

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

AMCON DISTRIBUTING CO  
Form 8-K  
August 12, 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) August 11, 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



## Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

NE based consumer products company, announced today that its net income was \$690,805 or \$0.22 per diluted share for the third quarter ended June 2003 compared with net income of \$842,593 or \$0.26 per diluted share for the third quarter of the prior year. Sales for the third quarter were \$189.9 million compared to \$218.7 million for the same period in the prior year.

For the nine months ended June 2003, AMCON reported net income of \$691,993 or \$0.22 per diluted share compared to \$1,323,671 or \$0.43 per diluted share for the first nine months of the prior year. Sales for the nine months ended June 2003 were \$564.7 million compared to \$623.0 million for the same period of the prior year.

William F. Wright, Chairman of AMCON, stated that, "On a year to date comparison, our pre-tax profit and cash flow numbers in our wholesale segment improved dramatically. In that segment, net income before taxes was up over 28% despite a 12% drop in sales. That performance enabled us to show an increase in cash flow from overall operations of over \$17 million with a resultant reduction in debt levels. In addition, with our operating line usage at approximately 51% of availability and variable interest costs at slightly below 4%, we locked in interest costs for approximately one-half of our credit line usage for the next several years to keep those costs fixed below 5%.

Our numbers for our retail health segment continue to improve as our new management takes over and as our new, fully integrated systems become implemented. As we near the end of this restructuring, we believe that we are well positioned to further grow that segment in an efficient manner.

In our beverage business, Hawaiian Natural Water is showing greater sales as its new production facility is completed and as construction of its packaging and warehouse facility progresses. Our creation of The Beverage Group to distribute Hawaiian Natural Water and other beverages on the United States mainland is presently using a significant share of our earnings as it establishes itself. In addition to securing exclusive distribution contracts, major commitments need to be made to marketing and product development firms, to retailers, and to brokers before sales of any significance can be achieved and all of those expenditures are expensed as they are incurred. The net results for the beverage segment were \$0.8 million and \$1.3 million lower than the prior year for the three and nine-months ended June 2003, respectively. We anticipated this for the current fiscal year and continue to believe that the beverage segment will ultimately produce profits and significantly increase overall margins for our Company and its shareholders.

Sales declined in our wholesale distribution business during the third quarter due to a deflationary trend in cigarette prices for certain national brands and a decline in cigarette carton volume of approximately 12.2%. Carton volume declined primarily due to competitive factors, as well as, consumers' continued shift of their buying habits toward value-priced brands for which the Company's market share is limited.

In addition to the factors mentioned above, the change in after-tax earnings for the quarter was impacted by the absence of a cigarette price increase, reduced earnings from our private label products and reduced manufacturer incentive allowances in our wholesale segment which, combined, were \$1.9 million less than the third quarter of the prior year. These items were more than offset by a favorable LIFO inventory adjustment of \$1.2 million, increases in profits from sales of non-cigarette products of \$0.6 million, reduction of operating expenses in our wholesale business of \$0.4 million, and a reduction in interest expense of \$0.3 million, as compared to the third quarter of the prior year.

## Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

For the nine months ended June 2003, the change in after-tax earnings was also impacted by the absence of a cigarette price increase, reduced earnings from our private label products and reduced manufacturer incentive allowances in our wholesale segment which, combined, were \$2.9 million less than the first nine months of the prior year. These items were more than offset by a favorable LIFO inventory adjustment of \$1.1 million, increases in profits from sales of non-cigarette products of \$0.8 million, reduction of operating expenses in our wholesale business of \$1.2 million, reduction in interest expenses of \$0.4 million and gains on sales of available-for-sales securities and other miscellaneous income of \$0.1 million, as compared to the nine months ended June 2002."

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 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](http://www.amcon.com)

### AMCON Distributing Company and Subsidiaries Condensed Consolidated Balance Sheets June 2003 and September 2002

	(Unaudited) June 2003	September 2002
	-----	-----
ASSETS		
Current assets:		
Cash	\$ 581,216	\$ 130,091
Accounts receivable, less allowance for doubtful accounts of \$0.7 million and \$0.6 million, respectively	26,438,363	31,216,783
Inventories	23,765,698	35,744,074

**Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K**

Income tax receivable	357,239	981,054
Deferred income taxes	324,369	324,369
Other	560,958	393,365
	-----	-----
Total current assets	52,027,843	68,789,736
Fixed assets, net	16,181,578	16,096,124
Available-for-sale investments	671,494	562,000
Goodwill	6,091,402	6,091,402
Other intangible assets, net	11,523,058	11,804,284
Other assets	1,403,501	1,242,923
	-----	-----
	\$ 87,898,876	\$ 104,586,469
	=====	=====
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 14,018,737	\$ 19,873,851
Accrued expenses	3,600,878	3,969,164
Accrued wages, salaries, bonuses	1,701,770	1,371,310
Current liabilities of discontinued operations	118,011	93,558
Current portion of long-term debt	7,840,070	14,783,967
Current portion of subordinated debt	1,752,667	1,708,986
	-----	-----
Total current liabilities	29,032,133	41,800,836
	-----	-----
Deferred income taxes	763,103	788,316
Non-current liabilities of discontinued operations	170,025	197,024
Long-term debt, less current portion	32,986,445	36,362,099
Subordinated debt, less current portion	7,853,067	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, 3,168,954 and 3,156,962 issued, respectively	31,690	31,570
Additional paid-in capital	5,997,977	5,977,643
Accumulated other comprehensive income, net of tax of \$0.2 million and \$0.2 million, respectively	252,880	294,771
Retained earnings	10,811,556	10,395,324
	-----	-----
Total shareholders' equity	17,094,103	16,699,308
	-----	-----
	\$ 87,898,876	\$ 104,586,469
	=====	=====

AMCON Distributing Company and Subsidiaries  
Condensed Consolidated Statements of Operations  
for the three and nine-months ended June 2003 and 2002  
(Unaudited)

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

	For the three months ended June		For the nine m ended June	
	2003	2002	2003	
Sales (including excise taxes of \$42.8 million and \$42.7 million, and \$123.4 million and \$119.5 million, respectively)	\$ 189,949,079	\$ 218,732,361	\$ 564,678,909	\$ 623
Cost of sales	173,924,679	202,677,900	520,979,369	577
Gross profit	16,024,400	16,054,461	43,699,540	45
Selling, general and administrative expenses	13,628,524	12,873,782	38,803,228	37
Depreciation and amortization	574,332	743,610	1,706,844	2
	14,202,856	13,617,392	40,510,072	40
Income from operations	1,821,544	2,437,069	3,189,468	5
Other expense (income):				
Interest expense	788,898	1,219,074	2,436,769	3
Other	(85,159)	(158,669)	(367,294)	
Equity in loss of unconsolidated affiliate	-	-	-	
	703,739	1,060,405	2,069,475	2
Income before income taxes	1,117,805	1,376,664	1,119,993	2
Income tax expense	427,000	534,071	428,000	
Net income	\$ 690,805	\$ 842,593	\$ 691,993	\$ 1
Earnings per share:				
Basic	\$ 0.22	\$ 0.27	\$ 0.22	\$
Diluted	\$ 0.22	\$ 0.26	\$ 0.22	\$
Dividends per share	\$ 0.03	\$ 0.03	\$ 0.09	\$
Weighted average shares outstanding:				
Basic	3,168,955	3,112,962	3,165,270	3
Diluted	3,209,148	3,190,232	3,221,139	3

FOR FURTHER INFORMATION CONTACT:  
Michael D. James  
Chief Financial Officer  
AMCON Distributing Company  
Tel 402-331-3727

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

Fax 402-331-4834

-end-