



**BOSTON BEER co.**

• E S T D . 1 9 8 4 •

**NYSE: SAM**

**The Boston Beer Company**

# **Fundamental Analysis**



**The Globetrotting Investor**

Ben, MBA | Value Investing

© Copyright



# Disclaimer

This content by @theglobetrottinginvestor is in no way a solicitation or offer to sell securities or investment advisory services. @theglobetrottinginvestor is not intended to be a source for professional advice. Our content is intended to be used and must be used for informational purposes only and this is not a place for giving or receiving financial advice, advice concerning investment decisions or tax or legal advice. It is very important to do your analysis before making any investment based on your circumstances. Readers should always seek the advice of a qualified professional before making any investment decisions.

@theglobetrottinginvestor is a content aggregator and educational forum for analysing, learning and discussing general and generic information related to stocks, investments and strategies. No content constitutes or should be understood as constituting a recommendation to enter into any securities transactions or to engage in any of the investment strategies presented in our site content. We do not provide personalised recommendations or views as to whether a stock or investment approach is suited to the financial needs of a specific individual.

All information throughout this content is obtained from sources which @theglobetrottinginvestor believes are reliable, but that does not warrant or guarantee the timeliness or accuracy of the information. We have no access to non-public information about publicly traded companies.

Nothing in this content should be interpreted to state or imply that past results are an indication of future performance. Neither @theglobetrottinginvestor nor our information providers shall be liable for any errors or inaccuracies, regardless of cause.

This content may include forward-looking statements. All statements other than statements of historical fact are forward-looking statements (including words such as "may", "will", "should", "anticipate", "estimate", "expect" and "believe"). Although @theglobetrottinginvestor believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Various factors could cause actual results or performance to differ materially from those discussed in such forward-looking statements.

The investment return will fluctuate with market conditions. Views regarding the economy, securities markets or other specialized areas, like all predictors of future events, cannot be guaranteed to be accurate and may result in economic loss to the investor.

There are no guarantees, expressed or implied, as to accuracy, completeness, or results obtained from any information presented in this content.





# Introduction

GICS Sector: Consumer Defensive

Sub-Industry: Beverages — Brewers



CEO: Dave Burwick

Tenure: 17.5 years

Boston Beer's management team has an average tenure of **6.6 years**. It is considered experienced.

Source of revenue:

- The Boston Beer Company produces and sells alcoholic beverages including hard seltzer, malt beverages (“beers”), and hard cider in the United States and selected international markets.
- Boston Beer Company produces alcoholic beverages at company-owned breweries and its cidery and under contract arrangements at other brewery locations.
- The company produces a small but growing amount of distilled spirits and spirits-based ready-to-drink beverages (“spirits RTDs”) at the Milton Brewery and other contract brewery locations.
- Visit my website to understand more about Boston Beer Company's source of revenue.
- Boston Beer Company also owns five smaller local breweries, an apple orchard and cidery, a restaurant, and a boutique inn.



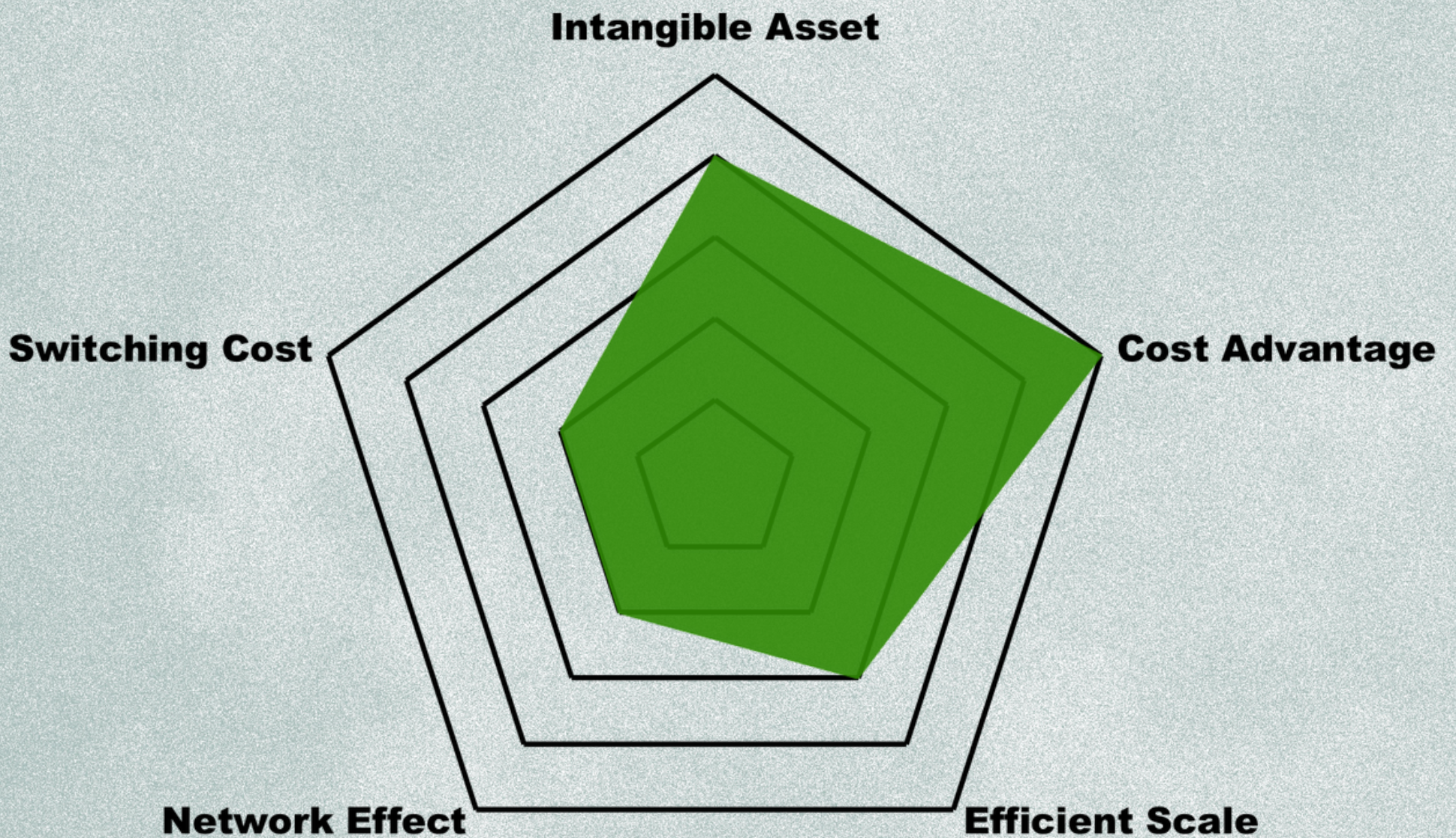
**The Globetrotting Investor**

Ben, MBA | Value Investing

© Copyright



# Economic Moat



Economic moat: **Narrow**

There are many ways to identify a company's economic moat, but I focus on the above 5 types. The rating is purely subjective, and it is based on my in-depth understanding and analysis of the company.



**The Globetrotting Investor**

Ben, MBA | Value Investing

© Copyright



# Performance

	Yes	Inconsistent	No
Revenue growing YoY for the past 5 years consistently?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Net income growing YoY for the past 5 years consistently?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Cash flow from operating activities growing YoY for the past 5 years consistently?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Free cash flow is positive for the past 5 years?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Gross margin % is consistent/growing for the past 5 years?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
EPS growing for the past 5 years?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>





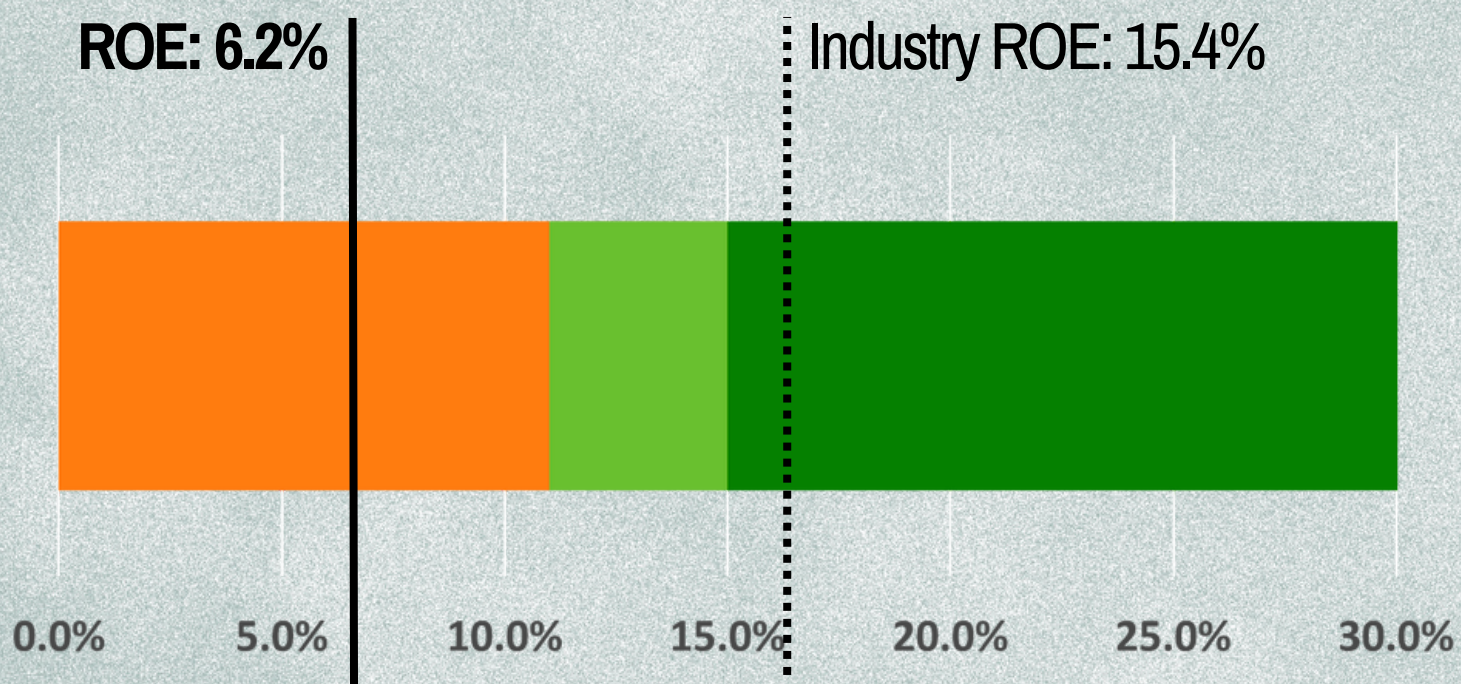
# Management Effectiveness

Yes

Inconsistent

No

ROE is consistently at 12%-15% YoY for the past 5 years?



ROIC is consistently at 12%-15% YoY for the past 5 years?



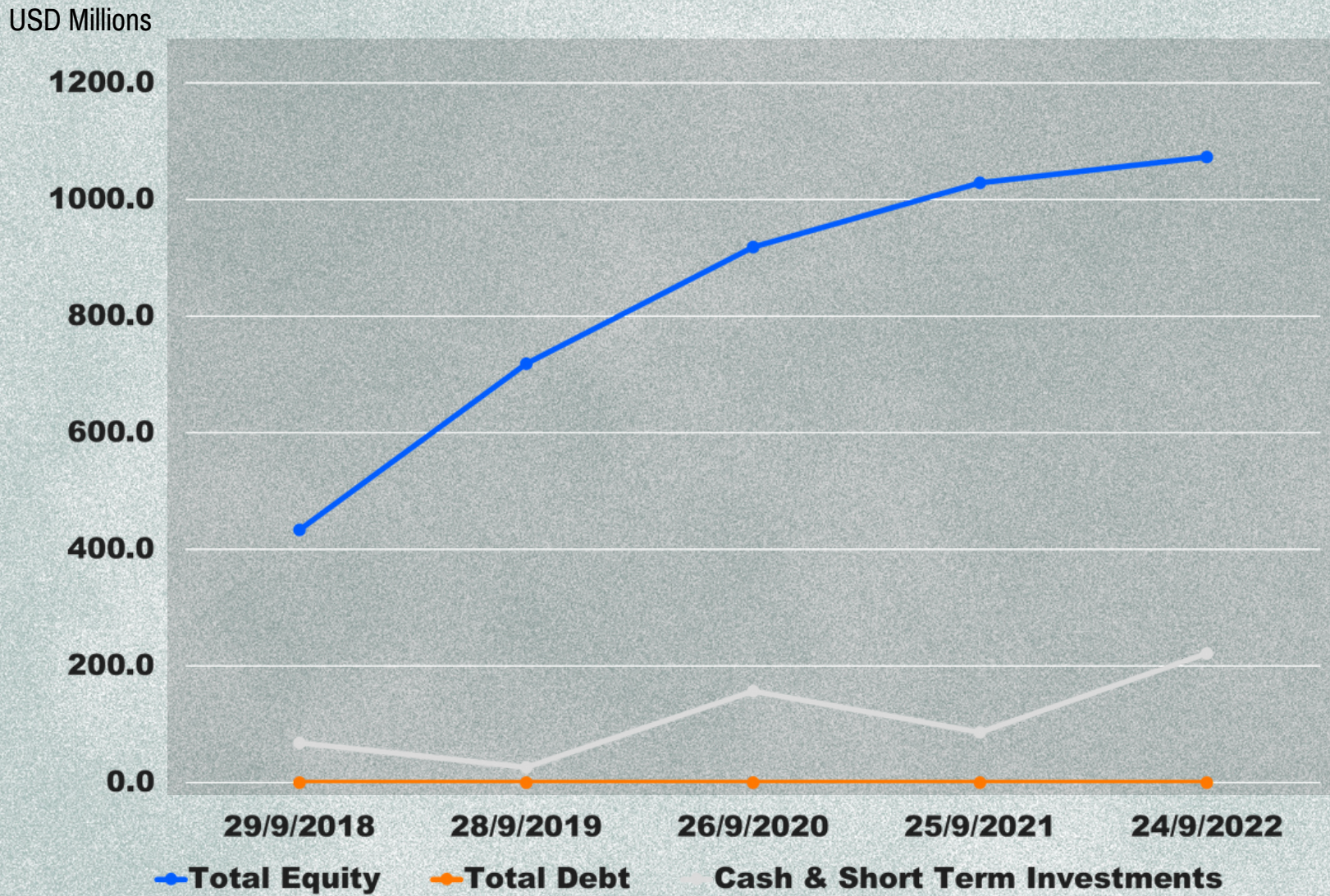
**The Globetrotting Investor**

Ben, MBA | Value Investing

© Copyright



# Financial Health



Current Ratio: 2.1



Debt-to-EBITA: 0.3



Interest Coverage: 3819.8



Debt Servicing Ratio: 0



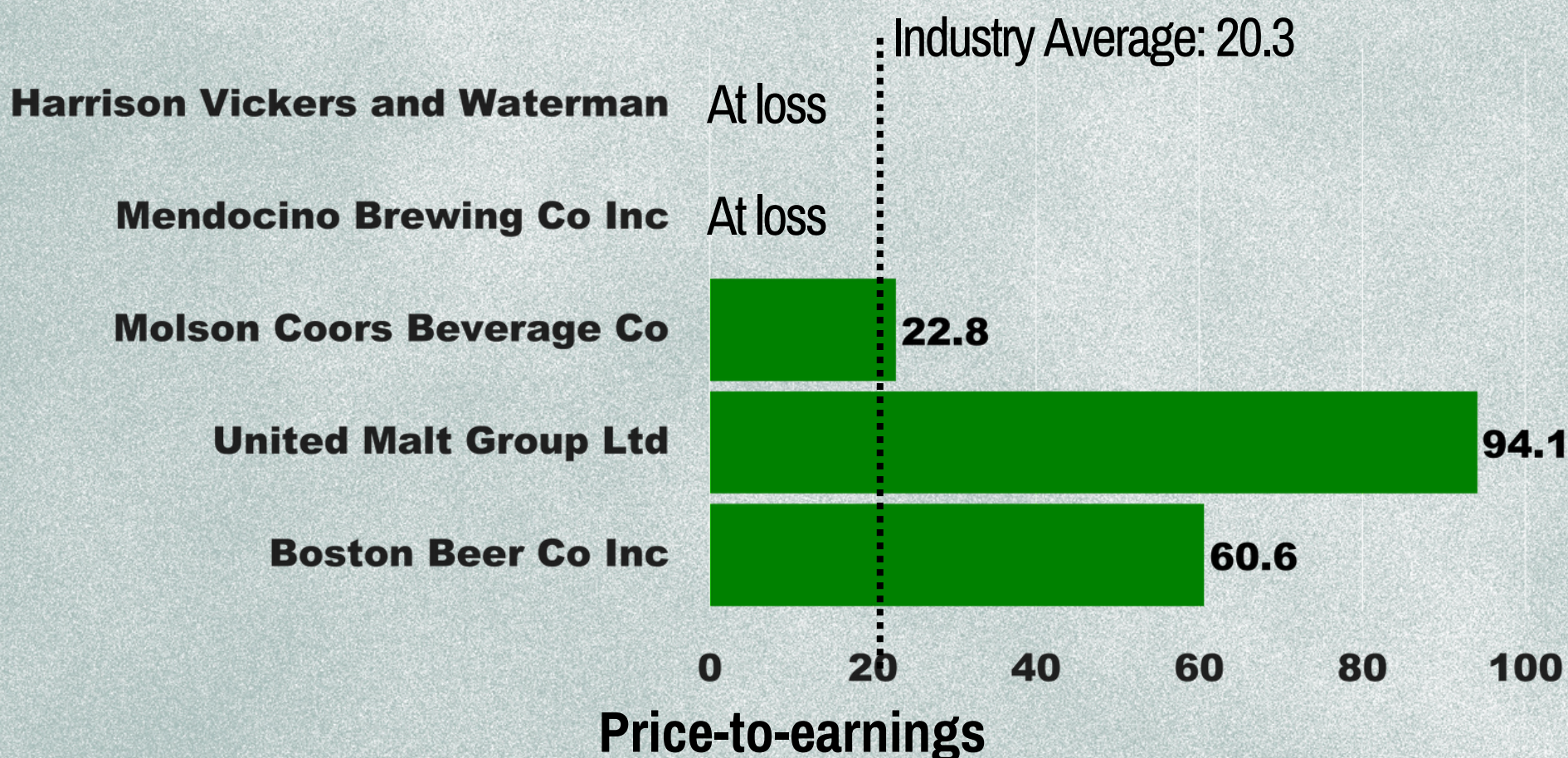
**The Globetrotting Investor**

Ben, MBA | Value Investing

© Copyright



# Relative Valuation







# Intrinsic Valuation

Estimated intrinsic value: **\$164.10**

Value is calculated using discounted cash flow method (taking into account their cash and debt) and scenario planning.

Average free cash flow used: USD\$100M

Projected growth rate: 6% - 7%

Beta: 1.05

Discount rate: 7.3%

Date of calculation: 15 Feb 2023

Estimated intrinsic value of  
Boston Beer Company

**\$164.10**

Uncertainty: High

**40% Margin of Safety**

Price range after the  
margin of safety

**<\$99.00**

Visit my website to learn more.



**The Globetrotting Investor**

Ben, MBA | Value Investing

© Copyright

# WANT MORE OF SUCH ANALYSIS?

 /theglobetrottinginvestor

 @theglobetrottinginvestor

 @InvestwithTGI

 [www.theglobetrottinginvestor.com](http://www.theglobetrottinginvestor.com)



**The Globetrotting Investor**

Ben, MBA | Value Investing

© Copyright