

TELECOM ARGENTINA SA
Form 6-K
March 10, 2017

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Issuer

**Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934**

For the month of March 2017

Commission File Number: 001-13464

Telecom Argentina S.A.

(Translation of registrant's name into English)

Alicia Moreau de Justo, No. 50, 1107

Buenos Aires, Argentina

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Edgar Filing: TELECOM ARGENTINA SA - Form 6-K

Form 20-F X Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes NoX

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes NoX

Indicate by check mark whether by furnishing the information contained in this Form, the Registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes NoX

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

Telecom Argentina S.A.

TABLE OF CONTENTS

Item

1. Press Release: Telecom Argentina S.A. announces consolidated results for the annual period ('FY16') and fourth quarter for fiscal year 2016 ('4Q16')

FOR IMMEDIATE RELEASE

Market Cap P\$67.0 billion

March 8, 2017

Contacts:

Pedro Insussarry

Solange Barthe Dennin

(54 11) 4968-3743/3752

Telecom Argentina S.A.

announces consolidated results for the annual period ('FY16') and fourth quarter for fiscal year 2016 ('4Q16')

Consolidated Revenues amounted to P\$53,240 million (+31.5% vs. FY15); Fixed Data +64.0% vs. FY15; Fixed Internet +31.6% vs. FY15; and Mobile business in Argentina +26.8% vs. FY15.

Mobile subscribers in Argentina reached 19.5 million in FY16.

Mobile Value Added Services in Argentina (Internet and Data): +30.3% vs. FY15; 62.3% of Service Revenues.

Mobile ARPU in Argentina increased to P\$112.3 per month in FY16 (+22.7% vs. FY15).

ADSL ARPU increased to P\$270.9 per month in FY16 (+30.6% vs. FY15); monthly churn reached 1.7% in FY16.

Consolidated Operating costs -including D&A and Results on write-down of PP&E- totaled P\$45,480 million (+32.6% vs. FY15).

Operating Income Before Depreciation and Amortization reached P\$14,424 million (+32.7% vs. FY15), 27.1% of consolidated revenues, continuing with the improvement in margins. In 4Q16 EBITDA margin represented 29.2% vs. 26.9% in 4Q15.

Net Income amounted to P\$4,005 million (+16.6% vs. FY15). Net Income attributable to Telecom Argentina amounted to P\$3,975 million (+16.8% vs. FY15). Net Income was influenced by higher depreciation and amortization costs due to higher Capex.

Capex increased to P\$11,386 million in FY16 (+45.2% vs. FY15, excluding the spectrum payment performed in 2Q15), equivalent to 21.4% of Consolidated Revenues.

Net Financial Debt: P\$5,892 million, an increase of P\$3,615 million vs. FY15, after Telecom Argentina's cash dividend distribution during 2016 and higher payments of Capex.

| <i>(in million P\$, except where noted)</i> | As of December, 31 | | | |
|--|-------------------------------|-------------|-------------|------------|
| | 2016 | 2015 | Δ \$ | Δ % |
| Consolidated Revenues | 53,240 | 40,496 | 12,744 | 31.5 % |
| Mobile Services | 38,226 | 29,760 | 8,466 | 28.4 % |
| Fixed Services | 15,014 | 10,736 | 4,278 | 39.8 % |
| Operating Income before D&A | 14,424 | 10,866 | 3,558 | 32.7 % |
| Operating Income | 7,843 | 6,229 | 1,614 | 25.9 % |
| Net Income attributable to Telecom Argentina | 3,975 | 3,403 | 572 | 16.8 % |
| Shareholders' equity attributable to Telecom Argentina | 19,336 | 17,194 | 2,142 | 12.5 % |
| Net Financial Position - (Debt) / Cash | (5,892) | (2,277) | (3,615) | 158.8% |
| CAPEX (excluding spectrum) | 11,386 | 7,844 | 3,542 | 45.2 % |
| Fixed lines in service (in thousand lines) | 3,920 | 4,043 | (123) | -3.0 % |
| Mobile customers (in thousand) | 22,052 | 22,201 | (149) | -0.7 % |
| Personal (Argentina) | 19,514 | 19,656 | (142) | -0.7 % |
| Núcleo (Paraguay) -including Wimax customers- | 2,538 | 2,546 | (8) | -0.3 % |
| Broadband accesses (in thousand) | 1,738 | 1,814 | (76) | -4.2 % |
| Average Billing per user (ARBU) Fixed Telephony / voice (in P\$) | 97.9 | 67.7 | 30.2 | 44.6 % |
| Average Revenue per user (ARPU) Mobile Services in Arg. (in P\$) | 112.3 | 91.5 | 20.8 | 22.7 % |
| Average Revenue per user (ARPU) ADSL (in P\$) | 270.9 | 207.4 | 63.5 | 30.6 % |

1 www.telecom.com.ar

Buenos Aires, March 8, 2017 - Telecom Argentina ('Telecom') - (NYSE: TEO; BASE: TECO2), one of Argentina's leading telecommunications companies, announced today a Net Income of P\$4,005 million for the annual period ended December 31, 2016, or +16.6% when compared to FY15. Net income attributable to Telecom Argentina amounted to P\$3,975 million (+16.8% vs. FY15).

| | FY16 | FY15 | Δ \$ | Δ % |
|---|--------|--------|--------|-------|
| Consolidated Revenues (MMP\$) | 53,240 | 40,496 | 12,744 | 31.5% |
| Net Income attributable to Telecom Argentina(MMP\$) | 3,975 | 3,403 | 572 | 16.8% |
| Earnings attributable to Telecom per Share (P\$) | 4.1 | 3.5 | 0.6 | |
| Earnings attributable to Telecom per ADR (P\$) | 20.5 | 17.6 | 2.9 | |
| Operating Income before D&A * | 27.1% | 26.8% | | |
| Operating Income * | 14.7% | 15.4% | | |
| Net Income* | 7.5% | 8.5% | | |

*As a percentage of Consolidated Revenues

Note: The average of ordinary shares outstanding amounted to 969,159,605.

During FY16, Consolidated Revenues increased by 31.5% to P\$53,240 million (+P\$12,744 million vs. FY15), mainly fueled by the Fixed Data and Broadband businesses and Mobile Services. Moreover, Operating Income reached P\$7,843 million (+P\$1,614 million or +25.9% vs. FY15).

Consolidated Operating Revenues

Mobile Services

As of December 31, 2016 clients with mobile services amounted to 22.1 million vs. 22.2 million as of FY15.

Third parties Revenues amounted to P\$38,226 million (+28.4% vs. FY15) as a result of the strategy that promotes the use of mobile internet through a wide offer of 4G devices together with plans with higher volumes of data.

Telecom Personal in Argentina

As of December 31, 2016, Personal reached approximately 19.5 million subscribers in Argentina. Postpaid clients remain stable representing 33% of the subscriber base.

In FY16, third parties Revenues reached P\$35,584 million (+P\$7,530 million or +26.8% vs. FY15) while Service Revenues (excluding sales of equipment and devices) amounted to P\$28,049 million (+26.0% vs. FY15), with 62.3% corresponding to VAS revenues (vs. 60.2% in FY15). VAS revenues amounted to P\$17,468 million (+30.3% vs. FY15). Moreover, handset sales reached P\$7,535 million, an increase of +30.0% vs. FY15, equivalent to 21.2% of total revenues.

Due to a higher consumption of VAS, the average monthly revenue per user ('ARPU') amounted to P\$112.3 during FY16 (+22.7% vs. FY15) due to higher data consumption.

Mobile Customers & Revenues in Argentina (in billion P\$)

Commercial Initiatives

In terms of infrastructure during the quarter, the Company continued with the evolution of services through the deployment of the Personal 4G/LTE network at an unprecedented rhythm of execution. By the end of 2016, Personal reached 759 locations with coverage, where every provincial capitals and the AMBA region were covered. Together with this, an innovative work of digital radio link was inaugurated: the 4G Personal Service in La Quiaca, that allowed to connect La Quebrada de Humahuaca with broadband internet.

With the aim to promote the 4G experience among prepaid clients', Personal launched a disruptive offer that allows, through the activation of internet on a daily basis, the unlimited usage of the instant messenger service 'Whatsapp'.

At the same time, Personal continued to promote the upgrade of devices with discounts and special financing plans, such as the offer presented during Mothers' Day and the launch of new innovative handsets.

As part of the actions associated to youth, Personal and Huawei presented the 'Personal Fest 2016', the most important music festival of Argentina, where 47.000 people enjoyed during 2 days music and outdoor entertainment, while more than 700.000 followed it via streaming.

Also, with the aim of supporting the technological and innovative developments that are performed in the country, the Telecom Group was the technological provider of 'Campus Party' (Meeting of innovation, science, creativity and digital entrepreneurship).

Telecom Personal in Paraguay ('Núcleo')

As of December 31, 2016, Núcleo's subscriber base surpassed 2.5 million clients. Prepaid and postpaid customers represented 82% and 18%, respectively.

Núcleo generated revenues from third parties equivalent to P\$2,642 million during FY16 (+54.9% vs. FY15). Value Added Services (“VAS”) revenues amounted to P\$1,407 million (+59.9% vs. FY15) representing 59.1% of FY16 service revenues (vs. 56.9% in FY15). The evolution of Núcleo’s sales measured in pesos was influenced by the appreciation of the Guarani with respect to the Peso.

Fixed Services (Voice, Data & Internet)

During FY16, revenues generated by fixed services amounted to P\$15,014 million, +39.8% vs. FY15; with Data revenues (+64.0% vs. FY15) and Internet (+31.6% vs. FY15) growing the most in the segment.

Voice

Total service revenues reached P\$6,010 million in FY16 (+38.5% vs. FY15). This increase combines price increases in the corporate segment in February and September 2016 as well as in the retail segment, which became effective as of May 2016.

Mobile consumption of Telecom Personal in Argentina

() Includes reestimation of consumption of minutes and SMS per client*

Lines in service & Fixed Voice Revenues (in billion P\$)

3 www.telecom.com.ar

As a result of these increases, the average monthly revenue billed per user ('ARBU') reached P\$97.9 in FY16, +44.6% vs. FY15.

Revenues generated by measured services totaled P\$2,073 million, an increase of P\$273 million or +15.2% vs. FY15 mainly due to a higher penetration of convergent plans that include domestic calls to fixed lines and mobile customers of Personal's.

Monthly charges and supplementary services reached P\$2,480 million, an increase of P\$1,074 million or +76.4% vs. FY15 due to the above mentioned price increases.

Fixed and mobile interconnection revenues amounted to P\$845 million (+22.6% vs. FY15). Meanwhile, other revenues totaled P\$612 million (+37.8% vs. FY15). Both revenue lines were affected by price increases in rental of spaces and links, related to the FX variation as these services are denominated in foreign currency.

Data and Internet

Data service revenues (services mainly offered to the Corporate and Government segments) amounted to P\$2,919 million (+P\$1,139 million or +64.0% vs. FY15), gaining weight over total revenues of the fixed service and strengthening the position of Telecom as an integrated ICT provider (Datacenter, VPN, among others). This increase was mainly due to the FX rate variations that affected these contracts that are adjusted by the \$/US\$ exchange rate.

In line with the convergent proposal of services and positioning Telecom as a business solutions provider, an offer that combines connectivity and mobility together with domestic calls to fixed lines and mobile customers of Personal for the corporate segment was launched.

In parallel, Telecom and Microstrategy (a leading Company in Business Intelligence for all Companies and industries in the market) reached an agreement to offer Business Intelligence services housed at '*Telecom's Cloud*'. This solution offers the possibility to hire the service without investing in IT infrastructure and software licenses through the *Cloud* modality.

Edgar Filing: TELECOM ARGENTINA SA - Form 6-K

Internet Service revenues totaled P\$5,994 million (+P\$1,438 million or +31.6% vs. FY15), mainly due to a commercial offer with higher speeds, where 6Mb and 10Mb lead the clients' preference. In addition, 10Mb or *Ultrabroadband* (UBB) subscriber base reached 36% of the customer base vs. 27% in FY15.

As of December 31, 2016, the subscriber base amounted to 1.7 million ADSL accesses representing 44.3% of Telecom's fixed lines in service. In addition, ADSL ARPU reached P\$270.9 in FY16, +30.6% when compared to FY15.

Positioning the Company as an integrated service operator, the first convergent offer was presented, with Arnet at home and Personal in mobility, with the aim of satisfying the connectivity needs of the entire family. The proposal includes, apart from fixed and mobile broadband, unlimited calls to fixed lines and mobile customers of Personal throughout the country.

Broadband Acceses & Revenues

4 www.telecom.com.ar

Consolidated Operating Costs

Consolidated Operating Costs totaled P\$45,480 million in FY16, an increase of P\$11,169 million, or +32.6% vs. FY15 (including 'Results of write-down of PP&E' that resulted in a loss of P\$383 million in FY16 vs. a loss of P\$199 million in FY15). This increase in costs is mainly due to higher sales, the effect of a highly competitive environment in mobile and Internet business, the impact of higher direct and indirect labor costs, the increase in fees for services related to the suppliers' price adjustment, and the increase in cost of handsets sold, among other cost items.

The cost breakdown is as follows:

- Employee benefit expenses and severance payments totaled P\$9,800 million (+35.1% vs. FY15), mainly affected by increases in salaries to unionized as well as non-unionized employees together with the social security contributions associated to the collective bargaining agreement set as of July 2016. Total employees at the end of the period amounted to 15,970.

- Interconnection costs and other telecommunication charges (including TLRD, Roaming, Interconnection, international settlement charges and lease of circuits) amounted to P\$2,553 million, +17.6% vs. FY15. This increase resulted from a higher volume of traffic in international outbound calls together with costs related to TLRD and roaming.

- Fees for services, maintenance, materials and supplies amounted to P\$5,006 million (+27.7% vs. FY15), mainly due to costs' increases as a consequence of FX variation in costs in foreign currency as well as costs in pesos due to higher costs recognized to suppliers.

- Taxes and fees with regulatory authorities reached P\$5,125 million (+30.0% vs. FY15), impacted mainly by higher revenues as well as higher bank debit and credit taxes related to collection flows and suppliers payments and dividends paid during FY16 vs. FY15.

- Commissions (Commissions paid to agents, prepaid card commissions and others) totaled P\$3,849 million (+20.5% vs. FY15), as a result of the increase in commissions paid to commercial channels as well as collection fees, both

associated to the increase in handset sales. Agent commissions capitalized as SAC amounted to P\$1,403 million (+19.7% vs. FY15).

- Cost of handsets sold totaled P\$6,188 million (+34.7% vs. FY15), due to handsets sales with higher unit cost. Deferred costs from SAC amounted to P\$130 million (+39.8% vs. FY15).

- Advertising amounted to P\$874 million (+7.4% vs. FY15) due to campaigns performed by Personal with the aim of promoting 4G services in the country.

- Depreciation and Amortization reached P\$6,198 million (+39.7% vs. FY15). PP&E depreciation amounted to P\$4,358 million (+42.7% vs. FY15) resulting from the incorporation of assets related to the investment plan that the Group has been

Consolidated Costs
% Revenues

(*) includes results of write-down of PP&E

D&A (in billion P\$)

5 www.telecom.com.ar

executing; amortization of SAC and service connection costs totaled P\$1,474 million (+41.1% vs. FY15) meanwhile, amortization of 3G/4G licenses amounted P\$338 million (+4.3% vs. FY15) and amortization of other intangible assets reached P\$28 million (+21.7% vs. FY15).

- Other Costs totaled P\$5,504 million (+45.3% vs. FY15). This increase was mainly due to VAS costs that totaled P\$1,499 million (+19.3% vs. FY15), related to the increase of sales of those services, mainly in the mobile segment. Bad debt expenses reached P\$1,228 million (+117.7% vs. FY15) mainly influenced by the financing plans for the sale of handsets in the mobile business. Bad debt expenses represented 2.7% of consolidated costs and 2.3% of consolidated revenues.

Consolidated Financial Results

Net Financial Results amounted to a loss of P\$2,244 million, a variation of P\$1,142 million vs. FY15. This was mainly due to a higher debt position that generated higher losses in net financial interests of P\$1,483 million in FY16 (-P\$957 million vs. FY15) and losses of FX results net of NDF instruments for P\$1,055 million in FY16 (vs. a loss of P\$1,140 million in FY15) mainly due to the peso depreciation that occurred in December 2015. Meanwhile, gains on mutual funds and other investments amounted to P\$348 million (-P\$253 million vs. FY15).

Consolidated Net Financial Position

As of December 31, 2016, Net Financial Position (Cash, Cash Equivalents and financial Investments minus Loans) resulted in a Debt Position of P\$5,892 million, a variation of P\$3,615 million when compared to the Net Financial Position as of December 31, 2015, after the cash dividend payment of Telecom Argentina for an amount of P\$2,000 million distributed in May 2016 (P\$700 million) and in August 2016 (P\$1,300 million) and higher payments of capex.

Capital Expenditures

Edgar Filing: TELECOM ARGENTINA SA - Form 6-K

During FY16, the Company invested P\$11,386 million (+45.2% vs. FY15 without considering the spectrum payment of P\$2,256 million occurred in 2Q15). Of this amount, P\$4,017 million was allocated to Fixed Services and P\$7,369 million to Mobile services, focusing on improving network capacity with the aim of enhancing the customer experience and quality of the current and future services. In relative terms, Capex reached 21.4% of consolidated revenues vs. 19.4% in FY15 without considering the payment of 4G licenses that was made during 2015.

The principal investments of the Group are oriented to improve service quality and coverage. The constant investments in technology is one of the main key strategic pillars and are specifically focused on the coverage and capacity of the infrastructure and new service platforms to serve the increasing level of traffic and bandwidth generated by the consumption behavior of the customer base. Moreover, in the mobile business, Personal continued with the network deployment with 4G technology in the country, covering all the capital provinces, reaching 85% of coverage of population in those cities.

| in million of P\$ | EE15 | EE16 |
|------------------------------------|-----------|-----------|
| Net Interests | -\$ 526 | -\$ 1,483 |
| Gains on Mutual Funds & other inv. | \$ 601 | \$ 348 |
| FX results net of NDF instruments | -\$ 1,140 | -\$ 1,055 |
| Others | -\$ 37 | -\$ 54 |
| Total | -\$ 1,102 | -\$ 2,244 |

Net Financial Debt (in billion P\$)

Capex (In billion P\$)

Relevant Matters

Loan with the International Finance Corporation (IFC)

On October 6, 2016 Personal and the IFC signed a loan agreement for an amount of U\$S 400 million and for a six year period, payable in 8 equal half-yearly installments commencing on the 30th month, at a 6 month LIBO rate plus 400bp spread. This loan was used to deploy the 4G network and refinance short-term debt.

On October 26, 2016 Personal received the loan proceeds for an amount of U\$S 392.5 million, net of expenses of U\$S 7.5 million.

Telecom Personal Notes - Global Program and Series Issuance

Personal's Ordinary and Extraordinary Shareholders' Meeting held on December 2, 2010 had approved the creation of a Medium Term Note Program for a maximum circulation amount of U\$S 500 million or its equivalent in other currencies, for a five year period. On October 13, 2011, the *Comisión Nacional de Valores* ("CNV") had authorized the mentioned Program through Resolution No. 16,670.

Personal's Ordinary Shareholders' Meeting held on May 26, 2016 authorized to extend the due date of the Program and to expand the Program's maximum circulation amount to U\$S 1,000 million or its equivalent in other currencies.

On October 20, 2016, the CNV authorized the extension and expansion of the mentioned Program through Resolution No. 18,277. Under the Program, Personal issued Series with the following terms and conditions: Series III, denominated in pesos at a floating rate and with a maturity of 18 months from the date of issuance and settlement of November 16th, 2016, for a nominal value of \$721,969,404; and Series IV, denominated in US dollars, at a fixed rate and with a maturity of 24 months from the same date of issuance and settlement as Series III, for a nominal value of U\$S77,900,400.

The mentioned notes have a local risk rating issued by FIX SCR S.A. (Fitch Ratings) of “AA+ (arg)”, due to the credit quality and financial strength of Personal.

The mentioned issuances intended to contribute to develop the local capital markets and are aimed to promote the retail market. The proceeds from the issuance were applied, the refinancing of short-term debt.

Mandatory Public Tender Offer (“OPA”)

On February 24, 2016, Telecom Argentina was notified by Fintech Telecom, LLC’s of its intention to launch a Mandatory Public Tender Offer (the “OPA”) for all Class B common shares of Telecom Argentina listed on the Buenos Aires Securities Market, or Mercado de Valores de Buenos Aires S.A., resulting from a change of control event. On September 6, 2016, the CNV’s Board of Directors approved the terms of the OPA.

On November 7, 2016, Fintech informed the Company that, having ended the OPA’s offers reception period in Argentina, a total offer of 12,337,723 Class “B” shares were

7 www.telecom.com.ar

received and accepted, representing 1.253% of Telecom Argentina's total capital. Simultaneously, Fintech had launched an OPA in the United States of America, where the offer period expired on November 23, 2016 and offers for 5,549,209 ADSs and 3,695 Class "B" shares were received and accepted.

Other Relevant Matters

Decree 1,340/16 – Refarming

Decree 1,340/16, published in the Official Bulletin of January 2, 2017, introduced certain changes to Decree N° 267/15 and implemented basic rules to reach a higher level of convergence of networks and services, under a competitive environment.

Among other matters the Decree establishes: -The limit term of 15 years for the protection of the last mile NGN networks used for broadband services deploy by ICT licensees; -That the Ministry of Communications ("MINCOM") and/or the Communication Entity ("ENACOM") will dictate the rules of administration, management and control of the radio electric spectrum; - That the Company, as well as the rest of the operators included in Section 94 of the Argentine Digital Law, will be able to registered the Broadcasting services via physical or radio electric links, as of the entry of force of the Decree, setting as the starting date for the provision of the said service in the AMBA region, and in the cities of Rosario (Santa Fe province) and Cordoba (Cordoba Province), January 1, 2018. The Decree sets that the initial date for the rest of the country will be determined by the ENACOM.

Resolution 5/2017

The Ministry of the Interior, Public Works and Housing published in the Official Bulletin Resolution 5/2017, where it established the monthly rates in Argentine pesos for 2017 for the rent of terraces, ceilings, towers, lots or any other public buildings in order to install antenna infrastructure, equipment and installations associated to telecommunication services, information technologies and audiovisual communication. The objective is to unify the price according to the kind of antenna for the entire national territory. Initial rental values will be for the term of two years. After such period, the prices will be updated.

Resolutions 1.033 and 1.034/2017

The ENACOM approved changes in the frequency allocation of 2.5 GHz and 900 MHz for the mobile services. The regulator resolved the change in the allocation of the frequency bands between 905 MHz/ 915MHz; 950 MHz/ 960 MHz and 2500 MHz/ 2690 MHz, to the mobile service with primary category, for the provision of advanced mobile communication services.

Resolution 1,034/17 modifies the General Regulation of the Advanced Mobile Communication Service, which established that for the provision of 4G services the country was considered as a geographic area of exploitation. Now the operation of these services will be able to be local or regional.

In the case of 2.5 GHz, ENACOM established that the channeling model 2500-2570 and

8 www.telecom.com.ar

2620-2690 MHz for FDD and 2575-2620 for TDD (option 1 from the UIT), same as the one used in countries of the region that offer LTE using such frequencies.

Likewise, it was delegated to the Chairman of ENACOM the determination of the Unique Reference Value corresponding to every frequency band used for the mobile communication in 2.5 GHz. Also, ENACOM will have 15 working days to determine the locations, the service and coverage conditions over which the providers will be able to apply for the allocation of 2.5 GHz.

The rule clarifies that in the case of interference in the 2.5 GHz band; the services of the Community Closed Television Circuit by subscription through radioelectric link (CCTVS), allocated for such frequency, should migrate to bands between 12.2 and 12.7 GHz, in accordance to Resolution 2531/16. Meanwhile, systems classified as the Digital Multichannel (MXD) and point to point and point to multipoint services TV Program (TPMTV) operating currently in frequencies 2,500 and 2,690 MHz should migrate to frequencies above 6 GHz designated for such services.

As from now, all the projects presented for the usage of those frequencies, the Ministry of Communications will have 30 days to analyze and take the necessary actions provided in the Refarming Regulation.

Destination of Retained Earnings

In respect to the Retained Earnings, according to Section 27, Chapter II of Title II of the CNV Rules, (N.T 2013), Shareholders' Meetings of Companies that exhibit cumulative positive results in their annual financial statements not subject to restrictions for its distribution, should adopt an express resolution regarding its allocation to either one or a combination of the following: cash dividend distribution, share capitalization or creation of reserves, where it should be specifically foreseen in the Agenda of the Shareholders Meeting that deals with the treatment of the distributable earnings.

In relation to these alternatives, the Board of Directors proposes:

- a. To allocate the amount of the Retained Earnings of P\$3,975 million to 'Reserve for Future Cash Dividends';

b. To release the amount of P\$2,730 million from the 'Voluntary Reserve for Future Capital Operations', and transfer it to the 'Reserve for Future Cash Dividends'; and

c. To release the amount of P\$2,904 million from the 'Voluntary Reserve for Future Investments', to increase the 'Reserve for Future Cash Dividends'.

Moreover, it is proposed that the Shareholders Meeting determines the amount to be withdrawn from the Reserve for Future Cash Dividends and the opportunity and conditions for the cash dividend payment to Shareholders, notwithstanding the faculty of the Board of Directors to determine the payment of anticipated dividends in accordance to that contemplated in Section 224, second paragraph of the General Corporations Law.

9 www.telecom.com.ar

Telecom is the parent company of a leading telecommunications group in Argentina, where it offers, either itself or through its controlled subsidiaries local and long distance fixed-line telephony, cellular, data transmission and Internet services, among other services. Additionally, through a controlled subsidiary, the Telecom Group offers cellular services in Paraguay. The Company commenced operations on November 8, 1990, upon the Argentine government's transfer of the telecommunications system in the northern region of Argentina.

Nortel Inversora S.A. ("Nortel"), which acquired the majority of the Company from the Argentine government, holds 54.74% of Telecom's issued common stock. Nortel is a holding company whose common stock (approximately 78% of capital stock) is owned by Sofora Telecomunicaciones S.A. Additionally, Nortel capital stock is comprised of preferred shares that are held by minority shareholders.

Ownership Structure

As of December 31, 2016, Telecom continued to have 984,380,978 shares issued and 969,159,605 shares outstanding.

For more information, please contact Investor Relations:

Pedro Insussarry Solange Barthe Dennin Luis F. Rial Ubago Ruth Fuhrmann Antonella Papaleo

(5411) 4968 3743 (5411) 4968 3752 (5411) 4968 3718 (5411) 4968 4448 (5411) 4968 6236

Voice Mail: (5411) 4968 3628

Fax: (5411) 4968 3616

E-mail: relinver@ta.telecom.com.ar

For information about Telecom Group services, visit:

www.telecom.com.ar

www.personal.com.ar

www.personal.com.py

www.arnet.com.ar

Disclaimer

This document may contain statements that could constitute forward-looking statements, including, but not limited to, the Company's expectations for its future performance, revenues, income, earnings per share, capital expenditures, dividends, liquidity and capital structure; the effects of its debt restructuring process; the impact of emergency laws enacted by the Argentine Government; and the impact of rate changes and competition on the Company's future financial performance. Forward-looking statements may be identified by words such as "believes," "expects," "anticipates," "projects," "intends," "should," "seeks," "estimates," "future" or other similar expressions. Forward-looking statements involve risks and uncertainties that could significantly affect the Company's expected results. The risks and uncertainties include, but are not limited to, the impact of emergency laws enacted by the Argentine government that have resulted in the repeal of Argentina's Convertibility law, devaluation of the peso, various changes in restrictions on the ability to exchange pesos into foreign currencies, and currency transfer policy generally, the "pesification" of tariffs charged for public services, the elimination of indexes to adjust rates charged for public services and the Executive branch announcement to renegotiate the terms of the concessions granted to public service providers, including Telecom. Due to extensive changes in laws and economic and business conditions in Argentina, it is difficult to predict the impact of these changes on the Company's financial condition. Other factors may include, but are not limited to, the evolution of the economy in Argentina, growing inflationary pressure and evolution in consumer spending and the outcome of certain legal proceedings. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as the date of this document. The Company undertakes no obligation to release publicly the results of any revisions to forward-looking statements which may be made to reflect events and circumstances after the date of this press release, including, without limitation, changes in the Company's business or to reflect the occurrence of unanticipated events. Readers are encouraged to consult the Company's Annual Report on Form 20-F, as well as periodic filings made on Form 6-K, which are filed with or furnished to the United States Securities and Exchange Commission for further information concerning risks and uncertainties faced by Telecom.

(Financial tables follow)

Mariano Marcelo Ibáñez

Chairman

10 www.telecom.com.ar

TELECOM ARGENTINA S.A.**Consolidated information****Annual period and Fourth Quarter - Fiscal Year 2016****(In million of Argentine pesos)****1-Consolidated Balance Sheet**

| | 12/31/16 | 12/31/15 | Δ \$ | Δ % |
|--|-----------------|-----------------|--------------|---------------|
| Cash and cash equivalents | 3,945 | 870 | 3,075 | — |
| Investments | 1,751 | 1,430 | 321 | 22.4% |
| Trade receivables | 7,577 | 5,663 | 1,914 | 33.8% |
| Other Receivables | 1,011 | 1,336 | (325) | -24.3% |
| Inventories | 1,278 | 2,193 | (915) | -41.7% |
| Total current assets | 15,562 | 11,492 | 4,070 | 35.4% |
| Financial Investments | 324 | 323 | 1 | 0.3% |
| Trade receivables | 208 | 481 | (273) | -56.8% |
| Property, plant and equipment ('PP&E') | 23,165 | 17,963 | 5,202 | 29.0% |
| Intangible assets | 7,592 | 7,659 | (67) | -0.9% |
| Other Receivables | 1,063 | 547 | 516 | 94.3% |
| Total non-current assets | 32,352 | 26,973 | 5,379 | 19.9% |
| Total Assets | 47,914 | 38,465 | 9,449 | 24.6% |
| Trade payables | 8,979 | 9,873 | (894) | -9.1% |
| Deferred revenues | 443 | 477 | (34) | -7.1% |
| Financial debt | 3,266 | 3,451 | (185) | -5.4% |
| Salaries and social security payables | 1,610 | 1,261 | 349 | 27.7% |
| Income tax payables | 724 | 439 | 285 | 64.9% |
| Other taxes payables | 1,149 | 1,153 | (4) | -0.3% |
| Other liabilities | 69 | 53 | 16 | 30.2% |
| Provisions | 271 | 207 | 64 | 30.9% |
| Total current liabilities | 16,511 | 16,914 | (403) | -2.4% |
| Trade payables | 152 | 52 | 100 | 192.3% |
| Deferred revenues | 445 | 457 | (12) | -2.6% |
| Financial debt | 8,646 | 1,449 | 7,197 | — |
| Salaries and social security payables | 184 | 157 | 27 | 17.2% |
| Deferred income tax liabilities | 569 | 550 | 19 | 3.5% |
| Income tax payables | 7 | 10 | (3) | -30.0% |
| Other liabilities | 170 | 101 | 69 | 68.3% |
| Provisions | 1,352 | 1,165 | 187 | 16.1% |
| Total non-current liabilities | 11,525 | 3,941 | 7,584 | 192.4% |
| TOTAL LIABILITIES | 28,036 | 20,855 | 7,181 | 34.4% |

| | | | | |
|--|---------------|---------------|--------------|--------------|
| Equity attributable to Telecom Argentina (Controlling Company) | 19,336 | 17,194 | 2,142 | 12.5% |
| Non-controlling interest | 542 | 416 | 126 | 30.3% |
| TOTAL EQUITY | 19,878 | 17,610 | 2,268 | 12.9% |
| TOTAL LIABILITIES AND EQUITY | 47,914 | 38,465 | 9,449 | 24.6% |

2-Consolidated Loans

| | 12/31/16 | 12/31/15 | Δ \$ | Δ % |
|--|-----------------|-----------------|----------------|---------------|
| Bank overdraft - principal (Personal) | 1,666 | 3,062 | (1,396) | -45.6% |
| Bank overdraft - principal (Telecom Argentina) | 41 | — | 41 | — |
| Bank overdraft - principal (Núcleo) | — | 84 | (84) | -100.0% |
| Banks loans (Personal) | 620 | — | 620 | — |
| Banks loans (Nucleo) | 219 | 193 | 26 | 13.5% |
| Notes - principal (Personal) | 566 | — | 566 | — |
| NDF | 2 | — | 2 | — |
| Accrued interest (Personal) | 145 | 104 | 41 | 39.4% |
| Accrued interest (Núcleo) | 7 | 8 | (1) | -12.5% |
| Total Current Loans | 3,266 | 3,451 | (185) | -5.4% |
| Notes - principal (Personal) | 2,084 | 713 | 1,371 | 192.3% |
| Banks loans - principal (Personal) | 6,234 | 509 | 5,725 | — |
| Banks loans -principal (Nucleo) | 328 | 227 | 101 | 44.5% |
| Total Non Current Loans | 8,646 | 1,449 | 7,197 | — |
| Total Loans | 11,912 | 4,900 | 7,012 | 143.1% |
| Cash and cash equivalents, and Financial Investments | 6,020 | 2,623 | 3,397 | 129.5% |
| Net Financial Position - (Debt) | (5,892) | (2,277) | (3,615) | 158.8% |

TELECOM ARGENTINA S.A.**Consolidated information***Annual period and Fourth Quarter - Fiscal Year 2016***(In million of Argentine pesos)****3-Consolidated Income Statements**

| | 12/31/16 | 12/31/15 | Δ \$ | Δ % |
|--|-----------------|-----------------|---------------|---------------|
| Revenues | 53,240 | 40,496 | 12,744 | 31.5% |
| Other income | 83 | 44 | 39 | 88.6% |
| Total Revenues & Other Income | 53,323 | 40,540 | 12,783 | 31.5% |
| Consolidated Operating Costs | (45,480) | (34,311) | (11,169) | 32.6% |
| Operating income | 7,843 | 6,229 | 1,614 | 25.9% |
| Finance results, net | (2,244) | (1,102) | (1,142) | 103.6% |
| Net income before income tax expense | 5,599 | 5,127 | 472 | 9.2% |
| Income tax expense | (1,594) | (1,692) | 98 | -5.8% |
| Net income | 4,005 | 3,435 | 570 | 16.6% |
| Attributable to: | | | | |
| Telecom Argentina (Controlling Company) | 3,975 | 3,403 | 572 | 16.8% |
| Non-controlling interest | 30 | 32 | (2) | -6.3% |
| Operating income before D&A | 14,424 | 10,866 | 3,558 | 32.7% |
| As % of Revenues | 27.1% | 26.8% | | |
| Finance Income and Expenses | 12/31/16 | 12/31/15 | Δ \$ | Δ % |
| <i>Finance Income</i> | | | | |
| Interest on time deposits | 1 | 20 | (19) | -95.0% |
| Gains on investments (Notes and Bonds) | 287 | 432 | (145) | -33.6% |
| Gains on Mutual Funds | 61 | 169 | (108) | -63.9% |
| Interest on receivables | 373 | 183 | 190 | 103.8% |
| TUVES S.A. shares purchase option | 11 | 9 | 2 | 22.2% |
| Foreign currency exchange gains | 273 | 316 | (43) | -13.6% |
| Others | — | 1 | (1) | -100.0% |
| Total finance income | 1,006 | 1,130 | (124) | -11.0% |
| <i>Finance expenses</i> | | | | |
| Interest on financial debt | (1,613) | (566) | (1,047) | 185.0% |
| Interest on salaries and social security, other taxes and accounts payable | (37) | (26) | (11) | 42.3% |

Edgar Filing: TELECOM ARGENTINA SA - Form 6-K

| | | | | |
|---|-----------------|-----------------|----------------|---------------|
| Interest on Provisions | (207) | (137) | (70) | 51.1% |
| Present value effect of salaries and social security and other taxes payables and other liabilities | (15) | (9) | (6) | 66.7% |
| Quinquennial financial costs | (38) | (28) | (10) | 35.7% |
| Foreign currency exchange losses | (1,328) | (1,456) | 128 | -8.8% |
| Others | (12) | (10) | (2) | 20.0% |
| Total finance expenses | (3,250) | (2,232) | (1,018) | 45.6% |
| | (2,244) | (1,102) | (1,142) | 103.6% |
| 4- Consolidated Income Statements | | | | |
| Three Months Comparison | | | | |
| | 12/31/16 | 12/31/15 | Δ \$ | Δ % |
| Revenues | 14,422 | 11,906 | 2,516 | 21.1% |
| Other income | 49 | 29 | 20 | 69.0% |
| Total Revenues & Other Income | 14,471 | 11,935 | 2,536 | 21.2% |
| Consolidated Operating Costs | (12,151) | (10,165) | (1,986) | 19.5% |
| Operating income | 2,320 | 1,770 | 550 | 31.1% |
| Finance results, net | (562) | (910) | 348 | -38.2% |
| Net income before income tax expense | 1,758 | 860 | 898 | 104.4% |
| Income tax expense | (248) | (203) | (45) | 22.2% |
| Net income | 1,510 | 657 | 853 | 129.8% |
| Attributable to: | | | | |
| Telecom Argentina (Controlling Company) | 1,504 | 646 | 858 | 132.8% |
| Non-controlling interest | 6 | 11 | (5) | -45.5% |
| Operating income before D&A | 4,216 | 3,202 | 1,014 | 31.7% |
| As % of Revenues | 29.2% | 26.9% | | |

12 www.telecom.com.ar

TELECOM ARGENTINA S.A.
Consolidated information
Annual period and Fourth Quarter - Fiscal Year 2016
(In million of Argentine pesos)

5-Breakdown of the Income Statements

| | 12/31/16 | 12/31/15 | Δ \$ | Δ % |
|------------------------------------|----------|----------|--------|--------|
| REVENUES FROM SERVICES | 45,354 | 34,480 | 10,874 | 31.5 % |
| <i>Fixed Services</i> | 14,923 | 10,675 | 4,248 | 39.8 % |
| Voice | 6,010 | 4,339 | 1,671 | 38.5 % |
| Retail Voice | 4,654 | 3,304 | 1,350 | 40.9 % |
| Monthly Charges | 2,480 | 1,406 | 1,074 | 76.4 % |
| Measured Services | 2,073 | 1,800 | 273 | 15.2 % |
| Others | 101 | 98 | 3 | 3.1 % |
| Wholesale | 1,356 | 1,035 | 321 | 31.0 % |
| Interconnection (Fixed and Mobile) | 845 | 689 | 156 | 22.6 % |
| Others | 511 | 346 | 165 | 47.7 % |
| Data | 2,919 | 1,780 | 1,139 | 64.0 % |
| Internet | 5,994 | 4,556 | 1,438 | 31.6 % |
| <i>Mobiles Sevices</i> | 30,431 | 23,805 | 6,626 | 27.8 % |
| <i>Telecom Personal</i> | 28,049 | 22,258 | 5,791 | 26.0 % |
| Voice | 10,581 | 8,848 | 1,733 | 19.6 % |
| Retail Voice | 8,503 | 6,964 | 1,539 | 22.1 % |
| Monthly Charges | 5,113 | 4,009 | 1,104 | 27.5 % |
| Measured Services | 2,007 | 1,977 | 30 | 1.5 % |
| Roaming | 275 | 270 | 5 | 1.9 % |
| Others | 1,108 | 708 | 400 | 56.5 % |
| Wholesale | 2,078 | 1,884 | 194 | 10.3 % |
| Interconnection | 1,711 | 1,548 | 163 | 10.5 % |
| Roaming | 283 | 285 | (2) | -0.7 % |
| Mobile leases | 84 | 51 | 33 | 64.7 % |
| Data | 6,636 | 7,156 | (520) | -7.3 % |
| Internet | 10,832 | 6,254 | 4,578 | 73.2 % |
| <i>Núcleo</i> | 2,382 | 1,547 | 835 | 54.0 % |
| Voice | 975 | 667 | 308 | 46.2 % |
| Retail Voice | 847 | 565 | 282 | 49.9 % |
| Monthly Charges | 309 | 210 | 99 | 47.1 % |
| Measured Services | 357 | 257 | 100 | 38.9 % |

Edgar Filing: TELECOM ARGENTINA SA - Form 6-K

| | | | | |
|---|---------------|---------------|---------------|---------------|
| Roaming | 17 | 15 | 2 | 13.3 % |
| Others | 164 | 83 | 81 | 97.6 % |
| Wholesale | 128 | 102 | 26 | 25.5 % |
| Interconnection - Fixed and mobile | 115 | 78 | 37 | 47.4 % |
| Roaming | 1 | 17 | (16) | -94.1 % |
| Others | 12 | 7 | 5 | 71.4 % |
| Data | 429 | 313 | 116 | 37.1 % |
| Internet | 978 | 567 | 411 | 72.5 % |
| REVENUES FROM EQUIPMENT SALES | 7,886 | 6,016 | 1,870 | 31.1 % |
| <i>Fixed Services</i> | 91 | 61 | 30 | 49.2 % |
| <i>Mobiles Sevices</i> | 7,795 | 5,955 | 1,840 | 30.9 % |
| Equipments (Personal) | 7,535 | 5,796 | 1,739 | 30.0 % |
| Equipments (Núcleo) | 260 | 159 | 101 | 63.5 % |
| <u>REVENUES</u> | 53,240 | 40,496 | 12,744 | 31.5 % |
| <u>OTHER INCOME</u> | 83 | 44 | 39 | 88.6 % |
| Fixed | 66 | 39 | 27 | 69.2 % |
| Mobile | 17 | 5 | 12 | — |
| <u>TOTAL REVENUES & OTHER INCOME</u> | 53,323 | 40,540 | 12,783 | 31.5 % |

13 www.telecom.com.ar

TELECOM ARGENTINA S.A.
Consolidated information
Annual period and Fourth Quarter - Fiscal Year 2016
(In million of Argentine pesos)

6-BREAKDOWN OF THE INCOME STATEMENTS

Three Months Comparison

| | 12/31/16 | 12/31/15 | Δ \$ | Δ % |
|------------------------------------|----------|----------|-------|---------|
| REVENUES FROM SERVICES | 12,480 | 9,512 | 2,968 | 31.2 % |
| <i>Fixed Services</i> | 4,111 | 2,999 | 1,112 | 37.1 % |
| Voice | 1,682 | 1,226 | 456 | 37.2 % |
| Retail Voice | 1,321 | 925 | 396 | 42.8 % |
| Monthly Charges | 744 | 414 | 330 | 79.7 % |
| Measured Services | 549 | 485 | 64 | 13.2 % |
| Others | 28 | 26 | 2 | 7.7 % |
| Wholesale | 361 | 301 | 60 | 19.9 % |
| Interconnection (Fixed and Mobile) | 225 | 205 | 20 | 9.8 % |
| Others | 136 | 96 | 40 | 41.7 % |
| Data | 786 | 490 | 296 | 60.4 % |
| Internet | 1,643 | 1,283 | 360 | 28.1 % |
| | | | | |
| Mobiles Seviles | 8,369 | 6,513 | 1,856 | 28.5 % |
| <u>Telecom Personal</u> | 7,752 | 6,095 | 1,657 | 27.2 % |
| Voice | 2,884 | 2,344 | 540 | 23.0 % |
| Retail Voice | 2,248 | 1,855 | 393 | 21.2 % |
| Monthly Charges | 1,418 | 1,058 | 360 | 34.0 % |
| Measured Services | 462 | 534 | (72) | -13.5 % |
| Roaming | 71 | 61 | 10 | 16.4 % |
| Others | 297 | 202 | 95 | 47.0 % |
| Wholesale | 636 | 489 | 147 | 30.1 % |
| Interconnection | 543 | 404 | 139 | 34.4 % |
| Roaming | 71 | 60 | 11 | 18.3 % |
| Mobile leases | 22 | 25 | (3) | -12.0 % |
| Data | 1,533 | 1,780 | (247) | -13.9 % |
| Internet | 3,335 | 1,971 | 1,364 | 69.2 % |
| | | | | |
| <u>Núcleo</u> | 617 | 418 | 199 | 47.6 % |
| Voice | 236 | 146 | 90 | 61.6 % |
| Retail Voice | 219 | 124 | 95 | 76.6 % |
| Monthly Charges | 80 | 36 | 44 | 122.2 % |
| Measured Services | 101 | 56 | 45 | 80.4 % |

Edgar Filing: TELECOM ARGENTINA SA - Form 6-K

| | | | | |
|---|--------|--------|-------|---------|
| Roaming | 4 | 7 | (3) | -42.9 % |
| Others | 34 | 25 | 9 | 36.0 % |
| Wholesale | 17 | 22 | (5) | -22.7 % |
| Interconnection | 29 | 21 | 8 | 38.1 % |
| Roaming | (15) | (1) | (14) | — |
| Others | 3 | 2 | 1 | 50.0 % |
| Data | 108 | 93 | 15 | 16.1 % |
| Internet | 273 | 179 | 94 | 52.5 % |
| <u>REVENUES FROM EQUIPMENT SALES</u> | 1,942 | 2,394 | (452) | -18.9 % |
| <i>Fixed Services</i> | 13 | 13 | — | 0.0 % |
| <i>Mobiles Sevices</i> | 1,929 | 2,381 | (452) | -19.0 % |
| Equipments (Personal) | 1,886 | 2,328 | (442) | -19.0 % |
| Equipments (Núcleo) | 43 | 53 | (10) | -18.9 % |
| <u>REVENUES</u> | 14,422 | 11,906 | 2,516 | 21.1 % |
| OTHER INCOME | 49 | 29 | 20 | 69.0 % |
| Fixed | 41 | 27 | 14 | 51.9 % |
| Mobile | 8 | 2 | 6 | — |
| TOTAL REVENUES & OTHER INCOME | 14,471 | 11,935 | 2,536 | 21.2 % |

14 www.telecom.com.ar

TELECOM ARGENTINA S.A.**Consolidated information***Annual period and Fourth Quarter - Fiscal Year 2016***(In million of Argentine pesos)****7-Consolidated Income Statements**

| | 12/31/16 | 12/31/15 | Δ \$ | Δ % |
|---|-----------------|-----------------|----------------|--------------|
| Revenues | 53,240 | 40,496 | 12,744 | 31.5% |
| Other income | 83 | 44 | 39 | 88.6% |
| Total Revenues & Other Income | 53,323 | 40,540 | 12,783 | 31.5% |
| Employee benefit expenses and severance payments | (9,800) | (7,253) | (2,547) | 35.1% |
| Interconnection costs and other telecommunication charges | (2,553) | (2,170) | (383) | 17.6% |
| Fees for services, maintenance, materials and supplies | (5,006) | (3,919) | (1,087) | 27.7% |
| Taxes and fees with the Regulatory Authority | (5,125) | (3,943) | (1,182) | 30.0% |
| Commissions | (3,849) | (3,193) | (656) | 20.5% |
| Cost of equipments and handsets | (6,188) | (4,595) | (1,593) | 34.7% |
| Advertising | (874) | (814) | (60) | 7.4% |
| Cost of Value Added Services | (1,499) | (1,256) | (243) | 19.3% |
| Provisions | (187) | (113) | (74) | 65.5% |
| Bad debt expenses | (1,228) | (564) | (664) | 117.7% |
| Other operating expenses | (2,590) | (1,854) | (736) | 39.7% |
| Subtotal Operating costs before D&A | (38,899) | (29,674) | (9,225) | 31.1% |
| Operating income before D&A | 14,424 | 10,866 | 3,558 | 32.7% |
| D&A | (6,198) | (4,438) | (1,760) | 39.7% |
| Results on write-down of PP&E | (383) | (199) | (184) | 92.5% |
| Operating income | 7,843 | 6,229 | 1,614 | 25.9% |
| Finance Income | 1,006 | 1,130 | (124) | -11.0% |
| Finance Expenses | (3,250) | (2,232) | (1,018) | 45.6% |
| Net income before income tax expense | 5,599 | 5,127 | 472 | 9.2% |
| Income tax expense | (1,594) | (1,692) | 98 | -5.8% |
| Net Income | 4,005 | 3,435 | 570 | 16.6% |
| Attributable to: | | | | |
| Telecom Argentina (Controlling Company) | 3,975 | 3,403 | 572 | 16.8% |
| Non-controlling interest | 30 | 32 | (2) | -6.3% |

TELECOM ARGENTINA S.A.**Consolidated information***Annual period and Fourth Quarter - Fiscal Year 2016***(In million of Argentine pesos)****8-CONSOLIDATED INCOME STATEMENTS****Three Months Comparison**

| | 12/31/16 | 12/31/15 | Δ \$ | Δ % |
|---|-----------------|-----------------|----------------|---------------|
| Revenues | 14,422 | 11,906 | 2,516 | 21.1% |
| Other income | 49 | 29 | 20 | 69.0% |
| Total Revenues & Other Income | 14,471 | 11,935 | 2,536 | 21.2% |
| Employee benefit expenses and severance payments | (2,587) | (1,961) | (626) | 31.9% |
| Interconnection costs and other telecommunication charges | (599) | (611) | 12 | -2.0% |
| Fees for services, maintenance, materials and supplies | (1,426) | (1,059) | (367) | 34.7% |
| Taxes and fees with the Regulatory Authority | (1,326) | (1,102) | (224) | 20.3% |
| Commissions | (1,054) | (998) | (56) | 5.6% |
| Cost of equipments and handsets | (1,557) | (1,804) | 247 | -13.7% |
| Advertising | (326) | (223) | (103) | 46.2% |
| Cost of Value Added Services | (357) | (346) | (11) | 3.2% |
| Provisions | (81) | 61 | (142) | — |
| Bad debt expenses | (384) | (154) | (230) | 149.4% |
| Other operating expenses | (558) | (536) | (22) | 4.1% |
| Subtotal Operating costs before D&A | (10,255) | (8,733) | (1,522) | 17.4% |
| Operating income before D&A | 4,216 | 3,202 | 1,014 | 31.7% |
| D&A | (1,713) | (1,284) | (429) | 33.4% |
| Results on write-down of PP&E | (183) | (148) | (35) | 23.6% |
| Operating income | 2,320 | 1,770 | 550 | 31.1% |
| Finance Income | 405 | 593 | (188) | -31.7% |
| Finance Expenses | (967) | (1,503) | 536 | -35.7% |
| Net income before income tax expense | 1,758 | 860 | 898 | 104.4% |
| Income tax expense | (248) | (203) | (45) | 22.2% |
| Net Income | 1,510 | 657 | 853 | 129.8% |
| Attributable to: | | | | |
| Telecom Argentina (Controlling Company) | 1,504 | 646 | 858 | 132.8% |
| Non-controlling interest | 6 | 11 | (5) | -45.5% |

16 www.telecom.com.ar

SIGNATURES

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

Telecom Argentina S.A.

Date: March 10, 2017 By: /s/ Pedro G. Insussarry
Name: Pedro G. Insussarry
Title: Responsible for Market
Relations