

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

AMCON DISTRIBUTING CO
Form 8-K
May 13, 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) May 12, 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

Omaha, NE, May 12, 2003 AMCON Distributing Company (AMEX:DIT), an Omaha, NE based consumer products company, announced today that it incurred a net loss for the second quarter ended March 2003 of \$273,786 or \$0.09 per diluted share compared with a net income of \$90,435 or \$0.03 per diluted share for the second quarter of the prior year. Sales for the second quarter were \$177.0 million compared to \$194.2 million for the same period in the prior year.

For the six months ended March 2003, AMCON reported net income of \$1,187 compared to \$481,078 or \$0.16 per diluted share for the first six months of the prior year. Sales for the six months ended March 2003 were \$374.7 million compared to \$404.3 million for the same period of the prior year.

William F. Wright, Chairman of AMCON, stated that "Sales declined in our wholesale distribution business during the second quarter due to a deflationary trend in cigarette prices for certain national brands and a decline in cigarette carton volume of approximately 10.7%. Carton volume declined primarily due to the loss of one key customer that was acquired and several smaller customers due to competitive pricing strategies, as well as, cigarette consumers' continued shift of their buying habits toward value-priced brands for which the Company's market share is limited.

The change in earnings for the quarter was limited to approximately \$364,000 after taxes as we have been able to control our operating expenses, in spite of greatly increased professional fees associated with SEC and Sarbanes-Oxley Act compliance and in spite of an unfavorable LIFO adjustment of approximately \$400,000, as compared to the prior year.

At the same time, overall cash flow from operating activities exceeded \$12 million for the current six month period and our debt-to-equity ratio continues to improve. With our operating line usage at approximately 53% of availability and variable interest costs at slightly over 4%, we recently 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%.

Results in our retail health food segment show strong improvement over the prior year. Although this business has not yet achieved profitability, it is generating significant positive cash flows. We are encouraged by the performance of this segment and are actively planning expansion into new markets and with existing locations. We believe that this approach will allow us to increase our sales volume and more effectively allocate existing management overhead expenses."

Wright added, "Our beverage division which includes Hawaiian Natural Water Company, purchased in December 2001, and The Beverage Group, which began operations in December 2002, is still in the start-up phase. We are focusing our efforts on development of the U.S. mainland and Japanese markets for Hawaiian Springs natural water products and the distribution of other non-owned premium beverages in the U.S. Our new plant is now complete and an expanded warehouse and packaging facility is currently under construction in Hawaii. Additionally, we are finalizing distribution arrangements with brokers to expand our marketing efforts for proprietary beverage products in which we hold exclusive license arrangements. We are also continuing to look for expansion possibilities in this segment. We have recently added a line of coffee-based beverages from Hawaii Coffee Company, producers of Royal Kona brand coffee and Hawaii's largest coffee company, and a line of natural and organic fruit drinks produced by Bottle Green Drinks in Canada under the Presse and other labels. These new beverages add to our existing beverage products which include Hype Energy Drink and Xterra, a line of sports beverages and energy bars. As planned, the beverage business is expected to incur losses through the remainder of the fiscal year as we build market share for our products. However, we continue to be excited about the opportunities that the beverage business presents."

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

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

2

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

	(Unaudited) March 2003	September 2002
ASSETS		
Current assets:		
Cash	\$ 652,312	\$ 130,091
Accounts receivable, less allowance for doubtful accounts of \$0.6 million and \$0.6 million, respectively	25,050,562	31,216,783

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

Inventories	25,636,257	35,744,074
Income tax receivable	1,005,955	981,054
Deferred income taxes	324,370	324,369
Other	601,655	393,365
	-----	-----
Total current assets	53,271,111	68,789,736
Fixed assets, net	16,418,192	16,096,124
Available-for-sale investments	626,020	562,000
Deferred income taxes	152,021	-
Goodwill	6,091,402	6,091,402
Other intangible assets	11,635,574	11,804,284
Other assets	1,408,097	1,242,923
	-----	-----
	\$ 89,602,417	\$ 104,586,469
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 15,849,490	\$ 19,873,851
Accrued expenses	3,108,359	3,969,164
Accrued wages, salaries, bonuses	944,025	1,371,310
Current liabilities of discontinued operations	115,940	93,558
Current portion of long-term debt	7,303,730	14,783,967
Current portion of subordinated debt	1,702,139	1,708,986
	-----	-----
Total current liabilities	29,023,683	41,800,836
	-----	-----
Deferred income taxes	969,843	788,316
Non-current liabilities of discontinued operations	179,025	197,024
Long-term debt, less current portion	34,095,643	36,362,099
Subordinated debt, less current portion	8,745,734	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	5,998,007	5,977,643
Accumulated other comprehensive income, net of tax of \$0.2 million and \$0.2 million, respectively	342,912	294,771
Retained earnings	10,215,880	10,395,324
	-----	-----
Total shareholders' equity	16,588,489	16,699,308
	-----	-----
	\$ 89,602,417	\$ 104,586,469
	=====	=====

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

AMCON Distributing Company and Subsidiaries
 Condensed Consolidated Statements of Operations
 for the three and six-month periods ended March 2003 and 2002
 (Unaudited)

	For the three months ended March		For the six months ended March	
	2003	2002	2003	2002
Sales (including excise taxes of \$38.9 million, \$38.4 million, \$80.6 million and \$76.8 million, respectively)	\$ 177,008,943	\$ 194,159,299	\$ 374,729,829	\$ 404,159,299
Cost of sales	163,177,678	179,928,648	347,054,689	374,159,299
Gross profit	13,831,265	14,230,651	27,675,140	29,999,999
Selling, general and administrative expenses	12,999,003	12,555,713	25,174,706	25,155,713
Depreciation and amortization	576,164	734,637	1,132,511	1,000,000
	13,575,167	13,290,350	26,307,217	26,155,713
Income from operations	256,098	940,301	1,367,923	2,844,286
Other expense (income):				
Interest expense	804,219	823,160	1,647,873	1,647,873
Other	(110,335)	(27,813)	(282,137)	(282,137)
Equity in loss of unconsolidated affiliate	-	-	-	-
	693,884	795,347	1,365,736	1,365,736
Income (loss) before income taxes	(437,786)	144,954	2,187	4,780,550
Income tax expense (benefit)	(164,000)	54,519	1,000	(164,000)
Net income (loss)	\$ (273,786)	\$ 90,435	\$ 1,187	\$ 4,616,550
Earnings (loss) per share:				
Basic	\$ (0.09)	\$ 0.03	\$ 0.00	\$ 0.15
Diluted	\$ (0.09)	\$ 0.03	\$ 0.00	\$ 0.15
Dividends per share	\$ 0.03	\$ 0.03	\$ 0.06	\$ 0.06

Weighted average shares outstanding:

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

Basic	3,168,961	3,112,962	3,163,361	2
Diluted	3,168,961	3,186,858	3,227,194	3

FOR FURTHER INFORMATION CONTACT:

Michael D. James

Chief Financial Officer

AMCON Distributing Company

Tel 402-331-3727

Fax 402-331-4834