

TELECOM ARGENTINA SA
Form 6-K
September 11, 2017
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer

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

For the month of September 2017

Commission File Number: 001-13464

Telecom Argentina S.A.

(Exact name of registrant as specified in its charter)

Telecom Argentina S.A.

(Translation of registrant's name into English)

Alicia Moreau de Justo, No. 50, 1107

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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

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TELECOM ARGENTINA S.A.

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Item

1. Discussion of Telecom Argentina S.A.'s results of operations, liquidity and capital resources as of June 30, 2017 and for the six-month periods ended June 30, 2017 and 2016
 2. Telecom Argentina S.A.'s unaudited condensed consolidated financial statements as of June 30, 2017 and for the six-month periods ended June 30, 2017 and 2016
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Results of Operations, Liquidity and Capital Resources as of June 30, 2017 and for the six-month periods ended June 30, 2017 and 2016

The below contains information regarding our (a) consolidated results of operations and (b) results of operations by segment for the six-month period ended June 30, 2017 and 2016 (1H17 and 1H16 , respectively). The below also contains information about our liquidity and capital resources for the same periods.

Information regarding Management Overview, Economic and Political Developments in Argentina, Critical Accounting Policies, Taxes, Trend Information, Off-balance Sheet Arrangements and Tabular Disclosures of Contractual Obligations have no substantial changes of that available in Item 5 Operating and Financial Review and Prospects of Telecom 2016 Form 20-F and should be read in conjunction with this Results of Operations.

Six-month periods ended June 30, 2017 and 2016

(A) Consolidated Results of Operations

In the six-month period ended June 30, 2017, we reported net income of P\$3,639 million, compared to net income of P\$1,737 million for the six-month period ended June 30, 2016. Net income attributable to Telecom Argentina increased P\$1,890 million in 2017 as compared to 2016, reaching P\$3,615 million.

Consolidated revenues in 1H17 were P\$30,544 million compared to P\$25,406 million in 1H16. The increase of P\$5,138 million in 1H17 (a 20% increase) can be largely attributed to the growth in the outbound mobile services provided by Personal and Voice and Internet services included in the Fixed Services segment, in both segments mainly due to an increase in the prices of our services.

In 1H17, operating expenses (including depreciation and amortization and disposals and impairment of PP&E) totaled P\$24,732 million, representing an increase of P\$3,018 million, or 14%. The increase in costs is mainly a consequence of higher revenues, higher expenses related to competition in mobile and Internet businesses, higher direct and indirect labor costs on the cost structure of the Telecom Group in Argentina, the increase in fees for services related to higher supplier prices, the increase in taxes, higher provisions, the increase in bad debt expenses and higher depreciations and amortizations, partially offset by the decrease in the cost of equipment and handsets, the decrease of VAS costs and the decrease in agent commissions. For further information on these variations see Operating expenses below.

1H17 Compared to 1H16

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	1H17	1H16	Total Change		Change by segment (1)		
					Fixed Services	Personal Mobile Services	Núcleo Mobile Services
	P\$ million		%		P\$ million		
Revenues	30,544	25,406	20	5,138	2,300	2,775	63
Other Income	39	29	35	10	11	(1)	
Operating expenses (without depreciation and amortization)	(21,239)	(18,671)	14	(2,568)	(1,916)	(684)	32
Adjusted EBITDA (2)	9,344	6,764	38	2,580	395	2,090	95
Depreciation and amortization	(3,392)	(2,894)	17	(498)	(157)	(290)	(51)
Disposals and impairment of PP&E	(101)	(149)	(32)	48	(48)	97	(1)
Operating income	5,851	3,721	57	2,130	190	1,897	43
Financial results, net	(260)	(1,046)	(75)	786	50	741	(5)
Income tax expense	(1,952)	(938)	108	(1,014)	(105)	(908)	(1)
Net income	3,639	1,737	110	1,902	135	1,730	37
Net income attributable to:							
<i>Telecom Argentina (Controlling Company)</i>	<i>3,615</i>	<i>1,725</i>	<i>110</i>	<i>1,890</i>			
<i>Noncontrolling interest</i>	<i>24</i>	<i>12</i>	<i>100</i>	<i>12</i>			

(1) Includes the effect of eliminations of Intersegment transactions.

(2) Adjusted EBITDA is a non-GAAP measure. See the purpose of use of Adjusted EBITDA and reconciliation of Adjusted EBITDA to Net income in section Adjusted EBITDA .

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	1H17	1H16	Total Change	
	P\$ million		%	P\$ million
<u>Services</u>				
Voice	3,976	2,751	45	1,225
Internet	3,669	2,838	29	831
Data	1,686	1,402	20	284
Subtotal Fixed Services	9,331	6,991	34	2,340
Outbound	14,400	11,788	22	2,612
Inbound	1,323	725	83	598
Other	769	645	19	124
Subtotal Personal Mobile Services	16,492	13,158	25	3,334
Outbound	1,100	916	20	184
Inbound	64	62	3	2
Other	103	150	(31)	(47)
Subtotal Núcleo Mobile Services	1,267	1,128	12	139
Total service revenues	27,090	21,277	27	