

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

Form 6-K

October 30, 2014

Quarterly Earnings Report

3Q14

Octubre 28, 2014

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

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 Groups net sales for the fourth quarter reached \$1,168.09 million pesos
- Gross income for the period was \$556.8 million; the gross margin for the quarter was 47.67%
- Operating expenses reached \$1,185.9 million pesos and represented 101.52% of the Company's total sales.
- Second quarter EBITDA was \$-605.5 million, or -51.84% of total sales
- On August 11 the sale of stake in Farmacias Ahumada, S.A. (FASA) to Alliance Boots Chile, an Alliance Boots Chile, BMbb subsidiary, was successfully completed.
- Up to September 30 2014, the group's net debt has been fully paid with the earnings received for our Farmacias Ahumada and subsidiaries division sale.

Mexico City, Mexico, September 30, 2014. 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 publication, and one of the most important pharmacy chains in Latin America, announces its consolidated financial and operating results for the second quarter of 2014.

QUARTERLY EARNINGS

The Farmacias Ahumada division and its subsidiaries, with presence in Mexico and Chile, was sold to Alliance Boots Chile SpA, an Alliance Boots subsidiary GmbH, in August 2014 for approximately \$8,100 million pesos in effort to settle the bank liabilities and try to consolidate the distribution segment in Mexico. Referring to Mexico's distribution segment, in the third quarter of 2014 the competition in the commercialization of the pharm, health, beauty and consumer goods has been growing in the past years due to a mayor number of participants in the markets that we operate. Our operating strategy emphasizes on improving levels of logistics efficiency, controlling costs and expenses, as well as offering competitive prices to generate positive results. Likewise, we remain focused on improving the availability of the products that our clients demand to continue improving our attention and service.

NET SALES

Net sales for the quarter totaled \$1,168.09 million, a decrease of 89.02% compared to \$10,635.05 million in 3Q2013. Vs the \$1,168.09 million in 3Q2014.

SALES BY DIVISION

DISTRIBUTION DIVISION

PHARMA, HEALTH, BEAUTY AND CONSUMER GOODS

Sales from our Pharma, Health, Beauty and Consumer for the third quarter of 2014 totaled \$1,137 million. Compared with the same quarter last year, there was a decrease of 89.19% mainly due to the disincorporation process of the distribution division and its liquidity problems. In addition to the above, sales were negatively impact due to lower economic growth in the country during the 3rd quarter of 2014. Participation of total division sales decreased from 98.92% in the 3T2013 to 97.34% in the 3T2014.

GOVERNMENTPHARMA

Quarterly sales in our Government Pharma division totaled \$31 million. This division registered a 72.95% decrease in sales compared to the third quarter of 2013, product of a deferral on the date of tenders. In terms of total sales, this division passed from 1.08% in 2Q2013 to 2.66% in the 3Q2014.

RETAIL PHARMACY

The Pharmacy division was sold to a third party in this quarter; therefore, there were no sales in the third quarter of 2014. During the third quarter of 2013, sales from our Retail Pharmacy division reached \$5,540.5 million. This divisions percentage of the Groups overall sales rose to 52.66% in the 3Q2013.

As a result, the sales mix up to September 30th 2014 was:

Division	% of Sales
Retail Pharmacy	0.00%
Total Distribution	100%
Pharma, Health & Beauty	98.92%
Government Pharma	1.08%
TOTAL	100.0%

GROSS INCOME

During the third quarter of 2014, gross income reached \$556.8 million pesos, amount 70.7% lower than the gross income reached in the third quarter of 2013. This was mainly due to the FASA disincorporation and the sales decrease of the distribution division.

OPERATING EXPENSES

Operating expenses in the third quarter of 2014 resulted in \$1,185.9 million. This represents a decrease of \$606.8 million pesos, or 33.85%, compared to the same period of the previous year. The decrease was primarily due the FASA sale and disincorporation, partially offset by the increase of our reserve for uncollectible accounts. As a percentage of total sales, operating expenses accounted for 101.52% in the third quarter of 2014 versus a 16.86% for the same period of 2013.

OPERATING INCOME

Quarterly operating income for 3Q2014 was \$-629.1 million, an amount 695.37% lower than the \$105.7 million reported in 3Q2013. This was the result of the effects of the factors previously mentioned. Operating income margin for the 3Q2014 was -53.9%, versus 1% in 3Q2013.

OPERATING INCOME PLUS DEPRECIATION AND AMORTIZATION (EBITDA)

EBITDA for 3Q2014 was \$-605.5 million, a lower amount compared to the \$200.5 million reported in the third quarter of 2013. EBITDA margin for the third quarter of 2014 was -51.84%.

EBITDA margin for the second quarter of 2014 was 0.07%.

COMPREHENSIVE COST OF FINANCING (CCF)

The Groups CCF reached \$87.1 million in 3Q2014, 55.75% lower than the CCF reported during 3Q2013. This decrease was primarily due to the decline and subsequent liquidation of the bank debt.

This decrease was primarily due to lower bank debt.

NET DEBT

Net debt at end of 3T14 has been totally paid with the funds of the FASA sale.

OTHER EXPENSES (INCOME)

During the third quarter of the year, other income totaled \$-1,807.08 million pesos. This was mainly due to the FASA sale earnings.

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.

TAX PROVISIONS

Tax losses are expected because no provisions were made for this concept.

NET INCOME (LOSS)

In the third quarter of 2014, GCS recorded a net income of \$ 1,090.91 million with a variation of \$ 1,207.51 million compared to the net loss in the same period last year. This variation is mainly due to the earnings for the FASA sale, decreased by the creation of reserves for doubtful accounts and sales decrease in the distribution segment.

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

The 265.4 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. 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.

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

	jan-sept
	Jan-sept
	Variation
	jul-sept
	jul-sept
	Variation
Income Statement	
	2013
	% of sales
	2014
	% of sales
	\$

NET INCOME (LOSS)

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%

2013
% of sales
2014
% of sales
\$
%

NET SALES 32,495,149 100.00% 17,113,389 100.00% (15,381,759) (47.34%) 10,635,046 100.00%
1,168,087 100.00% (9,466,959) (89.02%) COST OF SALES 26,875,998 82.71% 13,403,982 78.32%
(13,472,016) (50.13%) 8,736,715 82.15% 611,315 52.33% (8,125,399) (93.00%)

Gross Profit

5,619,150 17.29% 3,709,407 21.68% (1,909,743) (33.49%) 1,898,331 17.85% 556,771 47.67%
(1,341,560) (70.67%) OPERATING EXPENSES Sales Expenses 553,741 1.70% 1,117,731 6.53%
556,991 101.85% 176,572 1.66% 835,512 71.53% 658,940 373.18% Administrative Expenses 4,536,046
13.96% 3,305,834 19.32% (1,230,212) (27.12%) 1,616,095 15.20% 350,349 29.99% (1,265,747)
(78.32%)

Operating Expenses

5,089,787 15.66% 4,423,566 25.85% (666,222) (13.09%) 1,792,667 16.86% 1,185,860 101.52%
(606,807) (33.85%)

Operating Income

529,363 1.63% (714,158) (4.17%) (1,243,521) (234.91%) 105,664 0.99% (629,089) (53.86%) (734,756)
(695.37%) COMPREHENSIVE COST OF FINANCING Interest Paid 691,739 2.13% 449,053 2.62%
(242,686) (35.08%) 222,183 2.09% 102,758 8.80% (119,425) (53.75%) Interest (Earned) (102,241) (0.31%)
(65,545) (0.38%) 36,696 (35.89%) (38,300) (0.36%) (37,458) (3.21%) 842 (2.20%) Exchange Loss (Gain)
(33,286) (0.10%) (4,874) (0.15%) 8,413 (25.27%) 12,899 (0.12%) 21,756 1.86% 8,877 68.82% Monetary
Position (gain) - 0.00% - (0.00%) - 0.00% - 0.00% - 0.00% - 0.00%

Comprehensive Cost of Financing

556,511 1.71% 358,635 2.10% (197,577) (35.52%) 196,782 0.85% 87,076 7.45% (109,906) (55.75%)
OTHER EXPENSES (INCOME), net 96,066 0.30% (1,731,705) (10.12%) (1,827,771) (1902.62%)
32,280 0.30% (1,807,087) (154.70%) (1,839,367) (5698.17%)

NET INCOME BEFORE TAXES

(122,914) (0.38%) 658,912 3.85% 781,826 (636.08%) (123,398) (1.16%) 1,090,923 93.39% 1,214,321
(984.07%) PROVISIONS FOR: Income Tax 78,156 0.24% 75,983 0.44%
(2,173) (2.78%) (4,597) (0.04%) 13 0.00% 4,610 (100.29%) Asset Tax - 0.00% - 0.00% - 0.00% - 0.00% -
0.00% - 0.00% Deferred Income Tax (22,301) (0.07%) (128) (0.00%) 22,173 (99.42%) (2,201) (0.02%)
(0.00%) 2,201 (100%) 23,701 (117.92%) 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%

Total taxes

55,855 0.17% 75,855 0.44% 20,000 35.81% (6,799) (0.06%) 13 0.00% 6,812 (100.19%)

Net Income Before Extraordinary Items

(178,768) (0.55%) 583,057 (3.41%) 761,826 (426.15%) (116,599) (1.10%) 1,090,910 93.39% 1,207,509
(1035.61%)

Extraordinary Items (Income)

- 0.00% - 0.00% - 0.00% - 0.00% - 0.00% - 0.00%

Net Income

(178,768) (0.55%) 583,057 (3.41%) 761,826 (426.15%) (116,599) (1.10%) 1,090,910 93.39% 1,207,509
(1035.61%)

Depreciation and Amortization

261,821 0.81% 205,931 1.20% (55,889) (21.35%) 94,855 0.89% 23,554 2.02% (71,300) (75.17%)

Operating Income plus Depreciation and Amortization

791,184 2.43% (508,227) (2.97%) (1,299,411) (164.24%) 200,519 1.89% (605,585) (51.84%) (806,053)
401.98%

NET INCOME (LOSS)

6,219 - (1,970) (0.01%) (8,189) (131.68%) 1,547 - 1,067 0.09% (479) (30.97%)

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

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

	QUARTER	CURRENT YEAR	CLOSE PRIOR YEAR	AMOUNT	AMOUNT
TOTAL ASSETS	7,887,673	28,513,587	CURRENT ASSETS	5,629,279	17,435,810
EQUIVALENTS	398,649	1,135,536	CLIENTS (NET)	1,929,343	6,664,165
ALLOWANCE FOR DOUBTFUL ACCOUNTS	-1865,664	-1,593,410	OTHER ACCOUNTS RECEIVABLES (NET)	1,929,409	2,404,310
INVENTORIES	1,361,661	7,219,119	OTHER CURRENT ASSETS	10,217	12,680
INVESTMENTS IN SHARES OF SUBSIDIARIES AND ASSOCIATED COMPANIES	33,052	33,052	PROPERTY MACHINERY AND EQUIPMENT NET	1,797,381	3,115,617
MACHINERY AND EQUIPMENT	478,520	2,644,048	PROPERTY	1,586,054	2,249,221
OTHER EQUIPMENT	465,343	1,764,214	MACHINERY AND EQUIPMENT	478,520	2,644,048
CONSTRUCTION IN PROGRESS	12,674	12,674	ACCUMULATED DEPRECIATION	-732,536	-3,554,540
INTANGIBLE ASSETS (NET)	193,809	6,567,239	GOODWILL	156,263	2,462,132
GOODWILL	156,263	2,462,132	BRANDS	2,677,690	2,677,690
OTHER INTANGIBLE ASSETS	10,121	15,165	RIGHTS AND LICENSING	27,425	1,412,252
OTHER NON CURRENT ASSETS	267,204	1,361,869	OTHER INTANGIBLE ASSETS	10,121	15,165
ADVANCE PAYMENTS	111,392	28,623	TOTAL LIABILITIES	6,490,482	23,928,776
DEFERRED CHARGES (NET)	155,812	1,333,246	CURRENT LIABILITIES	5,857,145	15,837,330
OTHERS	155,812	1,333,246	BANK CREDITS	1,683,123	5,653,816
TOTAL LIABILITIES	6,490,482	23,928,776	SUPPLIERS	5,653,816	13,411,416
CURRENT LIABILITIES	5,857,145	15,837,330	OTHER CURRENT LIABILITIES	843,758	1,123,201
BANK CREDITS	1,683,123	5,653,816	EMPLOYEE BENEFITS	317,437	280,710
SUPPLIERS	5,653,816	13,411,416	OTHER CURRENT LIABILITIES	526,321	842,491
OTHER CURRENT LIABILITIES	843,758	1,123,201	NON CURRENT LIABILITIES	7,373,937	7,373,937
EMPLOYEE BENEFITS	317,437	280,710	BANK CREDITS	7,373,937	7,373,937
OTHER CURRENT LIABILITIES	526,321	842,491	OTHER LIABILITIES	-210,421	-405,692
NON CURRENT LIABILITIES	7,373,937	7,373,937	SHAREHOLDERS' EQUITY	1,397,191	4,548,811
BANK CREDITS	7,373,937	7,373,937	CONTRIBUTED CAPITAL	2,593,872	2,593,972
OTHER LIABILITIES	-210,421	-405,692	CAPITAL STOCK PAID (NOMINAL)	767,902	767,902
SHAREHOLDERS' EQUITY	1,397,191	4,548,811	CAPITAL STOCK PAID UPDATE	956,093	956,093
CONTRIBUTED CAPITAL	2,593,872	2,593,972	PREMIUM ON STOCK SOLD	869,877	869,877
CAPITAL STOCK PAID (NOMINAL)	767,902	767,902	CAPITAL INCREASE	869,877	869,877
CAPITAL STOCK PAID UPDATE	956,093	956,093	CAPITAL INCREASE	869,877	869,877
PREMIUM ON STOCK SOLD	869,877	869,877	CAPITAL INCREASE	869,877	869,877
CAPITAL INCREASE	869,877	869,877	ACCUMULATED PROFIT AND LEGAL RESERVE	-2,841,938	1,415,907
CAPITAL INCREASE	869,877	869,877	RESERVE FOR STOCK REPURCHASE	1,062,200	1,062,200
ACCUMULATED PROFIT AND LEGAL RESERVE	-2,841,938	1,415,907	PROFIT	583,057	-487,168
RESERVE FOR STOCK REPURCHASE	1,062,200	1,062,200	PROFIT	583,057	-487,168
PROFIT	583,057	-487,168			

NET INCOME (LOSS)