SAN MARCOS, Calif., Sept. 19, 2013 /PRNewswire/ -- Natural Alternatives International, Inc. ("NAI") (Nasdaq: NAII), a leading formulator, manufacturer and marketer of customized nutritional supplements, today announced net income of $1.6 million, or $0.23 per diluted share, on net sales of $62.8 million for the fiscal year ended June 30, 2013.

Fiscal 2013 net sales from contract manufacturing activities decreased $6.6 million as compared to the prior fiscal year due primarily to lower volumes of existing products in existing markets, lower average sales prices for a portion of our higher volume products and lower average EUR exchange rates. Royalty and licensing income related to license agreements for the use of our CarnoSyn® beta-alanine related patents and trademarks increased 2% to $4.7 million during fiscal 2013 as compared to $4.6 million for fiscal 2012, and raw material sales of beta-alanine totaled $103,000 during fiscal 2013 as compared to $3.4 million for fiscal 2012. During the second and third quarters of fiscal 2012, NAI purchased approximately $3.2 million of beta-alanine raw material to help ensure sufficient inventory to meet anticipated future customer demand. The majority of this raw material was sold or consumed during the third and fourth quarters of fiscal 2012. Due to the improvement in the worldwide supply of beta-alanine during late fiscal 2012, NAI discontinued its purchase and sale of beta-alanine raw materials during fiscal 2013. Net sales from our branded products declined $238,000 to $1.3 million during fiscal 2013 as compared to the prior fiscal year.

The fiscal 2013 net sales decreases, coupled with higher per unit manufacturing costs associated with lower production levels, contributed to a $4.0 million decrease in income from operations during fiscal 2013 as compared to the prior fiscal year.

Net income for fiscal 2013 was $1.6 million, or $0.23 per diluted share, as compared to net income of $4.2 million for fiscal 2012, or $ 0.59 per diluted share.

Net sales for the fourth quarter ended June 30, 2013 decreased to $16.8 million as compared to $20.9 million for the prior year period. The decrease in net sales during the current quarter was primarily related to a $3.0 million of reduction in beta-alanine raw material sales and decreased contract manufacturing sales from existing customers, which was partially offset by a $708,000 increase in royalty and licensing income. Net income in the fourth quarter of fiscal 2013 was $593,000 , or $0.09 per diluted share, as compared to net income of $777,000 , or $0.11 per diluted share, in the fourth quarter of fiscal 2012. The decrease in net income on a quarter over quarter basis was attributable primarily to lower contract manufacturing sales and beta-alanine raw material sales.

As of June 30, 2013, NAI had cash and cash equivalents of $16.7 million and working capital of $29.4 million compared to

$14.5 million
and
$27.7 million
, respectively, as of
June 30, 2012
. As of
June 30, 2013
, we had no debt outstanding and
$5.5 million
available under our working capital lines of credit.

Mark A. LeDoux, Chairman and Chief Executive Officer, stated, "During fiscal 2013 NAI experienced variable conditions in business activities that included customer driven inventory reductions, product pricing pressures and delayed new product launches. Even in the face of these headwinds, and our continued significant investment in prosecuting our growing patent estate, the fourth quarter demonstrated increases in patent and trademark royalty and licensing income through expanding acceptance of the usage of CarnoSyn® beta-alanine. While contract manufacturing sales were lower for a variety of reasons in the last fiscal year, we believe we remain poised to experience meaningful growth in both our top line sales and operating income for the entirety of fiscal 2014 primarily as a result of expanded demand from various existing and new customer relationships."

NAI, headquartered in San Marcos, California, is a leading formulator, manufacturer and marketer of nutritional supplements and provides strategic partnering services to its customers. Our comprehensive partnership approach offers a wide range of innovative nutritional products and services to our clients including: scientific research, clinical studies, proprietary ingredients, customer-specific nutritional product formulation, product testing and evaluation, marketing management and support, packaging and delivery system design, regulatory review and international product registration assistance. For more information about NAI, please see our website at http://www.nai-online.com .

This press release contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 that are not historical facts and information. These statements represent our intentions, expectations and beliefs concerning future events, including, among other things, our future financial and operating results, including the amount of our future revenue and profits and our future financial condition, our ability to maintain our patents, generate revenues from the commercialization of our patents and trademarks, secure compliance with our intellectual property rights, and develop, maintain or increase sales to new and existing customers, as well as the availability of beta-alanine, future economic conditions and the impact of such conditions on our business. We wish to caution readers these statements involve risks and uncertainties that could cause actual results and outcomes for future periods to differ materially from any forward-looking statement or views expressed herein. NAI's financial performance and the forward-looking statements contained herein are further qualified by other risks including those set forth from time to time in the documents filed by us with the Securities and Exchange Commission, including our most recent Annual Report on Form 10-K.

CONTACT – Kenneth Wolf, Chief Operating and Chief Financial Officer, Natural Alternatives International, Inc., at 760-736-7700 or investor@nai-online.com

Web site: http://www.nai-online.com

NATURAL ALTERNATIVES INTERNATIONAL, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)

(Unaudited)

Three Months Ended

Twelve Months Ended

June 30,

June 30,

2013

2012

2013

2012

NET SALES

$ 16,816

100.0%

$ 20,898

100.0%

$ 62,797

100.0%

$ 72,822

100.0%

Cost of goods sold

13,347

79.4%

17,606

84.2%

51,047

81.3%

57,371

78.8%

Gross profit

3,469

20.6%

3,292

15.8%

11,750

18.7%

15,451

21.2%

Selling, general & administrative expenses

2,641

15.7%

2,295

11.0%

9,597

15.3%

9,251

12.7%

INCOME FROM OPERATIONS

828

4.9%

997

4.8%

2,153

3.4%

6,200

8.5%

Other (expense) income, net

(7)

0.0%

5

0.0%

(60)

-0.1%

42

0.1%

INCOME BEFORE TAXES

821

4.9%

1,002

4.8%

2,093

3.3%

6,242

8.6%

Income tax expense

228

225

523

2,084

NET INCOME

$ 593

$ 777

$ 1,570

$ 4,158

NET INCOME PER COMMON SHARE:

Basic:

$0.09

$0.11

$0.23

$0.60

Diluted:

$0.09

$0.11

$0.23

$0.59

WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:

Basic

6,827

6,960

6,869

6,978

Diluted

6,867

6,975

6,885

6,988

NATURAL ALTERNATIVES INTERNATIONAL, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

(Unaudited)

June 30

June 30,

2013

2012

ASSETS

Cash and cash equivalents

$16,697

$14,478

Accounts receivable, net

6,605

8,751

Inventories, net

10,035

8,355

Deferred income taxes

609

699

Other current assets

1,377

2,236

Total current assets

35,323

34,519

Property and equipment, net

9,205

10,647

Deferred income taxes

1,527

1,471

Other noncurrent assets, net

585

560

Total Assets

$46,640

$47,197

LIABILITIES AND STOCKHOLDERS' EQUITY

Accounts payable and accrued liabilities

$6,076

$6,836

Deferred rent

225

493

Total Liabilities

6,301

7,329

Stockholders' Equity

40,339

39,868

Total Liabilities and Stockholders' Equity

$46,640

$47,197

SOURCE Natural Alternatives International, Inc.

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