

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

AMCON DISTRIBUTING CO
Form 8-K
November 06, 2009

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 5, 2009

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))

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

On November 5, 2009, AMCON Distributing Company ("AMCON or "Company") issued a press release announcing its financial results for the fiscal year ended September 30, 2009. 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 5, 2009, issued by AMCON Distributing Company announcing financial results for the fiscal year ended September 30, 2009 |

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 5, 2009

By: Andrew C. Plummer

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

Exhibit 99.1

AMCON DISTRIBUTING COMPANY REPORTS RECORD FULLY DILUTED EARNINGS PER SHARE OF \$16.61 PER SHARE FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

NEWS RELEASE

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

Chicago, IL, November 5, 2009 - AMCON Distributing Company ("AMCON") (AMEX:DIT), an Omaha, Nebraska based consumer products company is pleased to announce record fully diluted earnings per share of \$16.61 on net income available to common stockholders of \$12.4 million for the fiscal year ended September 30, 2009.

"Our management team has once again delivered record results despite the recessionary environment. Throughout the year we maintained a conservative posture and took advantage of opportunities when they were presented," said Christopher H. Atayan, AMCON's Chairman and Chief Executive Officer. Atayan continued, "We believe that if we continue to add value for our customers, our shareholders will benefit. The results this year are a testament to the high degree of collaboration that we have with our customers."

"As previously announced, our Board of Directors recently raised our quarterly dividend to \$0.18 per share, an increase of 80 percent, and also authorized a share repurchase program of up to 50,000 shares to benefit our shareholders. Our recently announced acquisition in Northwest Arkansas is in furtherance of our long-term strategy which is to both grow our geographic base and increase penetration in existing markets. Integrating this acquisition will be a high priority for our management team in the coming quarters. I am also pleased to announce that our retail health food division will open a new store in Tulsa in calendar 2010. We will continue to look for acquisition opportunities in both our business segments," noted Atayan.

Each of AMCON's business segments reported excellent years. The wholesale distribution segment reported revenues of \$243.3 million and operating income before depreciation of \$5.6 million for the fourth fiscal quarter and revenues and operating income before depreciation of \$871.3 million and \$18.4 million, respectively, for all of fiscal 2009. The retail health food segment reported revenues of \$9.0 million and operating income before depreciation of \$1.0 million for the fourth fiscal quarter and annual revenue of \$36.6 million and operating income before depreciation of \$3.7 million for fiscal 2009. AMCON ended the year with stockholders' equity of \$23.8 million.

"We continue to expend significant energy and resources developing profit making opportunities and programs for our customers. For example, a well run food service program drives traffic to our customer's stores and increases their bottom line. Our new northwest Arkansas customers have expressed significant interest in these programs," said Kathleen Evans, President of AMCON's wholesale distribution segment. "We strive to be the service leader in the market because we believe that will keep us in a leadership position during tough times," added Evans.

"Our customers have a strong identity of interest with our Akins and Chamberlin's brands. The stores stand for quality, service and a wide variety of products at an attractive price. We are enthusiastic about our new store opening in Tulsa in 2010. We have maintained discipline in terms of opening new stores over the years. However, we felt the timing was appropriate and the terms of this particular situation made sense for our stockholders. We will continue to be looking to open new stores as well as acquire existing stores as the opportunities present themselves. Our long term objective is to increase the penetration in the markets we presently serve and to opportunistically add new markets which are suited to our business model. Additionally, we have made prudent capital expenditures to make sure that our existing base of stores are at the high levels our customers expect," said Eric Hinkfent, President of AMCON's retail health food segment.

"We are focused on maintaining high degrees of liquidity in our balance sheet in the short term. We were able to increase our stockholders equity by \$12.8

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

million and reduce total debt by \$20.9 million in fiscal 2009," said Andrew Plummer, AMCON's Chief Financial Officer. "We believe a conservative balance sheet is prudent in anticipation of softness in the broader economy that will continue to impact our customers in fiscal 2010. This positions our organization to move decisively from a financial perspective when events and circumstances warrant. It also enables us to best deliver value to our customers and to draw down on the line from time-to-time to develop profitable opportunities on their behalf," added Plummer.

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 health and natural product retail stores in central Florida (6), Kansas, Missouri, Nebraska and Oklahoma (4). 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 statements.

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

For Further Information Contact:

Christopher H. Atayan
AMCON Distributing Company
Ph 312-327-1770
Fax: 312-527-3964

CONSOLIDATED BALANCE SHEETS AMCON Distributing Company and Subsidiaries

| September 30, | 2009 | 2008 |
|---|------------|-----------|
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 309,914 | \$ 457,68 |
| Accounts receivable, less allowance for doubtful accounts of \$0.9 million and \$0.8 million in 2009 and 2008, respectively | 28,393,198 | 27,198,41 |

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

| | | |
|---|---------------|--------------|
| Inventories, net | 34,486,027 | 37,330,96 |
| Deferred income taxes | 1,701,568 | 1,260,60 |
| Current assets of discontinued operations | - | 18,94 |
| Prepaid and other current assets | 1,728,576 | 3,519,65 |
| | ----- | ----- |
| Total current assets | 66,619,283 | 69,786,27 |
| Property and equipment, net | 11,256,627 | 10,907,54 |
| Goodwill | 5,848,808 | 5,848,80 |
| Other intangible assets, net | 3,373,269 | 3,373,26 |
| Deferred income taxes | - | 234,17 |
| Non-current assets of discontinued operations | - | 2,032,04 |
| Other assets | 1,026,395 | 1,123,25 |
| | ----- | ----- |
| | \$ 88,124,382 | \$ 93,305,35 |
| | ===== | ===== |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 15,222,689 | \$ 14,738,21 |
| Accrued expenses | 6,768,924 | 5,275,69 |
| Accrued wages, salaries and bonuses | 3,257,832 | 2,636,69 |
| Income taxes payable | 3,984,258 | 313,02 |
| Current liabilities of discontinued operations | - | 4,041,83 |
| Current maturities of credit facility | 177,867 | 3,046,00 |
| Current maturities of long-term debt | 1,470,445 | 787,12 |
| | ----- | ----- |
| Total current liabilities | 30,882,015 | 30,838,59 |
| Credit facility, less current maturities | 22,655,861 | 32,155,00 |
| Deferred income taxes | 1,256,713 | |
| Long-term debt, less current maturities | 5,066,185 | 6,525,88 |
| Noncurrent liabilities of discontinued operations | - | 6,542,31 |
| Series A cumulative, convertible preferred stock, \$.01 par value 100,000 authorized and issued, liquidation preference \$25.00 per share | 2,500,000 | 2,438,35 |
| Series B cumulative, convertible preferred stock, \$.01 par value 80,000 authorized and issued, liquidation preference \$25.00 per share | 2,000,000 | 1,857,64 |
| Series C cumulative, convertible preferred stock, \$.01 par value 80,000 authorized and issued at September 30, 2008, liquidation preference \$25.00 per share | - | 1,982,37 |
| Commitments and contingencies | | |
| Shareholders' equity: | | |
| Preferred stock, \$0.01 par value, 1,000,000 shares authorized, 180,000 shares outstanding and issued in Series A and B at September 2009 and 260,000 shares outstanding and issued in Series A, B and C at September 2008 referred to above | - | |
| Common stock, \$0.01 par value, 3,000,000 shares authorized, 573,232 shares outstanding at September 2009 and 570,397 shares outstanding at September 2008 | 5,732 | 5,70 |
| Additional paid-in capital | 7,617,494 | 6,995,94 |
| Retained earnings | 16,140,382 | 3,963,54 |
| | ----- | ----- |
| Total shareholders' equity | 23,763,608 | 10,965,19 |
| | ----- | ----- |
| | \$ 88,124,382 | \$ 93,305,35 |
| | ===== | ===== |

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

CONSOLIDATED STATEMENTS OF OPERATIONS

AMCON Distributing Company and Subsidiaries

| Fiscal Years Ended September | 2009 | 2008 |
|---|----------------|---------------|
| Sales (including excise taxes of \$263.7 million and \$206.8 million, respectively) | \$ 907,953,044 | \$ 860,451,12 |
| Cost of sales | 839,813,225 | 795,774,78 |
| Gross profit | 68,139,819 | 64,676,34 |
| Selling, general and administrative expenses | 51,539,775 | 51,631,32 |
| Depreciation and amortization | 1,216,089 | 1,386,21 |
| | 52,755,864 | 53,017,54 |
| Operating income | 15,383,955 | 11,658,80 |
| Other expense (income): | | |
| Interest expense | 1,627,373 | 2,986,21 |
| Other income, net | (104,259) | (114,61 |
| | 1,523,114 | 2,871,60 |
| Income from continuing operations before income tax expense | 13,860,841 | 8,787,19 |
| Income tax expense | 5,367,000 | 3,194,00 |
| Income from continuing operations | 8,493,841 | 5,593,19 |
| Discontinued operations | | |
| Gain on asset disposal and debt settlement, net of income tax expense of \$2.7 million | 4,666,264 | |
| Loss from discontinued operations, net of income tax benefit of \$0.1 million and \$0.2 million, respectively | (186,370) | (260,95 |
| Income (loss) on discontinued operations | 4,479,894 | (260,95 |
| Net income | 12,973,735 | 5,332,24 |
| Dividends on convertible preferred stock | (568,653) | (419,83 |
| Net income available to common shareholders | \$ 12,405,082 | \$ 4,912,40 |
| Basic earnings (loss) per share available to common shareholders: | | |
| Continuing operations | \$ 14.45 | \$ 9.6 |
| Discontinued operations | 8.16 | (0.4 |
| Net basic earnings per share available to common shareholders | \$ 22.61 | \$ 9.1 |

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

| | | |
|---|----------|--------|
| Diluted earnings (loss) per share available to common shareholders: | | |
| Continuing operations | \$ 10.87 | \$ 6.5 |
| Discontinued operations | 5.74 | (0.3) |
| | | |
| Net diluted earnings per share available to common shareholders | \$ 16.61 | \$ 6.2 |
| | | |
| Weighted average shares outstanding: | | |
| Basic | 548,616 | 536,31 |
| Diluted | 781,265 | 851,29 |

CONSOLIDATED STATEMENTS OF CASH FLOWS AMCON Distributing Company and Subsidiaries

| Fiscal Years Ended September | 2009 | 2008 |
|---|---------------|-------------|
| | | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | \$ 12,973,735 | \$ 5,332,24 |
| Deduct: Income (loss) from discontinued operations, net of tax | 4,479,894 | (260,95 |
| Income from continuing operations | 8,493,841 | 5,593,19 |
| Adjustments to reconcile income from continuing operations to net cash flows from operating activities: | | |
| Depreciation | 1,216,089 | 1,359,41 |
| Amortization | - | 26,80 |
| Loss (gain) on sale of property and equipment | 24,915 | (39,61 |
| Stock based compensation | 531,600 | 435,25 |
| Net excess tax benefit on equity-based awards | (2,245) | (16,59 |
| Deferred income taxes | 1,049,925 | 2,719,65 |
| Provision for losses on doubtful accounts | 124,574 | 505,00 |
| Provision for losses on inventory obsolescence | 299,155 | 101,99 |
| Changes in assets and liabilities: | | |
| Accounts receivable | (1,319,358) | 145,52 |
| Inventories | 2,545,787 | (7,694,24 |
| Prepaid and other current assets | 1,791,074 | 2,415,55 |
| Other assets | 96,857 | (30,10 |
| Accounts payable | (80,446) | (515,34 |
| Accrued expenses and accrued wages, salaries and bonuses | 2,113,154 | 415,87 |
| Income taxes payable | 3,673,482 | (38,16 |
| Net cash flows from operating activities - continuing operations | 20,558,404 | 5,384,21 |
| Net cash flows from operating activities - discontinued operations | (2,673,712) | (230,04 |
| Net cash flows from operating activities | 17,884,692 | 5,154,17 |

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

| | | |
|--|--------------|------------|
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of property and equipment | (1,673,432) | (845,15) |
| Proceeds from sales of property and equipment | 107,255 | 86,20 |
| Net cash flows from investing activities | (1,566,177) | (758,94) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Net payments on bank credit agreements | (12,367,277) | (3,653,17) |
| Principal payments on long-term debt | (788,712) | (656,09) |
| Proceeds from exercise of stock options | 87,729 | 148,38 |
| Net excess tax benefit on equity-based awards | 2,245 | 16,59 |
| Redemption of Series C convertible preferred stock | (2,000,000) | |
| Dividends paid on convertible preferred stock | (347,025) | (419,83) |
| Dividends on common stock | (228,242) | (90,97) |
| Net cash flows from financing activities - continuing operations | (15,641,282) | (4,655,10) |
| Net cash flows from financing activities - discontinued operations | (825,000) | |
| Net cash flow from financing activities | (16,466,282) | (4,655,10) |
| Net change in cash | (147,767) | (259,87) |
| Cash, beginning of year | 457,681 | 717,55 |
| Cash, end of year | \$ 309,914 | \$ 457,68 |

| Fiscal Years | 2009 | 2008 |
|---|----------------|--------------|
| Supplemental disclosure of cash flow information: | | |
| Cash paid during the year for interest | \$ 1,719,895 | \$ 3,116,098 |
| Cash paid during the year for income taxes | 3,249,594 | 354,508 |
| Supplemental disclosure of non-cash information: | | |
| Constructive dividends on Series A, B and C Convertible Preferred Stock | \$ 221,628 | - |
| Acquisition of equipment through capital leases | 12,333 | 277,624 |
| Equipment acquisitions classified as accounts payable | 11,580 | - |
| TSI disposition - discontinued operations: | | |
| Property and equipment, net | \$ (2,032,047) | - |
| Accrued expenses | (925,452) | - |
| Long-term debt | (6,945,548) | - |
| Deferred gain on CPH settlement | (1,542,312) | - |

