

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

AMCON DISTRIBUTING CO
Form 8-K
January 29, 2007

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) January 29, 2007

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)

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

Chicago, IL, January 29, 2007 - AMCON Distributing Company ("AMCON") (AMEX:DIT), an Omaha, Nebraska based consumer products company is pleased to announce that the earnings for first fiscal quarter ended December 31, 2006 were \$1.49 per share on a fully diluted basis. "We are now beginning to see the tangible results of our management teams concentrated efforts over the course of the last year", said Christopher Atayan, AMCON's Chief Executive Officer. "Going forward we still have some challenges from the past that we have to address, however we are now in a position to be able to commit more resources to growing our two core businesses."

AMCON reported revenues of approximately \$200.3 million in its Wholesale Distribution business and operating income before depreciation and amortization of approximately \$2.9 million. AMCON's Retail Health Food business reported revenues of approximately \$9.1 million and operating income before depreciation and amortization of approximately \$0.7 million.

Kathleen Evans, President of AMCON's Wholesale Business, commented "This was a solid quarter across the board. We look forward to carrying the momentum into 2007." Eric Hinkefent, President of AMCON's Retail Health Food business, said "We continue to look for growth opportunities. Our business model is working well and benefits from the trend toward natural and organic products."

The recent Midwest winter ice storms briefly impacted both of AMCON's business segments. More detail will be provided when the company reports its second fiscal quarter results.

As previously reported, AMCON divested the assets of its Hawaiian Natural Water Company on November 20, 2006 and the results of operations for that partial period are recorded in discontinued operations. In addition, AMCON reported a gain on disposal net of taxes of approximately \$0.9 million.

AMCON also reported two executive appointments. Andrew Plummer the company's interim chief financial officer was named to the post on a permanent basis. Additionally, Philip Campbell who has been a financial consultant to the company in connection with its discontinued operations, was named to the newly created position of Senior Vice President Financial Planning and Compliance. "Andy earned his promotion the old fashioned way, through hard work and diligence" noted Atayan. "Philip was the logical choice for this new position, as he has been a part of our team for several years now and is well respected both internally and externally" continued Atayan. Plummer commented "We are in the process of building a cutting edge financial department that will enable us to take advantage of our many corporate strengths. Ultimately this will not only benefit us, it will also enable us to continue our customer service leadership position in the industry."

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 distribution centers in 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

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

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

AMCON Distributing Company and Subsidiaries
Condensed Consolidated Balance Sheets
December 31, 2006 and September 30, 2006

| | December 2006 (Unaudited) | September |
|---|------------------------------|-----------|
| | ----- | ----- |
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 433,565 | \$ 481, |
| Accounts receivable, less allowance for doubtful accounts of \$0.9 million and \$0.9 million, respectively | 28,207,328 | 27,815, |

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

| | | |
|--|---------------|------------|
| Inventories, net | 26,291,459 | 24,443, |
| Deferred income taxes | 1,972,988 | 1,972, |
| Current assets of discontinued operations | 13,744 | 1,172, |
| Prepaid and other current assets | 5,054,447 | 5,369, |
| | ----- | ----- |
| Total current assets | 61,973,531 | 61,254, |
| Property and equipment, net | 12,248,355 | 12,528, |
| Goodwill | 5,848,808 | 5,848, |
| Other intangible assets | 3,429,869 | 3,439, |
| Deferred income taxes | 5,857,028 | 6,772, |
| Noncurrent assets from discontinued operations | 2,382,648 | 3,774, |
| Other assets | 1,313,750 | 1,247, |
| | ----- | ----- |
| | \$ 93,053,989 | \$ 94,866, |
| | ===== | ===== |
| LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY) | | |
| Current liabilities: | | |
| Accounts payable | \$ 13,830,334 | \$ 14,633, |
| Accrued expenses | 4,483,797 | 4,687, |
| Accrued wages, salaries and bonuses | 1,362,488 | 1,879, |
| Income taxes payable | 69,987 | 168, |
| Current liabilities of discontinued operations | 5,747,896 | 7,461, |
| Current maturities of credit facility | 3,896,000 | 3,896, |
| Current maturities of long-term debt | 492,816 | 524, |
| | ----- | ----- |
| Total current liabilities | 29,883,318 | 33,251, |
| | ----- | ----- |
| Credit facility, less current maturities | 45,661,073 | 44,927, |
| Long-term debt, less current maturities | 6,939,204 | 7,069, |
| Noncurrent liabilities of discontinued operations | 4,865,822 | 5,087, |
| Series A cumulative, convertible preferred stock, \$.01 par value 100,000 shares authorized and issued, liquidation preference \$25.00 per share | 2,438,355 | 2,438, |
| Series B cumulative, convertible preferred stock, \$.01 par value 80,000 shares authorized and issued, liquidation preference \$25.00 per share | 1,857,645 | 1,857, |
| Series C cumulative, convertible preferred stock, \$.01 par value 80,000 shares authorized and issued, liquidation preference \$25.00 per share | 1,982,372 | 1,982, |
| Commitments and contingencies | | |
| Shareholders' equity (deficiency): | | |
| Preferred stock, \$0.01 par, 1,000,000 shares authorized, none outstanding | - | - |
| Common stock, \$.01 par value, 3,000,000 shares authorized, 527,062 outstanding | 5,271 | 5, |
| Additional paid-in capital | 6,281,476 | 6,278, |
| Accumulated deficit | (6,860,547) | (8,030, |
| | ----- | ----- |
| Total shareholders' deficiency | (573,800) | (1,747, |
| | ----- | ----- |
| | \$ 93,053,989 | \$ 94,866, |
| | ===== | ===== |

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

AMCON Distributing Company and Subsidiaries
 Condensed Consolidated Unaudited Statements of Operations
 for the three months ended December 31, 2006 and 2005

| | 2006 | 2005 |
|---|----------------|----------------|
| Sales (including excise taxes of \$49.5 million and \$48.2 million, respectively) | \$ 209,366,149 | \$ 198,311,000 |
| Cost of sales | 194,325,018 | 184,311,000 |
| Gross profit | 15,041,131 | 14,000,000 |
| Selling, general and administrative expenses | 12,405,083 | 12,405,083 |
| Depreciation and amortization | 457,843 | 457,843 |
| | 12,862,926 | 12,862,926 |
| Operating income | 2,178,205 | 1,137,074 |
| Other expense (income): | | |
| Interest expense | 1,268,662 | 1,268,662 |
| Other (income), net | (31,081) | (31,081) |
| | 1,237,581 | 1,237,581 |
| Income (loss) from continuing operations before income taxes | 940,624 | 940,624 |
| Income tax expense (benefit) | 363,000 | 363,000 |
| Income (loss) from continuing operations | 577,624 | 577,624 |
| Discontinued operations | | |
| Gain on disposal of discontinued operations, net of income tax expense of \$0.7 million | 895,588 | 895,588 |
| (Loss) from discontinued operations, net of income tax (benefit) of (\$0.1) million and (\$0.6) million, respectively | (197,410) | (197,410) |
| Income (loss) on discontinued operations | 698,178 | 698,178 |
| Net income (loss) | 1,275,802 | (1,137,074) |
| Preferred stock dividend requirements | (105,533) | (105,533) |
| Net income (loss) available to common shareholders | \$ 1,170,269 | \$ (1,242,607) |
| Basic earnings (loss) per share available to common shareholders: | | |
| Continuing operations | \$ 0.90 | \$ (0.90) |
| Discontinued operations | 1.32 | (0.27) |

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

| | | |
|--|---------|----|
| Net basic earnings (loss) per share available to common shareholders | \$ 2.22 | \$ |
| Diluted earnings (loss) per share available to common shareholders: | | |
| Continuing operations | \$ 0.68 | \$ |
| Discontinued operations | 0.81 | |
| Net diluted earnings (loss) per share available to common shareholders | \$ 1.49 | \$ |
| Weighted average shares outstanding: | | |
| Basic | 527,062 | |
| Diluted | 854,427 | |

AMCON Distributing Company and Subsidiaries
Condensed Consolidated Unaudited Statements of Cash Flows
for the three month periods ended December 31, 2006 and 2005

| | 2006 | 2005 |
|--|--------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income (loss) | \$ 1,275,802 | \$ (1,186,000) |
| Deduct: income (loss) from discontinued operations, net of tax | 698,178 | (1,027,000) |
| Income (loss) from continuing operations | 577,624 | (159,000) |
| Adjustments to reconcile net income (loss) from continuing operations to net cash flows from operating activities: | | |
| Depreciation | 447,909 | 468,000 |
| Amortization | 9,934 | 9,000 |
| (Gain) loss on sale of property and equipment | (11,116) | 2,000 |
| Stock based compensation | 3,000 | 15,000 |
| Deferred income taxes | 915,899 | (543,000) |
| Provision for losses on doubtful accounts | (76,196) | |
| Provision for losses on inventory obsolescence | 172,503 | 88,000 |
| Changes in assets and liabilities: | | |
| Accounts receivable | (315,381) | 1,686,000 |
| Inventories | (2,020,899) | (4,710,000) |
| Other current assets | 314,707 | 579,000 |
| Other assets | (66,286) | (7,000) |
| Accounts payable | (802,790) | 1,672,000 |
| Accrued expenses and accrued wages, salaries and bonuses | (721,203) | (935,000) |
| Income tax payable and receivable | (98,949) | (118,000) |
| Net cash flows from operating activities - continuing operations | (1,671,244) | (1,953,000) |
| Net cash flows from operating activities - discontinued operations | (1,844,710) | (529,000) |
| Net cash flows from operating activities | (3,515,954) | (2,482,000) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of property and equipment | (170,809) | (133,000) |

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

| | | |
|--|--------------|-----------|
| Proceeds from sales of property and equipment | 14,200 | 29, |
| | ----- | ----- |
| Net cash flows from investing activities - continuing operations | (156,609) | (104, |
| Net cash flows from investing activities - discontinued operations | 3,753,394 | (17, |
| | ----- | ----- |
| Net cash flows from investing activities | 3,596,785 | (122, |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Net borrowings on bank credit agreements | 733,644 | 3,194, |
| Dividends paid on preferred stock | (105,533) | (74, |
| Principal payments on long-term debt | (161,467) | (163, |
| | ----- | ----- |
| Net cash flows from financing activities - continuing operations | 466,644 | 2,956, |
| Net cash flows from financing activities - discontinued operations | (595,048) | 633, |
| | ----- | ----- |
| Net cash flows from financing activities | (128,404) | 3,589, |
| | ----- | ----- |
| Net change in cash | (47,573) | 985, |
| Cash, beginning of period | 481,138 | 546, |
| | ----- | ----- |
| Cash, end of period | \$ 433,565 | \$ 1,531, |
| | ===== | ===== |
| Supplemental disclosure of cash flow information: | | |
| Cash paid during the period for interest | \$ 1,262,202 | \$ 1,162, |
| Cash paid (refunded) during the period for income taxes | 98,949 | (26, |
| Supplemental disclosure of non-cash information: | | |
| Buyer's assumption of HNWC lease in connection with the sale of HNWC's assets - discontinued operations | 225,502 | |

-end-