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## The Parabolic Rise of American Brewing Company Inc (OTCBB:ABRW)

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BY CARRIE RIVERS ON MAY 25, 2016

MICRO CAP INSIDER, SMALL CAPS

American Brewing Company Inc (OTCBB:ABRW) has seen a parabolic rise over the past few days after the Company announced the mammoth acquisition of Xingtea Group as well as the name change to Búcha, Inc.

The acquisition of the Xingtea Group valued at close to \$20 million marks a massive turning point for ABRW and it has transformed the stock from illiquid to one of the top most traded stocks on the entire exchange as well as a serious runner recently topping \$1.40 a share.

American Brewing Company Inc (OTCBB:ABRW) was founded in 2010 and became a public company trading under the ABRW symbol on August 7, 2014. As a craft brewer, the Company won major industry awards and accolades for quality. In the 2nd Quarter of 2015, the Company acquired 100% of the assets of Búcha® Live Kombucha, from B&R Liquid Adventure, LLC for a combination of cash and stock. On October 7, 2015, American Brewing sold 100% of their beer assets improving their balance sheet and providing working capital to expand their healthy beverage business. The transaction is expected to finalize imminently.

On May 23 ABRW announced the Xingtea Group acquisition expected to close in June and comprised of a combination of cash and equity totaling \$19,995,000 in return for 100% of the assets and interests of New Age Beverages including their brands XingTea®, XingEnergy®, and Aspen Pure®. The consideration includes an initial \$8.5 million cash payment to the majority owner of the firm that will be paid at closing, and an issuance of common stock in Búcha, Inc. (ABRW) to the Executives and the majority owner totaling \$6,995,000. The total amount of shares will be based on the Volume Weighted Average Price ("VWAP") for the thirty days prior to closing. Finally, there is a promissory note for a deferred payment to the majority owner for \$4.5 million in cash. Six months after closing, a 1% interest rate on any outstanding principal will be incurred until paid in full.

ABRW also announced the signing of a definitive agreement to merge it and Búcha, Inc. to create an industry leading healthy functional beverage company. The combination with Búcha significantly augments the Company's scale, strengthens the infrastructure and leadership team, and accelerates the sales and distribution capabilities of the firm, leading to cost and revenue synergies in excess of \$7.5 million.

Búcha, Inc. is one of the leaders in the rapidly growing Kombucha category. The Búcha® Live Kombucha brand is one of the fastest growing brands in the segment. It was recently named as a breakout brand for 2016 by the Hartman Group because of its 353% growth 2012-2015, and its mainstream appealing flavor profile. Búcha, Inc. is the new name of the American Brewing Company, an award winning craft brewery that was founded by Neil Fallon, who will continue as Chairman of the new Company. The brewery was recently sold to enable the acquisition of Búcha® in mid-2015 and establish the platform as a healthy functional beverage company.

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According to the PR New Age Beverages is a highly profitable, \$50 million privately-owned firm based in Denver, Colorado with leading brands in the Ready-to-Drink (RTD) Tea segment and Functional Waters. The Company was founded by Scott and Tom Lebon, who will continue as President and Senior Vice-President of Sales of the new Company. Scott and Tom created XingTea®, an all-natural RTD Tea made with pure cane sugar, that is the Company's flagship brand. XingTea® is distributed in major national retailers across 46 states and in 10 countries around the world. The Company recently extended the Xing brand with XingJuice®, and XingEnergy® launched in May 2016. Aspen Pure® is the Company's Functional Water brand made from pure artesian source water in the Colorado Rocky Mountains. The Company also has a major direct store distribution (DSD) division and is the largest independent beverage distributor in Colorado and surrounding areas, directly serving more than 4,500 outlets.

The new company will own outstanding growth brands in some of the fastest growing segments of the beverage industry. The group will possess the leading brands of Búcha® Live Kombucha, in the rapidly growing Kombucha category, XingTea® in the RTD Tea category, the new XingEnergy® in Energy Drinks, and Aspen Pure® in Functional Waters. The Kombucha category is a \$529 million segment growing at around 40% per year. RTD tea is now a \$6.6 billion category in the US alone growing at 3.6%, and Functional Waters is a \$17.2 billion segment growing at 11.5% per year. This compares to Carbonated Soft Drinks, for example, that is declining around 2% per year and has declined for 11 straight years in the US.

The newly combined entity will be renamed the New Age Beverages Corporation and will be based out of Denver, Colorado. The group will focus on sales, marketing, and distribution and will continue to utilize its national outsourced manufacturing network. It expects significant organic growth via distribution, and to add other healthy functional beverages to the portfolio.

The new Company has many exciting plans including the expansion of XingTea® into Búcha's food, drug, and mass customers and similarly expects to expand the Búcha® Live Kombucha brand into XingTea's food, drug, and mass customers. The group will also expand Búcha® into New Age's captive DSD distribution system that covers 4,500 outlets. Búcha® currently generates an average of around \$2,000 in revenue per outlet annually, so as this synergy materializes it will have a significant impact on top-line growth.

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**Currently trading at a \$20 million market valuation** ABRW has transformed from illiquid into a volume leader and one of the biggest movers on the entire OTC. There is a lot to get excited about here; ABRW is an award-winning micro-brewing company and owner of bucha (TM) live Kombucha that has just announced the mammoth acquisition of Xingtea Group valued at close to \$20 million. The new company will own outstanding growth brands in some of the fastest growing segments of the beverage industry as well as major direct store distribution with the largest independent beverage distributor in Colorado and surrounding areas, directly serving more than 4,500 outlets. ***We will be updating on ABRW when more details emerge so make sure you are subscribed to Microcapdaily so you know what's going on with ABRW.***

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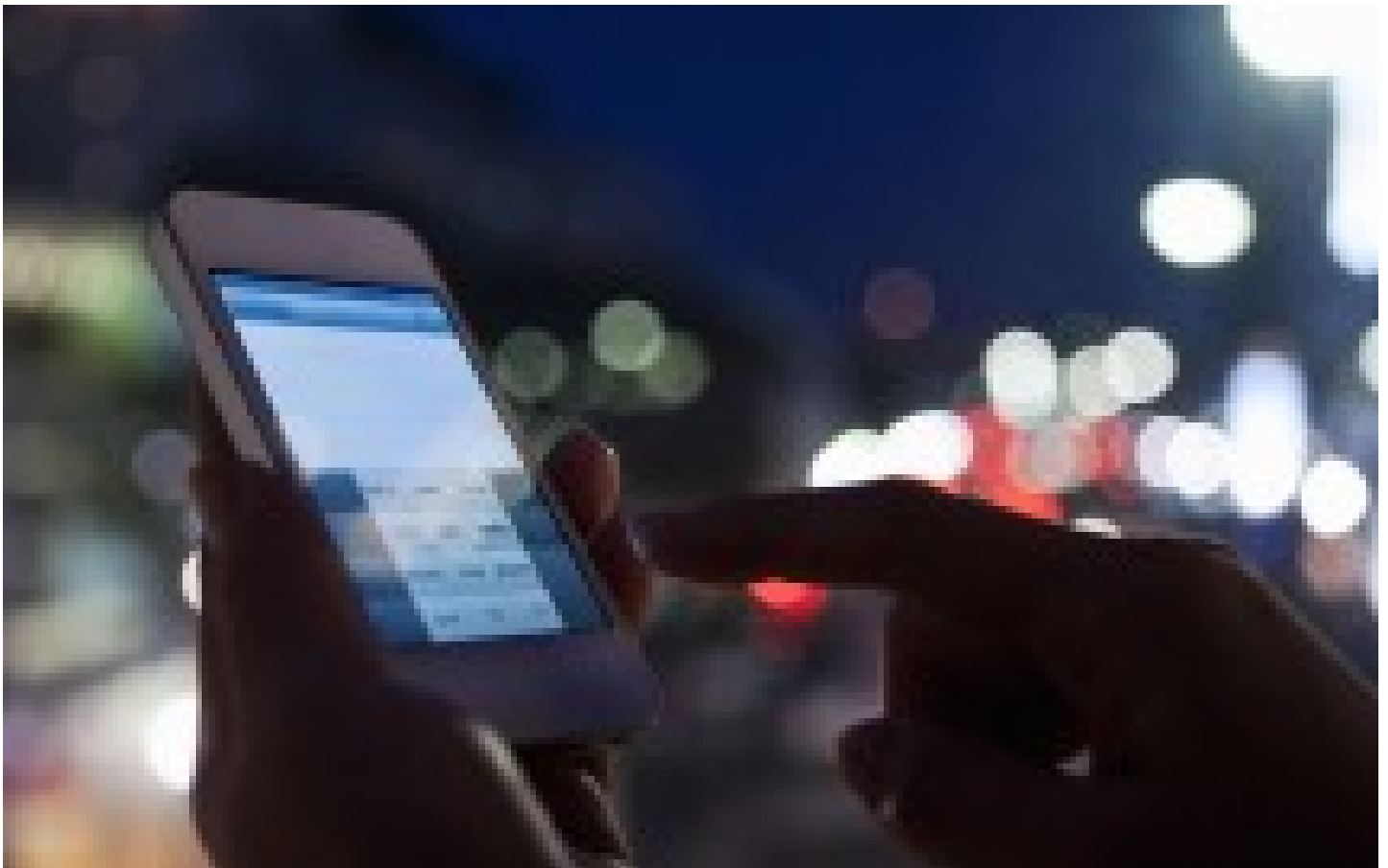


Disclosure: we hold no position in ABRW either long or short and we have not been compensated for this article.

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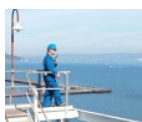
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 <b>SmallCap 2000</b>	1,154.68	1,160.04	<b>+0.29%</b>
 <b>DAX</b>	10,179.00	10,286.00	<b>-0.82%</b>
 <b>FTSE 100</b>	6,155.00	6,220.50	<b>-1.22%</b>
 <b>CAC 40</b>	4,460.50	4,507.50	<b>-1.00%</b>

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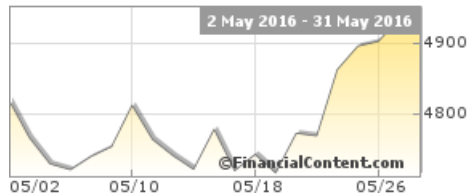
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