggressive cost cutting measures to improve their earnings.

US MD: I see.

### **<Company 3: Hipsters' Ale>**

HK MD: There's also Hipsters' Ale, a Malaysian beer and spirits company operating in Singapore, Indonesia, Japan, Korea and Cambodia. Hipsters' Ale also manufacture, distribute, and sell their products directly – similar to the other two companies I've just mentioned.

US MD: Anything special I need to keep in mind about Hipsters' Ale?

HK MD: The company is owned by 30 independent breweries. In fact, the manufacturing facilities is led by a consortium of independent microbreweries in each respective region. US MD: Interesting. How about the size of the business?

HK MD: US\$200mm EBITDA in FY2020, up 15% on the previous period.

**<Company 4: Brew Co.>**

HK MD: I can also think of Brew Co, a Malaysian beer and spirits company. They only operate manufacturing facilities, but are the #1 alcohol manufacturing player in Malaysia.

US MD: Who are the owners?

HK MD: Shareholders are mostly institutional. They are listed on the Bursa Malaysia, the stock exchange in Malaysia.

US MD: And have the business been growing?

HK MD: They've earned US\$800mm in EBITDA for FY2020, which is actually 5% down from last year.

US MD: I see. I think we can try to show one more idea to our client. Anything else we should consider?

**<Company 5: Bevy's Direct>**

HK MD: Let me see... there's Bevy's Direct, based in Singapore. They operate in beer, spirits and non-alcoholic beverages across Malaysia, China, Indonesia, Japan, Korea, Cambodia, Australia and New Zealand, but they only do wholesale distribution. The owner is a wholefoods retailer, and they recorded US\$250mm in FY2020 EBITDA, up 20% from the year prior.

US MD: Great, that should provide our client with a good list of opportunities to start with. Thanks again for your time. Really appreciate it.

HK MD: Don't worry about it, let me know if you have any questions later on.