

TELECOM ARGENTINA SA  
Form 6-K  
March 01, 2013

# **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 2013**

**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)**

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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

**Telecom Argentina S.A.**

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**Item**

1. Press Release dated February 27, 2013 entitled Telecom Argentina S.A. announces consolidated annual period ('FY12') and fourth quarter results for fiscal year 2012 ('4Q12')

FOR IMMEDIATE RELEASE

Market Cap P\$21.7 billion

February 27<sup>th</sup>, 2013

Contacts:

Pedro Insussarry

Solange Barthe Dennin

(54-11) 4968-3743/3752

**Telecom Argentina S.A. announces consolidated annual period (FY12) and fourth quarter results for fiscal year 2012 (4Q12)\***

**Consolidated Revenues amounted to P\$22,117 million (+20% vs. FY11); Fixed Internet +28% vs. FY11; Fixed Data +26% vs. FY11; and Mobile business in Argentina +22% vs. FY11.**

**Mobile subscribers in Argentina: 19 million; +0.8 million (+4% vs. FY11).**

**Mobile Value Added Services in Argentina (Internet and Data): +33% vs. FY11; 53% of Service Revenues.**

**Mobile ARPU reached P\$57.7 per month in FY12 (+12% vs. FY11).**

**ADSL ARPU increased to P\$102.3 per month in FY12 (+18% vs. FY11); monthly churn reached 1.4% in FY12.**

**Operating Income Before Depreciation and Amortization reached P\$6,570 million (+10% vs. FY11), 30% of Net Revenues, after a one time charge of P\$ 90 million.**

**Operating Income amounted to P\$3,966 million.**

**Net Income amounted to P\$2,732 million (+7% vs. FY11). Net Income attributable to Telecom Argentina amounted P\$2,685 million (+7% vs. FY11).**

**Net Cash Position: P\$3,648 million, an increase of P\$964 million vs. FY11 due to the cash generation and after Telecom Argentina's cash dividend payment of P\$807 million.**

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Capex reached P\$3,257 million in FY12 (+2% vs. FY11), 15% of Consolidated Revenues.

| <i>(in million P\$, except where noted)</i>                      | As of December, 31 |        |       |     |
|--|--------------------|--------|-------|-----|
|  | 2012               | 2011   | r \$  | r % |
| Revenues   | 22,117             | 18,498 | 3,619 | 20% |
| Mobile Services  | 16,094             | 13,169 | 2,925 | 22% |
| Fixed Services   | 6,023              | 5,329  | 694   | 13% |
| Operating Income before D&A                                      | 6,570              | 5,993  | 577   | 10% |
| Operating Income   | 3,966              | 3,857  | 109   | 3%  |
| Net Income attributable to Telecom Argentina                     | 2,685              | 2,513  | 172   | 7%  |
| Shareholders' equity attributable to Telecom Argentina           | 9,959              | 8,021  | 1,938 | 24% |
| Net Financial Position - Cash                                    | 3,648              | 2,684  | 964   | 36% |
| CAPEX  | 3,257              | 3,192  | 65    | 2%  |
| Fixed lines in service (in thousand lines)                       | 4,128              | 4,141  | (13)  | 0%  |
| Mobile customers (in thousand)                                   | 21,276             | 20,342 | 934   | 5%  |
| Personal (Argentina)   | 18,975             | 18,193 | 782   | 4%  |
| Núcleo (Paraguay) - including Wimax customers-                   | 2,301              | 2,149  | 152   | 7%  |
| Broadband accesces (in thousand)                                 | 1,629              | 1,550  | 79    | 5%  |
| Average Billing per user (ARBU) Fixed Telephony / voice (in P\$) | 48.2               | 45.7   | 2.5   | 6%  |
| Average Revenue per user (ARPU) Mobile Services in Arg. (in P\$) | 57.7               | 51.4   | 6.3   | 12% |
| Average Revenue per user (ARPU) ADSL (in P\$)                    | 102.3              | 87.0   | 15.3  | 18% |

Buenos Aires, February 27, 2013 - Telecom Argentina (Telecom) - (NYSE: TEO; BASE: TECO2), one of Argentina's leading telecommunications companies, announced today a Net Income of P\$2,732 million for the annual period ended December 31, 2012, or +7% when compared to the same period last year. Net income attributable to Telecom Argentina amounted to P\$2,685 million (+7% vs. FY11).

|  | FY12   | FY11   | r \$  | r % |
|--|--------|--------|-------|-----|
| Consolidated Revenues (MMP\$)              | 22,117 | 18,498 | 3,619 | 20% |
| Net Income attributable to Telecom (MMP\$) | 2,685  | 2,513  | 172   | 7%  |
| Earnings per Share (P\$)                   | 2.73   | 2.55   | 0.18  |     |
| Earnings per ADR (P\$)                     | 13.64  | 12.76  | 0.88  |     |
| Operating Income before D&A *              | 30%    | 32%    |       |     |
| Operating Income *                         | 18%    | 21%    |       |     |
| Net Income*                                | 12%    | 14%    |       |     |

\* As a percentage of Consolidated Revenues

During FY12, Consolidated Revenues increased by 20% to P\$22,117 million (+P\$3,619 million vs. FY11), mainly fueled by the Mobile Services, Broadband business and Fixed Data. Moreover, Operating Income amounted to P\$3,966 million (+P\$109 million vs. FY11).

### Consolidated Operating Revenues

### Mobile Services

Clients continued to increase in FY12, reaching 21.3 million as of the end of December 2012, representing an increase of 0.9 million (+5%) since December 31, 2011.

The actions developed to increase the usage of value added services (VAS), such as innovative offers to clients and equipments sales, allowed Personal to increase consolidated revenues to third parties to P\$16,094 million (+22% vs. FY11).

### Telecom Personal in Argentina

As of December 31, 2012, Personal reached 19 million subscribers in Argentina (+4% or +0.8 million vs. FY11), improving its market position. It is worth noting that the overall subscriber base mix continued to improve reaching a 33% participation of the postpaid segment (+7% vs. FY11).

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In FY12, Revenues to third parties reached P\$15,227 million (+P\$2,772 million or 22% vs. FY11) while Service Revenues (excluding equipment sales) amounted to P\$13,312 million (+21% vs. FY11), with 53% corresponding to value-added services ( VAS ) revenues (vs. 48% in FY11). VAS revenues increased by 33% vs. FY11.

During the quarter, Personal consolidated its position in the mobile industry with an innovative VAS proposition where unlimited internet through mobile devices continued to be massified.

During FY12, the overall traffic of voice minutes increased by 7% vs. FY11. SMS traffic (incoming and outgoing charged messages) continued to increase, although at a slower pace, due to other Internet alternatives provided by Personal. The traffic climbed to a monthly average of 5,769 million in FY12 from 5,587 million messages in FY11 (+3% vs. FY11). Due to the VAS usage and certain price adjustments during 4Q12, the Average Monthly Revenue per User ( ARPU ) increased to P\$57.7 during FY12 (+12% vs. FY11).

### **Initiatives**

During 4Q12, Personal continued with its strategy focus of maintaining clients' fidelity and capturing new ones since number portability was implemented. In that sense, Personal continued with its strategy in terms of service convenience, through special promotions in prepaid credit recharges and new packages customized for Club Personal's members.

Related to handsets, accompanying the development of Open Digital Television (TDA: Televisión Digital Abierta), Personal has offered to its clients certain handsets suitable to this system.

Furthermore, Personal continued expanding its commercial network by opening new commercial offices focusing in a clients' experience model.

Personal continued its brand positioning associated to music by organizing several events and concerts, such as the eighth edition of "Personal Fest", which brought together more than 40,000 fans in two days. In addition, unprecedented in LatAm, the festival was broadcasted via Youtube Argentina webpage allowing more than 500,000 fans to enjoy the festival online.

Moreover, Personal outstands for good image in the general brands evaluation of favorite brand, consolidating its general leadership and increasing the gap with its competitors in the youth segment, where Personal is market leader.

### **Telecom Personal in Paraguay ( Núcleo )**



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Nucleo's subscriber base reached 2.3 million clients (+7% vs. FY11). Prepaid and postpaid customers represented 81% and 19% (vs. 18% in 3Q12), respectively.

Personal's subsidiary in Paraguay continued growing supported by a commercial offer strategy that leveraged its leadership in the mobile Internet market. The Company generated revenues equivalent to P\$867 million during FY12 (+21% vs. FY11). Moreover, the level of ARPU remained stable at Gs.27,100 (equivalent to P\$ 32) vs. FY11. VAS represented 50% of FY12 service revenues.

### **Initiatives**

During February 2013, Personal launched 4G technology (LTE, Long Term Evolution) in Paraguay. The Company is the first and only in Paraguay offering LTE services and second in Latam. LTE allows data transfers at high speeds and achieves an interactive user experience. LTE has consolidated, in global terms, as the next technology generation that will sustain innovation and developments in mobile services.

Initially, 4G technology will be available in the city of Asunción for mobile broadband plans and then will be extended to the rest of the country.

#### **Fixed Services (Voice, Data & Internet)**

During FY12 revenues generated by fixed services amounted to P\$6,023 million, +13% vs. FY11; with Internet (+28% vs. FY11) and Data revenues (+26% vs. FY11) growing the most in relative terms in this segment.

#### **Voice**

Total Revenues for this service reached P\$3,214 million in FY12 (+4% vs. FY11). The results of this line of business continued to be affected by frozen tariffs of regulated services enforced by the Argentine Government in 2002.

Revenues generated by Measured Services totaled P\$1,306 million, an increase of P\$64 million or +5% vs. FY11 mainly due to the incorporation of flat rate packs of local calls.

Monthly Charges and Supplementary Services reached P\$1,032 million, an increase of P\$75 million or +8% vs. FY11 due to higher revenues in non regulated supplementary services and more than 4.1 million of lines in service.

The average monthly bill per user (ARBU) reached P\$48.2 in FY12 vs. P\$45.7 in FY11.

Interconnection revenues reached P\$516 million (-2% vs. FY11). Meanwhile, other revenues totaled P\$360 million (-5% vs. FY11).

During the last quarter of 2012, continued with a mass campaign to increase Aladino handset sales.

**Data and Internet**

Revenues related to Internet totaled P\$1,993 million (+ P\$440 million or +28% vs. FY11), mainly due to the continued expansion of broadband services.

Data revenues amounted to P\$735 million (+26% vs. FY11), where the focus was to strengthen Telecom's position as an integrated ICT provider, with a wide variety of services.

As of December 31, 2012, Telecom surpassed 1.6 million ADSL accesses (+5% vs. FY11). These connections represented 39% of Telecom's fixed lines in service. In addition, ADSL ARPU reached approximately P\$102.3 in FY12, +18% when compared to FY11 and the monthly *churn* rate was 1.4% in FY12, continuing at low levels.

During 4Q12, Arnet launched the campaign "Opinólogos" offering Arnet 6Mb WIFI at P\$100 per month during the first six months of service with the possibility of extending the promotion to twelve months if the service was contracted online.

Furthermore, during the quarter, a new campaign was launched outstanding some of the multiple uses of Arnet WIFI with Turbo 10MB . The promotion offers Arnet 6Mb WIFI + Turbo 10MB at P\$110 during six months of service with the possibility of extending the promotion to twelve months if the service was contracted online.

The Company has launched a video streaming service Arnet Play , focusing on promoting the content variety and the new offers in the catalogue, reaching approximately 49 thousand clients.

### **Consolidated Operating Costs**

The Cost of Services Provided, General & Administrative Expenses and Selling Expenses, excluding Gains on disposal of PP&E, totaled P\$18,238 million in FY12, an increase of P\$3,545 million, or +24% vs. FY11. The increase is a consequence of higher commercial costs due to a higher volume of revenues, the inflationary effects in the general cost structure, and greater expenses related to the intense competition.

The cost breakdown is as follows:

Employee benefit expenses and severance payments totaled P\$3,269 million (+25% vs. FY11), mainly affected by increases in salaries and an increase in the number of employees in the mobile business. Total headcount at the end of the period totaled 16,808 employees (+3% vs. FY11) (including temporary employees), where 440 employees were incorporated in the mobile business and 22 employees in the fixed services, when compared to headcounts at the end of 2011.

Taxes and fees with regulatory authorities reached P\$2,018 million (+27% vs. FY11), impacted mainly by a higher volume of revenues, higher taxes with the regulatory authority, higher bank debit and credit taxes and an increase in turnover taxes in municipal jurisdictions.

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Interconnection costs and other telecommunication charges (includes TLRD, Roaming, Interconnection, international settlement charges and lease of circuits) amounted to P\$1,707 million, +P\$210 million vs. FY11. This increase resulted from higher roaming charges partially compensated by savings arising from stimulating *on-net* traffic among mobile clients and consequently the decrease in third parties network usage costs.

Commissions (Commissions paid to Agents, prepaid card commissions and others) totaled P\$1,949 million (+29% vs. FY11), mainly due to the increase in commissions paid to commercial agents associated with higher revenues from the sale of more sophisticated handsets with the aim of gaining fidelity from clients. Agent commissions capitalized as SAC amounted to P\$314 million (+27% vs. FY11)

Advertising amounted to P\$660 million (+10% vs. FY11), oriented towards supporting the commercial activity in mobile and Internet services and to strengthening the brands of the Telecom Group. A significant portion of this increase was also applied to the Mobile Number Portability campaign, launched during the first semester of the year.

Cost of handsets sold totaled P\$2,043 million (+25% vs. FY11), due to an increase in high-end handsets sales and a higher number of handset upgrades (+28% vs. FY11), performed to stimulate VAS usage. These effects resulted in the increase of the average cost of handsets. Deferred costs from SAC amounted to P\$463 million (-1% vs. FY11).

Fees for services, maintenance and materials amounted to \$2,109 million (+23% vs. FY11), principally due to increased efforts to improve customer care services through call centers and the increase of labor related costs to these services.

Depreciations and Amortizations reached P\$2,612 million (+21% vs. FY11). PP&E depreciation amounted to P\$1,792 million (+17% vs. FY11); SAC and services connection costs amortization totaled P\$797 million (+32% vs. FY11); and other intangible assets amortization reached P\$23 million.

Others Costs totaled P\$1,871 million (+37% vs. FY11). This increase was mainly due to general increases in public services such as energy, water and others reaching P\$294 million in FY12 (+91% vs. FY11), affected by the elimination of government subsidies. Bad debt expenses reached P\$275 million representing 1,5% of consolidated costs, while provisions expenses decreased by - 32% vs. FY11. Additionally, there is a one-time charge (P\$90 million) that impacted in 2012 and relates to incurred and provisioned costs to implement an efficiency gain program in the corporate structure of the Company.

### **Consolidated Financial Results**

Financial Results resulted in a gain of P\$229 million, an increase of P\$149 million vs. FY11. This was mainly due to a gain in net financial interest of P\$272 million in FY12 (+P\$180 million vs. FY11) derived from a healthy financial position and to losses for FX results of P\$46 million in FY12 (vs. losses of P\$15 million in FY11) as a result of a higher depreciation of the peso.

### **Consolidated Net Financial Position**

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As of December 31, 2012, Net Financial Position (Cash, Cash Equivalents and financial Investments minus Loans) totaled P\$3,648 million in cash, an improvement of P\$964 million vs. Net Financial Position as of December 2011, after the cash dividend payment of P\$807 million done by Telecom Argentina in May 2012.

### **Capital Expenditures**

Throughout FY12, the Company invested P\$3,257 million. This amount was allocated to Fixed Services (P\$1,429 million) and Mobile services (P\$1,828 million). In relative terms, capex reached 15% of consolidated revenues.

Main capital expenditures programs in the fixed business were the enlargement and upgrade of Broadband services to improve capacity and increase speed offered to clients through the shortening of the local loop together with the development of infrastructure to support the growth of mobile internet. In the mobile business, Telecom continued its 3G network deployment with the intention of increasing access capacity and sustaining the growth of mobile Internet.

Moreover Telecom continued investing in the transport network to support the fixed and mobile data traffic growth.

### **Other Relevant Matters**

The Board of Directors, in the meeting held today, has appointed Mr. Stefano De Angelis as Chief Executive Officer, in replacement of Mr. Franco Bertone who will take on other professional responsibilities in the Telecom Italia Group.



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 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.

As of December 31, 2012, Telecom continued to have 984,380,978 shares outstanding.

For more information, please contact the Investor Relations Department:

|                              |                       |                           |                  |                  |
|------------------------------|-----------------------|---------------------------|------------------|------------------|
| Pedro Insussarry             | Solange Barthe Dennin | Horacio Nicolás del Campo | Gustavo Tewel    | Ruth Fuhrmann    |
| (5411) 4968 3743             | (5411) 4968 3752      | (5411) 4968 6236          | (5411) 4968 3718 | (5411) 4968 4448 |
| Voice Mail: (5411) 4968 3628 |                       |                           |                  |                  |

Fax: (5411) 4968 3616

E-mail: [relinver@ta.telecom.com.ar](mailto:relinver@ta.telecom.com.ar)

For information about Telecom Group 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

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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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**Enrique Garrido**

**Chairman**

**TELECOM ARGENTINA S.A.****Consolidated information***Annual Period and Fourth Quarter - Fiscal Year 2012***(In million of Argentine pesos)****1- Consolidated Balance Sheet**

|   | 12/31/12      | 12/31/11      | r \$         | r %        |
|---|---------------|---------------|--------------|------------|
| Cash and cash equivalents                   | 3,160         | 2,818         | 342          | 12%        |
| Investments                                 | 563           | 0             | 563          |            |
| Trade receivables                           | 2,181         | 1,790         | 391          | 22%        |
| Other Receivables                           | 1,082         | 842           | 240          | 29%        |
| <b>Total current assets</b>                 | <b>6,986</b>  | <b>5,450</b>  | <b>1,536</b> | <b>28%</b> |
| Financial Investments                       | 69            | 0             | 69           |            |
| Trade receivables                           | 23            | 30            | (7)          | -23%       |
| Property, plant and equipment               | 9,035         | 8,247         | 788          | 10%        |
| Intangible assets                           | 1,514         | 1,488         | 26           | 2%         |
| Other Receivables                           | 182           | 104           | 78           | 75%        |
| <b>Total non-current assets</b>             | <b>10,823</b> | <b>9,869</b>  | <b>954</b>   | <b>10%</b> |
| <b>Total Assets</b>                         | <b>17,809</b> | <b>15,319</b> | <b>2,490</b> | <b>16%</b> |
| Trade payables                              | 3,659         | 3,407         | 252          | 7%         |
| Deferred revenues                           | 362           | 292           | 70           | 24%        |
| Financial debt                              | 43            | 19            | 24           | 126%       |
| Salaries and social security payables       | 635           | 536           | 99           | 18%        |
| Income tax payables                         | 458           | 605           | (147)        | -24%       |
| Other taxes payables                        | 552           | 457           | 95           | 21%        |
| Other liabilities                           | 40            | 30            | 10           | 33%        |
| Provisions                                  | 134           | 173           | (39)         | -23%       |
| <b>Total current liabilities</b>            | <b>5,883</b>  | <b>5,519</b>  | <b>364</b>   | <b>7%</b>  |
| Trade payables                              | 20            | 0             | 20           |            |
| Deferred revenues                           | 329           | 307           | 22           | 7%         |
| Financial debt                              | 101           | 115           | (14)         | -12%       |
| Salaries and social security payables       | 128           | 136           | (8)          | -6%        |
| Deferred income tax liabilities             | 220           | 210           | 10           | 5%         |
| Income tax payables                         | 12            | 13            | (1)          | -8%        |
| Other liabilities                           | 51            | 72            | (21)         | -29%       |
| Provisions                                  | 907           | 782           | 125          | 16%        |
| <b>Total non-current liabilities</b>        | <b>1,768</b>  | <b>1,635</b>  | <b>133</b>   | <b>8%</b>  |
| <b>TOTAL LIABILITIES</b>                    | <b>7,651</b>  | <b>7,154</b>  | <b>497</b>   | <b>7%</b>  |
| Equity attributable to owners of the Parent | 9,959         | 8,021         | 1,938        | 24%        |
| Noncontrolling interest                     | 199           | 144           | 55           | 38%        |
| <b>TOTAL EQUITY</b>                         | <b>10,158</b> | <b>8,165</b>  | <b>1,993</b> | <b>24%</b> |
| <b>TOTAL LIABILITIES AND EQUITY</b>         | <b>17,809</b> | <b>15,319</b> | <b>2,490</b> | <b>16%</b> |

**2- Consolidated Loans**

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|  | 12/31/12     | 12/31/11     | r \$        | r %         |
|--|--------------|--------------|-------------|-------------|
| Banks and other financial Institutions               | 40           | 17           | 23          | 135%        |
| Accrued interest                                     | 3            | 2            | 1           | 50%         |
| <b>Total Current Loans</b>                           | <b>43</b>    | <b>19</b>    | <b>24</b>   | <b>126%</b> |
| Banks and other financial institutions               | 101          | 115          | (14)        | -12%        |
| <b>Total Non Current Loans</b>                       | <b>101</b>   | <b>115</b>   | <b>(14)</b> | <b>-12%</b> |
| <b>Total Loans</b>                                   | <b>144</b>   | <b>134</b>   | <b>10</b>   | <b>7%</b>   |
| Cash and cash equivalents, and Financial Investments | 3,792        | 2,818        | 974         | 35%         |
| <b>Net Financial Position - Cash</b>                 | <b>3,648</b> | <b>2,684</b> | <b>964</b>  | <b>36%</b>  |

**TELECOM ARGENTINA S.A.****Consolidated information***Annual Period and Fourth Quarter - Fiscal Year 2012***(In million of Argentine pesos)****3- Consolidated Income Statements**

| Annual Comparison                           | 12/31/12        | 12/31/11        | r \$         | r %        |
|---|-----------------|-----------------|--------------|------------|
| <b>Revenues</b>                             | <b>22,117</b>   | <b>18,498</b>   | <b>3,619</b> | <b>20%</b> |
| Other income                                | 79              | 30              | 49           | 163%       |
| <b>Total Revenues &amp; Other Income</b>    | <b>22,196</b>   | <b>18,528</b>   | <b>3,668</b> | <b>20%</b> |
| Consolidated Operating Costs                | (18,238)        | (14,693)        | (3,545)      | 24%        |
| Gains on disposal of PP&E                   | 8               | 22              | (14)         | -64%       |
| <b>Operating income</b>                     | <b>3,966</b>    | <b>3,857</b>    | <b>109</b>   | <b>3%</b>  |
| Finance results, net                        | 229             | 80              | 149          | 186%       |
| <b>Net income before income tax expense</b> | <b>4,195</b>    | <b>3,937</b>    | <b>258</b>   | <b>7%</b>  |
| Income tax expense                          | (1,463)         | (1,395)         | (68)         | 5%         |
| <b>Net income</b>                           | <b>2,732</b>    | <b>2,542</b>    | <b>190</b>   | <b>7%</b>  |
| Attributable to:                            |                 |                 |              |            |
| Telecom Argentina                           | 2,685           | 2,513           | 172          | 7%         |
| Noncontrolling interest                     | 47              | 29              | 18           | 62%        |
| <b>Operating income before D&amp;A</b>      | <b>6,570</b>    | <b>5,993</b>    | <b>577</b>   | <b>10%</b> |
| As % of Revenues                            | 29.7%           | 32.4%           |              |            |
| <b>Finance Income and Expenses</b>          | <b>12/31/12</b> | <b>12/31/11</b> | <b>r \$</b>  | <b>r %</b> |
| <i>Finance Income</i>                       |                 |                 |              |            |
| Interest on cash equivalents                | 273             | 169             | 104          | 62%        |
| Interest on investments                     | 21              | 1               | 20           |            |
| Interest on receivables                     | 89              | 67              | 22           | 33%        |
| Foreign currency exchange gains             | 161             | 69              | 92           | 133%       |
| Others                                      | 26              | 10              | 16           |            |
| <b>Total finance income</b>                 | <b>570</b>      | <b>316</b>      | <b>254</b>   | <b>80%</b> |
| <i>Finance expenses</i>                     |                 |                 |              |            |
| Interest on financial debt                  | (13)            | (16)            | 3            | -19%       |
| Interest on taxes and accounts payable      | (16)            | (13)            | (3)          | 23%        |
| Interest on provisions                      | (82)            | (116)           | 34           | -29%       |
| Loss on discounting of other liabilities    | (19)            | (4)             | (15)         |            |
| Foreign currency exchange losses            | (207)           | (84)            | (123)        | 146%       |
| Others                                      | (4)             | (3)             | (1)          | 33%        |
| <b>Total finance expenses</b>               | <b>(341)</b>    | <b>(236)</b>    | <b>(105)</b> | <b>44%</b> |
|   | <b>229</b>      | <b>80</b>       | <b>149</b>   |            |

**4- Consolidated Income Statements**

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| Three Months Comparison                     | 12/31/12     | 12/31/11     | r \$         | r %        |
|---|--------------|--------------|--------------|------------|
| <b>Revenues</b>                             | <b>6,092</b> | <b>5,139</b> | <b>953</b>   | <b>19%</b> |
| Other income                                | 63           | 8            | 55           |            |
| <b>Total Revenues &amp; Other Income</b>    | <b>6,155</b> | <b>5,147</b> | <b>1,008</b> | <b>20%</b> |
| Consolidated Operating Costs                | (4,996)      | (4,160)      | (836)        | 20%        |
| Gains on disposal of PP&E                   | 4            | 7            | (3)          | -43%       |
| <b>Operating income</b>                     | <b>1,163</b> | <b>994</b>   | <b>169</b>   | <b>17%</b> |
| Finance results, net                        | 70           | 42           | 28           | 67%        |
| <b>Net income before income tax expense</b> | <b>1,233</b> | <b>1,036</b> | <b>197</b>   | <b>19%</b> |
| Income tax expense                          | (424)        | (386)        | (38)         | 10%        |
| <b>Net income</b>                           | <b>809</b>   | <b>650</b>   | <b>159</b>   | <b>24%</b> |
| Attributable to:                            |              |              |              |            |
| Telecom Argentina                           | 794          | 643          | 151          | 23%        |
| Noncontrolling interest                     | 15           | 7            | 8            | 114%       |
| <b>Operating income before D&amp;A</b>      | <b>1,844</b> | <b>1,592</b> | <b>252</b>   | <b>16%</b> |
| As % of Revenues                            | 30.3%        | 31.0%        |              |            |

**TELECOM ARGENTINA S.A.****Consolidated information***Annual Period and Fourth Quarter - Fiscal Year 2012***(In million of Argentine pesos)****5- BREAKDOWN OF THE INCOME STATEMENTS****Annual Comparison**

|                                      | 12/31/12      | 12/31/11      | r \$         | r %        |
|--------------------------------------|---------------|---------------|--------------|------------|
| <b><u>REVENUES FROM SERVICES</u></b> | <b>20,089</b> | <b>16,911</b> | <b>3,178</b> | <b>19%</b> |
| <i>Fixed Services</i>                | <b>5,942</b>  | <b>5,240</b>  | <b>702</b>   | <b>13%</b> |
| <b>Voice</b>                         | <b>3,214</b>  | <b>3,104</b>  | <b>110</b>   | <b>4%</b>  |
| <b>Retail Voice</b>                  | <b>2,475</b>  | <b>2,357</b>  | <b>118</b>   | <b>5%</b>  |
| Monthly Charges                      | 1,032         | 957           | 75           | 8%         |
| Measured Services                    | 1,306         | 1,242         | 64           | 5%         |
| Others                               | 137           | 158           | (21)         | -13%       |
| <b>Wholesale</b>                     | <b>739</b>    | <b>747</b>    | <b>(8)</b>   | <b>-1%</b> |
| Interconnection                      | 516           | 525           | (9)          | -2%        |
| Others                               | 223           | 222           | 1            | 0%         |
| <b>Data</b>                          | <b>735</b>    | <b>583</b>    | <b>152</b>   | <b>26%</b> |
| <b>Internet</b>                      | <b>1,993</b>  | <b>1,553</b>  | <b>440</b>   | <b>28%</b> |
| <i>Mobile Services</i>               | <b>14,147</b> | <b>11,671</b> | <b>2,476</b> | <b>21%</b> |
| <i>Telecom Personal</i>              | <b>13,312</b> | <b>10,983</b> | <b>2,329</b> | <b>21%</b> |
| <b>Voice</b>                         | <b>6,299</b>  | <b>5,727</b>  | <b>572</b>   | <b>10%</b> |
| <b>Retail Voice</b>                  | <b>4,461</b>  | <b>4,001</b>  | <b>460</b>   | <b>11%</b> |
| Monthly Charges                      | 2,137         | 1,698         | 439          | 26%        |
| Measured Services                    | 1,961         | 2,022         | (61)         | -3%        |
| Roaming                              | 179           | 151           | 28           | 19%        |
| Others                               | 184           | 130           | 54           | 42%        |
| <b>Wholesale</b>                     | <b>1,838</b>  | <b>1,726</b>  | <b>112</b>   | <b>6%</b>  |
| Interconnection (CPP and TLRD)       | 1,568         | 1,503         | 65           | 4%         |
| Roaming                              | 247           | 206           | 41           | 20%        |
| Others                               | 23            | 17            | 6            | 35%        |
| <b>Data</b>                          | <b>5,765</b>  | <b>4,482</b>  | <b>1,283</b> | <b>29%</b> |
| <b>Internet</b>                      | <b>1,248</b>  | <b>774</b>    | <b>474</b>   | <b>61%</b> |
| <i>Núcleo</i>                        | <b>835</b>    | <b>688</b>    | <b>147</b>   | <b>21%</b> |
| <b>Voice</b>                         | <b>414</b>    | <b>353</b>    | <b>61</b>    | <b>17%</b> |
| <b>Retail Voice</b>                  | <b>329</b>    | <b>286</b>    | <b>43</b>    | <b>15%</b> |
| Monthly Charges                      | 102           | 83            | 19           | 23%        |
| Measured Services                    | 212           | 183           | 29           | 16%        |
| Roaming                              | 7             | 7             |              | 0%         |
| Others                               | 8             | 13            | (5)          | -38%       |
| <b>Wholesale</b>                     | <b>85</b>     | <b>67</b>     | <b>18</b>    | <b>27%</b> |
| Interconnection (CPP and TLRD)       | 62            | 58            | 4            | 7%         |
| Roaming                              | 23            | 9             | 14           | 156%       |
| <b>Data</b>                          | <b>267</b>    | <b>251</b>    | <b>16</b>    | <b>6%</b>  |

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|   |               |               |              |             |
|---|---------------|---------------|--------------|-------------|
| <b>Internet</b>                                 | <b>154</b>    | <b>84</b>     | <b>70</b>    | <b>83%</b>  |
| <b><u>REVENUES FROM EQUIPMENT SALES</u></b>     | <b>2,028</b>  | <b>1,587</b>  | <b>441</b>   | <b>28%</b>  |
| <i>Fixed Services</i>                           | <b>81</b>     | <b>89</b>     | <b>(8)</b>   | <b>-9%</b>  |
| Voice   | 55            | 45            | 10           | 22%         |
| Data  | 19            | 39            | (20)         | -51%        |
| Internet  | 7             | 5             | 2            | 40%         |
| <i>Mobiles Sevices</i>                          | <b>1,947</b>  | <b>1,498</b>  | <b>449</b>   | <b>30%</b>  |
| Equipments (Personal)                           | 1,915         | 1,472         | 443          | 30%         |
| Equipments (Núcleo)                             | 32            | 26            | 6            | 23%         |
| <b><u>REVENUES</u></b>                          | <b>22,117</b> | <b>18,498</b> | <b>3,619</b> | <b>20%</b>  |
| <b><u>OTHER INCOME</u></b>                      | <b>79</b>     | <b>30</b>     | <b>49</b>    | <b>163%</b> |
| Fixed   | 75            | 20            | 55           |             |
| Mobile  | 4             | 10            | (6)          | -60%        |
| <b><u>TOTAL REVENUES &amp; OTHER INCOME</u></b> | <b>22,196</b> | <b>18,528</b> | <b>3,668</b> | <b>20%</b>  |



**TELECOM ARGENTINA S.A.****Consolidated information***Annual Period and Fourth Quarter - Fiscal Year 2012***(In million of Argentine pesos)****6- BREAKDOWN OF THE INCOME STATEMENTS****Three Months Comparison**

|                                      | 12/31/12     | 12/31/11     | r \$       | r %        |
|--------------------------------------|--------------|--------------|------------|------------|
| <b><u>REVENUES FROM SERVICES</u></b> | <b>5,555</b> | <b>4,676</b> | <b>879</b> | <b>19%</b> |
| <i>Fixed Services</i>                | <b>1,586</b> | <b>1,397</b> | <b>189</b> | <b>14%</b> |
| <b>Voice</b>                         | <b>828</b>   | <b>804</b>   | <b>24</b>  | <b>3%</b>  |
| <b>Retail Voice</b>                  | <b>637</b>   | <b>609</b>   | <b>28</b>  | <b>5%</b>  |
| Monthly Charges                      | 264          | 247          | 17         | 7%         |
| Measured Services                    | 338          | 321          | 17         | 5%         |
| Others                               | 35           | 41           | (6)        | -15%       |
| <b>Wholesale</b>                     | <b>191</b>   | <b>195</b>   | <b>(4)</b> | <b>-2%</b> |
| Interconnection                      | 131          | 138          | (7)        | -5%        |
| Others                               | 60           | 57           | 3          | 5%         |
| <b>Data</b>                          | <b>207</b>   | <b>167</b>   | <b>40</b>  | <b>24%</b> |
| <b>Internet</b>                      | <b>551</b>   | <b>426</b>   | <b>125</b> | <b>29%</b> |
| <i>Mobiles Sevices</i>               | <b>3,969</b> | <b>3,279</b> | <b>690</b> | <b>21%</b> |
| <i>Telecom Personal</i>              | <b>3,739</b> | <b>3,088</b> | <b>651</b> | <b>21%</b> |
| <b>Voice</b>                         | <b>1,744</b> | <b>1,552</b> | <b>192</b> | <b>12%</b> |
| <b>Retail Voice</b>                  | <b>1,212</b> | <b>1,094</b> | <b>118</b> | <b>11%</b> |
| Monthly Charges                      | 584          | 466          | 118        | 25%        |
| Measured Services                    | 528          | 557          | (29)       | -5%        |
| Roaming                              | 44           | 38           | 6          | 16%        |
| Others                               | 56           | 33           | 23         | 70%        |
| <b>Wholesale</b>                     | <b>532</b>   | <b>458</b>   | <b>74</b>  | <b>16%</b> |
| Interconnection (CPP and TLRD)       | 425          | 401          | 24         | 6%         |
| Roaming                              | 101          | 51           | 50         | 98%        |
| Others                               | 6            | 6            |            | 0%         |
| <b>Data</b>                          | <b>1,637</b> | <b>1,286</b> | <b>351</b> | <b>27%</b> |
| <b>Internet</b>                      | <b>358</b>   | <b>250</b>   | <b>108</b> | <b>43%</b> |
| <i>Núcleo</i>                        | <b>230</b>   | <b>191</b>   | <b>39</b>  | <b>20%</b> |
| <b>Voice</b>                         | <b>100</b>   | <b>88</b>    | <b>12</b>  | <b>14%</b> |
| <b>Retail Voice</b>                  | <b>76</b>    | <b>69</b>    | <b>7</b>   | <b>10%</b> |
| Monthly Charges                      | 27           | 20           | 7          | 35%        |
| Measured Services                    | 46           | 44           | 2          | 5%         |
| Roaming                              | 2            | 2            |            | 0%         |
| Others                               | 1            | 3            | (2)        | -67%       |
| <b>Wholesale</b>                     | <b>24</b>    | <b>19</b>    | <b>5</b>   | <b>26%</b> |
| Interconnection (CPP and TLRD)       | 13           | 16           | (3)        | -19%       |
| Roaming                              | 11           | 3            | 8          |            |
| <b>Data</b>                          | <b>73</b>    | <b>65</b>    | <b>8</b>   | <b>12%</b> |

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|   |              |              |              |             |
|---|--------------|--------------|--------------|-------------|
| <b>Internet</b>                                 | <b>57</b>    | <b>38</b>    | 19           | 50%         |
| <b><u>REVENUES FROM EQUIPMENT SALES</u></b>     | <b>537</b>   | <b>463</b>   | <b>74</b>    | <b>16%</b>  |
| <i>Fixed Services</i>                           | <b>20</b>    | <b>23</b>    | <b>(3)</b>   | <b>-13%</b> |
| Voice   | 14           | 11           | 3            | 27%         |
| Data  | 4            | 10           | (6)          | -60%        |
| Internet  | 2            | 2            |              | 0%          |
| <i>Mobiles Sevices</i>                          | <b>517</b>   | <b>440</b>   | <b>77</b>    | <b>18%</b>  |
| Equipments (Personal)                           | 507          | 433          | 74           | 17%         |
| Equipments (Núcleo)                             | 10           | 7            | 3            | 43%         |
| <b><u>REVENUES</u></b>                          | <b>6,092</b> | <b>5,139</b> | <b>953</b>   | <b>19%</b>  |
| <b><u>OTHER INCOME</u></b>                      | <b>63</b>    | <b>8</b>     | <b>55</b>    |             |
| Fixed   | 61           | 6            | 55           |             |
| Mobile  | 2            | 2            |              |             |
| <b><u>TOTAL REVENUES &amp; OTHER INCOME</u></b> | <b>6,155</b> | <b>5,147</b> | <b>1,008</b> | <b>20%</b>  |

**TELECOM ARGENTINA S.A.****Consolidated information***Annual Period and Fourth Quarter - Fiscal Year 2012***(In million of Argentine pesos)****7- CONSOLIDATED INCOME STATEMENTS****Annual Comparison**

|   | 12/31/12        | 12/31/11        | r \$           | r %        |
|---|-----------------|-----------------|----------------|------------|
| Revenues  | 22,117          | 18,498          | 3,619          | 20%        |
| Other income  | 79              | 30              | 49             | 163%       |
| <b>Total Revenues &amp; Other Income</b>                  | <b>22,196</b>   | <b>18,528</b>   | <b>3,668</b>   | <b>20%</b> |
| Employee benefit expenses and severance payments          | (3,269)         | (2,609)         | (660)          | 25%        |
| Interconnection costs and other telecommunication charges | (1,707)         | (1,497)         | (210)          | 14%        |
| Fees for services, maintenance and materials              | (2,109)         | (1,719)         | (390)          | 23%        |
| Taxes and fees with the Regulatory Authority              | (2,018)         | (1,595)         | (423)          | 27%        |
| Commissions   | (1,949)         | (1,515)         | (434)          | 29%        |
| Cost of equipments and handsets                           | (2,043)         | (1,640)         | (403)          | 25%        |
| Advertising   | (660)           | (599)           | (61)           | 10%        |
| Provisions  | (153)           | (225)           | 72             | -32%       |
| Bad debt expenses   | (275)           | (169)           | (106)          | 63%        |
| Restructuring costs                                       | (90)            |                 | (90)           |            |
| Other operating expenses                                  | (1,353)         | (967)           | (386)          | 40%        |
| <b>Total Operating expenses before D&amp;A</b>            | <b>(15,626)</b> | <b>(12,535)</b> | <b>(3,091)</b> | <b>25%</b> |
| <b>Operating income before D&amp;A</b>                    | <b>6,570</b>    | <b>5,993</b>    | <b>577</b>     | <b>10%</b> |
| D&A   | (2,612)         | (2,158)         | (454)          | 21%        |
| Gains on disposal of PP&E                                 | 8               | 22              | (14)           | -64%       |
| <b>Operating income</b>                                   | <b>3,966</b>    | <b>3,857</b>    | <b>109</b>     | <b>3%</b>  |
| Financial Income  | 570             | 316             | 254            | 80%        |
| Financial Costs   | (341)           | (236)           | (105)          | 44%        |
| <b>Net income before income tax expense</b>               | <b>4,195</b>    | <b>3,937</b>    | <b>258</b>     | <b>7%</b>  |
| Income tax expense  | (1,463)         | (1,395)         | (68)           | 5%         |
| <b>Net Income</b>   | <b>2,732</b>    | <b>2,542</b>    | <b>190</b>     | <b>7%</b>  |
| Attributable to:  |                 |                 |                |            |
| Telecom Argentina   | 2,685           | 2,513           | 172            | 7%         |
| Noncontrolling interest                                   | 47              | 29              |                |            |

**TELECOM ARGENTINA S.A.****Consolidated information***Annual Period and Fourth Quarter - Fiscal Year 2012***(In million of Argentine pesos)****8- CONSOLIDATED INCOME STATEMENTS****Three Months Comparison**

|   | 12/31/12       | 12/31/11       | r \$         | r %        |
|---|----------------|----------------|--------------|------------|
| Revenues  | 6,092          | 5,139          | 953          | 19%        |
| Other income  | 63             | 8              | 55           |            |
| <b>Total income</b>                                       | <b>6,155</b>   | <b>5,147</b>   | <b>1,008</b> | <b>20%</b> |
| Employee benefit expenses and severance payments          | (901)          | (738)          | (163)        | 22%        |
| Interconnection costs and other telecommunication charges | (493)          | (407)          | (86)         | 21%        |
| Fees for services, maintenance and materials              | (546)          | (483)          | (63)         | 13%        |
| Taxes and fees with the Regulatory Authority              | (564)          | (440)          | (124)        | 28%        |
| Commissions   | (527)          | (426)          | (101)        | 24%        |
| Cost of equipments and handsets                           | (522)          | (479)          | (43)         | 9%         |
| Advertising   | (185)          | (219)          | 34           | -16%       |
| Provisions  | (41)           | (37)           | (4)          | 11%        |
| Bad debt expenses   | (57)           | (44)           | (13)         | 30%        |
| Restructuring costs                                       | (90)           |                | (90)         |            |
| Other operating expenses                                  | (385)          | (282)          | (103)        | 37%        |
| <b>Total Operating expenses before D&amp;A</b>            | <b>(4,311)</b> | <b>(3,555)</b> | <b>(756)</b> | <b>21%</b> |
| <b>Operating income before D&amp;A</b>                    | <b>1,844</b>   | <b>1,592</b>   | <b>252</b>   | <b>16%</b> |
| D&A   | (685)          | (605)          | (80)         | 13%        |
| Gains on disposal of PP&E                                 | 4              | 7              | (3)          | -43%       |
| <b>Operating income</b>                                   | <b>1,163</b>   | <b>994</b>     | <b>169</b>   | <b>17%</b> |
| Financial Income  | 176            | 121            | 55           | 45%        |
| Financial Costs   | (106)          | (79)           | (27)         | 34%        |
| <b>Net income before income tax expense</b>               | <b>1,233</b>   | <b>1,036</b>   | <b>197</b>   | <b>19%</b> |
| Income tax expense  | (424)          | (386)          | (38)         | 10%        |
| <b>Net Income</b>   | <b>809</b>     | <b>650</b>     | <b>159</b>   | <b>24%</b> |
| Attributable to:  |                |                |              |            |
| Telecom Argentina   | 794            | 643            | 151          | 23%        |
| Noncontrolling interest                                   | 15             | 7              |              |            |

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 1, 2013

By: /s/ Enrique Garrido  
Name: Enrique Garrido  
Title: Chairman