

TELECOM ARGENTINA SA
Form 6-K
June 10, 2016
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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 June 2016

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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Form 20-F

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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):

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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

TELECOM ARGENTINA S.A.

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2016

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UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2016 AND 2015

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(In millions of Argentine pesos or as expressly indicated)

1. General considerations

As required by CNV regulations, the Company has prepared its consolidated financial statements as of March 31, 2016 under IFRS. Additional information is given in Note 1 to the consolidated financial statements.

2. Telecom Group's activities for the three-month periods ended March 31, 2016 (1Q16) and 2015 (1Q15)

Total revenues and other income for 1Q16 amounted to \$12,466 (+40.4% vs. 1Q15), operating costs including depreciations, amortizations and gain on disposal of PP&E and impairment of PP&E amounted to \$10,469 (+45.4% vs. 1Q15), operating income before depreciation and amortization amounted to \$3,394 (+28.9% vs. 1Q15) representing 27.3% of consolidated revenues, operating income amounted to \$1,997 (+18.9% vs. 1Q15) and net income amounted to \$935 (-10.2% vs. 1Q15). Net income attributable to Telecom Argentina amounted to \$925 (-10.0% vs. 1Q15).

	1Q16	1Q15	Variation \$	%
Revenues	12,455	8,872	3,583	40.4
Other income	11	7	4	57.1
Operating costs without depreciation and amortization	(9,072)	(6,245)	(2,827)	45.3
Operating income before depreciation and amortization	3,394	2,634	760	28.9
Depreciation and amortization	(1,375)	(957)	(418)	43.7
Gain on disposal of PP&E and impairment of PP&E	(22)	3	(25)	n/a
Operating income	1,997	1,680	317	18.9
Financial results, net	(557)	(89)	(468)	n/a
Income before income tax expense	1,440	1,591	(151)	(9.5)
Income tax expense	(505)	(550)	45	(8.2)
Net income	935	1,041	(106)	(10.2)
Attributable to:				
Telecom Argentina (Controlling Company)	925	1,028	(103)	(10.0)
Non-controlling interest	10	13	(3)	(23.1)
	935	1,041	(106)	(10.2)
Basic and diluted earnings per share attributable to Telecom Argentina (in pesos)				
	0.95	1.06		

- Total revenues and other income**

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During 1Q16 consolidated total revenues increased 40.4% (+\$3,583 vs. 1Q15) amounting to \$12,455 mainly fueled by the mobile services provided by Personal, Broadband and data transmission businesses.

	1Q16	1Q15	Variation	
			\$	%
<u>Services</u>				
Retail Voice				
Monthly Charges	458	312	146	46.8
Measured Services	493	409	84	20.5
Others	24	24		
Wholesale Voice				
Fixed and mobile interconnection	237	155	82	52.9
Others	115	80	35	43.8
Data	689	407	282	69.3
Internet	1,390	973	417	42.9
	Subtotal Fixed Services	2,360	1,046	44.3
Retail Voice				
Monthly Charges	1,228	954	274	28.7
Measured Services	512	535	(23)	(4.3)
Roaming	93	85	8	9.4
Others	216	128	88	68.8
Wholesale Voice				
Interconnection	361	392	(31)	(7.9)
Roaming	85	79	6	7.6
Mobile leases	19	10	9	90.0
Data	1,735	1,845	(110)	(6.0)
Internet	2,202	1,188	1,014	85.4
	Subtotal Mobile Services - Personal	5,216	1,235	23.7

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	1Q16	1Q15	Variation \$	%
Retail Voice				
Monthly Charges	77	51	26	51.0
Measured Services	81	77	4	5.2
Roaming	3	3		
Others	40	17	23	135.3
Wholesale Voice				
Interconnection	27	20	7	35.0
Roaming	4	4		
Others	3	2	1	50.0
Data	99	80	19	23.8
Internet	214	129	85	65.9
Subtotal Mobile Services Núcleo	548	383	165	43.1
Revenue from services	10,405	7,959	2,446	30.7
Equipment				
Fixed Services	33	10	23	230.0
Mobile Services- Personal	1,957	881	1,076	122.1
Mobile Services Núcleo	60	22	38	172.7
Revenue from equipment sales	2,050	913	1,137	124.5
Total Revenues	12,455	8,872	3,583	40.4

Services revenues amounted to \$10,405 (+30.7% vs. 1Q15) and represented 83.5 % of consolidated revenues (vs. 89.7% in 1Q15). Equipment revenues increased 124.5%, amounting to \$2,050 and represented 16.5% of consolidated revenues (vs. 10.3% in 1Q15).

Fixed Services

During 1Q16, services revenues generated by this segment amounted to \$3,406 (+\$1,046 or 44.3% vs. 1Q15), where Internet revenues have grown the most (+\$417 or +42.9% vs. 1Q15), followed by data transmission services (+\$282 or +69.3% vs. 1Q15) and voice retail services (+\$230 or +30.9% vs. 1Q15).

- Voice

Voice retail revenues (including regulated services) reached \$975 in 1Q16 (+30.9% vs. 1Q15). Revenues from regulated services reached approximately 24% of the segment services revenues in 1Q16 (vs. 27% in 1Q15).

Monthly Charges and Supplementary Services increased \$146 or +46.8% vs. 1Q15, reaching \$458. The increase was mainly due to higher Supplementary Services revenues (not regulated) amounting to \$26, which was mainly related to an increase in their prices and, to a lesser extent, to the increase in the subscriber base. It also includes higher monthly charges to commercial, professional and government customers amounting to \$120.

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Revenues generated by measured services (Local Measured Service, Domestic Long Distance and International Long Distance services) amounted to \$493 (+\$84 or 20.5% vs. 1Q15), mainly due to the increase in plans prices (both in local and long national distance). According to this, local measured service revenues increased 25.9% vs. 1Q15 and DLD revenues increased 18.4% vs. 1Q15. The Average Monthly Revenue per User (ARBU) amounted to \$80.9 pesos per month in 1Q16 vs. \$60.5 pesos per month amounted in 1Q15, representing an increase of 33.7%. The remaining retail voice revenues amounted to \$24 in 1Q16 (the same as in 1Q15).

Voice wholesale revenues (including fixed and mobile interconnection revenues and lease of circuits, together with the revenues generated by the subsidiary Telecom USA amounting to \$85) amounted to \$352 in 1Q16 (+49.8% vs. 1Q15). Interconnection fixed and mobile revenues amounted to \$237 and the other wholesale revenues amounted to \$115 in 1Q16 (+43.8% vs. 1Q15), mainly due to higher prices related to cell sites rentals due to the variation of the \$/US\$ exchange rate.

- **Data**

Data revenues (including the revenues generated by the subsidiary Telecom USA amounted to \$2) amounted to \$689 (+\$282 vs. 1Q15). These revenues were generated focusing on the Company's position as an integrated TICs provider (Datacenter, VPN, among others) for wholesale and government segments. The increase was primarily due to the variation of the \$/US\$ exchange rate related to agreements settled in such foreign currency and to the increase in the number of *Innovation* services customers (in particular *Integra* service, which increased \$61 vs. 1Q15).

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- **Internet**

Internet revenues amounted to \$1,390 (+\$417 or +42.9% vs. 1Q15) mainly due to the expansion of the Broadband customers (+2.3% vs. 1Q15) and an increase in average prices resulting in an improvement in the Average Monthly Revenue per User (ARPU), that amounted to \$248.8 pesos per month in 1Q16 vs. \$178.5 pesos per month in 1Q15 (+39.4%). As of March 31, 2016, Telecom Argentina reached approximately 1,809,000 ADSL customers. These connections represent approximately 45.1% of Telecom Argentina s fixed lines in service (vs. 43.4% in 1Q15). The churn rate per month amounted to 1.4% in 1Q16 (vs. 1.3% in 1Q15).

Internet services revenues represent 11.2% of consolidated revenues (vs. 11.0% 1Q15) and 40.8% of Fixed Services segment services revenues (vs. 41.2% in 1Q15).

Personal Mobile Services

During 1Q16, total services revenues amounted to \$6,451 (+\$1,235 or 23.7% vs. 1Q15), being the principal business segment in revenues terms (62.0% and 65.5% of services consolidated revenues in 1Q16 and 1Q15, respectively). Personal reached 19.7 million subscribers in Argentina (+1.7% vs. 1Q15). Approximately 67% of the subscriber base is prepaid subscribers and 33% is postpaid subscribers (including Cuentas claras and postpaid Mobile Internet dongles). The churn rate per month amounted to 2.9% in 1Q16 (vs. 3.3% in 1Q15).

- **Voice**

Voice retail revenues amounted to \$2,049 in 1Q16 (+20.4% vs. 1Q15). The increase was mainly due to the increase in monthly charges prices in the postpaid and Cuentas claras subscriber base and prepaid services and to the net variation of the subscriber base showing an increase in Cuentas claras subscribers (+8.6% vs. 1Q15) and postpaid subscribers (+4.9% vs. 1Q15) and a decrease in prepaid subscribers (-0.6% vs. 1Q15).

Voice wholesale revenues amounted to \$465 in 1Q16 (-3.3% vs. 1Q15), mainly due to the decrease in interconnection services (mainly TLRD and CPP).

- **Data**

Mobile data services revenues amounted to \$1,735 (-\$110 or -6.0% vs. 1Q15). This situation is related to the main component of VAS revenues, SMS consumption, which decreased \$219 or -21.7% vs. 1Q15, experiencing a decrease in TOU (-69.0% vs. 1Q15). Nevertheless, this effect was

partially offset by the constant SMS with contents sales increase as a result of several campaigns launched by Personal, which represented an inter-annual increase of \$88 or 11.2%.

- **Internet**

Mobile Internet revenues amounted to \$2,202 (+\$1,014 or +85.4% vs. 1Q15). This increase is mainly explained by the increase in browsing services consumption of Personal's subscribers, which was mainly fueled by the increase in the offer of services, plans and packs (including VAS) launched by Personal. This growth was fueled by new subscribers, the migration of the existing ones to higher-value plans and the increase of subscribers that acquired 3G and 4G handsets, which facilitate Internet browsing. Internet flat rate services revenues have decreased mainly due to the decrease of Mobile Internet dongles subscribers (-17% vs. 1Q15).

As a consequence of the increase in VAS use (Internet and data), ARPU increased to \$104.4 pesos per month in 1Q16 (vs. \$86.2 pesos per month in 1Q15), which represents an increase of 21.1%.

VAS revenues (data and Internet) amounted to \$3,937 (+29.8% vs. 1Q15) and represented 61.0% of Personal Mobile Services' services revenues (vs. 58.1% in 1Q15).

Núcleo Mobile Services

This segment generated services revenues equivalent to \$548 during 1Q16 (+\$165 or 43.1% vs. 1Q15) mainly due to the Internet revenues increase (+65.9% vs. 1Q15), mainly related to the increase of browsing generated by subscribers with mobile equipment prepared for that purpose. As of March 31, 2016, Núcleo's subscriber base reached 2.6 million customers. Prepaid and postpaid subscribers (including Plan Control subscribers and mobile Internet subscribers) represented 80% and 20% in 1Q16, respectively.

VAS revenues (data and Internet) amounted to \$313 (+49.8% vs. 1Q15) and represented 57.1% of Núcleo Mobile Services segment services revenues (vs. 54.6% in 1Q15).

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The Telecom Group's services revenues increased 30.7%. Data and Internet services revenues from all segments have maximized Telecom Group's services revenues showing a 36.9% increase vs. 1Q15, increasing its relative weight over total services revenues according to the following table:

	2016	Three-month periods ended March 31,		Variation %	
		%	2015	%	1Q16 vs. 1Q15
Voice - Retail	3,225	31	2,595	33	24.9
Voice - Wholesale	851	8	742	9	7.1
Total Voice	4,076	39	3,337	42	32.1
Data	2,523	24	2,332	29	22.4
Internet	3,806	37	2,290	29	22.0
Total services revenues	10,405	100	7,959	100	30.7

Equipment

Revenues from equipment amounted to \$2,050, +\$1,137 or +124.5% vs. 1Q15. This increase is mainly related to the Personal Mobile Services with an increase of \$1,076 vs. 1Q15 due to higher handsets sold (+37% vs. 1Q15) and higher handset's sale prices (+64% vs. 1Q15) resulting in a significantly higher operating margin of handsets in this segment (+\$288 or +100.0% vs. 1Q15).

- Operating costs**

Consolidated operating costs including depreciations, amortizations and gain on disposal of PP&E and impairment of PP&E totaled \$10,469 in 1Q16, which represents an increase of \$3,270 or +45.4% vs. 1Q15. The increase in costs is mainly a consequence of a 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 and fees with the Regulatory Authority, the increase in the cost of equipment and handsets, the increase of VAS costs, the increase in bad debt expenses, higher agent commissions and higher depreciations and amortizations.

	1Q16	1Q15	Variation		Variation in \$ by segment		
			\$	%	Fixed Serv.	Personal M. Serv.	Núcleo M. Serv.
Employee benefit expenses and severance payments	(2,174)	(1,543)	(631)	40.9	(474)	(144)	(13)
Interconnection costs and other telecommunication charges	(707)	(500)	(207)	41.4	(101)	(87)	(19)
Fees for services, maintenance, materials and supplies	(1,093)	(889)	(204)	22.9	(130)	(57)	(17)
Taxes and fees with the Regulatory Authority	(1,208)	(873)	(335)	38.4	(79)	(249)	(7)
Commissions	(1,231)	(823)	(408)	49.6	(13)	(371)	(24)
	341	200	141	70.5	2	138	1

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Agent commissions capitalized as SAC

Cost of equipment and handsets	(1,534)	(660)	(874)	132.4	(26)	(797)	(51)
Cost of equipment and handsets capitalized as SAC	35	20	15	75.0		9	6
Advertising	(192)	(191)	(1)	0.5		6	(7)
Cost of VAS	(390)	(293)	(97)	33.1	(7)	(85)	(5)
Provisions	(14)	(93)	79	(84.9)	49	30	
Bad debt expenses	(255)	(183)	(72)	39.3	7	(64)	(15)
Other operating expenses	(650)	(417)	(233)	55.9	(125)	(96)	(12)
Subtotal	(9,072)	(6,245)	(2,827)	45.3	(897)	(1,767)	(163)
Depreciation of PP&E	(933)	(677)	(256)	37.8	(81)	(122)	(53)
Amortization of SAC and service connection charges	(339)	(216)	(123)	56.9	(9)	(105)	(9)
Amortization of other intangible assets	(103)	(64)	(39)	60.9	(1)	(38)	
Gain on disposal of PP&E and impairment of PP&E	(22)	3	(25)	n/a	3	(29)	1
Total operating costs	(10,469)	(7,199)	(3,270)	45.4	(985)	(2,061)	(224)

The costs breakdown is as follows:

Employee benefit expenses and severance payments

Employee benefit expenses and severance payments amounted to \$2,174 (+\$631 or +40.9% vs. 1Q15). The increase was mainly due to increases in salaries agreed by Telecom Argentina with several trade unions for the unionized employees and also to non-unionized employees, together with related social security charges. With a total headcount of 16,290 by the end of 1Q16, (vs. 16,358 employees in 1Q15), lines in service per employee reached 365 in the Fixed Services segment (slightly lower than 1Q15), subscribers per employee reached 4,020 in the Personal Mobile Services segment (+2.8% vs. 1Q15) and subscribers per employee reached 6,244 (similar to 1Q15) in the Núcleo Mobile Services segment.

Interconnection costs and other telecommunication charges

Interconnection costs and other telecommunication charges (including charges for TLRD, Roaming, Interconnection costs, cost of international outbound calls and lease of circuits) amounted to \$707 (+\$207 or +41.4% vs. 1Q15). The increase was mainly due to higher TLRD and roaming costs.

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Fees for services, maintenance, materials and supplies

Fees for services, maintenance, materials and supplies amounted to \$1,093, +\$204 or +22.9% vs. 1Q15. The increase was mainly due to higher maintenance costs of radio bases in the mobile services segments, as a result of the variation in the \$/US\$ exchange rate, an increase in technical assistance cost of radio bases, higher system licenses costs, higher costs of sites location and higher storage costs. There were also increases in other maintenance costs and fees for services, mainly due to higher costs recognized to suppliers in all segments.

Taxes and fees with the Regulatory Authority

Taxes and fees with the Regulatory Authority (including turnover tax, fees with the Regulatory Authority, IDC, municipal and other taxes) amounted to \$1,208 (+38.4% vs. 1Q15), influenced mainly by the increase in revenues of fixed and mobile services and by the increase of the IDC related to higher collections and payments to suppliers in 1Q16 vs. 1Q15.

Commissions

Commissions (including Agent, distribution of prepaid cards and other commissions) amounted to \$1,231 (+\$408 or +49.6% vs. 1Q15). The increase was mainly due to the increase in Agents' commissions (associated to higher revenues) as a result of higher customer's acquisition and retention costs recognized to them and the increase of outsourced sales commissions and collection commissions.

On the other hand, agent commissions capitalized as SAC amounted to \$341, +\$141 or +70.5% vs. 1Q15, and it's directly related to the increase in the Cuentas claras subscribers' base in the Personal Mobile Services segment and the increase in the commissions prices.

Cost of equipment and handsets

Cost of equipments and handsets amounted to \$1,534 (+\$874 or +132.4% vs. 1Q15) mainly due to the increase in the units of handsets sold (+37% vs. 1Q15) and the increase in the average unit cost of sales (+72% vs. 1Q15) in the Personal Mobile Services segment.

On the other hand, SAC deferred costs from handsets sold amounted to \$35, +\$15 or +75.5% vs. 1Q15.

Advertising

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Advertising amounted to \$192 (+\$1 vs. 1Q15).

Cost of VAS

Cost of VAS amounted to \$390 (+\$97 or +33.1% vs. 1Q15). The increase was mainly due to the increase of VAS sales in the Personal Mobile Services segment, especially the SMS with content service, which grew as a consequence of several campaigns launched by Personal.

Provisions

Provisions amounted to \$14, -\$79 or -84.9% vs. 1Q15. The decrease was mainly due to lower labor claims (-\$13 vs. 1Q15), lower civil and commercial claims (-\$42 vs. 1Q15) and lower regulatory and municipal contingencies (-\$25 vs. 1Q15).

Bad debt expenses

Bad debt expenses amounted to \$255 (+\$72 or +39.3% vs. 1Q15), representing approximately 2.0% and 2.1% of the consolidated revenues in 1Q16 and 1Q15, respectively. The major increase is observed in the Personal Mobile Services segment by \$79 as a consequence of higher aging of the accounts receivables and higher incidence of handsets sales directly financed by Personal to its postpaid and Cuentas claras subscribers. These charges have been partially offset in Telecom Argentina by \$7 in the Government and Corporate segment as a consequence of the collection from some governmental entities.

Other operating costs

Other operating costs amounted to \$650 (+\$233 or +55.9% vs. 1Q15). The increase was mainly due to higher prices on related services, especially in transportation, freight and travel expenses (+\$109 or +76.8% vs. 1Q15), among others, in the operations in Argentina; the increase of rent prices (+\$57 or +46.7% vs. 1Q15), as a result of new agreements and the renegotiation of some of the existing ones and the increase of the consumption of electricity (+\$69 or +77.5% vs. 1Q15).

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- **Operating income before depreciation and amortization**

Operating income before depreciation and amortization amounted to \$3,394 in 1Q16 (+\$760 or 28.9% vs. 1Q15), representing 27.3% of consolidated revenues in 1Q16 (vs. 29.7% in 1Q15). This growth was mainly fueled by the Fixed Services segment (+\$186 or +29.8% vs. 1Q15) and Personal Mobile Services segment (+\$534 or +28.7% vs. 1Q15).

Operating income before depreciation and amortization generated by equipment and handset sales (including SAC capitalization) amounted to \$551 in 1Q16 vs. \$273 in 1Q15 (+\$278 or 101.8% vs. 1Q15), while operating income before depreciation and amortization generated by services sales amounted to \$2,843 in 1Q16 vs. \$2,361 in 1Q15 (+\$482 or +20.4% vs. 1Q15).

Depreciation and amortization

Depreciation and amortization amounted to \$1,375 (+\$418 or +43.7% vs. 1Q15). The increase in depreciation and amortization includes \$256 from PP&E depreciation, \$39 from amortization of intangible assets without SAC and \$123 from amortization of SAC and service connection costs. The increase in depreciation and amortization corresponds 27% to the Fixed Services segment and 73% to the mobile services segments.

Gain on disposal of PP&E and impairment of PP&E

Gain on disposal of PP&E and impairment of PP&E amounted to a loss of \$22 in 1Q16 and to a gain of \$3 in 1Q15, respectively, and were mainly related to the Personal Mobile Services segment.

- **Operating income**

Operating income amounted to \$1,997 in 1Q16 (+\$317 or 18.9% vs. 1Q15). The margin over consolidated revenues represented 16.0% in 1Q16 (vs. 18.9% in 1Q15). This growth was mainly fueled by the Personal Mobile Services segment (+\$240 or +18.0% vs. 1Q15) and the Fixed Services segment (+\$98 or +33.4% vs. 1Q15).

- **Financial results, net**

Net financial results resulted in a net loss of \$557, representing an increase of \$468 vs. 1Q15. The higher loss was mainly due to higher net foreign currency exchange losses (+\$355 vs. 1Q15) and higher interests on loans (+\$268 vs. 1Q15), partially offset by higher interests on

receivables (+\$22 vs. 1Q15) and higher investments results (+\$159 vs. 1Q15).

- Net income**

Telecom Argentina reached a net income of \$935 in 1Q16, -\$106 or -10.2% as compared to 1Q15, representing 7.5% of the consolidated revenues in 1Q16 (vs. 11.7% in 1Q15). Net income attributable to Telecom Argentina amounted to \$925 in 1Q16, -\$103 or -10.0% as compared to 1Q15.

- Net financial debt**

As of March 31, 2016, consolidated net financial debt (Cash and Cash Equivalents plus financial investments minus financial debt) amounted to \$3,294, showing a decrease of \$3,815 as compared to the consolidated net financial asset as of March 31, 2015 (amounting to \$521). This variation was mainly due to a decrease in the generation of cash from operating activities of the Telecom Group, mainly by higher CAPEX which include the remaining acquisition of the 4G licenses amounting to \$2,256 in June 2015-, higher income tax payments and cash dividends paid to its shareholders. As of March 31, 2016, the Fixed Services segment has a net financial debt of \$198, the Personal Mobile Services segment has a net financial debt of \$2,566 and the Núcleo Mobile Services segment has a net financial debt of \$530.

- Capital expenditures (CAPEX)**

CAPEX composition for 1Q16 and 1Q15 is as follows:

	In millions of \$		% of participation		Variation	
	1Q16	1Q15	1Q16	1Q15	\$	%
Fixed Services	582	336	31%	39%	246	73%
Personal Mobile Services	1,194	469	63%	54%	725	155%
Núcleo Mobile Services	126	59	7%	7%	67	114%
Total CAPEX	1,902	864	100%	100%	1,038	120%

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PP&E CAPEX amounted to \$1,472 and intangible assets CAPEX amounted to \$430 in 1Q16, while in 1Q15 amounted to \$623 and \$241, respectively.

In relative terms, CAPEX represented 15.3% of consolidated revenues in 1Q16 (9.7% in 1Q15), and were intended mainly for the external wiring and network access equipment, to the initial deployment of the new 4G network, transmission and switching equipment, computer equipment and SAC.

PP&E and intangible assets additions (CAPEX plus materials additions) for 1Q16 and 1Q15 are as follows:

	In millions of \$		% of participation		Variation	
	1Q16	1Q15	1Q16	1Q15	\$	%
Fixed Services	833	404	35%	40%	429	106%
Personal Mobile Services	1,313	522	56%	53%	791	152%
Núcleo Mobile Services	217	68	9%	7%	149	219%
Total additions	2,363	994	100%	100%	1,369	138%

Main PP&E CAPEX projects are related to the expansion of fixed broadband services in order to improve transmission and speed offered to customers; deployment of 3G and 4G services to support the growth of mobile Internet, improvement of the quality service together with the launch of innovative VAS services and the expansion of transmission and transport networks to meet the growing demand of services of our fixed and mobile customers.

3. *Summary of comparative consolidated statements of financial position*

	2016	2015	March 31, 2014	2013	2012
Current assets	12,599	7,094	9,408	7,486	5,826
Non-current assets	28,244	19,877	14,555	11,126	9,989
Total assets	40,843	26,971	23,963	18,612	15,815
Current liabilities	18,163	8,405	8,814	5,830	5,259
Non-current liabilities	3,946	2,777	2,038	1,781	1,681
Total liabilities	22,109	11,182	10,852	7,611	6,940
Equity attributable to Telecom Argentina (Controlling Company)	18,241	15,446	12,806	10,801	8,736
Equity attributable non-controlling interest	493	343	305	200	139
Total Equity	18,734	15,789	13,111	11,001	8,875
Total liabilities and equity	40,843	26,971	23,963	18,612	15,815

4. *Summary of comparative consolidated income statements*

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	1Q16	1Q15	1Q14	1Q13	1Q12
Revenues and other income	12,466	8,879	7,476	6,073	5,130
Operating costs	(10,469)	(7,199)	(6,099)	(4,958)	(4,097)
Operating income	1,997	1,680	1,377	1,115	1,033
Financial results, net	(557)	(89)	(32)	135	61
Income before income tax expense	1,440	1,591	1,345	1,250	1,094
Income tax expense	(505)	(550)	(439)	(437)	(386)
Net income	935	1,041	906	813	708
Other comprehensive income, net of tax	189		206	63	25
Total comprehensive income	1,124	1,041	1,112	876	733
Attributable to Telecom Argentina (Controlling Company)	1,047	1,028	1,023	842	715
Attributable to non-controlling interest	77	13	89	34	18

VII

Table of Contents5. *Statistical data (in physical units)*• *Fixed services**Voice and data services (in thousands, except for lines in service per inhabitants and employees)*

	1Q16		1Q15		1Q14		1Q13		1Q12	
	Accumulated	Quarter	Accumulated	Quarter	Accumulated	Quarter	Accumulated	Quarter	Accumulated	Quarter
Equipment lines	3,551		3,551	13	3,528	(8)	3,808	2	3,800	3
NGN lines	1,366	14	1,277	52	1,176	12	1,092	47	955	(41)
Installed lines (a)	4,917	14	4,828	65	4,704	4	4,900	49	4,755	(38)
Lines in service (b)	4,010	(33)	4,077	(16)	4,108	(16)	4,109	(19)	4,138	(3)
Customers lines (c)	3,937	(32)	4,001	(15)	4,028	(16)	4,027	(18)	4,054	(3)
Public phones installed	26	(1)	29	(1)	33	(1)	36	(1)	39	(1)
Lines in service per 100 inhabitants (d)	19		19		20	1	20		21	1
Lines in service per employee (e)	365	(6)	370		373	(2)	371	1	370	(3)

(a) Reflects total number of lines available in Switches, considered independently of its technology (TDM or NGN).

(b) Includes customers lines, own lines, public telephones and DDE and ISDN channels.

(c) The number of customers is measured in relation to the physical occupation of network resources.

(d) Corresponding to the Northern Region of Argentina.

(e) Defined as lines in service / number of actual employees.

Internet (in thousands)

	1Q16		1Q15		1Q14		1Q13		1Q12	
	Accumulated	Quarter	Accumulated	Quarter	Accumulated	Quarter	Accumulated	Quarter	Accumulated	Quarter

Total ADSL subscribers	1,809	(5)	1,768	(3)	1,714	7	1,626	(3)	1,566	16
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- **Mobile services**

Personal (in thousands, except for subscriber per employee disclosed in units)

	1Q16		1Q15		1Q14		1Q13		1Q12	
	Accumulated	Quarter	Accumulated	Quarter	Accumulated	Quarter	Accumulated	Quarter	Accumulated	Quarter
Post-paid subscribers (i)	2,132	(3)	2,033	(122)	2,365	(52)	2,415	29	2,226	48
Cuentas claras plans (i)	4,275	59	3,938	(55)	3,856	(23)	3,583	106	3,176	37
Prepaid subscribers (ii)	13,140	(48)	13,217	(45)	13,461	(79)	12,763	43	12,672	258
Dongles (iii)	117		144	(31)	231	(21)	353	(39)	473	11
Total subscribers	19,664	8	19,332	(253)	19,913	(175)	19,114	139	18,547	354
Lines per employee	4,025		3,909		3,911		3,642		3,734	

(i) Lines which are paid through customer billing.

(ii) Prepaid lines which were refilled at least once in the last 13 months.

(iii) Corresponds to mobile Internet subscribers with post-paid, Cuentas claras, and prepaid contracts.

Núcleo (in thousands, except for subscriber per employee disclosed in units)

	1Q16		1Q15		1Q14		1Q13		1Q12	
	Accumulated	Quarter	Accumulated	Quarter	Accumulated	Quarter	Accumulated	Quarter	Accumulated	Quarter
Post-paid subscribers (i)	27	(1)	28	(1)	28	(1)	29	(1)	30	1