

AMERICA MOVIL SAB DE CV/
Form 20-F
July 02, 2007
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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 20-F

Annual Report Pursuant to Section 13 or 15(d)

of the Securities Exchange Act of 1934

for the fiscal year ended December 31, 2006

Commission file number for securities registered pursuant to Section 12(b) of the Act: 0-32245

Commission file number for securities registered pursuant to Section 12(g) of the Act: 1-16269

AMÉRICA MÓVIL, S.A.B. DE C.V.

(exact name of registrant as specified in its charter)

America Mobile

(translation of registrant's name into English)

United Mexican States

(jurisdiction of incorporation)

Lago Alberto 366, Colonia Anáhuac, 11320 México, D.F., México

(address of principal executive offices)

Securities registered pursuant to

Name of each exchange on which registered:

Section 12(b) of the Act:

American Depositary Shares, each representing

New York Stock Exchange

20 L Shares, without par value

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L Shares, without par value

New York Stock Exchange

(for listing purposes only)

Securities registered pursuant to

Section 12(g) of the Act:

American Depositary Shares, each representing 20 A Shares, without par value

A Shares, without par value

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

The number of outstanding shares of each of the registrant's classes of capital or common stock as of December 31, 2006:

10,859 million	AA Shares
571 million	A Shares
23,872 million	L Shares

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by checkmark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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PART I

Item 3. Key Information

SELECTED FINANCIAL DATA

This annual report includes our audited consolidated financial statements as of December 31, 2005 and 2006 and for each of the three years ended December 31, 2004, 2005 and 2006. Our financial statements have been prepared in accordance with Mexican Financial Reporting Standards (Mexican FRS) and are presented in Mexican pesos. The financial statements of our non-Mexican subsidiaries have been adjusted to conform to Mexican FRS and translated to Mexican pesos. See Note 2(a)(ii) to our audited consolidated financial statements.

Mexican FRS differs in certain respects from U.S. GAAP. Note 21 to the audited consolidated financial statements provides a description of the principal differences between Mexican FRS and U.S. GAAP, as they relate to us, a reconciliation to U.S. GAAP of net income and total stockholders' equity and a condensed statement of cash flows under U.S. GAAP.

Pursuant to Mexican FRS, in our financial statements and the selected financial information set forth below:

nonmonetary assets (excluding plant, property and equipment of non-Mexican origin) and stockholders' equity are restated for inflation based on the Mexican National Consumer Price Index (*Índice Nacional de Precios al Consumidor*); plant, property and equipment of non-Mexican origin are restated based on the rate of inflation in the country of origin and converted into Mexican pesos using the prevailing exchange rate at the balance sheet date;

gains and losses in purchasing power from holding monetary liabilities or assets are recognized in income; and

all financial statements are restated in constant pesos as of December 31, 2006.

The effect of inflation accounting under Mexican FRS has not been reversed in the reconciliation to U.S. GAAP of net income and total stockholders' equity, except with respect to the methodology for restatement of imported telephone plant. See Note 21 to our audited consolidated financial statements.

On July 19, 2005, we effected a three-for-one stock split. Unless otherwise noted, all share and per share data in this annual report have been adjusted to reflect the stock split for all periods presented.

On December 13, 2006, our shareholders approved the merger of América Telecom, S.A.B. de C.V., or Amtel, our then controlling shareholder, and its subsidiary Corporativo Empresarial de Comunicaciones, S.A. de C.V., or Corporativo, with us. As a result of the merger, we assumed approximately Ps. 14,426 million in liabilities (principally indebtedness, Ps. 13,895 million) and acquired Ps. 945 million in assets (principally cash, Ps. 815 million) based on Amtel's unaudited financial statements as of October 31, 2006. See Merger with Amtel under Item 4.

In accordance with Mexican FRS, the merger with Amtel has been accounted for on a historical basis similar to a pooling of interest basis and we have adjusted our financial information and selected financial information presented in this annual report to include the assets, liabilities and results of operations of Amtel and its subsidiary for all periods presented. See Note 3 to our audited consolidated financial statements.

References herein to U.S.\$ are to U.S. dollars. References herein to pesos, P. or Ps. are to Mexican pesos.

This annual report contains translations of various peso amounts into U.S. dollars at specified rates solely for your convenience. You should not construe these translations as representations by us that the nominal peso

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or constant peso amounts actually represent the U.S. dollar amounts or could be converted into U.S. dollars at the rate indicated. Unless otherwise indicated, we have translated U.S. dollar amounts from constant pesos at the exchange rate of Ps. 10.8810 to U.S.\$1.00, which was the rate reported by Banco de México for December 29, 2006.

The selected financial and operating information set forth below has been derived in part from our audited consolidated financial statements, which have been reported on by Mancera S.C., a Member Practice of Ernst & Young Global, a public registered firm. The selected financial and operating information should be read in conjunction with, and is qualified in its entirety by reference to, our audited consolidated financial statements.

	2002	2003	As of and for the year ended December 31, 2004			2005	2006	2006
	(As adjusted) ⁽¹⁾						(millions of U.S. dollars) ⁽²⁾	
	(millions of constant pesos as of December 31, 2006) ⁽²⁾							
Income Statement Data:								
<i>Mexican FRS</i>								
Operating revenues	Ps.67,569	Ps.97,195	Ps.144,873	Ps.189,530	Ps.234,222	U.S.\$	21,526	
Operating costs and expenses	52,722	76,707	119,378	154,142	175,063		16,089	
Depreciation and amortization	9,734	15,695	19,992	22,125	27,132		2,493	
Operating income	14,847	20,488	25,495	35,388	59,158		5,437	
Comprehensive financing cost (income)	1,335	(2,098)	(2,080)	2,690	27		2	
Net income (loss)	5,411	16,911	17,923	31,858	42,816		3,935	
Net income (loss) per share:								
Basic ⁽³⁾	0.14	0.44	0.49	0.89	1.21		0.11	
Diluted ⁽³⁾	0.14	0.44	0.49	0.89	1.21		0.11	
Dividends declared per share ⁽⁴⁾	0.015	0.020	0.040	0.37	0.063		0.006	
Dividends paid per share ⁽⁵⁾	0.011	0.015	0.029	0.239	0.063		0.006	
Weighted average number of shares outstanding (millions) ⁽⁶⁾ :								
Basic	39,307	38,421	36,848	35,766	35,459			
Diluted	39,307	38,427	36,860	35,766	35,459			
<i>U.S. GAAP</i>								
Operating revenues ⁽⁷⁾	Ps.62,992	Ps.92,525	Ps.136,217	Ps.176,787	Ps.223,141	U.S.\$	20,507	
Operating costs and expenses	47,771	71,385	112,028	144,014	165,947		15,251	
Depreciation and amortization	9,203	15,356	19,622	24,132	29,190		2,683	
Operating income	15,221	21,140	24,189	32,773	57,194		5,256	
Comprehensive financing cost (income)	984	(1,927)	(2,570)	135	1,045		96	
Net income (loss)	6,829	16,761	18,084	31,834	39,170		3,600	
Net income (loss) per share:								
Basic ⁽³⁾	0.18	0.44	0.49	0.89	1.10		0.10	
Diluted ⁽³⁾	0.18	0.44	0.49	0.89	1.10		0.10	

(see footnotes on following page)

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	As of and for the year ended December 31,					
	2002	2003	2004	2005	2006	2006
	(As adjusted) ⁽¹⁾					(millions of U.S. dollars) ⁽²⁾
	(millions of constant pesos as of December 31, 2006) ⁽²⁾					
Balance Sheet Data:						
<i>Mexican FRS</i>						
Property, plant and equipment, net	Ps. 71,246	Ps. 80,484	Ps. 91,295	Ps.116,370	Ps.137,918	U.S.\$ 12,675
Total assets	133,104	170,018	209,393	240,165	320,699	29,473
Short-term debt and current portion of long-term debt	15,200	15,220	12,364	21,374	25,266	2,322
Long-term debt	45,338	52,187	73,967	65,876	85,819	7,887
Total stockholders' equity ⁽⁸⁾	52,449	67,236	63,419	75,093	109,635	10,076
Capital stock	35,381	35,330	35,258	35,243	35,234	3,238
Number of outstanding shares (millions) ⁽⁶⁾⁽⁹⁾						
AA Shares	10,941	10,941	10,941	10,915	10,859	
A Shares	873	837	795	761	571	
L Shares	26,840	26,227	24,263	23,967	23,872	
<i>U.S. GAAP</i>						
Property, plant & equipment, net	Ps. 72,538	Ps. 86,962	Ps.102,263	Ps.131,924	Ps.150,794	U.S.\$ 13,859
Total assets	136,574	179,745	223,956	258,775	336,929	30,965
Short-term debt and current portion of long-term debt	15,200	15,220	12,364	21,374	25,266	2,322
Long-term debt	45,338	52,187	73,967	65,876	85,819	7,887
Minority interest	1,385	5,766	1,783	1,063	659	61
Total stockholders' equity	51,591	69,444	71,565	88,921	120,394	11,065
Capital stock	35,825	35,775	35,704	35,688	35,679	3,279
Subscriber Data:						
Number of subscribers (in thousands)	31,600	43,725	61,107	93,329	124,776	
Subscriber growth	18.8%	38.4%	39.8%	52.7%	33.7%	

- (1) In accordance with Mexican FRS, the merger with Amtel has been accounted for on a historical basis similar to a pooling of interest basis and we have adjusted our financial information and selected financial information presented in this annual report to include the assets, liabilities and results of operations of Amtel and its subsidiary for all periods presented. See Note 3 to our audited consolidated financial statements.
- (2) Except per share, share capital and subscriber data.
- (3) We have not included net income or dividends on a per ADS basis. Each L Share ADS represents 20 L Shares and each A Share ADS represents 20 A Shares.
- (4) Nominal amounts. Figures provided represent the annual dividend declared at the general shareholders' meeting.
- (5) Nominal amounts. For more information on dividends paid per share translated into U.S. dollars, see Financial Information Dividends under Item 8. Amount in U.S. dollars translated at the exchange rate on each of the respective payment dates.
- (6) All share figures have been adjusted retroactively to reflect a reduction in L Shares as a result of our merger with Amtel. See Notes 3 and 18 to our audited consolidated financial statements.
- (7) The differences between our Mexican FRS and U.S. GAAP operating revenues include the reclassification of (1) the application of EITF 01-9, Accounting Consideration Given by a Vendor to a Customer, which we have applied to all periods presented in this table and which resulted in a reclassification of certain commissions paid to distributors from commercial, administrative and general expenses under Mexican FRS to reductions in operating revenues under U.S. GAAP, and (2) the application in 2004 of EITF 00-21, Accounting for Revenue Arrangements with Multiple Deliverables, which addresses certain aspects of accounting for sales that involved multiple revenue generating products and/or services sold under a single contractual agreement. See Note 21 to our audited consolidated financial statements.
- (8) Includes minority interest.
- (9) As of year-end.

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Mexico has a free market for foreign exchange, and the Mexican government allows the peso to float freely against the U.S. dollar. There can be no assurance that the Mexican government will maintain its current policies with regard to the peso or that the peso will not depreciate or appreciate significantly in the future.

The following table sets forth, for the periods indicated, the high, low, average and period-end noon buying rate in New York City for cable transfers in pesos published by the Federal Reserve Bank of New York, expressed in pesos per U.S. dollar. The rates have not been restated in constant currency units and therefore represent nominal historical figures.

Period	High	Low	Average⁽¹⁾	Period End
2002	10.4250	9.0020	9.7458	10.4250
2003	11.4063	10.1130	10.8463	11.2420
2004	11.6350	10.8050	11.3095	11.1540
2005	11.4110	10.4135	10.8680	10.6275
2006	11.4600	10.4315	10.9023	10.7995
December	10.9860	10.7675		
2007				
January	11.0920	10.7650		
February	11.1575	10.9170		
March	11.1846	11.0130		
April	11.0305	10.9240		
May	10.9308	10.7380		

(1) Average of month-end rates.

On June 29, 2007, the noon buying rate was Ps. 10.7901 to U.S.\$1.00.

We will pay any cash dividends in pesos, and exchange rate fluctuations will affect the U.S. dollar amounts received by holders of American Depositary Shares, or ADSs, on conversion by the depository of cash dividends on the shares represented by such ADSs. Fluctuations in the exchange rate between the peso and the U.S. dollar affect the U.S. dollar equivalent of the peso price of our shares on the Mexican Stock Exchange (*Bolsa Mexicana de Valores, S.A. de C.V.*, or the Mexican Stock Exchange) and, as a result, can also affect the market price of the ADSs.

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FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements. We may from time to time make forward-looking statements in our periodic reports to the U.S. Securities and Exchange Commission, or "SEC", on Forms 20-F and 6-K, in our annual report to shareholders, in offering circulars and prospectuses, in press releases and other written materials, and in oral statements made by our officers, directors or employees to analysts, institutional investors, representatives of the media and others. Examples of such forward-looking statements include:

projections of operating revenues, net income (loss), net income (loss) per share, capital expenditures, dividends, capital structure or other financial items or ratios;

statements of our plans, objectives or goals, including those relating to acquisitions, competition, regulation and rates;

statements about our future economic performance or that of Mexico or other countries in which we operate;

competitive developments in the telecommunications sector in each of the markets where we currently operate;

other factors or trends affecting the telecommunications industry generally and our financial condition in particular; and

statements of assumptions underlying the foregoing statements.

We use words such as believe, anticipate, plan, expect, intend, target, estimate, project, predict, forecast, guideline, should, etc. expressions to identify forward-looking statements, but they are not the only way we identify such statements.

Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors, some of which are discussed under "Risk Factors", include economic and political conditions and government policies in Mexico, Brazil or elsewhere, inflation rates, exchange rates, regulatory developments, technological improvements, customer demand and competition. We caution