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CORPORACION DURANGO SA DE CV/
Form 6-K
July 29, 2003

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13A-16
OR 15D-16 OF THE SECURITIES EXCHANGE ACT OF 1934

For the month of July 28, 2003
Durango Corporation
(f/k/a Grupo Industrial Durango, S.A. de C.V.)

(Translation of registrant's name into English)

Torre Corporativa Durango, Potasio 150, Ciudad Industrial,
Durango, Durango, Mexico

(Address of principal executive offices)

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

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-_____.

SECOND QUARTER 2003 RESULTS

Durango, Mexico, July 28, 2003 - Corporacion Durango, S.A. de C.V., (NYSE: CDG, BMV: CODUSA) ("Durango" or the "Company"), the largest integrated paper producer in Mexico, today announced its unaudited consolidated results for the second quarter ended June 30, 2003.

All figures were prepared in accordance with Mexican generally accepted accounting principles and are stated in constant Mexican pesos as of June 30, 2003 and converted into U.S. dollars using the exchange rate at the end of the period. All comparative figures for the second quarter of 2002 were prepared on a pro-forma basis after excluding the results

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of the Georgia mill operations.

BUSINESS ENVIRONMENT

A weak economy undermined the performance of the world pulp and paper industry. US paper companies struggled through a difficult second quarter, burdened with still high energy and fiber costs, prices declines, and lower volumes. With three years of contracting demand, surging imports, closures, cost-cutting, de-leveraging and remarkable supply management behind them, most industry analysts wonder themselves, what more can industry managements and their capital partners do to improve industry returns.

In Mexico, circumstances were even worse for paper producers like Durango due to a sharp decline in manufacturing activity and a corresponding decrease of advertising lineage in daily newspapers, as well as the fact that energy costs increased 40% higher than in the US as a result of an inefficient and costly Government operated energy monopoly. Durango was also greatly affected by higher recycled fiber costs -both imported and domestic, the very negative impact of a strong Mexican peso, a continuing flood of foreign paper imports, a restrictive banking system aggravating liquidity problems among its customers and the Mexican economy continuing to lag a very sluggish US economic recovery. Finally, Mexico's current political stalemate and the failure to adopt needed structural reforms seem to have hampered the government's capacity to maneuver, forcing it to rely almost exclusively on the volatility of oil pricing and on the potential recovery of the US economy.

COMPANY'S PERFORMANCE

"While we continue to be very disappointed by external business conditions, we are pleased with what we have accomplished under the circumstances.

Notwithstanding a lackluster economy, our earnings improved from the first quarter of 2003. This has been accomplished with our strong manufacturing operations, better product mix and administrative costs controls", said Miguel Rincon, Chairman and CEO. "During this period, the Company was able to increase shipments while maintaining pricing levels in a very difficult economic and business environment, thus, increasing our EBITDA by 12%", added Rincon.

Although they have improved from the first quarter, the Company's results for the 2Q continued to reflect challenging business conditions in Mexico, which have been even more critical than those of the U.S.

The Company's EBITDA in the 2Q'03 was \$18.0 million, well below the \$ 41.7 million achieved in the 2Q'02. The decline of \$23.7 million in earnings was primarily attributable to \$8.5 million from 5% lower pricing, \$14.2 million from higher unit production

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costs (energy, fibers and chemicals), and \$ 1.1 million in SG&A expenses (reorganization costs).

3Q03 OUTLOOK

Commenting on the third-quarter outlook, Rincon said, "We anticipate a very tough external environment and a strongly competitive environment in Mexico based on a stronger peso. We expect flat demand, pricing and energy cost, with a moderated improvement in costs of raw materials. Some pickup in volume and easing of unit costs should lead to modestly stronger results in the 3Q'03. Looking ahead, we expect to see continuing improvement in several of our businesses. Obviously, much depends on the US economy and the resulting impact on Mexico. Dynamics for a broader economic recovery seem to be emerging, but the timing still remains unclear. Durango is focused on managing operations with our run-to-demand strategy and wringing out additional cost savings to maximize our results", Rincon concluded.

FINANCIAL RESTRUCTURING

"The Company continues negotiations with its creditors with a view towards achieve an effective and sustainable restructuring that will recognize the new economic, industry and complex business environment in Mexico. The restructuring of Durango enable it to surge ahead as a world class company not only on the operating side, which it currently is, but also on the financial side, for the benefit of all its stakeholders. It has become obvious for the Company and its creditors that the difficult economic times we are living in the paper industry confirm that the Company decision to execute a financial restructuring soon rather than later," said Mayela R. Velasco, Durango Chief Financial Officer.

HIGHLIGHTS SECOND QUARTER 2003/2002

Item	2Q03	1Q03	2Q02
Total Shipments (000 Short Tons)	347.7	334.4	347.3
Pricing (US\$/Short Tons)	495	489	520
Net Sales (US\$Million)	172.0	163.7	180.5
Unit Cost (US\$/Short Tons)	433	428	392
EBITDA (US\$Million)	18.0	16.1	41.7
EBITDA Margin	10%	10%	23%
Shipments (000 Short tons)	2Q03	1Q03	2Q02
Paper	164.3	151.1	149.7
Packaging	160.7	160.1	173.6
Other	22.7	23.2	24.0
Total	347.7	334.4	347.3
Prices (US\$/Short ton)	2Q03	1Q03	2Q02
Paper	454	440	472
Packaging	568	565	595
Other	269	285	278
Total	495	489	520

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Net Sales (US\$ million)	2Q03	1Q03	2Q02
Paper	74.6	66.5	70.6
Packaging	91.2	90.5	103.2
Other	6.1	6.6	6.7
Total	172.0	163.7	180.5

Unit Cost (US\$/ short ton)	2Q03	1Q03	2Q02
Total	433	428	392

EBITDA (US\$ million)	2Q03	Margin	1Q03	2Q02	Margin
Paper	5.5	7%	3.4	14.8	21%
Packaging	12.9	14%	13.0	23.8	23%
Other	-0.4	-7%	-0.3	3.1	46%
Total	18.0	10%	16.1	41.7	23%

HIGHLIGHTS FIRST HALF 2003/2002

Item	1H03	1H02
Total Shipments (000 Short Tons)	682.2	639.8
Pricing (US\$/Short Tons)	492	527
Net Sales (US\$Million)	335.6	337.2
Unit Cost (US\$/Short Tons)	431	399
EBITDA (US\$Million)	34.1	76.2
EBITDA Margin	10%	23%

CONTACTS

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CORPORACION DURANGO, S.A. DE C.V. AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
AS OF DECEMBER 31, 2002 AND JUNE 30, 2003 (UNAUDITED)
EXPRESSED IN TERMS OF THE PURCHASING POWER OF MEXICAN PESOS
AS OF JUNE 30, 2003
(Stated in thousands of Pesos and Dollars)

		US\$ DLLS.
December 31,	June 30,	June 30,
2002	2003	2003
(Audited)	(Unaudited)	(Unaudited)

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ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 259,032	\$ 541,283	51,862
Accounts receivable, net	1,961,325	1,924,287	184,372
Taxes recoverable and other assets	39,278	40,910	3,920
Inventories, net	1,293,468	1,158,338	110,984
Prepays	28,933	39,675	3,801
Total current assets	3,582,036	3,704,493	354,938
PROPERTY, PLANT AND EQUIPMENT, net	13,227,185	13,039,656	1,249,368
OTHER ASSETS, net	720,285	733,774	70,305
Total assets	\$ 17,529,506	\$ 17,477,923	1,674,612

LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Bank loans and current portion of long-term debt .	7,670,678	7,453,251	714,118
Interest payable	458,711	931,673	89,266
Trade accounts payable	910,939	833,272	79,838
Notes payable	50,258	44,078	4,223
Accrued liabilities	495,797	411,079	39,387
Employee profit-sharing	2,369	702	67
Total current liabilities	9,588,752	9,674,055	926,900
LONG-TERM DEBT	1,096,806	1,140,712	109,295
NOTES PAYABLE	138,733	121,115	11,604
DEFERRED TAXES.....	2,034,336	1,983,455	190,041
LIABILITY FOR EMPLOYEE BENEFITS.....	184,675	183,199	17,553
Total long term liabilities	3,454,550	3,428,481	328,493
Total liabilities	13,043,302	13,102,536	1,255,393
STOCKHOLDERS' EQUITY:			
Majority interest	4,416,939	4,303,812	412,361
Minority interest	69,265	71,575	6,858
Total stockholders' equity	4,486,204	4,375,387	419,219
Total liabilities and stockholders' equi\$	17,529,506	17,477,923	1,674,61

Exchange rate: \$ 10.4370 per Dollar

CORPORACION DURANGO, S.A. DE C.V. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN FINANCIAL POSITION
EXPRESSED IN TERMS OF THE PURCHASING POWER OF MEXICAN PESOS
AS OF JUNE 30, 2003
(Stated in thousands of Pesos and Dollars)

	Full Year 2002 (Audited)	Acum. Jun 2003 (Unaudited)	* Acum. J US\$ 20
OPERATING ACTIVITIES:			
Net income (loss)	\$ -3,588,364	\$ -279,601	-26,
Add (deduct)- Charges (credits) to income which do not require (provide) cash-			
Depreciation and amortization	481,528	204,170	19,
Provision for employee benefits	12,787	791	
Special items	1,469,429	27,577	2,
Amortization of Financial Comissions	122,802	53,892	5,
Provision for deferred taxes	-675,860	-131,141	-12,
Impairment	1,577,289	0	
Other.....	4,001	0	
Total items which do not require cash.....	2,991,976	155,289	14,
Net resources generated from income	-596,388	-124,312	-11,

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Changes in operating assets and liabilities:			
Decrease (Increase) in inventories	-377,513	135,130	12,
Decrease (Increase) in current assets	-40,719	-12,374	-1,
Decrease (increase) in account receivables, net	-5,963	37,038	3,
(Decrease) increase in accounts payable and accrued liabilities	881,024	302,730	29,
Resources generated by operating activities	-139,559	338,212	32,
FINANCING ACTIVITIES:			
Increase (Decrease) in bank loans and others	744,861	-253,301	-24,
Increase (Decrease) in capital	0	-33,691	-3,
Loss on shares acquisition	0	95,752	9,
Net resources generated from financing activities	744,861	-191,240	-18,
INVESTMENT ACTIVITIES:			
Additions to property, plant and equipment.....	-456,646	-31,671	-3,
Divestiture to property, plant and equipment.....	147,477	249,302	23,
Disposition of subsidiaries	-207,309	0	
Increase in deferred assets	-369,232	-82,352	-7,
Minority interest	23,720	0	
Net resources applied to investing activities	-861,990	135,279	12,
INCREASE IN CASH AND CASH EQUIVALENTS	-256,688	282,251	27,
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD.....	515,720	259,032	24,
CASH & CASH EQUIVALENTS AT END OF THE PERIOD	259,032\$	541,283US	51,

* The exchange rate of 10.4370 was used for translation purposes.

CORPORACION DURANGO, S.A. DE C.V. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF INCOME (UNAUDITED)
EXPRESSED IN TERMS OF THE PURCHASING POWER OF MEXICAN PESOS
AS OF JUNE 30, 2003

	Thousands of Pesos			Thousands of Dollars	
	2Q 2002 (Audited)	2Q 2003 (Unaudited)	Var	2Q 2002 (Audited)	2Q 2003 (Unaudited)
NET SALES	\$ 2,424,746\$	1,794,856	-26%	231,569	171,
COST OF SALES	1,985,234	1,569,733	-21%	189,202	150,
Gross profit.....	439,512	225,123	-49%	42,367	21,
Selling and Administrative expenses	160,231	144,058	-10%	15,343	13,
Operating income	279,281	81,065	-71%	27,024	7,
FINANCIAL EXPENSE:					
Interest expense	298,793	499,128	67%	28,656	47,
Interest income	-7,141	-9,968	40%	-683	-
Exchange (gain) loss, net	753,949	-285,864	N/A	72,621	-27,
Gain on monetary position	-94,949	7,222	N/A	-9,111	
Total financial expense	950,652	210,518	-78%	91,483	20,
OTHER INCOME (EXPENSES):					
Other income (expense), net	-39,832	5,042	N/A	-3,840	
Total other income (expense)	-39,832	5,042	N/A	-3,840	
Income (loss) before income and asset t	-711,203	-124,411	-83%	-68,299	-11,
Provisions for income and asset taxes ...	23,137	7,288	-69%	2,227	
Provision for deferred income taxes	-3,245	-71,853	2114%	-344	-6,
Net income after taxes	-731,095	-59,846	-92%	-70,182	-5,
Extraordinary items	0	33,220	N/A	0	3,
Net income before minority interest.....\$	-731,095\$	-93,066	-87%	-70,182	-8,

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Minority interest.....	-1,220	94	N/A	-120	
Majority net income.....\$	-729,875\$	-93,160	-87%	-70,062	-8,
Depreciation & amortization	131,983	107,064	-19%	12,617	10,
EBITDA	411,264	188,129	-54%	39,641	18,

CORPORACION DURANGO, S.A. DE C.V. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF INCOME (UNAUDITED)
EXPRESSED IN TERMS OF THE PURCHASING POWER OF MEXICAN PESOS
AS OF JUNE 30, 2003

	Thousands of Pesos			Thousands of Dollars	
	Ac 2002 (Audited)	Ac 2003 (Unaudited)	Var	Ac 2002 (Audited)	Ac 2003 (Unaudited)
NET SALES	\$ 4,580,487\$	3,550,060	-22%	437,320	335,
COST OF SALES	3,783,605	3,105,912	-18%	360,485	293,
Gross profit.....	796,882	444,148	-44%	76,835	41,
Selling and Administrative expenses	323,731	287,737	-11%	31,003	27,
Operating income	473,151	156,411	-67%	45,832	14,
FINANCIAL EXPENSE:					
Interest expense	538,194	817,872	52%	51,617	77,
Interest income	-16,345	-18,518	13%	-1,563	-1,
Exchange (gain) loss, net	631,794	57,222	-91%	60,855	4,
Gain on monetary position	-192,643	-104,474	-46%	-18,503	-9,
Total financial expense	961,000	752,102	-22%	92,406	70,
OTHER INCOME (EXPENSES):					
Other income (expense), net	-61,562	-52,373	-15%	-5,927	-4,
Total other income (expense)	-61,562	-52,373	-15%	-5,927	-4,
Income (loss) before income and asset t	-549,411	-648,064	18%	-52,501	-60,
Provisions for income and asset taxes ...	94,388	45,262	-52%	9,081	4,
Provision for deferred income taxes	-46,410	-131,141	183%	-4,591	-12,
Net income after taxes	-597,389	-562,185	-6%	-56,991	-52,
Extraordinary items	0	-282,584	N/A	0	-26,
Net income before minority interest.....\$	-597,389\$	-279,601	-53%	-56,991	-26,
Minority interest.....	2,153	385	-82%	207	
Majority net income.....\$	-599,542\$	-279,986	-53%	-57,198	-26,
Depreciation & amortization	255,671	204,170	-20%	24,448	19,
EBITDA	728,822	360,581	-51%	70,280	34,

This release contains forward-looking statements that involve risks and uncertainties. The actual results achieved by the Company may differ significantly from the results discussed in the forward looking statements. Factors that may cause such differences include general economic, market, or business conditions, the opportunities (or lack thereof) that may be

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presented to and pursued by the Company and its subsidiaries, the availability of raw materials used by the Company and its subsidiaries, competitive actions by other companies, changes in laws or regulations, and other factors, many of which are beyond the control of the Company and its subsidiaries.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. CORPORACION DURANGO, S.A. DE C.V.

Date: July 28, 2003
Durango, Mexico

By /s/ Mayela Rincon de Velasco

Name: Mayela Rincon de Velasco
Title: Chief Financial Officer