

GRUPO IUSACELL SA DE CV
Form 6-K
May 03, 2006

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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 April, 2006

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 April 28, 2006

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[LOGO OF IUSACELL]

IUSACELL REPORTS FIRST QUARTER 2006 RESULTS

FIRST QUARTER RESULTS

Mexico City, April 28, 2006 - Grupo Iusacell, S.A. de C.V. (BMV: CEL),
reported an increase of 32% in revenues for the first quarter of 2006.

RECENT EVENTS

IUSACELL REACHES AN AGREEMENT TO RESTRUCTURE ITS DEBT.

On January 23, 2006, Grupo Iusacell, S.A. de C.V. (Iusacell) and its main

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operating subsidiary Grupo Iusacell Celular, S.A. de C.V. (Iusacell Celular) announced that they have reached an agreement in principle with the majority of their respective creditors to restructure their indebtedness.

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

Iusacell reached an agreement in principle with creditors representing a majority of the principal amount of its US\$350 million 14.25% notes due in 2006 (the "Existing Notes") to exchange such notes for new notes.

The new notes to be issued in exchange for the existing notes will be in a principal amount of US\$175 million and will bear interest at an annual rate of 10% with semi-annual interest payments in arrears (with Iusacell having the option to capitalize up to 40% of each interest payment) (the "New Notes"). The maturity date for the New Notes will be December 31, 2013. It is contemplated that the New Notes will be secured by a pledge on Iusacell shares, representing between 28% and 34% of the fully-diluted common stock of the Company. The granting of the pledge will be subject to certain terms and conditions.

The Existing Notes could be exchanged for the New Notes in the terms described above. The Majority Creditors have agreed, subject to certain conditions, including the negotiation of definitive documentation and the achievement of various milestones, to timely tender their debt and consent to the modification of certain terms and conditions of the Notes, pursuant to the contemplated debt exchange offer and consent solicitation and other related transactions. All Existing Notes tendered in the exchange offer will be cancelled upon the consummation of the transaction, and past due interest on the Existing Notes, will be forgiven.

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On April 18, 2006, Iusacell launched a solicitation of consents to exchange any and all of Existing Notes for 10.00% senior secured notes due 2013, and amend certain terms and conditions, waive certain existing defaults as well as rescind acceleration under the indenture governing the Existing Notes.

Consummation of the offer is subject to certain customary conditions. The offer is only made, and copies of any documents related thereto will only be made available, to holders of Existing Notes that certify to Iusacell that they are eligible to participate in the offer.

The exchange offer will expire at 5:00 PM, New York City Time, on May 18, 2006, unless extended by Iusacell.

The Information and Exchange Agent for the exchange offer is Bondholder Communications Group. The Information and Exchange Agent can be reached by email at icalderon@bondcom.com, and its telephone numbers are (44) 207-382-4580 in London or 212-809-2663 in New York.

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

Grupo Iusacell Celular, S.A. de C.V. reached an agreement in principle with creditors representing the majority of its secured debt also involving an exchange of the existing secured debt.

The agreement in principle contemplates that the US\$190 million Existing Tranche A loan be exchanged for US\$190 million new first lien notes. Main terms of the new first lien notes would include a first lien on substantially all of Iusacell Celular's assets, in the terms and conditions of the existing lien, with interest at Libor + 400 basis points, payable quarterly.

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Further, under this agreement the US\$76 million Existing Tranche B loan and USD\$150 million existing senior notes would be exchanged for approximately \$203 million of new second lien notes. Main terms of the new second lien notes include a second lien on substantially all of the assets of Iusacell Celular, under the terms and conditions of the existing lien, interest at 10% per annum with semi-annually payments (the Company will have the option to capitalize up to 30% of each interest payment). All existing senior notes tendered in the exchange offer will be cancelled upon the consummation of the transaction, and past due interest on the existing senior notes, will be forgiven.

The New Notes, the New First Lien Notes and the New Second Lien Notes will be issued pursuant to an exemption from the registration requirements of the Securities Act of 1933. The exchange offers may be consummated as voluntary exchanges or through any other legal means available to the Company and Iusacell Celular, under applicable insolvency and business reorganization laws.

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CONSOLIDATED FINANCIAL RESULTS

REVENUES

Revenues in the first quarter of 2006 grew 32% to Ps \$1,811 million, compared to Ps \$1,377 million in the same period 2005. The increase is primarily due to growth in postpaid revenues mainly due to an increase in the subscriber base, as well as higher revenues from value added services and increase in air time sales. Grupo Iusacell closed the first quarter of 2006 with 1.91 million subscribers.

COSTS AND EXPENSES

Total costs increased during this quarter by 62% to \$1,101 million pesos, compared to \$681 million pesos in first quarter 2005. Operating expenses increased by 3% to \$435 million pesos, compared to \$420 million pesos in first quarter of the previous year. The increase in total costs for the first quarter 2006 derives mainly from the increase in costs related to handset subsidies, increase in the cost for value added services and technical expenses.

The increase in operating expenses for this quarter mainly reflects increases in salaries due to increases in the number of full-time and part-time employees, as well as the creation of regional sales structures and customer care in keeping with our strategy of providing the best service for our customers, maintenance fees and costs, offset by the reduction in advertising expenses.

OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION

Iusacell's Operating Income Before Depreciation and Amortization for the quarter was \$275 million pesos, in line with the \$276 million pesos registered for the same period the year before.

NET INCOME

Iusacell registered a net loss of Ps\$491 million pesos for the first quarter of 2006, compared with a net loss of Ps\$377 million registered for the same period in 2005, reflecting an increase of 30% generated mainly by an increase in integral financing costs affected mainly by the exchange loss derived from the increase in exchange rates of the peso against the dollar.

CAPEX

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During the first quarter of 2006, the Company made investments of approximately US\$11 million, applied mainly to the expansion of coverage and capacity of Iusacell's 3-G network and EV-DO services (Evolution Data Only).

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THIS PRESS RELEASE IS NOT AN OFFER FOR SALE OF THE SECURITIES IN THE UNITED STATES, MEXICO OR IN ANY OTHER JURISDICTION, AND NONE OF THE SECURITIES TO BE ISSUED PURSUANT TO THE EXCHANGE OFFER, IF CONSUMMATED, MAY BE SOLD IN THE UNITED STATES ABSENT REGISTRATION OR AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR IN ANY OTHER JURISDICTION WHERE SUCH SALE IS PROHIBITED. THE COMPANY DOES NOT INTEND TO REGISTER ANY OF THE SECURITIES TO BE ISSUED PURSUANT TO THE EXCHANGE OFFER IN THE UNITED STATES OR TO CONDUCT A PUBLIC OFFERING OF SUCH SECURITIES IN ANY JURISDICTION OTHER THAN THOSE AS IT MAY FROM TIME TO TIME PUBLISH.

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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 period ended March 31, 2006, and the Consolidated Balance Sheet of Grupo Iusacell, S.A. de C.V. and Grupo Iusacell Celular, S.A. de C.V. at March 31, 2006.

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[LOGO OF IUSACELL]

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

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MILLIONS OF MEXICAN PESOS OF MARCH 31, 2006 PURCHASING POWER
(UNAUDITED FIGURES)

QUARTERLY INCOME STATEMENT

| | 1Q05 | | 1Q06 | |
|--|-------|-------|-------|------|
| Gross Revenues | 108% | 1,482 | 106% | 1,92 |
| Commissions | (8)% | (105) | (6)% | (11 |
| Net Revenues | 100% | 1,377 | 100% | 1,81 |
| Cost of services | 44% | 602 | 44% | 78 |
| Handset Subsidy | 6% | 79 | 17% | 31 |
| Total Cost | 49% | 681 | 61% | 1,10 |
| Gross Profit | 51% | 696 | 39% | 71 |
| Operating Expenses | 31% | 420 | 24% | 43 |
| Depreciation and Amortization | 29% | 398 | 22% | 39 |
| Total Expenses | 59% | 818 | 46% | 83 |
| Operating Loss | (9)% | (122) | (7)% | (12 |
| Operating Profit before Depreciation and Amortization | 20% | 276 | 15% | 27 |
| Loss from sale of fixed assets and other expenses | (2)% | (34) | 9% | 15 |
| Comprehensive Financing Cost | | | | |
| Interest Expense - Net | (20)% | (274) | (16)% | (28 |
| Exchange gain (loss) | (1)% | (20) | (18)% | (32 |
| Gain from net monetary position | 6% | 86 | 5% | 8 |
| | (15)% | (209) | (29)% | (52 |
| Loss before taxes | (26)% | (364) | (27)% | (49 |
| Tax Provisions | (1)% | (14) | (0)% | (|
| Equity in income (loss) of subsidiaries | 0% | - | (0)% | (|
| Minority interest | 0% | 1 | 0% | |
| Net income (loss) | (27)% | (377) | (27)% | (49 |
| | ===== | | ===== | |

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[LOGO OF IUSACELL]

GRUPO IUSACELL, S.A. DE C.V. AND SUBSIDIARIES
MILLIONS OF MEXICAN PESOS OF MARCH 31, 2006 PURCHASING POWER
(UNAUDITED FIGURES)

1T05

1T06

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| | | | | |
|---|---------|-------|---------|-----|
| Cash and cash equivalents | 3 | 0% | 23 | |
| Customers | 355 | 3% | 385 | |
| Due from related parties | 116 | 1% | 44 | |
| Advanced payments and other receivables | 318 | 3% | 245 | |
| Unamortized handset subsidy | 186 | 2% | 441 | |
| Inventories | 160 | 1% | 67 | |
| | | | | |
| Current assets | 1,139 | 10% | 1,204 | 1 |
| | | | | |
| Fixed assets | 7,087 | 63% | 6,089 | 5 |
| Goodwill - Net | 1,871 | 17% | 1,871 | 1 |
| Other assets | 1,099 | 10% | 1,418 | 1 |
| | | | | |
| Total assets | 11,196 | 100% | 10,582 | 10 |
| | | | | |
| Short-term debt | 9,143 | 82% | 8,636 | 8 |
| Accrued interest | 1,900 | 17% | 2,603 | 2 |
| | | | | |
| Short-term liabilities with financial cost | 11,043 | 99% | 11,239 | 10 |
| | | | | |
| Suppliers | 309 | 3% | 340 | |
| Related parties | 250 | 2% | 294 | |
| Unaccrued air time | 150 | 1% | 85 | |
| Accumulated expenses and other payables | 1,011 | 9% | 938 | |
| | | | | |
| Short-term liabilities without financial cost | 1,720 | 15% | 1,659 | 1 |
| | | | | |
| SHORT-TERM LIABILITIES | 12,763 | 114% | 12,898 | 12 |
| | | | | |
| LONG-TERM LIABILITIES | 26 | 0% | - | |
| | | | | |
| Advances from customers | - | | 268 | |
| | | | | |
| STOCKHOLDERS' EQUITY | (1,594) | (14)% | (2,585) | (2) |
| | | | | |
| LIABILITIES + EQUITY | 11,196 | 100% | 10,582 | 10 |

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[LOGO OF IUSACELL]

GRUPO IUSACELL, S.A. DE C.V. AND SUBSIDIARIES
MILLIONS OF MEXICAN PESOS OF MARCH 31, 2006 PURCHASING POWER
(UNAUDITED FIGURES)

QUARTERLY INCOME STATEMENT

| | 1Q05 | | 1Q06 | |
|------------------|------|-------|------|------|
| | | | | |
| Gross Revenues | 107% | 1,505 | 106% | 1,98 |
| Commissions | (7)% | (105) | (6)% | (11 |
| Net Revenues | 100% | 1,400 | 100% | 1,87 |
| | | | | |
| Cost of services | 53% | 747 | 45% | 84 |
| Handset Subsidy | 6% | 79 | 17% | 31 |
| Total Cost | 59% | 825 | 62% | 1,15 |
| | | | | |
| Gross Profit | 41% | 575 | 38% | 72 |

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| | | | | |
|---|-------|-------|-------|------|
| Operating Expenses | 30% | 415 | 23% | 42 |
| Depreciation and Amortization | 26% | 360 | 19% | 35 |
| Total Expenses | 55% | 775 | 42% | 78 |
| Operating Loss | (14)% | (200) | (3)% | (6) |
| Operating Profit before Depreciation and Amortization | 11% | 160 | 16% | 29 |
| Loss from sale of fixed assets and other expenses | (2)% | (34) | 8% | 15 |
| Comprehensive Financing Cost | | | | |
| Interest Expense - Net | (8)% | (114) | (7)% | (14) |
| Exchange gain (loss) | (1)% | (10) | (8)% | (15) |
| Gain from net monetary position | 3% | 36 | 2% | 3 |
| | (6)% | (88) | (14)% | (26) |
| Loss before taxes | (23)% | (321) | (9)% | (16) |
| Tax Provisions | (1)% | (14) | 0% | |
| Equity in income (loss) of subsidiaries | 0% | - | 0% | |
| Minority interest | 0% | 1 | 0% | |
| Net income (loss) | (24)% | (334) | (9)% | (16) |

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[LOGO OF IUSACELL]

GRUPO IUSACELL, S.A. DE C.V. AND SUBSIDIARIES
MILLIONS OF MEXICAN PESOS OF MARCH 31, 2006 PURCHASING POWER
(UNAUDITED FIGURES)

| | 1T05 | | 1T06 | |
|---|-------|------|-------|----|
| | ----- | | ----- | |
| Cash and cash equivalents | 2 | 0% | 2 | |
| Customers | 356 | 4% | 386 | |
| Due from related parties | 297 | 3% | 546 | |
| Advanced payments and other receivables | 254 | 3% | 195 | |
| Unamortized handset subsidy | 186 | 2% | 441 | |
| Inventories | 160 | 2% | 67 | |
| Current assets | 1,255 | 13% | 1,636 | 1 |
| Fixed assets | 6,500 | 66% | 5,480 | 5 |
| Goodwill - Net | 1,680 | 17% | 1,680 | 1 |
| Other assets | 455 | 5% | 787 | |
| Total assets | 9,890 | 100% | 9,583 | 10 |
| Short-term debt | 4,797 | 48% | 4,530 | 4 |
| Accrued interest | 431 | 4% | 629 | |

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| | | | | |
|---|-------|------|-------|----|
| Short-term liabilities with financial cost | 5,228 | 53% | 5,159 | 5 |
| Suppliers | 281 | 3% | 274 | |
| Related parties | 251 | 3% | 542 | |
| Unaccrued air time | 150 | 2% | 85 | |
| Accumulated expenses and other payables | 807 | 8% | 575 | |
| Short-term liabilities without financial cost | 1,489 | 15% | 1,476 | 1 |
| SHORT-TERM LIABILITIES | 6,717 | 68% | 6,635 | 6 |
| LONG-TERM LIABILITIES | 0 | 0% | - | |
| Advances from customers | - | | 268 | |
| STOCKHOLDERS' EQUITY | 3,173 | 32% | 2,679 | 2 |
| LIABILITIES + EQUITY | 9,890 | 100% | 9,583 | 10 |

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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: April 28, 2006

/s/ Fernando Cabrera

Name: Fernando Cabrera
Title: Attorney in fact

/s/ Jose Luis Riera

Name: Jose Luis Riera
Title: Attorney in fact

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