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GRUPO IUSACELL SA DE CV
Form 6-K
July 31, 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 July, 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

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Documents Furnished By the Registrant

- 1. Press Release of the Registrant dated July 28, 2006

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IUSACELL REPORTS SECOND QUARTER 2006 RESULTS

- NET REVENUES INCREASE 27% -

Mexico City, July 28, 2006 - Grupo Iusacell, S.A. de C.V. (BMV: CEL),
reported its financial results corresponding to the second quarter of 2006.

FINANCIAL INFORMATION

Million pesos as of June 30, 2006

| 2Q05 | 2Q06 | Change | | 6M05 | 6M06 |
|-------|-------|--------|-------|-------|-------|
| | | \$ | % | | |
| ----- | ----- | ----- | ----- | ----- | ----- |

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| | | | | | | |
|--------------------|-------|-------|-------|--------|-------|---------|
| Net Revenues | 1,460 | 1,852 | 392 | 27% | 2,831 | 3,653 |
| Total Cost | 763 | 1,115 | 353 | 46% | 1,440 | 2,210 |
| Operating Expenses | 389 | 437 | 48 | 12% | 808 | 870 |
| EBITDA | 308 | 300 | (9) | 3% | 583 | 573 |
| Net Loss | (34) | (867) | (833) | (n.m.) | (409) | (1,355) |

RECENT EVENTS

As of July 2006, Iusacell's subscribers will now have international data service for easy access to mobile applications as a result of Iusacell's entering into a new agreement with Sprint of the USA. The Sprint data roaming agreement for coverage in North America is part of the international expansion of Iusacell in 2006.

Iusacell is extending the network coverage for its clients through data roaming agreements. Under the terms of this agreement, our users will be able to have easy access to email, Internet and corporative applications in the United States using selected cellular telephones, intelligent devices and broadband mobile cards as if they were connected to the local network of Iusacell.

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SECOND QUARTER RESULTS

REVENUES

Net revenues in the second quarter of 2006 increased by 27% to Ps \$1,852 million, as compared to Ps \$1,460 million during the same period 2005. The increase is primarily a result of growth in postpaid revenues as well as higher revenues from value added services mainly attributable to an increase in the subscriber base. Grupo Iusacell ended the second quarter of 2006 with 2.0 million subscribers.

COST AND EXPENSES

During the second quarter of 2006, total cost, increased by 46% to Ps \$1,115 million as compared to Ps \$763 million in the second quarter 2005. Operating expenses increased by 12% to Ps \$437 million, as compared to Ps \$389 million in the same period 2005.

The increase in the total cost during the second quarter 2006 mainly reflects the increase in: (i) handset subsidy, (ii) the costs related to value added services and interconnection costs as a result of the increase in air time traffic and subscribers, (iii) technical expenses, and (iv) concessions rights.

The increase in operating expenses during the second quarter 2006 mainly reflects an increase in administrative expenses owing to the creation of regional sales and customer care structures, offset by the reduction in advertising expenses.

OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION

Iusacell's operating income before depreciation and amortization for the second quarter of 2006 was Ps \$300 million, a decrease of 3% as compared to Ps \$308 million during the same period the year before.

NET INCOME

Iusacell registered a net loss of Ps \$867 million for the second

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quarter of 2006, compared to a net loss of Ps \$34 million during the same period in 2005. This loss is mainly a result of 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

During the second quarter of 2006, the Company made investments of approximately US \$17 million, mainly for the acquisition of cellular equipment related to the expansion of coverage and capacity of Iusacell's 3-G network and EV-DO services (Evolution Data Only).

DEBT

The Company continues with its debt restructuring process as announced through various press releases to date. In this respect and in furtherance of the debt restructuring process, the Company has commenced various proceedings for the legal implementation of the agreements reached with majority of its creditors, which we expect to be accomplished shortly.

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ABOUT IUSACELL

Grupo Iusacell, S.A. de C.V. (BMV: CEL) (Iusacell) is a wireless cellular and PCS service provider in Mexico with a national footprint. Iusacell offers 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 operates. In addition to our core mobile telephony services, we also provide a wide range of other telecommunications services, including long distance, wireless local telephony and data transmission services. Additional information is available at <http://www.iusacell.com>

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 six-month periods ended June 30, 2006, and the Consolidated Balance Sheet of Grupo Iusacell, S.A. de C.V. and Grupo Iusacell Celular, S.A. de C.V. at June 30, 2006.

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GRUPO IUSACELL, S.A. DE C.V. AND SUBSIDIARIES
MILLIONS OF MEXICAN PESOS OF JUNE 30, 2006 PURCHASING POWER
(UNAUDITED FIGURES)

| | QUARTERLY INCOME STATEMENT | | | |
|---|----------------------------|-------|-------|-------|
| | 2Q05 | | 2Q06 | |
| Gross Revenues | 107% | 1,560 | 105% | 1,947 |
| Commissions | (7)% | (100) | (5)% | (95) |
| Net Revenues | 100% | 1,460 | 100% | 1,852 |
| Cost of services | 42% | 620 | 43% | 793 |
| Handset Subsidy | 10% | 143 | 17% | 323 |
| Total Cost | 52% | 763 | 60% | 1,115 |
| Gross Profit | 48% | 698 | 40% | 737 |
| Operating Expenses | 27% | 389 | 24% | 437 |
| Depreciation and Amortization | 27% | 398 | 20% | 379 |
| Total Expenses | 54% | 787 | 44% | 816 |
| Operating Loss | (6)% | (89) | (4)% | (79) |
| Operating Profit before Depreciation and Amortization | 21% | 308 | 16% | 300 |
| Loss from sale of fixed assets and other expenses | 1% | 10 | 1% | 11 |
| Comprehensive Financing Cost | | | | |
| Interest Expense - Net | (19)% | (283) | (17)% | (310) |
| Exchange gain (loss) | 29% | 425 | (23)% | (430) |
| Gain from net monetary position | (3)% | (49) | (3)% | (59) |
| | 6% | 93 | (43)% | (800) |
| Loss before taxes | 1% | 13 | (47)% | (868) |
| Tax Provisions | (3)% | (44) | (0)% | (1) |
| Equity in income (loss) of subsidiaries | 0% | - | 0% | 0 |
| Minority interest | (0)% | (3) | 0% | 2 |
| Net loss | (2)% | (34) | (47)% | (867) |

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MILLIONS OF MEXICAN PESOS OF JUNE 30, 2006 PURCHASING POWER
(UNAUDITED FIGURES)

| | ACCUMULATED INCOME STATEMENT | | | |
|--|------------------------------|-------|-------|---------|
| | 6M05 | | 6M06 | |
| Gross Revenues | 107% | 3,035 | 106% | 3,859 |
| Commissions | (7)% | (204) | (6)% | (206) |
| Net Revenues | 100% | 2,831 | 100% | 3,653 |
| Cost of services | 43% | 1,219 | 43% | 1,576 |
| Handset Subsidy | 8% | 221 | 17% | 634 |
| Total Cost | 51% | 1,440 | 60% | 2,210 |
| Gross Profit | 49% | 1,391 | 40% | 1,443 |
| Operating Expenses | 29% | 808 | 24% | 870 |
| Depreciation and Amortization | 28% | 793 | 21% | 774 |
| Total Expenses | 57% | 1,601 | 45% | 1,644 |
| Operating Loss | (7)% | (211) | (5)% | (201) |
| Operating Profit before Depreciation and Amortization | 21% | 583 | 16% | 573 |
| Loss from sale of fixed assets and other expenses | (1)% | (24) | 5% | 165 |
| Comprehensive Financing Cost | | | | |
| Interest Expense - Net | (20)% | (556) | (16)% | (594) |
| Exchange gain (loss) | 14% | 405 | (21)% | (755) |
| Gain from net monetary position | 1% | 36 | 1% | 27 |
| | (4)% | (115) | (36)% | (1,321) |
| Loss before taxes | (24)% | (349) | (37)% | (1,357) |
| Tax Provisions | (2)% | (58) | (0)% | (1) |
| Equity in income (loss) of subsidiaries | 0% | - | (0)% | (0) |
| Minority interest | (0)% | (1) | 0% | 3 |
| Net loss | (14)% | (409) | (37)% | (1,355) |

GRUPO IUSACELL, S.A. DE C.V. AND SUBSIDIARIES
MILLIONS OF MEXICAN PESOS OF JUNE 30, 2006 PURCHASING POWER
(UNAUDITED FIGURES)

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| | 2Q05 | | 2Q06 | |
|---|---------|-------|---------|-------|
| | | | | |
| Cash and cash equivalents | 4 | 0% | 31 | 0% |
| Customers | 389 | 4% | 465 | 4% |
| Due from related parties | 96 | 1% | 310 | 3% |
| Advanced payments and other receivables | 314 | 3% | 249 | 2% |
| Unamortized handset subsidy | 275 | 3% | 441 | 4% |
| Inventories | 100 | 1% | 42 | 0% |
| Current assets | 1,177 | 11% | 1,536 | 14% |
| Fixed assets | 6,696 | 62% | 5,843 | 53% |
| Goodwill - Net | 1,857 | 17% | 1,862 | 17% |
| Other assets | 1,100 | 10% | 1,772 | 16% |
| Total assets | 10,829 | 100% | 11,013 | 100% |
| Short-term debt | 8,773 | 81% | 8,945 | 81% |
| Accrued interest | 2,022 | 19% | 2,900 | 26% |
| Short-term liabilities with financial cost | 10,795 | 100% | 11,845 | 108% |
| Suppliers | 284 | 3% | 436 | 4% |
| Related parties | 220 | 2% | 220 | 2% |
| Unaccrued air time | 165 | 2% | 63 | 1% |
| Accumulated expenses and other payables | 949 | 9% | 1,012 | 9% |
| Short-term liabilities without financial cost | 1,617 | 15% | 1,731 | 16% |
| SHORT-TERM LIABILITIES | 12,412 | 115% | 13,576 | 123% |
| LONG-TERM LIABILITIES | 25 | 0% | - | 0% |
| Advances from customers | - | | 878 | 8% |
| STOCKHOLDERS' EQUITY | (1,608) | (15)% | (3,441) | (31)% |
| LIABILITIES + EQUITY | 10,829 | 100% | 11,013 | 100% |

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GRUPO IUSACELL CELULAR, S.A. DE C.V. AND SUBSIDIARIES
FIGURES IN MILLION OF CONSTANT JUNE 30, 2006 PESOS

| | INCOME STATEMENT | | | |
|------------------|------------------|-------|------|-------|
| | 2Q05 | | 2Q06 | |
| | | | | |
| Revenue | 107% | 1,623 | 105% | 2,021 |
| Commissions | (7)% | (100) | (5)% | (95) |
| Net Revenue | 100% | 1,523 | 100% | 1,927 |
| Cost of services | 41% | 629 | 45% | 863 |
| Handsets subsidy | 9% | 143 | 17% | 323 |

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| | | | | |
|---|------|-------|-------|-------|
| Total Cost | 51% | 772 | 62% | 1,186 |
| Gross Profit | 49% | 751 | 38% | 741 |
| Operating expenses | 25% | 382 | 22% | 427 |
| Depreciation and amortization | 24% | 359 | 18% | 341 |
| Total Expenses | 49% | 741 | 40% | 769 |
| Operating Loss | 1% | 10 | (1)% | (28) |
| EBITDA | 24% | 369 | 16% | 313 |
| (Profit) loss from fixed assets sales | 1% | 10 | 0% | 7 |
| Integral Financing Cost | | | | |
| Interest expense, net | (8)% | (124) | (8)% | (156) |
| Foreign exchange loss (gain) | 14% | 208 | (10)% | (200) |
| Gain from monetary position | (1)% | (15) | (1)% | (26) |
| | 5% | 70 | (20)% | (382) |
| Loss Before Taxes | 6% | 90 | (21)% | (402) |
| Taxes | (3)% | (44) | (6)% | (111) |
| Equity participation in net loss (income) of subsidiaries | 0% | - | 0% | - |
| Extraordinary item | 0% | - | 0% | - |
| Minority interest | (0)% | (3) | 0% | 2 |
| Net Profit (Loss) | 3% | 43 | (27)% | (511) |

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GRUPO IUSACELL CELULAR, S.A. DE C.V. AND SUBSIDIARIES
 FIGURES IN MILLION OF CONSTANT JUNE 30, 2006 PESOS

| | INCOME STATEMENT | | | |
|------------------|------------------|-------|------|-------|
| | 6M05 | | 6M06 | |
| Revenue | 107% | 3,121 | 105% | 3,999 |
| Commissions | (7)% | (204) | (5)% | (206) |
| Net Revenue | 100% | 2,917 | 100% | 3,793 |
| Cost of services | 47% | 1,372 | 45% | 1,701 |
| Handsets subsidy | 8% | 221 | 17% | 634 |
| Total Cost | 55% | 1,593 | 62% | 2,335 |

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| | | | | |
|---|-------|-------|-------|-------|
| Gross Profit | 45% | 1,323 | 38% | 1,459 |
| Operating expenses | 27% | 795 | 22% | 852 |
| Depreciation and amortization | 25% | 718 | 18% | 698 |
| Total Expenses | 52% | 1,513 | 41% | 1,550 |
| Operating Loss | (6)% | (189) | (2)% | (91) |
| EBITDA | 18% | 528 | 16% | 607 |
| (Profit) loss from fixed assets sales | (1)% | (24) | 4% | 162 |
| Integral Financing Cost | | | | |
| Interest expense, net | (8)% | (237) | (8)% | (296) |
| Foreign exchange loss (gain) | 7% | 198 | (9)% | (356) |
| Gain from monetary position | 1% | 21 | 0% | 12 |
| | (1)% | (17) | (17)% | (640) |
| Loss Before Taxes | (8)% | (230) | (15)% | (570) |
| Taxes | (2)% | (58) | (3)% | (111) |
| Equity participation in net loss (income) of subsidiaries | 0% | - | 0% | - |
| Extraordinary item | 0% | - | 0% | - |
| Minority interest | (0)% | (1) | 0% | 3 |
| Net Loss | (10)% | (289) | (18)% | (677) |

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GRUPO IUSACELL CELULAR, S.A. DE C.V. AND SUBSIDIARIES
FIGURES IN MILLION OF CONSTANT JUNE 30, 2006 PESOS

| | 6M05 | | 6M06 | |
|--|-------|------|-------|------|
| Cash and marketable securities | 3 | 0% | 11 | 0% |
| Accounts receivable, net | 388 | 4% | 467 | 5% |
| Unamortized handset subsidy | 275 | 3% | 441 | 4% |
| Related parties | 347 | 4% | 705 | 7% |
| Recoverable taxes and other | 260 | 3% | 207 | 2% |
| Inventories | 100 | 1% | 42 | 0% |
| TOTAL CURRENT ASSETS | 1,371 | 14% | 1,872 | 19% |
| Property and equipment, net | 6,164 | 64% | 5,226 | 53% |
| Excess of cost of investments in subsidiaries over book value, net | 1,672 | 17% | 1,672 | 17% |
| Other assets | 435 | 5% | 1,152 | 12% |
| TOTAL ASSETS | 9,641 | 100% | 9,920 | 100% |
| Short-term debt | 4,602 | 48% | 4,692 | 47% |

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| | | | | |
|---|-------|------|-------|------|
| Accrued interest | 466 | 5% | 713 | 7% |
| Short-term liabilities with financial cost | 5,068 | 53% | 5,405 | 54% |
| Accrued liabilities | 718 | 7% | 593 | 6% |
| Related parties | 221 | 2% | 699 | 7% |
| Accounts payable | 256 | 3% | 129 | 1% |
| Unaccrued air time | 165 | 2% | 63 | 1% |
| ----- | | | | |
| Short-term liabilities without financial cost | 1,360 | 14% | 1,484 | 15% |
| SHORT-TERM LIABILITIES | 6,428 | 67% | 6,890 | 69% |
| LONG-TERM LIABILITIES | 0 | 0% | - | 0% |
| Advances from customers | | | 878 | 9% |
| ----- | | | | |
| Minority interest | (81) | (1)% | (74) | (1)% |
| TOTAL SHAREHOLDERS' EQUITY | 3,294 | 34% | 2,226 | 22% |
| ----- | | | | |
| TOTAL LIABILITIES AND SHAREHOLDERS'S EQUITY | 9,641 | 100% | 9,920 | 100% |
| ----- | | | | |

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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: July 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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