

GRUPO CASA SABA SA DE CV

Form 6-K

February 28, 2013

Quarterly Earnings Report

4Q12

February 27, 2013

Financial Highlights:

(All figures are expressed in millions of Mexican pesos. Comparisons are made with the same period of 2011, unless otherwise stated. Figures may vary slightly due to rounding).

- The Group's net sales for the quarter reached \$11,376.8 million pesos
- Gross income for the period was \$2,190.8 million; the gross margin for the quarter was 19.26%
- Operating expenses reached \$1,860.5 million pesos and represented 16.35% of the Company's total sales
- Quarterly operating income was \$330.2 million, resulting in an operating margin of 2.9% for the period
- Third quarter EBITDA was \$434.5 million, or 3.8% of total sales
- As of December 31, 2012, GCS's net debt totaled \$9,580.0 million
- GCS closed the quarter with 24 Distribution Centers and over 1,379 pharmacies in operation across Latin America

Mexico City, Mexico, February 27, 2013. Grupo Casa Saba (SAB) ("Saba", "GCS", "the Company" or "the Group"), one of the leading Mexican distributors of pharmaceutical products as well as health, beauty aids and consumer goods and publications and one of the most important pharmacy chains in Latin America, announced its consolidated financial and operating results for the fourth quarter of 2012.

QUARTERLY EARNINGS

In the fourth quarter of 2012, competition in the distribution and marketing of pharmaceutical products, health and beauty aids, and consumer goods prevailed in Mexico as well as in the other Latin America countries in which we operate. Our operating strategy has been to maintain emphasis on improving efficiency levels and controlling logistic costs and expenses, as well as offering competitive prices, generating positive results in practically all our divisions. At the sales level, we are continue to focusing on improving the availability of the most in-demand products for our clients in wholesale and in our pharma network, as well as improving the care and service of our stock sales. In regards to growth, keeping in line with our strategy, allowed us to strengthen our presence in the markets in which we already operate, as well as to improve the knowledge of the brands with which we operate.

NET SALES

Net sales for the quarter totaled \$11,376.8 million, an increase of 17.3% compared to \$9,694.0 million in 4Q2011.

SALES BY DIVISION

DISTRIBUTION DIVISION***PHARMA, HEALTH, BEAUTY AND CONSUMER GOODS***

Sales from our Pharma, Health, Beauty and Consumer Goods division decrease 3.1% versus the 4Q2011, totaling \$6,202.0 million. In terms of total sales, this division's percentage went from 66.0% in 4Q2011 to 54.5% in the 4Q2012.

GOVERNMENT PHARMA

Quarterly sales in our Government Pharma division grew 76.0% compared to the fourth quarter of 2011. This growth was due to our increased participation in the bidding processes of various State and Federal health institutions.

In terms of total sales, this division represented 3.6% in 4Q2011 and 5.4% in the 4Q2012.

RETAIL PHARMACY

During the fourth quarter of the year, sales from our Retail Pharmacy division increased by \$1,795.0 million pesos to reach \$2,764 or 64.9%, due mainly by the fact sales in Brazil are accounted in this item unlike in 2011 and by the good performance showed in Farmacias Ahumada. Part of these effects was compensated by the disincorporation of Peru in the third quarter of the year and lower institutional sales in our Farmacias ABC chain.

This division's percentage of the Group's overall sales rose to 40.1% vs. 28.5% in the 4Q2011.

As a result, the sales mix for the second quarter of 2012 was as follows:

Division	% of Sales
Retail Pharmacy	40.1%
Total Distribution	40.1%
Pharma, Health & Beauty	54.5%
Government Pharma	5.4%
TOTAL	100.0%

GROSS INCOME

During the fourth quarter of 2012, gross income reached \$2,190.8 million pesos, amount 7.9% higher than the gross income reached in the fourth quarter of 2011. This resulted from sales increment and better commercial conditions with suppliers.

OPERATING EXPENSES

Operating expenses in the fourth quarter of 2012 increase by \$83.4 million pesos, or 4.7%, compared to the same period of the previous year. This increase was mainly by the decisions taken by company to apply reserves significant more rigorous in regards of their collections.

As a percentage of total sales, operating expenses represented 16.3% during the fourth quarter of 2012 compared to 18.3% during the same period of 2011.

OPERATING INCOME

Quarterly operating income for 4Q2012 was \$330.2 million, an amount 30.3% higher than the \$253.3 million reported in 4Q2011. This increase in operating income was the result of a better operating expenses control.

Operating income margin for the 4Q2012 was 2.9%, versus 2.6% in 4Q2011.

OPERATING INCOME PLUS DEPRECIATION AND AMORTIZATION (EBITDA)

EBITDA for 4Q2012 was \$434.5 million, a higher amount compared to the \$353.6 million reported in the fourth quarter of 2011.

EBITDA margin for the fourth quarter of 2012 was 3.8%.

COMPREHENSIVE COST OF FINANCING (CCF)

The Group's CCF reached \$201.3 million in 4Q2012, 22.0% lower than the CCF reported during 4Q2011.

This decrease was primarily due to minor interest payments.

NET DEBT

The Company's net debt at the end of 4Q2012 was reduced to \$9,580.0 million pesos. This resulted mainly because the resources derived from the capital increase of \$510 million pesos made in the year, was used to pay for liabilities with cost.

OTHER EXPENSES (INCOME)

During the fourth quarter of the year, other expenses totaled \$720.7 million.

It is important to mention that the results listed in this line item are derived from activities outside of the company's normal business operations and, as a result, they are not necessarily recurrent.

The company, throughout 2012 and after adopting IFRS, has been analyzing in detail its account receivable portfolio. The company has decided to apply significantly more stringent reserve criteria regarding its collection. The full year results reflect a substantial non-recurring receivable writedown.

TAX PROVISIONS

Tax provisions for the fourth quarter of 2012 were \$66.3 million, an amount lower than the \$198.0 million reported in 4Q2011.

NET INCOME (LOSS)

In the fourth quarter 2012 GCS recorded a net loss of \$658.1 million, while in the same period last year a net loss of \$810.3 million was registered.

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Analysis Coverage: We do not currently have analyst coverage from a brokerage firm or from a credit institution.

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

Grupo Casa Saba was founded in 1892 and 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 115 years of experience, the Company distributes to the majority of pharmacies, chains, self-service and convenience stores, as well as other specialized national chains. With the acquisition of FASA in October of 2010 the company now has retail pharmacy outlets located in Mexico, Chile and Brazil.

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 those countries in which Grupo Casa Saba operates, directly or indirectly, including the United States of America, Brazil and Chile, as well as variations in the value of the Mexican peso as compared with the currencies of the previously-mentioned countries.

Contacts:

GRUPO CASA SABA
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GRUPO CASA SABA, S.A.B. DE C.V. in thousands of Mexican Pesos as of December 2011

	Jan-Dec
	Jan-Dec Variation Oct-Dec Oct-Dec Variation
Income Statement	
	2011
	% of sales
	2012
	% of sales
	\$
	%
	2011
	% of sales
	2012
	% of sales
	\$
	%
NET SALES	
	46,568,226
	100.00%
	46,689,355
	100.00%
	121,129
	0.26%
	9,694,056
	100.00%

NET INCOME (LOSS)

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	11,376,876	
	100.00%	
	1,682,820	
	17.36%	
COST OF SALES		
	37,851,514	
	81.28%	
	38,123,582	
	81.65%	
	272,068	
	0.72%	
	7,663,598	
	79.05%	
	9,186,023	
	80.74%	
	1,522,426	
	19.87%	
		Gross Profit
	8,716,712	
	18.72%	
	8,565,773	
	18.35%	
	(150,939)	
	(1.73%)	
	2,030,458	
	20.95%	
	2,190,853	
	19.26%	
	160,395	
	7.90%	
OPERATING EXPENSES		
Sales Expenses		
	1,452,657	
	3.12%	
	1,309,108	
	2.80%	
	(143,550)	
	(9.88%)	
	649,640	
	6.70%	
	451,029	
	3.96%	
	(198,611)	
	(30.57%)	
Administrative Expenses		
	5,865,733	
	12.60%	
	6,023,536	
	12.90%	
	157,804	
	2.69%	
	1,127,433	
	11.63%	
	1,409,526	
	12.39%	
	282,094	
	25.02%	
		Operating Expenses
	7,318,390	
	15.72%	
	7,332,644	

NET INCOME (LOSS)

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	15.71%	
	14,254	
	0.19%	
	1,777,073	
	18.33%	
	1,860,555	
	16.35%	
	83,482	
	4.70%	
		Operating Income
	1,398,322	
	3.00%	
	1,233,129	
	2.64%	
	(165,193)	
	(11.81%)	
	253,385	
	2.61%	
	330,297	
	2.90%	
	76,912	
	30.35%	
COMPREHENSIVE COST OF FINANCING		
Interest Paid		
	1,028,558	
	2.21%	
	1,006,800	
	2.16%	
	(21,757)	
	(2.12%)	
	249,021	
	2.57%	
	215,901	
	1.90%	
	(33,119)	
	(13.30%)	
Interest (Earned)		
	(57,031)	
	(0.12%)	
	(176,252)	
	(0.38%)	
	(119,221)	
	209.05%	
	48	
	0.00%	
	(69,845)	
	(0.61%)	
	(69,893)	
	NC	
Exchange Loss (Gain)		
	68,532	
	0.15%	
	23,917	
	0.05%	
	(44,615)	
	(65.10%)	
	9,216	
	0.10%	
	55,341	
	0.49%	
	46,125	

NET INCOME (LOSS)

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	500.46%	
Monetary Position (gain)	-	
	0.00%	
	-	
	0.00%	
	-	
	0.00%	
	-	
	0.00%	
	-	
	0.00%	
	-	
	0.00%	
	1,040,059	Comprehensive Cost of Financing
	2.23%	
	854,465	
	1.83%	
	(185,594)	
	(17.84%)	
	258,285	
	2.66%	
	201,397	
	1.77%	
	(56,888)	
	(22.03%)	
OTHER EXPENSES (INCOME), net		
	529,377	
	1.14%	
	128,580	
	0.28%	
	(400,797)	
	(75.71%)	
	596,621	
	6.15%	
	720,706	
	6.33%	
	124,085	
	20.80%	
		NET INCOME BEFORE TAXES
	(171,114)	
	(0.37%)	
	250,084	
	0.54%	
	421,198	
	NC	
	(601,521)	
	(6.21%)	
	(591,806)	
	(5.20%)	
	9,715	
	(1.62%)	
PROVISIONS FOR:		
Income Tax		
	735,650	
	1.58%	

NET INCOME (LOSS)

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	364,882	
	0.78%	
	(370,767)	
	(50.40%)	
	460,325	
	4.75%	
	66,366	
	0.58%	
	(393,960)	
	(85.58%)	
Asset Tax		
	9,037	
	0.02%	
	-	
	0.00%	
	(9,037)	
	0.00%	
	9,037	
	0.09%	
	-	
	0.00%	
	(9,037)	
	0.00%	
Deferred Income Tax		
	(432,252)	
	(0.93%)	
	30,171	
	0.06%	
	462,423	
	NC	
	(271,319)	
	(2.80%)	
	-	
	0.00%	
	271,319	
	NC	
Profit sharing due		
	-	
	0.00%	
	-	
	0.00%	
	-	
	0.00%	
	-	
	0.00%	
	-	
	0.00%	
	-	
	0.00%	
Deferred Profit sharing due		
	-	
	0.00%	
	-	
	0.00%	
	-	
	0.00%	
	-	
	0.00%	
	-	
	0.00%	
	-	
	0.00%	

NET INCOME (LOSS)

		Total taxes
	312,434	
	0.67%	
	395,053	
	0.85%	
	82,619	
	26.44%	
	198,043	
	2.04%	
	66,366	
	0.58%	
	(131,677)	
	(66.49%)	
		Net Income Before Extraordinary Items
	(483,548)	
	(1.04%)	
	(144,970)	
	(0.31%)	
	338,579	
	(70.02%)	
	(799,564)	
	(8.25%)	
	(658,171)	
	(5.79%)	
	141,393	
	(17.68%)	
		Extraordinary Items (Income)
	10,750	
	0.02%	
	-	
	0.00%	
	(10,750)	
	NC	
	10,750	
	0.11%	
	-	
	0.00%	
	(10,750)	
	NC	
		Net Income (Loss)
	(494,298)	
	(1.06%)	
	(144,970)	
	(0.31%)	
	349,329	
	(70.67%)	
	(810,314)	
	(8.36%)	
	(658,171)	
	(5.79%)	
	152,143	
	(18.78%)	
		Depreciation and Amortization
	447,669	
	0.96%	
	425,654	
	0.91%	
	(22,016)	

(4.92%)
100,221
1.03%
104,227
0.92%
4,006
4.00%

Operating Income plus Depreciation and Amortization

1,845,991
3.96%
1,658,782
3.55%
(187,209)
(10.14%)
353,606
3.65%
434,524
3.82%
80,918
22.88%

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

Figures are expressed in Mexican pesos as of December 2012

	QUARTER CLOSE	CURRENT YEAR PRIOR YEAR	START PRIOR YEAR
	AMOUNT	AMOUNT	AMOUNT
TOTAL ASSETS	32,501,016	31,702,343	32,313,878
CURRENT ASSETS	21,231,243	19,183,127	19,199,379
CASH AND CASH EQUIVALENTS	1,068,257	2,279,258	1,290,466
CLIENTS (NET)	7,599,268	5,778,009	6,758,242
CLIENTS	9,018,164	7,174,200	7,816,040
ALLOWANCE FOR DOUBTFUL ACCOUNTS	(1,418,897)	(1,396,191)	(1,057,798)
OTHER ACCOUNTS RECEIVABLES (NET)			
NET INCOME (LOSS)			

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	4,665,028
	2,183,831
INVENTORIES	2,005,460
	7,885,983
	8,814,926
OTHER CURRENT ASSETS	9,075,998
	12,707
	127,103
	69,213
LONG TERM	
	36,986
	55,180
	51,177
INVESTMENTS IN SHARES OF SUBSIDIARIES AND ASSOCIATED COMPANIES	
	36,986
	55,180
	51,177
PROPERTY MACHINERY AND EQUIPMENT NET	
	3,040,769
	3,018,897
	2,144,197
PROPERTY	
	2,471,561
	2,355,389
	2,341,262
MACHINERY AND EQUIPMENT	
	1,604,994
	2,276,943
	362,730
OTHER EQUIPMENT	
	2,555,423
	1,994,938
	3,869,497
ACCUMULATED DEPRECIATION	
	(3,622,213)
	(3,608,905)
	(4,433,178)
CONSTRUCTION IN PROGRESS	
	31,003
	532
	3,886
INTANGIBLE ASSETS (NET)	
	6,990,394
	8,212,510
	6,775,784
GOODWILL	
	2,809,508
	3,995,236
	3,943,617
BRANDS	
	2,719,238
	2,650,393
	-
RIGHTS AND LICENSING	
	1,445,315
	1,562,791
	2,813,067
OTHER INTANGIBLE ASSETS	
NET INCOME (LOSS)	

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	16,332
	4,090
	19,100
OTHER NON CURRENT ASSETS	
	1,201,624
	1,232,629
	4,143,341
ADVANCE PAYMENTS	
	23,881
	33,512
	26,163
DEFERRED CHARGES (NET)	
	-
	-
	341,333
OTHERS	
	1,177,743
	1,199,117
	3,775,845
TOTAL LIABILITIES	
	26,020,026
	24,385,166
	25,083,830
CURRENT LIABILITIES	
	18,955,962
	12,693,307
	19,729,843
BANK CREDITS	
	7,140,338
	2,839,489
	9,220,381
SUPPLIERS	
	11,311,565
	9,153,175
	9,840,772
TAXES PAYABLE	
	504,060
	700,643
	668,690
OTHER CURRENT LIABILITIES	
	3,358,890
	2,270,094
	2,518,347
EMPLOYEE BENEFITS	
	200,771
	161,417
	(79,472)
OTHER CURRENT LIABILITIES	
	3,158,119
	2,108,677
	2,597,819
NON CURRENT LIABILITIES	
	3,507,993
	9,505,715
	2,289,346
BANK CREDITS	
	3,507,993
	9,505,715
	2,289,346
OTHER LIABILITIES	
NET INCOME (LOSS)	

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	197,182
	(83,950)
	546,294
SHAREHOLDERS' EQUITY	
	6,480,990
	7,317,177
	7,230,048
CONTRIBUTED CAPITAL	
	2,503,875
	1,993,875
	1,993,548
CAPITAL STOCK PAID (NOMINAL)	
	677,903
	167,903
	167,903
CAPITAL STOCK PAID UPDATE	
	956,094
	956,094
	956,094
PREMIUM ON STOCK SOLD	
	869,878
	869,878
	869,551
CAPITAL INCREASE (DECREASE)	
	3,977,115
	5,323,302
	5,236,500
ACCUMULATED PROFIT AND LEGAL RESERVE	
	3,059,885
	4,231,001
	3,904,134
RESERVE FOR STOCK REPURCHASE	
	1,062,200
	1,062,200
	1,062,296
PROFIT (LOSS)	
	(144,970)
	30,101
	270,070

NET INCOME (LOSS)