

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

AMCON DISTRIBUTING CO  
Form 8-K  
November 07, 2008

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 7, 2008  
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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
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(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)  
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Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)  
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Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))  
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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.

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On November 7, 2008, AMCON Distributing Company ("AMCON or "Company") issued a press release announcing its financial results for the fiscal year ended September 30, 2008. 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 7, 2008, issued by AMCON Distributing Company announcing financial results for the fiscal year ended September 30, 2008

### 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 7, 2008

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 COMMON SHARE OF \$6.26 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

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### NEWS RELEASE

Chicago, IL, November 7, 2008 - AMCON Distributing Company ("AMCON") (AMEX:DIT), an Omaha, Nebraska based consumer products company is pleased to announce record fully diluted earnings per common share of \$6.26 on net income available to common shareholders of \$4.9 million for the fiscal year ended September 30, 2008.

"Our management team was able to deliver superior performance in a very difficult economic environment. We stuck with our conservative corporate strategy and it has worked," said Christopher H. Atayan, AMCON's Chairman and Chief Executive Officer. "We continue to believe that if we add economic value to our customers, our shareholders will benefit. This is a message we have been communicating throughout the course of the year in both of our business segments. Our customers have responded by participating jointly with us in the development of new ideas and promotions that further enhance profitability. While times are certainly tough we will continue to prudently move AMCON forward and continue our focused execution of our business plan. During the course of the year we had the opportunity to explore a number of acquisition opportunities and are once again on the acquisition trail. Additionally, we have enough confidence in our position in the market to increase our quarterly dividend 25% to \$0.10 as previously reported."

Each of AMCON's business segments reported excellent results for the year. The wholesale distribution segment reported revenues of \$821.2 million and operating income before depreciation and amortization of \$13.2 million for fiscal 2008. The retail health food segment reported revenues of \$39.2 million and operating income before depreciation and amortization of \$4.1 million for fiscal 2008. AMCON ended the year with shareholders' equity of \$11.0 million.

"Our customers and vendors place their trust in us every day. We strive to deliver performance beyond their expectations which is why we are able to maintain our position as an industry leader" said Kathleen Evans, President of AMCON's wholesale distribution segment. "The convenience store industry was challenged this year and conditions will remain that way for the near term. We look at this environment as one in which our tradition of excellence serves to differentiate us from the competition."

"Our commitment to delivering premium customer service at competitive prices drives the informed consumer into our stores. Further, we upgraded our website [www.akins.com](http://www.akins.com) which has been of benefit to customers who prefer that form of retail channel," said Eric Hinkfent, President of AMCON's retail health food segment. "We realized that our customers faced a difficult economy and tailored nutritional solutions for both their health and pocket book. We believe the demographic trends for the natural foods industry over the long term are healthy, but the industry is not immune from short term economic conditions."

"One of our competitive advantages in these difficult times has been our strong position of liquidity. As previously reported, our bank group renewed our line of credit and term loans early" said Andrew Plummer, AMCON's Chief Financial Officer. "AMCON maintains an extremely conservative posture with respect to our day to day financial operations. We believe this inures to the benefit of our customers, as we are able to take advantage of opportunities to enhance their profitability. Further this stance enabled us to weather significant fuel increases during the course of the year. As we head into fiscal 2009 we are assuming a continuing recession for the course of the year. "

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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 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 312-327-1770  
Fax: 312-527-3964

### CONSOLIDATED BALANCE SHEETS AMCON Distributing Company and Subsidiaries

September 30,	2008	2007
ASSETS		
Current assets:		
Cash	\$ 457,681	\$ 717,55
Accounts receivable, less allowance for doubtful accounts of \$0.8 million		

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and \$0.3 million in 2008 and 2007, respectively	27,198,414	27,848,93
Inventories, net	37,330,969	29,738,72
Deferred income taxes	1,260,609	1,446,38
Current assets of discontinued operations	18,947	18,89
Prepaid and other current assets	3,519,650	5,935,20
	-----	-----
Total current assets	69,786,270	65,705,71
Property and equipment, net	10,907,541	11,190,76
Goodwill	5,848,808	5,848,80
Other intangible assets, net	3,373,269	3,400,07
Deferred income taxes	234,171	2,768,04
Non-current assets of discontinued operations	2,032,047	2,057,03
Other assets	1,123,252	1,093,15
	-----	-----
	\$ 93,305,358	\$ 92,063,58
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 14,738,214	\$ 15,253,56
Accrued expenses	5,275,697	5,293,92
Accrued wages, salaries and bonuses	2,636,699	2,202,59
Income taxes payable	313,021	367,77
Current liabilities of discontinued operations	4,041,837	4,035,86
Current maturities of credit facility	3,046,000	3,046,00
Current maturities of long-term debt	787,128	568,02
	-----	-----
Total current liabilities	30,838,596	30,767,73
Credit facility, less current maturities	32,155,005	35,808,18
Long-term debt, less current maturities	6,525,881	7,123,45
Noncurrent liabilities of discontinued operations	6,542,310	6,542,31
Series A cumulative, convertible preferred stock, \$.01 par value 100,000 authorized and issued, liquidation preference \$25.00 per share	2,438,355	2,438,35
Series B cumulative, convertible preferred stock, \$.01 par value 80,000 authorized and issued, liquidation preference \$25.00 per share	1,857,645	1,857,64
Series C cumulative, convertible preferred stock, \$.01 par value 80,000 authorized and issued, liquidation preference \$25.00 per share	1,982,372	1,982,37
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, \$0.01 par value, 1,000,000 shares authorized, 260,000 shares outstanding and issued in Series A, B, and C referred to above	-	-
Common stock, \$0.01 par value, 3,000,000 shares authorized, 570,397 shares outstanding at September 2008 and 529,436 shares outstanding at September 2007	5,704	5,29
Additional paid-in capital	6,995,948	6,396,13
Retained earnings (deficit)	3,963,542	(857,89)
	-----	-----
Total shareholders' equity	10,965,194	5,543,53
	-----	-----
	\$ 93,305,358	\$ 92,063,58
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CONSOLIDATED STATEMENTS OF OPERATIONS

AMCON Distributing Company and Subsidiaries

Fiscal Years Ended September 30	2008	2007
Sales (including excise taxes of \$206.8 million and \$208.2 million, respectively)	\$ 860,451,122	\$ 853,566,511
Cost of sales	795,774,780	789,317,751
Gross profit	64,676,342	64,248,751
Selling, general and administrative expenses	51,631,324	50,963,641
Depreciation and amortization	1,386,218	1,831,641
	53,017,542	52,795,282
Operating income	11,658,800	11,453,469
Other expense (income):		
Interest expense	2,986,215	4,816,321
Other (income), net	(114,613)	(194,601)
	2,871,602	4,621,710
Income from continuing operations before income tax expense	8,787,198	6,831,759
Income tax expense	3,194,000	2,626,000
Income from continuing operations	5,593,198	4,205,759
Discontinued operations		
Gain on disposal of discontinued operations, net of income tax expense of \$0.6 million	-	829,090
Loss from discontinued operations, net of income tax benefit of \$0.2 million and \$0.3 million, respectively	(260,952)	(594,530)
(Loss) income on discontinued operations	(260,952)	234,550
Net income	5,332,246	4,440,300
Preferred stock dividend requirements	(419,839)	(418,690)
Net income available to common shareholders	\$ 4,912,407	\$ 4,021,610
Basic earnings (loss) per share available to common shareholders:		
Continuing operations	\$ 9.65	\$ 7.11
Discontinued operations	(0.49)	0.41
Net basic earnings per share available to common shareholders	\$ 9.16	\$ 7.62

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Diluted earnings (loss) per share available to common shareholders:		
Continuing operations	\$ 6.57	\$ 4.8
Discontinued operations	(0.31)	0.2
Net diluted earnings per share available to common shareholders	\$ 6.26	\$ 5.1
Weighted average shares outstanding:		
Basic	536,319	527,06
Diluted	851,298	860,12

CONSOLIDATED STATEMENTS OF CASH FLOWS  
AMCON Distributing Company and Subsidiaries

Fiscal Years Ended September 30	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 5,332,246	\$ 4,440,30
Deduct: (Loss) income from discontinued operations, net of tax	(260,952)	234,55
Income from continuing operations	5,593,198	4,205,75
Adjustments to reconcile income from continuing operations to net cash flows from operating activities:		
Depreciation	1,359,417	1,791,90
Amortization	26,801	39,73
Loss (gain) on sale of property and equipment	(39,619)	27,23
Stock based compensation	435,250	70,99
Excess tax benefit on exercise of stock options	(16,592)	
Deferred income taxes	2,719,652	2,621,26
Provision for losses on doubtful accounts	505,000	(250,19)
Provision for losses on inventory obsolescence	101,998	52,24
Changes in assets and liabilities,		
Accounts receivable	145,524	217,00
Inventories	(7,694,240)	(383,76)
Prepaid and other current assets	2,415,558	(566,05)
Other assets	(30,102)	254,31
Accounts payable	(515,348)	739,18
Accrued expenses and accrued wages, salaries and bonuses	415,879	1,574,42
Income taxes payable	(38,160)	198,83
Net cash flows from operating activities - continuing operations	5,384,216	10,592,87
Net cash flows from operating activities - discontinued operations	(230,042)	(1,929,32)

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Net cash flows from operating activities	5,154,174	8,663,55
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CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(845,156)	(514,27
Proceeds from sales of property and equipment	86,209	101,32
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Net cash flows from investing activities - continuing operations	(758,947)	(412,94
Net cash flows from investing activities - discontinued operations	-	3,965,39
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Net cash flows from investing activities	(758,947)	3,552,44
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net payments on bank credit agreement	(3,653,175)	(9,969,24
Principal payments on long-term debt	(656,092)	(734,41
Proceeds from exercise of stock options	148,384	46,68
Excess tax benefit on exercise of stock options	16,592	
Debt issuance costs	-	(100,00
Dividends on preferred stock	(419,839)	(418,69
Dividends on common stock	(90,970)	
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Net cash flows from financing activities - continuing operations	(4,655,100)	(11,175,67
Net cash flows from financing activities - discontinued operations	-	(803,91
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Net cash flow from financing activities	(4,655,100)	(11,979,58
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Net change in cash	(259,873)	236,41
Cash, beginning of year	717,554	481,13
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Cash, end of year	\$ 457,681	\$ 717,55
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Fiscal Years	2008	2007
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Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 3,116,098	\$ 4,890,997
Cash paid during the year for income taxes	354,208	94,901
Supplemental disclosure of non-cash information:		
Acquisition of equipment through capital leases	\$ 277,624	68,422
Forgiveness of debt and related interest in connection with settlement of TSI litigation	-	\$ (3,735,145
Forgiveness of water royalty in connection with settlement of TSI litigation	-	(2,807,000
Issuance of note payable in connection with TSI litigation	-	5,000,000
Issuance of note payable in connection with settlement of TBG litigation	-	763,983
Buyer's assumption of HNWC lease in connection with the sale of HNWC's assets - discontinued operations	-	(225,502



