

NATIONAL BEVERAGE CORP
Form 10-Q
December 05, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended October 26, 2013

Commission file number 1-14170

NATIONAL BEVERAGE CORP.

(Exact name of registrant as specified in its charter)

Delaware 59-2605822
(State of incorporation) (I.R.S. Employer Identification No.)

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8100 SW Tenth Street, Suite 4000, Fort Lauderdale, FL 33324

(Address of principal executive offices including zip code)

(954) 581-0922

(Registrant's telephone number including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes () No ()

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes () No ()

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act. Large accelerated filer () Accelerated filer () Non-accelerated filer () Smaller reporting company ()

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes () No ()

The number of shares of registrant's common stock outstanding as of November 26, 2013 was 46,330,415.

NATIONAL BEVERAGE CORP.

QUARTERLY REPORT ON FORM 10-Q

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PART I - FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****NATIONAL BEVERAGE CORP. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

(In thousands, except share data)

| | October 26, 2013 | April 27, 2013 |
|---|----------------------------|-----------------------|
| Assets | | |
| Current assets: | | |
| Cash and equivalents | \$27,066 | \$18,267 |
| Trade receivables - net | 55,939 | 64,069 |
| Inventories | 42,920 | 39,234 |
| Deferred income taxes - net | 3,705 | 3,665 |
| Prepaid and other assets | 6,086 | 5,706 |
| Total current assets | 135,716 | 130,941 |
| Property, plant and equipment - net | 56,695 | 57,307 |
| Goodwill | 13,145 | 13,145 |
| Intangible assets | 1,615 | 1,615 |
| Other assets | 5,514 | 5,634 |
| Total assets | \$212,685 | \$208,642 |
| Liabilities and Shareholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$37,251 | \$44,261 |
| Accrued liabilities | 15,851 | 19,142 |
| Income taxes payable | 127 | 34 |
| Total current liabilities | 53,229 | 63,437 |
| Long-term debt | 40,000 | 50,000 |
| Deferred income taxes - net | 14,274 | 14,327 |
| Other liabilities | 10,586 | 10,562 |
| Shareholders' equity: | | |
| Preferred stock, \$1 par value - 1,000,000 shares authorized: | | |
| Series C - 150,000 shares issued | 150 | 150 |
| Series D - 400,000 shares issued, aggregate liquidation preference of \$20,000 | 400 | 400 |
| Common stock, \$.01 par value - 75,000,000 shares authorized; 50,363,199 shares issued (50,361,799 shares at April 27) | 504 | 504 |
| Additional paid-in capital | 50,369 | 50,398 |

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| | | |
|--|-----------|-----------|
| Retained earnings | 62,096 | 37,828 |
| Accumulated other comprehensive loss | (923) | (964) |
| Treasury stock - at cost: | | |
| Series C preferred stock - 150,000 shares | (5,100) | (5,100) |
| Common stock - 4,032,784 shares | (12,900) | (12,900) |
| Total shareholders' equity | 94,596 | 70,316 |
| Total liabilities and shareholders' equity | \$212,685 | \$208,642 |

See accompanying Notes to Consolidated Financial Statements.

NATIONAL BEVERAGE CORP. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**

(In thousands, except per share amounts)

| | Three Months Ended | | Six Months Ended | |
|--|--------------------|------------|------------------|------------|
| | October | October | October | October |
| | 26, | 27, | 26, | 27, |
| | 2013 | 2012 | 2013 | 2012 |
| Net sales | \$ 167,666 | \$ 166,568 | \$ 340,019 | \$ 349,417 |
| Cost of sales | 108,836 | 111,977 | 222,440 | 236,533 |
| Gross profit | 58,830 | 54,591 | 117,579 | 112,884 |
| Selling, general and administrative expenses | 39,681 | 36,127 | 79,767 | 72,380 |
| Interest expense | 166 | 31 | 362 | 63 |
| Other expense - net | 18 | 86 | 58 | 122 |
| Income before income taxes | 18,965 | 18,347 | 37,392 | 40,319 |
| Provision for income taxes | 6,468 | 6,330 | 12,825 | 13,910 |
| Net income | 12,497 | 12,017 | 24,567 | 26,409 |
| Less preferred dividends | (149) | - | (299) | - |
| Earnings available to common shareholders | \$ 12,348 | \$ 12,017 | \$ 24,268 | \$ 26,409 |
| Earnings per common share: | | | | |
| Basic | \$.27 | \$.26 | \$.52 | \$.57 |
| Diluted | \$.27 | \$.26 | \$.52 | \$.57 |
| Weighted average common shares outstanding: | | | | |
| Basic | 46,330 | 46,300 | 46,330 | 46,296 |
| Diluted | 46,510 | 46,485 | 46,514 | 46,477 |

See accompanying Notes to Consolidated Financial Statements.

NATIONAL BEVERAGE CORP. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)**

(In thousands)

| | Three Months Ended | | Six Months Ended | |
|--|-----------------------|----------------|------------------|----------------|
| | October 26, | October 27, | October 26, | October 27, |
| | 2013 | 2012 | 2013 | 2012 |
| Net income | \$12,497 | \$12,017 | \$24,567 | \$26,409 |
| Other comprehensive gain (loss), net of tax: | | | | |
| Cash flow hedges | 321 | 498 | 41 | (380) |
| Comprehensive income | \$12,818 | \$12,515 | \$24,608 | \$26,029 |

See accompanying Notes to Consolidated Financial Statements.

NATIONAL BEVERAGE CORP. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)**

(In thousands)

| | Six Months Ended | |
|---|------------------|----------------|
| | October 26, | October 27, |
| | 2013 | 2012 |
| Series C Preferred Stock | | |
| Beginning and end of period | \$ 150 | \$ 150 |
| Series D Preferred Stock | | |
| Beginning and end of period | 400 | - |
| Common Stock | | |
| Beginning and end of period | 504 | 503 |
| Additional Paid-In Capital | | |
| Beginning of period | 50,398 | 30,425 |
| Stock-based compensation | 24 | 156 |
| Other | (53) | 151 |
| End of period | 50,369 | 30,732 |
| Retained Earnings | | |
| Beginning of period | 37,828 | 109,200 |
| Net income | 24,567 | 26,409 |
| Preferred stock cash dividend | (299) | - |
| End of period | 62,096 | 135,609 |
| Accumulated Other Comprehensive Loss | | |
| Beginning of period | (964) | (642) |
| Cash flow hedges, net of tax | 41 | (380) |
| End of period | (923) | (1,022) |
| Treasury Stock - Series C Preferred | | |
| Beginning and end of period | (5,100) | (5,100) |
| Treasury Stock - Common | | |
| Beginning and end of period | (12,900) | (12,900) |
| Total Shareholders' Equity | \$ 94,596 | \$ 147,972 |

See accompanying Notes to Consolidated Financial Statements.

NATIONAL BEVERAGE CORP. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

(In thousands)

| | Six Months Ended | |
|---|------------------|-----------------|
| | October 26, | October 27, |
| | 2013 | 2012 |
| Operating Activities: | | |
| Net income | \$24,567 | \$26,409 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 5,831 | 5,759 |
| Deferred income tax benefit | (117) | (317) |
| Loss on disposal of property, net | - | 44 |
| Stock-based compensation | 24 | 156 |
| Changes in assets and liabilities: | | |
| Trade receivables | 8,130 | 4,972 |
| Inventories | (3,686) | (2,068) |
| Prepaid and other assets | (374) | (1,121) |
| Accounts payable | (7,010) | (15,120) |
| Accrued and other liabilities | (3,860) | (2,569) |
| Net cash provided by operating activities | 23,505 | 16,145 |
| Investing Activities: | | |
| Additions to property, plant and equipment | (4,371) | (3,226) |
| Proceeds from sale of property, plant and equipment | 17 | 10 |
| Net cash used in investing activities | (4,354) | (3,216) |
| Financing Activities: | | |
| Dividends paid on preferred stock | (299) | - |
| Repayments under credit facilities | (10,000) | - |
| Other, net | (53) | 151 |
| Net cash (used in) provided by financing activities | (10,352) | 151 |
| Net Increase in Cash and Equivalents | 8,799 | 13,080 |
| Cash and Equivalents - Beginning of Year | 18,267 | 35,626 |
| Cash and Equivalents - End of Period | \$27,066 | \$48,706 |
| Other Cash Flow Information: | | |
| Interest paid | \$395 | \$51 |
| Income taxes paid | \$13,551 | \$13,046 |

See accompanying Notes to Consolidated Financial Statements.

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NATIONAL BEVERAGE CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

National Beverage Corp. develops, manufactures, markets and sells a diverse portfolio of flavored beverage products primarily in North America. Incorporated in Delaware in 1985, National Beverage Corp. is a holding company for various operating subsidiaries. When used in this report, the terms “we,” “us,” “our,” “Company” and “National Beverage” mean National Beverage Corp. and its subsidiaries.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements include the accounts of National Beverage Corp. and its subsidiaries. Significant intercompany transactions and accounts have been eliminated.

The consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles (“GAAP”) and rules and regulations of the Securities and Exchange Commission for interim financial reporting. Accordingly, they do not include all information and notes presented in the annual consolidated financial statements. The consolidated financial statements should be read in conjunction with the annual consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the fiscal year ended April 27, 2013. The accounting policies used in these interim consolidated financial statements are consistent with those used in the annual consolidated financial statements.

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. In our opinion, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Results for the interim periods presented are not necessarily indicative of results which might be expected for the entire fiscal year.

Derivative Financial Instruments

We use derivative financial instruments to partially mitigate our exposure to changes in raw material costs. All derivative financial instruments are recorded at fair value in our Consolidated Balance Sheets. The estimated fair value of derivative financial instruments is calculated based on market rates to settle the instruments. We do not use derivative financial instruments for trading or speculative purposes. Credit risk related to derivative financial

instruments is managed by requiring high credit standards for counterparties and frequent cash settlements. See Note 5.

Earnings Per Common Share

Basic earnings per common share is computed by dividing earnings available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per common share is calculated in a similar manner, but includes the dilutive effect of stock options.

Inventories

Inventories are stated at the lower of first-in, first-out cost or market. Inventories at October 26, 2013 are comprised of finished goods of \$26.1 million and raw materials of \$16.8 million. Inventories at April 27, 2013 are comprised of finished goods of \$23.2 million and raw materials of \$16.0 million.

2. PROPERTY, PLANT AND EQUIPMENT

Property consists of the following:

| | (In thousands) | |
|-------------------------------------|------------------------|-------------------|
| | October 26, 2013 | April 27, 2013 |
| Land | \$9,779 | \$9,779 |
| Buildings and improvements | 49,996 | 49,391 |
| Machinery and equipment | 144,628 | 141,314 |
| Total | 204,403 | 200,484 |
| Less accumulated depreciation | (147,708) | (143,177) |
| Property, plant and equipment – net | \$56,695 | \$57,307 |

Depreciation expense was \$2.4 million and \$5.0 million for the three and six months ended October 26, 2013, respectively, and \$2.4 million and \$4.7 million for the three and six months ended October 27, 2012, respectively.

3. DEBT

At October 26, 2013, a subsidiary of the Company maintained unsecured revolving credit facilities with banks aggregating \$100 million (the “Credit Facilities”). The Credit Facilities expire from November 22, 2015 to April 30, 2016 and current borrowings bear interest at .9% above one-month LIBOR (1.1% at October 26, 2013). At October 26, 2013, borrowings outstanding under the Credit Facilities were \$40 million, \$2.3 million of the Credit Facilities were used for standby letters of credit and \$57.7 million were available for borrowings.

The Credit Facilities require the subsidiary to maintain certain financial ratios, including debt to net worth and debt to EBITDA (as defined in the Credit Facilities), and contain other restrictions, none of which are expected to have a material effect on our operations or financial position. At October 26, 2013, we were in compliance with all loan covenants.

4. STOCK-BASED COMPENSATION

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During the six months ended October 26, 2013, options to purchase 4,500 shares of common stock were granted (weighted average exercise price of \$6.96 per share), options to purchase 1,400 shares were exercised (weighted average exercise price of \$3.05 per share), and options to purchase 29,800 shares were cancelled (weighted average exercise price of \$6.90). At October 26, 2013, options to purchase 415,110 shares (weighted average exercise price of \$6.77 per share) were outstanding and stock-based awards to purchase 3,031,934 shares of common stock were available for grant.

5. DERIVATIVE FINANCIAL INSTRUMENTS

We have entered into various aluminum swap contracts to partially mitigate our exposure to changes in the cost of aluminum cans through April 2014. The financial instruments were designated and accounted for as a cash flow hedge. Accordingly, gains or losses attributable to the effective portion of the cash flow hedge are reported in Accumulated Other Comprehensive Loss (“AOCL”) and reclassified into earnings through cost of sales in the period in which the hedged transaction affects earnings. The ineffective portion of the change in fair value of our cash flow hedge was immaterial. The following summarizes the gains (losses) recognized in the Consolidated Statements of Income and Comprehensive Income relative to cash flow hedges for the three and six months ended October 26, 2013 and October 27, 2012:

| | (In thousands) | | | |
|--|----------------|---------|------------|-----------|
| | Three Months | | Six Months | |
| | Ended | Ended | Ended | Ended |
| | 2013 | 2012 | 2013 | 2012 |
| Recognized in AOCI: | | | | |
| Gain (loss) before income taxes | \$(139) | \$175 | \$(1,151) | \$(2,143) |
| Less income tax provision (benefit) | (51) | 86 | (427) | (795) |
| Net | \$(88) | \$89 | \$(724) | \$(1,348) |
| Reclassified from AOCI to cost of sales: | | | | |
| Loss before income taxes | \$(650) | \$(644) | \$(1,216) | \$(1,546) |
| Less income tax benefit | (241) | (235) | (451) | (578) |
| Net | \$(409) | \$(409) | \$(765) | \$(968) |
| Net change to AOCI | \$321 | \$498 | \$41 | \$(380) |

As of October 26, 2013, the notional amount of our outstanding aluminum swap contracts was \$14.2 million and, assuming no change in the commodity prices, \$899,000 of unrealized loss before tax will be reclassified from AOCL and recognized in cost of sales over the next six months. See Note 1.

As of October 26, 2013 and April 27, 2013, the fair value of the derivative liability was \$899,000 and \$964,000, respectively, which was included in accrued liabilities. Such valuation does not entail a significant amount of judgment and the inputs that are significant to the fair value measurement are Level 2 as defined by the fair value hierarchy as they are observable market based inputs or unobservable inputs that are corroborated by market data.

6. COMMITMENTS AND CONTINGENCIES

As of October 26, 2013, we guaranteed the residual value of certain leased equipment in the amount of \$5.7 million. On August 1, 2013, the lease term was extended for 12 months to August 1, 2014. If the proceeds from the sale of such equipment are less than the balance required by the lease when the lease terminates, the Company shall be required to pay the difference up to such guaranteed amount. The Company expects to have no loss on such guarantee.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

National Beverage Corp. is an acknowledged leader in the development, manufacturing, marketing and sale of a diverse portfolio of flavored beverage products. Our primary market focus is the United States, but our products are also distributed in Canada, Mexico, the Caribbean, Latin America, the Pacific Rim, Asia, Europe and the Middle East. A holding company for various operating subsidiaries, National Beverage Corp. was incorporated in Delaware in 1985 and began trading as a public company on the NASDAQ Stock Market in 1991. In this report, the terms "we," "us," "our," "Company" and "National Beverage" mean National Beverage Corp. and its subsidiaries unless indicated otherwise.

Our brands consist of (i) carbonated soft drinks in a variety of flavors as well as regular, diet and reduced-calorie options, and (ii) beverages geared toward the active and health-conscious consumer ("Power+ Brands"), including energy drinks and shots, juices, sparkling waters and enhanced beverages. In addition, we produce soft drinks for certain retailers ("Allied Brands") that endorse the concept ("Strategic Alliance") of having our brands and the Allied Brands marketed to produce the effect of enhanced growth of both. We employ a philosophy that emphasizes vertical integration; our vertically-integrated manufacturing model unites the procurement of raw materials and production of concentrates with the manufacture of finished products in our twelve manufacturing facilities. To service a diverse customer base that includes numerous national retailers as well as hundreds of smaller "up-and-down-the-street" accounts, we have developed a hybrid distribution system that promotes and utilizes customers' warehouse distribution facilities and our own direct-store delivery fleet plus the direct-store delivery systems of independent distributors and wholesalers.

We consider ourselves to be a leader in the development and sale of flavored beverage products. Our carbonated soft drink flavor development spans over 100 years originating with our flagship brands, Shasta® and Faygo®, and includes our Ritz® and Big Shot® brands along with St. Nick's® holiday soft drinks. Our portfolio of products we refer to as Power+ Brands are targeted to consumers seeking healthier and functional alternatives to complement their active lifestyles, and include LaCroix®, Crystal Bay® and Clear Fruit® flavored, sparkling and spring water products; Rip It® energy drinks and shots; Mega Sport® isotonic sports drinks; Everfresh®, Home Juice® and Mr. Pure® 100% juice and juice-based products and Ohana® fruit-flavored non-carbonated fruit drinks, lemonades and teas.

Our strategy emphasizes the growth of our products by (i) offering a beverage portfolio of proprietary flavors with distinctive packaging and broad demographic appeal, (ii) supporting the franchise value of regional brands, (iii) appealing to the "quality-value" expectations of the family consumer, (iv) responding to demographic trends by developing innovative products designed to expand distribution in higher-margin channels, and (v) expanding our focus on healthier and functional beverages tailored toward healthy, active lifestyles.

The majority of our sales are seasonal with the highest volume typically realized during the summer months. As a result, our operating results from one fiscal quarter to the next may not be comparable. Additionally, our operating results are affected by numerous factors, including fluctuations in the costs of raw materials, changes in consumer preference for beverage products, competitive pricing in the marketplace and weather conditions.

RESULTS OF OPERATIONS

Three Months Ended October 26, 2013 (second quarter of fiscal 2014) compared to Three Months Ended October 27, 2012 (second quarter of fiscal 2013)

Net sales for the second quarter of fiscal 2014 increased .7% to \$167.7 million compared to \$166.6 million for the second quarter of fiscal 2013. The sales improvement is due to case volume growth of 12.5% for our Power+ Brands and a 1.5% increase in unit pricing related to favorable product mix changes. This improvement was partially offset by a 5.8% decline in carbonated soft drink volume.

Gross profit approximated 35.1% of net sales for the second quarter of fiscal 2014 compared to 32.8% of net sales for the second quarter of fiscal 2013. The gross profit improvement is due to favorable product mix changes and higher unit pricing mentioned above. Cost of sales per unit declined 2.0%.

Selling, general & administrative expenses were \$39.7 million or 23.7% of net sales for the second quarter of fiscal 2014 compared to \$36.1 million or 21.7% of net sales for the second quarter of fiscal 2013. The increase in expenses was due to higher advertising and marketing expenses.

Interest expense increased to \$166,000 for the second quarter of fiscal 2014, primarily due to increased borrowings under credit facilities. Other expense includes interest income of \$4,000 for the second quarter of fiscal 2014 and \$11,000 for the second quarter of fiscal 2013.

The Company's effective income tax rate, based upon estimated annual income tax rates, was 34.1% for the second quarter of fiscal 2014 and 34.5% for the second quarter of fiscal 2013. The difference between the effective rate and the federal statutory rate of 35% was primarily due to the effect of state income taxes and the manufacturing deduction.

Six Months Ended October 26, 2013 (first six months of fiscal 2014) compared to Six Months Ended October 27, 2012 (first six months of fiscal 2013)

Net sales for the first six months of fiscal 2014 decreased 2.7% to \$340.0 million compared to \$349.4 million for the six months of fiscal 2013. The lower sales resulted from an 8.0% decline in carbonated soft drink volume, primarily

attributable to unfavorable weather conditions throughout the U.S. during the first quarter and continuing industry-wide decline. This decline was partially offset by case volume growth of 6.3% for our Power+ Brands and a 1.4% improvement in unit pricing related to favorable product mix changes.

Gross profit approximated 34.6% of net sales for the first six months of fiscal 2014 compared to 32.3% of net sales for the first six months of fiscal 2013. The gross profit improvement is due to favorable product mix changes and higher unit pricing mentioned above. Cost of sales per unit declined 2.0%.

Selling, general & administrative expenses were \$79.8 million or 23.5% of net sales for the first six months of fiscal 2014 compared to \$72.4 million or 20.7% of net sales for the first six months of fiscal 2013. The increase in expenses was due to higher advertising and marketing expenses.

Interest expense increased to \$362,000 for the first six months of fiscal 2014, primarily due to increased borrowings under credit facilities. Other expense includes interest income of \$7,000 for the first six months of fiscal 2014 and \$25,000 for the first six months of fiscal 2013.

The Company's effective income tax rate, based upon estimated annual income tax rates, was 34.3% for the first six months of fiscal 2014 and 34.5% for the first six months of fiscal 2013. The difference between the effective rate and the federal statutory rate of 35% was primarily due to the effect of state income taxes and the manufacturing deduction.

LIQUIDITY AND FINANCIAL CONDITION

Liquidity and Capital Resources

Our principal source of funds is cash generated from operations and borrowings under our credit facilities. At October 26, 2013, we maintained \$100 million unsecured revolving credit facilities of which \$40 million of borrowings were outstanding and \$2.3 million was used for standby letters of credit. We believe that existing capital resources will be sufficient to meet our liquidity and capital requirements for the next twelve months.

Cash Flows

The Company's cash position for the first six months of fiscal 2014 increased \$8.8 million from April 27, 2013, which compares to an increase of \$13.1 million for the similar 2013 fiscal period.

Net cash provided by operating activities for the first six months of fiscal 2014 amounted to \$23.5 million compared to \$16.1 million for the similar 2013 fiscal period. For the first six months of fiscal 2014, cash flow was principally provided by net income of \$24.6 million and depreciation and amortization aggregating \$5.8 million, offset in part by an increase in inventory and decline in liabilities.

Net cash used in investing activities for the first six months of fiscal 2014, consisting of capital expenditures, amounted to \$4.4 million compared to \$3.2 million for the similar 2013 fiscal period.

Net cash used in financing activities for the first six months of fiscal 2014 amounted to \$10.4 million, which included \$10 million in principal payments under Credit Facilities.

Financial Position

During the first six months of fiscal 2014, working capital increased \$15.0 million to \$82.5 million. The improvement in working capital resulted from higher cash and inventory levels, partially offset by a lower receivables balance. Due

to improved collections, trade receivables decreased \$8.1 million resulting in a decline in days sales outstanding from 34.7 days at April 27, 2013 to 30.4 days at October 26, 2013. Inventories increased approximately \$3.7 million primarily due to higher inventory levels related to new products and to support planned customer promotions. The current ratio was 2.5 to 1 at October 26, 2013 compared to 2.1 to 1 at April 27, 2013.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in market risks from those reported in our Annual Report on Form 10-K for the fiscal year ended April 27, 2013.

ITEM 4. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of the Company's management, including our Chief Executive Officer and Principal Financial Officer, of the effectiveness of the design and operation of our "disclosure controls and procedures" (as defined in Rule 13a-15(e) of the Exchange Act). Based upon that evaluation, the Chief Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures were effective to ensure information required to be disclosed by us in reports we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in SEC rules and (2) accumulated and communicated to our management, including our Chief Executive Officer and Principal Financial Officer, to allow timely decisions regarding required disclosure.

There were no changes in our internal control over financial reporting during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

FORWARD-LOOKING STATEMENTS

Certain statements in this Quarterly Report on Form 10-Q (the "Form 10-Q") constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to, the following: general economic and business conditions, pricing of competitive products, success in acquiring other beverage businesses, success of new product and flavor introductions, fluctuations in the costs of raw materials, our ability to increase selling prices, continued retailer support for our products, changes in consumer preferences, success of implementing business strategies, changes in business strategy or development plans, government regulations, regional weather conditions and other factors referenced in this Form 10-Q. For a further list and description of various risks, relevant factors and uncertainties that could cause future results or events to differ materially from those expressed or implied in our forward-looking statements, see the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections contained in our Annual Report on Form 10-K for the fiscal year ended April 27, 2013 and other filings with the Securities and Exchange Commission. We disclaim an obligation to update any such factors or to publicly announce the results of any revisions to any forward-looking statements contained herein to reflect future events or developments.

PART II - OTHER INFORMATION

ITEM 1A. RISK FACTORS

There have been no material changes in risk factors from those reported in our Annual Report on Form 10-K for the fiscal year ended April 27, 2013.

ITEM 6. EXHIBITS

Exhibit No. Description

31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2 Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.1 Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

32.2 Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

The following financial information from National Beverage Corp. Quarterly Report on Form 10-Q for the quarterly period ended October 26, 2013, formatted in XBRL (eXtensible Business Reporting Language): (i) 101 Consolidated Balance Sheets; (ii) Consolidated Statements of Income; (iii) Consolidated Statements of Comprehensive Income; (iv) Consolidated Statements of Shareholders' Equity; (v) Consolidated Statements of Cash Flows; and (vi) the Notes to Consolidated Financial Statements.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: December 5, 2013

National Beverage Corp.
(Registrant)

By: /s/ Dean A. McCoy
 Dean A. McCoy
 Senior Vice President and
 Chief Accounting Officer