

TELECOM ARGENTINA SA  
Form 20-F  
March 27, 2019  
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As filed with the Securities and Exchange Commission on March 26, 2019

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

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**FORM 20-F**

(Mark One)

**REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**

**OR**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the fiscal year ended December 31, 2018**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the transition period from                      to**

**OR**

**SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report . . . . .

For the transition period from to

Commission file number: 1-13464

**TELECOM ARGENTINA S.A.**

(Exact name of Registrant as Specified in its charter)

**Republic of Argentina**

(Jurisdiction of incorporation or organization)

**Alicia Moreau de Justo 50**

**(C1107AAB) - Buenos Aires**

**Argentina**

(Address of Principal Executive Offices)

**Gabriel Blasi**

**(Tel: 54-11- 4968-4019, E-mail: GBlasi@teco.com.ar,**

**Alicia Moreau de Justo 50, 10th Floor, (C1107AAB), Buenos Aires, Argentina)**

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange On Which Registered
<b>American Depositary Shares, representing Class B Ordinary Shares Class B Ordinary Shares, nominal value P\$1.00 per share</b>	<b>New York Stock Exchange New York Stock Exchange*</b>

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\* Not for trading, but only in connection with the registration of American Depositary Shares, pursuant to the requirements of the Securities and Exchange Commission.

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

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Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

**None**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

Class A Ordinary Shares, nominal value P\$1.00 each	683,856,600
Class B Ordinary Shares, nominal value P\$1.00 each	627,953,887
Class C Ordinary Shares, nominal value P\$1.00 each	210,866
Class D Ordinary Shares, nominal value P\$1.00 each	841,666,658

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, and emerging growth company in Rule 12b-2 of the Exchange Act. (Check one):

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Large accelerated filer   
Non-accelerated filer

Accelerated filer   
Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

The term new or revised financial accounting standard refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

US GAAP

International Financial Reporting Standards as issued  
by the International Accounting Standards Board

Other

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes  No

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**PRESENTATION OF FINANCIAL INFORMATION**

Telecom Argentina S.A. is a company incorporated under the laws of Argentina. As used in this Annual Report on Form 20-F (the "Form 20-F" or "Annual Report"), the terms "the Company," "Telecom," "we," "us," and "our" refer to Telecom Argentina S.A. and its consolidated subsidiaries as of December 31, 2018. Unless otherwise stated, references to the financial results of "Telecom" are to the consolidated financial results of Telecom Argentina and its consolidated subsidiaries. Telecom is engaged in the provision of fixed and mobile telecommunications services, cable television services and broadband services.

The term "Telecom Argentina" refers to Telecom Argentina S.A., excluding its subsidiaries. Telecom Argentina is engaged in the provision of telecommunication services in Argentina. The term "Cablevisión" refers to Cablevisión S.A., together with its consolidated subsidiaries, dissolved without liquidation as a result of the Merger. The term "Merger" refers to the merger between Telecom and Cablevisión with Telecom as surviving entity, effective as of January 1, 2018. Telecom's most significant subsidiaries as of December 31, 2018 were Núcleo (Núcleo S.A.E., a subsidiary engaged in the provision of mobile telecommunication services in Paraguay), PEM S.A. (investments), CV Berazategui S.A. (closed-circuit television services), Cable Imagen S.R.L. (closed-circuit television services), Televisión Dirigida S.A. (cable television services in Paraguay), Adesol S.A. (holding company in Uruguay), Última Milla S.A. (services for telecommunications), AVC Continente Audiovisual S.A. (broadcasting services), Inter Radios S.A.U. (broadcasting services) and Telecom Argentina USA Inc. (telecommunication services in the United States).

Our Consolidated Financial Statements as of December 31, 2018 and 2017 and for the years ended December 31, 2018, 2017 and 2016, and the notes thereto (the "Consolidated Financial Statements") are set forth on pages F-1 through F-106 of this Annual Report.

Our Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and have been approved by resolution of the Board of Directors' meeting held on March 7, 2019 and have been audited by an independent registered public accounting firm.

Due to the high level of inflation prevailing in Argentina during the last three years, management analyzed the parameters established by IAS 29 "Financial reporting in hyperinflationary economies" - paragraph 3, which describe the conditions to consider an economy as hyperinflationary, and concluded that, with respect to Argentina, such conditions have been met for accounting periods ending after July 1, 2018. Therefore, we have restated our Consolidated Financial Statements and the financial information for all the periods reported in this Annual Report based on certain price indexes to take into account the effect of inflation in Argentina. The Consolidated Financial Statements and the financial information included in this Annual Report for all the periods reported are presented on the basis of constant Argentine pesos as of December 31, 2018 ("current currency"). See **Risk factors** "Risk Related to Argentina" Inflation could accelerate, causing adverse effects on the economy and negatively impacting Telecom's margins, "Item 5 Operating and Financial Review and Prospects" Economic and Political Developments in Argentina and Note 1.e) to our Consolidated Financial Statements.

Telecom Argentina and its subsidiaries maintain their accounting records and prepare their financial statements in Argentine Pesos, which is their functional currency, except for Núcleo and its subsidiaries and TVD (Guaraníes), Telecom Argentina USA (U.S. dollars) and Adesol (Uruguayan pesos). Our Consolidated Financial Statements include the results of these subsidiaries translated into Argentine Pesos. Assets and liabilities are translated at year-end exchange rates and income and expenses accounts at average exchange rates for each year presented, as restated in terms of the current currency by applying an average index to take into account the effect of inflation in Argentina.

Certain financial information contained in this Annual Report has been presented in U.S. dollars. This Annual Report contains translations of various Argentine Peso amounts into U.S. dollars at specified rates solely for convenience of the reader. You should not construe these translations as representations by us that the Argentine Peso amounts actually represent these U.S. dollar amounts or could be converted into U.S. dollars at the rates indicated. Except as otherwise specified, all references to US\$, U.S. dollars or dollars are to United States dollars, references to EUR, euro or are to the lawful currency of the member states of the European Union and references to Argentine Pesos, \$ or pesos are to Argentine Pesos. Unless otherwise indicated, we have translated the Argentine Peso amounts using a rate of P\$37.70 = US\$1.00, the U.S. dollar ask rate published by the Banco de la Nación Argentina (Argentine National Bank) on December 31, 2018. On March 19, 2019, the exchange rate was P\$40.50 = US\$1.00. As a result of fluctuations in the Argentine peso/U.S. dollar exchange rate, the exchange rate at such date may not be indicative of current or future exchange rates. Consequently, these translations should not be construed as a representation that the peso amounts represent, or have been or could be converted into, U.S. dollars at that or any other rate. See Item 3 Key Information Exchange Rates , and Item 3 Key Information Risk Factors Risks Relating to Argentina Devaluation of the peso may adversely affect our results of operations, our capital expenditure program and the ability to service our liabilities and transfer funds abroad.

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For the purposes of this Annual Report, billion means a thousand million.

Certain amounts and ratios contained in this Annual Report (including percentage amounts) have been rounded up or down to facilitate the summation of the tables in which they are presented. The effect of this rounding is not material. These rounded amounts are also included within the text of this Annual Report.

The Securities and Exchange Commission maintains an internet site (<http://www.sec.gov>) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the Securities and Exchange Commission. Telecom Argentina's telephone number is 54-11-4968-4000, and its principal executive offices are located in Alicia Moreau de Justo 50, (C1107AAB) Buenos Aires, Argentina. Our internet address is [www.telecom.com.ar](http://www.telecom.com.ar). The contents of our website and other websites referred to herein are not part of this Annual Report.

This Annual Report contains certain terms that may be unfamiliar to some readers. You can find a Glossary of these terms on page 5 of this Annual Report.

Telecom's Consolidated Financial Statements and the selected financial data included in this Annual Report have been prepared on a consolidated basis, as restated in terms of the current currency to take into account the effect of inflation in Argentina.

Our financial statement data as of and for the years ended December 31, 2017 and 2016 are not comparable with our financial statement data as of and for the year ended December 31, 2018 because of the Merger, which was consummated on January 1, 2018 (the Merger Effective Date). Effective as of the Merger Effective Date, Cablevisión merged into Telecom Argentina. The Merger is part of a global process of convergence in the provision of fixed and mobile telecommunications services, video and internet distribution known as quadruple play. We have accounted for the Merger as a business combination using the acquisition method of accounting under IFRS 3 to account for assets and liabilities of Telecom as of January 1, 2018. The Merger constituted a reverse acquisition, pursuant to which Cablevisión (the legal absorbed entity) was considered the accounting acquirer and Telecom Argentina (the surviving entity) was considered the accounting acquiree (See Item 5 Operating and Financial Review and Prospects). Accordingly, the financial statements of Telecom for periods prior to the Merger Effective Date reflect the historical financial information of Cablevisión, as restated in terms of the current currency to take into account the effect of inflation in Argentina. The information as of and for the year ended December 31, 2018 incorporates, based on the figures corresponding to Cablevisión, the effect of applying the acquisition method to Telecom Argentina to its fair value in accordance with IFRS 3 and the operations of Telecom Argentina as from January 1, 2018. Such figures are presented in this Annual Report restated in terms of the current currency to take into account the effect of inflation in Argentina.

The factors that were considered in determining that Cablevisión should be treated as the accounting acquirer in the Merger were:

(i) the relative voting rights in the surviving entity (55% for the former shareholders of Cablevisión and 45% for the former shareholders of Telecom);



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(ii) the composition of the board of directors in the surviving entity and other committees (audit, supervisory and executive);

(iii) the relative fair value assigned to Cablevisión and Telecom; and

(iv) the composition of the key senior management of the surviving entity.

For more information, see Notes 1.c), 4.a) and 27.a) to our Consolidated Financial Statements.

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**FORWARD-LOOKING STATEMENTS**

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. Certain information included in this Annual Report contains information that is forward-looking, including, but not limited to:

- our expectations for our future performance, revenues, income, earnings per share, capital expenditures, dividends, liquidity and capital structure;
- the synergies expected from the Merger;
- the implementation of our business strategy;
- the changing dynamics and growth in the telecommunications and cable markets in Argentina, Paraguay and Uruguay;
- our outlook for new and enhanced technologies;
- the effects of operating in a competitive environment;
- industry conditions;
- the outcome of certain legal proceedings;
- regulatory and legal developments; and
- other factors identified or discussed under Item 3 Key Information Risk Factors.

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This Annual Report contains certain forward-looking statements and information relating to Telecom that are based on current expectations, estimates and projections of our Management and information currently available to Telecom. These statements include, but are not limited to, statements made in Item 3 Key Information Risk Factors, Item 5 Operating and Financial Review and Prospects under the captions Critical Accounting Policies and Trend Information, Item 8 Financial Information Legal Proceedings and other statements about Telecom's strategies, plans, objectives, expectations, intentions, capital expenditures, and assumptions and other statements contained in this Annual Report that are not historical facts. When used in this document, the words anticipate, believe, estimate, expect, intend, plan, project, will, may and other similar expressions are generally intended to identify forward-looking statements.

These statements reflect the current views of the management of the Company with respect to future events. They are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict. In addition, certain forward-looking statements are based upon assumptions as to future events that may not prove to be accurate.

Many factors could cause actual results, performance or achievements of Telecom to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. These factors include, among others:

- our ability to successfully implement our business strategy and to achieve synergies resulting from the Merger;
- our ability to introduce new products and services that enable business growth;
- uncertainties relating to political and economic conditions in Argentina, Paraguay and Uruguay;
- inflation, the devaluation of the peso, the Guaraní and the Uruguayan peso and exchange rate risks in Argentina, Paraguay and Uruguay;
- restrictions on the ability to exchange Argentine or Uruguayan pesos or Paraguayan guaraníes into foreign currencies and transfer funds abroad;
- the manner in which the Argentine government regulates Law No. 27,078, the Argentina Digital Law or LAD, as amended by Decree No. 267/15, as well as the impact of the new Telecommunications Law, which has not yet been submitted to Congress;

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- the creditworthiness of our actual or potential customers;
- nationalization, expropriation and/or increased government intervention in companies;
- technological changes;
- the impact of legal or regulatory matters, changes in the interpretation of current or future regulations or reform and changes in the legal or regulatory environment in which we operate;
- the effects of increased competition;
- reliance on content produced by third parties;
- increasing cost of our supplies;
- inability to finance on reasonable terms capital expenditures required to remain competitive;
- fluctuations, whether seasonal or in response to adverse macro-economic developments, in the demand for advertising; and
- our capacity to compete and develop our business in the future.

Many of these factors are macroeconomic and regulatory in nature and therefore beyond the control of the Company's management. Should one or more of these risks or uncertainties materialize, or underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected, intended, planned or projected. The Company does not intend and does not assume any obligation to update the forward-looking statements contained in this Annual Report.

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These forward-looking statements are based upon a number of assumptions and other important factors that could cause our actual results, performance or achievements to differ materially from our future results, performance or achievements expressed or implied by such forward-looking statements. Readers are encouraged to consult the Company's filings made on Form 6-K, which are periodically filed with or furnished to the United States Securities and Exchange Commission.

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**GLOSSARY OF TERMS**

The following explanations are not provided as or intended to be technical definitions, but only to assist the general reader to understand certain terms used in this Annual Report.

*2G (second-generation mobile system):* Second-generation protocols using digital encoding and includes GSM, D-AMPS (TDMA) and CDMA. These protocols support high bit rate voice and limited data communications.

*3G (third-generation mobile system):* Third-generation mobile service, designed to provide high speed data, always-on data access, and greater voice capacity. 3G networks allow the transfer of both voice data services (telephony, messaging) and non-voice data (such as downloading Internet information, exchanging email, and instant messaging). The high data speeds, measured in Mbps, are significantly higher than 2G, and 3G networks technology enable full motion video, high-speed Internet access and video-conferencing. 3G technology standards include UMTS, based on WCDMA technology (quite often the two terms are used interchangeably), and CDMA2000.

*4G (fourth-generation mobile system):* Fourth-generation mobile service using the LTE technology (Long Term Evolution technology).

*Access (or Accesses):* Connection provided by Telecom Argentina to Internet services.

*ADS:* American Depositary Shares issued by JP Morgan, listed on the New York Stock Exchange, each representing rights to five (5) Class B Shares under a Deposit Agreement.

*ADSL (Asymmetric Digital Subscriber Line):* A type of digital subscriber line technology (DSL); a data communications technology that enables faster data transmission over copper lines than a conventional voiceband modem can provide.

*AFIP (Administración Federal de Ingresos Públicos):* The Argentine federal tax authority.

*AFJP (Administradoras de Fondos de Jubilaciones y Pensiones):* Private entities that were in charge of managing the funds of the Private Pension and Retirement System established by Law No. 24,241, until its nationalization in November 2008 pursuant to Law No. 26,425.

*AFTIC (Autoridad Federal de Tecnologías de la Información y de las Comunicaciones):* The decentralized and autonomous agency in the scope of the PEN appointed as the Regulatory Authority in the LAD. AFTIC was replaced by the ENACOM.