I Have Analytical Skills

THIS REPORT WAS COMPLETED FOR A COURSE CALLED *INCOME STATEMENT AND FINANCIAL ANALYSIS*. I WAS ON A TEAM OF SIX INCLUDING MYSELF. WE NEEDED TO COMPLETE A FULL EQUITY ANALYST REPORT FOR *BOSTON BEER COMPANY*. USING *CAPITAL IQ*, WE UNDERWENT FINANCIAL ANALYSIS TO PUT TOGETHER A BUY, HOLD, OR SELL POSITION ON THE COMPANY. THIS PROJECT REQUIRED FINANCIAL STATEMENT REFORMULATION, ANALYSIS OF TREND, COMPARABLE COMPANIES, ACCOUNTING AND CREDIT QUALITY, PROFITABILITY, AND SO ON. CHECK IT OUT….

COMM315: Financial Statement Analysis and Accounting Based Valuation

Analyst Report Project on the Boston Beer Company (NYSE:SAM)

Xenia Chen - 0620 4572

Garret Gerow - 0617 9630

Chelsea Stanimir – 0627 5574

Danielle Lucchese - 0625 3085

Brendan Manley - 0621 3384

Andrew McGlennon – 1011 9466

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EXECUTIVE SUMMARY

The Boston Beer Company ("the Company") is a U.S. based brewery founded in 1984, and has since grown into the largest craft brewer in the United States.

We are currently placing a "buy" recommendation on the Company. We arrived at a target price of $268.70 based on a comparable companies analysis and three other valuation models. This is slightly above the current market price of $241.85. This is mostly due to management's current strategy that emphasizes heavy investments that will eventually propel the company in the long-term, but will decrease EPS in the short-term; something we do not believe the market has priced in.

We used the following three models to validate the price: Abnormal Earnings Model (AE), Abnormal Earnings Growth (AEG), and Discounted Cash Flow (DCF). We used a 1% growth in our models. This is inline with expected GDP growth in the consumer discretionary sector. Our models were based on assumptions that were guided by management commentary and past trends.

The main drivers of revenue growth will be the increase in industry demand due to the preferential shift toward craft beers, and the Company's planned efforts in aggressively expanding brand equity and awareness.

The Company has displayed healthy ROCE figures in the past several years. Although their RNOA is on the low end, this perceived low profitability is mostly due to their acquisitions over the past few years, meant to set them up for long-term growth and efficiency gains in the future. Thus, it should not be a concern for investors.

We have determined through conducting ratio analyses that sales and expense manipulation is not something investors should be concerned about, as all the ratios look healthy.

The main investment risks mostly stem from concerns about material prices, the competitive environment, and consumer confidence. The nature of the Company's operations makes it very sensitive to changes in material costs, as COGS are tightly linked to sales. Any type of macroeconomic downtown would prove to be detrimental to the entire industry, and the present attractiveness of the competitive landscape due to increasing demand may drive more potential competitors to enter.

COMPANY OVERVIEW

A Boston, Massachusetts-based brewery founded in 1984, The Boston Beer Company has grown into the largest craft brewer in the United States. Publically traded since November 20th, 1995, the Company produces a variety of craft-brewed beers and cider products at various contract breweries and Company-owned breweries. They sell approximately 50 beers under the Samuel Adams brand name, 8 hard cider beverages under the Angry Orchard Brand name, and 10 flavored malt beverages under the Twisted Tea brand name. The Company sells its products to a network of about 350 wholesale distributors primarily based in North America, Europe, South and Central America, and Israel.

BOSTON BEER CO. KEY FACTS

Ticket Symbol	SAM	**CEO**	Martin F Roger
Primary Exchange	NYSE	**Chairman**	C James"Jim" Koch
Sector	Alcoholic Beverages Brewers	**Top Holders**	FMR LLC, 11.51%
Current Price	$241.85		Blackrock, 7.92%
52-week range	3090MM		Neuberger Berman Group, 7.61%
P/E	46.37		Vanguard, 6.22%
P/B	10.16		Franklin Resources, 4.87%
Cash Dividends	N/A		Fisher Investments, 4.40%
Shares O/S	83.8% - 9.2MM		BAMCO, 3.58%
Float	86.5% - 8.9MM	**Insider Holdings**	3.16%
Float % of Shares O/S	96.54%		
Industry Market Cap	$810.25B		
Industry Avg. P/E	14.03		
Industry Growth	3.87%		

REFORMULATION OF THE FINANCIAL STATEMENTS

BALANCE SHEET

The straightforwardness of the Boston Beer's business model is reflected in the simplicity of their financial statements. Exhibits 1 and 2 show the reformulated company's financial statements, as per the statements reported in the 10-k filing, with data going back to the 2008-year end. The reformulation of the balance sheet is essentially limited to the reclassification of the accounts on the balance sheet 10-K report, with the addition of capitalized lease obligation calculations. Details of the line item definitions, as reported in the company's 10-K report, as well as their respective treatments follows:

<u>OPERATING ASSETS</u>

Accounts Receivable: Consisting mainly of trade receivables, and displayed as a net amount.

Inventories: according to the 10-K, consists of raw materials, work in process, and finished goods.

Deferred Income Tax Asset: classified in the 10-K as relating to the discrepancies between the book and tax bases of the company's assets and liabilities and carryforwards, such as tax credits.

Prepaid Expenses & Other Assets: Consists of the line items appearing in the summary table depicted below, from the 10-K report. All treated as operating assets.

		December 28, 2013		December 29, 2012
		(in thousands)		
Prepaid expenses	$	8,273	$	3,452
Income taxes receivable		1,038		1,645
Grant receivable environmental remediation (see Note J)		980		1,330
Other assets		353		201
	$	10,644	$	6,628

Property, Plant and Equipment: consists of kegs, office equipment/furniture, machinery and plant equipment, leasehold improvements and buildings used to facilitate operations. Reported net of accumulated depreciation.

Capitalized Operating Leases: See *Treatment of Capital Leases* for details of the process that we took to capitalize Boston Beer's capital lease obligations. Lease payments have ben been charted out as they appeared of Cap-iq. The asset component of the operating leases was capitalized to the reformulated balance sheet at its present value of future payments discounter at the before-tax cost of debt.

Other Assets: No description or breakdown appeared in either the 10-K or on Capital-IQ. Assumed all were operating assets.

Goodwill: Represents the excess of the purchase price of the company-owned breweries over the fair value of the new assets acquired.

OPERATING LIABILITIES

Accounts Payable: No breakdown or notes in the 10-K and there assumed to be operating liabilities.

Accrued Expenses: No breakdown provided for the accrued expenses account, although this account was only relevant until 2008, where it seems to have been included in the Accrued Expenses & Other Liabilities account. Assumed to consist of operating liabilities.

Accrued Expenses & Other Liabilities: Broken down in the 10-K as follows. All breakdowns classified as operating liabilities.

	December 28, 2013	December 29, 2012
	(in thousands)	
Accrued deposits	$ 19,453	$ 15,805
Employee wages, benefits and reimbursements	14,773	11,701
Advertising, promotional and selling expenses	12,548	8,158
Deferred revenue	8,828	4,109
Accrued excise taxes	2,667	2,491
Environmental remediation costs (see Note J)	682	1,469
Income taxes (see Note I)	225	4,803
Other accrued liabilities	10,724	11,993
	$ 69,900	$ 60,529

Deferred Income Taxes: No adjustments made to this account.

Other Liabilities: Not specified; assumed to be operating liabilities.

INCOME STATEMENT

Revenues: Net revenue includes product sales, less the distributor promotional discount, stale beer accrual, and excise taxes. Most of the revenue for the company comes from direct beer sales, and all of it is classified as operating revenue so no adjustments need to be made for the purposes of this reformulation.

COGS: Cost of goods sold include: raw material costs, packaging costs, costs and income related to deposit activity, purchasing and receiving costs, manufacturing labour and overhead, brewing and processing costs, inspection costs relating to quality control, inbound freight charges, depreciation expense related to manufacturing equipment and warehousing costs, which include rent, labour, and overhead costs.

Advertising & Selling Expenses: Expenses included in advertising, promotional, and selling expenses consist of: media advertising costs, sales and marketing expenses, salary and benefit expenses and meals, expenses for the sale workforce and other freight charges related to shipments of finished goods to distributor locations.

General & Administrative Expenses: The following expenses are included in general and administrative expenses: general and administrative salary and benefit expenses, insurance costs, professional fees, rent and utility expenses, meals, travel expenses for general and administrative overhead costs.

Impairment of Long-lived Assets: The company's long-lived assets include property, plant, and equipment which are depreciated over their useful lives. Due to the nature of the business and their heavy reliance on these items and dependency on the latest technology to produce a high quality products, these items are also test each year for impairment.

Minimum rent for the year: This consists of net rental expense on operating leases for the year

Depreciation of capitalized leases: Exhibit 3 outlines the process we underwent to capitalize the leases. The lease payments have been charted out as they were in the notes of the 10K

Net Interest Expense: Interest expense consists of interest expense on debt, interst and investment income, and the financial component of capitalized leases.

OTHER REFORMULATION CONSIDERATIONS

TREATMENT OF PENSIONS AND CAPITAL LEASES:

As Boston Beer's management has decided to use manage their pension as a defined contribution plan the associated costs have already been accounted for. No adjustments for pension planning necessary.

Boston Beer's annual capital lease obligations make up a very small portion of the business's capital costs. Normally, such insignificant obligations barely warrant any further analysis and evaluation. However, on the guidance of this report's reviewer, such calculations and analysis have been carried out.

The major challenge facing the analyst in determining the present value of capital lease obligations arise in the calculation of Boston Beer's cost of debt. In the light of Boston Beer's (almost entirely) debt-free capital structure, the company has hardly paid any out any amount in its recent history as interest expenses. As such, the analyst has very little data from which to back out a cost of debt at which to capitalize Boston Beer's capital lease obligations. We were faced with two alternatives for determining this cost: (1) assume and assign a cost of debt for Boston Beer based on our best judgments of prevailing market rates or (2) perform a comparables based approach to average and estimate Boston Beer's cost of debt. Naturally, we feel as though we can place more credence in the latter approach; based on an analysis of competitors' debt costs rather than a haphazard estimation of prevailing market interest rates.

Estimation of the Cost of Debt:

For simplicity's sake, three of Boston Beer's comparables were chosen for the cost of debt estimation. We chose Molson Coors, Constellation Brands and Craft Brew Alliance based on their operational and geographic similarities to Boston Beer. Detailed descriptions of these companies can be found in the comparables valuation section of this report in Exhibit 10. A summary of the calculations undertaken to estimate Boston Beer's cost of debt is included in Exhibit 13. In evaluating each company's cost of debt by dividing their interest expense by average debt, it is interest to note that the different companies in his industry operate with drastically different degrees of leverage. Unsurprisingly, we observe that the companies that operate with the least amount of leverage (Craft Brew Alliance) pay significantly less to service their debt, compared with companies who operate with higher degrees of leverage. To account for this difference, we have made a downward adjustment of 0.5% from the average cost of debt, to account for Boston Beer's lack of pre-existing leverage and, thus, high debt capacity.

COMMON SIZE AND TREND ANALYSIS

The reformulated income statement and balance sheet have been further altered for common size and trend analysis. In our analysis of the statements, we have highlighted the major line items of interest on which we focus the majority of our discussion and analysis. The common size and trend analysis reformulated statements are provided in Exhibits 4 and 5.

INCOME STATEMENT

The common size and trend analysis of the income statement for Boston Beer very clearly illustrate the company's incredible success over the past six years in improving the marketability and profitability by effectively executing on management's strategy of increasing revenues and decreasing costs through strategic acquisitions. **Revenues** for the firm have nearly doubled from 2008 to 2013. All the while, in examining the **Cost of Goods Sold (COGS)** as a percentage of sales, we notice a steady decrease from 2008 onwards, leading to a steadily increasing **Gross Margin**; increasing 6% over the 2008 – 2013 period.

Why the sudden drop in COGS from 2008 to 2009? We investigated the 2008 10-K report on the company's brewing strategy and discovered a significant ($56.6 million) acquisition of a rival brewer's brewing facilities in 2007. This was a crucial strategic move taken by the company in order to ensure their long-term success. As described in the 2008 10-K filing, the company had historically brewed its beers through partnerships with other breweries; allowing for *"the utilization of company owned capacity, flexibility and cost advantages…However, in 2007 and 2008, due to concerns about expected future availability and pricing of brewing capacity at breweries owned by others and the Company's desire to better control its brewing future and to improve efficiencies and costs long term, the Company initiated several steps designed to reduce its dependence on breweries owned by others. These steps included the acquisition on June 2, 2008 of substantially all of the assets of a brewery located in Breinigsville, Pennsylvania."*

Further, the company invested nearly $4 million into PP&E improvements at their newly acquired brewery, in order to "*maintain the facilities and improve efficiencies."* These strategic investments seems to have been largely successful in decreasing the COGS, and have significantly increased management's control of product; *"…from 2007 to 2008, core product volume brewed at company-owned breweries increased from 35% to 54%. "*

While management has been able to increase the control on production and realize efficiencies at their plant to reduce COGS, there are, inevitably, certain factors which remain beyond their locus of control. That helps explain the (slight) increase in the COGS in the past two years, which is "*attributable to lower that usual crop yields and thus increased prices on crucial inputs,"* as described in the 2013 10-K. In the light of this uncontrollable variable, management has revised the company's inventory strategy to minimize their exposure to price risk, as examined in the following section.

In an industry as intensely competitive as the alcohol industry, it is of little surprise that **Advertising and Selling Expenses** make up the largest expense line item of the income statement, by a significant margin. While the company faces a great deal of uncertainty in the effectiveness of its marketing strategy, Boston Beer appears to have been able to significantly and consistently realize a sizeable return on their marketing expenditures. This really comes through in the company's ability to double their **Sales** and **Gross Margin** from 2008 to 2013, while only increasing Advertising and Selling Expenses by 56% over the same time period.

The remaining expenses represent a negligible portion of the company's income statement. As the proportion of **General and Administrative Expenses** remains essentially constant, we can conclude that Boston Beer is not experiencing the same sort of returns to spending on SG&A as they are on their marketing expenses.

The company's lack of debt in their capital structure and aversion to investment in financial assets limits the noteworthiness of the differences between **After Tax Operating Income** and **Comprehensive Income.** Overall, Boston Beer has done a very good job in increasing and maintaining their margins over the course of our analysis.

BALANCE SHEET

Our analysis of the Common Size Balance Sheet used the common size method as outlined in Penman's *Financial Statements Analysis and Security Valuation.* We analyzed the common sizes of each operating asset or liability account as a proportion of their own respective classification, as opposed to as a percentage of sales. There is little to note on the changes to the company's balance sheet over our analysis time period. Boston Beer makes very gradual changes to its capital structure and manages to maintain the relative proportions of assets and liabilities.

As previously mentioned, the company has changed its inventory policy in order to better insulate itself from the changes in input prices. Referring to their 10-K filing from 2013, management points out that increased **Inventory** levels are the result of management's procuring more input materials at a time in order to better predict input prices in the future. This is rather evident in examining the notable increase in inventory as a proportion of operating assets and especially in the major increase from a trend analysis inspection. **Property, Plant and Equipment** experienced a large increase from 2011 to 2012. Referring to the 2012 10-K filing, the company once again completed a strategic acquisition to increase its PP&E and its overall control over the production of its products. This acquisition has helped proper the company's near doubling of net operating assets over the course of our analysis. **Deferred Tax Liabilities** have increased over the time period, indicating that Boston Beer is increase the discrepancy between taxes paid and taxes reported in the financial statements.

We place little importance on the calculations of **Net Financial Obligations**, although this figure increases a large amount, it is due to the large increase in the company's cash position and not on any increase on the company's actual obligations. Overall, the company has increased its **Common Shareholders Equity** over two times within our analysis time period.

ACCOUNTING QUALITY

CASH FLOW VS. OPERATING INCOME

When observing cash flow generated from operations relative to operating income, this ratio can help identify unjustified accruals through the manipulation of operating income. As illustrated below, this ratio has remained relatively stable aside from 2008 – 2009. This is not a concern, particularly because cash flow produced from operating activities has increased every year since 2008. It would only be a concern if CFO declined dramatically over the years in relation to operating income.

CFO/Regular OI (in millions)	2008	2009	2010	2011	2012	2013
CF from Operations	39.84	65.57	67.83	72.76	95.33	99.98
Operating Income	8.982	32.05	50.391	53.619	59.528	71.955
CFO/Regular Operating Income	4.44	2.05	1.35	1.36	1.60	1.39

Cash flow from operations when compared to net operating assets has remained relatively consistent over the years. Since 2008, there has been strong development. The company has successfully improved its cash position while having a lesser/similar amount of net operating assets every year. Last year however, this figure decreased slightly.

CFO/Net Operating Assets (in millions)	2008	2009	2010	2011	2012	2013
CF from Operations	39.84	65.57	67.83	72.76	95.33	99.98
NOA	136.39	122.38	120.73	138.99	177.74	259.11
CFO/NOA	0.29	0.54	0.56	0.52	0.54	0.39

SALES MANIPULATION

The following table evaluates net sales versus cash from sales. One way to detect financial statement fraud is to determine whether the company has recorded fictitious sales. Sales are of low quality if they are biased based on the cash that the sales will produce. For instance, a company may record sales regardless if they have actually been received. These receivables could potentially never be earned, and in the event that this occurs, the company has recorded revenue that will never be received. Moreover, goods may be returned resulting in unearned revenue that may falsely be recorded. Cash from sales acts as a good indicator and can be used to test for sales manipulation. As shown below, net sales/cash from sales remains consistent around 1.00. This suggests that there is no concern regarding sales manipulation.

Net Sales/Cash from Sales	2007	2008	2009	2010	2011	2012	2013
Net Sales	$342	$398	$415	$464	$513	$580	$739
Less: Change in Net A/R	$0.20	$0.10	-$0.20	$2.10	$3.20	$8.20	$10.50
Cash from Sales	$341	$398	$415	$462	$510	$572	$729
Net Sales/Cash from Sales	1.00	1.00	1.00	1.00	1.01	1.01	1.01

The table below evaluates net sales versus net accounts receivable. When analyzing this ratio, it is important to note that a declining value would signify that the company would be underestimating its bad debt provision or essentially, recognizing fictitious revenue. As depicted below, Boston Beer Company's net sales to net AR has declined over the past three years. At the end of FY 2011, this ratio decreased more than other years. Since then however, this ratio appears to have stabilized roughly around 18. This stabilization suggests Boston Beer Company has already tried to reverse any aggressive revenue recognition that may have occurred by the end of FY 2011.

Net Sales/Net AR (in Millions	2007	2008	2009	2010	2011	2012	2013
Net Sales	$342	$398	$415	$464	$513	$580	$739
Net Accounts Receivable	18	18.1	17.9	20	23.2	31.5	42
Net Sales/Net Accounts Receivable	$18.98	$22.01	$23.19	$23.19	$22.11	$18.42	$17.60

Asset turnover has experienced a consistent decline since 2011. By 2013, every $1 worth of assets generated $2.85 worth of revenue. This suggests that the company's net operating assets have risen at a greater rate than overall sales. Moreover, profit margin increased significantly from 2008 to 2010. During this time, Boston Beer Company was strengthening their profitability opportunities and improved their ability to control and minimize costs. This is a very good signal and PM has appeared to stabilize since then with only a slight decrease since 2010. Thus, it is evident that Boston Beer Company is not abusing accruals in order to improve sales or maintain profit margins.

	2008	2009	2010	2011	2012	2013
ATO	2.92	3.39	3.84	3.69	3.26	2.85
PM	2.25	7.72	10.86	10.45	10.26	9.74

MANIPULATED EXPENSES

Accounting manipulation can also occur when a company records expenses. For instance, by deflating expenses for a particular FY, earnings can appear to be higher than they should be. This would ultimately make the company look better than it actually is in order to meet certain financial expectations. Companies can do this in a variety of ways such as shifting current expenses to a previous or later period. Since R&D expenses are zero and there are inconsistent recordings of advertising and marketing expenses, the table below outlines only general selling and marketing expenses that could potentially be manipulated to enhance earnings. As depicted, this ratio has remained relatively consistent over the years hovering in the 0.29 – 0.30 range. There is no indication of manipulated expenses since changes are stable and within a respectable range when compared to sales.

	2008	2009	2010	2011	2012	2013
Selling & Marketing Expenses / Sales	0.33	0.29	0.29	0.31	0.29	0.28

When looking at depreciation expense, sometimes companies can manipulate earnings by overstating the depreciable life and salvage value of particular assets. Typically, low depreciation values will increase earnings. We need to observe if management has understated depreciation expenses in order to boost sales. As depicted in the following table however, if depreciation vs. CAPEX is less than 1.0, future depreciation is likely to increase. Where Boston Beer Company realizes a ratio consistently below 1.0; there is expectation that higher depreciation levels will be booked in the future. Thus, management is likely underestimating depreciation, which can in turn cause write-downs of assets going forward.

Depreciation/CAPEX	2007	2008	2009	2010	2011	2012	2013
Depreciation Expense	6.7	12.5	16.9	17.4	18.8	20.2	25.9
Capital Expenditure	25.6	59.5	17	13.6	19.6	66	100.7
Depreciation / Capital Expenditure	0.26	0.21	0.99	1.28	0.96	0.31	0.26

CREDIT QUALITY

CREDIT ANALYSIS For Fiscal Period Ending (in millions)	2007	2008	2009	2010	2011	2012	2013
Short Term Liquidity							
Current Ratio	2.29	1.03	1.53	1.55	1.88	1.83	1.57
Quick Ratio	1.92	0.60	1.06	1.07	1.24	1.23	0.90
Cash Ratio	1.59	0.14	0.75	0.68	0.74	0.84	0.47
Cash Flow Ratio	0.89	0.59	0.89	0.94	1.09	1.07	0.96
Defensive Interval	1648	246	1675	2072	1546	602	339
Cash flow to Capex	2.10	0.67	3.86	4.99	3.71	1.44	0.99
Solvency							
Debt to Assets	0.33	0.36	0.34	0.36	0.32	0.32	0.32
Debt to Equity	0.48	0.57	0.52	0.56	0.47	0.47	0.47
LT Debt Ratio	0.03	0.09	0.09	0.13	0.11	0.10	0.12
Interest Coverage	9.48	9.97	493.93	1031.37	1552.24	3088.16	3698.71
Cash Interest Coverage	13.30	25.49	586.05	859.26	1348.06	3075.81	3225.88
CFO to Debt	0.88	0.51	0.73	0.73	0.83	0.83	0.70
Altman Z-Score	8.32	6.55	5.81	8.97	11.48	10.4	13.26

When analyzing liquidity ratios, including Boston Beer Company's current and quick ratios, it is evident that the company possesses a high margin of safety to cover short-term debts. With a current ratio above 1.00 and a quick ratio hovering around 1.00, the company will likely be able to turn short-term assets into cash in order to meet future debt obligations.

The cash ratio looks at the most liquid short-term assets. It appears Boston Beer Company struggles to maintain a strong cash position from operations. FY ending cash positions needed to cover current liabilities and capital expenditures are relatively low as illustrated in the table, they have historically been below 1.00. However, it would not be realistic for the company to purposefully maintain high cash positions in order to cover liabilities. In many instances, management will not hold large amounts of cash on hand. Instead, management may choose to invest it elsewhere to ultimately generate higher returns, or return some of its excess cash to shareholders in the form of dividends.

As depicted by the debt-assets, debt-equity, and long-term debt ratios, these figures have remained consistent at a relatively low level. It is evident that Boston Beer Company strategically undertakes low levels of leverage, and consequently is more risk averse when managing debt levels. Since these ratios have remained consistent over the years, it appears that Boston Beer Company has identified a capital structure they can effectively operate at. As illustrated by the interest coverage ratio and cash interest coverage, it is clear that Boston Beer Company will easily be able to pay interest on outstanding debt. These ratios have increased at dramatic rates over the years, signifying that it is unlikely that the company will be burdened by its debt expense.

Finally, Boston Beer Company's Altman Z-score has been consistently above 3 and has increased by a considerable amount over the years. There is no evidence of bankruptcy risk. Overall, it can be concluded that Boston Beer Company has strong credit quality and there the likelihood of being unable to meet financial obligations going forward is minimal.

ANALYSIS OF PROFITABILITY

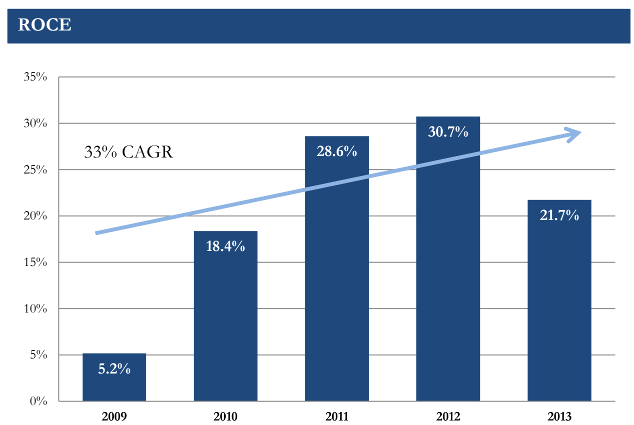
We begin our analysis with the first level of financial rations, measuring the profitability of the firm through its main driver, return of common equity (ROCE), which measures comprehensive income as a percentage of the common shareholder equity. The main drivers of this crucial metric are the return on net operating assets (RNOA) and the return on operating assets (ROAA), which are further levered up or down by financial and operating leverage. Second level analysis breaks down the drivers of RNOA, which are profit margin (PM) and asset turnover (ATO).

Understanding these drivers helps us to understand the RNOA. Finally, third level analysis we evaluate the income statement and balance sheet items that influence PM and ATO. Analyzing the profitability of the firm in this three step process is important to investors who wish to evaluate the drivers of the profitability and growth of the firm; thus creating value for shareholders.

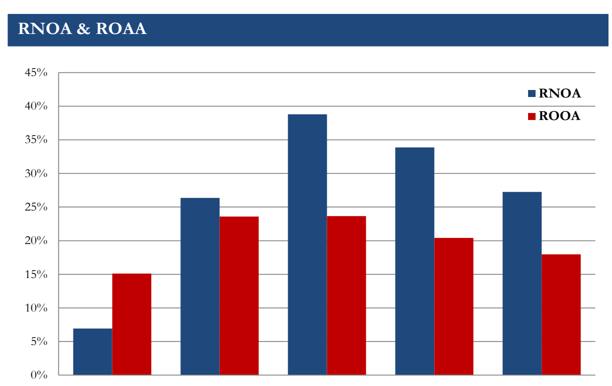
Detailed calculations of Boston Beer's relevant financial ratios and performance metrics are provided for further examination in Exhibit 7.

FIRST LEVEL ANALYSIS

Over the past five years, management's effective execution of Boston Beer's strategy has propelled the company's ROCE, giving Boston Beer a 33% compound annual growth rate over the five year period. Of possible concern is the significant reduction in the ROCE from 2012 to 2013. Breaking down the components of ROCE will allow is to analyze the factors that are resulting in the drastic decrease in ROCE.

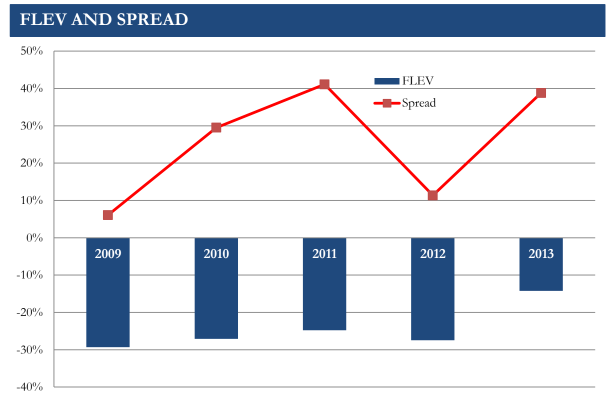


The first level of analysis focuses on the relationship between the RNOA and ROCE. RNOA has experienced an incredible increase towards 2011, followed by a gradual decrease into 2013. We attribute this not necessarily to a decrease in the income component, but rather to the drastic increases in assets, pursuant to Boston Beer's aggressive investment strategy.



Finally, we evaluate the effect of the effects of financial leverage on the firm. Seeing as Boston Beer operates with essentially no leverage, and holds a great deal of cash on its balance sheet, the financial leverage of the firm is detracting from their ability to improve their ROCE.

Although the profitability of the firm seems at times to be unpredictable and fluctuating, we attribute this to the often changing baselines in the calculations.

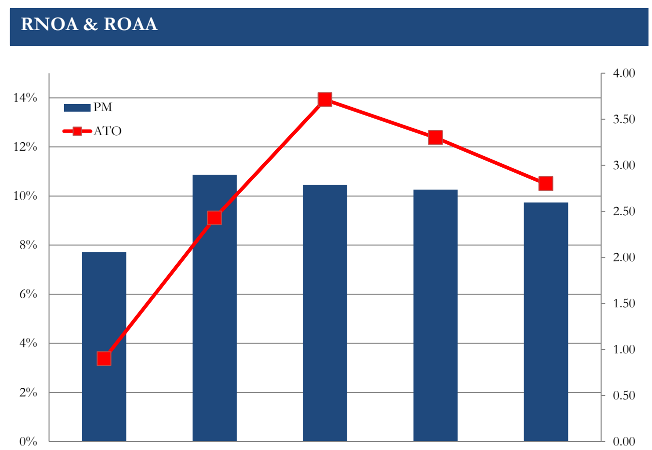


We maintain that the firm operates its assets effectively and profitably, although we might concede some worry over the decreased ROCE in the past year.

SECOND LEVEL ANALYSIS

We now shift our focus to the PM and ATO of Boston Beer. As the chart to the right demonstrates, Boston Beer has been able to maintain stable profit margins. ATO has, unsurprisingly, followed a very similar trajectory to RNOA. However, we again attribute this in part to Boston Beer's expanding asset base.

It is worthwhile noting, at this point of the profitability breakdown, that the ATO has been a main driver affective the overall profitability of the firm.



THIRD LEVEL ANALYSIS

The third level of analysis focuses on analyzing the PM and ATO drivers. These are drawn out and clearly explained in the section regarding the common size and trend analysis income statement and balance sheet. To reiterate, the company's strategic shift and subsequent increase in assets over the balance sheet have *seemingly* reduced the company's profitability over the past few years. However, we are optimistic about the firm's ability to leverage these assets to capitalize on growth opportunities for their core brands in the near future, and to maintain and improve their level of profitability in the future.

Refer to Exhibit 7 for a more detailed discussion of the changing asset breakdowns of Boston Beer, and how recent changes have been brought on by management's shifting strategy.

CRAFT BEER INDUSTRY OUTLOOK

The market for craft beer has developed as a result of an increasing desire from consumers to obtain full-flavoured, high quality beer. Craft beers contain more ingredients, as well as higher alcohol content, when compared with its main substitute, mass-produced beer.

Increasing production from craft breweries and microbreweries has been on the forefront of the alcoholic beverages industry. Reasons for this increasing craft supply include: regulation changes (1979 bill signed by President Jimmy Carter allowing for home brewing); post-prohibition rebuilding (many breweries declared bankruptcy during prohibition); and general shifts in consumer tastes. This has led to an overall rise in supply and competition.

The following factors have a considerable economic impact on the craft beer industry and the Boston Beery Company:

U.S. Economy

GDP

The U.S. economy faced freezing weather and storms in Q1 of 2014, which brought on a slew of cooler data. Estimates show that the harsh weather could have caused annualized GDP growth to fall by 0.7-1.0%. However, warmer weather, underlying strengthening of the economy, and holding over disrupted activities from Q1 should cause Q2 growth to exceed current estimates. Analyst expectations for data releases in the coming years can be seen in the chart below. Increasing consumer expenditures, as discussed in the following section, and decreasing unemployment should bode well for the brewing industry.[i]

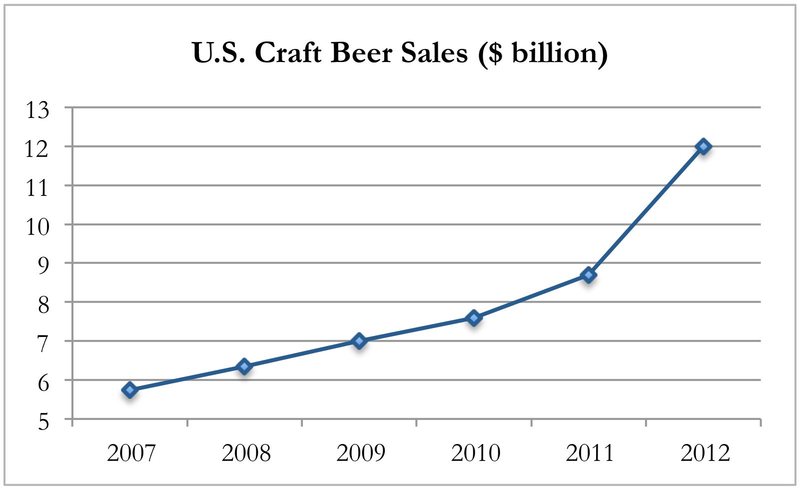
US Economic Outlook (PoP % change)

	2013	2014F	2015F	2016F
Real GDP	1.9	2.7	3.2	3.0
Consumer Expenditure	2.0	2.7	3.0	2.7
Unemployment Rate (%)	7.4	6.4	6.0	5.6
Housing Starts	0.93	1.09	1.38	1.54

Consumer Spending

Americans are facing a very different fiscal environment after the 2008-2009 financial crisis. Modest growth in both disposable income and household asset values, as well as still high unemployment, have contributed to a weak spending landscape across the United States. Personal consumption expenditures are currently growing at an average annual rate of 3.8 percent, compared to 5.3 percent before the recession[ii]. The Bureau of Economic Analysis reports, however, that this growth remains stronger than expected and reflects a shift in consumer preferences.

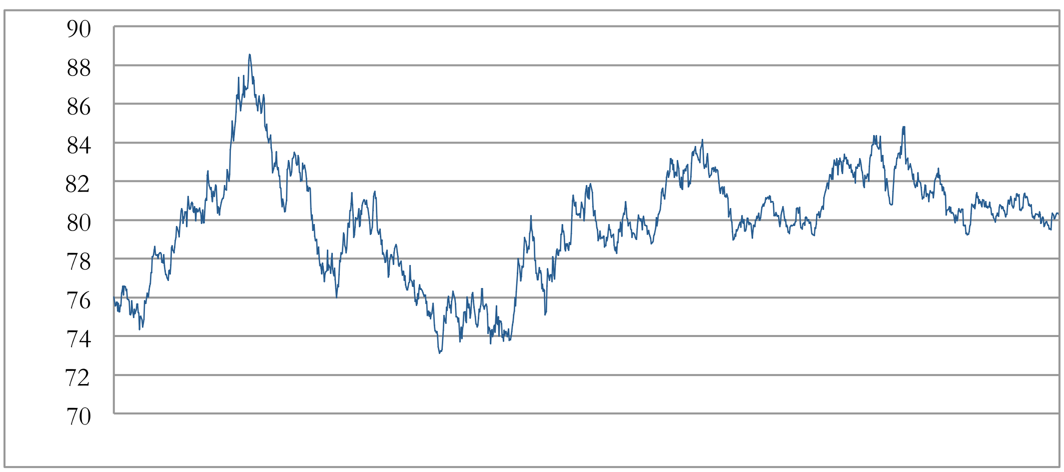
The brewing industry is said to be “recession-proof.” However, the industry has certainly faced declining sales as a result of the aforementioned drop in consumer spending. Though one would expect brewers operating in the Better Beer category to suffer the most given their focus on higher price and quality, this segment has seen strong growth since the economic downturn. Craft beer sales have increased from $5.7 billion in 2007 to $12 billion in 2012, and are expected to reach $18 billion by 2017.[iii]



Evidently, even though consumers have become more cost conscious (ex. trending towards large packages of beer for savings), taste preferences have remained a priority. As the largest craft brewer in the U.S, the Boston Beer Company is well positioned to exploit the steady growth in craft beer sales as consumer spending continues to slowly rise.

U.S. Dollar

The dollar has strengthened since 2010 as a result of the rebounding U.S. economy. With the dollar index (DXY) currently stable and well above its 5 year low of nearly 72 in 2011, most analysts are bullish on the currency's continued steadiness and strength.



DXY Performance: Jan 2010 – April 2014[iv]

A strong dollar makes it less expensive for U.S. brewers to buy commodities from Europe and the U.K. However, a stronger dollar also makes U.S. beer less attractive in foreign countries when compared with domestic brands. This could hurt the attractiveness of U.S. craft beers like Samuel Adams moving forward, as it has a traditionally strong presence in the international market.

Input Prices

Grain/Ethanol
Grain production is forecasted to reach record levels this year as farmers plant aggressively in order to meet global demand. This will therefore result in falling prices, with US Department of Agriculture chief economist Joseph Glauber estimating corn costing $3.90 per bushel. As always, agriculture is highly dependent on weather conditions and unforeseen circumstances such as droughts could put a damper in this optimistic forecast.[v]

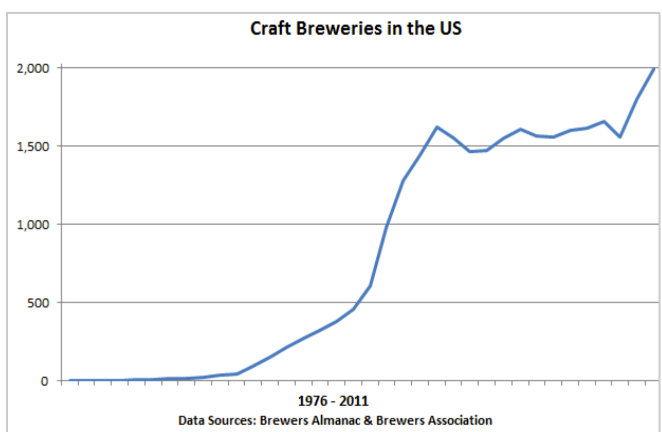
Hops
Most of the world's commercial hop production happens between the latitudes of 35 and 55 degrees N or S. In the United States, most of this production occurs in Washington, Oregon, and Idaho. A major contributor to hop yield is the length of the day during growing season, which is determined by latitude. Many hop producers in the U.S. continue to be family owned and operated farms, and as with any other agricultural product continues to be highly dependent on growing conditions. Because of the very traditional nature of this industry, conditions remain fairly stable. Most activities happen in the spring and summer, and thus have not been affected by the harsh winter experienced. While the hops industry remains fairly stable, an increase in prices would be very material to the brewing industry.[vi]

Energy
Lower energy costs would result in lower transportation, freight and other operating costs, including increases in the cost of ingredients and supplies, for most craft brewers. The U.S. Energy Information Administration forecasts Brent prices to fall slightly over the next two quarters as supply exceeds world demand growth. Prices are forecasted to fall to average levels of $105. WTI is also expected to fall after increasing to average highs of $101 in February due to weather related disruptions.[vii]

Regulatory Environment

The alcoholic beverages industry is highly regulated by federal, state, and local governments. In 1979, President Jimmy Carter deregulated the beer industry to open the market up to include home and craft brewing. This lead to a substantial rise in the number of craft breweries introduced in the United States during the 1990's.

Nevertheless, craft brewers continue to face stringent production and distribution regulations when compared with large brewers, who have the ability to mass-produce and take advantage of economies of scale. In order to support craft brewers, Congress is reconsidering its approach to the alcohol excise tax as per the Small BREW Act. If passed, this Act would keep rates at $18 for large brewers but scale down rates for craft brewers. It would also expand the definition of a craft brewer to include companies producing 6 million barrels annually, which benefits large craft companies like Boston Beer.[viii]



MANAGEMENT'S STRATEGY

As highlighted in the firm's online Investor Relations Center, Boston Beer's original founder and current Chairman, Jim Koch, remains focused on time-honoured traditions. The Company's strategy revolves around crafting high quality beer that offers distinct, full flavour to discerning beer-drinkers. By competing on the basis of higher price, quality, image, and taste, the Company seeks to be the leading brewer in the Better Beer and Cider categories of the alcoholic beverages industry.

To remain a competitive force in these segments, the Company is focused on long-term growth and innovation. Boston Beer is constantly creating, testing and developing new beers and ciders. During 2014, both the Samuel Adams Cold Snap and the Samuel Adams Rebel IPA were introduced. This is directly in line with the Company's primary focus of promoting the Samuel Adams product line.

Another good example of long-term growth is Alchemy & Science, the subsidiary introduced by the Company in 2011 to find new opportunities in craft brewing. This theme of continuous improvement is reflected in their most recent 10-K, where Boston Beer reported capital investments of approximately $104 million to expand the quality and capabilities of its breweries and facilitate future growth. In the Company's most recent investor conference call, CEO Martin Roper confirmed that management is prepared to sacrifice short-term earnings for long-term growth. Investment expectations for 2014 range from $106 to $220 million as per the 10-K.

As outlined in the Common Size and Trend Analysis, another important component of management strategy was acquiring a rival's brewing facilities in 2007. This has allowed the Company to significantly reduce variable costs, improve efficiency and flexibility, and maintain their focus on long-term growth.

Management at Boston Beer has a very stable history. Chairman Jim Koch has been with the firm since its inception in 1984, and CEO Martin Roper initially joined the Company in 1994 before being appointed CEO in 2001. In addition, the Company retains strong working relationships with its 1120 employees, having experienced no work stoppages or threatened work stoppages from their 3 respective unions.

FORECASTING

Our forecasting models, demonstrated in Exhibits 8 and 9, utilizes a two-stage growth model covering a period of ten years, with the initial period of high growth predicted to be three years, after which point growth is slowed to a relatively steadier state. This view is line with management's aforementioned strategy. We make the assumption that after this 10-year forecast, the company will continue to remain a going concern.

Inputs and assumptions are, unless otherwise stated, a product of 3 sources:

1. Management guidance
2. Analysts reports/consensus
3. Outside industry or comparable research we conducted

Revenues

We expect huge top line growth in the near future as we see several areas of potential upside for both the craft beer industry and the SAM specifically. The brewing industry is relatively "recession proof" and although the industry has faced declining sales throughout the 2008 economic downtown, brewers operating in the Better Beer category have seen strong growth in years since. Craft beer sales have increased from $5.7 billion in 2007 to $12 billion in 2012, and are expected to reach $18 billion in the next three years. Taste preferences remain a priority for consumers even having become more cost conscious. The vast distribution opportunities and increased consumer migration to the category will be the major propellants of industry growth moving forward.

In addition to overall industry upside, SAM has revealed many plans for new growth, most notably:

- Their growing share in the IPA category with the Rebel IPA
- Their recent deal with Coca-Cola Amatil to distribute products in Australia
- Penetration in c-stores
- New regional craft innovations will prove to be a new layer of potential sales for the business

We use an initial high-growth forecast of 28% in the coming years, due to the industry upside plus a premium drawn from SAM's market leadership. After the high growth period, we remain optimistic and project a strong but realistic growth rate due to SAM's established market leadership and brand equity. We feel this is realistic due to their aggressive planned spending on advertising and selling during the high growth years.

COGS

Traditionally calculated as a percentage of products produced and sold, it COGS has historically hovered around the high 40% levels. We predict COGS to eventually decrease during the 10 year period due to the capital expenditures they are proposing in the coming years to expand capacity and efficiency of their plants. However, during the initial 2 years, we predict that the COGS increase due to their capacity still not being enough to support demand.

Advertising, Promotions, & Selling Expenses

Management has stated that they plan on drastically increasing expenses relating to selling and building brand equity. Their predicted expenditures noted in the 10K does not include increases in freight costs and such, so to come to a more conclusive figure, we expressed this number as a percentage of sales and analyzed the patterns of selling expenses in past years to come to our forecast numbers. We used high numbers during the high growth period that eventually becomes steadier in the years following.

General & Administrative Expenses
General and administrative expenses are also expected to increase due to the increase in capacity and production volume, although not by as much as selling expenses.

Capital Expenditures
Last year, the supply chain struggled with the unexpected increase in demand

- Growth has been a challenge for them – operations can't keep up
- Significantly increased the packaging and tank capacity at the breweries
- Seeing lots of opportunities ahead – projected growth in Capex in the coming years – brand and capital

Overall decrease in EPS but that is mostly, if not all, due to the increases in Capex driven by increase in demand.

As indicated in the DCF model, we increased the Capex significantly for the next four years on the assumption that Boston Beer will be acquiring a significant amount of new equipment to increase their capacity. Following this, we brought the Capex down to normal levels experienced.

Working Capital
In order to forecast the changes in net working capital moving forward, we took the standard approach of forecasting it as a percentage of sales. Although the standard is 3%, after taking an average over the past 10 years we decided to cut it down to 1% as that appears to be more reflective what has occurred in the past.

Taxes
Our marginal tax rate moving forward was calculated to be 37.5%, by taking average tax figures from the past 5 years.

Other Margins and Ratios
For many of the other margins and ratios that were calculated in our forecasts, we analyzed past patterns for the company, either as a growth number or percentage of sales/COGS. The general trend was that we predicted an increase in expenses and assets due to the planned increase in capacity and demand, and more resources will need to be utilized in the coming years.

COMPARABLES ANALYSIS

The Boston Beer Company (SAM:NYSE) is the largest craft brewer in the United States and is in the sole business of producing and selling alcoholic beverages.

The Capital IQ default comparable set produced a list of 10 companies, detailed in Exhibit 10, that they use as a basis for determining a valuation for the Boston Beer Company. After examining some of these businesses, it is clear that a more precise valuation can be determined after eliminating the companies that are least suitable for a comparable analysis. Each of the 10 company descriptions are listed below with a note on whether or not the company provided by Capital IQ constitutes an appropriate comparable for the Boston Beer Company.

The most appropriate comparable companies were chosen as being most similar to the Boston Beer Company in terms geographic location, product offerings, growth rates, growth potential, size, profitability, brand equity, distribution, and risks.

1. Molson Coors Brewing Company (NYSE:TAP)

Molson Coors Brewing Company (NYSE:TAP) is an appropriate peer company for the Boston Beer company on the basis that: they operate solely in the alcoholic beverage production and sales industry; they have similar growth rates and similar revenue to SAM; and, they are similar in the sense that they have a very strong brand within the industry and operate on a large advertising budget.

2. Constellation Brands Inc. (NYSE:STZ)

Constellation Brands can be included in the comparable set on the basis that they operate out of the United States and have similar growth rates and margins to the Boston Beer company.

3. Craft Brew Alliance, Inc. (NasdaqGS:BREW)

On the surface, Craft Brew Alliance is a great comparable company for a couple of reasons: They are a craft brewer and their products are direct competitors with Samuel Adams products; they have a similar 5-year revenue LTM CAGR at 17.57% for BREW and 13.15% for SAM suggesting similar growth potential; they are of similar size; and, they are reliant on their strong brand to drive sales growth. However, there are serious areas of concern in using BREW as a comparable. The reason this concern arises is that Craft Brew Alliance is trading at significantly higher multiples than the Boston Beer Company. For example, the LTM P/E ratio for BREW is 153x vs. 47x for SAM. This is causing the Boston Beer Company to appear artificially undervalued. However, seeing as BREW is the most similar company to SAM in our comparable universe, we have decided to include it. However, it should be noted that the value of the comparable analysis should be discounted for this reason.

4. Chongqing Brewery Co.Ltd (SHSE:600132)

Chongqing Brewery can be eliminated as an acceptable comparable company for several reasons including: They are different in terms of profitability (44.3% gross margin for SHSE and 51.1% for SAM) and they operate solely out of China.

5. Guinness Nigeria Plc (NGSE:GUINNESS)

Guinness will be eliminated as a peer company for Boston Beer. They do have similar size in terms of market capitalization and similar 5-year LTM revenue CAGR (9.3% for NGSE vs. 13.15% for SAM). Also, Guinness was originally included in the comparables universe for Boston Beer but after converting revenue and other figures from Nigerian NGN to USD, the comparables were extraordinarily high to the point that the valuation of Boston Beer was appearing artificially undervalued in comparison because it was trading at what could be considered extremely high multiples. This can be seen in Exhibit 11. This also turned out to be a major issue with other companies that were originally included in our comparative analysis but excluded after skewing the valuation of our other companies due to trading as such high multiples.

6. Guangzhou Zhujiang Brewery Co., Ltd (SZSE:002461)

This company can be eliminated from the comparable universe for Boston Beer on the basis that: they operate out of China; all their revenues comes from China; and, they are engaged in other lines of business besides the production of beer such as restaurant services. Additionally, SZSE has a 0.74% LTM 5-year revenue CAGR, which is significantly lower than the Boston Beer Company's 13.15% suggesting that the companies are at significantly different phases of their business cycle and therefore would command different premiums for their trading multiples.

7. Royal Unibrew A/S (CPSE:RBREW)

This company can be eliminated from the comparable universe for Boston Beer on the basis that: they are producing and distributing many different products in soft drinks such as juice, mineral water, and carbonated soft drinks; and, they have much different expected 5-year revenue GAGR at 1.41% for RBREW vs. 13.15% for SAM.

8. East African Breweries Limited

This company can be eliminated from the comparable universe on the basis of the same reasons described above in regard to Guinness. Due to East African Brewaries trading in a foreign currency and primarily operating in a foreign location remote from the US, the multiples that it was trading at after being converted to USD from KES resulted in valuation multiples that were extremely out of line with those for companies residing and operating out of the US. For this reason, we have eliminated East African Brewaries as a comparable company.

9. United Breweries Limited (BSE:532478)

United Breweries Limited can be eliminated as an appropriate peer company for Boston Beer on the basis that they have had different past growth (19.79% 5-year LTM revenue CAGR for BSE vs. 13.15% for SAM). In addition to the above, the same problem as above with GUINESS and East African Brewaries has arisen with BSE.

10. Anheuser-Busch InBev SA/NV (ENXTBR:ABI)

Anheuser can be eliminated as a comparable company to Boston Beer on the basis that: they are highly involved with different international brands; and, they are an extremely large company ($168B Market cap) compared to Boston Beer ($3B). This would suggest that Boston Beer is in a more high growth stage of its life cycle, and will likely trade at premium multiple rates due to higher expected growth. Although ABI has had similar growth rates in the past and have similar gross margins, we feel that the size difference alone is enough to eliminate ABI as a comparable company on the premise that their business models will likely diverge if not already due to sheer size differences.

In conclusion, based on the analysis above, the most suitable comparable companies to the Boston Beer Company include the Molson Coors Brewing Company, Craft Brew Alliance, and Constellation Brands.

However, it should be noted that these comparable companies are by no means ideal. We've only eliminated the companies that, at first glance, appear least similar to Boston Beer out of the comparable companies provided by Capital IQ. However, surely one can note flaws even with the companies that are most similar. For example, the issue with the foreign companies Guinness, East African Brewaries, and United Brewaries. However, despite these imperfections, these above companies are the best that we have to complete a comparable analysis. Unfortunately, in this situation, it appears that the comparable universe is not ideal. There are little to no comparable companies and therefore we place little value on the comparable analysis and will place all of the weighting in our price target onto the DCF and other intrinsic methods including the abnormal earnings and abnormal earnings growth models. Refer to Exhibit 11 for further comparables analysis detail.

VALUATION

Cost of Capital
To determine the discount rate for the enterprise-level valuations, a weighted-average cost of capital was computed for the Boston Beer Company. As per Exhibit 12, the cost of debt was calculated from the after-tax net borrowing cost, and the cost of equity was calculated from the Capital Asset Pricing Model. The beta was taken from Capital IQ, while the risk-free rate was based off of the 10-year U.S. Treasury Yield. Boston Beer's cost of capital was calculated to be 5.88%.

Option Overhang
Detailed information pertaining to Boston Beer's outstanding options was laid out in their annual report. These values were inputted into the Black-Scholes model in order to calculate the estimated value of the option. The tax benefit from the exercise was then taken into account to yield an option overhang of 208,000. See Exhibit 14 for the above calculations.

DCF Valuation
Boston Beer is projected to generate strong free cash flows for the forecasted period and on into steady state. It is important to note that capital expenditures are projected to be relatively bigger for the coming years as per the management strategy of purchasing capacity. After discounting the cash flows and continuing value, we reached at a share price of $268.70. This is consistent with our ReOI and AOIG valuation. See Exhibit 15 for the DCF valuation.

ReOI Valuation
Boston Beer is projected to generate strong residual operating income for the forecasted ten years and out into its steady state. This provides evidence of the company's ability to generate RNOA above its cost of capital. By adding together 2013 NOA, present values of the projected ReOI's, and the continuing value, and then subtracting NFO and option overhang, we arrived at a value per share of $268.70. See Exhibit 16 for the above calculations.

AOIG Valuation
Boston Beer is projected to earn abnormal earnings throughout the forecasted period and onto its steady state. However, growth of these earnings is fairly low and fluctuates from positive to negative. When adding operating income to the present value of AOIG and the continuing value, then dividing by the cost of capital, we arrived at a share price of $268.70. This is consistent with our ReOI valuation. See Exhibit 17 for the relevant calculations.

SENSITIVITY ANALYSIS

Rather than conducting a bear-bull analysis, we produced a number of sensitivity tables depicted in Exhibit 18 to examine which assumptions in our model are the most critical. We felt that capital expenditures and revenues were the main drivers of the model moving forward, mostly according to management guidance. These two factors were sensitized against the WACC.

These sensitivity tables reflect the fact that the WACC calculation is extremely important in determining the final share price. Our valuations were also very sensitive to capital expenditure charges, which management has repeatedly stated that they plan to focus heavily on.

INVESTMENT RISKS

This section will analyze negative aspects of the industry and the company that could potentially pose a risk to investors. Investors need to take these into serious consideration when evaluating an investment in Boston Beer Co. Investors should exercise caution and their own judgment when executing investment decisions.

Economic Conditions: As a premium supplier of beer, Boston Beer Co. is subject to economic stability. Poor economic conditions will have a negative impact on sales, as consumers will likely substitute their products for lower-priced alternatives. Economic instability may affect appreciation of Boston Beer Co.'s share price and hinder the company's opportunity for further growth.

Increased Competition: As the craft beer segment experiences strong growth, new entrants may disrupt the marketplace and try to obtain market share. As the company tries to grow and gain a greater share of the market, encountering difficulties may lead to poor performance in their underlying share price. In addition, greater demand for canned products could hinder product sales. Rising competition may also make participants in the marketplace more price competitive in order to compete for retail shelf space. As a result, premium craft beers such as Boston Beer Co. products may be jeopardized.

Current Competition Pressure: There are several large, well-capitalized competitors that pose a threat to Boston Beer Co. As these companies continue to innovate and embrace new, aggressive strategies; this may have an impeding effect on the long-term profitability of Boston Beer Co. Moreover, many large brewers have shown interest in acquiring strong craft brands. For example: ABI $ Goose Island, MillerCoors & Terrapin, Duvel & Boulevard. Boston Beer Co. may be of interest in the near future.

Product Recall: In 2008, Boston Beer Co. was forced to issue a product recall on some of their Samuel Adams products after realizing that glass was discovered inside some of the bottles. There is potential for another quality control issue that could have a negative impact on the company's reputation and performance.

Commodity Prices: Many of the ingredients for Boston Beer Co.'s products are subject to rising commodity prices. For instance, malt, hops, and yeast could present the company with increased costs and in turn, reduced margins if the prices for these commodities were to increase. In addition, increase prices in glass and paper will increase packaging costs. These increased costs will put the company at risk of experiencing lower earnings.

Excise Taxes: The beer industry is subject to many regulatory constraints. The threat of increasing excise taxes could have a serious impact on the earnings potential for Boston Beer Co.

ENDNOTES

[i] Source: CIBC World Markets
[ii] Source: U.S. Bureau of Economic Analysis
[iii] Source: Brewers Association
[iv] Source: Bloomberg
[v] Source: Financial Times
[vi] Source: Hop Growers of America
[vii] Source: US Energy Administration
[viii] Source: Brewers Association

EXHIBIT 1: Reformulated Income Statement

REFORMULATED INCOME STATEMENT (in thousands)	2008	2009	2010	2011	2012	2013
Revenue	398,400	415,053	463,798	513,000	580,222	739,053
COGS	214,513	201,235	207,471	228,433	265,012	354,131
Gross Margin	183,887	213,818	256,327	284,567	315,210	384,922
Advertising, Selling Exp.	132,900	121,600	135,700	157,261	169,306	207,930
General, Admin Exp.	35,000	36,900	39,100	43,500	50,200	62,300
Impairment of Long-lived Assets	1,900	1,000	300	670	150	1,570
Less: minimum rent for this year	(851)	(933)	(955)	(1,122)	(1,874)	(2,726)
Depreciation of capitalized leases	5,589	4,979	4,529	4,364	7,523	7,832
Other Expenses (income)	(174)	-	100	200	100	600
Total Expenses	174,364	163,546	178,774	204,873	225,405	277,506
Operating Income Before Tax	**9,523**	**50,272**	**77,553**	**79,694**	**89,805**	**107,416**
Provision for Taxes	7,752	23,249	30,966	37,441	36,050	42,149
Taxes on Operating Income	3,571	18,852	29,082	29,885	33,677	40,281
Taxes on Financial Income	602	42	30	39	23	23
Taxes on Unusual Items	-	-	-	7,425	-	-
Tax Benefit (Expense)	3,030	630	1,920	3,810	3,400	4,820
Operating Income After Tax	**8,982**	**32,050**	**50,391**	**53,619**	**59,528**	**71,955**
UNUSUAL ITEMS						
Asset Writedown	(1,900)	(1,000)	(300)	(700)	(100)	(1,600)
Legal Settlements	-	-	-	20,500	-	-
Other Unusual Items	-	-	-	-	-	-
Unusual Items Before Tax	(1,900)	(1,000)	(300)	19,800	(100)	(1,600)
Taxes on Unusual Items	-	-	-	7,425	-	-
Unusual Items After Tax	(1,900)	(1,000)	(300)	12,375	(100)	(1,600)
FINANCIAL INCOME						
Interest expense	-	-	-	50	30	30
Interest Income	1,604	112	79	54	31	31
Net Financial Income (Expense)	1,604	112	79	104	61	61
Tax Shield on NFI	602	42	30	39	23	23
NFI After Tax	1,003	70	49	65	38	38
Marginal Tax Rate	37.50%	37.50%	37.50%	37.50%	37.50%	37.50%
Comprehensive Income	**8,084**	**31,120**	**50,140**	**66,059**	**59,466**	**70,393**

EXHIBIT 2: Reformulated Balance Sheet

REFORMULATED BALANCE SHEET						
OPERATING ASSETS	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Accounts Receivable	18,057	17,856	20,017	23,233	31,479	42,001
Inventories	22,708	25,558	26,614	34,072	44,361	56,397
Deferred Income Taxes, Current	2,734	4,425	3,648	4,363	5,411	5,712
Prepaid Expenses & Other Assets	16,281	9,710	12,756	14,605	6,628	10,644
PPE	147,920	147,021	142,889	143,586	189,948	266,558
Capitalized Operating Leases	5,436	4,708	4,108	3,695	6,485	5,916
Other Assets	1,606	1,508	2,260	1,802	4,656	9,556
Goodwill	1,377	1,377	1,377	1,377	2,538	3,683
TOTAL OPERATING ASSETS	**216,119**	**212,163**	**213,669**	**226,733**	**291,506**	**400,467**
OPERATING LIABILITIES						
Accounts Payable	20,203	25,255	19,423	18,806	28,303	34,424
Accrued Expenses	46,854	-	-	-	-	-
Accrued Expenses & Other Liabilities	-	48,531	52,776	48,243	60,529	69,900
Deferred Income Taxes	9,617	13,439	17,087	17,349	20,463	32,394
Other Liabilities	3,055	2,556	3,656	3,345	4,470	4,635
TOTAL OPERATING LIABILITIES	**79,729**	**89,781**	**92,942**	**87,743**	**113,765**	**141,353**
NET OPERATING ASSETS	136,390	122,382	120,727	138,990	177,741	259,114
FINANCIAL OBLIGATIONS						
Cash and Cash Equivalencies	(9,074)	(55,481)	(48,969)	(49,450)	(74,463)	(49,524)
Current Portion of L/T Debt	-	-	-	-	62	53
Debt and Capital Lease Obligations	-	-	-	-	566	584
Capitalized Operating Lease	5,436	4,708	4,108	3,695	6,485	5,916
NET FINANCIAL OBLIGATIONS	(3,638)	(50,773)	(44,861)	(45,755)	(67,350)	(42,971)
COMMON SHAREHOLDERS' EQUITY	**140,028**	**173,155**	**165,588**	**184,745**	**245,091**	**302,085**

EXHIBIT 3: Operating Lease Calculations

CAPITAL LEASE CALCULATIONS (MM)

		2008	2009	2010	2011	2012	2013
	1	0.85	0.93	0.96	1.12	1.87	2.73
	2	0.92	0.96	1.02	1.12	1.89	2.04
	3	0.96	1.02	1.01	1.13	1.71	1.94
	4	1.02	1.01	1.03	0.92	1.70	0.98
	5	1.01	1.03	0.84	0.92	0.65	0.57
	6	1.00	1.00	0.90	0.07	1.00	1.00
	7	1.76	0.74	0	0	0.52	0.15
Total Rent Exp		0.85	0.93	0.96	1.12	1.87	2.73
Discount Rate		5.64%	6.23%	5.57%	4.93%	5.26%	4.91%

		2008	2009	2010	2011	2012	2013
	1	0.81	0.88	0.90	1.07	1.78	2.60
	2	0.83	0.85	0.92	1.01	1.71	1.86
	3	0.81	0.85	0.86	0.97	1.46	1.68
	4	0.82	0.79	0.83	0.76	1.39	0.80
	5	0.77	0.76	0.64	0.72	0.50	0.45
	6	0.72	0.70	0.65	0.05	0.74	0.75
	7	0.68	0.48	0	0	0.36	0.11
	8	0.49					
Total PV (year beg.)		5.92	5.31	4.80	4.59	7.94	8.24
Interest Component		0.33	0.33	0.27	0.23	0.42	0.40
Operating Component		5.59	4.98	4.53	4.36	7.52	7.83

		2008	2009	2010	2011	2012	2013
	1	0.87	0.90	0.97	1.06	1.80	1.95
	2	0.86	0.91	0.91	1.02	1.54	1.76
	3	0.87	0.84	0.87	0.79	1.46	0.84
	4	0.81	0.80	0.67	0.76	0.53	0.47
	5	0.76	0.74	0.69	0.06	0.77	0.79
	6	1.27	0.51	0.00	0.00	0.38	0.11
Total PV (year end)		**5.44**	**4.71**	**4.11**	**3.69**	**6.48**	**5.92**

EXHIBIT 4: Common Size and Trend Analysis Reformulated Income Statement

COMMON SIZE REFORMULATED INCOME STATEMENT (in thousands)

	2008	2009	2010	2011	2012	2013
Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
COGS	53.8%	48.5%	44.7%	44.5%	45.7%	47.9%
Gross Margin	46.2%	51.5%	55.3%	55.5%	54.3%	52.1%
Advertising, Selling Exp.	33.4%	29.3%	29.3%	30.7%	29.2%	28.1%
General, Admin Exp.	8.8%	8.9%	8.4%	8.5%	8.7%	8.4%
Impairment of Long-lived Assets	0.5%	0.2%	0.1%	0.1%	0.0%	0.2%
Less: minimum rent for this year	-0.2%	-0.2%	-0.2%	-0.2%	-0.3%	-0.4%
Depreciation of capitalized leases	1.4%	1.2%	1.0%	0.9%	1.3%	1.1%
Other Expenses (income)	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Total Expenses	43.8%	39.4%	38.5%	39.9%	38.8%	37.5%
Operating Income (BT)	2.4%	12.1%	16.7%	15.5%	15.5%	14.5%
Provision for Taxes	1.9%	5.6%	6.7%	7.3%	6.2%	5.7%
Taxes on Operating Income	0.9%	4.5%	6.3%	5.8%	5.8%	5.5%
Taxes on Financial Income	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Taxes on Unusual Items	0.0%	0.0%	0.0%	1.4%	0.0%	0.0%
Tax Benefit (Expense)	0.8%	0.2%	0.4%	0.7%	0.6%	0.7%
Operating Income (AT)	2.3%	7.7%	10.9%	10.5%	10.3%	9.7%
UNUSUAL ITEMS						
Asset Writedown	-0.5%	-0.2%	-0.1%	-0.1%	0.0%	-0.2%
Legal Settlements	0.0%	0.0%	0.0%	4.0%	0.0%	0.0%
Other Unusual Items	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Unusual Items Before Tax	-0.5%	-0.2%	-0.1%	3.9%	0.0%	-0.2%
Taxes on Unusual Items	0.0%	0.0%	0.0%	1.4%	0.0%	0.0%
Unusual Items After Tax	-0.5%	-0.2%	-0.1%	2.4%	0.0%	-0.2%
FINANCIAL INCOME						
Interest expense	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest Income	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Net Financial Income (Expense)	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Tax Shield on NFI	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
NFI After Tax	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Marginal Tax Rate	N/A					
Comprehensive Income	2.0%	7.5%	10.8%	12.9%	10.2%	9.5%

TREND ANALYSIS REFORMULATED INCOME STATEMENT (in thousands)

	2008	2009	2010	2011	2012	2013
Revenue	100.0%	104.2%	116.4%	128.8%	145.6%	185.5%
COGS	100.0%	93.8%	96.7%	106.5%	123.5%	165.1%
Gross Margin	100.0%	116.3%	139.4%	154.8%	171.4%	209.3%
Advertising, Selling Exp.	100.0%	91.5%	102.1%	118.3%	127.4%	156.5%
General, Admin Exp.	100.0%	105.4%	111.7%	124.3%	143.4%	178.0%
Impairment of Long-lived Assets	100.0%	52.6%	15.8%	35.3%	7.9%	82.6%
Less: minimum rent for this year	100.0%	109.6%	112.2%	131.8%	220.2%	320.3%
Depreciation of capitalized leases	100.0%	89.1%	81.0%	78.1%	134.6%	140.1%
Other Expenses (income)	100.0%	0.0%	-57.5%	-114.9%	-57.5%	-344.8%
Total Expenses	100.0%	93.8%	102.5%	117.5%	129.3%	159.2%
Operating Income (BT)	100.0%	527.9%	814.4%	836.9%	943.0%	1128.0%
Provision for Taxes	100.0%	299.9%	399.5%	483.0%	465.0%	543.7%
Taxes on Operating Income	100.0%	527.9%	814.4%	836.9%	943.0%	1128.0%
Taxes on Financial Income	100.0%	7.0%	4.9%	6.5%	3.8%	3.8%
Taxes on Unusual Items	-	-	-	-	-	-
Tax Benefit (Expense)	100.0%	20.8%	63.4%	125.7%	112.2%	159.1%
Operating Income (AT)	100.0%	356.8%	561.0%	597.0%	662.8%	801.1%
Other Unusual Items						
Asset Writedown	100.0%	52.6%	15.8%	36.8%	5.3%	84.2%
Legal Settlements	-	-	-	-	-	-
Other Unusual Items	-	-	-	-	-	-
Unusual Items Before Tax	100.0%	52.6%	15.8%	-1042.1%	5.3%	84.2%
Taxes on Unusual Items	-	-	-	-	-	-
Unusual Items After Tax	100.0%	52.6%	15.8%	-651.3%	5.3%	84.2%
FINANCIAL INCOME						
Interest expense	-	-	-	-	-	-
Interest Income	100.0%	7.0%	4.9%	3.4%	1.9%	1.9%
Net Financial Income (Expense)	100.0%	7.0%	4.9%	6.5%	3.8%	3.8%
Tax Shield on NFI	100.0%	7.0%	4.9%	6.5%	3.8%	3.8%
NFI After Tax	100.0%	7.0%	4.9%	6.5%	3.8%	3.8%
Marginal Tax Rate	N/A					
Comprehensive Income	100.0%	384.9%	620.2%	817.1%	735.6%	870.7%

EXHIBIT 5: Common Size and Trend Analysis Reformulated Balance Sheet

COMMON SIZE REFORMULATED BALANCE SHEET (in thousands)

	2008	2009	2010	2011	2012	2013
OPERATING ASSETS						
Accounts Receivable	8.4%	8.4%	9.4%	10.2%	10.8%	10.5%
Inventories	10.5%	12.0%	12.5%	15.0%	15.2%	14.1%
Deferred Income Taxes, Current	1.3%	2.1%	1.7%	1.9%	1.9%	1.4%
Prepaid Expenses & Other Assets	7.5%	4.6%	6.0%	6.4%	2.3%	2.7%
PPE	68.4%	69.3%	66.9%	63.3%	65.2%	66.6%
Capitalized Operating Leases	2.5%	2.2%	1.9%	1.6%	2.2%	1.5%
Other Assets	0.7%	0.7%	1.1%	0.8%	1.6%	2.4%
Goodwill	0.6%	0.6%	0.6%	0.6%	0.9%	0.9%
TOTAL OPERATING ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
OPERATING LIABILITIES						
Accounts Payable	25.3%	28.1%	20.9%	21.4%	24.9%	24.4%
Accrued Expenses	58.8%	-	-	-	-	-
Accrued Expenses & Other Liabilities	-	54.1%	56.8%	55.0%	53.2%	49.5%
Deferred Income Taxes	12.1%	15.0%	18.4%	19.8%	18.0%	22.9%
Other Liabilities	3.8%	2.8%	3.9%	3.8%	3.9%	3.3%
TOTAL OPERATING LIAB.	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
NET OPERATING ASSETS	N/A	N/A	N/A	N/A	N/A	N/A

TREND ANALYSIS REFORMULATED BALANCE SHEET (in thousands)

	2008	2009	2010	2011	2012	2013
OPERATING ASSETS						
Accounts Receivable	100.0%	98.9%	110.9%	128.7%	174.3%	232.6%
Inventories	100.0%	112.6%	117.2%	150.0%	195.4%	248.4%
Deferred Income Taxes, Current	100.0%	161.9%	133.4%	159.6%	197.9%	208.9%
Prepaid Expenses & Other Assets	100.0%	59.6%	78.3%	89.7%	40.7%	65.4%
PPE	100.0%	99.4%	96.6%	97.1%	128.4%	180.2%
Capitalized Operating Leases	100.0%	86.6%	75.6%	68.0%	119.3%	108.8%
Other Assets	100.0%	93.9%	140.7%	112.2%	289.9%	595.0%
Goodwill	100.0%	100.0%	100.0%	100.0%	184.3%	267.5%
TOTAL OPERATING ASSETS	100.0%	98.2%	98.9%	104.9%	134.9%	185.3%
OPERATING LIABILITIES						
Accounts Payable	100.0%	125.0%	96.1%	93.1%	140.1%	170.4%
Accrued Expenses	100.0%	-	-	-	-	-
Accrued Expenses & Other Liabilities	-	100.0%	108.7%	99.4%	124.7%	144.0%
Deferred Income Taxes	100.0%	139.7%	177.7%	180.4%	212.8%	336.8%
Other Liabilities	100.0%	83.7%	119.7%	109.5%	146.3%	151.7%
TOTAL OPERATING LIAB.	100.0%	112.6%	116.6%	110.1%	142.7%	177.3%
NET OPERATING ASSETS	100.0%	89.7%	88.5%	101.9%	130.3%	190.0%
FINANCIAL OBLIGATONS						
Cash and Cash Equivalencies	100.0%	611.4%	539.7%	545.0%	820.6%	545.8%
Current Portion of L/T Debt	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Debt and Capital Lease Obligations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capitalized Operating Lease	100.0%	86.6%	75.6%	68.0%	119.3%	108.8%
NET FINANCIAL OBLIGATIONS	100.0%	1395.5%	1233.0%	1257.6%	1851.2%	1181.1%
CSE	100.0%	123.7%	118.3%	131.9%	175.0%	215.7%

EXHIBIT 6: Credit Quality Formulas

Credit Analysis Formulas	
Ratio	**Formula**
Current Ratio	Current Assets / Current Liabilities
Quick Ratio	Cash + ST Investments + Receivables / Current Liabilities
Cash Ratio	Cash + ST Investments / Current Liabilities
Cash Flow Ratio	Cash Flow from Operations / Current Liabilities
Defensive Interval	(Cash + ST Investments + Receivables / CAPEX) * 365
Cash flow to Capex	Unlevered Cash from Operations / CAPEX
Debt to Assets	Total Debt / Total Assets (Liabilities + Equity)
Debt to Equity	Total Debt / Total Equity
Long-term Debt Ratio	Long-term Debt / Long-term Debt + Equity
Interest Coverage	Operating Income / Net Interest Expense
Cash Interest coverage	Unlevered Cash Flow from Operations / Net Cash Interest
CFO to Debt	Unlevered Cash Flow from Operations / Total Debt

EXHIBIT 7: Profitability Analysis & Growth Analysis

PROFITABILITY ANALYSIS

	2009	2010	2011	2012	2013
First Level Breakdown: ROCE	5.2%	18.4%	28.6%	30.7%	21.7%
RNOA + (FLEV*(RNOA-NBC))					
RNOA	6.94%	26.37%	38.80%	33.86%	27.25%
FLEV	-0.293	-0.271	-0.248	-0.275	-0.142
SPREAD	6.07%	29.50%	41.10%	11.36%	38.79%
Second Level Breakdown: ROCE	5.2%	18.4%	28.6%	30.7%	21.7%
RNOA = PM*ATO					
PM	7.72%	10.86%	10.45%	10.26%	9.74%
ATO	0.90	2.43	3.71	3.30	2.80
RNOA	6.94%	26.37%	38.80%	33.86%	27.25%
Breakdown RNOA	6.94%	26.37%	38.80%	33.86%	27.25%
RNOA = ROOA + (OLLEV*(ROOA-ST Borrowing Rate))					
ROAA	15.11%	23.58%	23.65%	20.42%	17.97%
OLLEV	73.36%	76.99%	63.13%	64.01%	54.55%

GROWTH ANALYSIS

	2009	2010	2011	2012	2013
Average NOA	129,386	121,555	129,858	158,365	218,427
Average NFO	(27,206)	(47,817)	(45,308)	(56,553)	(55,161)
Average CSE	156,592	169,372	175,167	214,918	273,588
Sales	415,053	463,798	513,000	580,222	739,053
Operating Income	32,050	50,391	53,619	59,528	71,955
Comprehensive Income	31,120	50,140	66,059	59,466	70,393
Net Financial Income	112	79	104	61	61
ROCE	5.2%	18.4%	28.6%	30.7%	21.7%
RNOA	6.94%	26.37%	38.80%	33.86%	27.25%
PM	7.72%	10.86%	10.45%	10.26%	9.74%
ATO	0.90	2.43	3.71	3.30	2.80
FLEV	-0.2932231	-0.2709184	-0.2476678	-0.2747979	-0.1422485
SPREAD	6.07%	29.50%	41.10%	11.36%	38.79%

EXHIBIT 8: Income Statement Forecast

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue	812,958.30	894,254.13	983,679.54	1,082,047.50	1,168,611.30	1,262,100.20	1,325,205.21	1,391,465.47	1,433,209.44	1,476,205.72
COGS	365,831.24	384,529.28	422,982.20	432,819.00	467,444.52	479,598.08	503,577.98	528,756.88	544,619.59	560,958.17
Gross Margin	447,127.07	509,724.85	560,697.34	649,228.50	701,166.78	782,502.12	821,627.23	862,708.59	888,589.85	915,247.55
%	55%	57%	57%	60%	60%	62%	62%	62%	62%	62%
Advertising, Selling Exp.	28453541%	31298895%	27543027%	30297330%	32721116%	35338806%	37105746%	38961033%	40129864%	41333760%
General, Admin Exp.	65,036.66	71,540.33	78,694.36	86,563.80	93,488.90	100,968.02	106,016.42	111,317.24	114,656.75	118,096.46
Impairment of Long-lived Assets	931.67	770.28	731.99	803.99	826.32	939.04	833.88	817.58	825.47	841.05
Less: minimum rent for this year	(3,500.01)	(4,625.09)	(6,387.38)	(9,084.50)	(9,538.72)	(10,015.66)	(10,516.44)	(11,042.26)	(11,594.37)	(12,174.09)
Depreciation of capitalized leases	5,802.67	5,838.28	5,981.44	6,223.55	6,533.48	6,368.62	6,124.67	6,178.34	6,235.02	6,277.28
Other Expenses (income)	258.47	284.31	312.75	344.02	371.54	401.27	421.33	442.39	455.67	469.34
Total Expenses	353,064.87	386,797.05	354,763.43	387,824.16	418,892.69	452,049.34	473,937.32	497,323.63	511,877.17	526,847.63
Operating Income Before Tax	**94,062.20**	**122,927.80**	**205,933.91**	**261,404.34**	**282,274.09**	**330,452.78**	**347,689.91**	**365,384.97**	**376,712.68**	**388,399.92**
Provision for Taxes	35,273.32	46,097.93	77,225.22	98,026.63	105,852.78	123,919.79	130,383.72	137,019.36	141,267.25	145,649.97
Taxes on Operating Income										
Taxes on Financial Income										
Taxes on Unusual Items										
Tax Benefit (Expense)										
Operating Income After Tax	58,788.87	76,829.88	128,708.69	163,377.71	176,421.30	206,532.99	217,306.19	228,365.60	235,445.42	242,749.95
FINANCIAL INCOME										
Net Financial Income (Expense)	61	61	61	61	61	61	61	61	61	61
Tax Shield on NFI	22.88	22.88	22.88	22.88	22.88	22.88	22.88	22.88	22.88	22.88
NFI After Tax	38.13	38.13	38.13	38.13	38.13	38.13	38.13	38.13	38.13	38.13
Marginal Tax Rate										
Comprehensive Income	57,067.00	74,932.00	126,617.22	161,179.76	174,223.35	204,335.03	215,108.24	226,167.65	233,247.47	240,551.99

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Sales Revenue (growth)	10%	10%	10%	10%	8%	8%	5%	5%	3%	3%
COGS (% of sales)	45%	43%	43%	40%	40%	38%	38%	38%	38%	38%
Advertising, Selling Exp. (% of sales)	35%	35%	28%	28%	28%	28%	28%	28%	28%	28%
General, Admin Exp. (% of sales)	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
Impairment of LL Assets (growth)	175%	175%	175%	175%	175%	175%	175%	175%	175%	175%
Minimum Rent for the Year (growth)	28%	32%	38%	42%	5%	5%	5%	5%	5%	5%
Depreciation of Capitalized Leases (growth)	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11
Other expenses (% of sales)	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%
Tax Rate	37.50%	37.50%	37.50%	37.50%	37.50%	37.50%	37.50%	37.50%	37.50%	37.50%

EXHIBIT 9: Balance Sheet Forecast

REFORMULATED BALANCE SHEET

OPERATING ASSETS	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Accounts Receivable	65,037	71,540	78,694	86,564	93,489	100,968	106,016	111,317	114,657	118,096
Inventories	65,850	69,215	76,137	77,907	84,140	86,328	90,644	95,176	98,032	100,972
Deferred Income Taxes, Current	5,883	6,060	6,242	6,429	6,622	6,820	7,025	7,236	7,453	7,676
Prepaid Expenses & Other Assets	11,070	11,513	11,973	12,213	12,457	12,706	12,960	13,219	13,484	13,753
PPE	306,542	352,523	405,401	454,050	508,536	569,560	637,907	714,456	800,190	896,213
Capitalized Operating Leases	6,093	6,276	6,464	6,658	6,858	7,064	7,276	7,494	7,719	7,950
Other Assets	10,129	10,737	11,381	11,939	12,524	13,138	13,781	14,457	15,165	15,908
Goodwill	3,941	4,217	4,512	4,737	4,974	5,223	5,484	5,758	6,046	6,349
TOTAL OPERATING ASSETS	**474,545**	**532,081**	**600,805**	**660,497**	**729,599**	**801,806**	**881,094**	**969,113**	**1,062,746**	**1,166,919**
OPERATING LIABILITIES										
Accounts Payable	29,266	30,762	33,839	34,626	37,396	38,368	40,286	42,301	43,570	44,877
Accrued Expenses										
Accrued Expenses & Other Liabilities	75,108	80,703	86,715	93,176	100,117	107,576	115,590	124,202	133,455	143,397
Deferred Income Taxes	33,042	33,703	34,377	35,064	35,766	36,481	37,211	37,955	38,714	39,488
Other Liabilities	4,681	4,728	4,775	4,823	4,871	4,920	4,969	5,019	5,069	5,120
TOTAL OPERATING LIABILITIES	**142,097**	**149,896**	**159,706**	**167,689**	**178,150**	**187,345**	**198,057**	**209,476**	**220,808**	**232,882**
NET OPERATING ASSETS	332,447	382,185	441,099	492,808	551,449	614,461	683,037	759,637	841,938	934,037

		Initial Period	Steady growth
AR	of sales	8.0%	8.0%
Inventories	of COGS	18.0%	18.0%
Deferred Taxes	growth	3.0%	3.0%
Prepaid Assets	growth	4.0%	2%
PPE	growth	15.0%	12%
Cap. Op. Leases	growth	3.0%	3.0%
Other Assets	growth	6.0%	5%
Goodwill	growth	7.0%	5%
AP	of COGS	8.0%	
Accrued Expenses			
Acc. Expenses & OL	growth	7.5%	
Deferred Taxes	growth	2.0%	
Other Liabilities	growth	1.0%	

EXHIBIT 10: Comparable Companies

1. **Molson Coors Brewing Company (NYSE:TAP)**

Description: Molson Coors Brewing Company (MCBC) is a holding company. The Company operates in five business segments: Canada, the U.S., Central Europe, the U.K., and Molson Coors International (MCI). The Company is a brewer and has a portfolio of owned and partner brands, including signature brands Coors Light, Molson Canadian, Carling and Staropramen, as well as craft and specialty beers such as Blue Moon, Creemore Springs, Cobra and Doom Bar.

2. **Constellation Brands Inc. (NYSE:STZ)**

Description: Constellation Brands, Inc., is a wine company. The Company is a marketer of imported beer in the United States. Through its investment in Crown Imports, LLC (Crown Imports), a joint venture with Grupo Modelo, S.A.B. de C.V. (Modelo) pursuant to which Modelo's Mexican beer portfolio (the Modelo Brands) are imported, marketed and sold by the joint venture in the United States. The Company operates in three business segments: Constellation Wines North America (wine and spirits) (CWNA), Corporate Operations and Other, and Crown Imports.

3. **Craft Brew Alliance, Inc. (NasdaqGS:BREW)**

Description: Craft Brewers Alliance, Inc. produces craft-brewed beers. The Company's products include distinct brand names Redhook E.S.B., Ballard Bitter I.P.A., Blackhook, Wheathook, Winterhook seasonal ale and the newest brand Redhook Rye. The Company packages its craft beers in both bottles and kegs. The production of its specialty bottled and draft products are located in the Fremont neighborhood of Seattle, Washington, Woodinville, a suburb of Seattle and Portsmouth, New Hampshire.

4. **Chongqing Brewery Co.Ltd (SHSE:600132)**

Description: Chongqing Brewery Co. Ltd is a company principally engaged in brewery and distribution of beer. The Company provides beer series products with the brand named Shancheng. It distributes its products primarily in Southwestern China, Central China, Eastern China and Northwestern China. The Company is also involved in the production and distribution of malt.=

5. **Guinness Nigeria Plc (NGSE:GUINNESS)**

Description: Guinness Nigeria Plc is engaged in brewing, packaging, marketing, selling, and exporting stouts, beers, ready to drink alcoholic beverages, and non-alcoholic soft drinks. It offers its products primarily under the Guinness Foreign Extra Stout, Guinness Extra Smooth, Malta Guinness, Malta Guinness Low Sugar, Harp Lager, Smirnoff Ice, Satzenbrau Pilsner Lager, Dubic Lager, SNAPP, and Top Malt brands. The company was founded in 1950 and is headquartered in Lagos, Nigeria. Guinness Nigeria Plc is a subsidiary of Diageo Plc.

6. **Guangzhou Zhujiang Brewery Co., Ltd (SZSE:002461)**

Description: Guangzhou Zhujiang Brewery Co., Ltd engages in the production and distribution of beer in the People's Republic of China. It is also involved in the sale of yeast feeds; and packaging materials, such as labels, cartons, crates, etc., as well as the provision of restaurant services. The company was founded in 1985 and is based in Guangzhou, the People's Republic of China.

7. **Royal Unibrew A/S (CPSE:RBREW)**

Description: Royal Unibrew A/S produces, markets, sells, and distributes beverages focusing on branded products in beer, malt, and soft drinks. Its soft drinks comprise juice, mineral water, carbonated soft drinks, non-carbonated soft drinks, and cider. The company offers its products primarily under the Albani, Cido, Faxe, Kalnapilis, Nikoline, Lacplesa Alus, and Livu Alus brands, as well as under the Ceres, Thor, Taurus, Heineken, Mangali, Fruts, Meistriti Gildi, Vitamalt, Supermalt, and Powermalt. It serves customers in Africa, the Baltic Countries, Denmark, Canada, the Caribbean, France, Germany, Greenland, Italy, the Middle East, and the United Kingdom. Royal Unibrew A/S is headquartered in Faxe, Denmark.

8. **East African Breweries Limited**

Description: East African Breweries Limited is engaged in brewing, manufacturing, marketing, and selling drinks, glass containers, malt, and barley in Kenya, Uganda, and Tanzania. The company offers beer under the Tusker, Tusker Lite, Guinness, Bell Lager, Pilsner, Senator, Balozi, Kibo Gold, White Cap, Windhoek, Allsopps, and Serengeti brands. It also provides spirits under the Johnnie Walker, Baileys, Captain Morgan, CÎROC, V&A Sherry, J&B, Richot, Smirnoff, Waragi, Tusker, Vat 69, Gordon's, Tanqueray, Myers's, and SNAPP brands; and adult nonalcoholic drinks under the Malta Guinness and Alvaro brands. The company was incorporated in 1922 and is based in Nairobi, Kenya.

9. **United Breweries Limited (BSE:532478)**

Description: United Breweries Limited produces and sells beer primarily in India. It offers beer under the Kingfisher Premium, Kingfisher Strong, Kingfisher Strong Fresh, Kingfisher Draught, Kingfisher Ultra, Kingfisher Blue, Kingfisher Red, Kingfisher Bohemia, Zingaro, UB Export, UB Export Strong, London Pilsner Premium Strong, Kalyani Black Label Strong, Bullet, and Heineken brand names. The company also licenses brands; and provides contract manufacturing services. United Breweries Limited was founded in 1915 and is based in Bengaluru, India.

10. **Anheuser□Busch InBev SA/NV (ENXTBR:ABI)**

Description: Anheuser-Busch InBev SA/NV, a brewing company, produces, markets, distributes, and sells beer. It offers a portfolio of approximately 200 beer brands. The company’s international brands include Budweiser, Stella Artois, Corona, and Beck’s; multi-country brands consist of Leffe and Hoegaarden; and local brands primarily comprise Bud Light, Skol, Brahma, Antarctica, Quilmes, Victoria, Modelo Especial, Michelob Ultra, Harbin, Sedrin, Klinskoye, Sibirskaya Korona, Chernigivske, and Jupiler. It also offers soft drinks. The company has operations in approximately 24 countries. Anheuser-Busch InBev SA/NV was founded in 1366 and is headquartered in Leuven, Belgium.

EXHIBIT 11: Comparables Analysis

(USD$ millions, except per share data)

Company	Price	Equity Value	Enterprise Value	Price / Earnings			EV / EBITDA			EV / Revenue		
				LTM	2014 E	2015 E	LTM	2014 E	2015 E	LTM	2014 E	2015 E
Molson Coors Brewing Company	$59.50	$10,952.3	$14,334.8	19.3x	15.4x	14.1x	10.6x	9.5x	10.5x	3.4x	3.4x	3.3x
Constellation Brands	$84.90	$16,141.2	$23,247.3	41.6x	8.7x	21.7x	25.7x	17.0x	13.9x	25.7x	17.0x	13.9x
Craft Brew Alliance	$15.29	$290.1	$299.1	152.9x	58.8x	46.3x	23.6x	17.4x	14.4x	1.7x	1.5x	1.4x
Average	$ 53.2	**$9,127.9**	**$12,627.1**	71.3x	27.6x	27.4x	20.0x	14.6x	12.9x	10.2x	7.3x	6.2x
Boston Beer Company	$244.26	$3,180.3	$3,131.4	47.2x	38.5x	32.0x	22.3x	18.0x	14.9x	4.2x	3.5x	3.1x
Premium (Discount)				(33.8%)	39.1%	17.0%	11.6%	23.0%	15.2%	(58.6%)	(51.8%)	(49.6%)
LOW				19.3x	8.7x	14.1x	10.6x	9.5x	10.5x	1.7x	1.5x	1.4x
HIGH				152.9x	58.8x	46.3x	25.7x	18.0x	14.9x	25.7x	17.0x	13.9x
RANGE				19.3x - 152.9x	8.7x - 58.8x	14.1x - 46.3x	10.6x - 25.7x	9.5x - 18.0x	10.5x - 14.9x	1.7x - 25.7x	1.5x - 17.0x	1.4x - 13.9x
MEAN				71.3x	27.6x	27.4x	20.0x	14.6x	12.9x	10.2x	7.3x	6.2x
ENTERPRISE VALUE							2805.43	2545.24	2719.19	7570.58	6500.49	6219.01
NET DEBT							-48.90	-48.90	-48.90	-48.90	-48.90	-48.90
EQUITY VALUE							2756.53	2496.34	2670.29	7521.68	6451.59	6170.11
DIVIDED BY SHARES							13.00	13.00	13.00	13.00	13.00	13.00
PRICE PER SHARE				**$369.22**	**$175.55**	**$208.70**	**$212.04**	**$192.03**	**$205.41**	**$578.59**	**$496.28**	**$474.62**
IMPLIED PPS BASED ON AVERAGE		**$323.60**										

EXHIBIT 12: WACC Calculation

COST OF EQUITY AND DEBT CAPITAL		
For SAM in 2013	**Value**	**Source**
Risk-fee rate (T-bill rate)	2.73%	Capital IQ 10-year treasury rate
Beta	0.63	Capital IQ
Market Risk Premium	5.00%	Survey's of CFOs and academics
Ke (Cost of Equity)	5.88%	rf + beta*(rm-rf)
Kd (Cost of Debt)	4.91%	Cost of Debt Based on Comparables
Ko (Cost of Operations)	5.88%	Ke*Ve/Vf+Kd*Vd/Vf
Market Value of Equity	3,186.40	Capital IQ
Market Value of Debt	0.6	Capital IQ
Market Value of the Firm	3,187.00	
Proportion of Firm Value that is equity	0.999811735	
Proportion of Firm Value that is debt	0.000188265	
WACC	5.8798%	

EXHIBIT 13: Cost of Debt Estimation

COMPARABLE COMPANIES' PRE-TAX COST OF DEBT

		2008	2009	2010	2011	2012	2013
Molson Coors Brewing	Interest Expense	119.1	96.6	110.2	118.7	196.3	183.8
	Average Total Debt	1752.1	1732.55	1836.3	1959.6	3307.25	3964.85
	Pre-Tax Cost of Debt	**6.80%**	**5.58%**	**6.00%**	**6.06%**	**5.94%**	**4.64%**
Craft Brew Alliance	Interest Expense	1.5	2.1	1.4	0.9	0.7	0.5
	Average Total Debt	34.5	30.75	27.5	21.2	13.85	12.5
	Pre-Tax Cost of Debt	**4.35%**	**6.83%**	**5.09%**	**4.25%**	**5.05%**	**4.00%**
Constellation Brands	Interest Expense	310.46	326.8	275.5	198.8	187.6	233.9
	Average Total Debt	3988.48	4198.4	3868.2	3318.85	2978	3074.9
	Pre-Tax Cost of Debt	**7.28%**	**7.78%**	**7.12%**	**5.99%**	**6.30%**	**7.61%**

ESTIMATING BOSTON BEER'S COST OF DEBT

	2008	2009	2010	2011	2012	2013
Comparables' Average	6.14%	6.73%	6.07%	5.43%	5.76%	5.41%
Downward Adjustment	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%
Boston Beer Estimate	5.64%	6.23%	5.57%	4.93%	5.26%	4.91%

EXHIBIT 14: Option Overhang

OPTION OVERHANG CALCULATION		
Executive share option plan		
Number of Options outstanding	1,679,835	from 2013 10-K
Estimated option value	198.1101	
Total estimated value	332.792237	in millions USD
Tax benefit of exercise	124.797089	
After tax cost of option exercise	**207.995148**	**Total Option Overhang**

Underlying Price	241.85
Exercise Price	50.14
Historical Volatility	33.19%
Risk Free Rate	2.73%
Dividened Yield	0.00%
Time to Expiration	4.81
d1	2.7060
d2	1.9781
Estimated option value	*198.1101*

EXHIBIT 15: Discounted Cash Flow Valuation

Discounted Cash Flow Analysis	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue	513.0	580.2	739.1	813.0	894.3	983.7	1,082.0	1,168.6	1,262.1	1,325.2	1,391.5	1,433.2	1,476.2
% Growth	10.61%	13.10%	27.37%	10.00%	10.00%	10.00%	10.00%	8.00%	8.00%	5.00%	5.00%	3.00%	3.00%
EBIT	83.8	95.7	114.7	94.1	122.9	205.9	261.4	282.3	330.5	347.7	365.4	376.7	388.4
% Growth	10.61%	13.10%	27.37%	10.00%	10.00%	10.00%	10.00%	8.00%	8.00%	5.00%	5.00%	3.00%	3.00%
Add: Depreciation and Amortization	18.8	20.2	25.9	31.7	38.8	47.5	58.2	61.1	64.1	67.4	70.7	74.3	78.0
% Growth	7.83%	7.54%	28.18%	22.42%	22.42%	22.42%	22.42%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
EDITDA	102.6	115.9	140.6	125.8	161.7	253.5	319.6	343.4	394.6	415.0	436.1	451.0	466.4
% Growth	3.75%	12.99%	21.24%	-10.52%	28.60%	56.70%	26.09%	7.44%	14.92%	5.18%	5.07%	3.41%	3.41%
% Margin	20.00%	19.98%	19.02%	15.47%	18.09%	25.77%	29.54%	29.38%	31.27%	31.32%	31.34%	31.47%	31.59%
EBITDA Less Book Based D&A	83.8	95.7	114.7	94.1	122.9	205.9	261.4	282.3	330.5	347.7	365.4	376.7	388.4
% Growth	10.61%	13.10%	27.37%	10.00%	10.00%	10.00%	10.00%	8.00%	8.00%	5.00%	5.00%	3.00%	3.00%
% Margin	16.34%	16.50%	15.51%	11.57%	13.75%	20.94%	24.16%	24.15%	26.18%	26.24%	26.26%	26.28%	26.31%
Cash Taxes @ 37.5%	31.4	35.9	43.0	35.3	46.1	77.2	98.0	105.9	123.9	130.4	137.0	141.3	145.6
Unlevered Cash Net Income	52.4	59.8	71.7	58.8	76.8	128.7	163.4	176.4	206.5	217.3	228.4	235.4	242.7
% Growth	2.88%	14.21%	19.77%	-17.96%	30.69%	67.52%	26.94%	7.98%	17.07%	5.22%	5.09%	3.10%	3.10%
% Margin	10.21%	10.31%	9.70%	7.23%	8.59%	13.08%	15.10%	15.10%	16.36%	16.40%	16.41%	16.43%	16.44%
Selected Cash Flow Statement Items													
Book Based Depreciation and Amortization	18.8	20.2	25.9	31.7	38.8	47.5	58.2	61.1	64.1	67.4	70.7	74.3	78.0
% Margin	3.66%	3.48%	3.50%	3.90%	4.34%	4.83%	5.38%	5.23%	5.08%	5.08%	5.08%	5.18%	5.28%
Capital Expenditures	(19.6)	(66.0)	(100.7)	(162.2)	(178.4)	(196.2)	(215.9)	(157.2)	(169.8)	(178.2)	(187.2)	(192.8)	(198.5)
% Margin	-3.82%	-11.37%	-13.63%	-19.95%	-19.95%	-19.95%	-19.95%	-13.45%	-13.45%	-13.45%	-13.45%	-13.45%	-13.45%
Change in Working Capital	18.4	(10.2)	11.4	8.1	8.9	9.8	10.8	11.7	12.6	13.3	13.9	14.3	14.8
% of Sales	3.58%	-1.76%	1.54%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Unlevered Free Cash Flow	70.0	3.8	8.3	(63.6)	(53.8)	(10.2)	16.5	92.0	113.6	119.7	125.9	131.3	136.9
% Growth	13.17%	-94.57%	117.18%	-869.67%	-15.34%	-81.10%	-262.36%	457.23%	23.39%	5.39%	5.16%	4.31%	4.32%
Current Assets (Balance Sheet)	76.3	87.9	114.8										
Current Liabilities (Balance Sheet)	67.0	88.9	104.4										
Working Capital	9.2	(1.0)	10.4										
Discount Period				1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0
Discount Factor				0.9445	0.8920	0.8425	0.7957	0.7515	0.7098	0.6704	0.6331	0.5980	0.5648
Present Value of Unlevered Free Cash Flows				(67.3)	(60.3)	(12.1)	20.8	122.5	160.0	178.5	198.8	219.5	242.5
WACC													

EXHIBIT 16: Residual Operating Income Valuation

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Operating income	71,954.82	58,788.87	76,829.88	128,708.69	163,377.71	176,421.30	206,532.99	217,306.19	228,365.60	235,445.42	242,749.95
Change in NOA	81,373.35	73,333.47	49,737.27	58,914.03	51,709.61	58,641.25	63,011.89	68,575.87	76,599.87	82,300.73	92,099.28
Free cash flow	(9,418.54)	(14,544.60)	27,092.60	69,794.66	111,668.10	117,780.06	143,521.10	148,730.32	151,765.73	153,144.69	150,650.67
RNOA		0.23	0.23	0.34	0.37	0.36	0.37	0.35	0.33	0.31	0.29
ReOI		43,553.45	57,282.58	106,236.94	137,441.92	147,445.08	174,108.77	181,176.99	188,204.26	190,780.15	193,245.54
Growth in ReOI				0.85	0.29	0.07	0.18	0.04	0.04	0.01	0.01
Number of Periods		1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00	9.00	10.00
PV pf ReOI		41,134.80	51,097.09	89,502.67	109,362.01	110,806.28	123,578.11	121,453.70	119,158.21	114,081.32	109,138.41
Cost of operations	0.06										
Total PV of ReOI to 2023	989,312.60										
Continuing value											4,266,827.494
PV of CV	2,409,756.99										
NOA as of 2013	259,113.86										
Value of operations	3,658,183.45										
NFA (NFO)	42,971.14										
Value of net assets of discontinued operations	-										
Option overhang	(208,000.00)										
Minority Interest	-										
Value of common equity	3,493,154.59										
Number of shares outstanding	13,000.00										
Value per share	**$268.70**										

EXHIBIT 17: Abnormal Earnings Income Valuation

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
NOA	259113.8592	332447.3325	382184.604	441098.6347	492808.2493	551449.4943	614461.3812	683037.2536	759637.1272	841937.8551	934037.1352
OI	71954.81712	58788.87375	76829.87504	128708.6932	163377.7109	176421.3032	206532.9897	217306.1945	228365.6034	235445.4228	242749.9474
Cost of Operations	0.058798174	0.058798174	0.058798174	0.058798174	0.058798174	0.058798174	0.058798174	0.058798174	0.058798174	0.058798174	0.058798174
Free Cash Flow	(9,418.54)	(14,544.60)	27,092.60	69,794.66	111,668.10	117,780.06	143,521.10	148,730.32	151,765.73	153,144.69	150,650.67
Cum-FCF Operating Income			75,974.68	130,301.69	167,481.51	182,987.18	213,458.24	225,744.97	237,110.67	244,368.97	251,754.58
Normal Operating Income			62245.55217	81347.33139	136276.5293	172984.022	186794.5537	218676.7524	230083.4019	241793.0839	249289.1837
Abnormal OI Growth			13,729.13	48,954.36	31,204.98	10,003.16	26,663.69	7,068.22	7,027.27	2,575.89	2,465.39
Abnormal OI Growth Rate				2.57	(0.36)	(0.68)	1.67	(0.73)	(0.01)	(0.63)	(0.04)
Number of Periods to Discount			1	2	3	4	5	6	7	8	9
PV of AOIG to 2023	123754.7369		12966.70821	43668.16949	26289.62323	7959.477194	20037.99699	5016.848795	4710.798535	1630.87731	1474.2371
PV of Terminal AOIG	32550.89574										54,435.42
Sum of PV of AOIG	156305.6326										
2014 OI	58788.87375										
Total OI to be capitalized	215094.5064										
Value of Operations	3658183.449										
NFA (NFO)	42971.14078										
Value of net assets of discontinued operations	0										
Option overhang	-208000										
Minority Interest	0										
Value of Common Equity	3493154.59										
Number of Shares Outstanding	13000										
Value of Common Equity Per Share	**$268.70**										

EXHIBIT 18: Sensitivity Analysis

Growth Rate (high growth period)

Discount Rate	$268.57	7.00%	8%	9.00%	10%	11.00%	12.00%	13.00%
	4%	$ 405.18	$ 405.18	$ 405.18	$ 405.18	$ 405.18	$ 405.18	$ 405.18
	5.00%	$ 316.52	$ 316.52	$ 316.52	$ 316.52	$ 316.52	$ 316.52	$ 316.52
	6.00%	$ 263.33	$ 263.33	$ 263.33	$ 263.33	$ 263.33	$ 263.33	$ 263.33
	7.00%	$ 227.86	$ 227.86	$ 227.86	$ 227.86	$ 227.86	$ 227.86	$ 227.86
	8.00%	$ 202.53	$ 202.53	$ 202.53	$ 202.53	$ 202.53	$ 202.53	$ 202.53
	9.00%	$ 183.53	$ 183.53	$ 183.53	$ 183.53	$ 183.53	$ 183.53	$ 183.53

Capex Margin (high growth period)

Discount Rate	$268.57	-15.00%	-16%	-17%	-18%	-19%	-20%	-21%
	4%	$ 419.54	$ 416.64	$ 413.74	$ 410.84	$ 407.93	$ 405.03	$ 402.13
	5.00%	$ 330.89	$ 327.98	$ 325.08	$ 322.18	$ 319.28	$ 316.38	$ 313.47
	6.00%	$ 277.69	$ 274.79	$ 271.89	$ 268.99	$ 266.08	$ 263.18	$ 260.28
	7.00%	$ 242.23	$ 239.33	$ 236.42	$ 233.52	$ 230.62	$ 227.72	$ 224.82
	8.00%	$ 216.90	$ 214.00	$ 211.09	$ 208.19	$ 205.29	$ 202.39	$ 199.49
	9.00%	$ 197.90	$ 195.00	$ 192.10	$ 189.19	$ 186.29	$ 183.39	$ 180.49

Capex Margin (steady state)

Discount Rate	$268.57	-10.00%	-11%	-12%	-13%	-14%	-15%	-16%
	4%	$ 558.45	$ 514.02	$ 469.60	$ 425.17	$ 380.74	$ 336.31	$ 291.89
	5.00%	$ 436.82	$ 401.95	$ 367.08	$ 332.21	$ 297.34	$ 262.47	$ 227.60
	6.00%	$ 363.84	$ 334.71	$ 305.57	$ 276.44	$ 247.30	$ 218.17	$ 189.03
	7.00%	$ 315.19	$ 289.88	$ 264.57	$ 239.25	$ 213.94	$ 188.63	$ 163.32
	8.00%	$ 280.44	$ 257.86	$ 235.28	$ 212.69	$ 190.11	$ 167.53	$ 144.95
	9.00%	$ 254.38	$ 233.84	$ 213.31	$ 192.78	$ 172.24	$ 151.71	$ 131.17

Perpetual Growth

Discount Rate	$268.57	0.00%	0.50%	1.00%	1.50%	2.00%	2.50%	3.00%
	4%	313.8867518	353.011136	405.1769815	478.2091653	587.7574409	770.3379003	1135.498819
	5.00%	261.2193116	285.7974504	316.5201238	356.020704	408.6881442	482.4225605	593.0241849
	6.00%	226.1076848	243.025105	263.3260092	288.1382255	319.1534959	359.030272	412.1993069
	7.00%	201.0279514	213.4134813	227.8632662	244.9402847	265.4327068	290.4790006	321.7868679
	8.00%	182.2181513	191.6982906	202.5327354	215.0340179	229.6188475	246.8554643	267.5394045
	9.00%	167.5883068	175.0925565	183.5348373	193.1027556	204.0375194	216.6545545	231.3744288