

GRUPO CASA SABA SA DE CV

Form 6-K

March 01, 2010

Quarterly Earnings Report 4Q09

March 1, 2010

Operating Income Increased 19.27%

Financial Highlights:

(All figures are expressed in millions of Mexican pesos of purchasing power as of December 2009. Comparisons are made with the same period of 2008, unless otherwise stated. Figures may vary due to rounding practices).

- ◆ Net sales for the quarter declined slightly, by 0.27% to reach \$7,803.13 million
- ◆ Gross income decreased 7.61% during the period
- ◆ The gross margin for the quarter was 10.97%
- ◆ Quarterly operating expenses as a percentage of sales were 8.62%, lower than the margin of 9.88% registered during the fourth quarter of 2008
- ◆ Operating income increased 19.27% versus 4Q08
- ◆ The operating margin for the quarter was 2.35%
- ◆ The CCF for the quarter increased 46.21%
- ◆ Tax provisions were 69.83% lower than in 4Q08
- ◆ Net profit for the quarter was \$79.29 million, a decrease of 2.87%
- ◆ Cash and cash equivalents at the end of the quarter was \$609.83 million

Mexico City, Mexico, March 1, 2010. Grupo Casa Saba ("Saba", "GCS", "the Company" or "the Group"), one of the leading Mexican distributors of pharmaceutical products, health and 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 2009.

QUARTERLY EARNINGS

NET SALES

During the fourth quarter of 2009, GCS's sales were \$7,803.13 million, a slight decrease of 0.27%.

SALES BY DIVISION

PRIVATE PHARMA

Sales in our Private Pharma division rose 0.71% during the fourth quarter of 2009. This growth was primarily driven by an increase in the sales of our Brazilian retail operation.

Sales for this division reached \$6,758.92 million versus \$6,711.41 million in 4Q08 and represented 86.62% of the Group's total sales.

GOVERNMENT PHARMA

Sales in our Government Pharma division this quarter declined 43.25% to \$180.57 million compared to \$318.16 million in the fourth quarter of 2008. This was mainly due to the fact that PEMEX did not conduct its year-end extraordinary

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purchases in order to avoid supply shortages during the first half of 2010.

As a percentage of total sales, this division went from representing 4.07% in 4Q08 to 2.31% during the fourth quarter of 2009.

HEALTH, BEAUTY, CONSUMER GOODS, GENERAL MERCHANDISE AND OTHER

Sales in our Health, Beauty, Consumer Goods, General Merchandise and Other division reached \$663.92 million, an increase of 0.36% compared to the fourth quarter of 2008.

This division represented 8.51% of GCS's total sales in 4Q09, 6 basis points more than in the same period of the previous year.

PUBLICATIONS

Publication sales increased significantly during the quarter, by 49.63%. This growth was due to the fact that Citem reincorporated various publications back into its catalog as well as an increase in sales of specialty titles related to the Christmas season and collectionables.

Consequently, this division's participation as a percentage of total sales went from 1.71% in 4Q08 to 2.56% in the fourth quarter of 2009.

As a result, the sales mix for the quarter was:

Division	% of Sales
Private Pharma	86.62%
Government Pharma	2.31%
Health, Beauty, Consumer Goods, General Merchandise and Other	8.51%
Publications	2.56%
TOTAL	100.00%

GROSS INCOME

During the fourth quarter of the year, Grupo Casa Saba's gross income decreased 7.61% versus the same period of the previous year to reach \$856.36 million. This decline was primarily due to an increase in the cost of sales of the merchandise sold as a percentage of net sales. As such, the company's gross margin was 10.97%, 88 basis points lower than the 11.85% margin posted during 4Q08.

OPERATING EXPENSES

GCS's operating expenses reached \$672.75 million in 4Q09, a decrease of 12.96% compared to the fourth quarter of 2008. This decline was the result of improvements in our cost control measures in our most important business unit, Private Pharma.

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Operating expenses represented 8.62% of our total sales in 4Q09 compared to 9.88% during the same period of the previous year.

OPERATING INCOME

Quarterly operating income was \$183.61 million, 19.27% higher than the \$153.94 million reported in 4Q08. The improvement can be attributed to the significant reduction in our operating expenses.

The operating margin was 2.35%, 38 basis points higher than the 1.97% margin registered in the fourth quarter of 2008.

OPERATING INCOME PLUS DEPRECIATION AND AMORTIZATION

Operating income plus depreciation and amortization for 4Q09 was \$215.67 million, an increase of 16.68% compared to the fourth quarter of 2008. Depreciation and amortization for the period was \$32.06 million, 3.78% higher than in the fourth quarter of 2008.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the fourth quarter of 2009 was \$609.83 million, an increase of 0.54% compared to the same period of 2008.

COMPREHENSIVE COST OF FINANCING

During the period, GCS's comprehensive cost of financing (CCF) reached \$83.25 million, 46.21% higher than the CCF reported during 4Q08. This was primarily due to an increase in interest payments for the long-term credit for the acquisition in Brazil as well as the interest generated from the use of short-term credits for our operations in both Mexico and Brazil.

OTHER EXPENSES (INCOME)

During the fourth quarter of 2009, the Company registered an income of \$30.59 million in other expenses (income), a decline of 80.37% versus the same period of 2008. 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 \$51.65 million, 69.83% less than the \$171.21 million registered during 4Q08. Of these, \$105.07 million were related to income tax payments and (\$53.42) million were attributed to deferred income tax.

NET INCOME

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As a result, GCS's net income for the fourth quarter was \$79.29 million, a decrease of 2.87% compared to the fourth quarter of 2008. This was primarily due to the increase in the CCF and the reduction in other expenses (income).

Consequently, the net margin for the period was 1.02%, 2 basis points lower than the 1.04% net margin registered during the fourth quarter of 2008.

WORKING CAPITAL

During the fourth quarter of 2009, our accounts receivable days increased by 3.9 days from 4Q08 to reach 64.0 days. In addition, our accounts payable days fell by 4.8 days versus 4Q08, to reach 62.0 days. Finally, our inventory days were 70.8 days, 3.5 more days compared to the same period of the previous year.

The 265.4 million shares issued by Grupo Casa Saba are listed on the Mexican Stock Exchange and its ADRs on 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 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.

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 Grupo 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 In thousands of Mexican Pesos as of December 2009 I T E M December 09 December 08 Change TOTAL ASSETS

CURRENT ASSETS

15,885,206
14,596,067
1,289,139

12,684,460
11,691,431
993,029

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CASH AND CASH EQUIVALENTS	609,837
	606,552
	3,284
ACCOUNTS RECEIVABLE (NET)	5,553,155
	5,222,079
	331,076
OTHER ACCOUNTS RECEIVABLE (NET)	976,434
	646,017
	330,418
INVENTORIES	5,463,461
	5,154,446
	308,996
OTHER CURRENT ASSETS	81,573
	62,317
	19,256
NET PROPERTY, PLANT AND EQUIPMENT	1,328,326
	1,404,985
	(76,659)
PROPERTY	1,358,798
	1,353,310
	5,489
MACHINERY AND EQUIPMENT	461,772
	555,852
	(94,081)
OTHER EQUIPMENT	674,021
	648,664
	25,357
ACCUMULATED DEPRECIATION	1,166,264
	1,152,840
	13,424
DEFERRED ASSETS (NET)	1,601,290
	1,305,227
	296,063
OTHER ASSETS	271,130
	194,424
	76,705
TOTAL LIABILITIES	8,470,797
	7,986,305
	484,492

CURRENT LIABILITIES	7,157,128
	6,398,594
	758,534
ACCOUNTS PAYABLE	5,663,218
	5,956,663
	(293,445)
BANK DEBT	1,483,821
	271,824
	1,211,997
OTHER CURRENT LIABILITIES	10,089
	170,107
	(160,018)
LONG TERM LIABILITIES	891,644
	1,053,000
	(161,356)
BANK DEBT	891,644
	1,053,000
	(161,356)
OTHER LIABILITIES	422,025
	534,711
	(112,686)
SHAREHOLDER'S EQUITY	7,414,408
	6,609,761
	804,647
PAID-IN CAPITAL	1,993,642
	1,993,642
	-
CAPITAL STOCK	167,903
	167,903
	-
RESTATEMENT IN CAPITAL STOCK	955,861
	955,861
	-
PREMIUM ON STOCK SOLD	869,878
	869,878
	-

CAPITAL INCREASE (DECREASE)		5,420,767
		4,616,119
		804,647
CUMMULATIVE RESULTS AND EQUITY RESERVE		3,795,251
		2,958,800
		836,451
RESERVE FOR SHARES REPURCHASE		1,062,201
		1,062,201
		-
NET INCOME		563,315
		595,118
		(31,803)

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

Figures are expressed in thousands of Mexican pesos as of December 2009

	Jan-Dec Jan-Dec Change Oct-Dec Oct-Dec Change	
Income Statement		
	2008	
	% of sales	
	2009	
	% of sales	
	\$	
	%	
	2008	
	% of sales	
	2009	
	% of sales	
	\$	
	%	
NET SALES		28,400,059
		100.00%
		29,818,049
		100.00%
		1,417,990
		4.99%
		7,824,587
		100.00%
		7,803,129
		100.00%
		-21,459
		(0.27%)

COST OF SALES

	25,334,471	
	89.21%	
	26,537,360	
	89.00%	
	1,202,890	
	4.75%	
	6,897,692	
	88.15%	
	6,946,768	
	89.03%	
	49,075	
	0.71%	
	Gross Profit	
	3,065,589	
	10.79%	
	3,280,689	
	11.00%	
	215,100	
	7.02%	
	926,895	
	11.85%	
	856,361	
	10.97%	
	-70,534	
	(7.61%)	
Operating Expenses		
Sales Expenses		
	870,212	
	3.06%	
	958,034	
	3.21%	
	87,822	
	10.09%	
	350,538	
	4.48%	
	291,355	
	3.73%	
	-59,183	
	(16.88%)	
Administrative Expenses		
	1,314,899	
	4.63%	
	1,408,796	
	4.72%	
	93,897	
	7.14%	
	422,411	
	5.40%	
	381,396	
	4.89%	
	-41,015	
	(9.71%)	
Operating Expenses		
	2,185,111	
	7.69%	
	2,366,829	
	7.94%	
	181,719	
	8.32%	
	772,949	

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	9.88%
	672,751
	8.62%
	-100,198
	(12.96%)
	Operating Income
	880,478
	3.10%
	913,859
	3.06%
	33,381
	3.79%
	153,947
	1.97%
	183,610
	2.35%
	29,663
	19.27%
COMPREHENSIVE COST OF FINANCING	
Interest Paid	
	180,874
	0.64%
	254,723
	0.85%
	73,849
	40.83%
	64,060
	0.82%
	84,053
	1.08%
	19,993
	31.21%
Interest (Earned)	
	-11,817
	(0.04%)
	-5,244
	(0.02%)
	6,573
	(55.62%)
	-7,994
	(0.10%)
	-1,367
	(0.02%)
	6,627
	(82.90%)
Exchange Loss (Gain)	
	2,632
	0.01%
	2,712
	0.01%
	79
	3.02%
	875
	0.01%
	566
	0.01%

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		-308	
		35.26%	
Monetary Position (gain)		0	
		(0.00%)	
		0	
		0.00%	
		0	
		0.00%	
		0	
		(0.00%)	
		0	
		0.00%	
		0	
		0.00%	
	Comprehensive Cost of Financing	171,690	
		0.60%	
		252,191	
		0.85%	
		80,501	
		46.89%	
		56,941	
		0.73%	
		83,252	
		1.07%	
		26,311	
		46.21%	
OTHER EXPENSES (INCOME), net		-193,973	
		(0.68%)	
		-75,385	
		(0.25%)	
		118,588	
		(61.14%)	
		-155,854	
		(1.99%)	
		-30,593	
		(0.39%)	
		125,261	
		(80.37%)	
	NET INCOME BEFORE TAXES	902,762	
		3.18%	
		737,053	
		2.47%	
		-165,708	
		(18.36%)	
		252,859	
		3.23%	
		130,951	
		1.68%	
		-121,908	
		(48.21%)	
PROVISIONS FOR:			
Income Tax			

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	345,276
	1.22%
	289,629
	0.97%
	-55,048
	(16.12%)
	105,660
	1.35%
	105,075
	1.35%
	-586
	(0.55%)
Asset Tax	
	55,395
	0.20%
	0
	0.00%
	-55,395
	0.00%
	55,395
	0.71%
	0
	0.00%
	-55,395
	0.00%
Deferred Income Tax	
	-98,223
	(0.35%)
	-115,891
	(0.39%)
	-17,668
	17.99%
	8,767
	0.11%
	-53,420
	(0.68%)
	-62,187
	(709.33%)
Profit sharing due	
	0
	0.00%
	0
	0.00%
	0
	0.00%
	0
	0.00%
	0
	0.00%
	0
	0.00%
Deferred Profit sharing due	
	1,395
	0.00%
	0
	0.00%
	-1,395

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		0.00%
		1,395
		0.02%
		0
		0.00%
		-1,395
		0.00%
Total taxes		
	303,844	
		1.07%
	173,738	
		0.58%
	-130,105	
	(42.82%)	
	171,218	
		2.19%
	51,655	
		0.66%
	-119,563	
	(69.83%)	
	Net Income Before Extraordinary Items	
	598,918	
		2.11%
	563,315	
		1.89%
	-35,603	
	(5.94%)	
	81,642	
		1.04%
	79,296	
		1.02%
	-2,346	
	(2.87%)	
	Extraordinary Items (Income)	
	3,800	
		0.01%
	0	
		0.00%
	-3,800	
		0.00%
	0	
		0.00%
	0	
		0.00%
	0	
		0.00%
	Net Income	
	595,118	
		2.10%
	563,315	
		1.89%
	-31,803	
	(5.34%)	
	81,642	
		1.04%
	79,296	
		1.02%
	-2,346	
	(2.87%)	

Depreciation and Amortization	90,004	
	0.32%	
	99,113	
	0.33%	
	9,109	
	10.12%	
	30,896	
	0.39%	
	32,064	
	0.41%	
	1,168	
	3.78%	
Operating Income plus Depreciation and Amortization	970,482	
	3.42%	
	1,012,972	
	3.40%	
	42,490	
	4.38%	
	184,843	
	2.36%	
	215,674	
	2.76%	
	30,831	
	16.68%	
Minority Interest	4,742	
	2,713	
	0.01%	
	-2,029	
	(42.80%)	
	2,727	
	-1,038	
	(0.01%)	
	-3,765	
	(138.07%)	