

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

AMCON DISTRIBUTING CO
Form 8-K
July 20, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported) July 19, 2010

AMCON DISTRIBUTING COMPANY

(Exact name of registrant as specified in its charter)

DELAWARE	1-15589	47-0702918
-----	-----	-----
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

7405 Irvington Road, Omaha, NE 68122

(Address of principal executive offices) (Zip Code)

(402) 331-3727

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On July 19, 2010, AMCON Distributing Company ("AMCON or "Company") issued a press release announcing its financial results for the third fiscal quarter ended June 30, 2010. A copy of the press release is attached to this report as an exhibit and is incorporated herein by reference.

The information in this report (including the exhibit) shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information set forth in this report (including the exhibit) shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

EXHIBIT NO.	DESCRIPTION
99.1	Press release, dated July 19, 2010, issued by AMCON Distributing Company announcing financial results for the third fiscal quarter ended June 30, 2010.

SIGNATURE

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

AMCON DISTRIBUTING COMPANY
(Registrant)

Date: July 19, 2010

By: Andrew C. Plummer

Name: Andrew C. Plummer
Title: Vice President &
Chief Financial Officer

Exhibit 99.1

AMCON DISTRIBUTING COMPANY ANNOUNCES FULLY DILUTED EARNINGS PER SHARE OF \$3.67 FOR THE THIRD FISCAL QUARTER ENDED JUNE 30, 2010.

NEWS RELEASE

Omaha, NE July 19, 2010 - AMCON Distributing Company ("AMCON") (AMEX:DIT), an Omaha, Nebraska based consumer products company is pleased to announce fully diluted earnings per share of \$3.67 for the third fiscal quarter ended June

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

30, 2010.

"We were able to post another solid quarter in both of our business segments," said Christopher H. Atayan, AMCON's Chairman and Chief Executive Officer. "Our focused business strategy is delivering results for our customers and shareholders. We are executing our corporate plan in a step-by-step fashion as we believe this fundamental approach will best position the enterprise for future growth. In addition, we are actively seeking acquisitions in both of our operating segments."

AMCON's wholesale distribution business reported revenues of \$257.8 million and operating income before depreciation and amortization of \$5.2 million in the third quarter of fiscal 2010. AMCON's retail health food business reported revenues of \$9.2 million and operating income before depreciation and amortization of \$1.0 million for the same period.

Kathleen Evans, President of AMCON's wholesale distribution business commented "We are working closely with our customers to develop product strategies to enhance their bottom line. This customer centric approach is mutually beneficial and the core of our growth strategy. We continue to expand the length and breadth of our food service program."

Eric Hinkefent, President of AMCON's retail health food business commented "We are pleased with the results of our new store opening in Tulsa. Our careful attention to the price value relationship of our product mix has enabled us to perform well in a challenging environment. We continue to seek additional growth opportunities where we can employ our profitable business model."

"Our shareholders' equity grew to \$30.1 million during the period. We continue to maintain high levels of liquidity, as a central theme of our strategy is to use our balance sheet strength to develop profitable merchandising opportunities for our customers. Our Northwest Arkansas expansion is progressing according to plan," said Andrew C. Plummer, AMCON's Chief Financial Officer.

AMCON is a leading wholesale distributor of consumer products, including beverages, candy, tobacco, groceries, food service, frozen and chilled foods, and health and beauty care products with locations in Arkansas, Illinois, Missouri, Nebraska, North Dakota and South Dakota. Chamberlin's Natural Foods, Inc. and Health Food Associates, Inc., both wholly-owned subsidiaries of The Healthy Edge, Inc., operate a total of 14 health and natural product retail stores in central Florida (6), Kansas, Missouri, Nebraska and Oklahoma (5). The retail stores operate under the names Chamberlin's Market & Cafe and Akins Natural Foods Market.

This news release contains forward-looking statements that are subject to risks and uncertainties and which reflect management's current beliefs and estimates of future economic circumstances, industry conditions, Company performance and financial results. A number of factors could affect the future results of the Company and could cause those results to differ materially from those expressed in the Company's forward-looking statements including, without limitation, availability of sufficient cash resources to conduct its business and meet its capital expenditures needs. Moreover, past financial performance should not be considered a reliable indicator of future performance. Accordingly, the Company claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 with respect to all such forward-looking

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

statements.

Visit AMCON Distributing Company's web site at: www.amcon.com

For Further Information Contact:

Christopher H. Atayan

AMCON Distributing Company

Ph 402-331-3727

AMCON Distributing Company and Subsidiaries
Condensed Consolidated Balance Sheets
June 30, 2010 and September 30, 2009

	June 2010 (Unaudited)	September 2009
	-----	-----
ASSETS		
Current assets:		
Cash	\$ 365,362	\$ 309,
Accounts receivable, less allowance for doubtful accounts of \$1.7 million and \$0.9 million at June 2010 and September 2009	29,967,877	28,393,
Inventories, net	41,308,413	34,486,
Deferred income taxes	1,967,233	1,701,
Prepaid and other current assets	4,554,137	1,728,
	-----	-----
Total current assets	78,163,022	66,619,
Property and equipment, net	11,780,603	11,256,
Goodwill	6,149,168	5,848,
Other intangible assets	4,858,269	3,373,
Other assets	1,062,245	1,026,
	-----	-----
	\$102,013,307	\$ 88,124,
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 18,647,475	\$ 15,222,
Accrued expenses	6,605,525	6,768,
Accrued wages, salaries and bonuses	3,045,321	3,257,

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

Income taxes payable	2,527,497	3,984,
Current maturities of credit facility	-	177,
Current maturities of long-term debt	933,256	1,470,
	-----	-----
Total current liabilities	31,759,074	30,882,
Credit facility, less current maturities	28,480,212	22,655,
Deferred income taxes	1,141,803	1,256,
Long-term debt, less current maturities	5,435,769	5,066,
Other long-term liabilities	562,575	
Series A cumulative, convertible preferred stock, \$.01 par value 100,000 shares authorized and issued, liquidation preference \$25.00 per share	2,500,000	2,500,
Series B cumulative, convertible preferred stock, \$.01 par value 80,000 shares authorized and issued, liquidation preference \$25.00 per share	2,000,000	2,000,
Shareholders' equity:		
Preferred stock, \$.01 par, 1,000,000 shares authorized, 180,000 shares outstanding and issued in Series A and B referred to above	-	
Common stock, \$.01 par value, 3,000,000 shares authorized, 577,266 shares outstanding at June 2010 and 573,232 shares outstanding at September 2009	5,773	5,
Additional paid-in capital	8,250,974	7,617,
Retained earnings	21,877,127	16,140,
	-----	-----
Total shareholders' equity	30,133,874	23,763,
	-----	-----
	\$102,013,307	\$ 88,124,
	=====	=====

AMCON Distributing Company and Subsidiaries
Condensed Consolidated Unaudited Statements of Operations
for the three and nine months ended June 30, 2010 and 2009

	For the three months ended June		For the nine mo ended June	
	2010	2009	2010	
	-----	-----	-----	-----
Sales (including excise taxes of \$87.9 million and \$77.4 million, and \$246.3				

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

million and \$171.0 million, respectively)	\$ 267,062,440	\$ 242,817,927	\$ 741,502,607	\$ 655
Cost of sales	247,932,676	225,753,469	688,204,656	605
Gross profit	19,129,764	17,064,458	53,297,951	50
Selling, general and administrative expenses	14,070,483	12,800,612	41,215,024	38
Depreciation and amortization	440,466	273,650	1,243,307	
	14,510,949	13,074,262	42,458,331	39
Operating income	4,618,815	3,990,196	10,839,620	10
Other expense (income):				
Interest expense	370,873	368,048	1,144,543	1
Other (income), net	(32,758)	(43,600)	(69,184)	
	338,115	324,448	1,075,359	1
Income from continuing operations before income tax expense	4,280,700	3,665,748	9,764,261	9
Income tax expense	1,532,000	1,411,000	3,495,000	3
Income from continuing operations	2,748,700	2,254,748	6,269,261	5
Discontinued operations				
Gain on asset disposal and debt settlement, net of income tax expense of \$2.7 million	-	4,666,264	-	4
Income (loss) from discontinued operations, net of income tax expense (benefit) of \$0.01 million and (\$0.1) million, respectively	-	13,105	-	
Income on discontinued operations	-	4,679,369	-	4,479,
Net income	2,748,700	6,934,117	6,269,261	10
Preferred stock dividends requirements	(74,052)	(74,052)	(222,158)	
Net income available to common shareholders	\$ 2,674,648	\$ 6,860,065	\$ 6,047,103	\$ 9
Basic earnings per share available to common shareholders:				
Continuing operations	\$ 4.72	\$ 3.97	\$ 10.73	\$
Discontinued operations	-	8.52	-	
Net basic earnings per share available to common shareholders	\$ 4.72	\$ 12.49	\$ 10.73	\$
Diluted earnings per share available to common shareholders:				
Continuing operations	\$ 3.67	\$ 3.11	\$ 8.39	\$
Discontinued operations	-	6.46	-	
Net diluted earnings per share available to common shareholders	\$ 3.67	\$ 9.57	\$ 8.39	\$
Weighted average shares outstanding:				
Basic	566,224	549,397	563,505	
Diluted	749,350	724,833	747,035	

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

AMCON Distributing Company and Subsidiaries
Condensed Consolidated Unaudited Statements of Cash Flows
for the nine months ended June 30, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 6,269,261	\$ 10,330,000
Deduct: income from discontinued operations, net of tax	-	4,479,800
Income from continuing operations	6,269,261	5,850,100
Adjustments to reconcile net income from continuing operations to net cash flows from operating activities:		
Depreciation	1,043,186	884,900
Amortization	200,121	
(Gain) loss on sale of property and equipment	(31,843)	26,400
Stock based compensation	376,422	398,700
Net excess tax (benefit) deficiency on equity-based awards	(130,126)	16,500
Deferred income taxes	(380,575)	893,800
Provision for losses on doubtful accounts	750,489	489,000
Provision for losses on inventory obsolescence	82,778	331,300
Other	77,094	
Changes in assets and liabilities:		
Accounts receivable	(2,325,168)	(1,797,300)
Inventories	(4,923,666)	1,714,000
Prepaid and other current assets	(2,830,201)	312,700
Other assets	(35,850)	59,200
Accounts payable	3,388,920	(365,700)
Accrued expenses and accrued wages, salaries and bonuses	(375,910)	2,625,500
Income tax payable	(1,326,635)	4,713,600
Net cash flows from operating activities - continuing operations	(171,703)	16,153,300
Net cash flows from operating activities - discontinued operations	-	(2,673,700)
Net cash flows from operating activities	(171,703)	13,479,600
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(1,423,912)	(784,200)
Proceeds from sales of property and equipment	62,406	102,400
Acquisition	(3,099,836)	
Net cash flows from investing activities	(4,461,342)	(681,800)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings (payments) on bank credit agreement	5,646,484	(8,955,200)
Principal payments on long-term debt	(682,574)	(604,900)
Proceeds from exercise of stock options	126,973	
Net excess tax (benefit) deficiency on equity-based awards	130,126	(16,500)
Redemption of Series C convertible preferred stock	-	(2,000,000)

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

Dividends paid on preferred stock	(222,158)	(272,158)
Dividends on common stock	(310,358)	(171,158)
	-----	-----
Net cash flows from financing activities - continuing operations	4,688,493	(12,020,000)
Net cash flows from financing activities - discontinued operations	-	(825,000)
	-----	-----
Net cash flows from financing activities	4,688,493	(12,845,000)
	-----	-----
Net change in cash	55,448	(47,200)
	-----	-----
Cash, beginning of period	309,914	457,600
	-----	-----
Cash, end of period	\$ 365,362	\$ 410,400
	=====	=====
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	\$ 1,141,934	\$ 1,347,600
Cash paid during the period for income taxes	5,202,208	612,400
Supplemental disclosure of non-cash information:		
Equipment acquisitions classified as accounts payable	35,866	108,500
Constructive dividends on Series A, B, and C Convertible Preferred Stock	-	221,600
Acquisition of equipment through capital leases	14,969	12,300
Business acquisition:		
Inventory	1,981,498	
Property and equipment	122,978	
Customer relationships intangible asset	1,620,000	
Goodwill	300,360	
Note payable	500,000	
Contingent consideration	425,000	
TSI disposition - discontinued operations		
Property and equipment, net	-	(2,032,000)
Accrued expenses	-	(925,400)
Long-term debt	-	(6,945,500)
Deferred gain on CPH Settlement	-	(1,542,300)

