

GROUP SIMEC SA DE CV
Form 6-K
February 26, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

COMMISSION FILE NUMBER 1-11176

February , 2010. For the month of

Group Simec, Inc.

(Translation of Registrant's Name Into English)

Av. Lazaro Cardenas 601, Colonia la Nogalera, Guadalajara, Jalisco, Mexico 44440

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

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Form 20-F Form 40-F

Indicate by check mark whether the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1)

Yes No

Indicate by check mark whether the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7)

Yes No

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

(If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-_____.)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GRUPO SIMEC, S.A.B. de C.V.

(Registrant)

Date: February 26, 2010.

By: /s/ Luis García Limón

Name: Luis García Limón
Title: Chief Executive Officer

PRESS RELEASE

Contact:

Sergio Vigil González

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GRUPO SIMEC ANNOUNCES PRELIMINARY (UNAUDITED) RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2009

GUADALAJARA, MEXICO, February 25, 2010- Grupo Simec, S.A.B. de C.V. (AMEX: SIM) (Simec) announced today its preliminary (unaudited) results of operations for the year ended December 31, 2009.

Year Ended December 31, 2009 compared to Year Ended December 31, 2008

Net Sales

Net sales decreased 45% to Ps. 19,334 million in 2009 (including the net sales generated by the newly acquired plants of Grupo San of Ps. 3,797 million) compared to Ps. 35,185 million in 2008 (including the net sales generated by the newly acquired plants of Grupo San of Ps. 2,532 million). Shipments of finished steel products decreased 30% to 2,059 thousand tons in 2009 (including the net sales generated by the newly acquired plants of Grupo San of 513 thousand tons) compared to 2,924 thousand tons in 2008 (including the net sales generated by the newly acquired plants of Grupo San of 261 thousand tons). Total sales outside of Mexico in 2009 decreased 63% to Ps. 8,973 million (including the net sales generated by the newly acquired plants of Grupo San of Ps. 11 million) compared with Ps. 24,471 million in 2008, (including the net sales generated by the newly acquired plants of Grupo San of Ps. 98

million) while total Mexican sales decreased 3% from Ps. 10,714 million in 2008 (including the net sales generated by the newly acquired plants of Grupo San of Ps. 2,434 million) to Ps. 10,361 millions in 2009 (including the net sales generated by the newly acquired plants of Grupo San of Ps. 3,786 million). The decrease in sales is due to lower shipments during 2009, compared to the same period in 2008 (a 865,000 tons decrease). The average price of steel products decreased 22% in 2009 compared with 2008.

Direct Cost of Sales

Direct cost of sales decreased 43% from Ps. 29,796 million in 2008 (including the cost of sales generated by the newly acquired plants of Grupo San of Ps. 1,444 million) to Ps. 16,889 million in 2009 (including the cost of sales generated by the newly acquired plants of Grupo San of Ps. 2,683 million). Direct cost of sales as a percentage of net sales represented 87% in 2009 compared to 85% in 2008. The average cost of raw materials used to produce steel products decreased 20% in 2009 versus 2008, primarily as a result of decreases in the price of scrap and certain other raw materials.

Marginal Profit

Marginal profit in 2009 was Ps. 2,445 million (including the marginal profit generated by the newly acquired plants of Grupo San of Ps. 1,114 million) compared to Ps. 5,389 million in the same period 2008 (including the marginal profit generated by the newly acquired plants of Grupo San of Ps. 1,010 million). Marginal profit as a percentage of net sales in 2009 was 13% compared to 15% in 2008. The decline in marginal profit is due to lower shipments of 30% during 2009 and the decreases in the average price of steel products compared with 2008.

Operating Expenses

Operating expenses decreased 5% to Ps. 2,171 million in 2009 (including the operating expenses from the newly acquired plants of Grupo San of Ps. 489 million and the amortization of the tangible and intangible assets of Ps. 359 million registered by the acquisition of Grupo San) compared to Ps. 2,274 million in 2008 (including the operating expenses from the newly acquired plants of Grupo San of Ps. 433 million and the amortization of the tangible and intangible assets of Ps. 270 million registered by the acquisition of Grupo San), and represented 11% of net sales in 2009 and 6% of net sales in 2008.

Operating Income

Operating income decreased 91% to Ps. 274 million in 2009 (including the operating income generated by the newly acquired plants of Grupo San of Ps. 266 million) compared to Ps. 3,115 million in 2008 (including the operating income generated by the newly acquired plants of Grupo San of Ps. 655 million). Operating income as a percentage of net sales was 1% in 2009 compared to 9% in 2008. The decline in operating income is due to lower shipments of 30% during 2009 and the decreases in the average price of steel products compared with 2008.

EBITDA

EBITDA of the Company decreased 54% to Ps. 1.850 million in 2009 compared with Ps. 3.982 million in 2008, it is important to mention that in 2009, an income of approximately Ps. 500 million is included in the EBITDA as result of the return of income tax that the subsidiary in the United States of America will receive, due to a support in cash contemplated in the laws to stimulate the economic recovery of that country.

Comprehensive Financial Cost

Comprehensive financial cost in 2009 represented an expense of Ps. 88 million compared with an expense of Ps. 175 million in 2008. Net interest expense was Ps. 18 million in 2009 compared with a net interest income of Ps. 79 million in 2008. At the same time, we registered an exchange loss of Ps. 70 million in 2009 compared with an exchange loss of Ps. 254 million in 2008, reflecting a 3.5% increase in the value of the peso versus the dollar as of December 31, 2009 compared to December 31, 2008.

Other Expenses (Income) net

The company recorded other income net of Ps. 35 million in 2009 compared to other expenses net of Ps. 4 million in 2008.

Income Taxes

Income Taxes recorded an income of Ps. 559 million in 2009 (including the decrease in the provision of Ps. 16 million of deferred income taxes) compared to Ps. 1,036 million in 2008 (including the provision of Ps. 293 million of deferred income taxes). The income tax of approximately Ps. 500 million recorded in 2009 will be cash flow for the Company, due to a support in cash contemplated in the laws to stimulate the United States of America economic recovery, and will be received by the subsidiary in that country.

Net Income

As a result of the foregoing, net income decreased by 59% to Ps. 780 million in 2009 from Ps. 1,900 million in 2008.

Liquidity and Capital Resources

As of December 31, 2009, Simec's total consolidated debt consisted of U.S. \$302,000 of 8 7/8% medium-term notes (MTN's) due 1998 (accrued interest on December 31, 2009 was U.S. \$418,176). As of December 31, 2008, Simec's total consolidated debt consisted of U.S. \$952,000; U.S. \$650,000 is a credit bank and U.S. \$302,000 of 8 7/8% medium-term notes (MTN's) due 1998 (accrued interest on December 31, 2008 was U.S. \$387,882).

Comparative fourth quarter 2009 vs third quarter 2009

Net Sales

Net sales increased 0.4% from Ps. 5,035 million for the third quarter 2009 to Ps. 5,056 million for the fourth quarter 2009. Sales in tons of finished steel decreased 4% to 531 thousand tons in the fourth quarter 2009 compared with 551 thousand tons in the third quarter 2009. The total sales outside of Mexico for the fourth quarter 2009 increased 22% to Ps. 2,864 million compared with Ps. 2,348 million for the third quarter 2009. Total Mexican sales decreased 18% to 2,192 million in the fourth quarter 2009 from Ps. 2,687 million in the third quarter 2009. Prices of finished products sold in the fourth quarter 2009 increased approximately 4% compared to the third quarter 2009.

Direct Cost of Sales

Direct cost of sales increased 24% from Ps. 4,243 million in the third quarter 2009 to Ps. 5,279 million for the fourth quarter 2009. With respect to sales, in the fourth quarter 2009, the direct cost of sales represents 104% compared to 84% for the third quarter 2009. The average cost of raw materials used to produce steel products increased 29% in the fourth quarter 2009 versus the third quarter 2009, primarily as a result of increases in the price of scrap and certain other raw materials.

Marginal Loss (Profit)

Marginal loss for the fourth quarter 2009 was Ps. 223 million compared to Ps. 792 million of marginal profit in the third quarter 2009. The marginal loss as a percentage of net sales for the fourth quarter 2009 was 4% compared with 16% of marginal profit for the third quarter 2009. The marginal loss is due to the increase in the cost of raw materials used to produce steel products in the fourth quarter 2009 versus the third quarter 2009.

Operating Expenses

Operating expenses decreased 6% to Ps. 505 million in the fourth quarter 2009 compared to Ps. 537 million for the third quarter 2009. Operating expenses as a percentage of net sales represented 10% during the fourth quarter 2009 and 11% during the third quarter 2009.

Operating Loss (Income)

Operating loss was Ps. 728 million in the fourth quarter 2009 compared to Ps. 255 million of operating income for the third quarter 2009. The operating loss as a percentage of net sales in the fourth quarter 2009 was 14% compared to 5% of operating income in the third quarter 2009. The operating loss is due to the increase in the cost of raw materials used to produce steel products in the fourth quarter 2009 versus the third quarter 2009.

EBITDA

EBITDA of the Company decreased 93% to Ps. 36 million in 2009 compared with Ps. 522 million in 2009. It is important to mention that in the fourth quarter 2009, an income of approximately Ps. 500 million is included in the EBITDA as result of the return of income tax that the subsidiary in the United States of America will receive, due to a support in cash contemplated in the laws to stimulate the economic recovery of that country.

Comprehensive Financial Cost

Comprehensive financial cost for the fourth quarter 2009 was Ps. 38 million compared with a gain of Ps. 12 million for the third quarter 2009. Net interest income was Ps. 7 million in the fourth quarter 2009 compared with Ps. 13 million of net interest expense in the third quarter 2009. At the same time we registered an exchange loss of Ps. 45 million in the fourth quarter 2009 compared with an exchange gain of Ps. 25 million in the third quarter 2009.

Other Expenses (Income) net

The company recorded other income net of Ps. 27 million in the fourth quarter 2009 compared with other income net of Ps. 7 million for the third quarter 2009.

Income Taxes

Income Taxes for the fourth quarter 2009 was an income of Ps. 727 million compared to Ps. 7 million of expense for the third quarter 2009. The income tax for approximately Ps. 500 million recorded in the fourth quarter 2009, will be cash flow for the Company, due to a support in cash contemplated in the laws to stimulate the United States of America economic recovery and will be received by the subsidiary in that country.

Net Loss (Income)

As a result of the foregoing, net loss was Ps. 12 million in the fourth quarter 2009 compared to Ps. 267 million of net income in the third quarter 2009.

Comparative fourth quarter 2009 vs fourth quarter 2008

Net Sales

Net sales decreased 34% from Ps. 7,618 million for the fourth quarter 2008 to Ps. 5,056 million for the fourth quarter 2009. Sales in tons of finished steel decreased 6% to 531 thousand tons in the fourth quarter 2009 compared with 567 thousand tons in the fourth quarter 2008. The total sales outside of Mexico for the fourth quarter 2009 decreased 43% to Ps. 2,864 million compared with Ps. 4,983 million for the fourth quarter 2008. Total Mexican sales decreased 17% to 2,192 million in the fourth quarter 2009 from Ps. 2,635 million in the fourth quarter 2008. Prices of finished products sold in the fourth quarter 2009 decreased approximately 29% compared to the fourth quarter 2008.

Direct Cost of Sales

Comparative fourth quarter 2009 vs fourth quarter 2008

Direct cost of sales decreased 28% from Ps. 7,327 million in the fourth quarter 2008 to Ps. 5,279 million for the fourth quarter 2009. With respect to sales, in the fourth quarter 2009, the direct cost of sales represents 104% compared to 96% for the fourth quarter 2008. The average cost of raw materials used to produce steel products decreased 23% in the fourth quarter 2009 versus the fourth quarter 2008, primarily as a result of decreases in the price of scrap and certain other raw materials.

Marginal Loss (Profit)

Marginal loss for the fourth quarter 2009 was Ps. 223 million compared to Ps. 291 million in the fourth quarter 2008. The marginal loss as a percentage of net sales for the fourth quarter 2009 was 4% compared with 4% of marginal profit for the fourth quarter 2008. The decline in marginal profit is primarily due to the decrease in the prices of finished products during the fourth quarter 2009 compared with the fourth quarter 2008.

Operating Expenses

Operating expenses decreased 45% to Ps. 505 million in the fourth quarter 2009 compared to Ps. 916 million for the fourth quarter 2008. Operating expenses as a percentage of net sales represented 10% during the fourth quarter 2009 and 12% during the fourth quarter 2008.

EBITDA

EBITDA of the Company was Ps. 36 million in 2009 compared with Ps. 160 million of negative EBITDA in 2008. It is important to mention that in the fourth quarter 2009, an income of approximately Ps. 500 million is included in the EBITDA as result of the return of income tax that the subsidiary in the United States of America will receive, due to a support in cash contemplated in the laws to stimulate the economic recovery of that country.

Operating Loss

Operating loss was Ps. 728 million in the fourth quarter 2009 compared to Ps. 625 million of operating loss for the fourth quarter 2008. The operating loss as a percentage of net sales in the fourth quarter 2009 was 14% compared to operating loss of 8% in the fourth quarter 2008. The operating loss is primarily due to the decrease in the prices of finished products during the fourth quarter 2009 compared with the fourth quarter 2008.

Comprehensive Financial Cost

Comprehensive financial cost for the fourth quarter 2009 represented an expense of Ps. 38 million compared with a gain of Ps. 19 million for the fourth quarter 2008. Net interest income was Ps. 7 million in the fourth quarter 2009 compared with Ps. 2 million of net interest expense in the fourth quarter 2008. At the same time we registered an exchange loss of Ps. 45 million in the fourth quarter 2009 compared with an exchange gain of Ps. 61 million in the fourth quarter 2008.

Other Income (Expenses) net

The company recorded other income net of Ps. 27 million in the fourth quarter 2009 compared with other income expense net of Ps. 57 million for the fourth quarter 2008.

Income Taxes

Income Taxes for the fourth quarter 2009 was an income of Ps. 727 million compared to Ps. 172 million of income for the fourth quarter 2008. The income tax for approximately Ps. 500 million recorded in the fourth quarter 2009, will be cash flow for the Company, due to a support in cash contemplated in the laws to stimulate the United States of America economic recovery and will be received by the subsidiary in that country.

Net Loss

As a result of the foregoing, net loss was Ps. 12 million in the fourth quarter 2009 compared to Ps. 451 million of net loss in the fourth quarter 2008.

Any forward-looking information contained herein is inherently subject to various risks, uncertainties and assumptions which, if incorrect, may cause actual results to vary materially from those anticipated, expected or estimated. The company assumes no obligation to update any forward-looking information contained herein.

MEXICAN STOCK EXCHANGE

SIFIC / ICS

STOCK EXCHANGE CODE:

SIMEC

QUARTER: 4 YEAR:2009

GRUPO SIMEC, S.A.B. DE C.V.

CONSOLIDATED FINANCIAL STATEMENT

AT DECEMBER 31 OF 2009 AND 2008

(thousands of Mexican pesos)

REF	CONCEPTS	CURRENT YEAR		PREVIOUS YEAR	
S		AMOUNT	%	AMOUNT	%
s01	TOTAL ASSETS	30,401,897		100 30,814,017	100
s02	CURRENT ASSETS	13,436,145		44 13,045,429	42
s03	CASH AND SHORT-TERM INVESTMENTS	1,948,900		6 576,741	2
s04	ACCOUNTS AND NOTES RECEIVABLE (NET)	2,277,925		7 2,855,472	9
s05	OTHER ACCOUNTS AND NOTES RECEIVABLE	1,475,567		5 504,818	2
s06	INVENTORIES	7,538,868		25 8,849,906	29
s07	OTHER CURRENT ASSETS	194,855		1 258,492	1
s08	LONG-TERM	0		0 0	0
s09	ACCOUNTS AND NOTES RECEIVABLE (NET)	0		0 0	0
s10	INVESTMENT IN SHARES OF NON-CONSOLIDATED				
		0		0 0	0
	SUBSIDIARIES AND ASSOCIATES				
s11	OTHER INVESTMENTS	0		0 0	0
s12	PROPERTY, PLANT AND EQUIPMENT (NET)	9,798,610		32 10,291,145	33
s13	LAND AND BULIDINGS	3,734,281		12 3,731,695	12
s14	MACHINERY AND INDUSTRIAL EQUIPMENT	12,977,283		43 12,790,306	42
s15	OTHER EQUIPMENT	232,274		1 230,015	1
s16	ACCUMULATED DEPRECIATION	7,504,745		25 6,847,468	22
s17	CONSTRUCTION IN PROGRESS	359,517		1 386,597	1

Comparative fourth quarter 2009 vs fourth quarter 2008

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s18OTHER INTANGIBLE ASSETS AND DEFERRED ASSETS (NET)	7,025,645	23	7,351,774	24
s19OTHER ASSETS	141,497	0	125,669	0
s20TOTAL LIABILITIES	8,404,453	100	9,508,520	100
s21CURRENT LIABILITIES	4,046,414	48	5,255,145	55
s22SUPPLIERS	1,837,002	22	3,399,772	36
s23BANK LOANS	0	0	8,800	0
s24STOCK MARKET LOANS	3,944	0	4,055	0
s103OTHER LOANS WITH COST	0	0	0	0
s25TAXES PAYABLE	342,367	4	298,251	3
s26OTHER CURRENT LIABILITIES WITHOUT COST	1,863,101	22	1,544,267	16
s27LONG-TERM LIABILITIES	0	0	0	0
s28BANK LOANS	0	0	0	0
s29STOCK MARKET LOANS	0	0	0	0
s30OTHER LOANS WITH COST	0	0	0	