

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

AMCON DISTRIBUTING CO
Form 8-K
November 08, 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) November 8, 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 November 8, 2010, AMCON Distributing Company ("AMCON or "Company") issued a press release announcing its financial results for the fiscal year ended September 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 November 8, 2010, issued by AMCON Distributing Company announcing financial results for the fiscal year ended September 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: November 8, 2010

By: Andrew C. Plummer

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

Exhibit 99.1

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

AMCON DISTRIBUTING COMPANY REPORTS FULLY DILUTED EARNINGS OF \$11.99 PER SHARE FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010.

NEWS RELEASE

Omaha, NE, November 8, 2010 - AMCON Distributing Company ("AMCON") (AMEX:DIT), a consumer products company is pleased to announce fully diluted earnings per share of \$11.99 on net income available to common stockholders of \$8.7 million for the fiscal year ended September 30, 2010.

"We are proud to have surpassed the \$1 billion mark in sales for the first time in the history of the Company. This achievement is a testament to the high degree of collaboration between our management team, our loyal customer base, and the major branded consumer products companies whose products we distribute. Our organization is committed to enhancing our customers' profitability. We believe this customer centric philosophy ultimately drives our bottom line," said Christopher H. Atayan, AMCON's Chairman and Chief Executive Officer. "Our acquisition in Northwest Arkansas is fully integrated into our operations and has been both a financial and operating success. Further, our new retail health food store in Tulsa has performed according to expectations," noted Mr. Atayan.

Each of AMCON's business segments reported excellent years. The wholesale distribution segment reported revenues of \$973.8 million and operating income before depreciation and amortization of \$18.6 million for all of fiscal 2010 and revenues and operating income before depreciation and amortization of \$260.0 million and \$5.2 million, respectively, for the fourth fiscal quarter of fiscal 2010. The retail health food segment reported revenues of \$36.8 million and operating income before depreciation and amortization of \$4.1 million for fiscal 2010 and revenue of \$9.1 million and operating income before depreciation and amortization of \$0.9 million for the fourth fiscal quarter of 2010.

"We will continue to focus on expanding our foodservice offerings in the coming year. Foodservice products offer attractive gross profits for our customers. In these difficult economic times our emphasis on premium service continues to differentiate us from the competition," said Kathleen Evans, President of AMCON's wholesale distribution segment.

"We continue to maintain a disciplined approach to new store openings," said Eric Hinkefent President of AMCON's retail health food segment. "We are looking for the right locations with proper demographics that will optimize our business model. Our stores stand for quality, service and a wide variety of products at attractive prices. We continue to upgrade and enhance our existing locations to deliver a first class retail experience," added Mr. Hinkefent.

"From a financial perspective we continue to focus on maintaining balance sheet liquidity. We believe this strategy enables AMCON to take advantage of opportunities in the market place that will improve our customers'

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

profitability. Ultimately, this translates into profits for our shareholders. We ended the fiscal year with total stockholders equity of \$32.8 million and we further reduced consolidated debt to \$24.9 million," said Andrew Plummer, AMCON's Chief Financial Officer. "We are carefully evaluating various capital projects in information technology and foodservice equipment that will enhance our ability to compete in the market place," added Mr. Plummer.

AMCON is a leading wholesale distributor of consumer products, including beverages, candy, tobacco, groceries, foodservice, frozen and chilled foods, and health and beauty care products with locations in Arkansas, Illinois, Missouri, Nebraska, North Dakota and South Dakota. AMCON also operates fourteen (14) health and natural product retail stores in the Midwest and Florida. The retail stores operate under the names Akin's Natural Foods Market www.akins.com and Chamberlin's Market & Cafe www.chamberlins.com.

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 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

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

September 30,	2010	2009
ASSETS		
Current assets:		
Cash	\$ 356,735	\$ 309,
Accounts receivable, less allowance for doubtful accounts of \$1.6 million and \$0.9 million in 2010 and 2009, respectively	27,903,689	28,393,
Inventories, net	35,005,957	34,486,
Deferred income taxes	1,905,974	1,701,
Prepaid and other current assets	3,013,485	1,728,
Total current assets	68,185,840	66,619,
Property and equipment, net	11,855,669	11,256,
Goodwill	6,149,168	5,848,
Other intangible assets, net	4,807,644	3,373,
Other assets	1,069,050	1,026,
	\$ 92,067,371	\$ 88,124,
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 16,656,257	\$ 15,222,
Accrued expenses	6,007,900	6,768,
Accrued wages, salaries and bonuses	3,161,817	3,257,
Income taxes payable	2,366,667	3,984,
Current maturities of credit facility	-	177,
Current maturities of long-term debt	893,291	1,470,
Total current liabilities	29,085,932	30,882,
Credit facility, less current maturities	18,816,709	22,655,
Deferred income taxes	1,075,861	1,256,
Long-term debt, less current maturities	5,226,586	5,066,
Other long-term liabilities	587,479	
Series A cumulative, convertible preferred stock, \$.01 par value 100,000 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 authorized and issued, liquidation preference \$25.00 per share	2,000,000	2,000,
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, \$.01 par, 1,000,000 shares authorized, 180,000 shares outstanding and issued in Series A and B at September 2010 and 2009	-	
Common stock, \$.01 par value, 3,000,000 shares authorized, 577,432 shares outstanding at September 2010 and 573,232 shares outstanding at September 2009	5,774	5,
Additional paid-in capital	8,376,640	7,617,
Retained earnings	24,392,390	16,140,
Total shareholders' equity	32,774,804	23,763,
	-----	-----

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

\$ 92,067,371
=====

\$ 88,124,
=====

AMCON Distributing Company and Subsidiaries
CONSOLIDATED STATEMENTS OF OPERATIONS

Fiscal Years Ended September

2010

Sales (including excise taxes of \$335.8 million and \$263.7 million, respectively)	\$1,010,538,035	\$ 907
Cost of sales	938,830,204	839
Gross profit	71,707,831	68
Selling, general and administrative expenses	54,445,189	51
Depreciation and amortization	1,736,817	1
	56,182,006	52
Operating income	15,525,825	15
Other expense (income):		
Interest expense	1,504,899	1
Other (income), net	(85,886)	
	1,419,013	1
Income from continuing operations before income tax expense	14,106,812	13
Income tax expense	5,141,000	5
Income from continuing operations	8,965,812	8
Discontinued operations		
Gain on asset disposal and debt settlement, net of income tax expense of \$2.7 million	-	4
Loss from discontinued operations, net of income tax benefit of \$0.1 million	-	
Income on discontinued operations	-	4
Net income	8,965,812	12

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

Preferred stock dividend requirements	(297,025)	
Net income available to common shareholders	\$ 8,668,787	\$ 12,973,787
Basic earnings per share available to common shareholders:		
Continuing operations	\$ 15.36	\$ 15.36
Discontinued operations	-	-
Net basic earnings per share available to common shareholders	\$ 15.36	\$ 15.36
Diluted earnings per share available to common shareholders:		
Continuing operations	\$ 11.99	\$ 11.99
Discontinued operations	-	-
Net diluted earnings per share available to common shareholders	\$ 11.99	\$ 11.99
Weighted average shares outstanding:		
Basic	564,355	
Diluted	747,862	

AMCON Distributing Company and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS

Fiscal Years Ended September	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 8,965,812	\$ 12,973,787
Deduct: income from discontinued operations, net of tax	-	4,479,812
Income from continuing operations	8,965,812	8,493,975
Adjustments to reconcile income from continuing operations to net cash flows from operating activities:		
Depreciation	1,459,156	1,216,000
Amortization	277,661	
(Gain) loss on sale of property and equipment	(32,996)	24,900
Stock based compensation	486,294	531,600
Net excess tax benefit on equity-based awards	(141,141)	(2,200)
Deferred income taxes	(385,258)	1,049,900
Provision for losses on doubtful accounts	686,426	124,500
Provision for (recoveries) losses on inventory obsolescence	(74,083)	299,100

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

Other		75,083	
Changes in assets and liabilities:			
Accounts receivable	(196,917)		(1,319,330)
Inventories	1,535,651		2,545,700
Prepaid and other current assets	(1,289,549)		1,791,000
Other assets	(42,655)		96,800
Accounts payable	1,395,362		(80,400)
Accrued expenses and accrued wages, salaries and bonuses	(857,039)		2,113,100
Income tax payable	(1,476,450)		3,673,400
	-----		-----
Net cash flows from operating activities - continuing operations	10,385,357		20,558,400
Net cash flows from operating activities - discontinued operations	-		(2,673,700)
	-----		-----
Net cash flows from operating activities	10,385,357		17,884,600
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	(1,920,655)		(1,673,400)
Proceeds from sales of property and equipment	71,606		107,200
Acquisition	(3,099,836)		
	-----		-----
Net cash flows from investing activities	(4,948,885)		(1,566,100)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net payments on bank credit agreements	(4,017,019)		(12,367,200)
Principal payments on long-term debt	(931,722)		(788,700)
Proceeds from exercise of stock options	131,753		87,700
Net excess tax benefit on equity-based awards	141,141		2,200
Redemption of Series C convertible preferred stock	-		(2,000,000)
Dividends paid on convertible preferred stock	(297,025)		(347,000)
Dividends on common stock	(416,779)		(228,200)
	-----		-----
Net cash flows from financing activities - continuing operations	(5,389,651)		(15,641,200)
Net cash flows from financing activities - discontinued operations	-		(825,000)
	-----		-----
Net cash flows from financing activities	(5,389,651)		(16,466,200)
	-----		-----
Net change in cash	46,821		(147,700)
Cash, beginning of year	309,914		457,600
	-----		-----
Cash, end of year	\$ 356,735		\$ 309,900
	=====		=====
Supplemental disclosure of cash flow information:			
Cash paid during the year for interest	\$ 1,506,661		\$ 1,719,800
Cash paid during the year for income taxes	7,002,708		3,249,500
Supplemental disclosure of non-cash information:			
Acquisition of equipment through capital leases	\$ 14,969		\$ 12,300
Equipment acquisitions classified as accounts payable	38,206		11,500
Constructive dividends on Series A, B, and C			

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

Convertible Preferred Stock	-	221,6
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	\$ -	\$(2,032,0
Accrued expenses	-	(925,4
Long-term debt	-	(6,945,5
Deferred gain on CPH settlement	-	(1,542,3