

TELECOM ARGENTINA SA  
Form 6-K  
May 11, 2018

**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 May 2018

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:

Form 20-F                    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                                      No             

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                                      No             

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                                      No             

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

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## Telecom Argentina S.A.

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FOR IMMEDIATE RELEASE

Market Cap P\$241.5 billion

May 11th, 2018

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## Telecom Argentina S.A.

### **announces consolidated first quarter results for fiscal year 2018 ( 1Q18 )\***

**Note:** The merger between Telecom and Cablevisión was considered an inverse acquisition under IFRS 3 (Business Combinations), with Cablevisión being the surviving entity for accounting purposes. Therefore, for purposes of preparing the consolidated financial statements of Telecom Argentina as of March 31, 2018: i) the comparative figures as of December 31, 2017 and March 31, 2017 correspond to those that arise from the consolidated financial statements of Cablevisión at their respective dates; and ii) the corresponding information for the three-month period ended March 31, 2018, incorporates figures corresponding to Cablevisión, the effect of the application of Telecom Argentina's method of acquisition at its fair value in accordance with IFRS 3 guidelines (see Financial Table No. 3) and the operations of Telecom Argentina as of January 1, 2018. On the other hand, in order to facilitate the understanding and analysis of the earnings evolution by its users, additional tables of the income statements are included, exposing on a pro forma basis, the comparative figures for 1Q17 as if the merger between Telecom and Cablevisión had been effective during that period. The variations of results vs. 1Q17 identified in this press release originate from the comparison with the aforementioned pro forma information (see Financial Tables No 6, No 7 and No 9).

§ Consolidated Revenues amounted to P\$30,698 million (+27.3% vs. 1Q17); of which Service Revenues amounted to P\$28,503 million (+26.6% vs. 1Q17). Considering the breakdown of Service Revenues, Mobile Services amounted to P\$10,945 million (+17.0% vs. 1Q17); Internet Services totaled P\$7,153 million (+41.8% vs. 1Q17); while Cable TV Services, Fixed Telephony and Data Services amounted to P\$6,666 million (+34.3% vs. 1Q17) and P\$3,625 million (+26.2% vs. 1Q17), respectively.

§ Mobile subscribers in Argentina totaled 19.5 million in 1Q18, while Cable TV subscribers and Broadband accesses totaled 3.5 million and 4.1 million, respectively.

§ Mobile Internet revenues of Personal in Argentina increased 51.4% vs. 1Q17; reaching 58.5% participation in Service Revenues.

§ Mobile ARPU of Personal in Argentina increased to P\$160.8 per month in 1Q18 (+20.5% vs. 1Q17).

§ Broadband ARPU amounted to P\$577.6 per month in 1Q18 (+51.6% vs. 1Q17). Monthly churn of each product was approximately 1.5% in 1Q18.

§ Cable TV ARPU increased to P\$636.5 per month in 1Q18 (+37.4% vs. 1Q17).

§ Consolidated Operating costs -including Depreciation and Amortization ( D&A ) and impairment of PP&E- totaled P\$23,572 million (+20.1% vs. 1Q17).

§ Operating Income before D&A amounted to P\$11,793 million (+39.1% vs. 1Q17), 38.4% of consolidated revenues.

§ Net Income amounted to P\$3,481 million (+17.5% vs. 1Q17). Net Income attributable to the Controlling Company amounted to P\$3,460 million (+17.4% vs. 1Q17), influenced by the growth in Operating Income before D&A and partially offset mostly by the impact of FX losses over financial results.

§ Capex amounted to P\$6,050 million in 1Q18, equivalent to 19.7% of Consolidated Revenues.

§ Net Financial Debt Position amounted to P\$32,181 million in 1Q18.

\*Unaudited non financial data



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|   | As of March, 31                        |        |       |        |
|---|--|--------|-------|--------|
|   | (in million P\$, except where noted)** | 2018   | 2017  | Δ \$   |
| Consolidated Revenues   | 30,698                                 | 24,124 | 6,574 | 27.3%  |
| Operating Income before D&A   | 11,793                                 | 8,481  | 3,312 | 39.1%  |
| Operating Income  | 7,126                                  | 4,495  | 2,631 | 58.5%  |
| Net Income attributable to Controlling Company                      | 3,460                                  | 2,946  | 514   | 17.4%  |
| Shareholders' equity attributable to Controlling Company            | 127,211                                | n.a.   | -     | -      |
| Net Financial Position - (Debt) / Cash                              | (32,181)                               | n.a.   | -     | -      |
| CAPEX (excluding spectrum)*   | 6,050                                  | 4,466  | 1,584 | 35.5%  |
| Homes Passed (in thousand)  | 9,670                                  | n.a.   | -     | -      |
| Fixed lines in service (in thousand lines)                          | 3,741                                  | 3,893  | (152) | -3.9%  |
| Mobile customers (in thousand)                                      | 21,865                                 | 22,836 | (971) | -4.3%  |
| Personal (Argentina)  | 18,924                                 | 19,253 | (329) | -1.7%  |
| Nextel (Argentina)  | 535                                    | 1,034  | (499) | -48.3% |
| Núcleo (Paraguay) -including Wimax customers-                       | 2,406                                  | 2,548  | (142) | -5.6%  |
| Broadband accesses (in thousand)                                    | 4,099                                  | 3,941  | 158   | 4.0%   |
| Cable TV Suscribers (in thousand)                                   | 3,486                                  | 3,510  | (24)  | -0.7%  |
| Argentina   | 3,345                                  | 3,368  | (23)  | -0.7%  |
| Uruguay   | 142                                    | 143    | (1)   | -0.7%  |
| Average Billing per user (ARBU) Fixed Telephony / voice (in P\$)    | 198.4                                  | 134.1  | 64.2  | 47.9%  |
| Average Revenue per user (ARPU) Mobile Services - Personal (in P\$) | 160.8                                  | 133.4  | 27.4  | 20.5%  |
| Average Revenue per user (ARPU) Broadband (in P\$)***               | 577.6                                  | 381.0  | 196.6 | 51.6%  |
| Average Revenue per user (ARPU) Cable TV (in P\$)                   | 636.5                                  | 463.2  | 173.3 | 37.4%  |

\*(Unaudited information - figures as of 1Q17 calculated as the sum of the parts of Telecom Argentina's and Cablevisión's CAPEX)

\*\* (Figures may not sum up due to rounding)

\*\*\* (Calculated considering the average subscriber bases according to the billing criteria of each product)

[Buenos Aires, May 11, 2018](#) - Telecom Argentina S.A. (Telecom Argentina) - (NYSE: TEO; BASE: TECO2), one of Argentina's leading telecommunications companies, announced today a Net Income of P\$3,481 million for the three month period ended March 31, 2018, or +17.5% when compared to 1Q17. Net income attributable to the Controlling Company amounted to P\$3,460 million (+P\$514 million or +17.4% vs. 1Q17).

|  | 1Q18   | 1Q17   | Δ \$  | Δ %   |
|--|--------|--------|-------|-------|
| Consolidated Revenues (MMP\$)                                    | 30,698 | 24,124 | 6,574 | 27.3% |
| Net Income attributable to Controlling Shareholder (MMP\$)       | 3,460  | 2,946  | 514   | 17.4% |
| Earnings attributable to Controlling Shareholder per Share (P\$) | 1.6    | 1.4    | 0.2   |       |
| Earnings attributable to Controlling Shareholder per ADR (P\$)   | 8.0    | -      | 1.2   |       |

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|                               |       |       |
|-------------------------------|-------|-------|
| Operating Income before D&A * | 38.4% | 35.2% |
| Operating Income *            | 23.2% | 18.6% |
| Net Income*                   | 11.3% | 12.3% |

\*As a percentage of Consolidated Revenues

Note: The average of ordinary shares outstanding considered amounted to and 2,153,688,011 as of 1Q18 and 1Q17

During 1Q18, Consolidated Revenues increased by 27.3% to P\$30,698 million (+P\$6,574 million vs. 1Q17), mainly driven by Internet Services, Mobile Services and Cable TV Services. Moreover, Operating Income amounted to P\$7,126 million (+P\$2,631 million or +58.5% vs. 1Q17).

## Consolidated Operating Revenues

### *Mobile Services*

As of March 31, 2018, mobile clients amounted to 21.9 million.

In 1Q18, service revenues represented P\$10,945 million (+17.0% vs. 1Q17). The commercial strategy was focused on promoting the consumption of mobile internet services through an updated offer of plans suitable for all market segments.



## *Mobile Services in Argentina*

As of March 31, 2018, Personal's subscribers in Argentina amounted to 18.9 million, where postpaid clients represented 36% of the subscriber base.

In 1Q18, service revenues of Personal in Argentina (excluding equipment sales) amounted to P\$9,515 million (+17.3% vs. 1Q17), with 58.5% corresponding to mobile internet revenues (vs. 45.4% as in 1Q17), as mobile internet revenues amounted to P\$5,567 million (+51.4% vs. 1Q17). In addition, equipment sales increased by 45.6% vs. 1Q17, reaching P\$2,151 million, equivalent to 18.4% of total revenues of Personal in Argentina.

The average monthly revenue per user ( ARPU ) amounted to \$160.8 during 1Q18 (+20.5% vs. 1Q17).

As of March 31, 2018, Nextel's subscribers amounted to approximately 0.5 million, where postpaid clients represented 83% of the subscriber base and prepaid clients represented the remaining 17%.

## *Commercial Initiatives*

During 1Q18, the Company continued with its differential offer for its mobile customers, which includes the use of the instant messaging application WhatsApp for free for 30 days even without credit, which enhances the value that this service has for customers communication.

Likewise, the Company's offering of devices continues evolving with Personal Bipy Adults, and together with the Internet of Things ( IOT ). This release integrates a smart watch with GPS and the ability to make calls and send voice messages to predefined contacts, along with a smartphone application that allows to any responsible guardian to be permanently connected and assist the adult in case it is required. Personal Bipy

Adults is part of a series of IOT launches, which began last year with the launch of Personal Bipy for children.

## *Mobile Services in Paraguay ( Núcleo )*

As of March 31, 2018, Núcleo s subscriber base amounted to approximately 2.4 million clients. Prepaid and postpaid customers represented 83% and 17%, respectively.

Núcleo generated service revenues that amounted to P\$937 million during 1Q18 (+49.0% vs. 1Q17). Internet revenues amounted to P\$406 million (+42.5% vs. 1Q17) representing 43.3% of 1Q18 service revenues (vs. 45.3% in 1Q17).

## *Cable TV Services*

Cable TV service revenues amounted to P\$6,666 million in 1Q18 (+34.3% vs. 1Q17). This increase was mainly explained by an up selling of value added services combined with price modifications. Total Cable TV subscribers totaled almost 3.5 million, while the Cable TV ARPU amounted to P\$636.5 during 1Q18, rising +37.4% vs. 1Q17. Moreover, average monthly churn during 1Q18 remained at 1.3%.

During the first months of the year, Cablevisión continued to add exclusive content to its on-demand content grid. Among the most outstanding are: series and documentaries by BBC Worldwide; the *Parecido* web series, through an agreement with UN3TV; and *The Handmaid's Tale* entire series at the premiere of the first episode. On the other hand, the Cosquín Rock festival was broadcasted exclusively during the two days.

In addition, Cablevisión Flow, the innovative product that evolved the way of watching television and updated our offer in pay TV business, made the first platform upgrade in March, for both versions of the product (Box and App). The upgrade was focused optimizing the user experience in navigation and simplification, clarity, and accessibility to content. Furthermore, a YouTube widget was added to access from the interface. The second update of the platform will be made in the preview of the Russia 2018 World Cup. Cablevisión Flow subscribers in its Box version amounted to almost 0.8 million as of 1Q18, while Flow App subscribers totaled almost 0.3 million.

## *Fixed Telephony and Data Services*

During 1Q18, revenues generated by fixed telephony and data services amounted to P\$3.625 million in 1Q18, +26.2% vs. 1Q17. The increase in fixed telephony services was mainly explained by monthly fee price increases that came into effect for both corporate and residential fixed line customers, and additionally due to the bundled offer of packs that include voice and internet services (*Arnet + Voz*), that aim to achieve higher levels of customer loyalty and churn reduction.

As a result, the average monthly revenue billed per user ( ARBU ) amounted to P\$198.4 in 1Q18, +47.9% vs. 1Q17.

Meanwhile, Data revenues increase (services mainly offered to Corporate customers, SMEs, Government and to other operators) was mainly driven by FX rate variations that affected those contracts that were adjusted by the \$/U\$S exchange rate and due to the increase in the number of clients, generated in a context that evidence the growing position of Telecom as an integrated ICT provider.

Additionally, as part of the actions of the corporate business, the Company was present at the 12th edition of Expoagro, presenting innovative solutions for the agricultural sector and offering fixed and mobile connectivity for exhibitors and visitors. Telecom

designed a portfolio of products dedicated to provide the agribusiness with telemetry, management and monitoring and meteorology solutions.

## *Internet Services*

Internet services revenues totaled P\$7.153 million during 1Q18, +41.8% vs. 1Q17. As of March 31, 2018, total broadband accesses increased to almost 4.1 million (+4.0% vs. 1Q17). Additionally, broadband ARPU amounted to P\$577.6 per month in 1Q18 (+51.6% vs. 1Q17). Moreover, the average monthly *churn* rate for the period was around 1.5% for each product. On the other hand, clients with service of 20Mb or higher currently represent 25% of the total customer base as of 1Q18.

For fixed connectivity and content services, a suitable commercial offer was presented in March 2018, accompanied by a comprehensive campaign that included a 35% discount for 12 months in Cablevisión Flow + Fibertel with 100 megabytes of speed.

## Consolidated Operating Costs

Consolidated Operating Costs totaled P\$23,572 million in 1Q18, an increase of P\$3,943 million, or +20.1% vs. 1Q17 (including D&A and impairment of PP&E). Continuing with the trend observed during the last quarters, this overall increase is below inflation levels and moreover Revenue growth, which allowed a significant increase in the Company's Operating Income before D&A and to improve its margin. This was a result of a higher level of efficiency in the cost structure. Higher costs are mainly associated to the effect of higher revenues, a highly competitive environment in the mobile and Internet businesses, the impact of higher direct and indirect labor costs generated by the operations in Argentina, the increase in costs of services contracted with our suppliers, higher programming and content costs due to cost from the incorporation of broadcasting signals of football matches.

The cost breakdown is as follows:

- Employee benefit expenses and severance payments totaled P\$5,217 million (+21.6% vs. 1Q17), mainly impacted by increases in salaries to unionized and non-unionized employees together with the associated social security contributions. Finally, total employees at the end of 1Q18 amounted to 26,768 (vs. 27,155 in 1Q17).

- Interconnection and transmission costs (including TLRD, Roaming, Interconnection, international settlement charges and lease of circuits) amounted to P\$931 million, -0.2% vs. 1Q17. This decrease is mostly due to lower transmission costs in the international bandwidth, offset by higher TLRD costs.

- Fees for services, maintenance, materials and supplies amounted to P\$2,881 million (+18.2% vs. 1Q17), mainly due to greater fees for services, mostly related to call centers and to higher fees driven mostly by new Company projects and services linked to operational management in general. There were also higher technical maintenance costs and higher hardware and software maintenance costs due to the

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increase in prices and the higher level of activity.

- Taxes and fees with regulatory authorities amounted to P\$2,469 million (+27.1% vs. 1Q17), impact that was predominantly associated to the increase in revenues.

- Commissions and advertising (Commissions paid to agents, prepaid card commissions and others) totaled P\$1,709 million (+7.9% vs. 1Q17). The increase is mostly due to collections fees and higher advertising charges, offset by a decrease in CPP commissions and total commissions paid to commercial channels.

- Cost of handsets sold totaled P\$1,525 million (+23.3% vs. 1Q17), this increase was for the most part a consequence of higher costs per unit due to the rise in participation of high-end devices.

- Programming and content costs totaled P\$2,145 million (+44.0% vs. 1Q17), largely due to the incorporation of the cost of signals to broadcast live football matches of the first division of the Argentine Football Association.

- Depreciation, amortization and impairment of PP&E amounted P\$4,667 million (+17.1% vs. 1Q17). Depreciations of PP&E totaled P\$3,676 million, amortizations of intangible assets amounted to P\$935 million, while the losses of PP&E amounted to P\$19 million and the impairment of PP&E P\$37 million. The higher charge is mostly due to a greater amortization and depreciation of PP&E and intangibles, corresponding to higher values allocated to the aforementioned assets resulting from the acquisition method under IFRS 3.

- Other Costs totaled P\$2,028 million (+17.3% vs. 1Q17), of which bad debt expenses amounted to P\$613 million (+28.8% vs. 1Q17), and whose increase is mainly due to the impact generated by the application as of the FY2018 of IFRS 9, partially offset by greater efficiency in the delinquency management, as well as other operating costs that totaled P\$1,415 million, increasing by 12.9% vs. 1Q17.

## Net Financial Results

The Net Financial Results (including Financial Costs on Debt and Other Financial Results, net) showed a loss of P\$2,306 million, compared with a loss of P\$18 million in 1Q17. The result was mainly due to FX losses net of NDF of P\$1,800 million (compared with a gain of P\$555 million in 1Q17), mostly due to the depreciation of the peso during the 1Q18, followed by net interest losses of P\$345 million (representing a greater loss of P\$90 million vs. 1Q17), which are partially offset by gains on investments of P\$192 million (that generated greater earnings of P\$189 million vs. 1Q17).

| in million of P\$    | 1Q17          | 1Q18             | \$ Var           |
|----------------------|---------------|------------------|------------------|
| FX results           | \$ 555        | -\$ 1,800        | -\$ 2,355        |
| Net Interests        | -\$ 255       | -\$ 345          | -\$ 90           |
| Gains on investments | \$ 3          | \$ 192           | \$ 189           |
| Others               | -\$ 321       | -\$ 353          | -\$ 32           |
| <b>Total</b>         | <b>-\$ 18</b> | <b>-\$ 2,306</b> | <b>-\$ 2,288</b> |

## Consolidated Net Financial Debt

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As of March 31, 2018, net financial debt position (cash, cash equivalents plus financial investments and financial NDF minus loans) totaled P\$32,181 million, increasing when compared to the consolidated net financial debt position as of December 31, 2017 (calculated as the sum of consolidated net financial debt positions of Telecom Argentina and Cablevisión, which was P\$9,580 million).

## Capital Expenditures

During 1Q18, the Company invested P\$6,050 million, increasing approximately 18.5% from the sum of the parts of Telecom Argentina's and Cablevisión's CAPEX as of 1Q17, focusing on projects that maximize the network capacity and on the development of products and services that contribute to address the customers needs that today demand for connectivity and data availability. Likewise, significant investments have been made in the charging, billing and relationship systems with customers. In relative terms, Capex amounted to 19.7% of consolidated revenues.

**Capex (In billion P\$)**

\*(Unaudited information -figures as of 1Q17 calculated as the sum of the parts of Telecom Argentina's and Cablevisión's CAPEX)





Moreover, the quantity of Homes Passed through the network amounted to 9.7 million as of 1Q18.

In terms of infrastructure, the deployment of the 4G/LTE network continued throughout the country, reaching more than 1,225 cities, including all the capital cities of the provinces, reaching 10.5 million customers with 4G devices. In addition, through sustained investments, the Company continues to expand its service offerings in the interior of the country, in order to integrate several places into the national digitalization plan. In recent months, the company launched Cablevisión Digital, HD and Fibertel in various locations in the province of Buenos Aires, Córdoba and Santa Fe.

## **Relevant Matters**

### Distribution of dividends declared by Cablevisión

On January 8, 2018, Telecom Argentina, as a surviving company of Cablevisión S.A., paid cash dividends declared by Cablevisión on December 18, 2017 for P\$4,077,790,056.

### Distribution of dividends of Telecom Argentina

On January 31, 2018, the Board of Directors of Telecom Argentina approved:

1. the withdrawal of P\$9,729,418,019 of the Reserve for future cash dividends of Telecom Argentina as of December 31, 2017, and its distribution as cash dividends in two installments: i) \$ 2,863,000,000 on February 15, 2018 and ii) \$ 6,866,418,019 on April 30, 2018, being the Board of Directors able to anticipate such payment if it deems appropriate in the future.

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2. the distribution of P\$5,640,728,444 as interim cash dividends in accordance with section 224, 2° paragraph of the General Corporations Law ( GCL ), corresponding to the net income (net and realized) for the period between January 1, 2017 and September 30, 2017, which arises from the Special Individual Financial Statements of Telecom Argentina as of September 30, 2017, which were paid on February 15, 2018; and

3. the distribution of P\$4,502,777,155 as interim cash dividends in accordance with section 224, 2° paragraph of the GCL, corresponding to net income (net and realized) for the period between January 1, 2017 and September 30, 2017, which arises from Cablevisión s Special Individual Financial Statements as of September 30, 2017 -company absorbed by Telecom Argentina- that were paid on February 15, 2018.

## Other Relevant Matters

General Ordinary Shareholders Meeting of Telecom Argentina held on April 25, 2018

The General Ordinary Shareholders Meeting of Telecom Argentina held on April 25, 2018 resolved, among others, to:

1. ratify the distribution of interim cash dividends in the amount of P\$5,640,728,444, disposed by the Board of Directors on its meeting of January 31, 2018, based on the Special Individual Financial Statements of Telecom Argentina as of September 30, 2017, which were distributed on February 15, 2018;
2. allocate the Retained Earnings of Telecom Argentina as of December 31, 2017, net of the P\$5,640,728,444 distributed as anticipated dividends, that is to say P\$1,989,254,041 to the constitution of the Facultative Reserve for future Dividend Distributions . In addition, it was resolved to delegate the powers into the Board of Directors of the Company so that it may determine the withdrawal, in one or more times, of an amount up to P\$994,627,020 of the Facultative Reserve for future Dividend Distributions and distribute it to the shareholders as cash dividends, enabling such delegated powers to be exercised until December 31, 2018.
3. ratify the distribution of interim cash dividends in the amount of P\$4,502,777,155 disposed by the Board of Directors on its meeting of January 31, 2018, based on the Special Individual Financial Statements of Cablevisión, which were distributed on February 15, 2018;
4. to allocate the Retained Earnings of Cablevisión as of December 31, 2017, net of the P\$4,502,777,155 distributed as anticipated dividends, that is to say P\$1,311,975,449, to the constitution of the Facultative Reserve to maintain the level of investments in capital goods and the current level of the Company's solvency ; and
5. ratify the advanced distribution of dividends for the amount of P\$212,900,000, resolved by the Board of Directors of Sofora on its meeting of November 29, 2017, based on the Special Individual Financial Statements of the aforementioned company as of March 31, 2017, in accordance with section 224, subsection 2 of the GCL. These dividends were distributed by the Company for P\$210 million on November 30, 2017; and P\$3 million were paid on December 29, 2017 by Telecom Argentina as a surviving company.

General Ordinary Shareholders Meeting of Núcleo held on April 24, 2018

The General Ordinary Shareholders Meeting of Núcleo in its meeting held on April 24, 2018 approved the distribution of dividends totaling P\$416 million, corresponding to *Guaraníes* 115,000 million converted at the exchange rate of the approval date (of which P\$135 million correspond to minority shareholders), which will be paid in May 2018.

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Telecom Argentina 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 pay TV and Internet services, among other services.

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Additionally, Telecom Argentina offers cellular services in Paraguay and pay TV services in Uruguay. The Company commenced operations on November 8, 1990, upon the Argentine government's transfer of the telecommunications system in the northern region of Argentina.

### Ownership Structure

As of May 11, 2018, Telecom Argentina has 2,168,909,384 shares issued and 2,153,688,011 shares outstanding.

*Cablevisión Holding S.A. owns 18.75% of total capital stock directly and owns 20.06% of total capital stock indirectly through VLG Argentina LLC*

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For information about Telecom Argentina's services, visit:

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### 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)

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**TELECOM ARGENTINA S.A.**  
**Consolidated information**  
**First Quarter - Fiscal Year 2018**  
(In million of Argentine pesos)

**1- Consolidated Balance Sheet**

|  | <b>03/31/18</b> | <b>12/31/17</b> |
|--|-----------------|-----------------|
| Cash and cash equivalents                  | 7,849           | 4,414           |
| Financial Investments                      | 3,133           | 110             |
| Trade receivables                          | 11,077          | 1,753           |
| Other Receivables                          | 2,355           | 828             |
| Inventories                                | 2,013           | 83              |
| <b>Total current assets</b>                | <b>26,427</b>   | <b>7,188</b>    |
| Financial Investments                      | 2,703           | -               |
| Trade receivables                          | 62              | -               |
| Goodwill                                   | 63,817          | 4,109           |
| Property, plant and equipment ( PP&E )     | 86,632          | 22,080          |
| Intangible assets                          | 42,351          | 2,368           |
| Other Receivables                          | 1,142           | 531             |
| <b>Total non-current assets</b>            | <b>196,707</b>  | <b>29,088</b>   |
| <b>TOTAL ASSETS</b>                        | <b>223,134</b>  | <b>36,276</b>   |
| Trade payables                             | 16,170          | 3,886           |
| Financial debt                             | 25,965          | 937             |
| Salaries and social security payables      | 3,084           | 1,751           |
| Taxes payables                             | 6,904           | 1,858           |
| Dividend Payable                           | -               | 4,078           |
| Other liabilities                          | 953             | 103             |
| Provisions                                 | 413             | -               |
| <b>Total current liabilities</b>           | <b>53,489</b>   | <b>12,613</b>   |
| Trade payables                             | 107             | -               |
| Financial debt                             | 19,901          | 9,907           |
| Salaries and social security payables      | 135             | -               |
| Deferred income tax liabilities            | 16,582          | 266             |
| Taxes payables                             | 2               | 3               |
| Other liabilities                          | 827             | 134             |
| Provisions                                 | 2,839           | 1,092           |
| <b>Total non-current liabilities</b>       | <b>40,393</b>   | <b>11,402</b>   |
| <b>TOTAL LIABILITIES</b>                   | <b>93,882</b>   | <b>24,015</b>   |
| Equity attributable to Controlling Company | 127,211         | 11,694          |
| Non-controlling interest                   | 2,041           | 567             |
| <b>TOTAL EQUITY</b>                        | <b>129,252</b>  | <b>12,261</b>   |
| <b>TOTAL LIABILITIES AND EQUITY</b>        | <b>223,134</b>  | <b>36,276</b>   |

2- Consolidated Loans

|   | <b>03/31/18</b> | <b>12/31/17</b> |
|---|-----------------|-----------------|
| Bank overdrafts - principal                                 | 206             | -               |
| Banks loans - principal                                     | 20,910          | 52              |
| Notes - principal   | 2,341           | -               |
| NDF   | 6               | -               |
| Accrued interest and related expenses                       | 1,679           | 29              |
| For purchase of equipment                                   | 819             | 852             |
| Companies under Section 33 - Law 19,550 and related parties | 4               | 4               |
| <b>Total Current Loans</b>                                  | <b>25,965</b>   | <b>937</b>      |
| For purchase of equipment                                   | 369             | 465             |
| Notes - principal   | 10,075          | 9,325           |
| Banks loans - principal                                     | 8,513           | 142             |
| Accrued interest and related expenses                       | 944             | (25)            |
| <b>Total Non Current Loans</b>                              | <b>19,901</b>   | <b>9,907</b>    |
| <b>Total Loans</b>  | <b>45,866</b>   | <b>10,844</b>   |
| Cash and cash equivalents, and Financial Investments        | 13,685          | 4,524           |
| <b>Net Financial Position - Cash (Debt)</b>                 | <b>(32,181)</b> | <b>(6,320)</b>  |

**TELECOM ARGENTINA S.A.****Consolidated information****First Quarter - Fiscal Year 2018****(In million of Argentine pesos)****3- Effect of Business Combination - Conciliation of Assets, Liabilities and Equity**

|   | <b>Telecom<br/>(acquired<br/>Company)<br/>(1)</b> | <b>Adjustments<br/>on<br/>Income of<br/>Previous FY s<br/>(2)</b> | <b>NIIF 3 Merger<br/>Effect<br/>(3)</b> | <b>Total identifiable<br/>net assets, inc. as<br/>of 01.01.2018</b> |
|---|---|---|---|---|
| <b>ASSETS</b>                             |   |   |   |   |
| <b>CURRENT ASSETS</b>                     |   |   |   |   |
| Cash and cash equivalents                 | 2,695   | -   | -                                       | 2,695   |
| Trade receivables                         | 8,467   | 184   | (656)                                   | 7,995   |
| Other current assets                      | 6,371   | -   | 32                                      | 6,403   |
| <b>Total current assets</b>               | <b>17,533</b>                                     | <b>184</b>  | <b>-624</b>                             | <b>17,093</b>   |
| <b>NON CURRENT ASSETS</b>                 |   |   |   |   |
| Deferred income tax assets                | 624   | -   | (624)                                   | -   |
| Investments                               | 4,298   | (21)  | 1,139                                   | 5,416   |
| Goodwill                                  | -   | -   | 59,653                                  | 59,653  |
| Property, plant and equipment ( PP&E )    | 25,917  | -   | 33,650                                  | 59,567  |
| Intangible assets                         | 6,888   | (68)  | 31,464                                  | 38,284  |
| Other non current assets                  | 345   | 125   | (125)                                   | 345   |
| <b>Total non currents assets</b>          | <b>38,072</b>                                     | <b>36</b>   | <b>125,157</b>                          | <b>163,265</b>  |
| <b>Total assets</b>                       | <b>55,605</b>                                     | <b>220</b>  | <b>124,533</b>                          | <b>180,358</b>  |
| <b>LIABILITIES</b>                        |   |   |   |   |
| <b>CURRENT LIABILITIES</b>                |   |   |   |   |
| <b>Total current liabilities</b>          | <b>21,120</b>                                     | <b>-</b>  | <b>7</b>                                | <b>21,127</b>   |
| <b>NON CURRENT LIABILITIES</b>            |   |   |   |   |
| Deferred income tax liabilities           | -   | 92  | 16,023                                  | 16,115  |
| Other non current liabilities             | 11,399  | -   | 18                                      | 11,417  |
| <b>Total non current liabilities</b>      | <b>11,399</b>                                     | <b>92</b>   | <b>16,041</b>                           | <b>27,532</b>   |
| <b>Total Liabilities</b>                  | <b>32,519</b>                                     | <b>92</b>   | <b>16,048</b>                           | <b>48,659</b>   |
| <b>EQUITY</b>                             |   |   |   |   |
| Capital Stock - Outstanding Shares        | 969   | -   | (15)                                    | 954   |
| Inflation Adjustment - Outstanding Shares | 2,646   | -   | -                                       | 2,646   |

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|  |               |            |                |                |
|--|---------------|------------|----------------|----------------|
| Capital Stock - Treasury Shares                          | 15            | -          | -              | 15             |
| Inflation Adjustment - Treasury Shares                   | 42            | -          | -              | 42             |
| Treasury shares acquisition cost                         | (461)         | -          | -              | (461)          |
| Merger Premium   | -             | -          | 109,469        | 109,469        |
| Legal reserve  | 734           | -          | -              | 734            |
| Special reserve for IFRS implementation                  | 351           | -          | -              | 351            |
| Voluntary reserve for investments in capital stock       | 461           | -          | -              | 461            |
| Reserve for future cash dividend payments                | 9,730         | -          | -              | 9,730          |
| Other comprehensive income                               | 972           | -          | (972)          | -              |
| Cost of equity interest increase in controlled companies | (3)           | -          | 3              | -              |
| Retained earnings  | 7,630         | 128        | -              | 7,758          |
| <b>TOTAL EQUITY</b>                                      | <b>23,086</b> | <b>128</b> | <b>108,485</b> | <b>131,699</b> |
| <b>TOTAL LIABILITIES AND EQUITY</b>                      | <b>55,605</b> | <b>220</b> | <b>124,533</b> | <b>180,358</b> |

(1) According to the consolidated financial statements of Telecom as of December 31, 2017, approved by the Board of Directors of the Company on March 7, 2018.

(2) Adjustment to results of previous fiscal year s corresponding to Telecom Argentina for the application of IFRS 9 and IFRS 15 as of fiscal year 2018.

(3) Adjustments to the book value of Telecom in accordance with IFRS 3.

**TELECOM ARGENTINA S.A.****Consolidated information  
First Quarter - Fiscal Year 2018  
(In million of Argentine pesos)****4- Consolidated Income Statements - as reported in FFSS**

|   | <b>03/31/18</b> | <b>03/31/17</b> |
|---|-----------------|-----------------|
| <b>Revenues</b>   | <b>30,698</b>   | <b>9,433</b>    |
| Consolidated Operating Costs  | (23,572)        | (6,585)         |
| <b>Operating income</b>   | <b>7,126</b>    | <b>2,848</b>    |
| Net Financial results and results of equity in earnings from associates | (2,263)         | 29              |
| <b>Net income before income tax expense</b>                             | <b>4,863</b>    | <b>2,877</b>    |
| Income tax expense  | (1,382)         | (985)           |
| <b>Net income</b>   | <b>3,481</b>    | <b>1,892</b>    |
| Attributable to:  |                 |                 |
| Controlling Company   | 3,460           | 1,874           |
| Non-controlling interest  | 21              | 18              |
| <b>Operating income before D&amp;A</b>                                  | <b>11,793</b>   | <b>3,789</b>    |
| As % of Revenues  | 38.4%           | 40.2%           |
| <b>Net Financial results</b>  | <b>03/31/18</b> | <b>03/31/17</b> |
| <i>Financial expenses on debt</i>                                       |                 |                 |
| Interest on debt  | (534)           | (159)           |
| Exchange differences on debt  | (2,008)         | 305             |
| Financial discounts on debt   | (25)            | (2)             |
| Other financial expenses on debt  | 37              | 9               |
| <b>Total financial expenses on debt</b>                                 | <b>(2,530)</b>  | <b>153</b>      |
| <i>Other financial results, net</i>                                     |                 |                 |
| Interest and gains on investments                                       | 290             | 55              |
| Taxes and bank expenses   | (354)           | (116)           |
| Exchanges differences on cash and cash equivalents                      | 411             | (34)            |
| Exchanges differences from other items                                  | (203)           | (12)            |
| Financial discounts on assets, debts and diverse                        | (6)             | (7)             |
| Results for operations with notes and bonds                             | 192             | (24)            |
| Results from changes on fair value of financial instruments             | -               | (21)            |
| Interest on provisions  | (101)           | (2)             |
| Quinquennial financial costs  | (15)            | -               |
| Others  | 10              | (3)             |
| <b>Total other financial results, net</b>                               | <b>224</b>      | <b>(164)</b>    |
|   | <b>(2,306)</b>  | <b>(18)</b>     |

**5- Breakdown of the Income Statements - as reported in FFSS**

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|   | 03/31/18      | 03/31/17     |
|---|---------------|--------------|
| <b><u>REVENUES FROM SERVICES</u></b>        | <b>28,503</b> | <b>9,317</b> |
| Mobile Services                             | 10,945        | 633          |
| Internet Services                           | 7,153         | 3,450        |
| Cable TV Services                           | 6,666         | 4,962        |
| Fixed Telephony and Data Services           | 3,625         | -            |
| Other revenues from services                | 114           | 272          |
| <b><u>REVENUES FROM EQUIPMENT SALES</u></b> | <b>2,195</b>  | <b>116</b>   |
| <b><u>REVENUES</u></b>                      | <b>30,698</b> | <b>9,433</b> |

**TELECOM ARGENTINA S.A.****Consolidated information****First Quarter - Fiscal Year 2018****(In million of Argentine pesos)****6- Consolidated Income Statements - Pro Forma**

|   | <b>03/31/18</b> | <b>03/31/17</b> | <b>Δ \$</b>    | <b>Δ %</b>   |
|---|-----------------|-----------------|----------------|--------------|
| <b>Revenues</b>   | <b>30,698</b>   | <b>24,124</b>   | <b>6,574</b>   | <b>27.3%</b> |
| Consolidated Operating Costs  | (23,572)        | (19,629)        | (3,943)        | 20.1%        |
| <b>Operating income</b>   | <b>7,126</b>    | <b>4,495</b>    | <b>2,631</b>   | <b>58.5%</b> |
| Net Financial results and results of equity in earnings from associates | (2,263)         | 22              | -              | -            |
| <b>Net income before income tax expense</b>                             | <b>4,863</b>    | <b>4,517</b>    | <b>346</b>     | <b>7.7%</b>  |
| Income tax expense  | (1,382)         | (1,554)         | 172            | -11.1%       |
| <b>Net income</b>   | <b>3,481</b>    | <b>2,963</b>    | <b>518</b>     | <b>17.5%</b> |
| Attributable to:  |                 |                 |                |              |
| Controlling Company   | 3,460           | 2,946           | 514            | 17.4%        |
| Non-controlling interest  | 21              | 17              | 4              | 23.5%        |
| <b>Operating income before D&amp;A</b>                                  | <b>11,793</b>   | <b>8,481</b>    | <b>3,312</b>   | <b>39.1%</b> |
| As % of Revenues  | 38.4%           | 35.2%           |                |              |
| <b>Net Financial results</b>  | <b>03/31/18</b> | <b>03/31/17</b> | <b>Δ \$</b>    | <b>Δ %</b>   |
| <i>Financial expenses on debt</i>                                       |                 |                 |                |              |
| Interest on debt  | (534)           | (407)           | (127)          | 31.2%        |
| Exchange differences on debt  | (2,008)         | 548             | (2,556)        | -            |
| Financial debt discounts on debt  | (25)            | (2)             | (23)           | -            |
| Other financial expenses on debt  | 37              | 9               | 28             | -            |
| <b>Total financial expenses on debt</b>                                 | <b>(2,530)</b>  | <b>148</b>      | <b>(2,678)</b> | <b>-</b>     |
| <i>Other financial results, net</i>                                     |                 |                 |                |              |
| Interest and gains on investments                                       | 290             | 224             | 66             | 29.5%        |
| Taxes and bank expenses   | (354)           | (256)           | (98)           | 38.3%        |
| Exchanges differences on cash and cash equivalents                      | 411             | (38)            | 449            | -            |
| Exchanges differences from other items                                  | (203)           | 45              | (248)          | -            |
| Financial discounts on assets, debts and diverse                        | (6)             | (15)            | 9              | -60.0%       |
| Results for operations with notes and bonds                             | 192             | 3               | 189            | -            |
| Results from changes on fair value of financial instruments             | -               | (21)            | 21             | -100.0%      |
| Interest on provisions  | (101)           | (72)            | (29)           | 40.3%        |
| Quinquennial financial costs  | (15)            | (12)            | (3)            | 25.0%        |
| Others  | 10              | (24)            | 34             | -141.7%      |
| <b>Total other financial results, net</b>                               | <b>224</b>      | <b>(166)</b>    | <b>390</b>     | <b>-</b>     |
|   | <b>(2,306)</b>  | <b>(18)</b>     | <b>(2,288)</b> | <b>-</b>     |

**7- Breakdown of the Income Statements - Pro Forma**

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|   | 03/31/18      | 03/31/17      | Δ \$         | Δ %          |
|---|---------------|---------------|--------------|--------------|
| <b><u>REVENUES FROM SERVICES</u></b>        | <b>28,503</b> | <b>22,509</b> | <b>5,994</b> | <b>26.6%</b> |
| Mobile Services                             | 10,945        | 9,357         | 1,588        | 17.0%        |
| Internet Services                           | 7,153         | 5,045         | 2,108        | 41.8%        |
| Cable TV Services                           | 6,666         | 4,962         | 1,704        | 34.3%        |
| Fixed Telephony and Data Services           | 3,625         | 2,873         | 752          | 26.2%        |
| Other revenues from services                | 114           | 272           | -158         | -58.1%       |
| <b><u>REVENUES FROM EQUIPMENT SALES</u></b> | <b>2,195</b>  | <b>1,615</b>  | <b>580</b>   | <b>35.9%</b> |
| <b><u>REVENUES</u></b>                      | <b>30,698</b> | <b>24,124</b> | <b>6,574</b> | <b>27.3%</b> |



**TELECOM ARGENTINA S.A.**  
**Consolidated information**  
**First Quarter - Fiscal Year 2018**  
(In million of Argentine pesos)

**8- Consolidated Income Statements - as reported in FFSS**

|   | <b>03/31/18</b> | <b>03/31/17</b> |
|---|-----------------|-----------------|
| <b>Revenues</b>   | <b>30,698</b>   | <b>9,433</b>    |
| Employee benefit expenses and severance payments          | (5,217)         | (1,551)         |
| Interconnection and transmission costs                    | (931)           | (172)           |
| Fees for services, maintenance, materials and supplies    | (2,881)         | (1,020)         |
| Taxes and fees with the regulatory authority              | (2,469)         | (691)           |
| Commissions and advertising                               | (1,709)         | (449)           |
| Cost of equipments and handsets                           | (1,525)         | (56)            |
| Programming and content costs                             | (2,145)         | (1,207)         |
| Bad debt expenses   | (613)           | (134)           |
| Other operating income and expenses                       | (1,415)         | (364)           |
| <b>Subtotal Operating costs before D&amp;A</b>            | <b>(18,905)</b> | <b>(5,644)</b>  |
| <b>Operating income before D&amp;A</b>                    | <b>11,793</b>   | <b>3,789</b>    |
| Depreciation, amortization ( D&A ) and impairment of PP&E | (4,667)         | (941)           |
| <b>Operating income</b>                                   | <b>7,126</b>    | <b>2,848</b>    |
| Equity in earnings from associates                        | 43              | 40              |
| Financial expenses on debt                                | (2,530)         | 153             |
| Other financial results, net                              | 224             | (164)           |
| <b>Net income before income tax expense</b>               | <b>4,863</b>    | <b>2,877</b>    |
| Income tax expense  | (1,382)         | (985)           |
| <b>Net Income</b>   | <b>3,481</b>    | <b>1,892</b>    |
| Attributable to:  |                 |                 |
| Controlling Company                                       | 3,460           | 1,874           |
| Non-controlling interest                                  | 21              | 18              |

**TELECOM ARGENTINA S.A.****Consolidated information****First Quarter - Fiscal Year 2018****(In million of Argentine pesos)****9- Consolidated Income Statements - Pro Forma**

|   | <b>03/31/18</b> | <b>03/31/17</b> | <b>Δ \$</b>    | <b>Δ%</b>    |
|---|-----------------|-----------------|----------------|--------------|
| <b>Revenues</b>   | <b>30,698</b>   | <b>24,124</b>   | <b>6,574</b>   | <b>27.3%</b> |
| Employee benefit expenses and severance payments          | (5,217)         | (4,290)         | (927)          | 21.6%        |
| Interconnection and transmission costs                    | (931)           | (933)           | 2              | -0.2%        |
| Fees for services, maintenance, materials and supplies    | (2,881)         | (2,438)         | (443)          | 18.2%        |
| Taxes and fees with the regulatory authority              | (2,469)         | (1,942)         | (527)          | 27.1%        |
| Commissions and advertising                               | (1,709)         | (1,584)         | (125)          | 7.9%         |
| Cost of equipments and handsets                           | (1,525)         | (1,237)         | (288)          | 23.3%        |
| Programming and content costs                             | (2,145)         | (1,490)         | (655)          | 44.0%        |
| Bad debt expenses   | (613)           | (476)           | (137)          | 28.8%        |
| Other operating income and expenses                       | (1,415)         | (1,253)         | (162)          | 12.9%        |
| <b>Subtotal Operating costs before D&amp;A</b>            | <b>(18,905)</b> | <b>(15,643)</b> | <b>(3,262)</b> | <b>20.9%</b> |
| <b>Operating income before D&amp;A</b>                    | <b>11,793</b>   | <b>8,481</b>    | <b>3,312</b>   | <b>39.1%</b> |
| Depreciation, amortization ( D&A ) and impairment of PP&E | (4,667)         | (3,986)         | (681)          | 17.1%        |
| <b>Operating income</b>                                   | <b>7,126</b>    | <b>4,495</b>    | <b>2,631</b>   | <b>58.5%</b> |
| Equity in earnings from associates                        | 43              | 40              | 3              | 7.5%         |
| Financial expenses on debt                                | (2,530)         | 148             | (2,678)        | -            |
| Other financial results, net                              | 224             | (166)           | 390            | -            |
| <b>Net income before income tax expense</b>               | <b>4,863</b>    | <b>4,517</b>    | <b>346</b>     | <b>7.7%</b>  |
| Income tax expense  | (1,382)         | (1,554)         | 172            | -11.1%       |
| <b>Net Income</b>   | <b>3,481</b>    | <b>2,963</b>    | <b>518</b>     | <b>17.5%</b> |
| Attributable to:  |                 |                 |                |              |
| Controlling Company                                       | 3,460           | 2,946           | 514            | 17.4%        |
| Non-controlling interest                                  | 21              | 17              | 4              | -            |

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: | May 11, 2018 | By:    | /s/ Gabriel P. Blasi             |
|       |              | Name:  | Gabriel P. Blasi                 |
|       |              | Title: | Responsible for Market Relations |

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