

INVESTOR'S EDGE

# Raise a glass to Boston Beer Co., a good long-term investment

*Sam Adams' growth is fueled by product diversification*

*"Let no man thirst for good beer."  
— Sam Adams*



**Jim Burns CFA**  
*Guest columnist*

Friends, there is real reason to celebrate this 4th of July. In June, all of New York state's COVID-19 restrictions were lifted. And celebrate we will! In fact, Americans are expected to shell out more than \$1 billion on beer and alcohol this 4th of July as we rejoice in our country's independence with renewed vigor.

Boston Beer (Ticker Symbol: SAM) is a relatively small company, but its products will be consumed by many of us this 4th of

July week. Most importantly, it is a rapidly growing company whose stock is well off its high, offering a bubbly opportunity for local investors.

Founded in 1984, The Boston Beer Co. is one of the fastest growing breweries in the United States. Aside from their flagship Sam Adams beer line (named after one of our Founding Fathers), the company has an impressive portfolio of other well-known alcohol brands including their Truly Hard Seltzer, Angry Orchard Hard Cider, Twisted Tea, Dogfish Head IPA, and many others.

SAM shares are approximately 25% off their all-time high and the company boasts a relatively modest \$12 billion market cap — which means it has a lot of room to grow.

SAM's recent correction can at least be somewhat attributed to the fact that it is up 85% over this past year. The fact is, Sam Adams never missed a beat during the pandemic when most restaurants, bars, and entertainment venues were closed.

SAM saw sales surge nearly 40% during the pandemic as a spike in home consumption more than offset lower sales at bars and restaurants. In fact, in its most recent report, SAM's earnings more than doubled Wall Street estimates and reported year over year net revenue growth of 65%.

Despite being traditionally associated with craft beer, SAM's growth is really a result of its strong inroads into one of the hottest alcoholic beverage categories — hard seltzer. SAM's seltzer brand, Truly Hard Seltzer, has rapidly taken market share and is now the second largest player in the space. The company recently raised its long-term growth prospects of Truly on high expectations for the launch of an Ice Tea flavored seltzer later this summer and forecasts sales to surge by 50% in 2021!

SAM is also seeing strong growth in its popular Twisted Tea drink which they project will become the No. 1 flavored malt beverage by the end of this year.

SAM's explosive growth in seltzer and malt beverages combined with their 60

styles of Sam Adams beer are keeping the company firmly in a leading position in the alcoholic beverage industry.

So, Sam Adams's diversification into alternative alcoholic beverages has been a smashing success with a long runway for growth. But their efforts to help you feel levitated during your leisure time does not stop there.

The company recently opened a "cannabis beverage research hub" in Canada where recreational use of marijuana is legal at the national level. The pot-laced edible market has exploded over the last several years and SAM CEO, Dave Burwick, believes that "... non-alcoholic cannabis beverages could represent a new frontier of innovation and future opportunities..."

Hey, this could make their stock price rise higher.

Another focus of the company is environmental sustainability. SAM reuses and recycles many of their materials and

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# An investment in Boston Beer Co., carries a few risks

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works with distributors to collect and refill as many glass bottles as possible. Brewing by-products such as grain and yeast are used as animal feed or fertilizer. Finally, the company has installed state of the art carbon dioxide recovery systems that allow the capture and reuse of the gas during the brewing process.

An investment in SAM carries a few risks. One is the competition from other well-established players in the alcoholic beverage industry and risk of overcrowding in categories like hard seltzer and malt beverages. So, investors need to take a long-term view when buying this company.

If you can, help finance your alcohol purchases this weekend by buying some shares in Boston Beer stock.

And if you are able, try some of the company's new and exciting adult beverages. If you do both, you should prosper and feel real happy.

Cheers!

*Jim Burns, a chartered financial analyst, is president of J.W. Burns & Co. The opinions expressed here are his and do not necessarily reflect those of The Post-Standard. Readers should do research before deciding on an investment. Contact him at [jburns@jwburns.com](mailto:jburns@jwburns.com)*

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