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AMCON DISTRIBUTING CO
Form 8-K
February 11, 2003

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) February 10, 2003

AMCON DISTRIBUTING COMPANY

(Exact name of registrant as specified in its charter)

| | | |
|--|-----------------------------|--------------------------------------|
| DELAWARE | 0-24708 | 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 7. FINANCIAL STATEMENTS AND EXHIBITS

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| EXHIBIT NO. | DESCRIPTION |
|-------------|--|
| 99.1 | Press release, dated February 10, 2003, issued by AMCON Distributing Company |

ITEM 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On February 10, 2003, AMCON issued a press release announcing the its earnings for the first quarter ended December 27, 2002. The press release is furnished herewith as an exhibit and incorporated herein by reference.

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: February 10, 2003 By : Michael D. James

Name: Michael D. James
Title: Treasurer & Chief Financial Officer

EXHIBIT INDEX

| Exhibit | Description |
|---------|--|
| 99.1 | Press release, dated February 10, 2003, issued by AMCON Distributing Company |

Exhibit 99.1

NEWS RELEASE

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AMCON REPORTS 1ST QUARTER EARNINGS

Omaha, NE, February 10, 2003 - AMCON Distributing Company (AMEX:DIT), an Omaha, NE based consumer products company, announced today that its net income for the first quarter ended December 2002 was \$274,974 or \$ 0.09 per diluted share compared with \$390,642 or \$0.14 per diluted share for the first quarter of the prior year. Sales for the first quarter were \$197.7 million compared to \$210.2 million for the same period in the prior year.

William F. Wright, Chairman of AMCON, stated that "In a fiercely competitive environment, as is the wholesale distribution business, our sales did decline from the comparable quarter of last year but, in spite of that fact, we were able to retain the net income contribution from the wholesale distribution business and manage our inventories and receivables in a way that resulted in cash flow and debt reduction in excess of \$12.0 million for the quarter. We were also able to control our operating expenses and continue our focus on customer service, which we believe sets us apart from our competitors.

The realignment of our management team in our retail health food segment showed dramatic results last fiscal year. Because of this, as previously announced, we have allocated additional resources to the expansion of this business to remodel certain locations and to expand into new markets. We believe that this approach will allow us to increase sales and more effectively utilize our management overhead expenses."

Wright added, "We announced last month the creation of a new beverage division which includes Hawaiian Springs Natural Water Company and The Beverage Group, Inc. The Beverage Group, Inc. will focus its efforts on the development of markets for Hawaiian Springs/R/ natural spring water products and other non-owned premium beverages on the U.S. mainland, Canada and Mexico. The upgrade to our water plant in Hawaii is now substantially completed and we expect a new warehouse and additional equipment presently being installed to be ready for the summer season. Additionally, we expect shortly to announce agreements with non-owned premium beverage manufacturers to distribute their products in our markets.

Finally, we have completed the required analysis of goodwill impairment and have been advised that there is no impairment and, accordingly, no charges will need to be taken by the Company."

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, South Dakota and Wyoming. Chamberlin's Natural Foods, Inc. and Health Food Associates, Inc., both wholly-owned subsidiaries of The Healthy Edge, Inc. (formerly Food For Health Co., Inc.), operate health and natural product retail stores in central Florida (7), Kansas, Missouri, Nebraska and Oklahoma (3). The retail stores operate under the names Chamberlin's Market & Cafe and Akin's Natural Foods Market. Hawaiian Natural Water Company, Inc., which was acquired in December of 2001, produces and sells natural spring water under

the Hawaiian Springs label. The water is bottled at the source on the Big Island of Hawaii. The Beverage Group, Inc. markets and distributes Hawaiian Springs and other premium beverage products in the United States, Canada and Mexico.

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

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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. 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

AMCON Distributing Company and Subsidiaries
Condensed Consolidated Balance Sheets
December 2002 and September 2002

| | (Unaudited) December 2002 | September 2002 |
|--|------------------------------|----------------|
| | ----- | ----- |
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 118,375 | \$ 130,091 |
| Accounts receivable, less allowance for doubtful accounts of \$0.7 million and \$0.6 million, | | |

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| | | |
|---|---------------|---------------|
| respectively | 26,488,856 | 31,216,783 |
| Inventories | 28,321,040 | 35,744,074 |
| Income tax receivable | 904,760 | 981,054 |
| Deferred income taxes | 324,369 | 324,369 |
| Other | 493,092 | 393,365 |
| | ----- | ----- |
| Total current assets | 56,650,492 | 68,789,736 |
| Fixed assets, net | 16,009,266 | 16,096,124 |
| Available-for-sale investments | 710,590 | 562,000 |
| Goodwill | 6,091,402 | 6,091,402 |
| Other Intangible Assets | 11,728,084 | 11,804,284 |
| Other assets | 1,287,244 | 1,242,923 |
| | ----- | ----- |
| | \$ 92,477,078 | \$104,586,469 |
| | ===== | ===== |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 19,960,502 | \$ 19,873,851 |
| Accrued expenses | 3,390,965 | 3,969,164 |
| Accrued wages, salaries, bonuses | 1,595,735 | 1,371,310 |
| Current liabilities of discontinued operations | 87,378 | 93,558 |
| Current portion of long-term debt | 4,597,488 | 14,783,967 |
| Current portion of subordinated debt | 1,708,987 | 1,708,986 |
| | ----- | ----- |
| Total current liabilities | 31,341,055 | 41,800,836 |
| | ----- | ----- |
| Deferred income taxes | 844,780 | 788,316 |
| Non-current liabilities of discontinued operations | 188,025 | 197,024 |
| Long-term debt, less current portion | 34,375,600 | 36,362,099 |
| Subordinated debt, less current portion | 8,738,886 | 8,738,886 |
| Commitments and contingencies | | |
| Shareholders' equity: | | |
| Preferred stock, \$.01 par value, 1,000,000 shares authorized, none outstanding | - | - |
| Common stock, \$.01 par value, 15,000,000 shares authorized, 3,168,961 and 3,156,962 issued, respectively | 31,690 | 31,570 |
| Additional paid-in capital | 5,998,006 | 5,977,643 |
| Accumulated other comprehensive income, net of tax of \$0.2 million and \$0.2 million, respectively | 386,897 | 294,771 |
| Retained earnings | 10,572,139 | 10,395,324 |
| | ----- | ----- |
| Total shareholders' equity | 16,988,732 | 16,699,308 |
| | ----- | ----- |
| | \$ 92,477,078 | \$104,586,469 |
| | ===== | ===== |

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AMCON Distributing Company and Subsidiaries
 Condensed Consolidated Statements of Operations
 for the three months ended December 2002 and 2001
 (Unaudited)

| | 2002 | 2001 |
|---|----------------|----------------|
| Sales (including excise taxes of \$41.7 million and \$38.4 million, respectively) | \$ 197,720,887 | \$ 210,153,847 |
| Cost of sales | 183,877,011 | 195,043,632 |
| Gross profit | 13,843,876 | 15,110,215 |
| Selling, general and administrative expenses | 12,175,703 | 12,557,354 |
| Depreciation and amortization | 556,346 | 719,284 |
| | 12,732,049 | 13,276,638 |
| Income from operations | 1,111,827 | 1,833,577 |
| Other expense (income): | | |
| Interest expense | 843,655 | 1,084,098 |
| Other income, net | (171,802) | (46,797) |
| Equity in loss of unconsolidated affiliate | - | 95,007 |
| | 671,853 | 1,132,308 |
| Income before income taxes | 439,974 | 701,269 |
| Income tax expense | 165,000 | 310,627 |
| Net income | \$ 274,974 | \$ 390,642 |
| Earnings per share: | | |
| Basic | \$ 0.09 | \$ 0.14 |
| Diluted | \$ 0.09 | \$ 0.14 |
| Dividends per share | \$ 0.03 | \$ 0.03 |
| Weighted average shares outstanding: | | |
| Basic | 3,157,790 | 2,788,633 |
| Diluted | 3,232,023 | 2,859,271 |

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FOR FURTHER INFORMATION CONTACT:

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Chief Financial Officer

AMCON Distributing Company

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