

# BOSTON BEER co.

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## Boston Beer Reports Third Quarter Operating Results

October 15, 2002

### Sam Adams Light® Adding Incremental Volume For Third Straight Quarter

BOSTON, MA (10/15/02) -- The Boston Beer Company, Inc. (NYSE: SAM) today announced third quarter 2002 volume, revenue and earnings compared to the third quarter 2001.

#### 3rd Quarter Results

For the 13 week period ended September 28, 2002, The Boston Beer Company recorded net sales of \$56.6 million, a 15.2% increase from the 3rd quarter in 2001. Net revenue per barrel increased by 3.2% during the quarter, due to product mix changes and normal price increases. As reflected on the following chart, reported sales volume for the period was 335,780 barrels, an 11.6% increase from prior year.



During the quarter, total Boston Beer Brand distributor sales to retail (depletions) totaled 324,667 barrels, an 11.5% increase from 2001.

The Company recorded \$362,000 in net income or \$.02 per diluted share for the quarter versus net income of \$2.8 million and \$.17 per diluted share for the same period last year. Gross margins as a percent of net sales were 58.3% as compared to 58.5% in the prior year third quarter. Revenue increases were offset by higher cost of goods sold associated with changes in product mix and increases in materials cost. Significant changes in operating expenses included increased advertising, selling and promotion expenses, primarily due to the introduction of Sam Adams Light®. Other operating expenses for the quarter increased compared to the 3rd quarter of 2001 due to compensation, rent and other administrative related expenses.

#### Year to Date Results

For the 39 week period ended September 28, 2002, The Boston Beer Company recorded net sales of \$161.1 million, a 15.5% increase from the same period in 2001. Net revenue per barrel increased by 5.0% during the 9 months due to product mix changes and normal price increases. As reflected on the following chart, reported sales volume for the period was 963,383 barrels, a 10.1% increase from prior year.



Year to date Boston Beer Brand distributor sales to retail (depletions) totaled 885,961 barrels, a 9% increase from the same period in 2001.

The Company recorded \$6.5 million in net income or \$.39 per diluted share for the nine months versus net income of \$10.9 million and \$.66 per diluted share for the same period last year. Gross margins as a percent of net sales were 59.4% as compared to 58.9% in the same period prior year. The increase is primarily due to product mix changes and price increases. Significant changes in operating expenses included increased advertising, selling and promotion expenses, primarily due to the introduction of Sam Adams Light®. Other operating expense increases were consistent with normal cost inflation compared to the first nine months of 2001.

Excluding the sale of stock received from the demutualization of a third party insurance provider, net income was \$5.6 million or \$.34 per diluted share for the nine months ended September 28, 2002.

Shipments and orders in-hand suggest that core business shipments for October and November 2002 will be up approximately 10% as compared to the same period 2001. Actual shipments for the fourth quarter may differ, however, and no inferences should be drawn with respect to shipments in future periods.

"Sam Adams Light is continuing to drive our top line growth resulting in our third quarter of double digit growth," reported Jim Koch, Chairman of The Boston Beer Company. "We are seeing incremental volume from Light introduction ranging from 15% to 35% in early markets, and although we are experiencing low single digit percentage cannibalization in some markets, we feel it would not be unreasonable to expect continued double digit growth through the first half of 2003."

Martin Roper, President and CEO of The Boston Beer Company, reported on the status of the Sam Adams Light® rollout. "At the end of September, we have introduced the brand into markets representing over 85% of our total company volume, and expect to enter the remaining markets by the end of the year." Roper also commented, "Pricing continues to be rational and we may look at a small increase next year in certain markets. Costs of goods are expected to rise in the low single digit percentage range, which will offset some of the increased revenue per unit. Given these facts and our volume trends, we now expect that we will be to achieve double-digit earnings per share growth in 2003 over 2001 (our pre-Light launch level), while still investing adequately in our brands."

It is important to note that the Company's actual volume results and operating results could differ materially from management's projections, depending primarily on the results of the continued launch of Sam Adams Light®.

During the third quarter of 2002, the Company repurchased 634,603 shares of its Class A Common Stock for an aggregate purchase price of \$9.1 million. The Board of Directors has approved up to \$50.0 million for the repurchase of its Class A Common Stock. Through October 14, 2002, the Company has repurchased a total of approximately 5.0 million shares of its Class A Common Stock for an aggregate purchase price of \$45.0 million. As of October 14, 2002, the Company has 11.6 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 200 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](http://www.samadams.com) or visit [www.bostonbeer.com](http://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 29, 2001 and for December 30, 2000. Copies of these documents may be obtained by contacting the Company or the SEC.

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