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AMCON DISTRIBUTING CO
Form 8-K
February 10, 2004

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 9, 2004

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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Omaha, NE based consumer products company, announced today net income of \$0.5 million or \$0.16 per diluted share for the first quarter ended December 2003 compared with \$0.3 million or \$0.09 per diluted share for the first quarter of the prior year. Sales for the first quarter were \$193.0 million compared to \$197.7 million for the same period in the prior year.

William F. Wright, Chairman of AMCON, stated that, "Even though sales for the first quarter were down, primarily due to the deflationary trend in cigarette prices, increases in sales due to increased volume in our wholesale segment and increases in sales in our retail health food and beverage segments tempered the sales loss by \$10.6 million.

Income (loss) before taxes for the first quarter improved by \$0.9 million in the wholesale segment and by \$0.4 million in the retail health food segment. Hawaiian Natural Water Company, Inc. also showed good improvement in the first quarter of the year, although this improvement was offset by greater losses in The Beverage Group ("TBG") due to the fact that last year TBG only operated for 16 days in the quarter."

Wright added "In our wholesale segment, manufacturer incentive programs ended in the fourth quarter of fiscal 2003 and final payments under those programs were received in the first quarter of this fiscal year. In an attempt to help alleviate the effect of the loss of these payments in future quarters, we (and many other wholesalers) raised our cigarette prices in the first quarter of this year without any corresponding price increase from manufacturers.

Our numbers for our retail health segment continued to improve with sales increasing by \$0.5 million over the first quarter of the prior year and the segment operating at break even for the quarter. New management and a new, fully integrated system implementation were the catalyst for improvement in our Midwest stores which lead to the decision to begin construction of a new store in the Midwest during the first quarter of fiscal 2004. Performance also improved in our Florida stores, as we continue to focus our efforts on further improvement in the Florida market over the remainder of the year.

In our beverage segment, Hawaiian Natural Water completed construction of its packaging and warehouse facility during the first quarter and changed to a new distributor in the Hawaii market. This lead to a 26% increase in natural spring water sales for the first quarter. In addition, sales of other specialty beverage products were \$0.5 million compared to no sales in the first quarter of the prior fiscal year. We anticipated this for the first quarter of the current fiscal year and believe that the beverage segment will increase overall margins for our Company and its shareholders as our Company continues to reduce its reliance upon our wholesale segment."

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

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Group, Inc. markets and distributes Hawaiian Springs and other premium beverage products, including HYPE Energy Drink, Royal Kona Iced Coffee, Bottle Green Presse and Fruit Sodas, Bahia drinks and Xterra, a line of sports beverages and energy bars, 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

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AMCON Distributing Company and Subsidiaries
Condensed Consolidated Balance Sheets
December 2003 and September 2003

| | (Unaudited) December 2003 | September 2003 |
|--|------------------------------|----------------|
| ----- | | |
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 622,984 | \$ 668,073 |
| Available-for-sale investments | 97,500 | 512,694 |
| Accounts receivable, less allowance for doubtful | | |

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| | | |
|---|---------------|---------------|
| accounts of \$0.8 million and \$0.8 million, respectively | 25,463,399 | 28,170,129 |
| Inventories | 33,646,348 | 32,489,051 |
| Income tax receivable | 12,242 | - |
| Deferred income taxes | 1,568,476 | 1,568,476 |
| Other | 584,945 | 581,950 |
| | ----- | ----- |
| Total current assets | 61,995,894 | 63,990,373 |
| Fixed assets, net | 16,790,340 | 16,951,615 |
| Goodwill | 6,091,397 | 6,091,397 |
| Other intangible assets | 11,340,720 | 11,420,542 |
| Other assets | 1,302,231 | 1,045,503 |
| | ----- | ----- |
| | \$ 97,520,582 | \$ 99,499,430 |
| | ===== | ===== |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 18,439,514 | \$ 15,092,091 |
| Accrued expenses | 3,610,175 | 3,715,370 |
| Accrued wages, salaries, bonuses | 1,675,260 | 1,462,678 |
| Income tax payable | - | 540,414 |
| Current liabilities of discontinued operations | 108,951 | 117,612 |
| Current portion of long-term debt | 10,470,304 | 15,348,167 |
| Current portion of subordinated debt | 7,692,666 | 7,762,666 |
| | ----- | ----- |
| Total current liabilities | 41,996,870 | 44,038,998 |
| | ----- | ----- |
| Deferred income taxes | 1,258,473 | 1,367,367 |
| Non-current liabilities of discontinued operations | 14,025 | 161,025 |
| Long-term debt, less current portion | 35,732,436 | 35,654,423 |
| Subordinated debt, less current portion | 976,220 | 976,220 |
| 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, 3,169,154 and 3,168,954 issued, respectively | 31,692 | 31,690 |
| Additional paid-in capital | 5,998,497 | 5,997,977 |
| Accumulated other comprehensive income, net of tax of \$0.03 million and \$0.1 million, respectively | 42,164 | 220,732 |
| Retained earnings | 11,470,205 | 11,050,998 |
| | ----- | ----- |
| Total shareholders' equity | 17,542,558 | 17,301,397 |
| | ----- | ----- |
| | \$ 97,520,582 | \$ 99,499,430 |
| | ===== | ===== |

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

| | 2003 | 2002 |
|---|----------------|----------------|
| Sales (including excise taxes of \$45.3 million and \$41.7 million, respectively) | \$ 193,037,116 | \$ 197,720,887 |
| Cost of sales | 177,972,857 | 183,877,011 |
| Gross profit | 15,064,259 | 13,843,876 |
| Selling, general and administrative expenses | 13,370,097 | 12,175,703 |
| Depreciation and amortization | 561,118 | 556,346 |
| | 13,931,215 | 12,732,049 |
| Income from operations | 1,133,044 | 1,111,827 |
| Other expense (income): | | |
| Interest expense | 778,908 | 843,655 |
| Other income, net | (430,108) | (171,802) |
| | 348,800 | 671,853 |
| Income before income taxes | 784,244 | 439,974 |
| Income tax expense | 270,000 | 165,000 |
| Net income | \$ 514,244 | \$ 274,974 |
| Earnings per share: | | |
| Basic | \$ 0.16 | \$ 0.09 |
| Diluted | \$ 0.16 | \$ 0.09 |
| Dividends per share | \$ 0.03 | \$ 0.03 |
| Weighted average shares outstanding: | | |
| Basic | 3,168,987 | 3,157,790 |
| Diluted | 3,213,292 | 3,232,023 |

FOR FURTHER INFORMATION CONTACT:
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