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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  
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AMCON DISTRIBUTING COMPANY  
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(Exact name of registrant as specified in its charter)

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

7405 Irvington Road, Omaha, NE 68122  
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(Address of principal executive offices) (Zip Code)

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

Not Applicable  
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(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))

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### 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

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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'

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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](http://www.akins.com) and Chamberlin's Market & Cafe [www.chamberlins.com](http://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](http://www.amcon.com)

For Further Information Contact:  
Christopher H. Atayan  
AMCON Distributing Company  
Ph 402-331-3727

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| September 30,   | 2010          | 2009       |
|---|---------------|------------|
| ASSETS  |               |            |
| Current assets:   |               |            |
| Cash  | \$ 356,735    | \$ 309,    |
| Accounts receivable, less allowance for doubtful accounts of<br>\$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<br>100,000 authorized and issued, liquidation preference<br>\$25.00 per share                 | 2,500,000     | 2,500,     |
| Series B cumulative, convertible preferred stock, \$.01 par value<br>80,000 authorized and issued, liquidation preference<br>\$25.00 per share                  | 2,000,000     | 2,000,     |
| Commitments and contingencies   |               |            |
| Shareholders' equity:   |               |            |
| Preferred stock, \$.01 par, 1,000,000 shares authorized,<br>180,000 shares outstanding and issued in Series A and B<br>at September 2010 and 2009               | -             | -          |
| Common stock, \$.01 par value, 3,000,000 shares authorized,<br>577,432 shares outstanding at September 2010 and 573,232<br>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,    |

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

\$ 88,124,  
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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     |

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|   |              |               |
|---|--------------|---------------|
| Preferred stock dividend requirements                           | (297,025)    |               |
| Net income available to common shareholders                     | \$ 8,668,787 | \$ 12,973,770 |
| 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      | 564,355       |
| Diluted   | 747,862      | 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 | \$ 12,973,770 |
| Deduct: income from discontinued operations, net of tax   | -            | 4,479,800     |
| Income from continuing operations   | 8,965,812    | 8,493,970     |
| Adjustments to reconcile income from continuing operations to net cash flows from operating activities: |              |               |
| Depreciation  | 1,459,156    | 1,216,000     |
| Amortization  | 277,661      | 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       |

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|  |              |        |              |
|--|--------------|--------|--------------|
| Other  |              | 75,083 |              |
| Changes in assets and liabilities:                                 |              |        |              |
| Accounts receivable  | (196,917)    |        | (1,319,330)  |
| Inventories  | 1,535,651    |        | 2,545,770    |
| 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                       |              |        |              |



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|  |              |            |
|--|--------------|------------|
| 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   |