

TELECOM ARGENTINA SA  
Form 6-K  
November 04, 2011  
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# 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 November 2011**

**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**

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(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

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**Telecom Argentina S.A.**

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**Item**

1. Press Release, dated November 2, 2011, entitled Telecom Argentina S.A. announces consolidated nine month period ( 9M11 ) and third quarter results for fiscal year 2011 ( 3Q11 )

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FOR IMMEDIATE RELEASE

Market Cap P\$ 19.4 billion  
November 2, 2011

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**Telecom Argentina S.A. announces consolidated nine month  
period (9M11) and third quarter results for  
fiscal year 2011 (3Q11)\***

**Consolidated Net Revenues amounted to P\$13,386 million (+28% vs. 9M10); Mobile business in Argentina +33% vs. 9M10; Internet +28% vs. 9M10 and Data +27% vs. 9M10.**

**Mobile subscribers in Argentina: 17.8 million; +1.8 million (+11% vs. 9M10).**

**Mobile Value Added Services in Argentina: +58% vs. 9M10; 47% of Service Revenues.**

**Mobile ARPU reached P\$50 per month in 9M11 (+16% vs. 9M10).**

**ADSL ARPU increased to P\$86 per month in 9M11 (+14% vs. 9M10); monthly churn decreased to 1.2% from 1.5% in 9M10.**

**Operating Profit Before Depreciation and Amortization ( OPBDA ) reached P\$4,212 million (+28% vs. 9M10), 31% of Net Revenues.**

**Operating Profit amounted to P\$3,064 million (+32% vs. 9M10).**

**Net Income amounted to P\$1,818 million (+39% vs. 9M10) due to an increase in OPBDA and positive financial results.**

**Net Cash Position: P\$2,025 million, an increase of P\$1,175 million vs. 9M10 due to the strong cash generation of the Group.**

As of September 30,

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| <i>(in million P\$, except where noted)</i>                               | 2011   | 2010   | D \$  | D %  |
|---|--------|--------|-------|------|
| Consolidated Net Revenues   | 13,386 | 10,484 | 2,902 | 28%  |
| Fixed Services  | 3,921  | 3,401  | 520   | 15%  |
| Mobile Services   | 9,465  | 7,083  | 2,382 | 34%  |
| Operating Profit before D&A   | 4,212  | 3,282  | 930   | 28%  |
| Operating Profit  | 3,064  | 2,322  | 742   | 32%  |
| Net Income  | 1,818  | 1,309  | 509   | 39%  |
| Shareholders' equity  | 7,187  | 5,692  | 1,495 | 26%  |
| Net Financial Position - Cash   | 2,025  | 850    | 1,175 | 138% |
| CAPEX (excluding materials)   | 1,264  | 1,074  | 190   | 18%  |
| Fixed lines in service (in thousand lines)                                | 4,132  | 4,087  | 45    | 1%   |
| Mobile customers (in thousand)  | 19,863 | 17,843 | 2,020 | 11%  |
| Personal (Argentina)  | 17,786 | 15,988 | 1,798 | 11%  |
| Núcleo (Paraguay) -including Wimax customers-                             | 2,078  | 1,855  | 223   | 12%  |
| Broadband accesces (in thousand)  | 1,505  | 1,330  | 175   | 13%  |
| Fixed line traffic (in MM minutes, Internet & Public Telephony not incl.) | 11,143 | 11,415 | (272) | -2%  |
| Incoming / Outgoing mobile voice traffic in Arg. (in MM minutes)          | 15,180 | 13,708 | 1,472 | 11%  |
| Average Billing per user (ARBU) Fixed Telephony / voice (in P\$)          | 45.4   | 42.4   | 3.0   | 7%   |
| Average Revenue per user (ARPU) Mobile Services in Arg. (in P\$)          | 49.8   | 42.8   | 7.0   | 16%  |
| Average Revenue per user (ARPU) ADSL (in P\$)                             | 85.5   | 74.9   | 10.6  | 14%  |

\* Unaudited non financial data

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**Buenos Aires, November 2, 2011** - Telecom Argentina (NYSE: TEO; BASE: TECO2), one of Argentina's leading telecommunications companies, announced today a Net Income of P\$1,818 million for the nine month period ended September 30, 2011, or +39% when compared to the same period last year, due to a higher Operating Profit and positive financial results.

|                          | 9M11   | 9M10   | D \$  | D % |
|--------------------------|--------|--------|-------|-----|
| Net Revenues (MMP\$)     | 13,386 | 10,484 | 2,902 | 28% |
| Net Income (MMP\$)       | 1,818  | 1,309  | 509   | 39% |
| Earnings per Share (P\$) | 1.85   | 1.33   | 0.52  |     |
| Earnings per ADR (P\$)   | 9.23   | 6.65   | 2.59  |     |
| OPBDA*                   | 31%    | 31%    |       |     |
| Operating Profit*        | 23%    | 22%    |       |     |
| Net Income*              | 14%    | 12%    |       |     |

\* As a percentage of Net Revenues

During 9M11, Consolidated Net Revenues increased by 28% to P\$13,386 million (+P\$2,902 million vs. 9M10), mainly fueled by the Mobile and Broadband businesses. Moreover, Operating Profit increased by 32% to P\$3,064 million (+P\$742 million vs. 9M10).

**Consolidated Operating Revenues****Mobile Services**

Clients continued increasing in 9M11, reaching 19.9 million as of the end of September 2011, representing an increase of 2 million (+11%) since September 30, 2010.

The activities developed to increase the usage of value added services ( VAS ) and customized offers to clients allowed Personal to increase consolidated net revenues to P\$9,465 million (+34% vs. 9M10).

**Telecom Personal in Argentina**

As of September 30, 2011, Personal reached 17.8 million subscribers in Argentina (+11% or 1.8 million vs. 9M10), thus improving its market position. It is notable that the overall subscriber base mix continued with 31% in the postpaid modality (including Cuentas claras plans and 3G modems) and 69% in prepaid.

In 9M11, Net Revenues reached P\$8,943 million (+P\$2,195 million or 33% vs. 9M10) while Service Revenues (excluding handset sales) amounted to P\$7,904 million (+31% vs. 9M10), with 47% corresponding to value-added services ( VAS ) revenues (vs. 39% in

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9M10). VAS revenues increased by 58% vs. 9M10.

During 9M11, the overall voice traffic minutes increased by 11% vs. 9M10. Meanwhile, SMS traffic performance (incoming and outgoing charged messages), climbed to 5,484 million in 9M11 from a monthly average of 4,449 million messages in 9M10 (+23% vs. 9M10). Due to this increase in traffic and

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VAS usage, Average Monthly Revenue per User ( ARPU ) increased to P\$50 during 9M11 (+16% vs. 9M10). Furthermore, ARPU for the 3Q11 reached P\$53 (+17% vs. 3Q10).

## **Initiatives**

During 3Q11, continuing with the innovative strategy, Personal launched SIM Facebook, which enables access through a chip to the social network in any handset and plan. Personal is the first mobile operator to provide this service. Furthermore, Personal continued deepening its strategy of promoting the usage of Mobile Internet with disruptive offers such as P\$1 per day where Mobile Internet customers increased significantly.

Moreover, during 9M11 Personal launched a new application for mobile devices with the goal of strengthens the fidelity program Club Personal. This app (application) allows clients to localize all the benefits offered by using a geolocator system.

In addition, Personal continued with its convenience strategy of benefits such as service packs and recharges by offering special services to its client base under their fidelity program.

During 3Q11, Personal continued its brand positioning associated to sports by being main sponsor in sky centers in the last winter season. Furthermore, on the occasion of the Rugby World Cup in New Zealand and as sponsor of the Rugby National Team, Personal launched a special offer for the international roaming service.

## **Telecom Personal in Paraguay**

By the end of September 2011, Nucleo s subscriber base reached almost 2.1 million clients (+12% vs. 9M10), including Wimax clients. Prepaid and Postpaid customers represented 84% and 16%, respectively.

Personal s subsidiary in Paraguay generated revenues equivalent to P\$522 million during 9M11 (+56% vs. 9M10) driven by an economy with a strong growth that allowed Nucleo to develop innovative commercial offers and to lead the Mobile Internet market. Moreover, the level of ARPU reached P\$26 in 9M11, vs. P\$19 one year ago.



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

During 9M11 revenues generated by fixed services amounted to P\$3,921 million, +15% vs. 9M10; with Internet (+28% vs. 9M10) and Data revenues (+27% vs. 9M10) growing in relative terms the most in this segment.

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### **Voice**

Total Revenues for this service reached P\$2,348 million in 9M11 (+8% vs. 9M10). The results of this line of business continued to be affected by frozen tariffs of regulated services determined by the Argentine Government in 2002.

Monthly Charges and Supplementary Services increased by P\$46 million, or +7% vs. 9M10, to P\$704 million, as a consequence of a higher number of lines in service (+1%), which surpassed 4.1 million, and an 18% increase in supplementary services.

Revenues generated by Local and Domestic Long Distance Measured Services and International Services totaled P\$1,083 million, an increase of P\$93 million or +9% vs. 9M10. In relative terms, revenues from local calls increased the most, with 12% vs. 9M10, mainly due to the incorporation of flat rate packs. Moreover, domestic long distance traffic increased by 9% vs. 9M10 and revenues from international services increased by 6% vs. 9M10.

Interconnection revenues reached P\$357 million (+12% vs. 9M10), mainly due to an increase in mobile interconnection prices.

Public telephony reached P\$39 million (-P\$8 million vs. 9M10). Finally, other revenues totaled P\$165 million (+7% vs. 9M10) mainly due to higher revenues on equipment sales.

During 3Q11, Telecom continued promoting offers through packs to add value to clients. In this way, a broad communication campaign was rolled out (including TV, graphic, radio, web) focused on the bundling offer of Arnet Wi-Fi with unlimited local calls and Arnet Turbo.

### **Data Transmission and Internet**

Data transmission revenues amounted to P\$299 million (+27% vs. 9M10), where the focus was to strengthen Telecom's position as an integrated ICT provider.

During 9M11 the Virtual Central, a platform that combines the traditional PBX service with advanced functions that enhance the integration with IT tools, was expanded, covering the main cities of the country. On the other hand, the possibility of maintaining the telephone number of those clients that move from the traditional service to the Virtual Central has been incorporated.

Thanks to promotional offers on ADSL and VPNs for the business segment, Internet accesses additions and VPNs additions increased respect to 3Q10.

In 3Q11 Telecom Argentina continued developing *Cloud Computing* services, as part of the innovative technological process, which allows an *On-Demand* access to configurable resources such as networks, servers, storage and applications, among others.

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Revenues related to Internet totaled P\$1,274 million (+P\$276 million or 28% vs. 9M10), mainly due to the continued expansion of broadband services.

As of September 30, 2011, Telecom surpassed 1.5 million ADSL accesses (+13% vs. 9M10). These connections represented 36% of Telecom's fixed lines in service. In addition, ADSL ARPU reached approximately P\$86 in 9M11, +14% when compared to 9M10. It must be noted that the calculation method of ARPUs of 2011 was adjusted in order to exclude from the subscriber base the dongles of customers that already had fixed broadband access. In relation to the monthly *churn*, it declined to 1.2% in 9M11 (vs. 1.5% in 9M10).

A new ADSL offer on 6MB speed access was launched, where bundling with mobile Internet or fixed voice plans is available. This bundled offer positions Telecom as a market leader. Moreover, the online channel was stimulated by doubling the period of ADSL promotions for new clients.

By the end of 3Q11, Telecom Argentina launched Arnet Play, a streaming video service that allows clients to watch a wide variety of audiovisual contents in their TVs and computers at home. This service employs multimedia equipment which is connected through Wi Fi to the broadband access in the house. Arnet Play includes a large list of movies, series, children's programs, concerts, adult content both in the original languages and subtitled. The service uses *adaptive bitrates* technology that maximizes user experience, video quality and network efficiency.

Arnet Play is supported by the *Content Delivery Network* (CDN) of Telecom, a last generation network composed of coordinated nodes distributed geographically that facilitates the transport of videos through Internet, optimizing the multimedia experience at home.

## **Consolidated Operating Costs**

The Cost of Services Provided, Administrative Expenses and Selling Expenses totaled P\$10,322 million in 9M11, an increase of P\$2,160 million, or +26%, vs. 9M10. The increase is a consequence of higher commercial costs due to a higher volume of revenues, inflationary effects in the general cost structure, and greater expenses related to intense competition in the industry.

The cost breakdown is as follows:

- Salaries and Social Security Contributions totaled P\$1,760 million (+31% vs. 9M10), mainly affected by increases in salaries due to the labor agreement reached in July 2011 and expired in June 2012 and the increase in employees. Regarding personnel, in the same period the incorporation of 673 employees in the mobile business and 71 employees in the fixed services vs. 9M10 resulted in a total headcount at the end of the period of 16,237 employees.

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- Taxes reached P\$1,155 million (+29% vs. 9M10), impacted mainly by higher average rates in turnover taxes applied to higher volume of revenues, by taxes related to debit and credit taxes, and by higher taxes from municipal jurisdictions.

- Network access costs (includes TLRD, Roaming, Interconnection, international settlement charges and lease of circuits) amounted to P\$1,091 million, +P\$74 million vs. 9M10. This was mainly due to savings from stimulating *on-net* traffic among mobile clients and to the optimization in the lease of wireless backhaul equipment.

- Agents, prepaid card commissions and other commissions were P\$1,253 million (+39% vs. 9M10), mainly due to the increase in commissions paid to commercial agents associated with higher revenues from the sale of more sophisticated handsets, higher costs associated with a higher volume of acquisitions and retention of customers with the aim of gaining fidelity from clients in light of the number portability implementation in the forthcoming months and higher cards sales and prepaid recharges.

- Advertising amounted to P\$387 million (+32% vs. 9M10), oriented towards supporting the commercial activity in mobile and Internet services and to strengthen the brands of the Telecom Group through the sponsorship of important sports and artistic events.

- Cost of handsets sold totaled P\$1,462 million (+32% vs. 9M10) due to an increase in high-end handsets sales and a higher number of handset upgrades, performed to stimulate VAS usage. These effects resulted in the increase of the average cost of handsets.

- Fees for services amounted to \$623 million (+39% vs. 9M10), principally due to higher costs from the call centers, more services requirements, and to the renegotiation with suppliers of certain agreements contemplating higher expenses in the cost structure of providers.

- Depreciation of Fixed and Intangible Assets reached P\$1,148 million (+20% vs. 9M10). Fixed services totaled P\$553 million (+6% vs. 9M10) and mobile services totaled P\$595 million (+36% vs. 9M10). This increase was due to a higher transfer to fixed assets, mainly in network access, transmission equipment and switching equipment in both businesses.

- Others Costs totaled P\$1,443 million (+21% vs. 9M10). This increase was mainly due to general increases in services such as maintenance, materials and supplies (+23% vs. 9M10), transportation, freight and travel (+19% vs. 9M10) and increase in bad debt expenses, that represented approximately less than 1% of consolidated revenues, and an increase in costs related to VAS, such as content offers.

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### **Consolidated Financial and Holding Results**

Financial and Holding Results resulted in a gain of P\$110 million, an increase of P\$154 million vs. a loss of \$44 million in 9M10. This was mainly due to a gain in net financial interest of P\$120 million in 9M11 (+P\$70 million vs. 9M10) derived from a healthy financial position and to losses for FX results of P\$4 million in 9M11 (vs. losses of P\$86 million in 9M10) as a result of a lower exposure to foreign currency debts.

### **Consolidated Net Financial Position**

As of September 30, 2011, Net Financial Position (Cash, Cash Equivalents and current Investments minus Loans) totaled P\$2,025 million in cash, an improvement of P\$1,175 million vs. Net Financial Position as of September 2010. This was due to the strong cash flow generation evidenced in the period that also allowed the Company to pay P\$915 million in cash dividends.

### **Capital Expenditures**

During 9M11, the Company invested P\$1,264 million (excluding materials). This amount was allocated to Fixed Services (P\$731 million) and Mobile services (P\$533 million). In relative terms, capex reached 9% of net consolidated revenues.

Main capex projects are related to the provision of network capacity to offer services to sustain the growth of Mobile Internet and improve clients' experience, as well as to support ADSL services to enhance customer access speed. Moreover, projects were associated to the expansion of transmission and transport networks to expand coverage and face the growing demand coming from fixed and mobile customers.

### **Recent Relevant Matters**

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On October 13th, 2011, the Argentine National Securities Commission ( CNV -Comisión Nacional de Valores-) has approved Telecom Personal Medium Term Notes Program for an amount up to U\$S 500.000.000 or its equivalent in other currencies.

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Telecom is the parent company of a leading telecommunications group in Argentina, where it offers, either 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 74% of capital stock) is owned by Sofora Telecomunicaciones S.A. Additionally, Nortel capital stock comprised of preferred shares that are held by minority shareholders.

As of September 30, 2011, Telecom continued to have 984,380,978 shares outstanding.

(\*) Employee Stock Ownership Program

For more information, please contact the Investor Relations Department:

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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**

**Table of Contents****TELECOM ARGENTINA S.A.****Consolidated information****Nine months Period and Third Quarter - Fiscal Year 2011****(In millions of Argentine pesos)****1- Consolidated Balance Sheet**

|  | 09/30/2011    | 12/31/2010    | D \$         | D %        |
|--|---------------|---------------|--------------|------------|
| Cash, equivalents and investments                      | 2,171         | 1,387         | 784          | 57%        |
| Trade receivables                                      | 1,518         | 1,449         | 69           | 5%         |
| Other current assets                                   | 801           | 778           | 23           | 3%         |
| <b>Total Current Assets</b>                            | <b>4,490</b>  | <b>3,614</b>  | <b>876</b>   | <b>24%</b> |
| Fixed & Intangible assets                              | 8,536         | 8,248         | 288          | 3%         |
| Other non-current assets                               | 136           | 102           | 34           | 33%        |
| <b>Total Non Current Assets</b>                        | <b>8,672</b>  | <b>8,350</b>  | <b>322</b>   | <b>4%</b>  |
| <b>Total Assets</b>                                    | <b>13,162</b> | <b>11,964</b> | <b>1,198</b> | <b>10%</b> |
| Accounts payable                                       | 2,982         | 2,908         | 74           | 3%         |
| Loans  | 18            | 42            | (24)         | -57%       |
| Salaries and social security payable                   | 461           | 390           | 71           | 18%        |
| Taxes payable  | 958           | 1,022         | (64)         | -6%        |
| Reserves   | 121           | 64            | 57           | 89%        |
| Other current liabilities                              | 77            | 54            | 23           | 43%        |
| <b>Total Current Liabilities</b>                       | <b>4,617</b>  | <b>4,480</b>  | <b>137</b>   | <b>3%</b>  |
| Accounts payable                                       | 5             |               | 5            |            |
| Loans  | 128           | 121           | 7            | 6%         |
| Salaries and social security payable                   | 134           | 110           | 24           | 22%        |
| Taxes payable  | 21            | 154           | (133)        | -86%       |
| Reserves   | 698           | 536           | 162          | 30%        |
| Other non-current liabilities                          | 204           | 200           | 4            | 2%         |
| <b>Total Non Current Liabilities</b>                   | <b>1,190</b>  | <b>1,121</b>  | <b>69</b>    | <b>6%</b>  |
| <b>Total Liabilities</b>                               | <b>5,807</b>  | <b>5,601</b>  | <b>206</b>   | <b>4%</b>  |
| Minority Interest                                      | 168           | 126           | 42           | 33%        |
| <b>Shareholders equity</b>                             | <b>7,187</b>  | <b>6,237</b>  | <b>950</b>   | <b>15%</b> |
| <b>Total Liabilities, Minority Interest and Equity</b> | <b>13,162</b> | <b>11,964</b> | <b>1,198</b> | <b>10%</b> |

**2- Consolidated Loans**

|  | 09/30/2011 | 12/31/2010 | D \$        | D %         |
|--|------------|------------|-------------|-------------|
| Banks and other financial institutions | 14         | 31         | (17)        | -55%        |
| Bank overdraft                         |            | 9          | (9)         | -100%       |
| Accrued interest                       | 4          | 2          | 2           | 100%        |
| <b>Total Current Loans</b>             | <b>18</b>  | <b>42</b>  | <b>(24)</b> | <b>-57%</b> |
| Banks and other financial institutions | 128        | 121        | 7           | 6%          |

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|                                     |              |              |             |             |
|-------------------------------------|--------------|--------------|-------------|-------------|
| <b>Total Non Current Loans</b>      | <b>128</b>   | <b>121</b>   | <b>7</b>    | <b>6%</b>   |
| <b>Total Loans</b>                  | <b>146</b>   | <b>163</b>   | <b>(17)</b> | <b>-10%</b> |
| Cash and cash equivalents           | 2,171        | 1,387        | 784         | 57%         |
| <b>Net Financial Position- Cash</b> | <b>2,025</b> | <b>1,224</b> | <b>801</b>  | <b>65%</b>  |

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(In millions of Argentine pesos)

**3- Consolidated Income Statement  
Nine Months Comparison**

|  | 09/30/2011   | 09/30/2010   | D \$         | D %        |
|--|--------------|--------------|--------------|------------|
| Net revenues                             | 13,386       | 10,484       | 2,902        | 28%        |
| Cost of services                         | (6,468)      | (5,296)      | (1,172)      | 22%        |
| <b>Gross Profit</b>                      | <b>6,918</b> | <b>5,188</b> | <b>1,730</b> | <b>33%</b> |
| Administrative expenses                  | (481)        | (365)        | (116)        | 32%        |
| Selling expenses                         | (3,373)      | (2,501)      | (872)        | 35%        |
| <b>Operating Profit</b>                  | <b>3,064</b> | <b>2,322</b> | <b>742</b>   | <b>32%</b> |
| Financial and holding results            | 110          | (44)         | 154          |            |
| Other expenses, net                      | (352)        | (208)        | (144)        | 69%        |
| <b>Results from ordinary operations</b>  | <b>2,822</b> | <b>2,070</b> | <b>752</b>   | <b>36%</b> |
| Taxes on income                          | (985)        | (754)        | (231)        | 31%        |
| Minority interest                        | (19)         | (7)          | (12)         | 171%       |
| <b>Net Income</b>                        | <b>1,818</b> | <b>1,309</b> | <b>509</b>   | <b>39%</b> |
| <b>Operating Profit before D &amp; A</b> | <b>4,212</b> | <b>3,282</b> | <b>930</b>   | <b>28%</b> |
| <i>As a % of Net Revenues</i>            | <i>31%</i>   | <i>31%</i>   |              |            |

**Financial and Holding results***Financial results generated by assets*

|   | 09/30/2011  | 09/30/2010   | D \$       | D %         |
|---|-------------|--------------|------------|-------------|
| Interest  | 141         | 114          | 27         | 24%         |
| Foreign currency exchange results                         | 44          | 28           | 16         | 57%         |
| Holding results generated by inventories                  | (11)        | (4)          | (7)        | 175%        |
| Other financial results                                   | 1           | (1)          | 2          | -200%       |
| <b>Total Financial results generated by assets</b>        | <b>175</b>  | <b>137</b>   | <b>38</b>  | <b>28%</b>  |
| <i>Financial results generated by liabilities</i>         |             |              |            |             |
| Interest  | (21)        | (64)         | 43         | -67%        |
| Foreign currency exchange results and loss on derivatives | (48)        | (114)        | 66         | -58%        |
| Other financial results                                   | 4           | (3)          | 7          |             |
| <b>Total Financial results generated by liabilities</b>   | <b>(65)</b> | <b>(181)</b> | <b>116</b> | <b>-64%</b> |
| <b>Total Financial and holding results</b>                | <b>110</b>  | <b>(44)</b>  | <b>154</b> |             |

**4- Consolidated Income Statement  
Three Months Comparison**

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|  | 09/30/2011   | 09/30/2010   | D \$       | D %        |
|--|--------------|--------------|------------|------------|
| Net revenues                             | 4,770        | 3,767        | 1,003      | 27%        |
| Cost of services                         | (2,289)      | (1,933)      | (356)      | 18%        |
| <b>Gross Profit</b>                      | <b>2,481</b> | <b>1,834</b> | <b>647</b> | <b>35%</b> |
| Administrative expenses                  | (170)        | (121)        | (49)       | 40%        |
| Selling expenses                         | (1,210)      | (930)        | (280)      | 30%        |
| <b>Operating Profit</b>                  | <b>1,101</b> | <b>783</b>   | <b>318</b> | <b>41%</b> |
| Financial and holding results            | 54           | 2            | 52         |            |
| Other expenses, net                      | (216)        | (85)         | (131)      | 154%       |
| <b>Results from ordinary operations</b>  | <b>939</b>   | <b>700</b>   | <b>239</b> | <b>34%</b> |
| Taxes on income                          | (330)        | (252)        | (78)       | 31%        |
| Minority interest                        | (7)          | (4)          | (3)        | 75%        |
| <b>Net Income</b>                        | <b>602</b>   | <b>444</b>   | <b>158</b> | <b>36%</b> |
| <b>Operating Profit before D &amp; A</b> | <b>1,510</b> | <b>1,118</b> | <b>392</b> | <b>35%</b> |
| <i>As a % of Net Revenues</i>            | <i>32%</i>   | <i>30%</i>   |            |            |

**Table of Contents****TELECOM ARGENTINA S.A.****Consolidated information****Nine months Period and Third Quarter - Fiscal Year 2011**

(In millions of Argentine pesos)

**5- Consolidated Revenues Breakdown  
Nine Months Comparison**

|   | 09/30/2011    | 09/30/2010    | D \$         | D %        |
|---|---------------|---------------|--------------|------------|
| <b>Fixed Telephony</b>                  | <b>2,115</b>  | <b>1,947</b>  | <b>168</b>   | <b>9%</b>  |
| Measured service Local                  | 432           | 387           | 45           | 12%        |
| Measured service DLD                    | 418           | 383           | 35           | 9%         |
| Monthly charges                         | 704           | 658           | 46           | 7%         |
| Public telephones                       | 39            | 47            | (8)          | -17%       |
| Interconnection                         | 357           | 318           | 39           | 12%        |
| Others                                  | 165           | 154           | 11           | 7%         |
| <b>International Telephony</b>          | <b>233</b>    | <b>220</b>    | <b>13</b>    | <b>6%</b>  |
| <b>Data transmission &amp; Internet</b> | <b>1,573</b>  | <b>1,234</b>  | <b>339</b>   | <b>27%</b> |
| Data                                    | 299           | 236           | 63           | 27%        |
| Internet                                | 1,274         | 998           | 276          | 28%        |
| <b>MobileTelephony</b>                  | <b>9,465</b>  | <b>7,083</b>  | <b>2,382</b> | <b>34%</b> |
| <b>Telecom Personal</b>                 | <b>8,943</b>  | <b>6,748</b>  | <b>2,195</b> | <b>33%</b> |
| Monthly fee and measured service        | 2,661         | 2,291         | 370          | 16%        |
| Calling Party Pays                      | 483           | 450           | 33           | 7%         |
| TLRD *                                  | 619           | 564           | 55           | 10%        |
| VAS                                     | 3,720         | 2,359         | 1,361        | 58%        |
| Handset sales                           | 1,039         | 721           | 318          | 44%        |
| Others (Includes Roaming)               | 421           | 363           | 58           | 16%        |
| <b>Núcleo</b>                           | <b>522</b>    | <b>335</b>    | <b>187</b>   | <b>56%</b> |
| Monthly fee and measured service        | 205           | 141           | 64           | 45%        |
| Calling Party Pays                      | 9             | 8             | 1            | 13%        |
| TLRD *                                  | 33            | 24            | 9            | 38%        |
| VAS                                     | 223           | 125           | 98           | 78%        |
| Internet - Wimax                        | 14            | 12            | 2            | 17%        |
| Handset sales                           | 19            | 4             | 15           |            |
| Others (Includes Roaming)               | 19            | 21            | (2)          | -10%       |
| <b>Total net revenues</b>               | <b>13,386</b> | <b>10,484</b> | <b>2,902</b> | <b>28%</b> |

**6- Consolidated Revenues Breakdown  
Three Months Comparison**

|                        | 09/30/2011 | 09/30/2010 | D \$      | D %       |
|------------------------|------------|------------|-----------|-----------|
| <b>Fixed Telephony</b> | <b>731</b> | <b>671</b> | <b>60</b> | <b>9%</b> |

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|   |              |              |              |            |
|---|--------------|--------------|--------------|------------|
| Measured service Local                  | 150          | 135          | 15           | 11%        |
| Measured service DLD                    | 146          | 131          | 15           | 11%        |
| Monthly charges                         | 239          | 223          | 16           | 7%         |
| Public telephones                       | 12           | 15           | (3)          | -20%       |
| Interconnection                         | 125          | 111          | 14           | 13%        |
| Others                                  | 59           | 56           | 3            | 5%         |
| <b>International Telephony</b>          | <b>80</b>    | <b>76</b>    | <b>4</b>     | <b>5%</b>  |
| <b>Data transmission &amp; Internet</b> | <b>545</b>   | <b>432</b>   | <b>113</b>   | <b>26%</b> |
| Data                                    | 92           | 78           | 14           | 18%        |
| Internet                                | 453          | 354          | 99           | 28%        |
| <b>Mobile Telephony</b>                 | <b>3,414</b> | <b>2,588</b> | <b>826</b>   | <b>32%</b> |
| <b>Telecom Personal</b>                 | <b>3,236</b> | <b>2,469</b> | <b>767</b>   | <b>31%</b> |
| Monthly fee and measured service        | 931          | 785          | 146          | 19%        |
| Calling Party Pays                      | 168          | 159          | 9            | 6%         |
| TLRD *                                  | 217          | 198          | 19           | 10%        |
| VAS                                     | 1,395        | 910          | 485          | 53%        |
| Handset sales                           | 382          | 298          | 84           | 28%        |
| Others (Includes Roaming)               | 143          | 119          | 24           | 20%        |
| <b>Núcleo</b>                           | <b>178</b>   | <b>119</b>   | <b>59</b>    | <b>50%</b> |
| Monthly fee and measured service        | 68           | 49           | 19           | 39%        |
| Calling Party Pays                      | 3            | 3            |              | 0%         |
| TLRD *                                  | 12           | 8            | 4            | 50%        |
| VAS                                     | 80           | 46           | 34           | 74%        |
| Internet - Wimax                        | 4            | 4            |              | 0%         |
| Handset sales                           | 5            | 2            | 3            | 150%       |
| Others (Includes Roaming)               | 6            | 7            | (1)          | -14%       |
| <b>Total net Revenues</b>               | <b>4,770</b> | <b>3,767</b> | <b>1,003</b> | <b>27%</b> |

\* Charges for the termination of calls of the cellular operators.



**Table of Contents****TELECOM ARGENTINA S.A.****Consolidated information****Nine months Period and Third Quarter - Fiscal Year 2011****(In millions of Argentine pesos)****7- Consolidated Income Statement  
Nine month Period - Fiscal Year 2011**

|   | 09/30/2011     | 09/30/2010     | D \$           | D %        |
|---|----------------|----------------|----------------|------------|
| <b>Net Revenues</b>                                   | <b>13,386</b>  | <b>10,484</b>  | <b>2,902</b>   | <b>28%</b> |
| Salaries and social security contributions            | (1,760)        | (1,342)        | (418)          | 31%        |
| Taxes, taxes with the regulatory authority            | (1,155)        | (898)          | (257)          | 29%        |
| Materials and supplies                                | (623)          | (507)          | (116)          | 23%        |
| Bad debt expenses                                     | (125)          | (87)           | (38)           | 44%        |
| Interconnection cost                                  | (142)          | (145)          | 3              | -2%        |
| Settlement charges                                    | (103)          | (99)           | (4)            | 4%         |
| Lease of lines and circuits                           | (119)          | (107)          | (12)           | 11%        |
| Service fees  | (623)          | (449)          | (174)          | 39%        |
| Advertising   | (387)          | (294)          | (93)           | 32%        |
| Agent, Prepaid card commissions and other commissions | (1,253)        | (900)          | (353)          | 39%        |
| Cost of voice, data and cellular handsets             | (1,462)        | (1,111)        | (351)          | 32%        |
| Roaming and TLRD                                      | (727)          | (666)          | (61)           | 9%         |
| Others  | (695)          | (597)          | (98)           | 16%        |
| <b>Total Costs before D&amp;A</b>                     | <b>(9,174)</b> | <b>(7,202)</b> | <b>(1,972)</b> | <b>27%</b> |
| <b>Operating Profit before D&amp;A</b>                | <b>4,212</b>   | <b>3,282</b>   | <b>930</b>     | <b>28%</b> |
| Depreciation of fixed assets                          | (1,135)        | (946)          | (189)          | 20%        |
| Amortization of intangible assets                     | (13)           | (14)           | 1              | -7%        |
| <b>Operating Profit</b>                               | <b>3,064</b>   | <b>2,322</b>   | <b>742</b>     | <b>32%</b> |
| Financial and Holding Income                          | 110            | (44)           | 154            |            |
| Other expenses, net                                   | (352)          | (208)          | (144)          | 69%        |
| <b>Income from ordinary operations</b>                | <b>2,822</b>   | <b>2,070</b>   | <b>752</b>     | <b>36%</b> |
| Taxes on income                                       | (985)          | (754)          | (231)          | 31%        |
| Minority interest                                     | (19)           | (7)            | (12)           | 171%       |
| <b>Net Income</b>                                     | <b>1,818</b>   | <b>1,309</b>   | <b>509</b>     | <b>39%</b> |

**8- Consolidated Income Statement  
Third Quarter - FY 2011**

|  | 09/30/2011   | 09/30/2010   | D \$         | D %        |
|--|--------------|--------------|--------------|------------|
| <b>Net Revenues</b>                        | <b>4,770</b> | <b>3,767</b> | <b>1,003</b> | <b>27%</b> |
| Salaries and social security contributions | (663)        | (498)        | (165)        | 33%        |
| Taxes, taxes with the regulatory authority | (401)        | (326)        | (75)         | 23%        |
| Materials and supplies                     | (216)        | (188)        | (28)         | 15%        |
| Bad debt expenses                          | (41)         | (24)         | (17)         | 71%        |
| Interconnection cost                       | (48)         | (50)         | 2            | -4%        |
| Settlement charges                         | (33)         | (29)         | (4)          | 14%        |

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|   |                |                |              |            |
|---|----------------|----------------|--------------|------------|
| Lease of lines and circuits                           | (39)           | (36)           | (3)          | 8%         |
| Service fees  | (228)          | (175)          | (53)         | 30%        |
| Advertising   | (123)          | (115)          | (8)          | 7%         |
| Agent, Prepaid card commissions and other commissions | (453)          | (327)          | (126)        | 39%        |
| Cost of voice, data and cellular handsets             | (506)          | (449)          | (57)         | 13%        |
| Roaming and TLRD                                      | (247)          | (222)          | (25)         | 11%        |
| Others  | (262)          | (210)          | (52)         | 25%        |
| <b>Total Costs before D&amp;A</b>                     | <b>(3,260)</b> | <b>(2,649)</b> | <b>(611)</b> | <b>23%</b> |
| <b>Operating Profit before D&amp;A</b>                | <b>1,510</b>   | <b>1,118</b>   | <b>392</b>   | <b>35%</b> |
| Depreciation of fixed assets                          | (405)          | (331)          | (74)         | 22%        |
| Amortization of intangible assets                     | (4)            | (4)            |              | 0%         |
| <b>Operating Profit</b>                               | <b>1,101</b>   | <b>783</b>     | <b>318</b>   | <b>41%</b> |
| Financial and Holding Income                          | 54             | 2              | 52           |            |
| Other expenses, net                                   | (216)          | (85)           | (131)        | 154%       |
| <b>Income from ordinary operations</b>                | <b>939</b>     | <b>700</b>     | <b>239</b>   | <b>34%</b> |
| Taxes on income                                       | (330)          | (252)          | (78)         | 31%        |
| Minority interest                                     | (7)            | (4)            | (3)          | 75%        |
| <b>Net Income</b>                                     | <b>602</b>     | <b>444</b>     | <b>158</b>   | <b>36%</b> |

**Table of Contents****TELECOM ARGENTINA S.A.****Additional Information under IFRS**

(In million of Argentine pesos )

**9- Consolidated Income Statement  
Annual Comparison**

|  | 09/30/2011    | 09/30/2010    | D \$         | D %        |
|--|---------------|---------------|--------------|------------|
| Service Revenues   | 12,235        | 9,722         | 2,513        | 26%        |
| Equipment Sales  | 1,124         | 763           | 361          | 47%        |
| Other income   | 37            | 18            | 19           | 106%       |
| <b>Total Revenues</b>  | <b>13,396</b> | <b>10,503</b> | <b>2,893</b> | <b>28%</b> |
| Salaries and social security   | (1,760)       | (1,342)       | (418)        | 31%        |
| Taxes  | (1,155)       | (894)         | (261)        | 29%        |
| Interconnection costs and lease of circuits  | (364)         | (351)         | (13)         | 4%         |
| Agent commissions and distribution of prepaid cards<br>commissions and other commissions | (1,089)       | (804)         | (285)        | 35%        |
| Charges for TLRD and Roaming   | (726)         | (665)         | (61)         | 9%         |
| Advertising costs  | (380)         | (290)         | (90)         | 31%        |
| Fees for services, maintenance, materials and supplies                                   | (1,224)       | (933)         | (291)        | 31%        |
| Cost of handset sales  | (1,177)       | (856)         | (321)        | 38%        |
| Contingencies  | (188)         | (104)         | (84)         | 81%        |
| Severance payments and termination benefits  | (107)         | (52)          | (55)         | 106%       |
| Bad debt expenses  | (125)         | (87)          | (38)         | 44%        |
| Other operating expenses   | (685)         | (588)         | (97)         | 16%        |
| <b>Operating income before depreciation and amortization</b>                             | <b>4,416</b>  | <b>3,537</b>  | <b>879</b>   | <b>25%</b> |
| <i>Como % de ventas netas</i>  | <i>33%</i>    | <i>34%</i>    | <i>-1%</i>   | <i>-2%</i> |
| Depreciation of fixed assets   | (1,111)       | (938)         | (173)        | 18%        |
| Depreciation of new intangible assets  | (429)         | (280)         | (149)        | 53%        |
| Amortization of other intangible assets  | (13)          | (14)          | 1            | -7%        |
| <b>Operating income</b>  | <b>2,863</b>  | <b>2,305</b>  | <b>558</b>   | <b>24%</b> |
| Financial results generated by assets  | 188           | 143           | 45           | 31%        |
| Financial results generated by liabilities   | (150)         | (236)         | 86           | -36%       |
| <b>Net income before income tax</b>  | <b>2,901</b>  | <b>2,212</b>  | <b>689</b>   | <b>31%</b> |
| Income tax expense, net  | (1,009)       | (804)         | (205)        | 25%        |
| <b>Net income</b>  | <b>1,892</b>  | <b>1,408</b>  | <b>484</b>   | <b>34%</b> |
| Net Income attributable to the parent  | 1,870         | 1,400         |              |            |
| Net Income attributable to non-controlling interest                                      | 22            | 8             |              |            |

**10- Balance Sheet  
Annual Comparison**

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|  | 09/30/2011<br>09/30/2011 | 09/30/2011<br>12/31/2010 | 09/30/2011<br>D \$ | 09/30/2011<br>D % |
|--|--------------------------|--------------------------|--------------------|-------------------|
| <b>Net equity under Argentine GAAP</b>                     | <b>7,187</b>             | <b>6,237</b>             | <b>950</b>         | <b>15%</b>        |
| <u>IFRS adjustments</u>                                    |                          |                          |                    |                   |
| Non-controlling interest                                   | 168                      | 126                      | 42                 | 33%               |
| Revenue recognition  | (106)                    | (100)                    | (6)                | 6%                |
| Intangible Assets  | 546                      | 464                      | 82                 | 18%               |
| Other adjustments  | (126)                    | (107)                    | (19)               | 18%               |
| Tax effects on IFRS adjustments                            | (133)                    | (109)                    | (24)               | 22%               |
| <b>Total equity under IFRS</b>                             | <b>7,536</b>             | <b>6,511</b>             | <b>1,025</b>       | <b>16%</b>        |
| <i>Equity attributable to the parent</i>                   | <i>7,391</i>             | <i>6,404</i>             |                    |                   |
| <i>Equity attributable to the non-controlling interest</i> | <i>145</i>               | <i>107</i>               |                    |                   |

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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: November 4, 2011

By: /s/ Enrique Garrido  
Name: Enrique Garrido  
Title: Chairman of the Board of Directors