
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 21, 2016

The Boston Beer Company, Inc.
(Exact name of registrant as specified in its charter)

Massachusetts
(State or other jurisdiction
of incorporation)

001-14092
(Commission
File Number)

04-3284048
(IRS Employer
Identification No.)

One Design Center Place, Suite 850, Boston, MA
(Address of principal executive offices)

02210
(Zip Code)

Registrant's telephone number, including area code (617) 368-5000

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4c under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition

On July 21, 2016, The Boston Beer Company, Inc. disclosed financial information for the second quarter of 2016 in an earnings release, a copy of which is set forth in the attached Exhibit 99.

The information in this Form 8-K and the Exhibit 99 attached hereto is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, regardless of any general incorporation language in such filing, unless expressly incorporated by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits

Exhibit 99 – Earnings Release of The Boston Beer Company, Inc. dated July 21, 2016.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

The Boston Beer Company, Inc.
(Registrant)

/s/ Frank H. Smalla

Frank H. Smalla
Chief Financial Officer

Date: July 21, 2016

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BOSTON BEER REPORTS
SECOND QUARTER 2016 RESULTS

BOSTON, MA (7/21/16)— The Boston Beer Company, Inc. (NYSE: SAM) reported second quarter 2016 net revenue of \$244.8 million, a decrease of \$7.4 million or 3%, from the same period last year, mainly due to a decline in shipments of 4%, partially offset by price increases. Net income for the second quarter was \$26.6 million, or \$2.06 per diluted share, a decrease of \$3.3 million or \$0.12 per diluted share, from the second quarter of 2015. This decrease was primarily due to decreases in net revenue, a decrease in gross margins and increases in general and administrative expenses, that were only partially offset by decreased advertising, promotional and selling expenses.

Earnings per diluted share for the 26-week period ended June 25, 2016 were \$2.58, a decrease of \$0.60 from the comparable 26-week period in 2015. Net revenue for the 26-week period ended June 25, 2016 was \$433.6 million, a decrease of \$18.1 million, or 4%, from the comparable 26-week period in 2015.

Highlights of this release include:

- Depletions decreased 5% and 5% from the comparable 13 and 26 week periods in the prior year.
- Gross margin was 51.8% for the second quarter and 50.4% for first half of the year, and the Company now estimates its full year gross margin target of between 50% and 52%, a decrease of the range from the previously communicated estimate of between 51% and 53%.
- Advertising, promotional and selling expense decreased by \$8.1 million or 11% in the second quarter, primarily due to lower media spending and decreases in freight to distributors, as a result of lower volume and lower freight rates.
- The 2016 fiscal year includes 53 weeks compared to the 2015 fiscal year which included only 52 weeks.
- Full-year 2016 year over year depletion and shipment change is now estimated at between minus 4% and zero, a narrowing of the range from the previously communicated estimate of between minus 4% and plus 2%.
- Full-year 2016 earnings per diluted share are now estimated at between \$6.40 and \$7.00, a decrease and narrowing of the range from the previously communicated estimate of \$6.50 to \$7.30.
- Full-year 2016 capital spending is now estimated to be between \$60 million and \$70 million, a narrowing of the range from the previously communicated estimate of \$50 million to \$70 million.

Jim Koch, Chairman and Founder of the Company, commented, “Our total company depletion trends declined in the second quarter at a rate consistent with the first quarter trends, even as the better beer and craft categories appear healthy. Our Samuel Adams brand lost share of craft due to the increased competition and continued growth of drinker interest in trying new styles. While the launches of our new beers, including the Samuel Adams Nitro Project and Samuel Adams Rebel Grapefruit IPA, have been successful and well-received, they have not offset declines in Samuel Adams Boston Lager and our Samuel Adams seasonal beers. Despite these declines, we continue to believe that we are well positioned to meet the longer term challenges of this competitive environment, because of the quality of our employees, our beers, our innovation capability and our sales execution strength, coupled with our strong financial position that enables us to invest in growing our brands and creating new growth opportunities.”

Martin Roper, the Company’s President and CEO stated, “In the second quarter and first half of the year, our depletions volume was significantly below our expectations, primarily due to decreases in our Samuel Adams, Angry Orchard and Traveler brands that were only partially offset by increases in our Twisted Tea, Coney Island and Truly Spiked & Sparkling brands. We are encouraged by recent improvements in depletion trends that we have seen since the middle of June, but it’s too early to determine if these improvements are sustainable. For the rest of the year we should start to see more favorable hard cider comparisons and a greater impact from Truly Spiked & Sparkling, but the trends for larger craft beer brands and the hard cider category, and the full impact of our new brand introductions remain difficult to predict. Accordingly, we have adjusted our expectations for full-year depletions growth and our earnings guidance to reflect our first half trends. Our lower volume expectations have increased our focus and urgency on cost savings and driving efficiencies throughout the organization. We are evaluating all our opportunities to better fit the current volume environment, while preserving our quality and service levels, and our ability to support long term growth. Some of these cost savings and efficiency improvements will benefit this year, but most will start delivering next year. We remain prepared to forsake short term earnings, as we strive to return to long term profitable growth.”

Mr. Roper went on to say, “We are working hard to improve the Sam Adams brand trends and in the second half of the year we expect to introduce new packaging and advertising to support our planned promotional activity. We recently hired Jonathan Potter, who will start in August, as our Chief Marketing Officer. We are excited about this important addition to our leadership team. We are focused on sales execution and a full review of our brand messaging and packaging on all our brands, and on continued innovation for existing brands and new growth opportunities. We believe the recent Angry Orchard declines are not indicative of the long term potential of the hard cider category and we are happy that Angry Orchard has maintained a very high share. We plan to invest to help return the hard cider category and Angry Orchard to growth while maintaining our category leadership. The national rollout of our Truly Spiked & Sparkling brand is currently in progress and has been well-supported by distributors, retailers and drinkers. We are pleased with progress and volumes to date. We plan to support this national rollout with media during the third quarter, and will increase investment above current planned levels if we see a positive response. It is too early to tell how successful the national rollout of Truly Spiked & Sparkling will be.”

2nd Quarter 2016 Summary of Results

Depletions decreased 5% from the comparable 13-week period in 2015.

Shipment volume was approximately 1.1 million barrels, a 4% decrease from the comparable 13-week period in 2015.

The Company believes distributor inventory levels at June 25, 2016 were appropriate. Inventory at distributors participating in the Freshest Beer Program at June 25, 2016 decreased slightly in terms of days of inventory on hand when compared to June 27, 2015. The Company has approximately 75% of its volume on the Freshest Beer Program.

Gross margin at 51.8% represented a decrease from the 54.0% margin realized in the second quarter of 2015, primarily due to increased brewery processing costs per barrel and product mix effects, partially offset by price increases.

Advertising, promotional and selling expenses decreased \$8.1 million from the comparable 13-week period in 2015, primarily due to lower media spending and decreases in freight to distributors due to lower volume and lower freight rates, partially offset by increases in point of sale.

General and administrative expenses increased by \$3.8 million from the comparable 13-week period in 2015, primarily due to increases in stock compensation, salaries and benefits and facilities costs.

Year-to-Date 2016 Summary of Results

Depletions decreased 5% from the comparable 26-week period in 2015, reflecting decreases in the Company's Samuel Adams, Angry Orchard and Traveler brands, partially offset by increases in its Twisted Tea, Coney Island and Truly Spiked & Sparkling brands.

Shipment volume was approximately 1.9 million barrels, a 5% decrease from the comparable 26-week period in 2015.

Advertising, promotional and selling expenses decreased \$9.1 million from the comparable 26-week period in 2015, primarily due to decreases in freight to distributors, as a result of lower volume and lower freight rates and lower media spending.

General and administrative expenses increased \$7.6 million from the comparable 26-week period in 2015, primarily due to increases in stock compensation, salaries and benefits and facilities costs.

The Company expects that its June 25, 2016 cash balance of \$27.6 million, together with its future operating cash flows and its \$150.0 million line of credit, will be sufficient to fund future cash requirements.

During the 26-week period ended June 25, 2016 and the period from June 26, 2016 through July 16, 2016, the Company repurchased approximately 743,000 shares of its Class A Common Stock for an aggregate purchase price of approximately \$127.7 million. As of July 16, 2016 the Company had approximately \$12.2 million remaining on the \$586.0 million share buyback expenditure limit set by the Board of Directors.

Depletion estimates

Year-to-date depletions through the 28-week period ended July 9, 2016 are estimated by the Company to have decreased approximately 4% from the comparable period in 2015.

Outlook

The Company currently projects full year 2016 earnings per diluted share to be between \$6.40 and \$7.00. The Company's actual 2016 earnings per share could vary significantly from the current projection. The 2016 fiscal year includes 53 weeks compared to the 2015 fiscal year which included only 52 weeks. Underlying the Company's current 2016 projection are the following 53-week full-year estimates and targets:

- Depletions and shipments percentage change of between minus 4% and zero.
- Price increases of between 1% and 2%.
- Gross margin of between 50% and 52%.
- Change in investment in advertising, promotional and selling expenses of between a decrease of \$5 million and an increase of \$5 million, a decrease in the range from the previously communicated estimate of an increase of between zero and \$10 million. This estimate does not include any increases or decreases in freight costs for the shipment of products to the Company's distributors.
- Effective tax rate of approximately 36.3%.

About the Company

The Boston Beer Company, Inc. (NYSE: SAM) began in 1984 and today brews more than 60 styles of Samuel Adams beer. Our portfolio of brands also includes Angry Orchard Hard Cider, Twisted Tea, Truly Spiked & Sparkling, as well as several other craft beer brands brewed by Alchemy & Science, our craft beer incubator. For more information, please visit our investor relations website at www.bostonbeer.com, which includes links to all of our respective brand websites.

Forward-Looking Statements

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 years ended December 26, 2015 and December 27, 2014. Copies of these documents may be found on the Company's website, www.bostonbeer.com, or obtained by contacting the Company or the SEC.

Thursday, July 21, 2016

THE BOSTON BEER COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands, except per share data)
(unaudited)

| | Thirteen weeks ended | | Twenty-six weeks ended | |
|--|----------------------|------------------|------------------------|------------------|
| | June 25, 2016 | June 27, 2015 | June 25, 2016 | June 27, 2015 |
| Barrels sold | 1,080 | 1,125 | 1,914 | 2,014 |
| Revenue | \$261,225 | \$268,721 | \$463,233 | \$481,555 |
| Less excise taxes | 16,409 | 16,517 | 29,590 | 29,848 |
| Net revenue | 244,816 | 252,204 | 433,643 | 451,707 |
| Cost of goods sold | 117,940 | 115,979 | 215,236 | 215,866 |
| Gross profit | 126,876 | 136,225 | 218,407 | 235,841 |
| Operating expenses: | | | | |
| Advertising, promotional and selling expenses | 63,252 | 71,370 | 122,501 | 131,618 |
| General and administrative expenses | 21,836 | 18,036 | 42,881 | 35,265 |
| Total operating expenses | 85,088 | 89,406 | 165,382 | 166,883 |
| Operating income | 41,788 | 46,819 | 53,025 | 68,958 |
| Other income (expense), net: | | | | |
| Interest income (expense), net | 20 | 11 | 43 | 7 |
| Other income (expense), net | (206) | 54 | (425) | (271) |
| Total other income (expense), net | (186) | 65 | (382) | (264) |
| Income before income tax provision | 41,602 | 46,884 | 52,643 | 68,694 |
| Provision for income taxes | 14,981 | 16,952 | 18,990 | 25,019 |
| Net income | \$ 26,621 | \$ 29,932 | \$ 33,653 | \$ 43,675 |
| Net income per common share - basic | \$ 2.11 | \$ 2.24 | \$ 2.65 | \$ 3.28 |
| Net income per common share - diluted | \$ 2.06 | \$ 2.18 | \$ 2.58 | \$ 3.18 |
| Weighted-average number of common shares - Class A basic | 9,181 | 9,748 | 9,278 | 9,673 |
| Weighted-average number of common shares - Class B basic | 3,367 | 3,532 | 3,367 | 3,575 |
| Weighted-average number of common shares - diluted | 12,830 | 13,667 | 12,959 | 13,650 |
| Net income | \$ 26,621 | \$ 29,932 | \$ 33,653 | \$ 43,675 |
| Other comprehensive income, net of tax: | | | | |
| Foreign currency translation adjustment | (88) | (5) | (92) | 1 |
| Comprehensive income | \$ 26,533 | \$ 29,927 | \$ 33,561 | \$ 43,676 |

THE BOSTON BEER COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)
(unaudited)

| | June 25, 2016 | December 26, 2015 |
|---|-------------------------|--------------------------|
| Assets | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 27,580 | \$ 94,193 |
| Accounts receivable, net of allowance for doubtful accounts of \$189 and \$244 as of June 25, 2016 and December 26, 2015, respectively | 56,694 | 38,984 |
| Inventories | 61,245 | 56,462 |
| Prepaid expenses and other current assets | 12,402 | 12,053 |
| Income tax receivable | 3,476 | 14,928 |
| Deferred income taxes | 6,923 | 6,983 |
| Total current assets | 168,320 | 223,603 |
| Property, plant and equipment, net | 411,866 | 409,926 |
| Other assets | 6,704 | 8,188 |
| Goodwill | 3,683 | 3,683 |
| Total assets | <u>\$590,573</u> | <u>\$ 645,400</u> |
| Liabilities and Stockholders' Equity | | |
| Current Liabilities: | | |
| Accounts payable | \$ 41,593 | \$ 42,718 |
| Current portion of debt and capital lease obligations | 60 | 58 |
| Accrued expenses and other current liabilities | 69,485 | 68,384 |
| Total current liabilities | 111,138 | 111,160 |
| Deferred income taxes | 57,316 | 56,001 |
| Debt and capital lease obligations, less current portion | 411 | 471 |
| Other liabilities | 9,476 | 16,547 |
| Total liabilities | 178,341 | 184,179 |
| Commitments and Contingencies | | |
| Stockholders' Equity: | | |
| Class A Common Stock, \$.01 par value; 22,700,000 shares authorized; 9,009,571 and 9,389,005 issued and outstanding as of June 25, 2016 and December 26, 2015, respectively | 90 | 94 |
| Class B Common Stock, \$.01 par value; 4,200,000 shares authorized; 3,367,355 and 3,367,355 issued and outstanding as of June 25, 2016 and December 26, 2015, respectively | 34 | 34 |
| Additional paid-in capital | 332,218 | 290,096 |
| Accumulated other comprehensive loss, net of tax | (1,043) | (951) |
| Retained earnings | 80,933 | 171,948 |
| Total stockholders' equity | 412,232 | 461,221 |
| Total liabilities and stockholders' equity | <u>\$590,573</u> | <u>\$ 645,400</u> |

THE BOSTON BEER COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASHFLOWS

(in thousands)
(unaudited)

| | <u>Twenty-six weeks ended</u> | |
|---|--------------------------------|--------------------------------|
| | <u>June 25,</u> <u>2016</u> | <u>June 27,</u> <u>2015</u> |
| Cash flows provided by operating activities: | | |
| Net income | \$ 33,653 | \$ 43,675 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 24,473 | 20,455 |
| Impairment of assets | 37 | — |
| Loss on disposal of property, plant and equipment | 511 | 339 |
| Bad debt recovery | (55) | (49) |
| Stock-based compensation expense | 5,741 | 3,632 |
| Excess tax benefit from stock-based compensation arrangements | (5,840) | (12,847) |
| Deferred income taxes | 1,375 | 1,862 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (17,655) | (15,666) |
| Inventories | (4,783) | (5,812) |
| Prepaid expenses, income tax receivable and other assets | 12,394 | 33,201 |
| Accounts payable | (1,995) | 11,570 |
| Accrued expenses and other current liabilities | 6,967 | (2,430) |
| Other liabilities | (6,504) | 424 |
| Net cash provided by operating activities | <u>48,319</u> | <u>78,354</u> |
| Cash flows used in investing activities: | | |
| Purchases of property, plant and equipment | (25,954) | (38,880) |
| Cash paid for acquisition of intangible assets | — | (100) |
| Decrease in restricted cash | 56 | 57 |
| Net cash used in investing activities | <u>(25,898)</u> | <u>(38,923)</u> |
| Cash flows (used in) provided by financing activities: | | |
| Repurchase of Class A Common Stock | (124,675) | (22,782) |
| Proceeds from exercise of stock options | 29,521 | 40,332 |
| Cash paid on note payable | (58) | (54) |
| Excess tax benefit from stock-based compensation arrangements | 5,840 | 12,847 |
| Net proceeds from sale of investment shares | 338 | 807 |
| Net cash (used in) provided by financing activities | <u>(89,034)</u> | <u>31,150</u> |
| Change in cash and cash equivalents | (66,613) | 70,581 |
| Cash and cash equivalents at beginning of year | 94,193 | 76,402 |
| Cash and cash equivalents at end of period | <u>\$ 27,580</u> | <u>\$146,983</u> |
| Supplemental disclosure of cash flow information: | | |
| Income taxes paid | <u>\$ 8,655</u> | <u>\$ 9,738</u> |
| Income taxes refunded | <u>\$ 12,000</u> | <u>\$ 17,226</u> |
| Increase (Decrease) in accounts payable for purchase of property, plant and equipment | <u>\$ 870</u> | <u>\$ (1,134)</u> |

*Copies of The Boston Beer Company's press releases, including quarterly financial results,
are available on the Internet at www.bostonbeer.com*