

BOSTON BEER co.

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Boston Beer Reports Second Quarter Volume, Revenue and Earnings

July 29, 2003

BOSTON, MA (7/29/03) -- The Boston Beer Company, Inc. (NYSE: SAM) today announced second quarter 2003 volume, revenue and earnings compared to the second quarter 2002.

2nd Quarter Results

For the 13 week period ended June 28, 2003, The Boston Beer Company recorded net sales of \$56.3 million, a 4.3% decline from the second quarter in 2002. Net revenue per barrel increased by 2.3% during the quarter due to normal price increases and product mix changes. As reflected on the following chart, reported sales volume for the period was 330,000 barrels, a 6.5% decline from prior year.



The Company recorded net income of \$3.1 million or \$.20 per diluted share for the quarter versus net income of \$4.8 million and \$.29 per diluted share for the same period last year. Gross margins as a percentage of net sales were 61.0% as compared to 60.3% in the prior year second quarter. This approximately 1.2% increase in gross profit percentage is due to an increase in pricing partially offset by normal increases in brewing costs at the contract breweries. Operating expenses for the quarter were up 3.2% in comparison to the same period last year, driven by an increase in advertising and promotional expenses that were partially offset by a reduction in administrative costs. Selling expenditures were higher due to national television advertising to support the entire Samuel Adams® brand product line and higher point of sale costs due to the purchase of new tap handles.

During the second quarter 2002, the Company received shares of stock from the demutualization of a third party insurance provider. The Company recorded the value of this stock receipt in second quarter 2002 Other Income. The impact to earnings, net of tax, was approximately \$820,000, or \$.05 per share.

Based on the information available to the Company, distributor sales of Boston Beer brands to retail (depletions) during the 2003 second quarter totaled 319,000 barrels, approximately a 2% increase from the same period in 2002. The disparity between shipments and depletions during the second quarter 2003 is due to an inventory build that occurred at the wholesaler level during the second quarter 2002. Shipments and orders in-hand suggest that core shipments for July and August 2003 will be down approximately 5% as compared to the same period 2002. Actual shipments for the current quarter may differ, however, and no inferences should be drawn with respect to shipments in future periods.

Year to Date Results

For the 26 week period ended June 28, 2003, Boston Beer Company recorded net sales of \$101.6 million, a 2.8% decrease from the same period in 2002. Net revenue per barrel increased by 1.8% during the six months due to normal price increases and package mix changes. As reflected on the following chart, reported sales volume for the period was 600,000 barrels, a 4.5% decrease from prior year.



Based on the information available to the Company, distributor sales of Boston Beer brands to retail (depletions) totaled 572,000 barrels, a 2.0% increase from 2002.

The Company recorded \$3.0 million in net income or \$.19 per diluted share for the six months versus net income of \$6.1 million and \$.37 per diluted share for the same period last year. Gross margins as a percent of net sales were 59.9% for the six months ended 2003 and 2002. Advertising, promotional and selling expenditures increased by \$3.0 million to \$49.3 million for the period ended June 28, 2003 due to continued support of the Samuel Adams brand. Other operating expenses were consistent with normal cost inflation compared to the first half of 2002.

The Company's effective tax rate was 38.0% for the six months ended June 28, 2003, down from 41.4% during the same period 2002. The decline is due to both shifting a significant portion of the Company's investments from taxable to tax-exempt instruments, as well as a restructuring of the Company's corporate entities.

Jim Koch, Chairman of The Boston Beer Company, said, "The second quarter 2003 was another challenging quarter for the beer industry, driven primarily by soft on-premise business. Also, we continue to strive to minimize any cannibalization effects on Samuel Adams Boston Lager and Seasonals by Sam Adams Light that may have affected our total growth rate. Although too soon to measure actual impact, we are encouraged by the reaction to the Samuel Adams Boston Lager advertising campaign that began airing at the end of March 2003. Our strategy continues to focus on total family growth, through continued investment behind the entire Samuel Adams Brand Family. Sam Adams Light continues to contribute approximately 20% of the Company's volume and is established as a leading brand in the Better Light Beer segment."

Martin Roper, Boston Beer President and CEO, reported on the Company's outlook, "Negatively impacting our shipment volume for the first six months 2003 as compared to the same period 2002 was an inventory build that began in January 2002 as we were rolling out Sam Adams Light. As a result we expect wholesalers to continue reducing their inventory levels, which should result in lower shipments than depletions during the remainder of 2003."

Looking forward, Jim said, "During the second half of 2003, the company expects to spend approximately \$10 million less in total brand support than in the same period 2002, when the Company was investing heavily in the Sam Adams Light national launch. This spending may vary based on the impact of our current advertising campaign. Assuming this investment level and pricing stability, we continue to anticipate slightly higher margins than 2002 for the full year which should result in low double digit percent earnings improvement for the full year of 2003 as compared to the pre Sam Light launch base year of 2001, after adjusting for a charge related to the disposal of excess hop inventories." The Company earned \$.47 per share during 2001, and \$.62 per share after adjusting for the charge related to the hop disposal.

During the three and six months ended June 28, 2003, the Company repurchased 908,000 and 1.3 million shares, respectively of its Class A Common Stock for an aggregate purchase price of \$12.4 and \$17.4 million, respectively. In June 2003, the Company's Board of Directors increased the aggregate expenditure limitation on the Company's Class A Common Stock from \$60.0 million to \$70.0 million. As of July 25, 2003, the Company had \$774,000 remaining on the authorized share buyback expenditure limit. Since the beginning of the share repurchase program, the Company has repurchased a total of approximately 6.8 million shares of its Class A Common Stock for an aggregate purchase price of \$69.2 million through July 25, 2003. As of July 25, 2003, the Company has 10.0 million shares of Class A Common Stock outstanding and 4.1 million shares of Class B Common Stock outstanding.

The Boston Beer Company is America's leading brewer of world-class beer. Founded in 1984 by sixth-generation brewer Jim Koch, the Company has won more than 500 international awards for its better-tasting beers. Samuel Adams Boston Lager[®] is the Company's flagship brand, celebrated worldwide for its high-quality ingredients and traditional brewing techniques. The result is a beer renowned by drinkers for its full flavor, balance, complexity, and consistent quality. For more information, visit the web-site at www.samadams.com or visit www.bostonbeer.com for financial information.

Statements made in this press release that state the Company's or management's intentions, hopes, beliefs, expectations or predictions of the future are forward-looking statements. It is important to note that the Company's actual results could differ materially from those projected in such forward-looking statements. Additional information concerning factors that could cause actual results to differ materially from those in the forward-looking statements is contained from time to time in the Company's SEC filings, including but not limited to the Company's report on Form 10-K for the year ended December 28, 2002 and for December 29, 2001. Copies of these documents may be obtained by contacting the Company or the SEC.

