

GRUPO CASA SABA SA DE CV

Form 6-K

February 26, 2008

**Quarterly Earnings Report  
4Q07**

February 26, 2008

**Sales and Operating Income Plus Depreciation and Amortization  
Increased 3.85% and 2.96%, respectively**

**Financial Highlights:**

(All figures are expressed in millions of Mexican pesos as of December 31, 2007. Comparisons are made with the same period of 2006, unless otherwise stated. Figures may vary due to rounding practices. "bp" stands for basis points)

- o Sales for the quarter totaled \$7,101.73 million
- o Gross income increased 3.56%
- o Gross margin for the quarter was 11.19%
- o Quarterly operating expenses as a percentage of sales were 5.33%
- o The operating margin for the quarter was 5.86%
- o Net profit for the quarter reached \$383.90 million
- o Cash and cash equivalents at the end of the quarter was \$661.63 million

**Mexico City, Mexico, February 26, 2008. Grupo Casa Saba ("Saba", "GCS", "the Company" or "the Group"),** one of the leading Mexican distributors of pharmaceutical products, beauty aids, personal care and consumer goods, general merchandise, publications and other products announces its consolidated financial and operating results for the fourth quarter of 2007.

## **QUARTERLY EARNINGS**

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### **NET SALES**

During the fourth quarter, GCS's sales were \$7,101.73 million, an increase of 3.85%.

Sales for our Private Pharma division grew 3.66% during the fourth quarter of 2007, due to an increase in the number of units sold.

Sales in our Health, Beauty, Consumer Goods, General Merchandise and Others division rose slightly versus the fourth quarter of 2006, growing 1.63%, while the Government Pharma division's sales increased 4.13%.

Publications sales increased significantly, growing by 14.62%. This was due to a significant increase in the number of units sold, particularly in sales of men's and women's magazines as well as health-oriented publications and the 2008 astrological guides.

The sales mix was not altered significantly. Private Pharma sales represented 85.03% of total sales, Government Pharma accounted for 3.44%, Health, Beauty, Consumer Goods, General Merchandise and Other totaled 8.11% and Publications made up the remaining 3.42%.

## **SALES BY DIVISION**

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### **PRIVATE PHARMA**

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Sales in this division rose 3.66%, as a result of an increase in the number of units sold. Sales reached \$6,038.47 million and represent 85.03% of the Group's total sales.

### **GOVERNMENT PHARMA**

Government Pharma sales reached \$244.03 million during 4Q07 and accounted for 3.44% of our total sales.

### **HEALTH, BEAUTY, CONSUMER GOODS, GENERAL MERCHANDISE AND OTHER**

Sales in this division totaled \$576.42 million for the quarter, an increase of 1.63% compared to the fourth quarter of 2006.

The growth in this division was due to higher unit sales.

### **PUBLICATIONS**

Publication sales showed noteworthy growth, increasing 14.62%. This was due to a significant increase in the number of units sold, particularly our sales of men's and women's magazines as well as health-oriented publications and the 2008 astrological guides.

This division's participation as a percentage of total sales went from 3.10% in 4Q06 to 3.42% in the fourth quarter of 2007.

<b>Division</b>	<b>% of sales</b>
Private Pharma	85.03%
Government Pharma	3.44%
Health, Beauty, Consumer Goods, General Merchandise and Other	8.11%
Publications	3.42%
TOTAL	100.00%

### **GROSS INCOME**

During the fourth quarter of the year, Grupo Casa Saba's gross income rose 3.56% to reach \$794.85 million. The company's gross margin decreased by 3 b.p., to 11.19%, in spite of the highly competitive environment.

### **OPERATING EXPENSES**

Operating expenses reached \$378.73 million, an increase of 8.69% versus the fourth quarter of 2006. These expenses represented 5.33% of our total sales.

### **OPERATING INCOME**

Operating income decreased slightly, by 0.71%, to reach \$416.11 million pesos. The operating margin was 5.86%, which was 27 b.p. lower than the 6.13% margin posted in the fourth quarter of 2006.

### **OPERATING INCOME PLUS DEPRECIATION AND AMORTIZATION**

Operating income plus depreciation and amortization for 4Q07 was \$429.98 million, an increase of 2.96% compared to the fourth quarter of 2006. Depreciation and amortization for the period was \$13.86 million.

## **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents at the end of the fourth quarter of 2007 was \$661.63 million, an increase of 3.45% versus 4T06.

## **COMPREHENSIVE COST OF FINANCING**

During the fourth quarter of 2007, GCS's comprehensive cost of financing (CCF) of \$1.91 million was lower than the \$3.61 million registered in 4Q06, and was the result of a lower charge in the monetary position account.

## **OTHER EXPENSES (INCOME)**

During the fourth quarter of 2007, the Company registered an income of \$7.17 million in other expenses (income). The expenses (income) from this line item were derived from activities that are distinct from the company's everyday business operations.

## **TAX PROVISIONS**

During the fourth quarter, tax provisions were \$37.47 million. These provisions include: \$74.84 million in current income tax, \$24.46 million in the asset tax for the period and -\$61.82 million in deferred income tax.

## **NET INCOME**

GCS's net income for the fourth quarter was \$383.90 million, a slight decrease of 2.70% versus the fourth quarter of 2006. The net margin for the period was 5.41%.

## **WORKING CAPITAL**

During the fourth quarter of 2007 and compared to the fourth quarter of 2006, the Group's accounts receivable and inventory days increased by 3.2 and 8.3 days, to reach 58.8 and 67.1 days, respectively. In addition, our accounts payable days increased by 5.9 days, compared to 4Q06, to reach 59.1 days.

The 265.4 million shares issued by Grupo Casa Saba are listed in the Mexican Stock Exchange and its ADRs in the New York Stock Exchange, both under the symbol "SAB". One ADR equals 10 ordinary shares.

**Grupo Casa Saba is one of the leading distributors of pharmaceutical products, beauty, personal care and consumer goods, general merchandise, publications and other goods in Mexico. With more than 110 years of experience, the Company distributes to the majority of pharmacies, chains, self-service and convenience stores, as well as other specialized national chains.**

**As a precautionary note to investors, except for the historic information contained herein, certain topics discussed in this document constitute forward-looking statements. Such topics imply risks and uncertainties, including the economic conditions in Mexico and other countries in which Casa Saba operates, as well as variations in the value of the Mexican peso as compared with the US dollar.**

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GRUPO CASA SABA S.A.B. DE C.V. and SUBSIDIARIES  
CONSOLIDATED BALANCE SHEET

(Figures expressed in thousands of Mexican Pesos as of December 2007)

ITEM	december 2007	december 2006	variation
TOTAL ASSETS	11,943,473	10,778,969	1,164,504
CURRENT ASSETS	10,438,710	9,221,144	1,217,566
CASH AND CASH EQUIVALENTS	661,638	639,557	22,081
ACCOUNTS RECEIVABLE (NET)	4,640,594	4,227,109	413,485
INTERCOMPANY			-
OTHER ACCOUNTS RECEIVABLE (NET)	379,295	373,295	6,000
INVENTORIES	4,703,584	3,966,951	736,633
OTHER CURRENT ASSETS	53,598	14,232	39,366
LONG TERM			-
ACCOUNTS RECEIVABLE			-
INVESTMENTS IN EQUITY SHARES AND UNCONSOLIDATED SUBSIDIARIES	-		-
OTHER INVESTMENTS			-
NET PROPERTY, PLANT AND EQUIPMENT	1,168,001	1,198,242	(30,241)
PROPERTY	1,305,702	1,296,994	8,708
MACHINERY AND EQUIPMENT	430,067	406,394	23,673
OTHER EQUIPMENT	525,052	514,395	10,657
ACCUMULATED DEPRECIATION	1,093,279	1,019,541	73,738
BUILDINGS IN PROCESS	459		459
DEFERRED ASSETS (NET)	187,887	184,826	3,061
OTHER ASSETS	148,875	174,757	(25,882)
TOTAL LIABILITIES	6,172,469	5,234,953	937,516
CURRENT LIABILITIES			1,045,345
ACCOUNTS PAYABLE	5,529,020		846,934
BANK DEBT	4,982,828	4,483,674	(17,044)
DEBT SECURITIES		4,135,894	-
ACCRUED TAXES	-	17,044	(108,283)
OTHER CURRENT LIABILITIES	5,157		323,739
LONG TERM LIABILITIES	541,035		-
BANK DEBT	-	113,440	-
DEBT SECURITIES	-	217,296	-
OTHER DEBT			-
DEFERRED LIABILITIES	643,449	751,279	-
OTHER LIABILITIES			(107,830)
SHAREHOLDER'S EQUITY	5,771,004	5,544,016	226,988
MINORITY STOCKHOLDER'S EQUITY	-		-
MAJORITY STOCKHOLDER'S EQUITY	5,771,004	5,544,016	226,988
PAID-IN CAPITAL	1,992,231	1,992,231	
CAPITAL STOCK	167,903	167,903	
RESTATEMENT IN CAPITAL STOCK	955,861	955,861	
PREMIUM ON STOCK SOLD	868,467	868,467	
RESERVE FOR RESTATEMENT ON SHAREHOLDER'S EQUITY	-		-
CAPITAL INCREASE (DECREASE)	3,778,773	3,551,785	226,988
CUMMULATIVE RESULTS AND EQUITY RESERVE	4,977,141	4,022,163	954,978
RESERVE FOR SHARES REPURCHASE	1,063,613	1,063,613	
OVERAGE (DEFICIT) ON RESTATEMENT ON STOCKHOLDER'S EQUITY	(3,183,673)	(2,450,553)	(733,120)
NET INCOME	921,692	916,562	5,130

GRUPO CASA SABA, S.A.B. DE C.V.

(Figures expressed in thousands of Mexican Pesos as of December 2007)

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	jan-dec		jan-dec		Variation		oct-dec		oct-dec		Variation	
Income Statement	2006	% of sales	2007	% of sales	\$	%	2006	% of sales	2007	% of sales	\$	%
NET SALES	24,486,489	100.00%	25,126,491	100.00%	640,002	2.61%	6,838,688	100.00%	7,101,736	100.00%	263,048	3.85%
COST OF SALES	22,066,414	90.12%	22,656,294	90.17%	589,880	2.67%	6,071,121	88.78%	6,306,879	88.81%	235,758	3.88%
Gross Profit	2,420,075	9.88%	2,470,197	9.83%	50,122	2.07%	767,566	11.22%	794,856	11.19%	27,290	3.56%
Operating Expenses												
Sell Expenses												
Administration	548,927	2.24%	574,132	2.28%	25,205	4.59%	160,345	2.34%	164,122	2.31%	3,776	2.36%
Expenses	817,014	3.34%	826,140	3.29%	9,126	1.12%	188,112	2.75%	214,617	3.02%	26,505	14.09%
OPERATING EXPENSES	1,365,941	5.58%	1,400,272	5.57%	34,331	2.51%	348,457	5.10%	378,739	5.33%	30,281	8.69%
Operating Income												
COMPREHENSIVE COST OF FINANCING	1,054,135	4.30%	1,069,926	4.26%	15,791	1.50%	419,109	6.13%	416,118	5.86%	-2,991	(0.71%)
Interest Paid												
Interest (Earned)	10,609	0.04%	11,256	0.04%	646	6.09%	2,569	0.04%	2,334	0.03%	-236	(9.17%)
Exchange Loss	-31,079	(0.13%)	-16,475	(0.07%)	14,604	(46.99%)	-3,791	(0.06%)	-2,398	(0.03%)	1,393	(36.75%)
(Gain)	-1,806	(0.01%)	1,550	0.01%	3,357	(185.81%)	-296	(0.00%)	1	0.00%	297	(100.32%)
Monetary Position	17,925	0.07%	16,533	0.07%	-1,392	(7.77%)	5,134	0.08%	1,974	0.03%	-3,161	(61.56%)
(gain)	-4,351	(0.02%)	12,864	0.05%	17,214	(395.68%)	3,616	0.05%	1,910	0.03%	-1,706	(47.18%)
Comprehensive Cost of Financing												
OTHER EXPENSES												
(INCOME), net	-164,135	(0.67%)	-104,218	(0.41%)	59,917	(36.50%)	-135,137	(1.98%)	-7,174	(0.10%)	127,963	(94.69%)
NET INCOME BEFORE TAXES	1,222,621	4.99%	1,161,280	4.62%	-61,341	(5.02%)	550,630	8.05%	421,381	5.93%	-129,249	(23.47%)
PROVISIONS FOR:												
Income Tax												
Asset Tax	367,054	1.50%	296,050	1.18%	-71,004	(19.34%)	119,667	1.75%	74,842	1.05%	-44,825	(37.46%)
Deferred Income Tax	0	0.00%	24,466	0.10%	24,466	0.00%	0	0.00%	24,466	0.34%	24,466	0.00%
Tax	-67,277	(0.27%)	-80,928	(0.32%)	-13,650	20.29%	31,289	0.46%	-61,829	(0.87%)	-93,118	(297.60%)
Profit sharing due	3,487	0.01%	0	0.00%	-3,487	0.00%	3,487	0.05%	0	0.00%	-3,487	(100.00%)
Deferred Profit sharing due	1,029	0.00%	0	0.00%	-1,029	(100.00%)	1,029	0.02%	0	0.00%	-1,029	(100.00%)
Total taxes	304,293	1.24%	239,588	0.95%	-64,705	(21.26%)	155,473	2.27%	37,479	0.53%	-117,994	(75.89%)
Net Income Before Extraordinary Items	918,328	3.75%	921,692	3.67%	3,364	0.37%	395,157	5.78%	383,902	5.41%	-11,255	(2.85%)
Extraordinary Items (Income)	1,766	0.01%	0	0.00%	-1,766	0.00%	607	0.01%	0	0.00%	-607	0.00%
Net Income	916,562	3.74%	921,692	3.67%	5,130	0.56%	394,551	5.77%	383,902	5.41%	-10,649	(2.70%)
Depreciation and Amortization	76,407	0.31%	94,137	0.37%	17,730	23.20%	(1,471)	(0.02%)	13,866	0.20%	15,337	(1042.75%)
Operating Income plus Depreciation and Amortization	1,130,542	4.62%	1,164,062	4.63%	33,521	2.97%	417,638	6.11%	429,984	6.05%	12,345	2.96%