

Edgar Filing: GRUPO IUSACELL SA DE CV - Form 6-K

GRUPO IUSACELL SA DE CV
Form 6-K
October 19, 2005

=====

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

For the month of October, 2005

GRUPO IUSACELL, S.A. de C.V.

(Translation of registrant's name into English)

Montes Urales 460
Col. Lomas de Chapultepec, Deleg. Miguel Hidalgo
11000, Mexico D.F.

(Address of principal executive office)

Indicate by check mark whether the registrant files or will fill annual reports
under cover of 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 12g-3-2(b) under the Securities and Exchange Act of
1934. Yes No

Documents Furnished By the Registrant

1. Press Release of the Registrant dated October 18, 2005

2

SIGNATURES

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

GRUPO IUSACELL, S.A. DE C.V.

Date: October 19, 2005

/s/ Fernando Cabrera

Name: Fernando Cabrera
Title: Attorney in fact

/s/ Jose Luis Riera

Edgar Filing: GRUPO IUSACELL SA DE CV - Form 6-K

 Name: Jose Luis Riera
 Title: Attorney in fact

3

IUSACELL REPORTS THIRD QUARTER 2005 RESULTS

- Revenue increases 27% to Ps \$1,545 Million in el 3Q05 -
- EBITDA increases 39% a Ps \$189 Million -

THIRD QUARTER RESULTS

Mexico City, October 18, 2005 - Grupo Iusacell, S.A. de C.V. (BMV:CEL) presented its financial results for the third quarter of 2005, which show an increase of 27% in net revenues for the quarter, and a 25% increase for the first nine months of 2005.

In the third quarter of 2005, operating income before depreciation and amortization increased 39% compared to third quarter of 2004, resulting in a 59% increase for the first nine months of 2005 as compared to the same period in 2004.

FINANCIAL HIGHLIGHTS:

Million in Constant Pesos as of September 30, 2005.

| | 3Q04 | 3Q05 | Change % | 9M 04 | 9M 05 | Change % |
|--------------------|-------|-------|-------------|---------|-------|-------------|
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Total Revenue | 1,219 | 1,545 | 27% | 3,457 | 4,313 | 25% |
| Total Cost | 718 | 889 | 24% | 2,076 | 2,297 | 11% |
| Operating Expenses | 365 | 467 | 28% | 904 | 1,257 | 39% |
| EBITDA | 136 | 189 | 39% | 476 | 759 | 59% |
| Net Loss | (294) | (435) | (48)% | (1,648) | (835) | 49% |

4

REVENUES

Revenues in the quarter grew 27% to Ps. \$1,545 million, compared to Ps. \$1,219 million in the same period of 2004. For the first nine months of 2005, revenues increased 25% to Ps. \$4,313 million compared to Ps. \$3,457 million recorded in the same period last year. The increase is primarily due to growth in revenues from service revenue generated mainly by an increase in the subscriber base, as well as higher revenues from value added services. Grupo Iusacell closed the third quarter of 2005 with 1.72 million subscribers.

COSTS AND EXPENSES

During the quarter, total costs increased 24% to Ps. \$889 million, compared with Ps. \$718 million recorded in the third quarter of 2004. Operating expenses

Edgar Filing: GRUPO IUSACELL SA DE CV - Form 6-K

increased by 28% to Ps. \$467 million, in comparison with Ps. \$365 million in the third quarter the prior year. When comparing cumulative figures for the first nine months of 2005 with the same period the prior year, the company showed an 11% increase in total costs to Ps. \$2,297 million from Ps. \$2,076 million, as well as a 39% increase in operating expenses to Ps. \$1,257 million from Ps. \$904 million.

The increase in total costs is primarily due to the fees for PCS concessions awarded to us in 2005, interconnection expenses, value added services costs, and technical expenses.

The increase in operating expenses during the quarter mainly reflects increases in advertising expenses related to the launch of new products, such as: Movil Office (Mobile Office) and BAM (broadband mobile), as well as an increase in administrative expenses owing to the creation of regional sales and customer care structures in line with company strategy to provide the best service to our clients.

OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION

Iusacell recorded a 39% increase in operating income before depreciation and amortization for the quarter, to Ps. \$189 million compared to Ps. \$136 million in the same period the preceding year. For the first nine months of 2005, Iusacell recorded a 59% increase, to Ps. \$759 million compared to Ps. \$476 million in the same period the prior year. This is due to the increase in revenues.

NET INCOME

Iusacell recorded a 48% increase in net loss, from Ps. \$294 million for the third quarter of 2004 to Ps. \$435 million for the third quarter of 2005. This increase is due mainly to a decrease in foreign exchange and monetary position gains. However, for the first nine months of the year, the company had a 49% reduction in net loss, with Ps. \$835 million in the first nine months of 2005 as compared to Ps. \$1,648 million in the same period in 2004.

5

CAPEX

In the third quarter of 2005, the Company invested approximately US\$17 million, primarily for expansion of coverage and capacity of Iusacell's 3-G network and EV-DO (Evolution Data Only) services.

RECENT EVENTS

ADRS TERMINATION PROGRAM

On September 19, 2005, the Company announced that The Bank of New York (BONY), as instructed by the Company, terminated the American Depositary Receipts (ADRs) program of the company and, as a result, the New York Stock Exchange (NYSE) suspended trading of its ADRs as of September 20, 2005.

As previously explained, holders of ADRs have 60 days from September 20, 2005, to exchange their ADRs for shares traded on the Mexican Stock Exchange (Bolsa Mexicana de Valores - BMV). After this 60-day period, BONY will be authorized to sell the shares corresponding to the ADRs that have not been

Edgar Filing: GRUPO IUSACELL SA DE CV - Form 6-K

exchanged and to make the funds received available to holders.

DEBT RESTRUCTURING

The Company continues negotiations with several creditors, seeking to reach an overall restructuring agreement as soon as possible.

6

ABOUT IUSACELL

Grupo Iusacell, S.A. de C.V. (Iusacell, BMV: CEL) is a wireless cellular and PCS service provider in Mexico with a national footprint. Independent of the negotiations towards the restructuring of its debt, Iusacell reinforces its commitment with customers, employees and suppliers and guarantees the highest quality standards in its daily operations offering more and better voice communication and data services through state-of-the-art technology, such as its new 3G network, throughout all of the regions in which it operate.

LEGAL DISCLAIMER

Grupo Iusacell, S.A. de C.V. quarterly reports and all other written materials may from time to time contain statements about expected future events and financial results that are forward-looking and subject to risks and uncertainties. For those statements, the Company claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. A discussion of factors that may affect future results is contained in our filings with the Securities and Exchange Commission.

Attached are the Consolidated Income Statements of each of Grupo Iusacell, S.A. de C.V. and Grupo Iusacell Celular, S.A. de C.V. for the three-month and nine-month periods ended September 30, 2005, and the Consolidated Balance Sheet of Grupo Iusacell, S.A. de C.V. and Grupo Iusacell Celular, S.A. de C.V. at September 30, 2005.

CONTACTS:

Jose Luis Riera K.
Chief Financial Officer
Grupo Iusacell S.A. de C.V.
Tel. +52 (55) 5109-5927

J. Victor Ferrer V.
Finance Manager
Grupo Iusacell S.A. de C.V.
Tel. +52 (55) 5109-5273
vferrer@iusacell.com.mx

7

GRUPO IUSACELL, S.A. DE C.V. CONSOLIDATED FIGURES IN MILLION OF CONSTANT SEPTEMBER 30, 2005 PESOS

| | 3Q04 | | 3Q05 | |
|------------------|-------|-------|-------|-------|
| | ----- | ----- | ----- | ----- |
| INCOME STATEMENT | | | | |
| Revenue | 106% | 1,295 | 106% | 1,633 |
| Commissions | (6)% | (77) | (6)% | (88) |
| | ----- | ----- | ----- | ----- |
| Net Revenue | 100% | 1,219 | 100% | 1,545 |
| | ----- | ----- | ----- | ----- |

Edgar Filing: GRUPO IUSACELL SA DE CV - Form 6-K

| | | | | |
|--|-------|-------|-------|-------|
| Cost of services | 46% | 556 | 46% | 713 |
| Handsets subsidy | 13% | 162 | 11% | 175 |
| | ----- | ----- | ----- | ----- |
| Total Cost | 59% | 718 | 58% | 889 |
| | ----- | ----- | ----- | ----- |
| Gross Profit | 41% | 500 | 42% | 656 |
| | ----- | ----- | ----- | ----- |
| Operating expenses | 30% | 365 | 30% | 467 |
| Depreciation and amortization | 41% | 501 | 24% | 372 |
| | ----- | ----- | ----- | ----- |
| Total Expenses | 71% | 866 | 54% | 839 |
| | ----- | ----- | ----- | ----- |
| Operating Loss | (30)% | (365) | (12)% | (183) |
| | ----- | ----- | ----- | ----- |
| EBITDA | 11% | 136 | 12% | 189 |
| | ----- | ----- | ----- | ----- |
| (Profit) loss from fixed assets sales | 4% | 46 | (1)% | (19) |
| | ----- | ----- | ----- | ----- |
| Integral Financing Cost | | | | |
| Interest expense, net | (23)% | (285) | (18)% | (276) |
| Foreign exchange loss (gain) | 13% | 157 | (1)% | (17) |
| Gain from monetary position | 14% | 165 | 5% | 76 |
| | ----- | ----- | ----- | ----- |
| | 3% | 36 | (14)% | (217) |
| | ----- | ----- | ----- | ----- |
| Loss Before Taxes | (23)% | (284) | (27)% | (419) |
| | ----- | ----- | ----- | ----- |
| Taxes | (5)% | (57) | (1)% | (14) |
| Equity participation in net loss (income) of subsidiaries | (0)% | (0) | 0% | - |
| Extraordinary item | 4% | 47 | 0% | - |
| Minority interest | 0% | 0 | (0)% | (3) |
| | ----- | ----- | ----- | ----- |
| Net Loss | (24)% | (294) | (28)% | (435) |
| | ===== | ===== | ===== | ===== |

8

GRUPO IUSACELL, S.A. DE C.V. CONSOLIDATED
FIGURES IN MILLION OF CONSTANT SEPTEMBER 30, 2005 PESOS

| | 9M04 | | 9M05 | |
|--------------------|-------|-------|-------|-------|
| | ----- | ----- | ----- | ----- |
| INCOME STATEMENT | | | | |
| Revenue | 107% | 3,695 | 107% | 4,601 |
| Commissions | (7)% | (238) | (7)% | (288) |
| | ----- | ----- | ----- | ----- |
| Net Revenue | 100% | 3,457 | 100% | 4,313 |
| | ----- | ----- | ----- | ----- |
| Cost of services | 43% | 1,483 | 44% | 1,906 |
| Handsets subsidy | 17% | 593 | 9% | 392 |
| | ----- | ----- | ----- | ----- |
| Total Cost | 60% | 2,076 | 53% | 2,297 |
| | ----- | ----- | ----- | ----- |
| Gross Profit | 40% | 1,380 | 47% | 2,016 |
| | ----- | ----- | ----- | ----- |
| Operating expenses | 26% | 904 | 29% | 1,257 |

Edgar Filing: GRUPO IUSACELL SA DE CV - Form 6-K

| | | | | |
|---|-------|---------|-------|-------|
| Depreciation and amortization | 44% | 1,528 | 27% | 1,148 |
| Total Expenses | 70% | 2,432 | 56% | 2,405 |
| Operating Loss | (30)% | (1,051) | (9)% | (389) |
| EBITDA | 14% | 476 | 18% | 759 |
| (Profit) loss from fixed assets sales | 4% | 149 | (1)% | (42) |
| Integral Financing Cost | | | | |
| Interest expense, net | (23)% | (804) | (19)% | (820) |
| Foreign exchange loss (gain) | (5)% | (163) | 9% | 379 |
| Gain from monetary position | 10% | 346 | 3% | 111 |
| | (18)% | (621) | (8)% | (330) |
| Loss Before Taxes | (44)% | (1,524) | (18)% | (760) |
| Taxes | (5)% | (173) | (2)% | (71) |
| Equity participation in net loss (income) of subsidiaries | (0)% | (0) | 0% | - |
| Extraordinary item | 1% | 47 | 0% | - |
| Minority interest | 0% | 2 | (0)% | (4) |
| Net Loss | (48)% | (1,648) | (19)% | (835) |

9

GRUPO IUSACELL, S.A. DE C.V. CONSOLIDATED
FIGURES IN MILLION OF CONSTANT SEPTEMBER 30, 2005 PESOS

| | 9M04 | | 9M05 | |
|----------------------------------|--------|------|--------|------|
| | | | | |
| Cash and marketable securities | 2 | 0% | 13 | 0% |
| Accounts receivable, net | 475 | 4% | 375 | 4% |
| Related parties | 101 | 1% | - | 0% |
| Recoverable taxes and other | 184 | 2% | 775 | 7% |
| Inventories | 291 | 3% | 14 | 0% |
| TOTAL CURRENT ASSETS | 1,054 | 9% | 1,177 | 11% |
| Property and equipment, net | 7,253 | 64% | 6,395 | 61% |
| Excess of cost of investments in | 1,880 | 17% | 1,820 | 17% |
| Other assets | 1,109 | 10% | 1,049 | 10% |
| TOTAL ASSETS | 11,296 | 100% | 10,441 | 100% |
| Accrued liabilities | 2,282 | 20% | 3,258 | 31% |
| Related parties | 53 | 0% | 207 | 2% |
| Accounts payable | 409 | 4% | 439 | 4% |
| Short-term debt | 9,298 | 82% | 8,541 | 82% |
| Total Current Liabilities | 12,042 | 107% | 12,445 | 119% |
| Noncurrent liabilities | 51 | 0% | 1 | 0% |
| TOTAL LIABILITIES | 12,093 | 107% | 12,446 | 119% |

Edgar Filing: GRUPO IUSACELL SA DE CV - Form 6-K

| | | | | |
|--|--------|------|---------|-------|
| Minority interest | (65) | (1)% | (77) | (1)% |
| TOTAL SHAREHOLDERS' EQUITY | (732) | (6)% | (1,929) | (18)% |
| ----- | | | | |
| TOTAL LIABILITIES AND SHAREHOLDERS'S EQUITY | 11,296 | 100% | 10,441 | 100% |
| ----- | | | | |

10

GRUPO IUSACELL CELULAR CONSOLIDATED
FIGURES IN MILLION OF CONSTANT SEPTEMBER 30, 2005 PESOS

| | 3Q04 | | 3Q05 | |
|--|-------|-------|-------|-------|
| | ----- | | ----- | |
| INCOME STATEMENT | | | | |
| Revenue | 106% | 1,334 | 106% | 1,668 |
| Commissions | (6)% | (77) | (6)% | (88) |
| ----- | | | | |
| Net Revenue | 100% | 1,258 | 100% | 1,580 |
| ----- | | | | |
| Cost of services | 46% | 576 | 46% | 729 |
| Handsets subsidy | 13% | 162 | 11% | 175 |
| ----- | | | | |
| Total Cost | 59% | 738 | 57% | 905 |
| ----- | | | | |
| Gross Profit | 41% | 519 | 43% | 675 |
| ----- | | | | |
| Operating expenses | 28% | 358 | 29% | 457 |
| Depreciation and amortization | 37% | 460 | 21% | 335 |
| ----- | | | | |
| Total Expenses | 65% | 818 | 50% | 792 |
| ----- | | | | |
| Operating Loss | (24)% | (299) | (7)% | (117) |
| ----- | | | | |
| EBITDA | 13% | 162 | 14% | 218 |
| ----- | | | | |
| (Profit) loss from fixed assets sales | 3% | 41 | (1)% | (11) |
| Integral Financing Cost | | | | |
| Interest expense, net | (10)% | (126) | (8)% | (132) |
| Foreign exchange loss (gain) | 6% | 79 | (1)% | (11) |
| Gain from monetary position | 6% | 78 | 1% | 13 |
| ----- | | | | |
| | 2% | 31 | (8)% | (130) |
| ----- | | | | |
| Loss Before Taxes | (18)% | (226) | (16)% | (258) |
| ----- | | | | |
| Taxes | (4)% | (51) | (1)% | (14) |
| Equity participation in net loss (income) of subsidiaries | (0)% | (0) | 0% | - |
| Extraordinary item | 0% | - | 0% | - |
| Minority interest | 0% | 0 | (0)% | (3) |
| ----- | | | | |
| Net Loss | (22)% | (277) | (17)% | (274) |
| ===== | | | | |

11

Edgar Filing: GRUPO IUSACELL SA DE CV - Form 6-K

GRUPO IUSACELL CELULAR CONSOLIDATED
 FIGURES IN MILLION OF CONSTANT SEPTEMBER 30, 2005 PESOS

| | 9M04 | | 9M05 | |
|---|-------|---------|-------|-------|
| | | | | |
| ACUMULATED INCOME STATEMENT | | | | |
| Revenue | 107% | 3,793 | 106% | 4,719 |
| Commissions | (7)% | (238) | (6)% | (288) |
| Net Revenue | 100% | 3,555 | 100% | 4,432 |
| Cost of services | 44% | 1,547 | 47% | 2,071 |
| Handsets subsidy | 17% | 593 | 9% | 392 |
| Total Cost | 60% | 2,140 | 56% | 2,463 |
| Gross Profit | 40% | 1,415 | 44% | 1,969 |
| Operating expenses | 25% | 885 | 28% | 1,234 |
| Depreciation and amortization | 40% | 1,406 | 23% | 1,037 |
| Total Expenses | 64% | 2,292 | 51% | 2,271 |
| Operating Loss | (25)% | (877) | (7)% | (302) |
| EBITDA | 15% | 529 | 17% | 735 |
| (Profit) loss from fixed assets sales | 3% | 117 | (1)% | (34) |
| Integral Financing Cost | | | | |
| Interest expense, net | (9)% | (318) | (8)% | (364) |
| Foreign exchange loss (gain) | (2)% | (87) | 4% | 183 |
| Gain from monetary position | 5% | 165 | 1% | 34 |
| | (7)% | (240) | (3)% | (147) |
| Loss Before Taxes | (28)% | (1,000) | (11)% | (483) |
| Taxes | (4)% | (156) | (2)% | (70) |
| Equity participation in net loss (income) of subsidiaries | (0)% | (0) | 0% | - |
| Extraordinary item | 0% | - | 0% | - |
| Minority interest | 0% | 2 | (0)% | (4) |
| Net Loss | (32)% | (1,154) | (13)% | (557) |

12

GRUPO IUSACELL CELULAR CONSOLIDATED
 FIGURES IN MILLION OF CONSTANT SEPTEMBER 30, 2005 PESOS

| | 9M04 | | 9M05 | |
|--|------|--|------|--|
| | | | | |

Edgar Filing: GRUPO IUSACELL SA DE CV - Form 6-K

| | | | | |
|--|--------|-------|-------|-------|
| Cash and marketable securities | 2 | 0% | 2 | 0% |
| Accounts receivable, net | 482 | 5% | 375 | 4% |
| Related parties | 331 | 3% | 267 | 3% |
| Recoverable taxes and other | 130 | 1% | 726 | 8% |
| Inventories | 291 | 3% | 14 | 0% |
| | ----- | ----- | ----- | ----- |
| TOTAL CURRENT ASSETS | 1,236 | 12% | 1,383 | 15% |
| Property and equipment, net | 6,493 | 64% | 5,884 | 63% |
| Excess of cost of investments in | 1,692 | 17% | 1,635 | 18% |
| Other assets | 690 | 7% | 410 | 4% |
| | ----- | ----- | ----- | ----- |
| TOTAL ASSETS | 10,111 | 100% | 9,312 | 100% |
| | ----- | ----- | ----- | ----- |
| Accrued liabilities | 912 | 9% | 1,320 | 14% |
| Related parties | 58 | 1% | 254 | 3% |
| Accounts payable | 378 | 4% | 388 | 4% |
| Short-term debt | 4,878 | 48% | 4,480 | 48% |
| | ----- | ----- | ----- | ----- |
| Total Current Liabilities | 6,226 | 62% | 6,442 | 69% |
| Noncurrent liabilities | 1 | 0% | 0 | 0% |
| | ----- | ----- | ----- | ----- |
| TOTAL LIABILITIES | 6,226 | 62% | 6,442 | 69% |
| | ----- | ----- | ----- | ----- |
| Minority interest | (65) | (1)% | (77) | (1)% |
| TOTAL SHAREHOLDERS' EQUITY | 3,950 | 39% | 2,946 | 32% |
| | ----- | ----- | ----- | ----- |
| TOTAL LIABILITIES AND SHAREHOLDERS'S EQUITY | 10,111 | 100% | 9,312 | 100% |
| | ----- | ----- | ----- | ----- |