

BOSTON BEER co.

· ESTD 1984 ·

Boston Beer Reports First Quarter Volume, Revenue And Earnings

April 26, 2004

BOSTON, Apr 26, 2004 /PRNewswire-FirstCall via COMTEX/ -- The Boston Beer Company, Inc. (NYSE: SAM) today announced first quarter 2004 volume, revenue and earnings compared to the first quarter 2003.

1st Quarter Results

For the 13-week period ended March 27, 2004, The Boston Beer Company recorded net sales of \$44.7 million, a 1.5% decline from the 1st quarter in 2003. Net revenue per barrel increased by 1.1% during the quarter primarily due to price increases. As reflected on the following chart, reported shipment volume for the period was 263,000 barrels, a 2.6% decline from prior year.

| Barrels | Q1-2004 | Q1-2003 | %Chg |
|----------------------------|---------|---------|-------|
| Total Boston Beer Brands | 261,000 | 269,000 | -3.0% |
| 3rd Party Contract Brewing | 2,000 | 1,000 | 100% |
| Total Company | 263,000 | 270,000 | -2.6% |

The Company recorded net income of \$1.3 million or \$.09 per diluted share for the quarter versus a net loss of \$0.1 million and (\$.01) per diluted share for the same period last year. Gross margins as a percent of net sales increased to 59.5% as compared to 58.6% in the prior year first quarter, principally due to net price increases implemented in the 1st quarter 2004 and certain operating efficiencies at its Cincinnati brewery, partially offset by changes in package mix. Advertising, promotional and selling expenses for the quarter were down by \$1.8 million or 7.7% in comparison to the same period last year. The decrease was primarily driven by more effective purchasing of media. Additionally, point-of-sale expenditures declined by \$0.8 million from the same period in 2003 that included an investment in new style tap handles. General and administrative expenses decreased by \$0.6 million or 15.6% in comparison to the same period last year, due to reductions in employee-related costs and legal expenses.

Boston Beer Brand distributor sales to retail (depletions) totaled 248,000 barrels, a 1.8% decrease from the first quarter 2003, primarily as result of declines in Sam Adams Light(R) volume. Shipments and orders in-hand suggest that core shipments for April and May 2004 will be up approximately 8% as compared to the same period 2003. Actual shipments for the current quarter may differ, however, and no inferences should be drawn with respect to shipments in future periods.

Jim Koch, Chairman of The Boston Beer Company, said, "Samuel Adams Boston Lager and Seasonals combined depletions grew approximately 6% in the first quarter, helped by strong growth trends in our on-premise draft business. This growth was offset by the declines of Sam Adams Light as compared to the first quarter 2003 when the brand was still experiencing strong trial sales. We see similar trends in the order mix received for the second quarter 2004. We continue to be pleased with the current Samuel Adams Boston Lager advertising, while working aggressively to develop stronger Sam Adams Light messaging. We are supporting Sam Adams Light in the second quarter with TV and print advertising but it is too early to determine what effect this investment will have on Light volumes."

Martin Roper, Boston Beer's Chief Executive Officer, commented on the Company's core initiatives, "We are committed to growing Lager, Light and Seasonal brands and continue to focus on developing optimal advertising campaigns. We expect the continued difficult comparables for Sam Adams Light to drag down aggregate depletion volumes during the next two quarters, even if our other brands continue the growth patterns seen in the first quarter. We completed Sam Adams Light positioning research during the first quarter and expect new programs to be introduced in the third quarter to position Light more strongly for growth within the Better Light Beer segment. We are pleased with our overall financial performance in the first quarter 2004. Our gross margins improved over 2003 due to planned price increases and some operational improvements at our Cincinnati brewery. We continue to work on optimizing all of our resources and our pricing strategies given competitive activities. While the Company is beginning to face cost pressures related to freight and brewing costs, based on current information, we still expect double-digit earnings growth for 2004. We remain prepared to increase investment in our brand to drive long term growth at the expense of earnings, if we have proven growth vehicles worthy of such investments."

The Boston Beer Company's balance sheet remains strong with \$46.0 million in cash and short-term investments and no debt. The Company's cash flow also remains strong, delivering \$2.8 million in operating cash flow for the 1st Quarter of 2004. Although the Company did not repurchase any of its shares during the first quarter, it remains committed to re-investing in its stock and has \$5.2 million remaining under an \$80 million board authorized spending limit related to the Stock Repurchase Program. Through April 23, 2004 the Company has repurchased a total of 7.1 million shares of Class A Common Stock for an aggregate purchase price of \$74.8 million.

The Boston Beer Company plans on filing the first quarter 2004 10Q on May 6, 2004.

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 650 international awards for its better-tasting beers. Samuel Adams Boston Lager(R) 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 27, 2003 and for December 28, 2002. Copies of these documents may be found on the Company's website, www.bostonbeer.com,

or may be obtained by contacting the Company or the SEC.

The Boston Beer Company, Inc.
Financial Results
(in thousands, except per share data)

Operating Results:

| | (unaudited) | |
|---|-------------------|-------------------|
| | Quarter Ended | |
| | March 27, 2004 | March 29, 2003 |
| Barrels sold | 263 | 270 |
| Gross revenue | \$49,307 | \$50,123 |
| Less excise taxes | 4,652 | 4,804 |
| Net revenue | 44,655 | 45,319 |
| Cost of goods sold | 18,073 | 18,772 |
| Gross profit | 26,582 | 26,547 |
| Advertising, promotional and selling expenses | 21,522 | 23,310 |
| General and administrative expenses | 3,209 | 3,803 |
| Total operating expenses | 24,731 | 27,113 |
| Operating income (loss) | 1,851 | (566) |
| Interest income, net | 200 | 394 |
| Other expense, net | (8) | (8) |
| Income (loss) income before income taxes | 2,043 | (180) |
| Provision (benefit) for income taxes | 772 | (71) |
| Net income (loss) | \$1,271 | \$(109) |
| Net income (loss) income per share - basic | \$0.09 | \$(0.01) |
| Net income (loss) income per share - diluted | \$0.09 | \$(0.01) |
| Weighted average number of common shares - basic | 14,019 | 15,734 |
| Weighted average number of common shares - diluted | 14,352 | 15,991 |

Consolidated Balance Sheets:

| | (unaudited) | |
|--|-------------------|----------------------|
| | March 27, 2004 | December 27, 2003 |
| Assets | | |
| Current Assets: | | |
| Cash and cash equivalents | \$24,746 | \$27,792 |
| Short-term investments | 21,233 | 15,098 |
| Accounts receivable, net of allowance for doubtful accounts of \$515 and \$450 as of March 27, 2004 and December 27, 2003, respectively | 9,571 | 10,432 |
| Inventories | 10,467 | 9,890 |
| Prepaid expenses | 1,448 | 1,126 |
| Deferred income taxes | 1,337 | 1,177 |
| Other current assets | 965 | 2,304 |
| Total current assets | 69,767 | 67,819 |
| Property, plant and equipment, net | 16,889 | 17,059 |
| Other assets | 1,178 | 1,099 |

| | | |
|--------------|----------|----------|
| Goodwill | 1,377 | 1,377 |
| Total assets | \$89,211 | \$87,354 |

Liabilities and Stockholders' Equity

Current Liabilities:

| | | |
|---------------------------|---------|---------|
| Accounts payable | \$6,343 | \$6,395 |
| Accrued expenses | 14,550 | 15,504 |
| Total current liabilities | 20,893 | 21,899 |

| | | |
|-----------------------------|-------|-------|
| Deferred income taxes | 2,103 | 2,191 |
| Other long-term liabilities | 693 | 740 |

Commitments and Contingencies

Stockholders' Equity

| | | |
|--|----------|----------|
| Class A Common Stock, \$.01 par value; 22,700,000 shares authorized; 17,076,750 and 16,945,418 issued as of March 27, 2004 and December 27, 2003, respectively | 171 | 169 |
| Class B Common Stock, \$.01 par value; 4,200,000 shares authorized; 4,107,355 issued and outstanding | 41 | 41 |
| Additional paid-in capital | 64,398 | 62,517 |
| Unearned compensation | (374) | (229) |
| Other comprehensive income | 34 | 45 |
| Retained earnings | 76,029 | 74,758 |
| Treasury stock, at cost 7,102,467 shares as of March 27, 2004 and December 27, 2003 | (74,777) | (74,777) |
| Total stockholders' equity | 65,522 | 62,524 |
| Total liabilities and stockholders' equity | \$89,211 | \$87,354 |

Consolidated Statements of Cash Flows:

| | (unaudited) | |
|---|-------------------|-------------------|
| | Quarter Ended | |
| | March 27, 2004 | March 29, 2003 |
| Cash flows from operating activities: | | |
| Net income (loss) | \$1,271 | \$(109) |
| Adjustments to reconcile net income to net cash from operating activities: | | |
| Depreciation and amortization | 1,251 | 1,383 |
| Bad debt expense | 65 | - |
| Stock option compensation expense | 31 | 22 |
| Changes in assets and liabilities: | | |
| Accounts receivable | 795 | (156) |
| Inventories | (577) | (2,399) |
| Prepaid expenses | (322) | (21) |
| Other current assets | 1,377 | 98 |
| Other assets | (114) | - |
| Deferred taxes | 52 | - |
| Accounts payable | (51) | 2,917 |
| Accrued expenses | (953) | (2,304) |
| Other long-term liabilities | (46) | 132 |
| Net cash provided by (used in) operating activities | 2,779 | (437) |

| | | |
|---|----------|----------|
| Cash flows from investing activities: | | |
| Purchases of property, plant and equipment | (862) | (595) |
| Purchases of available-for-sale securities | (6,138) | (3,337) |
| Net cash used in investing activities | (7,000) | (3,932) |
| | | |
| Cash flows from financing activities: | | |
| Purchase of treasury stock | - | (4,995) |
| Proceeds from exercise of stock options | 1,136 | 320 |
| Net proceeds from the sale of Investment Shares | 39 | 44 |
| Net cash provided by (used in) financing activities | 1,175 | (4,631) |
| | | |
| Change in cash and cash equivalents | (3,046) | (9,000) |
| | | |
| Cash and cash equivalents at beginning of period | 27,792 | 20,608 |
| | | |
| Cash and cash equivalents at end of period | \$24,746 | \$11,608 |
| | | |
| Supplemental disclosure of cash flow information: | | |
| Taxes paid | \$87 | \$1,073 |

Copies of The Boston Beer Company's press releases, including quarterly financial results, are available on the Internet at www.bostonbeer.com
Contact: Michelle Sullivan (617) 368-5165

SOURCE The Boston Beer Company, Inc.

Michelle Sullivan of Boston Beer Company, +1-617-368-5165