

Boston Beer Co Inc. (The)

S&P Capital IQ Recommendation



S&P Capital IQ Equity Analyst J. Agnese

Price

\$179.03 (as of Feb 05, 2016 4:00 PM ET)

12-Mo. Target Price

\$227.00

Report Currency

USD

Investment Style

Mid-Cap Growth

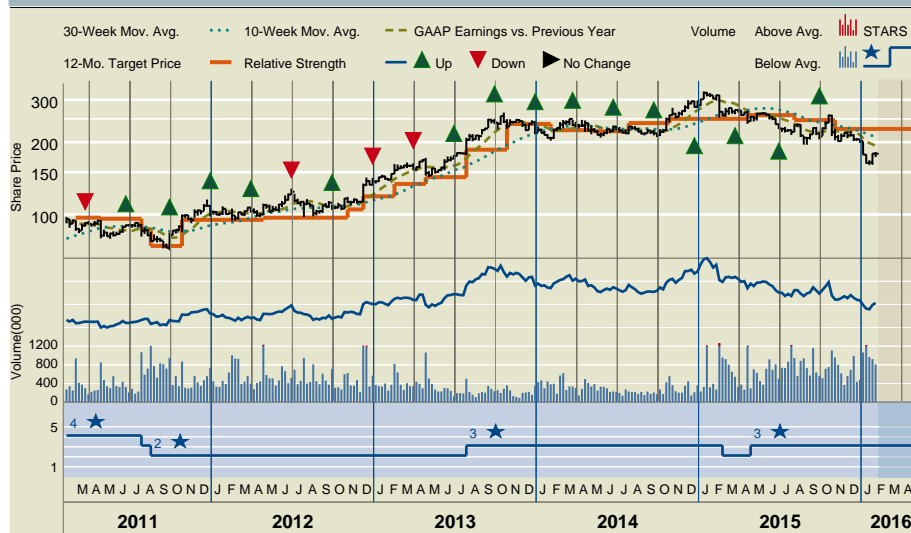
GICS Sector Consumer Staples
Sub-Industry Brewers

Summary This company is the largest craft brewer in the U.S., and the sixth largest brewer in the U.S.

Key Stock Statistics (Source S&P Capital IQ, Vickers, company reports)

52-Wk Range	\$314.64– 160.84	S&P Oper. EPS 2015E	7.25	Market Capitalization(B)	\$1.733	Beta	0.41
Trailing 12-Month EPS	\$7.43	S&P Oper. EPS 2016E	8.40	Yield (%)	Nil	S&P 3-Yr. Proj. EPS CAGR(%)	13
Trailing 12-Month P/E	24.1	P/E on S&P Oper. EPS 2015E	24.7	Dividend Rate/Share	Nil	S&P Quality Ranking	B+
\$10K Invested 5 Yrs Ago	\$19,080	Common Shares Outstg. (M)	13.3	Institutional Ownership (%)	88		

Price Performance



Past performance is not an indication of future performance and should not be relied upon as such.

Analysis prepared by Equity Analyst **J. Agnese** on Oct 30, 2015 04:49 PM, when the stock traded at **\$219.59**.

Highlights

- We estimate that revenues (after excise taxes) will grow 0.8% in 2015, reflecting company estimates of depletions and shipment growth of about 3% to 6%, and 1.0% to 2.0% growth in pricing. We see sales at core Sam Adam's brand declining on a loss of shelf space due to increased competition. We see sales growth supported by growth in the Twisted Tea brand and new brand launches, and continued benefits from the implementation of the "Freshest Beer Program," designed to deliver fresher product to consumers, despite softer growth from the Angry Orchard brand on slowing category sales.
- For 2015, we believe operating (EBITDA) margins will widen to about 20.7%, up from 19.0% in 2014, on improved sales leverage, despite increased advertising, promotional and selling expenses in support of key brands, including increased spending for the development of brands within its Alchemy & Science subsidiary. Also, we see only limited ability to increase prices as competition remains intense.
- We estimate 2015 EPS will increase 6.5% to \$7.25, up from operating EPS of \$6.81 in 2014, excluding one-time items.

Investment Rationale/Risk

- SAM is well-positioned to benefit from relative strength in the better beer category, we believe, and as we see consumers continuing the longer-term trend of trading up. While cash-strapped consumers may seek lower-priced alternatives over the near term, strong branding efforts are likely to support sales gains through 2016, we expect, and help volumes outperform the overall beer category. However, we are concerned about SAM's ability to sustain price increases amid increased competition in the craft category from the larger brewing companies in 2015, and over the longer term.
- Risks to our recommendation and target price include more robust demand in the better beer category, market share gains and weaker than expected price competition.
- We apply a multiple of 27.0X, near the low end of its three-year historical average, to our 2016 EPS forecast of \$8.40, to derive our 12-month target price of \$227. Our view of SAM's above-industry-average growth potential warrants valuation support, we think, but we see benefits partially offset by rising competition.

Analyst's Risk Assessment

LOW	MEDIUM	HIGH
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While SAM operates in an industry that historically has exhibited stable revenue streams, it must compete against much larger peers.

Revenue/Earnings Data

Revenue (Million \$)

	1Q	2Q	3Q	4Q	Year
2015	199.5	252.2	293.1	--	--
2014	183.9	231.6	269.7	217.8	903.0
2013	135.9	181.3	216.4	205.4	739.1
2012	122.9	147.5	166.5	153.0	580.2
2011	102.2	134.0	134.8	142.1	513.0
2010	94.03	129.6	124.5	115.7	463.8

Earnings Per Share (\$)

2015	1.00	2.18	2.85	E1.21	E7.25
2014	0.62	1.88	2.79	1.40	6.69
2013	0.51	1.45	1.89	1.33	5.18
2012	0.56	1.06	1.53	1.25	4.39
2011	0.28	2.01	1.19	1.33	4.81
2010	0.44	1.18	1.09	0.87	3.52

Fiscal year ended Dec. 31. Next earnings report expected: Late February. EPS Estimates based on S&P Capital IQ Operating Earnings; historical GAAP earnings are as reported in Company reports.

Dividend Data

No cash dividends have been paid.

Past performance is not an indication of future performance and should not be relied upon as such.

Please read the Required Disclosures and Analyst Certification on the last page of this report.

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Boston Beer Co Inc. (The)**Business Summary** October 30, 2015

CORPORATE OVERVIEW. Boston Beer is the largest craft brewer and the sixth largest brewer overall in the U.S. Shipment volume for core brands rose 20.3% in 2014 on strength in the Angry Orchard, Samuel Adams, Twisted Tea and Traveler brands. We expect continued outperformance of the better beer category for the next two years, driven by sustained demand for super-premium products, strong distribution, and an increased marketing focus.

MARKET PROFILE. The brewing industry is very mature and highly concentrated. Excluding imports, over 90% of domestic production is accounted for by the two largest brewers. SAM offers over 50 beers that compete in the super-premium category, also called the better beer category, which consists of craft beers, most imports, and other high-end brews, under the Samuel Adams or Sam Adams brand names. The category has experienced strong growth in the high single digits over the past few years, with low double-digit growth in 2006 and 2007, but slowing to about 5% growth in 2008 and 2009, before reaccelerating to 11% growth in 2010, about 15% growth in 2011, 11% growth in 2012 and 18% growth in 2013. Buoyed by the category's growth due to what we see as strong demand and ongoing brand investment, the company's only beer brand -- Samuel Adams -- has remained the third largest better beer brand for the past five years, behind imports Corona and Heineken. Its products also compete with wines and spirits, each of which gained market share from premium domestic brewers over the past several years.

The better beer category continues to enjoy favorable pricing, in our view, despite weakness in all other beer categories. We believe the category, including Samuel Adams, will be able to lift prices in the next 12 months. However, the better beer category is highly competitive due to the large number of craft brewers with similar pricing and target customers, and gains in market share achieved by imported beers. In addition, large domestic brewers have developed or are developing niche brands within the category, and have acquired interests in small brewers to compete in the craft-brewed segment. We anticipate that competition in the space will remain strong.

CORPORATE STRATEGY. We view positively the diversification under the Samuel Adams umbrella, with its various flavors derived mostly from seasonal beers; differing beer types, including bocks, lagers, and light beers; and ranging prices, with its limited editions and brewmaster's collection. We believe this diversification will support long-term growth. Boston Beer also markets malt and cider beverages under the Twisted Tea and HardCore Cider brands, respectively.

We think the strategic marketing focus on the Samuel Adams family, with an emphasis on Boston Lager, Sam Adams Light, and seasonal beers, will also support long-term growth. In the past several years, ad expenditures have risen significantly as a portion of advertising, promotional and selling expenditures, with the majority spent between Boston Lager and Light. We expect marketing to rise at a contained pace, while effectively raising revenues.

Products are distributed locally through a network of 350 distributors and approximately 380 sales people, who then sell to retailers such as pubs, restaurants, grocery chains, package stores, stadiums, and other retail outlets. Due to its relatively small size, the company has almost no exclusive selling contracts or primary brand status with distributors, and must compete with other brewers for time and selling efforts. However, we believe the higher margin potential of SAM's super-premium products, the increased national marketing focus, the diversity of its products, its top-three "better beer" ranking and leading craft beer status make the brand very attractive to wholesalers. Also, we think its non-exclusivity has encouraged the company to be more competitive on taste and packaging. Boston Beer also distributes in Canada, Europe, Israel, the Caribbean, the Pacific Rim and Mexico.

Historically, SAM has used a combination of brewing at owned facilities and contracted facilities, but in 2007 and 2008, it took steps to better control brewing on concerns about future availability and pricing. At first, SAM planned to construct its own facility at an estimated cost of \$170 million to \$210 million, but instead decided to purchase Diageo's Pennsylvania brewery for \$55 million. The sale closed in June 2008. In 2009 and 2010, core product volume brewed at company-owned operations increased to over 95% from about 52% in 2008 and 35% in 2007. SAM believes growth can be supported by expanding current production arrangements with third parties. Other company-owned breweries are located in Cincinnati, OH, and Boston, MA. With its new facility, we believe the company increased its proximity to certain markets and enhanced the delivery of fresh product while lowering its transportation costs.

FINANCIAL TRENDS. The company has enjoyed low single digit to mid-teens revenue growth in recent years, driven by volume growth and strong pricing. Gross margins have generally held above 50% in recent years, but fell below 50% in 2008 on a glass bottle recall and inefficiencies at its new brewery, before rebounding to the mid-50% area. The company was targeting gross margins in the range of 51% to 53% in 2015, as of December 2014.

Corporate Information**Investor Contact**

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ERNST & YOUNG**Founded**
1984**Employees**
1,325**Stockholders**
11,256

Boston Beer Co Inc. (The)

Quantitative Evaluations

S&P Capital IQ Fair Value Rank	NR	1	2	3	4	5
		LOWEST				HIGHEST
		Based on S&P Capital IQ's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).				

Fair Value Calculation NA

Investability Quotient Percentile		94	
		LOWEST = 1	HIGHEST = 100
		SAM scored higher than 94% of all companies for which an S&P Capital IQ Report is available.	

Volatility	LOW	AVERAGE	HIGH
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Technical Evaluation BEARISH Since November, 2015, the technical indicators for SAM have been BEARISH.

Insider Activity	UNFAVORABLE	NEUTRAL	FAVORABLE
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For further clarification on the terms used in this report, please visit www.spcapitaliq.com/stockreportguide

Expanded Ratio Analysis

	2014	2013	2012	2011
Price/Sales	4.32	4.42	3.11	2.91
Price/EBITDA	21.28	23.23	15.58	14.54
Price/Pretax Income	26.82	29.01	18.91	14.41
P/E Ratio	43.03	46.39	30.37	22.58
Avg. Diluted Shares Outstg (M)	13.5	13.5	13.4	13.7

Figures based on calendar year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Sales	22.19	21.39	16.71	14.38
Net Income	28.91	11.86	19.60	25.12

Ratio Analysis (Annual Avg.)

	2014	2013	2012	2011
Net Margin (%)	10.05	9.94	10.70	8.44
% LT Debt to Capitalization	0.12	0.18	0.11	0.07
Return on Equity (%)	24.45	NA	NA	NA

Company Financials Fiscal Year Ended Dec. 31

Per Share Data (\$)	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Tangible Book Value	33.27	23.28	19.07	14.46	12.26	12.05	9.78	9.31	7.55	6.08
Cash Flow	9.34	7.13	5.93	6.18	4.75	3.35	1.42	1.97	1.61	1.38
Earnings	6.69	5.18	4.39	4.81	3.52	2.17	0.56	1.53	1.27	1.07
S&P Capital IQ Core Earnings	NA	NA	NA	3.89	3.52	2.17	0.56	1.49	1.27	1.01
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices:High	299.00	265.53	142.50	115.49	100.93	48.63	54.15	55.30	37.50	27.27
Prices:Low	202.78	134.42	94.24	71.00	30.00	17.50	25.55	30.80	24.75	19.85
P/E Ratio:High	45	51	32	24	29	22	97	36	30	25
P/E Ratio:Low	30	26	21	15	9	8	46	20	19	19

Income Statement Analysis (Million \$)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenue	903	739	580	513	464	415	398	342	285	238
Operating Income	183	141	116	103	98.9	72.2	50.9	46.8	32.8	27.8
Depreciation	35.1	25.9	20.2	18.8	17.4	16.9	12.2	6.50	4.99	4.52
Interest Expense	NA	NA	NA	NA	NA	NA	Nil	Nil	Nil	Nil
Pretax Income	146	113	95.5	104	81.1	54.4	15.8	41.6	31.8	25.5
Effective Tax Rate	37.7%	37.5%	37.7%	36.2%	38.2%	42.8%	48.9%	46.0%	42.7%	39.0%
Net Income	90.7	70.4	59.5	66.1	50.1	31.1	8.09	22.5	18.2	15.6
S&P Capital IQ Core Earnings	NA	NA	NA	53.2	50.1	31.1	8.09	21.9	18.2	14.6

Balance Sheet & Other Financial Data (Million \$)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Cash	76.4	49.5	74.5	49.5	49.0	55.5	9.07	95.5	63.1	41.5
Current Assets	207	164	162	126	112	113	68.9	136	121	89.2
Total Assets	605	444	359	272	259	263	220	196	154	119
Current Liabilities	110	104	88.9	67.1	72.2	73.8	67.1	58.1	40.9	28.7
Long Term Debt	0.53	0.58	0.57	Nil	Nil	NA	Nil	Nil	Nil	Nil
Common Equity	436	302	245	185	166	173	140	134	109	86.0
Total Capital	437	303	246	185	166	173	140	135	110	88.4
Capital Expenditures	152	101	66.0	19.6	13.6	17.0	59.5	25.6	9.06	14.0
Cash Flow	126	96.3	79.7	84.9	67.6	48.0	20.3	29.0	23.2	20.1
Current Ratio	1.9	1.6	1.8	1.9	1.6	1.5	1.0	2.3	2.9	3.1
% Long Term Debt of Capitalization	0.1	0.2	0.2	Nil	Nil	Nil	Nil	Nil	Nil	Nil
% Net Income of Revenue	10.1	9.5	10.3	12.9	10.8	7.5	2.0	6.6	6.4	6.5
% Return on Assets	17.3	NA	NA	24.9	19.2	12.9	3.9	12.8	13.3	13.7
% Return on Equity	24.5	NA	NA	37.7	29.6	19.9	5.9	18.6	18.7	18.9

Data as originally reported in Company reports.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

Boston Beer Co Inc. (The)

Sub-Industry Outlook

Our fundamental outlook for the brewing industry for the next 12 months is neutral, reflecting our view of modest profit growth driven by higher pricing and continued cost cuts, but only flat to slightly higher volumes as consumers increasingly migrate to wine and spirits.

More broadly, we think aggressive marketing and innovations by spirits and wine companies will continue to drain market share from brewers over the long term, but we believe consumption trends for select import beers and craft beers will also benefit from consumer "trade-up" to better beers. In addition, major domestic brewers have recently taken steps to further participate in these trends by partnering with import brands and increasing product and packaging innovation.

We see further volume growth in craft brews as consumers view these products as an affordable luxury. During the recession, consumers traded down within the beer category from premium brands, but those trends began to reverse as the economy improved in the back half of 2010 and in 2011, and we believe they have continued as the major brewers lift prices on sub-premium brands at a faster pace than on premium ones.

With lower average costs for ingredients, aluminum and energy, we expect margin pressures to ease in 2016. Over the next few years, we expect brewers to seek continued productivity improvements and higher industry-wide capacity utilization rates.

Longer term, we think the domestic beer industry could have difficulty supporting higher net revenue per barrel as its core male legal drinking age customer base continues to face challenging employment trends. We also believe demographic

trends toward an increasing proportion of non-whites in the U.S. will quicken the shift away from beer toward wine and spirits. With U.S. beer volumes expected to remain sluggish, domestic brewers will probably continue to rationalize investments to focus on key brands and make select investments in faster-growing segments, such as craft beers, and in certain international markets.

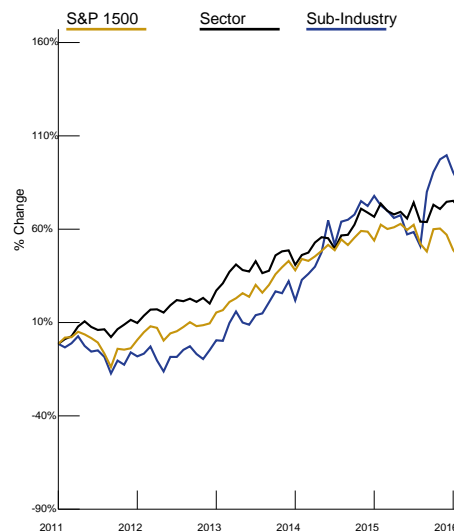
Year to date through January 29th, the S&P Brewers Index declined 4.5%, compared to the S&P 1500's decrease of 5.2%. In 2015, the S&P Brewers Index gained 15.6%, versus a 1.0% decline for the S&P 1500.

--Joseph Agnese

Industry Performance

GICS Sector: Consumer Staples
Sub-Industry: Brewers

Based on S&P 1500 Indexes
Five-Year market price performance through Feb 6, 2016



NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Past performance is not an indication of future performance and should not be relied upon as such.

Sub-Industry : Brewers Peer Group*: Beer Companies

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. \$)	Recent Stock Price(\$)	52 Week High/Low(\$)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.(\$)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
Boston Beer 'A'	SAM	1,733	179.03	314.64/160.84	0.41	Nil	24	NA	B+	94	10.1	0.1
Ambev SA ADS	ABEV	72,127	4.60	6.68/3.86	0.78	2.6	17	5.10	NR	55	32.5	3.4
Compania Cervecerias Unidas ADR	CCU	3,641	19.71	25.27/17.86	0.53	1.6	20	NA	NR	53	9.4	9.1
Craft Brew Alliance	BREW	154	8.02	14.32/6.80	-0.06	Nil	89	7.40	B-	55	1.5	10.9
Molson Coors Brewing 'A'	TAP.A	479	86.76	96.00/65.50	0.92	1.9	24	NA	B+	88	6.4	24.8
Molson Coors Brewing 'B'	TAP	15,821	86.95	95.74/63.91	0.91	1.9	38	NA	B+	84	12.4	21.2

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

Boston Beer Co Inc. (The)**S&P Capital IQ Analyst Research Notes and other Company News****October 30, 2015**

04:26 pm ET ... S&P CAPITAL IQ MAINTAINS HOLD OPINION ON SHARES OF BOSTON BEER (SAM 219.59***): We cut our 12-month target by \$20 to \$227, applying a P/E of 27X, near the low end of its 3-year range, to our 2016 EPS estimate of \$8.40, down from \$8.50. We decrease our 2015 EPS estimate \$0.18, to \$7.25. Q3 EPS of \$2.85 vs. \$2.79 is \$0.10 above our estimate. Depletions grew only 6%, below our estimate, on weakness from the Samuel Adams brand and slowing cider demand. SAM plans to boost investment in new beer and cider development capabilities, which should support long term growth. But, we are concerned about the loss of Samuel Adams shelf space due to competitor offerings. /J. Agnese

August 13, 2015

On August 12, 2015, William F. Urich advised Boston Beer Co. Inc. that he intends to retire from his position as its Treasurer and Chief Financial Officer of the Company in 2016. The Company intends to undertake a broad assessment of avenues for finding the leadership talent needed to assume Mr. Urich's responsibilities, including the potential creation of new executive roles and the evaluation of existing internal capabilities, as well as considering the recruitment of external candidates. In the interim, Mr. Urich will continue in his current role and support the transition of his roles and responsibilities. The Company and Mr. Urich are in discussions concerning potential ongoing roles for him within the Company following this transition. Also, on August 12, 2015, the Company announced the appointment of Matthew Murphy to the newly created position of Chief Accounting Officer, effective immediately. Mr. Murphy, 46, who will serve as the Company's principal accounting officer, has held the position of Corporate Controller of the Company since he joined the Company in September, 2006. Mr. Murphy will continue to report to Mr. Urich in his capacity as Chief Financial Officer until the transition discussed above takes place.

August 3, 2015

12:30 pm ET ... S&P CAPITAL IQ REITERATES HOLD RECOMMENDATION ON SHARES OF BOSTON BEER (SAM 227.51***): We cut our 12-month target \$12 to \$247, applying a P/E of 32X, at the mid-point of its 3-year range, to our forward 12-month EPS estimate of \$7.73. We cut our 2015 and 2016 EPS estimates \$0.20 each to \$7.43 and \$8.50. Q2 adjusted EPS of \$2.18 vs. \$1.88 is \$0.13 above our estimate on greater than expected margin expansion. Depletions grew only 6%, below our estimate, as competition hurt the Sam Adam's brand, despite strength in Angry Orchard, Twisted Tea and Traveler brands. We see margins increasingly pressured as increased marketing spending is needed to support sales growth. /J. Agnese

April 30, 2015

02:35 pm ET ... S&P CAPITAL IQ UPGRADES OPINION ON SHARES OF BOSTON BEER TO HOLD FROM SELL (SAM 253.98***): We increase our 12-month target \$9 to \$259, applying a P/E of 34X, 15% below its 3-year average, to our 2015 EPS estimate of \$7.63, up from \$7.35. Q1 adjusted EPS of \$1.00 vs. \$0.62 is \$0.35 above our estimate. Revenue growth of 8.5%, on core shipment growth of 6%, was weaker than we expected. But, margins widened more than we expected on reduced marketing spend due to the timing of promotions. Despite strong results, our optimism is limited by slowing depletion growth, up 8% during Q, which is declining sequentially and tracking near the low end of SAM's 2015 guidance range. /J. Agnese

February 25, 2015

01:56 pm ET ... S&P CAPITAL IQ DOWNGRADES OPINION ON SHARES OF BOSTON BEER TO SELL FROM HOLD (SAM 276.55**): We keep our 12-month target of \$250, applying a P/E of 34X, below its 3-year average of 36X, to our 2015 EPS estimate of \$7.35, down from \$7.85. We initiate 2016 EPS of \$8.70. Q4 adjusted EPS of \$1.42 vs. \$1.35 is \$0.20 above our estimate. Results benefited from higher than expected shipments and lower than expected sales and marketing spending. Depletion growth is slowing year to date on difficult comparisons and intensified competition, in our view. We see increased margin pressure as SAM boosts advertising and promotional spending to support existing brands and new products. /J. Agnese

October 31, 2014

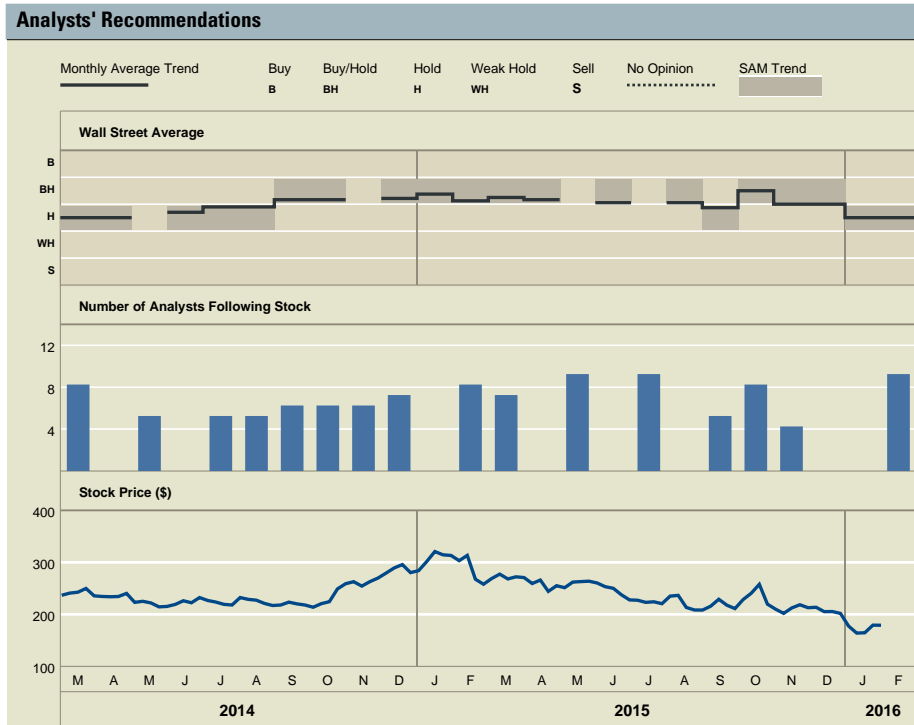
01:04 pm ET ... S&P CAPITAL IQ KEEPS HOLD RECOMMENDATION ON SHARES OF BOSTON BEER (SAM 246.648***): We are raising our 12-month target price \$10 to \$250, applying a P/E of 32X, in line with its 5-year average, to our 2015 EPS

estimate of \$7.85, up from \$7.67. We are also increasing our 2014 EPS estimate \$0.08 to \$6.60. SAM reports Q3 EPS of \$2.88 vs. \$1.96, significantly above our \$2.35 estimate. Shipments increased 23% and depletions grew 21% on strength from key brands Sam Adams, Angry Orchard and Twisted Tea. We expect depletion growth to slow in Q4 as recent new product launches have less of an impact and Angry Orchard faces more difficult comparisons. /J. Agnese

August 6, 2014

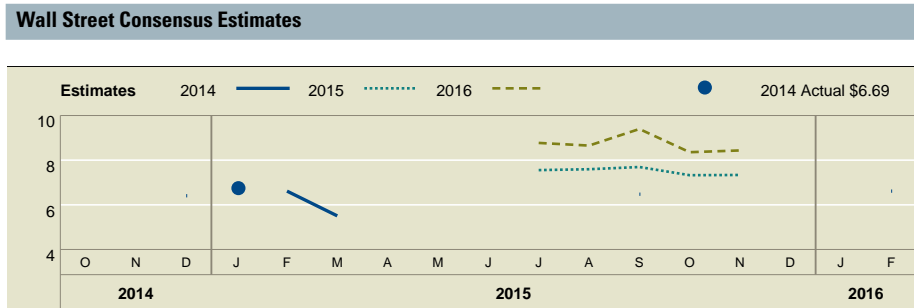
01:06 pm ET ... S&P CAPITAL IQ MAINTAINS HOLD RECOMMENDATION ON SHARES OF BOSTON BEER (SAM 223.9001***): We raise our 12-month target \$18 to \$240, applying a P/E of 34X, a premium to peers and its historical average, to our forward 12-month EPS estimate of \$7.07. We increase our 2014 EPS estimate \$0.13 to \$6.52. Q2 adjusted EPS of \$1.88 vs. \$0.43 is \$0.08 above our estimate. Results benefited from a 25% rise in core shipment volume. Margins were pressured by increased investments in media, local marketing and point of sale efforts. We expect strong demand for its core product lines to continue despite margin pressure we see from pricing competition and operational growth pressures. /J. Agnese

Boston Beer Co Inc. (The)



Of the total 9 companies following SAM, 9 analysts currently publish recommendations.

	No. of Recommendations	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	0	0	0	1
Buy/Hold	2	22	2	2
Hold	6	67	6	5
Weak Hold	0	0	0	0
Sell	1	11	1	0
No Opinion	0	0	0	0
Total	9	100	9	8



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2016	8.08	9.05	7.40	7	22.2
2015	7.20	7.32	7.16	7	24.9
2016 vs. 2015	▲ 12%	▲ 24%	▲ 3%	0%	▼ -11%
Q4'16	1.36	1.64	1.15	5	NM
Q4'15	1.14	1.27	1.10	6	NM
Q4'16 vs. Q4'15	▲ 19%	▲ 29%	▲ 5%	▼ -17%	NA

A company's earnings outlook plays a major part in any investment decision. S&P Capital IQ organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years, as well as how those earnings estimates have changed over time. Note that the information provided in relation to consensus estimates is not intended to predict actual results and should not be taken as a reliable indicator of future performance.

Wall Street Consensus Opinion

HOLD

Companies Offering Coverage

- Berenberg
- CLSA
- Cowen and Company, LLC
- Goldman Sachs
- Jefferies LLC
- Morningstar Inc.
- Nomura Securities Co. Ltd.
- RBC Capital Markets
- Susquehanna Financial Group, LLLP

Wall Street Consensus vs. Performance

For fiscal year 2015, analysts estimate that SAM will earn US\$ 7.20. For the 3rd quarter of fiscal year 2015, SAM announced earnings per share of US\$ 2.85, representing 40% of the total annual estimate. For fiscal year 2016, analysts estimate that SAM's earnings per share will grow by 12% to US\$ 8.08.

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Glossary

S&P Capital IQ STARS

Since January 1, 1987, S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs (American Depositary Receipts), and ADSs (American Depositary Shares) based on a given equity's potential for future performance. Similarly, S&P Capital IQ Equity Research has ranked Asian and European equities since June 30, 2002. Under proprietary STARS (STock Appreciation Ranking System), S&P Capital IQ equity analysts rank equities according to their individual forecast of an equity's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350® Index or S&P 500® Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P Capital IQ Quality Ranking

(also known as **S&P Capital IQ Earnings & Dividend Rankings**) - Growth and stability of earnings and dividends are deemed key elements in establishing S&P Capital IQ's earnings and dividend rankings for common stocks, which are designed to encapsulate the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+ Highest	B Below Average
A High	B- Lower
A- Above Average	C Lowest
B+ Average	D In Reorganization
NR Not Ranked	

S&P Capital IQ EPS Estimates

S&P Capital IQ earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, S&P Capital IQ EPS estimates reflect either forecasts of S&P Capital IQ equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by Capital IQ, a data provider to S&P Capital IQ Equity Research. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

S&P Capital IQ Core Earnings

S&P Capital IQ Core Earnings is a uniform methodology for adjusting operating earnings by focusing on a company's after-tax earnings generated from its principal businesses. Included in the S&P Capital IQ definition are employee stock option grant expenses, pension costs, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded from the definition are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

S&P Capital IQ 12-Month Target Price

The S&P Capital IQ equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including S&P Capital IQ Fair Value.

S&P Capital IQ Equity Research

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Abbreviations Used in S&P Capital IQ Equity Research Reports

CAGR - Compound Annual Growth Rate
CAPEX - Capital Expenditures
CY - Calendar Year
DCF - Discounted Cash Flow
DDM - Dividend Discount Model

EBIT - Earnings Before Interest and Taxes
EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortization
EPS - Earnings Per Share
EV - Enterprise Value
FCF - Free Cash Flow
FFO - Funds From Operations
FY - Fiscal Year
P/E - Price/Earnings
P/NAV - Price to Net Asset Value
PEG Ratio - P/E-to-Growth Ratio
PV - Present Value
R&D - Research & Development
ROCE - Return on Capital Employed
ROE - Return on Equity
ROI - Return on Investment
ROIC - Return on Invested Capital
ROA - Return on Assets
SG&A - Selling, General & Administrative Expenses
SOTP - Sum-of-The-Parts
WACC - Weighted Average Cost of Capital

Dividends on American Depositary Receipts (ADRs) and American Depositary Shares (ADSs) are net of taxes (paid in the country of origin).

S&P Capital IQ Qualitative Risk Assessment

Reflects an S&P Capital IQ equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The S&P Capital IQ Qualitative Risk Assessment is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices. For an ETF this reflects on a capitalization-weighted basis, the average qualitative risk assessment assigned to holdings of the fund.

STARS Ranking system and definition:

★★★★★ 5-STARS (Strong Buy):

Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★☆ 4-STARS (Buy):

Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★☆☆ 3-STARS (Hold):

Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★☆☆☆ 2-STARS (Sell):

Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.

★☆☆☆☆ 1-STAR (Strong Sell):

Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks:

In North America, the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are the S&P Europe 350 Index and the S&P Asia 50 Index, respectively.

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STARS Stock Reports:

S&P Capital IQ Global STARS Distribution as of December 31, 2015

Ranking	North America	Europe	Asia	Global
Buy	31.2%	51.5%	35.5%	35.1%
Hold	46.8%	39.4%	35.5%	43.9%
Sell	22.0%	9.1%	29.0%	21.0%
Total	100%	100%	100%	100%

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