

Single Cask Nation acquisition uplifts US prospects

4th January 2024

The Artisanal Spirits Company (ASC) has announced an important acquisition in the US. Effective, 3rd January 2024 the company has acquired 100% of the trade and assets of [Single Cask Nation](#) (SCN), which is an independent bottler and distributor of both Scotch and American whiskies. An accompanying trading update for ASC confirms recent guidance and we leave our forecasts unchanged. Our assessment of fair value remains 100p per share.

Strategically, the acquisition of SCN makes clear sense. Its US operations support ASC's stated ambition to grow its presence in America and to participate more fully in the large and growing American Whiskey market. SCN – founded in 2011 – is both complementary and incremental to ASC's flagship Scotch Malt Whisky Society's existing presence in the US, which represents around 20% of ASC's current global sales. Additionally, new product development for American Whiskey should be executed at minimal marginal cost as a result of ownership of SCN.

SCN benefits from around 10,000 followers with the largest portion of these being in the US. As an independent bottler and brand owner the company sources, curates and bottles rare single-cask and limited edition whiskies. SCN distributes these both online and into speciality retail accounts – both on and off-premise. Its geographic footprint combines its core US operations and international markets.

SCN will continue to be managed by its founders Jason Johnstone-Yellin and Joshua Hatton. They will be supported by whisk(e)y expert Steve Hawley who is the current President of the American Single Malt Whiskey Commission. The proposed senior operating structure gives a clear message of continuity and enhancement.

ASC states that the SCN acquisition, which includes all of its assets and global operations, will be funded out of existing borrowing facilities. Furthermore, it is expected to be EPS accretive in the first year of ownership. Consideration includes an up-front payment and the potential for up to US\$0.5m (£0.4m) to be payable as an earn out, dependent on FY2024 and FY2025 financial performance. Importantly, the deal is consistent with ASC's sustained ambitions for overall business quality, premiumisation, profitability and cash generation.

Trading update prompts no change to current forecasts

Today's announcement includes a trading update which states that full year results remain in line with the guidance issued by the company on 8th December 2023 and which were commented on in our report [A year is a short time in scotch malt whisky](#). **We maintain both current forecasts and leave our fair value at 100p, which implies 3.8x EV/sales and a £70m market capitalisation. We reiterate that this fair value stands well above the current share price.**

Company Data

EPIC	ART
Price	51p
52 weeks Hi/Lo	105p / 44p
Market cap	£35m
ED Fair Value/share	100p

Share Price Chart (p)



Source: ADVFN

Description

ASC's purpose is to captivate a global community of whisky adventurers, creating and selling outstanding, one-of-a-kind whisky and experiences around the world with an ambition to create a high quality, highly profitable and cash generative, premium global business.

Based in Edinburgh, ASC owns The Scotch Malt Whisky Society (SMWS), Single Cask Nation (SCN) and J.G. Thomson (JGT), as well as operating a cask storage, bottling and logistics facility in Scotland. Owning over 17,000 casks primarily comprising Single Malt Scotch Whisky, ASC's stock includes outstanding whisky (and other spirits) from 150 different distilleries across 20 countries which is sold both as individual bottles and whole casks. is sold both as individual bottles and whole casks.

Key financials

Year to 31 Dec	2020A	2021A	2022A	2023E	2024E	2025E
Revenue (£m)	15.0	18.2	21.8	23.0	24.5	27.8
Revenue growth (%)	2.6	20.2	19.4	5.6	6.4	13.6
EV/sales (x)	3.4	2.8	2.3	2.2	2.1	1.8

Source: ED estimates, company historic data

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