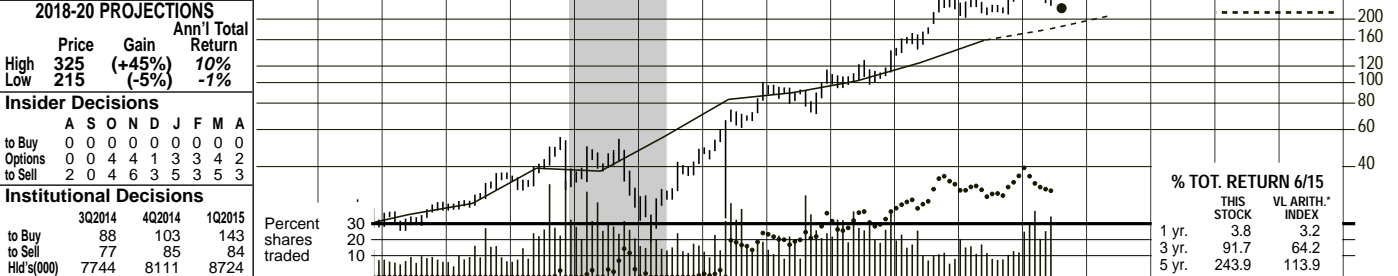


BOSTON BEER CO. NYSE-SAM

RECENT PRICE **225.26** P/E RATIO **30.0** (Trailing: 31.9; Median: 24.0) RELATIVE P/E RATIO **1.57** DIV'D YLD **Nil** VALUE LINE

TIMELINESS 1 Raised 6/19/15	High: 28.0	27.3	37.5	55.3	54.2	48.6	100.9	115.5	142.5	265.5	299.0	325.0	Target Price Range		
SAFETY 3 Lowered 1/24/14	Low: 16.4	19.8	24.8	30.8	25.5	17.5	22.7	71.0	94.2	134.4	202.8	220.5	2018	2019	2020
TECHNICAL 2 Raised 7/17/15	LEGENDS 16.5 x "Cash Flow" p sh Relative Price Strength Options: Yes Shaded area indicates recession														
BETA .85 (1.00 = Market)															



2018-20 PROJECTIONS	Price	Gain	Ann'l Total Return
High	325	(+45%)	10%
Low	215	(-5%)	-1%

Insider Decisions		Percent shares traded																				
		30	20	10	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
to Buy	0	0	0	0	9.20	11.56	11.42	13.87	15.41	15.21	17.07	20.00	24.05	28.10	29.13	34.62	39.85	44.97	57.98	69.09	76.90	88.25
Options	0	0	4	1	.88	1.07	.89	.89	1.31	1.23	1.44	1.62	2.38	2.31	3.37	5.04	5.43	6.17	7.55	9.63	10.85	12.65
to Sell	0	0	4	1	.54	.62	.48	.47	.70	.86	1.07	1.27	1.85	1.45	2.17	3.52	3.73	4.39	5.18	6.69	7.50	8.80
	2	0	4	6	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
	2	0	4	6	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..

Institutional Decisions		% TOT. RETURN 6/15											
		302014	4Q2014	1Q2015	1 yr.	3 yr.	5 yr.	THIS STOCK	VL ARITH. INDEX				
to Buy	88	103	143	3.8	3.2	3.2	3.8	3.2					
to Sell	77	85	84	91.7	64.2	64.2	91.7	64.2					
Hlds(000)	7744	8111	8724	243.9	113.9	113.9	243.9	113.9					

CAPITAL STRUCTURE as of 3/28/15		© VALUE LINE PUB. LLC 18-20													
Total Debt \$.05 mill.	Due in 5 Yrs \$0.05	238.3	285.4	341.6	398.4	415.1	463.8	513.0	580.2	739.1	903.0	1000	1125	Sales per sh ^A	128.00
LT Debt None	LT Interest NMF	11.7%	11.5%	12.7%	6.7%	17.2%	21.3%	23.9%	20.0%	19.0%	20.3%	19.5%	20.0%	"Cash Flow" per sh	16.40
Leases, Uncapitalized: Annual rentals \$2.3 mill.		4.5	5.0	6.7	12.5	16.9	17.4	18.8	20.2	25.9	35.1	40.0	45.0	Earnings per sh ^{AB}	10.75
No Defined Benefit Pension Plan		15.6	18.2	27.2	20.2	31.1	50.1	51.1	59.5	70.4	90.7	100	115	Div'ds Decl'd per sh	Nil
Pfd Stock None		39.0%	42.7%	34.7%	--	42.8%	38.2%	50.7%	37.7%	37.5%	37.7%	38.0%	38.0%	Cap'l Spending per sh	12.00
Common Stock 13,341,899 shs.	(Includes 3,617,355 shares of Class B common stock) as of April 24, 2015	6.5%	6.4%	8.0%	5.1%	7.5%	10.8%	10.0%	10.2%	9.5%	10.0%	10.1%	10.4%	Book Value per sh	79.05
MARKET CAP: \$3.0 billion (Mid Cap)		60.5	79.7	77.7	1.8	39.2	39.8	58.6	73.4	59.9	97.3	115	105	Common Shs Outst'g ^C	12.50
CURRENT POSITION	2013	2014	3/28/15	86.0	108.6	133.6	140.0	173.2	165.6	184.7	245.1	302.1	436.1	Avg Ann'l P/E Ratio	25.0
Cash Assets	49.5	76.4	122.2	18.1%	16.8%	20.4%	14.4%	18.0%	30.3%	27.6%	24.3%	23.3%	20.8%	Relative P/E Ratio	1.55
Receivables	42.0	36.9	44.3	18.1%	16.8%	20.4%	14.4%	18.0%	30.3%	27.6%	24.3%	23.3%	20.8%	Avg Ann'l Div'd Yield	Nil
Inventory (FIFO)	56.4	51.3	55.8	--	--	--	--	--	--	--	--	Nil	Nil		
Other	16.4	42.9	28.1												
Current Assets	164.3	207.5	250.4												
Accts Payable	34.4	35.6	39.4												
Debt Due	0.1	0.1	0.1												
Other	69.9	74.5	62.6												
Current Liab.	104.4	110.2	102.1												

BUSINESS: The Boston Beer Co. produces seasonal and year-round varieties of craft-brewed beers. The company brews its beer under contract at its breweries located in PA, OR, NY, and OH. It offers over 60 beers under the Samuel Adams name, flavored malt beverages under the Twisted Tea name, and hard cider beverages under the Angry Orchard name. Boston Beer sells approx. 4.1 million barrels of its products a year. Created a craft-beer incubator called *Alchemy & Science* in October of 2011. Has 1,325 employees. Off. and dir. own 31.9% of common stock (4/15 Proxy). Chairman: C. James Koch. Pres. & CEO: Martin Roper. Inc.: Massachusetts Addr.: 1 Design Center Place, Suite 850, Boston, MA 02110. Telephone: 617-368-5000. Internet: www.bostonbeer.com.

Shares of Boston Beer have declined roughly 15% in value since our April report. The company posted mixed results in the March quarter. Sales of \$199.5 million came in below our estimate (\$205 million) as well as the popular consensus. Investors did not react favorably to the news. However, share net of \$1.00 easily topped our target of \$0.70 and Wall Street's consensus. Also of note, the board raised Boston Beer's current stock-repurchase authorization by \$50 million, to \$400 million.

Competition is mounting in the company's niche. A growing number of upstarts are producing craft beer. Consequently, brewers have had to work harder to grab the consumer's attention. Boston Beer has responded by increasing its investment in marketing and innovation.

Offerings beyond beer have been successful. The Angry Orchard cider line has been a strong performer for some time now. What's more, the Twisted Tea and Curious Traveler brands posted solid results heading into the peak selling season. **Earnings this year should come in around \$7.50 a share.** Indeed, we are leaving that target intact after the strong first-quarter showing. Our estimate is on the high end of management's share-net guidance (\$7.10 to \$7.50), but Boston Beer's newer offerings should drive the year-over-year gains. **Our projections are for annual earnings gains in the 10% range out to late decade.** Despite a crowded market, demand for craft beer should remain strong. Moreover, the company's marketing might should help it stand out above its smaller competitors. Lastly, we look for some of the brewer's lesser-known brands to register notable growth over the 3- to 5-year pull. **Finances are no cause for concern.** Boston Beer has a good amount of cash on hand. Thus, it should have no problem managing its operations or funding expansion efforts in the near term. **This stock is timely.** Near-term investors should consider this equity. However, these shares offer below-average appreciation potential over the 3- to 5-year pull. Thus, long-term investors should look elsewhere.

(A) Excludes excise taxes. Fiscal year ends the last Saturday of the calendar year.	(B) Diluted earnings. Next earnings report due late July. Excludes nonrecurring gains/(losses): '01, \$0.02; '02, \$0.05; '07, (\$0.32); '08, (\$0.89).	(C) In millions. Includes 3,617,355 shares of Class B common stock.	Company's Financial Strength	A
			Stock's Price Stability	50
			Price Growth Persistence	100
			Earnings Predictability	70

Richard J. Gallagher July 24, 2015