

NATIONAL BEVERAGE CORP

Form 10-K

July 14, 2016

United States Securities and Exchange Commission

Washington, D.C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended April 30, 2016

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

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.)

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

(Address of principal executive offices including zip code)

Registrant's telephone number, including area code: (954) 581-0922

Securities registered pursuant to Section 12(b) of the Act:

| <u>Title of each class</u> | <u>Name of each exchange on which registered</u> |
|---|--|
| Common Stock, par value \$.01 per share | The NASDAQ Global Select Market |

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes () No ()

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes () No ()

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 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 during the preceding 12 months. Yes () No ()

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ()

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 aggregate market value of the common stock held by non-affiliates of Registrant computed by reference to the closing sale price of \$37.64 on October 30, 2015 was approximately \$435.2 million.

The number of shares of Registrant's common stock outstanding as of July 7, 2016 was 46,556,450.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for the 2016 Annual Meeting of Shareholders are incorporated by reference in Part III of this report.

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PART I

ITEM 1. BUSINESS

GENERAL

National Beverage Corp. proudly refreshes America with a distinctive portfolio of Sparkling Waters, Juices, Energy Drinks and Carbonated Soft Drinks. We believe our ingenious product designs, innovative packaging and imaginative flavors, along with our corporate culture and philosophy, makes National Beverage unique in the beverage industry. The Company's primary market focus is the United States, but our products are also distributed in various other countries. 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.

National Beverage is in an ongoing transition to meet the healthy hydration demands of the American consumer. Health and wellness awareness has increased significantly, resulting in growing demand for beverages with little or no calories and wholesome natural ingredients. Our brands emphasize distinctly-flavored beverages in attractive packaging that appeal to multiple demographic groups. The attentive, conscious and discriminating consumer is ever more alert to healthy choices and better-for-you ingredients that align to this transition and strategic focus.

We believe the combination of our business strategies and philosophies is key to greater competitive advantage and differentiation from competitors. Points of differentiation include the following:

Healthy Transformation – We focus on developing healthier beverages in response to the global shift in consumer buying habits. We are committed to tailoring the variety and types of beverages in our portfolio to satisfy the preferences of a diverse mix of ‘crossover consumers’ – a growing group desiring a change to better-for-you beverages.

Flavor Innovation – Throughout our product lines and brands, we emphasize distinctly flavored beverages. Building on a rich tradition of flavor and brand innovation with over a 125 year history of development with iconic brands such as Shasta® and Faygo®, we consider ourselves a leader in flavor and essence technology. Proprietary flavors and essences are developed and tested in-house and only made commercially available after extensive concept and sensory evaluation. Our variety of flavors provides us a unique advantage with today’s consumers who demand variety and refreshing beverage alternatives.

Quality Ethic – We believe consumers demand quality, and we are committed to producing and developing products of the highest quality that also appeal to the value expectations of the consumer. We believe we can leverage our efficient production and distribution systems, and our cost-effective social media and regionally focused marketing programs, to profitably deliver products at optimal consumer price-points.

Creative Dynamics – In a beverage industry that is dominated by the “cola giants”, we pride ourselves on our ability to respond faster and more creatively to consumer trends than competitors who are burdened by production and distribution complexity as well as legacy costs. The ability to identify consumer trends and create new product concepts to lead the market defines our new product development model. Speed to market with the right concept, unique flavor creation and trend forward ‘better-for-you’ continues to be our goal. As with flavor development, internal development teams are responsible for concept creation, packaging and design, which allows for rapid ‘go to market’ timing and reduced development costs.

BRANDS

Our brands consist of (i) beverages geared to the active and health-conscious consumer (“Power+ Brands”) including sparkling waters, energy drinks, and juices, and (ii) Carbonated Soft Drinks in a variety of flavors including regular, sugar-free and reduced calorie options. We believe our unique brands and speed-to-market are key factors to our success.

Power+ Brands –

LaCroix

100% all natural LaCroix® Sparkling Water, our strategically largest and fastest-growing brand, has set the pace in the Sparkling Water category that is rapidly becoming the alternative to traditional carbonated soda. With *zero* calories, *zero* sweeteners and *zero* sodium, the *innocence* of LaCroix has propelled it to the top-selling all natural domestic sparkling water. LaCroix has the support of national chains in multiple channels, including mass merchants, mainstream supermarkets and natural and specialty food retailers and has a flourishing social media presence. Flavored with natural fruit essence, LaCroix has expanded its core line with five new offerings - Coconut, Mango, Apricot, Passionfruit and Tangerine.

LaCroix’s dynamic ‘theme’ LaCroix Cúrate™ (‘Cure Yourself’) celebrates French sophistication with Spanish zest with three new bold flavors – Melón Pomelo (cantaloupe pink grapefruit), Múre Pepino (blackberry cucumber) and Kiwi Sandia (kiwi watermelon). Cúrate naturally refreshes in tall 12 oz. consumer-favored cans. Eloquent graphics, robust aroma, naturally ‘essenced’ and premium-priced, Cúrate is a trendsetting addition to a brand that is the healthy alternative for trend-forward consumers.

NiCola™ by LaCroix, an innovative sparkling water with the essence and flavor of cola, is ‘*innocent*’ of calories, sodium, sweetener or any ingredient that the health-conscious consumer avoids. NiCola is designed for those cola and diet cola drinkers within the \$79 billion U.S. carbonated soft drink market who are looking to ‘crossover’ to a beverage that complements a healthier lifestyle.

Additional LaCroix themes are in development and feature unique packaging, ground-breaking flavor concepts, and a go-to-market strategy designed to provide additional placements within the retail environment outside the traditional grocery shelf.

Shasta Sparkling

Shasta Sparkling Water® duplicates the iconic flavors that have charmed its loyal consumers over the past 125 plus years with the first genuine soft-drink alternative (SDA). Shasta Sparkling is naturally-essenced without calories, sodium and sweeteners. ‘*Simply Natural and Smartly Healthy,*’ Shasta Sparkling flavors include: Lemon-Lime Splash, Draft Root Beer, Shasta Cola, California Orange, Original Pure and Big Black Cherry.

Shasta Sparkling was successfully test marketed in the Western U.S. in the fourth quarter of fiscal year 2016 and has been introduced within Shasta’s demographic areas to give carbonated soft drink consumers who want their nostalgic Shasta flavors an entirely ‘*innocent*’ and exciting alternative. Shasta Sparkling complements a healthier lifestyle with its eloquent design and is packaged in tall 10.5 oz. cans with an industry first “clean” label.

Everfresh and Mr. Pure

Everfresh® 100% juice and juice drinks are available in a variety of flavors, from such classics as Orange, Cranberry and flavored lemonades to exotics that include Premium Papaya and Pineapple Mango. Originating in the Midwest, the Everfresh signature package is a hot-filled, 16 oz. glass bottle primarily for single-serve consumption. Additional consumer-friendly packages range from 10 oz. to 64 oz.

Everfresh Premier Varietals™, a unique theme from Everfresh, is positioned as a stand-alone brand for display in the produce section of supermarkets. Everfresh Premier Varietals is a premium line of 100% natural apple juice derived from a variety of apples specific to the taste of the varietal, such as Granny Smith, McIntosh, Honey Crisp, Golden Delicious, Fuji and Pink Lady. Premier Varietals are packaged in award-winning 12 oz. glass bottles with decorative tamper-evident neck seals.

Mr. Pure® juice drinks are marketed in a variety of flavors, from classics like Apple, Orange and Grapefruit to unique flavors such as Peach Watermelon, Grape Cranberry and Island Punch. Mr. Pure is distributed in the Midwest primarily in 16 oz. glass bottles designed for single-serve consumption.

Rip It

Rip It® energy fuel is the flavor innovator in the growing energy category with unique flavors, including six that are sugar-free, bringing variety and value to the widening consumer base. Rip It “Tribute” themed energy is a successful military inspired addition to the lineup that now includes its latest offering, Tribute Cherry Lime. Building on the flavor tradition of original Rip It, a 2 oz. sugar free shot version in seven flavors is marketed through our distribution system in multiple displayable package configurations.

Carbonated Soft Drinks –

More than 125 years old, Shasta is recognized as a bottling industry pioneer and innovator. Shasta features multiple flavors, including products targeted to the growing Hispanic and other ethnic markets, and continues to earn consumer loyalty by delivering value, convenience and such unique tastes as California Dreamin’, Very Cherry Twist and Fiesta Punch.

More than 100 years old, Faygo products are primarily distributed east of the Mississippi River and include numerous unique flavors including Red Pop®, Moon Mist®, and Rock’n’Rye®. We also produce and market Ritz® soft drinks and seltzers, primarily in the southeastern U.S., distribute Big Shot® in New Orleans and surrounding areas, and offer St. Nick’s® soft drinks during the holiday season. During recent years, we reformulated many of our brands to reduce the caloric content while still preserving their time-tested flavor profiles.

Although typical cola drinks account for approximately 48% of the soft drink industry's domestic grocery channel volume, colas account for less than 15% of our total volume. We tailor our marketing and promotion programs by locale; many of our carbonated soft drink brands enjoy a regional identification that fosters long-term consumer loyalty and make them less vulnerable to competitive substitution. In addition, products produced locally often generate more aggressive retailer-sponsored promotional activities and receive media exposure through community activities rather than costly national advertising.

Our brands, optically and ingredient-wise, are always a work in process. We are continually striving to make all our soft drinks healthier beverages while still maintaining their iconic taste profiles. As often as innovation develops, we endeavor to significantly improve our products, always seeking quality and authenticity over cost.

PRODUCTION

We employ a philosophy that emphasizes vertical integration; our production model integrates the procurement of raw materials and crafting of concentrates with the production of finished products. Our twelve strategically located production facilities are near major metropolitan markets across the continental United States. The locations of our facilities enable us to efficiently produce and distribute beverages to substantially all geographic markets in the United States, including the top 25 metropolitan statistical areas. Each facility is generally equipped to produce both canned and bottled beverage products in a variety of package sizes. We utilize numerous package types and sizes, including cans ranging from eight to sixteen ounces and bottles ranging from ten ounces to three liters.

We believe that the innovative and controlled vertical integration of our bottling facilities provides an advantage over certain of our competitors that rely upon independent third party bottlers to manufacture and market their products. Since we control the national production, distribution and marketing of our brands, we believe we can more effectively manage product quality and customer service and respond quickly to changing market conditions.

We produce a substantial portion of the flavor concentrates used in our branded products. By controlling our own formulas throughout our bottling network, we can craft our products in accordance with uniform quality standards while tailoring flavors to regional taste preferences. We believe that the combination of a Company-owned bottling network, together with uniform standards for packaging, formulations and customer service, provides us with a strategic advantage in servicing national retailers and mass-merchandisers. We also maintain research and development laboratories at multiple locations. These laboratories continually test products for compliance with our strict quality control standards as well as conduct research for new products and flavors.

DISTRIBUTION

To service a diverse customer base that includes numerous national retailers, as well as thousands of smaller “up-and-down-the-street” accounts, we utilize a hybrid distribution system to deliver our products through three primary distribution channels: take-home, convenience and food-service.

The take-home distribution channel consists of national and regional grocery stores, warehouse clubs, mass-merchandisers, wholesalers and dollar stores. We distribute our products to this channel through the warehouse distribution system and the direct-store delivery system. Under the warehouse distribution system, products are shipped from our production facilities to the retailer’s centralized distribution centers and then distributed by the retailer to each of its outlet locations with other goods. Products sold through the direct-store delivery system are distributed directly to the customer’s retail outlets by our direct-store delivery fleet and by independent distributors.

We distribute our products to the convenience channel through our own direct-store delivery fleet and those of independent distributors. The convenience channel consists of convenience stores, gas stations and other smaller “up-and-down-the-street” accounts. Because of the higher retail prices and margins that typically prevail, we have undertaken several measures to expand convenience channel distribution. These include development of products, packaging and graphics specifically targeted to this market.

Our food-service division distributes products to independent, specialized distributors who sell to hospitals, schools, military bases, airlines, hotels and food-service wholesalers. Also, our Company-owned direct-store delivery fleet distributes products to certain schools and other food-service customers.

Our take-home, convenience and food-service operations use vending machines and glass-door coolers as marketing and promotional tools for our brands. We provide vending machines and coolers on a placement or purchase basis to our customers. We believe vending and cooler equipment increases beverage sales, enhances brand awareness and develops brand loyalty.

SALES AND MARKETING

We sell and market our products through an internal sales force as well as specialized broker networks. Our sales force is organized to serve a specific market, focusing on one or more geographic territories, distribution channels or product lines. We believe this focus allows our sales group to provide high level, responsive service and support to our customers and markets.

The emphasis of our sales and marketing programs is to maintain and enhance consumer brand recognition and loyalty, typically through a combination of regional advertising, special event marketing, endorsements, sponsorships and social media, along with consumer coupon distribution and product sampling. We retain agencies to assist with social media engagement and advertising programs for our brands. Additionally, we offer numerous promotional programs to retail customers, including cooperative advertising support, in-store advertising materials and other incentives. These elements allow tailored marketing and advertising programs to meet local and regional economic conditions and demographics. Additionally, we sponsor special holiday promotions which feature St. Nick's soft drinks and special holiday flavors and packaging.

In recent years, we've expanded our programs to reach consumers directly through innovative digital marketing, social media engagement and content creation. We are focused on increasing our digital presence and capabilities to further enhance the consumer experience across our brands.

Raw Materials

Our centralized procurement group maintains relationships with numerous suppliers of raw materials and packaging goods. By consolidating the purchasing function for our production facilities, we believe we are able to procure more competitive arrangements with our suppliers, thereby enhancing our ability to compete as a low-cost producer of

beverages.

The products we produce and sell are made from various materials including sweeteners, juice and flavor concentrates, carbon dioxide, water, glass and plastic bottles, aluminum cans, paper, cartons and closures. Most of our low-calorie soft drink products use sucralose, aspartame, stevia or acesulfame potassium. We craft a substantial portion of our flavor concentrates and purchase remaining raw materials from multiple suppliers.

Substantially all of the materials and ingredients we purchase are presently available from several suppliers, although strikes, weather conditions, utility shortages, governmental control or regulations, national emergencies, quality, price or supply fluctuations or other events outside our control could adversely affect the supply of specific materials. A significant portion of our raw material purchases, including aluminum cans, plastic bottles, high fructose corn syrup, corrugated packaging and juice concentrates, are derived from commodities. Therefore, pricing and availability tend to fluctuate based upon worldwide commodity market conditions. Our ability to recover increased costs through higher pricing may be limited by the competitive environment in which we operate. In certain cases, we may elect to enter into multi-year agreements for the supply of these materials with one or more suppliers, the terms of which may include variable or fixed pricing, minimum purchase quantities and/or the requirement to purchase all supplies for specified locations. Additionally, we use derivative financial instruments to partially mitigate our exposure to changes in certain raw material costs.

Seasonality

The majority of our sales are seasonal with the highest volume typically realized during the summer and warmer months. Additionally, our sales can be influenced by weather conditions.

Competition

The beverage industry is highly competitive and our competitive position varies in each of our market areas. Our products compete with many varieties of liquid refreshment, including soft drinks, water products, juices, fruit drinks, powdered drinks, coffees, teas, energy drinks, sports drinks, dairy-based drinks, functional beverages and various other nonalcoholic beverages. We compete with bottlers and distributors of national, regional and private label products. Several competitors, including the two that dominate the soft drink industry, PepsiCo and The Coca-Cola Company, have greater financial resources than we have and aggressive promotion of their products can adversely affect sales of our brands. Principal methods of competition in the beverage industry are price and promotional activity, advertising and marketing programs, point-of-sale merchandising, retail space management, customer service, product differentiation, packaging innovations and distribution methods. We believe our Company differentiates itself through a diversified product portfolio, strong brand recognition, innovative flavor variety, attractive packaging, efficient distribution methods, focused advertising and social media, and, for some product lines, value pricing.

Trademarks

We own numerous trademarks for our brands that are significant to our business. We intend to continue to maintain all registrations of our significant trademarks and use the trademarks in the operation of our businesses.

Governmental Regulation

The production, distribution and sale of our products in the United States are subject to the Federal Food, Drug and Cosmetic Act; the Dietary Supplement Health and Education Act of 1994; the Occupational Safety and Health Act; the Lanham Act; various environmental statutes; and various other federal, state and local statutes regulating the production, transportation, sale, safety, advertising, labeling and ingredients of such products. We believe that we are in compliance, in all material respects, with such existing legislation.

Certain states and localities require a deposit or tax on the sale of certain beverages. These requirements vary by each jurisdiction. Similar legislation has been proposed in certain other states and localities, as well as by Congress. We are unable to predict whether such legislation will be enacted or what impact its enactment would have on our business, financial condition or results of operations.

All of our facilities in the United States are subject to federal, state and local environmental laws and regulations. Compliance with these provisions has not had any material adverse effect on our financial or competitive position. We believe that our current practices and procedures for the control and disposition of toxic or hazardous substances comply in all material respects with applicable law. Compliance with or violation of any current or future regulations and legislation could require material expenditures or have a material adverse effect on our financial results.

Employees

As of April 30, 2016, we employed approximately 1,200 people, of which approximately 300 are covered by collective bargaining agreements. We believe that relations with our employees are generally good.

AVAILABLE INFORMATION

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements and amendments to those reports are available free of charge on our website at www.nationalbeverage.com as soon as reasonably practicable after such reports are electronically filed with the Securities and Exchange Commission. In addition, our Code of Ethics is available on our website. The information on the Company's website is not part of this Annual Report on Form 10-K or any other report that we file with, or furnish to, the Securities and Exchange Commission.

ITEM 1A. RISK FACTORS

In addition to other information in this Annual Report on Form 10-K, the following risk factors should be considered carefully in evaluating the Company's business. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks. Additional risks and uncertainties, including risks and uncertainties not presently known to the Company, or that the Company currently deems immaterial, may also impair our business and results of operations.

Changes in consumer preferences and taste. There has been an increasing focus on health and wellness by beverage consumers, which may reduce demand for caloric carbonated soft drinks and increase the consumption of products perceived to deliver health, wellness and/or functionality. If we do not adequately anticipate and react to changing demographics, consumer trends, health concerns and product preferences, our financial results could be adversely affected.

Competition. The beverage industry is extremely competitive. Our products compete with a broad range of beverage products, most of which are manufactured and distributed by companies with substantially greater financial, marketing and distribution resources. In order to generate future revenues and profits, we must continue to sell products that appeal to our customers and consumers. Discounting and other actions by our competitors may make it more difficult to sustain revenues and profits.

Customer relationships. Our retail customer base has been consolidating over the last several years resulting in fewer customers with increased purchasing power. This increased purchasing power can limit our ability to increase pricing for our products with certain of our customers. Our inability to meet the demands of our larger customers could lead to a loss of business and adversely affect our financial results.

Raw materials and energy. The production of our products is dependent on certain raw materials, including aluminum, resin, corn, linerboard, water and fruit juice. In addition, the production and distribution of our products is dependent on energy sources, including natural gas, fuel and electricity. These items are subject to price volatility caused by numerous factors. Commodity price increases ultimately result in a corresponding increase in the cost of raw materials and energy. We may be limited in our ability to pass these increases on to our customers or may incur a loss in sales volume to the extent price increases are taken. In addition, strikes, weather conditions, governmental controls, national emergencies, natural disasters, supply shortages or other events could affect our continued supply of raw materials and energy. If raw materials or energy costs increase, or the availability is limited, our financial results could be adversely affected.

Governmental regulation. Our business and properties are subject to various federal, state and local laws and regulations, including those governing the production, packaging, quality, labeling and distribution of beverage products. In addition, various governmental agencies have enacted or considered imposing additional taxes on soft drinks and other sweetened beverages. Changes in existing laws or regulations could negatively affect our financial results through lower sales or higher costs.

Sustained increases in the cost of employee benefits. Our profitability is affected by the cost of medical and retirement benefits provided to employees, including employees covered under collective bargaining agreements and multi-employer pension plans. In recent years, we have experienced increases in these costs as a result of certain factors beyond our control. Although we seek to limit these cost increases, continued upward pressure in these costs could reduce our profitability.

Unfavorable weather conditions. Unfavorable weather conditions could have an adverse impact on our revenue and profitability. Unusually cold or rainy weather may temporarily reduce demand for our products and contribute to lower sales, which could adversely affect our profitability for such periods. Prolonged drought conditions in the geographic regions in which we do business could lead to restrictions on the use of water, which could adversely affect our ability to produce and distribute products.

Dependence on key personnel. Our performance significantly depends upon the continued contributions of our executive officers and key employees, both individually and as a group, and our ability to retain and motivate them. Our officers and key personnel have many years of experience with us and in our industry and it may be difficult to replace them. If we lose key personnel or are unable to recruit qualified personnel, our operations and ability to manage our business may be adversely affected.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our principal properties include twelve production facilities located in ten states, which aggregate approximately two million square feet. We own ten production facilities in the following states: California (2), Georgia, Kansas, Michigan (2), Ohio, Texas, Utah and Washington. Two production facilities, located in Maryland and Florida, are leased subject to agreements that expire through 2020. We believe our facilities are generally in good condition and sufficient to meet our present needs.

The production of beverages is capital intensive but is not characterized by rapid technological change. The technological advances that have occurred have generally been of an incremental cost-saving nature, such as the industry's conversion to lighter weight containers or improved blending processes that enhance ingredient yields. We are not aware of any anticipated industry-wide changes in technology that would adversely impact our current physical production capacity or cost of production.

We own and lease trucks, vans and automobiles used in the sale, delivery and distribution of our products. In addition, we lease office and warehouse space, transportation equipment, office equipment and certain manufacturing equipment.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we are a party to various litigation matters and claims arising in the ordinary course of business. We do not expect the ultimate disposition of such matters to have a material adverse effect on our consolidated financial position or results of operations.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II**ITEM MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS
5. AND ISSUER PURCHASES OF EQUITY SECURITIES**

The common stock of National Beverage Corp., par value \$.01 per share, ("Common Stock") is listed on The NASDAQ Global Select Market under the symbol "FIZZ". The following table shows the range of high and low prices per share of the Common Stock for the fiscal quarters indicated:

| | Fiscal Year Ended | | May 2, 2015 | |
|----------------|-------------------|----------|-------------|----------|
| | April 30, 2016 | | | |
| | High | Low | High | Low |
| First Quarter | \$ 24.94 | \$ 19.98 | \$ 19.97 | \$ 15.42 |
| Second Quarter | 38.91 | 23.05 | 25.50 | 17.58 |
| Third Quarter | 48.01 | 35.50 | 27.32 | 21.00 |
| Fourth Quarter | 47.00 | 32.35 | 25.00 | 21.00 |

At July 7, 2016 there were approximately 14,000 holders of our Common Stock, the majority of which hold their shares in the names of various dealers and/or clearing agencies.

The Company paid special cash dividends on Common Stock of \$118.1 million (\$2.55 per share) on December 27, 2012.

In April 2012, the Board of Directors authorized an increase in the Company's Stock Buyback Program from 800,000 to 1.6 million shares of Common Stock. As of April 30, 2016, 502,060 shares were purchased under the program and 1,097,940 shares were available for purchase. There were no shares of Common Stock purchased during the last three fiscal years.

On January 25, 2013, the Company sold 400,000 shares of Special Series D Preferred Stock, par value \$1 per share ("Series D Preferred") for an aggregate purchase price of \$20 million. Series D Preferred had a liquidation preference of \$50 per share and dividends were accrued on this amount at an annual rate of 3% through April 30, 2014 and, thereafter, at an annual rate equal to 370 basis points above the 3-Month LIBOR. Dividends were cumulative and payable quarterly. The net proceeds of \$19.7 million were used to repay borrowings under the Credit Facilities. The Series D Preferred was issued by the Company pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933.

On May 2, 2014, the Company redeemed 160,000 shares of Series D Preferred for an aggregate price of \$8 million plus accrued dividends. In conjunction with the partial redemption, the annual dividend rate on the outstanding Series D Preferred was reduced to 2.5% for the twelve-month period beginning May 1, 2014. On May 1, 2015, the Company and the holders of the Series D Preferred agreed to extend the 2.5% annual dividend rate on the outstanding Series D Preferred through April 30, 2016.

On August 1, 2014, the Company redeemed an additional 120,000 shares of Series D Preferred for an aggregate price of \$6 million plus accrued dividends. The final redemption of the remaining 120,000 shares of Series D Preferred was made on April 29, 2016 for an aggregate price of \$6 million plus accrued dividends.

Performance Graph

The following graph shows a comparison of the five-year cumulative returns of an investment of \$100 cash on April 30, 2011, assuming reinvestment of dividends, in (i) Common Stock, (ii) the NASDAQ Composite Index and (iii) a Company-constructed peer group consisting of Coca-Cola Bottling Company Consolidated and Cott Corporation. Based on the cumulative total return below, an investment in our Common Stock on April 30, 2011 provided a compounded annual return of approximately 31.5% as of April 30, 2016.

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| | 4/30/11 | 4/28/12 | 4/27/13 | 5/3/14 | 5/2/15 | 4/30/16 |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| National Beverage Corp. | \$ 100.00 | \$ 105.46 | \$ 122.59 | \$ 161.64 | \$ 188.65 | \$ 393.28 |
| NASDAQ Composite | 100.00 | 107.92 | 116.89 | 148.92 | 182.88 | 176.59 |
| Peer Group | 100.00 | 81.90 | 110.40 | 107.78 | 133.63 | 196.56 |

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data should be read in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and consolidated financial statements and notes thereto contained in "Item 8. Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

NATIONAL BEVERAGE CORP. AND SUBSIDIARIES

(In thousands, except per share and footnote amounts)

| | Fiscal Year Ended | | | | |
|--|-------------------|----------------|--------------------|-------------------|-------------------|
| | April 30, 2016 | May 2, 2015 | May 3, 2014 (3) | April 27, 2013 | April 28, 2012 |
| SUMMARY OF OPERATIONS: | | | | | |
| Net sales | \$704,785 | \$645,825 | \$641,135 | \$662,007 | \$628,886 |
| Cost of sales | 463,348 | 426,685 | 423,480 | 444,757 | 415,629 |
| Gross profit | 241,437 | 219,140 | 217,655 | 217,250 | 213,257 |
| Selling, general and administrative expenses | 148,384 | 145,157 | 153,220 | 146,223 | 146,169 |
| Interest expense | 203 | 371 | 660 | 403 | 107 |
| Other expense (income) - net | 145 | (1,101) | 666 | 173 | 85 |
| Income before income taxes | 92,705 | 74,713 | 63,109 | 70,451 | 66,896 |
| Provision for income taxes | 31,507 | 25,402 | 19,474 | 23,531 | 22,903 |
| Net income | \$61,198 | \$49,311 | \$43,635 | \$46,920 | \$43,993 |
| PER SHARE DATA: | | | | | |
| Basic earnings per common share (1) | \$1.31 | \$1.06 | \$.93 | \$1.01 | \$.95 |
| Diluted earnings per common share (1) | 1.31 | 1.05 | .92 | 1.01 | .95 |
| Closing stock price | 46.74 | 22.42 | 19.21 | 14.57 | 14.68 |
| Dividends paid on common stock (2) | - | - | - | 2.55 | - |
| BALANCE SHEET DATA: | | | | | |
| Cash and equivalents (2) | \$105,577 | \$52,456 | \$29,932 | \$18,267 | \$35,626 |
| Working capital (2) | 148,057 | 101,478 | 78,618 | 67,504 | 69,818 |
| Property, plant and equipment - net | 61,932 | 60,182 | 59,494 | 57,307 | 56,729 |
| Total assets (2) | 305,498 | 247,750 | 222,841 | 208,642 | 222,988 |
| Long-term debt | - | 10,000 | 30,000 | 50,000 | - |
| Deferred income tax liability | 14,474 | 15,245 | 13,873 | 14,327 | 14,214 |
| Shareholders' equity (2) | 206,152 | 147,782 | 106,201 | 70,316 | 121,636 |
| Dividends paid on common stock (2) | - | - | - | 118,139 | - |

Basic earnings per common share is computed by dividing earnings available to common shareholders by the (1) weighted average number of common shares outstanding. Diluted earnings per common share includes the dilutive effect of stock options.

- (2) In Fiscal 2013, the Company paid special cash dividends on Common Stock of \$118.1 million (\$2.55 per share).
- (3) Fiscal 2014 consisted of 53 weeks.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

National Beverage Corp. proudly refreshes America with a distinctive portfolio of Sparkling Waters, Juices, Energy Drinks and Carbonated Soft Drinks. We believe that our ingenious product designs, innovative packaging and imaginative flavors, along with our corporate culture and philosophy, makes National Beverage unique in the beverage industry. The Company’s primary market focus is the United States, but our products are also distributed in various other countries. 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.

National Beverage is in an ongoing transition to meet the healthy hydration demands of the American consumer. Health and wellness awareness has increased significantly, resulting in growing demand for beverages with little or no calories and wholesome natural ingredients. Our brands emphasize distinctly-flavored beverages in attractive packaging that appeal to multiple demographic groups. The attentive, conscious and discriminating consumer is ever more alert to healthy choices and better-for-you ingredients that align to this transition and strategic focus.

Our brands consist of (i) beverages geared to the active and health-conscious consumer (“Power+ Brands”) including sparkling waters, energy drinks, and juices, and (ii) Carbonated Soft Drinks in a variety of flavors including regular, sugar-free and reduced calorie options. To a lesser extent, we produce carbonated soft drinks for specific retailers (“Allied Brands”) that endorse a strategic alliance concept of joint marketing to support growth of both brands. Our portfolio of Power+ Brands includes LaCroix®, LaCroix Cúrate™, LaCroix NiCola™ and Shasta® sparkling water products; Rip It® energy drinks and shots; and Everfresh®, Everfresh Premier Varietals™ and Mr. Pure® 100% juice and juice-based products. Our Carbonated Soft Drinks portfolio includes Shasta® and Faygo®, iconic brands whose flavor development spans more than 125 years.

To service a diverse customer base that includes numerous national retailers, as well as thousands of smaller “up-and-down-the-street” accounts, we utilize a hybrid distribution system to deliver our products primarily through the take-home, convenience and food-service channels.

Our strategy emphasizes the growth of our products by (i) developing healthier beverages in response to the global shift in consumer buying habits and tailoring the variety and types of beverages in our portfolio to satisfy the preferences of a diverse mix of ‘crossover consumers’ – a growing group desiring a change to better-for-you beverages; (ii) emphasizing flavor development and variety throughout our product lines and brands; (iii) producing and

developing products of the highest quality that also appeal to the value expectations of the consumer; (iv) leveraging our efficient production and distribution systems, and our cost-effective social media and regionally focused marketing programs, to profitably deliver products at optimal consumer price-points; and (v) responding faster and more creatively to consumer trends than competitors who are burdened by production and distribution complexity as well as legacy costs.

The majority of our sales are seasonal with the highest volume typically realized during the summer and warmer 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

Net Sales

Net sales for the fiscal year ended April 30, 2016 (“Fiscal 2016”) increased 9.1% to \$704.8 million compared to \$645.8 million for the fiscal year ended May 2, 2015 (“Fiscal 2015”). The higher sales resulted from a 9.0% increase in case volume and a slight increase in average selling price. The volume increase includes 31.4% growth of our Power+ Brands, partially offset by a decline in branded carbonated soft drinks and Allied Brands.

Net sales for Fiscal 2015 increased .7% to \$645.8 million compared to \$641.1 million for the fiscal year ended May 3, 2014 (“Fiscal 2014”). The higher sales resulted from a 1.1% increase in case volume partially offset by a .4% decline in average selling price. The increase in case volume reflects a 2.9% increase in branded volume, including a 15.3% case volume growth for our Power+ Brands, partially offset by a decline in Allied Brands. The decline in average selling price is related to changes in product mix.

Gross Profit

Gross profit for Fiscal 2016 increased 10.2% to \$241.4 million compared to \$219.1 million for Fiscal 2015. The increase in gross profit is primarily due to higher sales and a decline in cost of sales per case of .4%. The decrease in cost of sales per case was due to favorable product mix changes and lower raw material costs. As a result, gross margin improved to 34.3%.

Gross profit was 33.9% of net sales for Fiscal 2015 and Fiscal 2014. Cost of sales per unit declined .3% primarily due to product mix changes.

Shipping and handling costs are included in selling, general and administrative expenses, the classification of which is consistent with many beverage companies. However, our gross margin may not be comparable to companies that include shipping and handling costs in cost of sales. See Note 1 of Notes to Consolidated Financial Statements.

Selling, General and Administrative Expenses

Selling, general and administrative expenses were \$148.4 million or 21.1% of net sales for Fiscal 2016 compared to \$145.2 million or 22.5% of net sales for Fiscal 2015. Fiscal 2016 expenses reflect higher distribution, selling and other volume related costs, partially offset by lower marketing costs.

Selling, general and administrative expenses were \$145.2 million or 22.5% of net sales for Fiscal 2015 compared to \$153.2 million or 23.9% of net sales for Fiscal 2014. Fiscal 2015 expenses reflect lower selling and marketing costs.

Interest Expense and Other Expense (Income) - Net

Interest expense is comprised of interest on borrowings and fees related to maintaining lines of credit. Due to repayments on borrowings, interest expense decreased to \$203,000 in Fiscal 2016 from \$371,000 in Fiscal 2015 and \$660,000 in Fiscal 2014. Other expense is net of interest income of \$107,000 for Fiscal 2016, \$30,000 for Fiscal 2015 and \$15,000 for Fiscal 2014. The change in interest income is due to changes in average invested balances. Other income for Fiscal 2015 includes a \$1.3 million gain on sale of property.

Income Taxes

Our effective tax rate was 34% for Fiscal 2016, 34% for Fiscal 2015 and 30.9% for Fiscal 2014. The difference between the effective rate and the federal statutory rate of 35% was primarily due to the effects of state income taxes, the domestic manufacturing deduction and, for Fiscal 2014, adjustment of unrecognized tax benefits related to the resolution of certain open tax years. See Note 7 of Notes to Consolidated Financial Statements.

LIQUIDITY AND FINANCIAL CONDITION

Liquidity and Capital Resources

Our principal source of funds is cash generated from operations and borrowings available under our credit facilities. At April 30, 2016, we maintained \$100 million unsecured revolving credit facilities, no borrowings were outstanding and \$2.2 million was reserved 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. See Note 4 of Notes to Consolidated Financial Statements.

We continually evaluate capital projects to expand our production capacity, enhance packaging capabilities or improve efficiencies at our production facilities. Expenditures for property, plant and equipment amounted to \$12.1 million for Fiscal 2016. The Company expects to increase capital expenditures in Fiscal 2017 to support volume growth.

On January 25, 2013, the Company sold 400,000 shares of Special Series D Preferred Stock (“Series D Preferred”), par value \$1 per share for an aggregate purchase price of \$20 million. On May 2, 2014, the Company redeemed 160,000 shares of Series D Preferred, representing 40% of the amount outstanding, for an aggregate price of \$8 million. On August 1, 2014, The Company redeemed 120,000 shares of Series D Preferred, representing 50% of the amount outstanding, for an aggregate price of \$6 million. On April 29, 2016, the Company redeemed 120,000 shares of Series D Preferred, representing the remaining shares outstanding, for an aggregate price of \$6 million. See Note 5 of Notes to Consolidated Financial Statements.

Pursuant to a management agreement, we incurred a fee to Corporate Management Advisors, Inc. (“CMA”) of \$7.0 million for Fiscal 2016, \$6.5 million for Fiscal 2015 and \$6.4 million for Fiscal 2014. At April 30, 2016, management fees payable to CMA were \$1.8 million. See Note 5 of Notes to Consolidated Financial Statements.

Cash Flows

During Fiscal 2016, \$79.0 million was provided by operating activities, \$12.0 million was used in investing activities and \$13.8 million was used in financing activities. Cash provided by operating activities increased \$20.9 million primarily due to increased earnings and favorable changes in working capital. Cash used in investing activities increased \$2.3 million reflecting higher capital expenditures and lower proceeds from the sale of property. Cash used in financing activities was \$13.8 million which included a \$6 million redemption of preferred stock and \$10 million in principal repayments under credit facilities.

During Fiscal 2015, \$58.0 million was provided by operating activities, \$9.7 million was used in investing activities and \$25.8 million was used in financing activities. Cash provided by operating activities increased \$5.6 million primarily due to increased earnings. Cash used in investing activities decreased \$2.3 million reflecting lower capital expenditures and proceeds of \$1.9 from the sale of property. Cash used in financing activities was \$25.8 million which included a \$6 million redemption of preferred stock and \$20 million in principal repayments under credit facilities.

Financial Position

During Fiscal 2016, our working capital increased to \$148.1 million from \$101.5 million at May 2, 2015. The increase in working capital resulted from higher cash, trade receivables and inventory, partially offset by higher accounts payable and accrued liabilities. Trade receivables increased \$1.1 million due to higher sales activity while days sales outstanding improved to 31.0 days from 33.1 days. Inventories increased \$5.0 million as a result of the Company maintaining higher finished goods levels to support increases in sales and new product introductions. Annual inventory turns decreased to 9.5 from 10.2 times. At April 30, 2016, the current ratio was 3.0 to 1 compared to 2.5 to 1 at May 2, 2015.

During Fiscal 2015, our working capital increased \$22.9 million to \$101.5 million primarily due to cash generated from operating activities. Trade receivables increased \$1.7 million due to higher sales activity and days sales outstanding improved to 33.1 days from 34.7 days. Inventories decreased \$1.0 million and annual inventory turns improved to 10.2 from 9.4 times. At May 2, 2015, the current ratio was 2.5 to 1 compared to 2.2 to 1 at May 3, 2014.

CONTRACTUAL OBLIGATIONS

Contractual obligations at April 30, 2016 are payable as follows:

| | (In thousands) | | | | |
|----------------------|----------------|------------------------|-----------------|-----------------|-------------------------|
| | Total | Less Than 1 Year | 1 to 3 Years | 3 to 5 Years | More Than 5 Years |
| Operating leases | \$26,033 | \$6,376 | \$10,034 | \$6,205 | \$3,418 |
| Purchase commitments | 50,553 | 50,553 | - | - | - |
| Total | \$76,586 | \$56,929 | \$10,034 | \$6,205 | \$3,418 |

As of April 30, 2016, we guaranteed the residual value of certain leased equipment in the amount of \$4.4 million. If the proceeds from the sale of such equipment are less than the balance required by the lease when the lease terminates on August 1, 2017, the Company shall be required to pay the difference up to such guaranteed amount. The Company expects to have no loss on such guarantee.

We contribute to certain pension plans under collective bargaining agreements and to a discretionary profit sharing plan. Total contributions were \$2.9 million for Fiscal 2016, \$2.7 million for Fiscal 2015 and \$2.7 million for Fiscal 2014. See Note 9 of Notes to Consolidated Financial Statements.

We maintain self-insured and deductible programs for certain liability, medical and workers' compensation exposures. Other long-term liabilities include known claims and estimated incurred but not reported claims not otherwise covered by insurance, based on actuarial assumptions and historical claims experience. Since the timing and amount of claim payments vary significantly, we are not able to reasonably estimate future payments for specific periods and therefore such payments have not been included in the table above. Standby letters of credit aggregating \$2.2 million have been issued in connection with our self-insurance programs. These standby letters of credit expire through March 2017 and are expected to be renewed.

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results. We believe that the critical accounting policies described in the following paragraphs comprise the most significant estimates and assumptions used in the preparation of our consolidated financial statements. For these policies, we caution that future events rarely develop exactly as estimated and the best estimates routinely require adjustment.

Credit Risk

We sell products to a variety of customers and extend credit based on an evaluation of each customer's financial condition, generally without requiring collateral. Exposure to credit losses varies by customer principally due to the financial condition of each customer. We monitor our exposure to credit losses and maintain allowances for anticipated losses based on specific customer circumstances, credit conditions and historical write-offs.

Impairment of Long-Lived Assets

All long-lived assets, excluding goodwill and intangible assets not subject to amortization, are evaluated for impairment on the basis of undiscounted cash flows whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impaired asset is written down to its estimated fair market value based on the best information available. Estimated fair market value is generally measured by discounting future cash flows. Goodwill and intangible assets not subject to amortization are evaluated for impairment annually or sooner if we believe such assets may be impaired. An impairment loss is recognized if the carrying amount or, for goodwill, the carrying amount of its reporting unit, is greater than its fair value.

Income Taxes

Our effective income tax rate is based on estimates of taxes which will ultimately be payable. Deferred taxes are recorded to give recognition to temporary differences between the tax bases of assets or liabilities and their reported

amounts in the financial statements. Valuation allowances are established to reduce the carrying amounts of deferred tax assets when it is deemed, more likely than not, that the benefit of deferred tax assets will not be realized.

Insurance Programs

We maintain self-insured and deductible programs for certain liability, medical and workers' compensation exposures. Accordingly, we accrue for known claims and estimated incurred but not reported claims not otherwise covered by insurance based on actuarial assumptions and historical claims experience.

Sales Incentives

We offer various sales incentive arrangements to our customers that require customer performance or achievement of certain sales volume targets. When the incentive is paid in advance, we amortize the amount paid over the period of benefit or contractual sales volume; otherwise, we accrue the expected amount to be paid over the period of benefit or expected sales volume. The recognition of these incentives involves the use of judgment related to performance and sales volume estimates that are made based on historical experience and other factors. Sales incentives are accounted for as a reduction of sales and actual amounts ultimately realized may vary from accrued amounts.

FORWARD-LOOKING STATEMENTS

National Beverage and its representatives may make written or oral statements relating to future events or results relative to our financial, operational and business performance, achievements, objectives and strategies. These statements are "forward-looking" within the meaning of the Private Securities Litigation Reform Act of 1995 and include statements contained in this report and other filings with the Securities and Exchange Commission and in reports to our stockholders. Certain statements including, without limitation, statements containing the words "believes," "anticipates," "intends," "plans," "expects," and "estimates" constitute "forward-looking statements" and involve known and unknown risk, uncertainties and other factors that may cause the actual results, performance or achievements of our 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 of new product and flavor introductions, fluctuations in the costs of raw materials and packaging supplies, ability to pass along cost increases to our customers, labor strikes or work stoppages or other interruptions in the employment of labor, continued retailer support for our products, changes in consumer preferences and our success in creating products geared toward consumers' tastes, success in implementing business strategies, changes in business strategy or development plans, government regulations, taxes or fees imposed on the sale of our products, unfavorable weather conditions and other factors referenced in this report, filings with the Securities and Exchange Commission and other reports to our stockholders. 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.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Commodities

We purchase various raw materials, including aluminum cans, plastic bottles, high fructose corn syrup, corrugated packaging and juice concentrates, the prices of which fluctuate based on commodity market conditions. Our ability to recover increased costs through higher pricing may be limited by the competitive environment in which we operate. At times, we manage our exposure to this risk through the use of supplier pricing agreements that enable us to establish all, or a portion of, the purchase prices for certain raw materials. Additionally, we use derivative financial instruments to partially mitigate our exposure to changes in certain raw material costs.

Interest Rates

During Fiscal 2016, the Company repaid \$10 million in borrowings under its credit facilities. At April 30, 2016, the Company had no borrowings outstanding. Interest rate hedging products are not used to mitigate risk from interest fluctuations. If the interest rate on our debt changed by 100 basis points (1%), our interest expense for Fiscal 2016 would have changed by approximately \$50,000.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA
NATIONAL BEVERAGE CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

| | April 30, 2016 | May 2, 2015 |
|---|-------------------|----------------|
| Assets | | |
| Current assets: | | |
| Cash and equivalents | \$ 105,577 | \$ 52,456 |
| Trade receivables - net | 61,046 | 59,951 |
| Inventories | 47,922 | 42,924 |
| Deferred income taxes - net | 4,454 | 4,348 |
| Prepaid and other assets | 4,672 | 8,050 |
| Total current assets | 223,671 | 167,729 |
| Property, plant and equipment - net | 61,932 | 60,182 |
| Goodwill | 13,145 | 13,145 |
| Intangible assets | 1,615 | 1,615 |
| Other assets | 5,135 | 5,079 |
| Total assets | \$ 305,498 | \$ 247,750 |
| Liabilities and Shareholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 49,391 | \$ 44,896 |
| Accrued liabilities | 26,195 | 21,257 |
| Income taxes payable | 28 | 98 |
| Total current liabilities | 75,614 | 66,251 |
| Long-term debt | - | 10,000 |
| Deferred income taxes - net | 14,474 | 15,245 |
| Other liabilities | 9,258 | 8,472 |
| Shareholders' equity: | | |
| Preferred stock, \$1 par value - 1,000,000 shares authorized | | |
| Series C - 150,000 shares issued | 150 | 150 |
| Series D - 120,000 shares issued (2015), aggregate liquidation preference of \$6,000 (2015) | - | 120 |
| Common stock, \$.01 par value - 75,000,000 shares authorized; 50,588,734 shares (2016) and 50,418,019 shares (2015) issued | 506 | 504 |
| Additional paid-in capital | 34,570 | 37,759 |
| Retained earnings | 190,733 | 129,773 |
| Accumulated other comprehensive loss | (1,807) | (2,524) |
| 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 | 206,152 | 147,782 |
| Total liabilities and shareholders' equity | \$ 305,498 | \$ 247,750 |

See accompanying Notes to Consolidated Financial Statements.

NATIONAL BEVERAGE CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share amounts)

| | Fiscal Year Ended | | |
|--|-------------------|----------------|----------------|
| | April 30, 2016 | May 2, 2015 | May 3, 2014 |
| Net sales | \$704,785 | \$645,825 | \$641,135 |
| Cost of sales | 463,348 | 426,685 | 423,480 |
| Gross profit | 241,437 | 219,140 | 217,655 |
| Selling, general and administrative expenses | 148,384 | 145,157 | 153,220 |
| Interest expense | 203 | 371 | 660 |
| Other expense (income) - net | 145 | (1,101) | 666 |
| Income before income taxes | 92,705 | 74,713 | 63,109 |
| Provision for income taxes | 31,507 | 25,402 | 19,474 |
| Net income | 61,198 | 49,311 | 43,635 |
| Less preferred dividends and accretion | (238) | (275) | (726) |
| Earnings available to common shareholders | \$60,960 | \$49,036 | \$42,909 |
| Earnings per common share: | | | |
| Basic | \$1.31 | \$1.06 | \$.93 |
| Diluted | \$1.31 | \$1.05 | \$.92 |
| Weighted average common shares outstanding: | | | |
| Basic | 46,452 | 46,353 | 46,331 |
| Diluted | 46,671 | 46,559 | 46,519 |

See accompanying Notes to Consolidated Financial Statements.

NATIONAL BEVERAGE CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

| | Fiscal Year Ended | | |
|--|----------------------|----------------|----------------|
| | April 30, 2016 | May 2, 2015 | May 3, 2014 |
| Net income | \$61,198 | \$49,311 | \$43,635 |
| Other comprehensive income (loss), net of tax: | | | |
| Cash flow hedges | 783 | (2,350) | 610 |
| Other | (66) | 31 | 149 |
| Total | 717 | (2,319) | 759 |
| Comprehensive income | \$61,915 | \$46,992 | \$44,394 |

See accompanying Notes to Consolidated Financial Statements.

NATIONAL BEVERAGE CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In thousands)

| | Fiscal Year Ended | | | | | |
|---------------------------------|-------------------|--------|-------------|--------|-------------|--------|
| | April 30, 2016 | | May 2, 2015 | | May 3, 2014 | |
| | Shares | Amount | Shares | Amount | Shares | Amount |
| Series C Preferred Stock | | | | | | |
| Beginning and end of year | 150 | \$ 150 | 150 | \$ 150 | 150 | \$ 150 |
| Series D Preferred Stock | | | | | | |
| Beginning of year | 120 | 120 | 240 | 240 | 400 | 400 |
| Series D preferred redeemed | (120) | (120) | (120) | (120) | | |