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Boston Beer Raises Its 2026 Low-End Earnings Forecast on Improving Margins

Adjusted profit rose to $4.37 a share, with third-quarter revenue down 3.2% to $520.1 million after shipments weakened 4.9%

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The Boston Beer Company reported mixed third-quarter 2026 results this week, posting higher profit on improved margins even as revenue and shipment volumes fell. The brewer said adjusted earnings rose to $4.37 a share from $4.25 a year earlier, a 2.8%

increase, while net revenue declined 3.2% to $520.1 million. The adjusted profit topped analysts' expectations cited by Zacks Investment Research, but revenue came in below forecasts.

The company said weaker shipment volumes continued to weigh on sales. Shipments fell 4.9% from a year earlier to about 1.8 million barrels, and depletions, a measure that reflects sales from distributors to retailers, declined 5%. Boston Beer said several established brands remained under pressure during the quarter, including Twisted Tea, Truly and Samuel Adams.

Some of that weakness was offset by stronger performance in other parts of the portfolio. Boston Beer said Sun Cruiser recorded roughly 60% growth in tracked channels during the quarter, while Angry Orchard posted its sixth straight quarter of growth. The company also said distributor inventory at the end of the quarter averaged about four weeks on hand, down from four and a half weeks a year earlier, and management described those inventory levels as appropriate.

Profitability improved despite lower sales. Gross margin increased to 51.7% from 50.8% in the same quarter last year. Boston Beer said the gain came from favorable pricing, a better product mix, procurement savings and improved brewery efficiency. Those benefits were partly offset by higher commodity and tariff costs. The company said shortfall fees and noncash expenses tied to third-party production prepayments totaled $1.6 million and reduced gross margin by about 31 basis points.

Management also pointed to changes in production that helped reduce pressure on margins. Boston Beer said it produced 98% of its domestic volume internally during the quarter, up from 89% a year earlier, as its supply-chain transformation continued. That shift mattered because it gave the company more control over production costs at a time when sales volumes were soft and transportation and input costs remained a concern.

Operating expenses were mixed. Advertising, promotional and selling expenses were nearly unchanged at $165.2 million. Freight costs increased by $9.5 million because higher transportation rates more than offset the benefit from lower shipment volumes. General and administrative expenses fell $2.1 million to $42.9 million, mainly because

of lower salary and benefit costs.

Boston Beer ended the quarter with $308.1 million in cash and cash equivalents and no debt. It also had $150 million available under its revolving credit facility. Net cash provided by operating activities was $194.2 million during the first 39 weeks of 2026, down from $230.2 million in the comparable period a year earlier. Capital spending was $31.2 million, compared with $36.7 million last year. The company said it repurchased $79.5 million of Class A common stock from late December 2025 through Oct. 16, 2026, and had about $149 million remaining under its board-authorized $1.6 billion repurchase limit.

The company raised the lower end of its full-year adjusted earnings outlook even as it acknowledged continued volume softness. Boston Beer now expects 2026 adjusted earnings of $9 to $10.50 a share, compared with its earlier range of $8.50 to $10.50. At the same time, it revised its outlook for depletions and shipments to a mid-single-digit decline, compared with an earlier forecast for low-to-mid-single-digit declines. Expected price increases remain in the 1-2% range.

Boston Beer also lifted its gross margin forecast to 49-50%, up from a prior range of 48.5-50%. The company reduced its expected tariff-related costs to $18 million to $22 million from $20 million to $30 million and cut its capital spending outlook to $55 million to $70 million from $60 million to $80 million. Management said it expects modest shipment growth in the fourth quarter, helped by shipment timing and inventory comparisons from the prior year, and anticipates its strongest year-over-year gross margin improvement of the year in that period because of lower shortfall fees.

The results are likely to draw close attention across the beverage industry because they show how a large U.S. brewer is trying to protect earnings while demand remains uneven. For beer and ready-to-drink producers, the quarter suggests that pricing, product mix and operational efficiency can still support margins even when volume trends weaken. That may be especially important for companies with mature brands facing slower sales but newer products gaining traction in adjacent categories.

Boston Beer said it remains focused on recovering market share and expanding higher-margin products. In addition to the growth in Sun Cruiser and Angry Orchard, the company said it is building out its innovation pipeline and plans national availability in 2027 for Rally Dog Vodka Ade and Lytt Electric Coolers, two products aimed at ready-to-drink segments that have become an important area of competition for brewers and other beverage companies.