

TELE CENTRO OESTE CELULAR PARTICIPACOES
Form 6-K
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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 November, 2004

Commission File Number 001-14489

TELE CENTRO OESTE CELULAR PARTICIPAÇÕES S.A.

(Exact name of registrant as specified in its charter)

Tele Centro Oeste Celular Participações Holding Company

(Translation of Registrant's name into English)

SCS - Quadra 2, Bloco C, Edifício Anexo-Telebrasil Celular
-7° Andar, Brasília, D.F.

Federative Republic of Brazil

(Address of principal executive office)

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

VIVO, SOUTH HEMISPHERE'S LARGEST WIRELESS COMMUNICATION GROUP, ANNOUNCES THIRD QUARTER 2004 CONSOLIDATED RESULTS OF TELE CENTRO OESTE CELULAR PARTICIPAÇÕES S.A.

Brasilia, Brazil – October 28, 2004 – Tele Centro Oeste Celular Participações S.A. - TCO, (BOVESPA: TCOC3 (ON = Common Shares)/TCOC4 (PN = Preferred Shares); NYSE: TRO), discloses today its consolidated results for the third quarter of 2004 (3Q04). The closing prices for October 28, 2004 were: **TCOC3**: R\$ 12.29 / 1,000 shares, **TCOC4**: R\$ 8.41 / 1,000 shares and **TRO**: US\$ 9.00 / ADR (1 ADR = 3,000 PN shares). TCO operates in the Federal District and in 11 Brazilian states: Acre, Amazonas, Amapá, Goiás, Maranhão, Mato Grosso, Mato Grosso do Sul, Pará, Rondônia, Roraima and Tocantins, covering an area of 5.8 million km² with 32.4 million inhabitants, which is approximately 18% of the total Brazilian population.

Tele Centro Oeste is controlled by Telesp Celular Participações S.A. which, along with Tele Leste Celular Participações S.A., Tele Sudeste Celular Participações S.A. and Celular CRT Participações S.A, make up the assets of the *Joint Venture* undertaken by Telefónica Móviles and Portugal Telecom, operating under the **VIVO** brand, **Top of Mind** in the Brazilian market. On October, 2004, VIVO Group reached 25 million customers, thus consolidating its market leadership.

- Customer base increased by 47.7% and 8.3%, when compared to 3Q03 and 2Q04, respectively, a level above the market average, having reached 5,307 thousand customers.

HIGHLIGHTS

3Q04

- Net additions in 3Q04 totaled 406 thousand new customers, 54.4% higher than the additions recorded for the same period of the previous year.
- TCO's postpaid service customers base increased by 2.6% and prepaid service customers base increased by 63.1%, in relation to 3Q03.
- Churn decreased 0.5 and 0.2 percentage points, compared to 3Q03 and 2Q04, respectively.
- Postpaid ARPU increased by 2.5% and 3.0% when compared to 3Q03 and 2Q04, respectively.
- EBITDA growth of 17.3% year over year, EBITDA margin of 42.9% in the period, which is 1.0 percentage point above the figures recorded for 3Q03.
- Net profit of R\$ 141.0 million in 3Q04, a 23.6% increase in relation to 3Q03.
- Data revenues have continued to grow, increasing by 51.2% in relation to 3Q03, representing 4.0% of net service revenues in 3Q04 (3.1% in 3Q03).
- Productivity increased in 3Q04 of 70.6% and 12.8% in relation to 3Q03 and 2Q04, respectively.

Technological Innovations

Since the last quarter of 2003, TCO has been operating a high speed Mobile Internet through its CDMA 1xRTT network which, by the end of September 2004 already covered the Federal District, and other 92 municipalities, reaching 50% of the population under its coverage in area 7 and 29 municipalities, reaching 37% of the population of area 8.

TCO has continued to focus data transmission services, having implemented new products such as "VIVO Direto", a quick connection cellular phone solution which provides communication function to pre-formatted groups of users, with increased coverage, voice quality, speed and new functions.

"VIVO Agenda", was commercially launched on the market in September an unprecedented service in Brazil that is designed to store information with increased safety, allowing the directions stored in the cellular phone agenda to be saved, recovered and transferred to a VIVO server.

On October 26, initially in the cities of São Paulo, Rio de Janeiro and Curitiba, VIVO launched on the market the CDMA2000 1xEV-DO (Evolution – Data Optimized) technology, considered by the International Telecommunications Union (UIT) as a Third-Generation access technology which, at a very high data transmission speed – up of to 2.4 Megabits per second (Mbps) – allows real-time access, through notebooks, PDAs and cellular phones, to services and applications such as e-mail, Internet, music and file downloads, in addition to video and audio streaming.

Basis for Presentation of Results

In accordance with Anatel's rules, on July 6, 2003, the Personal Mobile Service (SMP) operators implemented the Carrier Selection Codes (CSP) for domestic and international long distance calls,. Therefore, TCP operators no longer earn revenues from VC2 or VC3 calls, and currently derive revenue from the usage of their network (interconnection – VUM) for completing long distance calls.

The partial *Bill & Keep* (B&K) system was implemented at that same time, under which payment for use of local network among SMP operators is not made unless traffic rate among them exceeds 55%, that causes an impact on interconnection revenue and cost.

Some information disclosed in relation to 2Q04 and 3Q03 may have been re-classified, as applicable, for comparison purposes. Figures disclosed are subject to differences, due to rounding-up procedures.

**Consolidated
TCO's Operating
Highlights**

- TCO's customer base increased by 47.7% in the last 12 months and 8.3% in the quarter. Net additions in the quarter were 54.4% greater than those recorded in 3Q03, which reflects intense sales activity.
- TCO recorded a 42.6% market share of net additions in 3Q04, confirming its leadership position in the market leadership, with 53.8% market share.
- Churn recorded 1.8%, a drop of 0.5 and 0.2 percentage points in relation to 3Q03 and 2Q04, respectively reflecting the Company's customer loyalty program that included initiatives such as "Overlay CDMA", which among others features offers discounts on handsets to postpaid customers in technological migration.
- SAC increased by 72.9% and 27.4%, when compared to 3Q03 and 2Q04 respectively, due to increased expenses with subsidies, commissions and advertising, due to lower entry barriers employed by the market.
- Blended ARPU was R\$ 32.5, down 20.7% in relation to 3Q03, having been impacted by (i) negative change in the customer mix equivalent to R\$ 4.7 (prepaid customer base grew

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63.1% accounting for 82.3% of the total base, compared with 74.5% in 3Q03), and the SMP effect (R\$ 1.6); (ii) drop in incoming MOU of 27.3%, and (iii) higher incidence of free minutes bonus. Normalized by the mix and SMP effects, the decrease in the blended ARPU would be R\$ 2.2, or 5.4%. Comparing with 2Q04, blended ARPU decreased by 3.6%, as a result, mainly, of the 6.7% decrease in the prepaid incoming MOU.

- Growing improvement in operating efficiency can be measured by the increase in productivity in 3Q04, of 70.6% and 12.8% in relation to 3Q03 and 2Q04, respectively.

Operating

Highlights -

Area 7

- In 3Q04, the customer base in Area 7 increased by 44.0%, when compared with 3Q03 and 7.4% in relation to 2Q04, reaching 4,179 thousand customers by the end of the period. Net additions in the quarter were 35.0% above those recorded in 3Q03.

- In area 7, postpaid customer base increased by 2.9% when compared to 3Q03, as a result of the Company's strategy to increase its focus on the corporate market. Prepaid customer base increased by 58.9% in the same period.

- In 3Q04, the area 7 was responsible for a 47.0% market share of net additions in the states in which it operates, where three mobile companies operate, continuing to be a market leader with 63.5% market share, the highest market share obtained by Brazilian wireless companies.

***Operating
Highlights –
Area 8***

- In 3Q04, the customer base in Area 8 increased by 63.4% and 11.7%, as compared to 3Q03 and 2Q04 respectively reaching 1,129 thousand customers by the end of the period. Net additions in the period were 138,8% above those recorded in 3Q03.
- In the period, TCO's Area 8 was responsible for a steady 34.6% share of net additions in the states where it operates, causing the market share to remain stable.

Net Service Revenues The Company's net service revenues in 3Q04 was R\$ 497.5 million, representing 16.9% and 5.3% increases in relation to 3Q03 and 2Q04 respectively. The revenue increase is a result of the 47.5% average customer base growth in relation to 3Q03, which on its turn is partially offset by the increased volume of promotions (bonus minutes), by an increase in prepaid customer as a percentage of the total base (82% in 3Q04 and 75% in 3Q03) and by the SMP effect (Bill & Keep and CSP).

Data Revenues Data revenues have increased by 51.2% and 6.1% in relation to 3Q03 and 2Q04 respectively, representing 4.0% of the net service revenues in 3Q04 (3.1% in 3Q03). Such increase was possible due to the availability of new services and, to a more widespread access to, and use of these services. The average number of SMS messages sent per month in 3Q04 was approximately 38 million, 45% higher than the average recorded in the same period of 2003.

Personnel Cost	Personnel cost in 3Q04 increased by 25.1% in relation to the same period of the previous year. Such increase was due to the collective terms agreement signed in November, 2003, which approved a 7.5% salary increase, indemnities and additional payroll. When compared to 2Q04, the decrease results mainly from the adjustment to the provision for profit sharing.
Cost of Services Rendered	In 3Q04, cost of services rendered by TCO was reduced by 46.1% when compared to 3Q03, due to drops in the costs of means of connection, interconnection and miscellaneous fees.
Cost of Goods Sold	The cost of goods sold by the Company in the quarter recorded a 54.9% increase, as compared to 2Q03, due to intense commercial activities and focus on programs for exchange of TDMA for CDMA handsets due to technology change.
Selling Expenses	In 3Q04, selling expenses increased by 47.4%, due to increased commercial activities. In relation to 2Q04, the 17.5% growth was impacted by an increase in the provision for bad debtors and by the higher number of additions.
Bad Debt	In 3Q04, the provision for bad debt (PDD), in the amount of R\$ 23.0 million, included the reversal of the provision booked in 1Q04, of R\$ 4.2 million. The 2Q04 is impacted by the reversal of non-recurring adjustments of R\$ 7.1 million, relating to settlements of interconnection claims. The duly normalized PDD would record an increase of 13.9% (2.4% of gross revenue).
EBITDA	In 3Q04, TCO's EBITDA (earnings before interests, taxes, depreciation and amortization) was R\$ 247.7 million, a 17.3% increase in relation to 3Q03, representing a 42.9% margin, remaining stable in comparison to 3Q03, in spite of the competitive pressures in the period, where the entry barriers reduced substantially.

***Depreciation and
Amortization***

The 7.6% reduction in depreciation, in relation to 3Q03, was caused by the effect of adjusting the useful life of some assets and improvements. The 3.3% increase in comparison to 2Q04 is a result of investments being currently effected.

Financial Result

TCO's net financial income in 3Q04 improved by R\$ 8.1 million when compared to 2Q04, mainly in function of the change in *Pis* and *Cofins* on financial revenues both started being levied from last August onwards exclusively on gains from derivatives and Interests on Capital (R\$ 4.0 million). All financial revenues were taxed in 2Q04. Another effect that occurred in this period at TCO was the increase in the cash equivalents (R\$ 3.3 million). The appreciation of Brazilian Real vis-a-vis the US Dollar in the quarter generated exchange gains on loans, offset by losses in derivatives transactions.

Net Profit

The net profit in the quarter was R\$ 141.0 million, having increased by 23.6% and 3.0% in relation to 3Q03 and 2Q04, respectively (Table 1).

On September 30, 2004, TCO loans and financings amounted to R\$ 271.6 million (R\$ 291.7 million on June 30, 2004), 93.8% of which is nominated in foreign currency. The company has celebrated exchange rate hedging contracts thus protecting 100% of its debt against foreign exchange volatility. This debt was offset by cash and financial investments (R\$ 1,042.0 million) and by derivative assets and liabilities (R\$ 17.1 million payable) resulting in a net cash position

Indebtedness of R\$ 753.3 million, 6.2% above the 2Q04. At the end of 3Q04, short-term debt represented 39.4% of total debt.

Capital Expenditures During 3Q04, R\$ 140.1 million were invested in property, plant and equipment, mainly in projects for improvement and capacity expansion of the services rendered. Also significant was the investment to implement the CDMA (1xRTT) overlay. CAPEX represented 18.0% of net revenues in the year.

Operating Cash Flow The positive operating cash flow evidences that TCO has generated funds from its operations that are enough to implement its capital expenditures program, reacting R\$ 107.6 million in the quarter.

Capital Market In 3Q04, the value of TCO's common shares (ON) and preferred shares (PN) increased by 1.9% and 2.4%, respectively, while Bovespa index increased by 9.9%. Throughout this period, the Company's preferred shares were traded in 100% of the stock exchange floor sessions, with an average daily financial volume of trades of R\$ 8.6 million, compared to R\$ 5.6 million in the equal period of 2003.

TCO's Level II ADRs appreciated by 11.2% during the quarter, compared to a 3.4% drop in Dow Jones index. The daily average volume of TCO ADRs traded at the NYSE during 3Q04 was US\$ 1.9 thousand, compared to US\$ 1.2 thousand in 3Q03.

**Subsequent
Events**

- On October 08, 2004, the Voluntary Public Tender Offer of Shares (VTO) for acquisition of the preferred shares of Tele Centro Oeste Participações S.A. (TCO) by TCP was concluded. The volume of shares offered at the auction of the VTO exceeded the maximum number to be acquired by TCP (84,252,534,000). As a result of this, each shareholder who adhered to the OPA received, by reason of the apportionment, for each offered share, 0.5547 preferred shares issued by TCO and acquired by the Company. After the VTO, TCP held 32.76% of all TCO's preferred shares, representing an increase from 28.86% to 50.65% in TCP's interest in TCO's capital stock.
- VIVO signed an agreement with CTBC, the Algar Group's operator, that will enable it to offer its customers digital roaming based on CDMA 1x technology in 40 cities located in the southern part of the state of Minas Gerais and northern part of the state of São Paulo.

Further information about the above mentioned operations may be obtained from our web site: www.vivo.com.br/ir

**Social
Responsibility**

- "VIVO Voluntário" program was launched on October 4, with the support of VIVO Institute, which program is intended for stimulating solidarity and integrating employees, in order to thus disseminate Social Responsibility concepts and practices.
- The Institute has been intensifying its actions including, among others, the partnership with *Rômulo Maiorana* Organizations – ORM, providing support to the new stage of the Itinerating Culture project, which makes Pará State culture known in the main municipalities of that State.
- VIVO was awarded, in August, the "Top RH 2004" prize from the Brazilian Association of Sales and Marketing Officers (ADVB), in recognition for its efforts to provide employees with the best "treatment" as far as health care is concerned.

Prizes

- VIVO brand was also awarded in September two of the most important prizes in the United Kingdom and the one that mostly attracts the attention in the business world: "Design Effectiveness Award: Brand Identity Over £100000" and "UK Trade & Investment Award", granted by DBA – Design Business Association.

Enclosed tables:

Table 1: Consolidated Income Statements of TCO

Table 2: Consolidated Balance Sheets of TCO

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GLOSSARY

Financial Terms:

CAPEX – Capital Expenditure

EBIT – Earnings before interest and taxes.

EBITDA – Earnings result before interest, taxes, depreciation and amortization.

PDD – Provision for bad debt. A concept in accounting that measures the provision made for accounts receivable overdue for more than 90 days.

NE – Shareholders' Equity

Current Capital (Short-term capital) = Current assets – Current liabilities

Working capital = Current Capital – Net Debt

Net debt = Gross debt – cash – financial investments – securities – asset from derivative transactions + liability from derivative transactions

Net Debt / EBITDA – Index which evaluates the Company's ability to pay its debt with the generation of operating cash within a one-year period.

Indebtedness = Net Debt / (Net Debt + NE) – Index which measures the Company's financial leverage.

Operating Cash Flow = EBITDA – CAPEX.

EBITDA Margin = EBITDA / Net Operating Revenue.

Subsidy = (net revenue from goods – cost of goods sold + discounts given by suppliers) / gross additions

Technology and Services

1XRTT – (1x Radio Transmission Technology) – It is the CDMA 2000 1X technology which, pursuant to the ITU (International Telecommunication Union), and in accordance with the IMT-2000 rules is considered 3G (third generation) Technology.

CDMA 2000 1xEV-DO – 3rd Generation access technology with data transmission speed of up to 2.4 Megabits per second

CDMA – (Code Division Multiple Access) – Wireless interface technology for cellular networks based on spectral

Operating indicators:

ARPU (Average Revenue per User) – net revenue from services per month / monthly average of customers in the period

Postpaid ARPU – ARPU of postpaid service users.

Prepaid ARPU – ARPU of prepaid service users

Customers – Number of wireless lines in service.

MOU (minutes of use) – monthly average, in minutes, of traffic per customer = (Total number of outgoing minutes + incoming minutes) / monthly average of customers in the period

Postpaid MOU – MOU of postpaid service users.

Prepaid MOU – MOU of prepaid service users

SAC – cost of acquisition per customer = (70% marketing expenses + costs of the distribution network + handset subsidies) / gross additions.

VC1 – Local calls

VC2 – Calls outside the area code and inside the State

VC3 – Calls outside the State

Gross additions – Total of customers acquired in the period.

Net additions = Gross Additions – number of customers disconnected

Blended ARPU – ARPU of the total customer base (contract + prepaid)

Churn rate = percentage of the disconnections from customer base during the period / percentage of the disconnections from customer base during the period or the number of customers disconnected in the period / ((customers at the beginning of the period + customers at the end of the period) / 2)

Market share = Company's total number of customers / number of customers in its operating area

Market share of net additions: participation of estimated net additions in the operating area.

