
**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): February 22, 2017

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 February 22, 2017, The Boston Beer Company, Inc. disclosed financial information for the fourth 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 February 22, 2017.

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)

Date: February 22, 2017

/s/ Frank H. Smalla

Frank H. Smalla
Chief Financial Officer

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BOSTON BEER REPORTS
FOURTH QUARTER 2016 RESULTS

BOSTON, MA (2/22/17) – The Boston Beer Company, Inc. (NYSE: SAM) reported fourth quarter 2016 net revenue of \$219.4 million for the 14-week fiscal period ended December 31, 2016, an increase of \$4.2 million or 2% from the 13-week fourth quarter 2015 fiscal period, mainly due to an increase in shipments of 2%. Net income for the fourth quarter was \$22.2 million, or \$1.75 per diluted share, an increase of \$6.1 million or \$0.54 per diluted share from the fourth quarter of 2015. This increase was primarily due to the increase in net revenue and decreases in operating expenses that were only partially offset by decreased gross margin.

Earnings per diluted share for the 53-week fiscal period ended December 31, 2016 were \$6.79, a decrease of \$0.46, or 6%, from the comparable 52-week fiscal period in 2015. Net revenue for the 53-week period ended December 31, 2016 was \$906.4 million, a decrease of \$53.5 million, or 6%, from the comparable 52-week period in 2015.

Highlights of this release include:

- Depletions decreased 1% for the fourth quarter and 5% for the full year.
- Gross margin for the fourth quarter was 49.1% and for the full year 2016 was 50.7%, a decrease of 1.5 percentage points compared to the respective 2015 periods.
- Advertising, promotional and selling expenses in the fourth quarter decreased \$5.9 million or 9% compared to the fourth quarter of 2015 and decreased \$29.4 million or 11% for the full year, primarily due to lower freight to distributors and lower media and point-of sale spending.
- Year-to-date 2017 depletions through the six weeks ended February 11, 2017 are estimated by the Company to have decreased approximately 15% from the comparable weeks in 2016.
- Full-year 2017 depletion and shipment change is now estimated between minus 7% and plus 1%, a decrease in the range from the previously communicated estimate of a change between minus low single digits and plus low single digits.
- Based on current spending and investment plans, full year 2017 earnings per diluted share are estimated to be between \$4.20 and \$6.20, excluding the impact of the new Accounting Standard “Employee Share-Based Payment Accounting” (“ASU 2016-09”) which is effective for the company on January 1, 2017.

Jim Koch, Chairman and Founder of the Company, commented, “We are disappointed with our depletion trends in 2016, which have remained weak so far in 2017. These trends are affected by the general softening of the craft beer category and cider category and a more challenging retail environment with a lot of new options for our drinkers. New craft brewers continue to enter the market and existing craft brewers are expanding their distribution and tap rooms, with the result that drinkers are seeing more choices, including a wave of new beers in all markets. We were particularly disappointed with the performance of the first of our new spring seasonal beers, Samuel Adams Hopscape. We are introducing later this month our second spring seasonal, Samuel Adams Fresh as Helles, a bright Helles lager with orange blossom and also releasing a refreshed Samuel Adams Rebel IPA, featuring a new packaging design and a new recipe with experimental hops that create a more tropical and piney IPA. We are also executing the national rollout of Rebel Juiced IPA in bottles and cans in the first quarter of 2017 to complement the national draft release in the fourth quarter of 2016. We believe that the history, authenticity and quality of the Samuel Adams brand, our unique beers, and our ability and willingness to continue to invest behind our brand position us well for future growth and we are committed to improving our current trends.”

Mr. Koch went on to say, “As previously announced, Martin Roper, President and Chief Executive Officer, plans to retire in 2018 after leading the Company for more than 17 years. The Board of Directors has created a search committee and retained Korn Ferry to assist in identifying and evaluating the best candidates to succeed Martin as CEO. Martin will remain fully engaged and committed to leading the business as CEO until a successor is found and a seamless transition is completed. We are appreciative that his continued commitment to Boston Beer affords us the time to conduct a comprehensive search for his successor, while continuing to make progress against our 2017 business objectives.”

Martin Roper, the Company’s President and CEO stated, “Fourth quarter depletion trends were driven by a decline in Samuel Adams, largely due to increased competition in the craft beer category, and by declines in Angry Orchard, mainly due to general weakness in the cider category. Partially offsetting these declines were the growth of Twisted Tea, which continues to grow distribution and pull, and the impact of the launch of Truly Spiked & Sparkling, which established itself as a leader in the emerging segment of hard sparkling water. During the quarter we also saw some early benefits of our cost savings initiatives. Thus far in 2017, we are seeing particular weakness in our Samuel Adams seasonal depletion trends due to the slow pull of our new seasonal beer, Samuel Adams Hopscape, which we believe is primarily due to executional misses, with the additional impact of the greater number of new options available to our drinkers at retail and general weakness in the seasonal sub-category. We are taking our learnings from Hopscape and applying them to our planned seasonal transitions to Fresh as Helles and then to Summer Ale in the second quarter. We like our new Samuel Adams packaging and our media advertising message, ‘Pursue Better’ and our plans for the summer. Angry Orchard and cider trends year to date are similar to the declines we saw in 2016. We are prioritizing returning the cider category and Angry Orchard to growth with a new media campaign and the first quarter national launch of Angry Orchard Easy Apple, an unfiltered refreshing hard cider that was well received in limited test markets last fall.”

Mr. Roper continued, “Our number one priority in 2017 is returning both Samuel Adams and Angry Orchard to growth through continued packaging, innovation, promotion and brand communication initiatives. Our brand and sales teams are conducting a comprehensive review of our core brand strategies and activation plans to ensure that all our investments are effective and efficient in building long-term brand equities. We will continue testing strategies and validating effectiveness, so that we can focus our investment on activities that turn around our trends. Our second priority is a focus on cost savings and efficiency projects to fund the investments needed to grow our brands. We have adjusted our organization to the new volume environment, including resizing short-term brewery capacity, and have implemented changes to our spending policies and behaviors. We are working to simplify and optimize our processes, and to improve ingredient and material yields across all our brands. Based on these efforts, we are maintaining our previously stated goal of increasing our gross margins by about one percentage point per year over the next three years, ignoring mix or volume impacts, while preserving our quality and improving our service levels. Our third priority is long-term innovation, where our current focus is ensuring that Truly Spiked & Sparkling maintains its leadership position in its segment and reaches its full potential.”

Mr. Roper went on to say, “Over the last 12 months we have rebuilt our Leadership team and realigned the organization. We have reoriented our brand and sales teams to better align with our opportunities and to provide brand leadership, and have improved our digital marketing and experiential promotion capabilities to support all our brands. I am very excited by the team’s progress on insights into our challenges and the urgency with which they have developed potential solutions and significant cost improvements to fund our planned investments. We believe we have strong brands in attractive categories and that the best long-term value creation is continued investment to return our brands to growth. With that perspective, we intend to maintain our planned brand investment levels, even as we have adjusted our volume guidance down to reflect the volume declines we have seen thus far in 2017. Our larger than usual guidance ranges reflect the uncertain volume outlook. Projecting full year depletions volumes and profitability will remain very difficult until we have better visibility into the success of our key initiatives after the second quarter. We are optimistic for future craft beer and cider category growth and we are taking steps to ensure that we are well positioned to benefit from that growth. We are committed to investing in reaction to the opportunity that we see with all our brands and remain prepared to forsake short-term earnings, as we invest to return to long-term profitable growth.”

4th Quarter 2016 Summary of Results

Depletions decreased by 1% for the fourth quarter of 2016, reflecting decreases in our Samuel Adams, Angry Orchard, Coney Island and Traveler brands that were only partially offset by increases in our Twisted Tea and Truly Spiked & Sparkling brands. The 2016 fiscal fourth quarter included 14 weeks compared to the 2015 fiscal fourth quarter, which included only 13 weeks.

Shipment volume was approximately 974 thousand barrels, a 2% increase over the fourth quarter of 2015.

The Company believes distributor inventory as of December 31, 2016 was at an appropriate level. Inventory as of December 31, 2016 at distributors participating in the Freshest Beer Program decreased in terms of days of inventory on hand when compared to December 26, 2015. The Company has approximately 77% of its volume on the Freshest Beer Program.

Gross margin of 49.1% decreased from 50.6% in the fourth quarter of 2015, primarily due to package and product mix effects and increased returns which were partially offset by price increases and cost saving initiatives in the Company breweries.

Advertising, promotional and selling expenses decreased \$5.9 million compared to the fourth quarter of 2015, primarily due to decreases in point-of-sale costs, lower freight rates to distributors, and lower media advertising costs, supported by our initiatives to reduce inefficient and ineffective spend.

General and administrative expenses decreased by \$2.9 million from the fourth quarter of 2015, primarily due to a favorable impact of \$3.6 million in stock compensation related to the planned retirement of the Company's Chief Executive Officer in 2018 partially offset by increases in salary and benefits costs.

The Company's effective tax rate for the fourth quarter decreased to 34.9% from 37.9% in the fourth quarter of 2015. The higher 2015 rate was primarily due to the unfavorable tax rate impact of bonus depreciation, which was enacted during the fourth quarter of 2015.

Full Year 2016 Summary of Results

Depletions decreased by 5% for the full year of 2016, reflecting decreases in our Samuel Adams, Angry Orchard, Traveler and Coney Island brands that were only partially offset by increases in our Twisted Tea and Truly Spiked & Sparkling brands. The 2016 fiscal year included 53 weeks compared to the 2015 fiscal year, which included only 52 weeks.

Shipment volume was approximately 4.0 million barrels, a 6% decrease compared to fiscal 2015.

Gross margin of 50.7% decreased from 52.3% in the prior year, primarily due to package and product mix effects, unfavorable absorption impacts due to lower volumes in our breweries, and increased returns, which were partially offset by price increases and cost saving initiatives in the Company breweries.

Advertising, promotional and selling expenses decreased \$29.4 million compared to those incurred in prior year, primarily due to decreases in freight to distributors due to lower volumes and rates, and lower media advertising and point-of-sale spending.

General and administrative expenses increased by \$6.5 million compared to those incurred in prior year, primarily due to increases in salary and benefits and facilities costs.

The Company's effective tax rate decreased slightly to 36.3% from the 36.5% rate in the prior year.

Full year 2016 capital spending totaled \$49.9 million, primarily for continued investments in the Company's breweries to drive efficiencies and cost reductions, support product innovation and further growth.

The Company expects that its cash balance of \$91.0 million as of December 31, 2016, along with future operating cash flow and the Company's unused line of credit of \$150.0 million, will be sufficient to fund future cash requirements.

During the fourth quarter and the period from January 1, 2017 through February 17, 2017, the Company repurchased 275,000 shares of its Class A Common Stock for an aggregate purchase price of approximately \$45.1 million. As of February 17, 2017 the Company had approximately \$154.7 million remaining on the \$781.0 million share buyback expenditure limit set by the Board of Directors.

2017 Outlook

The Company currently projects full year 2017 earnings per diluted share to be between \$4.20 and \$6.20, reflecting the uncertain volume outlook. The Company's actual 2017 earnings per share could vary significantly from the current projection. The 2017 fiscal year includes 52 weeks compared to the 2016 fiscal year which included 53 weeks. Underlying the Company's current 2017 projection are the following full-year estimates and targets:

- Depletions and shipments percentage change of between minus 7% and plus 1%.
- National price increases of between 1% and 2%.
- Gross margin of between 51% and 52%. Increasing during the year due to progress on the cost initiatives.
- Increased investment in advertising, promotional and selling expenses of between \$20 million and \$30 million. This does not include any changes in freight costs for the shipment of products to the Company's distributors.
- Effective tax rate of approximately 37%, excluding the impact of the new Accounting Standard ASU 2016-09, which is effective for the company on January 1, 2017. The Company is not currently planning to provide forward guidance on the impact that ASU 2016-09 will have on the Company's 2017 financial statements and full-year effective tax rate as this will mainly depend upon unpredictable future events, including the timing and value realized upon exercise of stock options versus the fair value when those options were granted.
- Estimated capital spending of between \$40 million and \$60 million, most of which relates to continued investments in the Company's breweries.

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 A&S Brewing, 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 31, 2016 and December 26, 2015. Copies of these documents may be found on the Company's website, www.bostonbeer.com, or obtained by contacting the Company or the SEC.

Wednesday, February 22, 2017

THE BOSTON BEER COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands, except per share data)

| | (unaudited) | | December 31, 2016 (53 weeks) | December 26, 2015 (52 weeks) |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | December 31, 2016 (14 weeks) | December 26, 2015 (13 weeks) | | |
| Barrels sold | 974 | 958 | 4,019 | 4,256 |
| Revenue | \$ 234,535 | \$ 229,847 | \$ 968,994 | \$ 1,024,040 |
| Less excise taxes | 15,165 | 14,714 | 62,548 | 64,106 |
| Net revenue | 219,370 | 215,133 | 906,446 | 959,934 |
| Cost of goods sold | 111,714 | 106,366 | 446,776 | 458,317 |
| Gross profit | 107,656 | 108,767 | 459,670 | 501,617 |
| Operating expenses: | | | | |
| Advertising, promotional and selling expenses | 57,895 | 63,806 | 244,213 | 273,629 |
| General and administrative expenses | 15,708 | 18,583 | 78,033 | 71,556 |
| Impairment (gain on sale) of assets, net | (272) | 40 | (235) | 258 |
| Total operating expenses | 73,331 | 82,429 | 322,011 | 345,443 |
| Operating income | 34,325 | 26,338 | 137,659 | 156,174 |
| Other income (expense), net: | | | | |
| Interest income | 103 | 48 | 168 | 56 |
| Other expense, net | (112) | (422) | (706) | (1,220) |
| Total other income (expense), net | (9) | (374) | (538) | (1,164) |
| Income before provision for income tax | 34,316 | 25,964 | 137,121 | 155,010 |
| Provision for income taxes | 12,150 | 9,849 | 49,772 | 56,596 |
| Net income | \$ 22,166 | \$ 16,115 | \$ 87,349 | \$ 98,414 |
| Net income per common share – basic | \$ 1.77 | \$ 1.25 | \$ 6.93 | \$ 7.46 |
| Net income per common share – diluted | \$ 1.75 | \$ 1.21 | \$ 6.79 | \$ 7.25 |
| Weighted-average number of common shares – Class A basic | 9,184 | 9,477 | 9,189 | 9,619 |
| Weighted-average number of common shares – Class B basic | 3,280 | 3,400 | 3,344 | 3,504 |
| Weighted-average number of common shares – diluted | 12,638 | 13,275 | 12,796 | 13,520 |
| Net income | \$ 22,166 | \$ 16,115 | \$ 87,349 | \$ 98,414 |
| Other comprehensive income (loss), net of tax: | | | | |
| Currency translation adjustment | (9) | (9) | (99) | (22) |
| Defined benefit plans liability adjustment | (53) | 204 | (53) | 204 |
| Total other comprehensive income (loss), net of tax: | (62) | 195 | (152) | 182 |
| Comprehensive income | \$ 22,104 | \$ 16,310 | \$ 87,197 | \$ 98,596 |

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

| | December 31, 2016 | December 26, 2015 |
|--|----------------------|----------------------|
| Assets | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 91,035 | \$ 94,193 |
| Accounts receivable, net of allowance for doubtful accounts of \$0 and \$244 as of December 31, 2016 and December 26, 2015, respectively | 36,694 | 38,984 |
| Inventories | 52,499 | 56,462 |
| Prepaid expenses and other current assets | 8,731 | 12,053 |
| Income tax receivable | 4,928 | 14,928 |
| Deferred income taxes | 7,351 | 6,983 |
| Total current assets | 201,238 | 223,603 |
| Property, plant and equipment, net | 408,411 | 409,926 |
| Other assets | 9,965 | 8,188 |
| Goodwill | 3,683 | 3,683 |
| Total assets | <u>\$ 623,297</u> | <u>\$ 645,400</u> |
| Liabilities and Stockholders' Equity | | |
| Current Liabilities: | | |
| Accounts payable | \$ 40,585 | \$ 42,718 |
| Current portion of debt and capital lease obligations | 60 | 58 |
| Accrued expenses and other current liabilities | 60,874 | 68,384 |
| Total current liabilities | 101,519 | 111,160 |
| Deferred income taxes | 64,612 | 56,001 |
| Debt and capital lease obligations, less current portion | 411 | 471 |
| Other liabilities | 10,173 | 16,547 |
| Total liabilities | 176,715 | 184,179 |
| Commitments and Contingencies | | |
| Stockholders' Equity: | | |
| Class A Common Stock, \$.01 par value; 22,700,000 shares authorized; 9,170,956 and 9,389,005 shares issued and outstanding as of December 31, 2016 and December 26, 2015, respectively | 92 | 94 |
| Class B Common Stock, \$.01 par value; 4,200,000 shares authorized; 3,197,355 and 3,367,355 shares issued and outstanding as of December 31, 2016 and December 26, 2015, respectively | 32 | 34 |
| Additional paid-in capital | 349,913 | 290,096 |
| Accumulated other comprehensive loss, net of tax | (1,103) | (951) |
| Retained earnings | 97,648 | 171,948 |
| Total stockholders' equity | 446,582 | 461,221 |
| Total liabilities and stockholders' equity | <u>\$ 623,297</u> | <u>\$ 645,400</u> |

THE BOSTON BEER COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

| | December 31, 2016 (53 weeks) | December 26, 2015 (52 weeks) |
|---|---------------------------------|---------------------------------|
| Cash flows provided by operating activities: | | |
| Net income | \$ 87,349 | \$ 98,414 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 49,557 | 42,885 |
| Impairment of assets | 716 | 258 |
| Loss on disposal of property, plant and equipment | 616 | 515 |
| Gain on sale of property, plant and equipment | (951) | — |
| Bad debt (recovery) expense | (244) | 165 |
| Stock-based compensation expense | 6,148 | 6,665 |
| Excess tax benefit from stock-based compensation arrangements | (12,524) | (15,350) |
| Deferred income taxes | 8,243 | 6,986 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 2,534 | (2,289) |
| Inventories | 445 | (5,155) |
| Prepaid expenses, income tax receivable and other assets | 14,936 | 11,858 |
| Accounts payable | (1,811) | 5,985 |
| Accrued expenses and taxes and other current liabilities | 5,479 | 9,014 |
| Other liabilities | (6,304) | 8,732 |
| Net cash provided by operating activities | <u>154,189</u> | <u>168,683</u> |
| Cash flows used in investing activities: | | |
| Purchases of property, plant and equipment | (49,913) | (74,187) |
| Proceeds from sale of property, plant and equipment | 3,855 | — |
| Cash paid for intangible assets | — | (100) |
| Change in restricted cash | 40 | 57 |
| Net cash used in investing activities | <u>(46,018)</u> | <u>(74,230)</u> |
| Cash flows used in financing activities: | | |
| Repurchase of Class A Common Stock | (164,658) | (135,705) |
| Proceeds from exercise of stock options | 40,127 | 42,339 |
| Cash paid on note payable and capital lease | (58) | (54) |
| Excess tax benefit from stock-based compensation arrangements | 12,524 | 15,350 |
| Net proceeds from sale of investment shares | 736 | 1,408 |
| Net cash used in financing activities | <u>(111,329)</u> | <u>(76,662)</u> |
| Change in cash and cash equivalents | (3,158) | 17,791 |
| Cash and cash equivalents at beginning of year | 94,193 | 76,402 |
| Cash and cash equivalents at end of period | <u>\$ 91,035</u> | <u>\$ 94,193</u> |
| Supplemental disclosure of cash flow information: | | |
| Income taxes paid | <u>\$ 30,978</u> | <u>\$ 45,078</u> |
| Income taxes refunded | <u>\$ 12,064</u> | <u>\$ 17,252</u> |
| (Decrease) Increase in accounts payable for repurchase of Class A Common Stock | <u>\$ (3,000)</u> | <u>\$ 3,000</u> |
| Increase (Decrease) in accounts payable for purchase of property, plant and equipment | <u>\$ 2,678</u> | <u>\$ (1,843)</u> |

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