

AMCON DISTRIBUTING CO
Form 10-Q
April 18, 2016
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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 March 31, 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 1-15589

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

7405 Irvington Road, Omaha NE

47-0702918
(I.R.S. Employer
Identification No.)

68122

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(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code: (402) 331-3727

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
(Do not check if a 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 Registrant had 604,022 shares of its \$.01 par value common stock outstanding as of April 18, 2016.

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2nd Quarter

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

AMCON Distributing Company and Subsidiaries

Condensed Consolidated Balance Sheets

March 31, 2016 and September 30, 2015

	March 2016 (Unaudited)	September 2015
ASSETS		
Current assets:		
Cash	\$ 321,990	\$ 219,536
Accounts receivable, less allowance for doubtful accounts of \$0.8 million at March 2016 and \$0.9 million at September 2015	29,255,947	31,866,787
Inventories, net	56,594,107	60,793,478
Deferred income taxes	1,278,006	1,553,726
Income taxes receivable	—	113,238
Prepaid and other current assets	4,080,280	2,125,908
Total current assets	91,530,330	96,672,673
Property and equipment, net	12,465,906	12,753,145
Goodwill	6,349,827	6,349,827
Other intangible assets, net	3,908,478	4,090,978
Other assets	296,717	317,184
	\$ 114,551,258	\$ 120,183,807
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 16,033,216	\$ 17,044,726
Accrued expenses	5,860,058	7,224,963
Accrued wages, salaries and bonuses	2,558,420	3,282,354
Income taxes payable	230,066	—
Current maturities of long-term debt	357,000	351,383
Total current liabilities	25,038,760	27,903,426
Credit facility	17,609,387	20,902,207
Deferred income taxes	3,772,620	3,696,098
Long-term debt, less current maturities	3,204,052	3,384,319
Other long-term liabilities	30,838	34,860

Series A cumulative, Convertible Preferred Stock, \$.01 par value 100,000 shares authorized and issued, and a total liquidation preference of \$2.5 million at both March 2016 and September 2015	2,500,000	2,500,000
Series B cumulative, Convertible Preferred Stock, \$.01 par value 80,000 shares authorized, 16,000 shares issued and outstanding at both March 2016 and September 2015, and a total liquidation preference of \$0.4 million at both March 2016 and September 2015	400,000	400,000
Shareholders' equity:		
Preferred stock, \$.01 par value, 1,000,000 shares authorized, 116,000 shares outstanding and issued in Series A and B referred to above	—	—
Common stock, \$.01 par value, 3,000,000 shares authorized, 604,022 shares outstanding at March 2016 and 621,104 shares outstanding at September 2015	7,197	7,061
Additional paid-in capital	16,697,234	15,509,199
Retained earnings	55,519,822	53,527,606
Treasury stock at cost	(10,228,652)	(7,680,969)
Total shareholders' equity	61,995,601	61,362,897
	\$ 114,551,258	\$ 120,183,807

The accompanying notes are an integral part of these condensed consolidated unaudited financial statements.

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AMCON Distributing Company and Subsidiaries

Condensed Consolidated Unaudited Statements of Operations

for the three and six months ended March 31, 2016 and 2015

	For the three months ended		For the six months ended March	
	March 2016	2015	2016	2015
Sales (including excise taxes of \$88.7 million and \$87.4 million, and \$186.0 million and \$184.4 million, respectively)	\$ 296,449,126	\$ 287,443,864	\$ 618,457,375	\$ 602,877,340
Cost of sales	278,908,888	269,710,529	581,955,233	565,617,473
Gross profit	17,540,238	17,733,335	36,502,142	37,259,867
Selling, general and administrative expenses	14,770,358	15,485,757	30,615,492	31,666,879
Depreciation and amortization	575,681	590,857	1,142,630	1,167,162
	15,346,039	16,076,614	31,758,122	32,834,041
Operating income	2,194,199	1,656,721	4,744,020	4,425,826
Other expense (income):				
Interest expense	161,402	194,375	373,856	431,517
Other (income), net	(35,827)	(35,987)	(63,082)	(43,054)
	125,575	158,388	310,774	388,463
Income from operations before income tax expense	2,068,624	1,498,333	4,433,246	4,037,363
Income tax expense	922,000	729,000	1,931,000	1,722,000
Net income	1,146,624	769,333	2,502,246	2,315,363
Preferred stock dividend requirements	(48,643)	(48,108)	(97,820)	(97,285)
Net income available to common shareholders	\$ 1,097,981	\$ 721,225	\$ 2,404,426	\$ 2,218,078