

GRUPO CASA SABA, S.A.B. DE C.V.
Form 6-K
October 09, 2015

Quarterly Earnings Report
2Q15

Octubre 1, 2015

Distribution Sales to Institutional Clients Declined while Chile and Mexico Demonstrated Improved Performance

Financial Highlights:

(All figures are expressed in million of Mexican pesos. Comparisons are made with the same period of 2014, unless otherwise stated. Figures may vary slightly due to rounding).

- The Groups net sales for the second quarter reached \$12.04 million pesos.
- The Gross income for the period was \$47.78 million and the gross margin for the quarter was 396.86%.
- Operating expenses reached \$658.27 million pesos, which represents 372.68% of the Company's total sales.
- Fourth quarter EBITDA was \$-225.22 million, or -1870.48% of total sales
- The Group continues with the signing of payment agreements with most laboratories creditors, as well as the leasing its transport units.

Mexico City, July 28th, 2015. Grupo Casa Saba (SAB) (Saba, GCS, the Company or the Group), distributor of pharmaceutical products as well as health, beauty aids and consumer goods in Mexico, announces its consolidated financial and operating results for the second quarter of 2015.

QUARTERLY EARNINGS

The Group keeps exploring financial alternatives for its financial recovery, with the signing of payment agreements with most laboratories creditors.

NET SALES

Net sales for the quarter totalled \$12.04 million, showing a decrease of 99.84% compared to \$7,330.37 million in 2Q2014. Such decrease was due to the sale of the commercial division of the Group, as well as the process of detachment of the distribution division.

SALES BY DIVISION

DISTRIBUTION DIVISION

PHARMA, HEALTH, BEAUTY AND CONSUMER GOODS

NET SALES

Sales for the second quarter of 2015 from our Pharma, Health, Beauty and Consumer Goods division totalled \$12.04 million, showing a decrease of 99.29%, in comparison with the same quarter from the prior year, this is a consequence of the distribution division disincorporation as well as no longer having the pharmacy division. The share of total sales of this division increased from 23.26% in 2Q2014 to 100.00% in 2Q2015.

GOVERNMENTPHARMA

In our Government Pharma division, there were no sales in the current quarter, as a result of the divestiture of the distribution division. The share of total sales was 0.91 % in the 2Q2014.

RETAIL PHARMACY

Pharmacies division was sold in 2014, thus there were no sales reported in the second quarter of 2015.

During the second quarter of 2014 sales of our Pharmacies division was reported at \$ 5,559.30 million pesos. The participation of this division of total Group sales stood at 75.84 % in the 2Q2014.

As a result, the sales mix for the first quarter of 2015 was as follows:

Division	% of Sales
Retail Pharmacy	0.00%
Total Distribution	100%
Pharma, Health & Beauty	100%
Government Pharma	100%
TOTAL	100.0%

GROSS INCOME

In the second quarter of 2015 gross profit amounted to \$ 47.78 million, 96.74 % lower than that obtained in the second quarter of 2014. This is due to the divestiture of FASA and the lower level of sales in the distribution division.

OPERATING EXPENSES

Operating expenses during the second quarter of 2015 were \$ 292.69 million pesos. This represents a decrease of \$1,250.10 million pesos or 81.03% compared to the same period last year. The decrease was primarily due to the divestiture and sale of FASA , partially offset by preventive increase our reserves on accounts receivable and the payment of compensation to our staff.

OPERATING INCOME (LOSS)

The operating loss for the quarter was \$ -244.91 million pesos, 213.66 % higher than the \$ -78.08 million reported during 2Q2014. This was mainly due to the effects mentioned in the two areas described above. The operating margin stood at 2Q2015 -2034.02% vs -1.07 % of 2Q2014.

OPERATING INCOME PLUS DEPRECIATION AND AMORTIZATION (EBITDA)

EBITDA of 2Q2015 was \$ -225.22 million, up from \$ 5.47 million reported in the second quarter of 2014.

COMPREHENSIVE COST OF FINANCING (CCF)

The integral cost of financing (CCF) of the Group reached \$ 13.92 million pesos, 91.23% lower than 2Q2014.

Such decrease was mainly due to lower interest payments for the settlement of bank debt we had in prior periods minimum offset by the hiring of a bank loan for the payment of liabilities with creditors laboratories.

NET DEBT

At the end of the second quarter of 2015, we had only one bank loan agreement for \$ 951 million.

OTHER EXPENSES (INCOME)

During the second quarter other income of \$ 24.30 million pesos were recorded. This was mainly due to the sale of various assets in order to settle liabilities to creditors.

It is important to highlight that the amounts stemming from this line, other items, are not normal business operations, so they are not necessarily recurring activities.

TAX PROVISIONS

There was no provision for income taxes in the current quarter.

NET INCOME (LOSS)

In the second quarter of 2015 GCS posted a net loss of \$-234.53 million , ranging from \$178.35 million compared to the loss recorded in the same period last year.

Analysis Coverage: Through the Bolsa Mexicana de Valores program. Independent Analyst, Grupo Casa Saba counts with the coverage of Morningstar.

The 328.5 million shares issued by Grupo Casa Saba are listed on the Mexican Stock Exchange under the symbol "SAB".

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.

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.

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GRUPO CASA SABA, S.A.B. DE C.V. Figures are expressed in thousands of Mexican pesos as of
December 2014

	jan-dec		Jan-dec		Variation	
	2013	% of sales	2014	% of sales	\$	%
Income Statement						
NET SALES	42,077,122	100.00%	18,527,076	100.00%	(23,550,046)	(55.97%)
Gross Profit	9,581,973	100.00%	14,586,315	78.73%	(6,491,891)	(84.59%)
COST OF SALES	34,550,222	82.11%	14,586,315	78.73%	(19,963,907)	(57.78%)
OPERATING EXPENSES	7,526,899	17.89%	3,940,761	21.27%	(3,586,139)	(47.64%)
Sales Expenses	1,907,749	19.91%	231,353	16.37%	(1,676,395)	(87.87%)
Administrative Expenses	882,132	2.10%	1,511,394	8.16%	629,262	71.33%
Operating Expenses	328,391	3.43%	393,663	27.85%	65,272	19.88%
Interest Paid	6,105,386	14.51%	3,495,254	18.87%	(2,610,132)	(42.75%)
Interest (Earned)	1,569,340	16.38%	189,420	13.40%	(1,379,919)	(87.93%)
OPERATING INCOME	6,987,518	16.61%	5,006,648	27.02%	(1,980,869)	(28.35%)
Interest Paid	1,897,730	19.81%	583,083	41.25%	(1,314,648)	(62.27%)
COMPREHENSIVE COST OF FINANCING	10,019	0.10%	(351,729)	(24.88%)	(361,748)	(3,610.77%)
Interest Paid	908,342	2.16%	457,093	2.47%	(451,249)	(49.68%)
Interest (Earned)	216,603	2.26%	8,040	0.57%	(208,563)	(96.29%)
NET INCOME (LOSS)						

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(0.12%)	(198,311)	(1.07%)	(149,421)	305.63%	53,351	0.56%	(132,766)	(9.39%)	186,117	(34.72%)		
Exchange Loss (Gain)	(55,560)	(0.13%)	(39,415)	(0.21%)	16,145	(29.06%)	(22,273)	(0.23%)	14,541	(1.03%)		
7,733	34.72%	Monetary Position (gain)	-	0.00%	-	(0.00%)	-	0.00%	-	0.00%		
										Comprehensive Cost of Financing		
803,893	1.91%	219,368	1.18%	(584,525)	(72.71%)	247,681	2.58%	(139,267)	9.85%	(386,948)	(156.23%)	
				OTHER EXPENSES (INCOME), net	97,555	0.23%	(1,953,514)	(10.54%)	(2,051,068)			
(2102.48%)	1,489	0.02%	(221,809)	(15.69%)	(223,298)	(14998.79%)						
										NET INCOME BEFORE TAXES		
(362,065)	(0.86%)	668,259	3.61%	1,030,324	(284.57%)	(239,151)	(2.50%)	9,347	0.66%	248,489		
(103.91%)				PROVISIONS FOR:				Income Tax	145,203	0.35%	71,354	0.39%
(73,849)	(50.86%)	(67,047)	(0.70%)	(4,629)	(0.33%)	73,877	(106.68%)	Asset Tax	-	0.00%	-	0.00%
-	0.00%	-	0.00%	-	0.00%	-	0.00%	Deferred Income Tax	(20,100)	(0.05%)	(128)	(0.00%)
(0.02%)	(0.00%)	2,201	(100%)	Profit sharing due	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Deferred Profit sharing due	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
											Total taxes	
125,103	0.30%	71,226	0.38%	53,877	(43.07%)	69,248	0.72%	(4,629)	0.00%	6,812	(100.19%)	
											Net Income Before Extraordinary Items	
(487,168)	(1.16%)	597,033	(3.22%)	1,048,201	(222.55%)	(308,399)	(3.22%)	13,967	0.99%	322,375		
(104.53%)											Extraordinary Items (Income)	
-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	
											Net Income	
(487,168)	(1.16%)	597,033	(3.22%)	1,048,201	(222.55%)	(308,399)	(3.22%)	13,967	0.99%	322,375		
(104.53%)											Depreciation and Amortization	
367,840	0.87%	230,181	1.24%	(137,659)	(37.42%)	106,020	1.11%	24,250	1.72%	(81,770)	(77.13%)	
											Operating Income plus Depreciation and Amortization	
907,222	2.16%	(835,707)	(4.51%)	(1,742,929)	(192.12%)	116,038	1.21%	(327,480)	(23.16%)	(443,518)	(382.22%)	
											Net Income corresponding to Minority Interest	
9,146	-	0	(0.02%)	(12,256)	(134.00%)	2,927	-	0	0.08%	(4,067)	(138.93%)	

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

Figures are expressed in thousands of Mexican pesos as of December 2014

	QUARTER CURRENT YEAR		CLOSE PRIOR YEAR	
	AMOUNT		AMOUNT	
TOTAL ASSETS	5,981,324	28,513,587	CURRENT ASSETS	3,857,170
EQUIVALENTS	145,955	1,135,536	CLIENTS (NET)	1,080,975
ALLOWANCE FOR DOUBTFUL ACCOUNTS	(1,507,325)	(1,593,410)	CLIENTS	2,588,300
1,938,800	2,404,310	INVENTORIES	683,218	7,219,119
0	33,052	INVESTMENTS IN SHARES OF SUBSIDIARIES AND ASSOCIATED COMPANIES	0	33,052
MACHINERY AND EQUIPMENT NET	1747,405	3,115,617	PROPERTY	1,536,742
488,292	2,644,048	OTHER EQUIPMENT	466,171	1,764,214
(743,800)	(3,554,540)	CONSTRUCTION IN PROGRESS	0	12,674
		INTANGIBLE ASSETS (NET)	195,955	6,567,239
NET INCOME (LOSS)				

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GOODWILL 156,263 2,462,132 BRANDS 0 2,766,690 RIGHTS AND LICENSING 26,863 1,412,252 OTHER
INTANGIBLE ASSETS 9,829 15,165 OTHER NON CURRENT ASSETS 180,794 1,361,246 ADVANCE PAYMENTS
26,238 28,623 DEFERRED CHARGES (NET) OTHERS 154,556 1,333,246 TOTAL LIABILITIES 5,182,494
23,928,776 CURRENT LIABILITIES 3,754,604 15,837,330 BANK CREDITS 200,000 1,683,123 SUPPLIERS
3,414,091 13,411,416 TAXES PAYABLE 140,513 742,791 OTHER CURRENT LIABILITIES 1,645,836 1,123,201
EMPLOYEE BENEFITS 337,338 280,710 OTHER CURRENT LIABILITIES 1,308,498 842,491 NON CURRENT
LIABILITIES 0 73,937 BANK CREDITS 0 73,937 OTHER LIABILITIES (217,946) (405,692) SHAREHOLDERS'
EQUITY 798,830 4,584,811 CONTRIBUTED CAPITAL 2,593,872 2,593,972 CAPITAL STOCK PAID (NOMINAL) 767,902
767,902 CAPITAL STOCK PAID UPDATE 956,093 956,093 PREMIUM ON STOCK SOLD 869,877 869,877 CAPITAL INCREASE
(DECREASE) 0 (1,990,939) ACCUMULATED PROFIT AND LEGAL RESERVE (3,454,275) (1,415,907) RESERVE FOR STOCK
REPURCHASE 1,062,200 1,062,200 PROFIT (597,033) (487,168)

NET INCOME (LOSS)