

TELECOM



TELECOM ARGENTINA

**Earnings Release
March 2019**

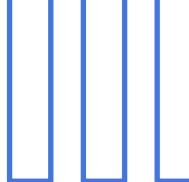
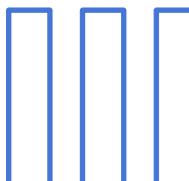
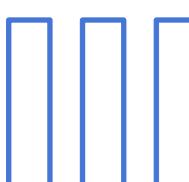
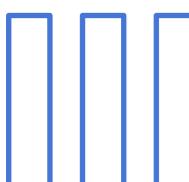
4Q18



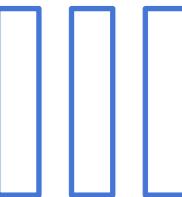
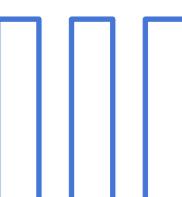
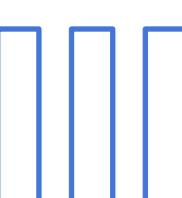
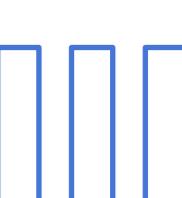
This presentation may include statements that could constitute forward-looking statements, including, but not limited to, the Company's and its management expectations for the Company's future performance, revenues, income, earnings per share, capital expenditures, dividends, liquidity and capital structure; the impact of the 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" and other similar expressions, but they are not the only way the Company identifies forward-looking statements. Forward-looking statements involve risks and uncertainties that could significantly affect the Company's expected results. Due to extensive and rapid 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 reduction 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 presentation, including, without limitation, changes in the Company's business or to reflect the occurrence of unanticipated events or as a result of new information or otherwise. Information included in this presentation is unaudited and may not coincide with that included in the financial statements of the Company, due to rounding, reclassification matters, and other reasons. Readers are encouraged to consult the Company's Annual Report and 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 and the Argentine Comisión Nacional de Valores.

The merger between Telecom and Cablevisión was considered an inverse acquisition under IFRS 3 [Business Combinations], with Cablevisión being the surviving entity for accounting purposes. Thus, for the purposes of preparing the consolidated financial statements of Telecom Argentina as of December 31, 2018: i) the comparative figures as of December 31, 2017 correspond to those that arise from the consolidated financial statements of Cablevisión [adjusted by inflation in terms of a constant measuring unit as of December 31, 2018]; and ii) the corresponding information for the annual period ended December 31, 2018, incorporates on the basis of figures corresponding to Cablevisión, the effect of the application of Telecom Argentina's method of acquisition at its fair value in accordance with the IFRS 3 guidelines and the operations of Telecom Argentina as of January 1, 2018. Moreover, the Company has accounted for the effects of inflation adjustment adopted by Resolution 777/18 of the Comisión Nacional de Valores ("CNV"), which establishes that the restatement will be applied to the annual financial statements, for intermediate and special periods ended as of December 31, 2018 inclusive. Accordingly, the reported figures corresponding to FY18 include the effects of the adoption of inflationary accounting in accordance with IAS 29. On the other hand, in order to ease the understanding and analysis of the earnings evolution by its users, additional figures of the income statements are included, which are non-restated by inflation and which were used as the base for the information presented in constant pesos, exposing on pro forma basis the comparative figures for FY17 as if the merger between Telecom and Cablevisión had been effective as of January 1, 2016.

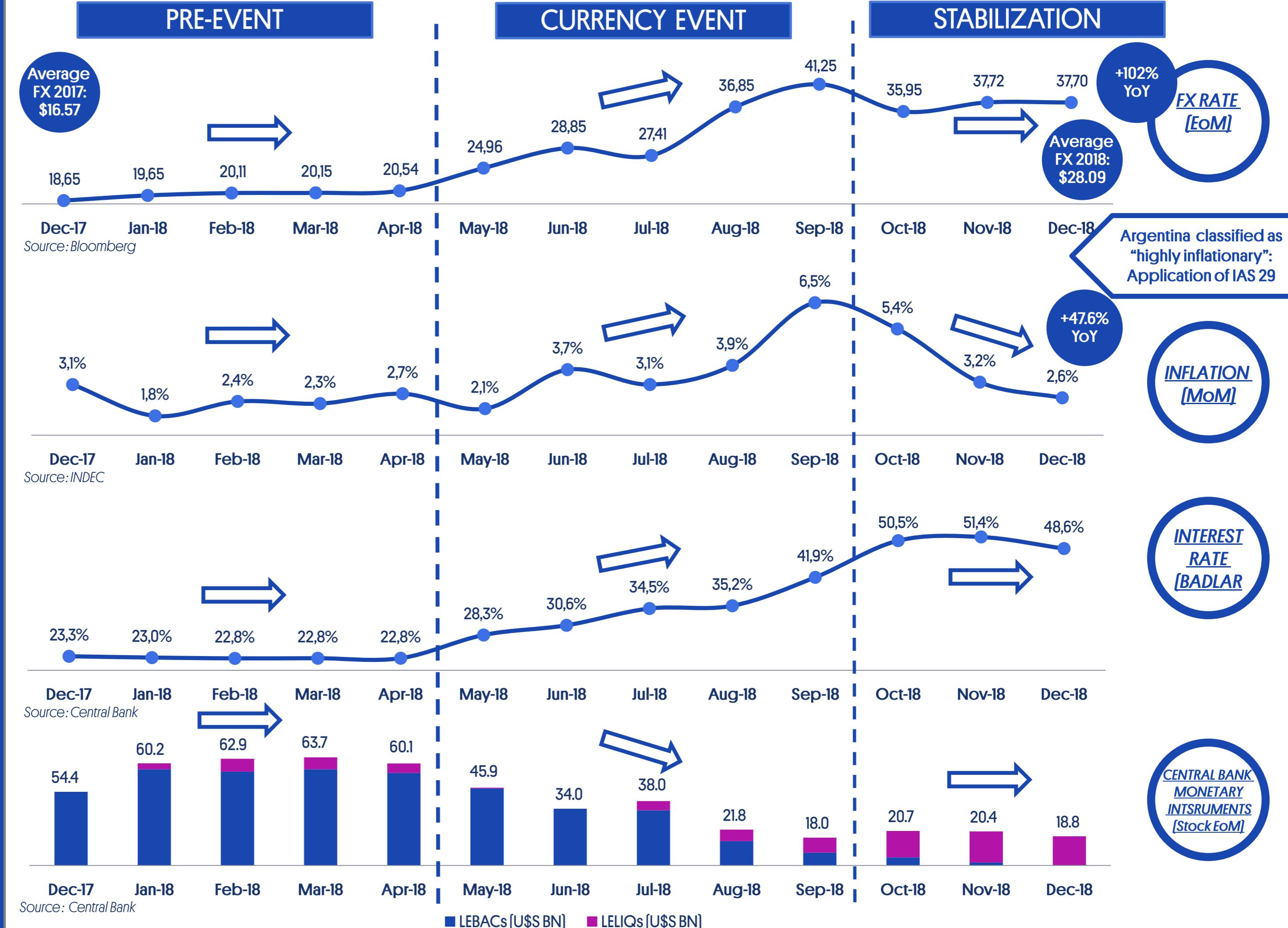
AGENDA

-  **MACRO OVERVIEW**
-  **STRATEGY**
-  **BUSINESS HIGHLIGHTS**
-  **FINANCIALS**
-  **Q&A**

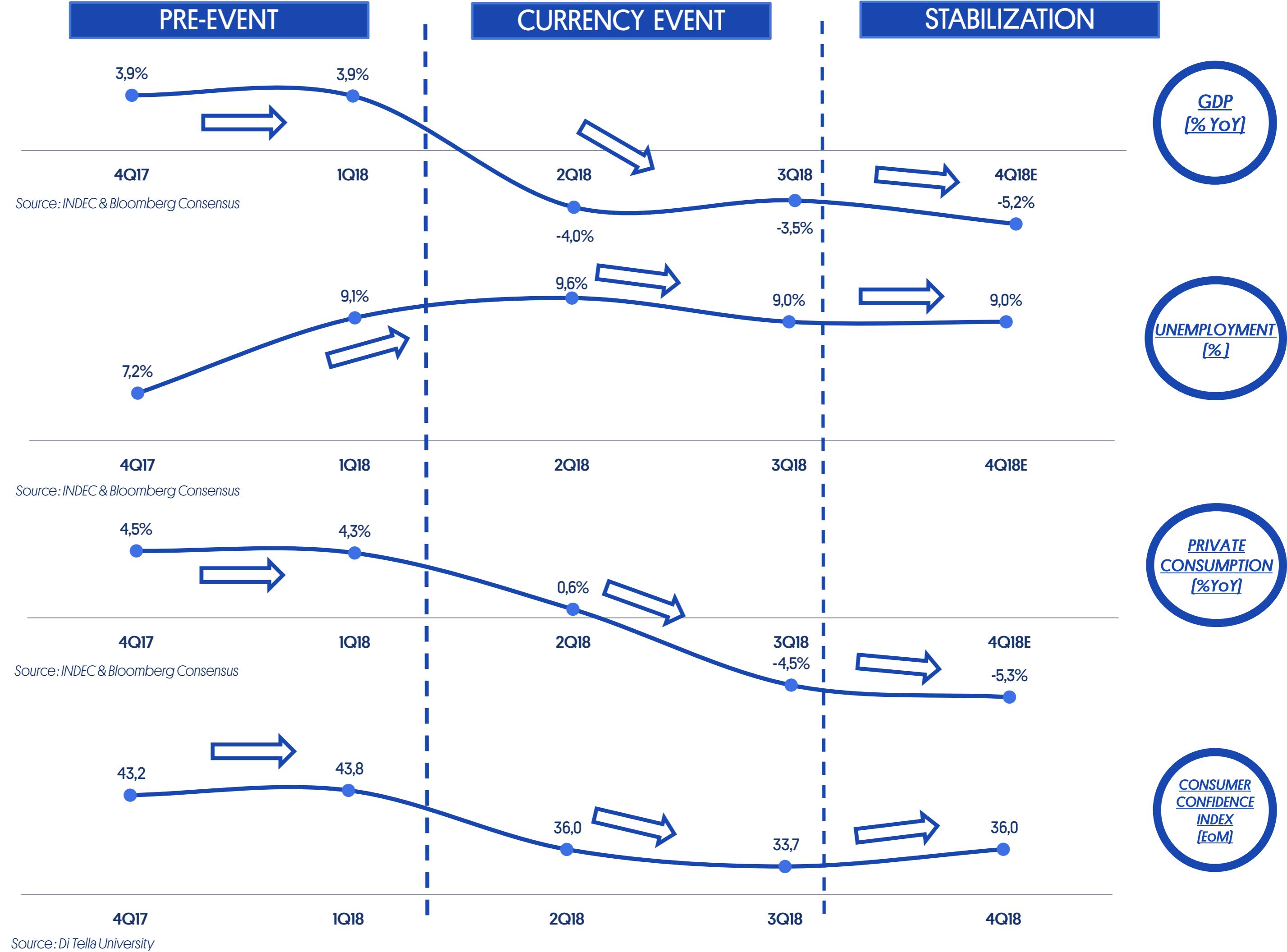
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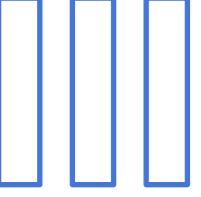
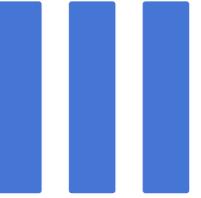
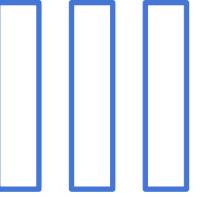
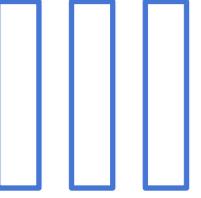
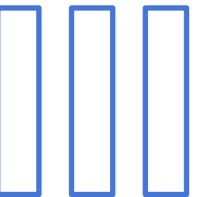
MACRO - EVOLUTION SO FAR AND WHERE WE STAND: FX INFLATION MONETARY POLICY



MACRO - EVOLUTION SO FAR AND WHERE WE STAND: ACTIVITY CONSUMPTION



AGENDA

-  **MACRO OVERVIEW**
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-  **Q&A**

COMPANY TRANSFORMATION

VISION AND
STRATEGY

4PLAY
PROVIDER

TELECOM

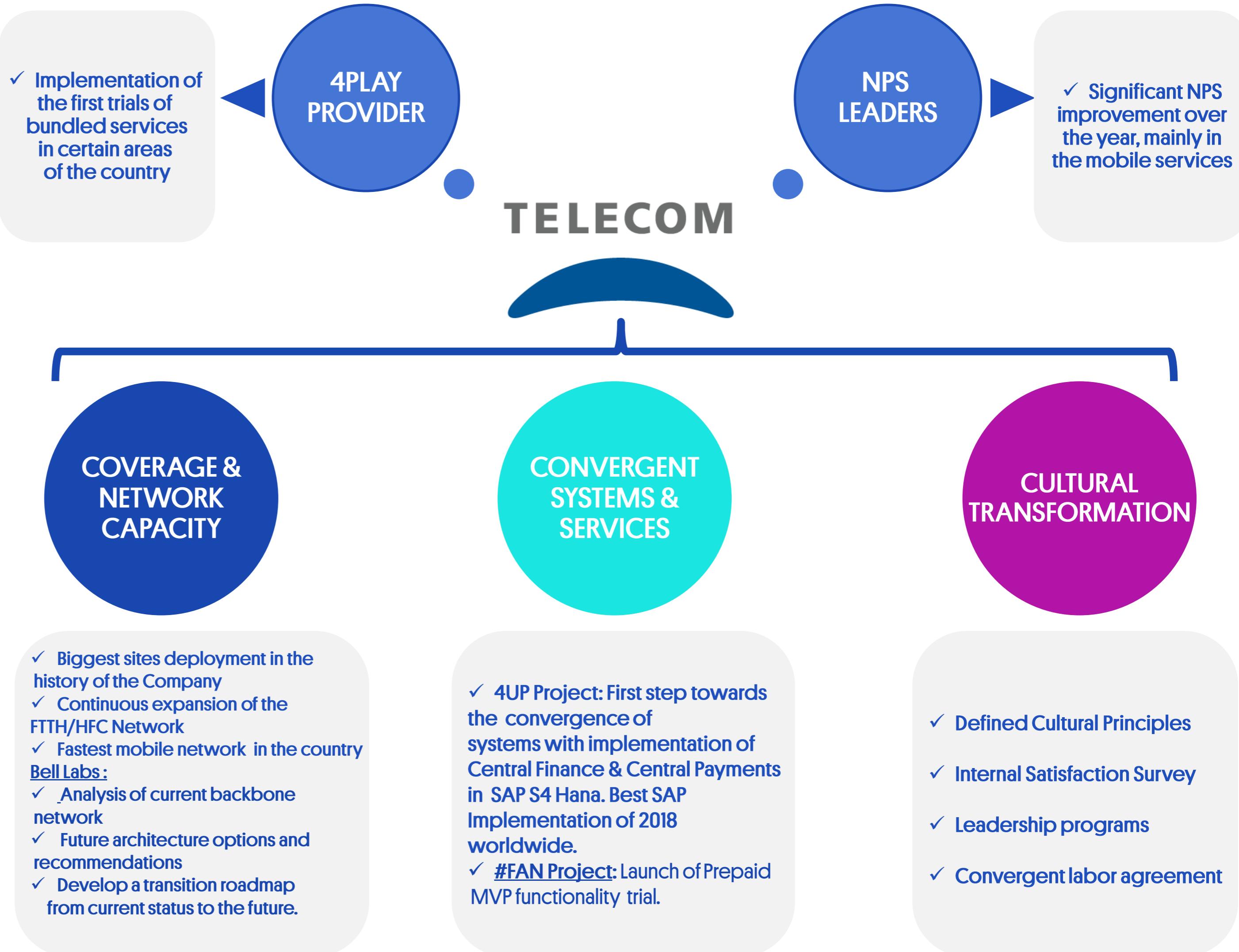
NPS
LEADERS

COVERAGE &
NETWORK
CAPACITY

CONVERGENT
SYSTEMS &
SERVICES

CULTURAL
TRANSFORMATION

VISION AND STRATEGY



AGENDA

|||| MACRO OVERVIEW

|||| STRATEGY

|||| BUSINESS HIGHLIGHTS

|||| FINANCIALS

|||| Q&A

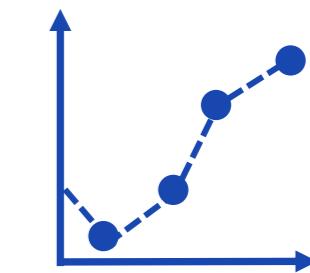
FY18

Highlights

Despite the market volatility, the Company increased its EBITDA Margin

REVENUES

P\$ 168.1 bn



EBITDA

P\$ 56.4bn Margin : 33.5%

ARPU (per month)

Fixed Voice ARPU: \$ 219

Broadband ARPU: \$ 623

Pay TV ARPU: \$696

Mobile ARPU: \$174



Mobile subs in Argentina : 18.6mm

SUBSCRIBERS

Broadband: 4.1 mm

Fixed Voice: 3.5 mm

Pay TV: 3.5 mm

12.2mm
4G CLIENTS

CORPORATE MATTERS

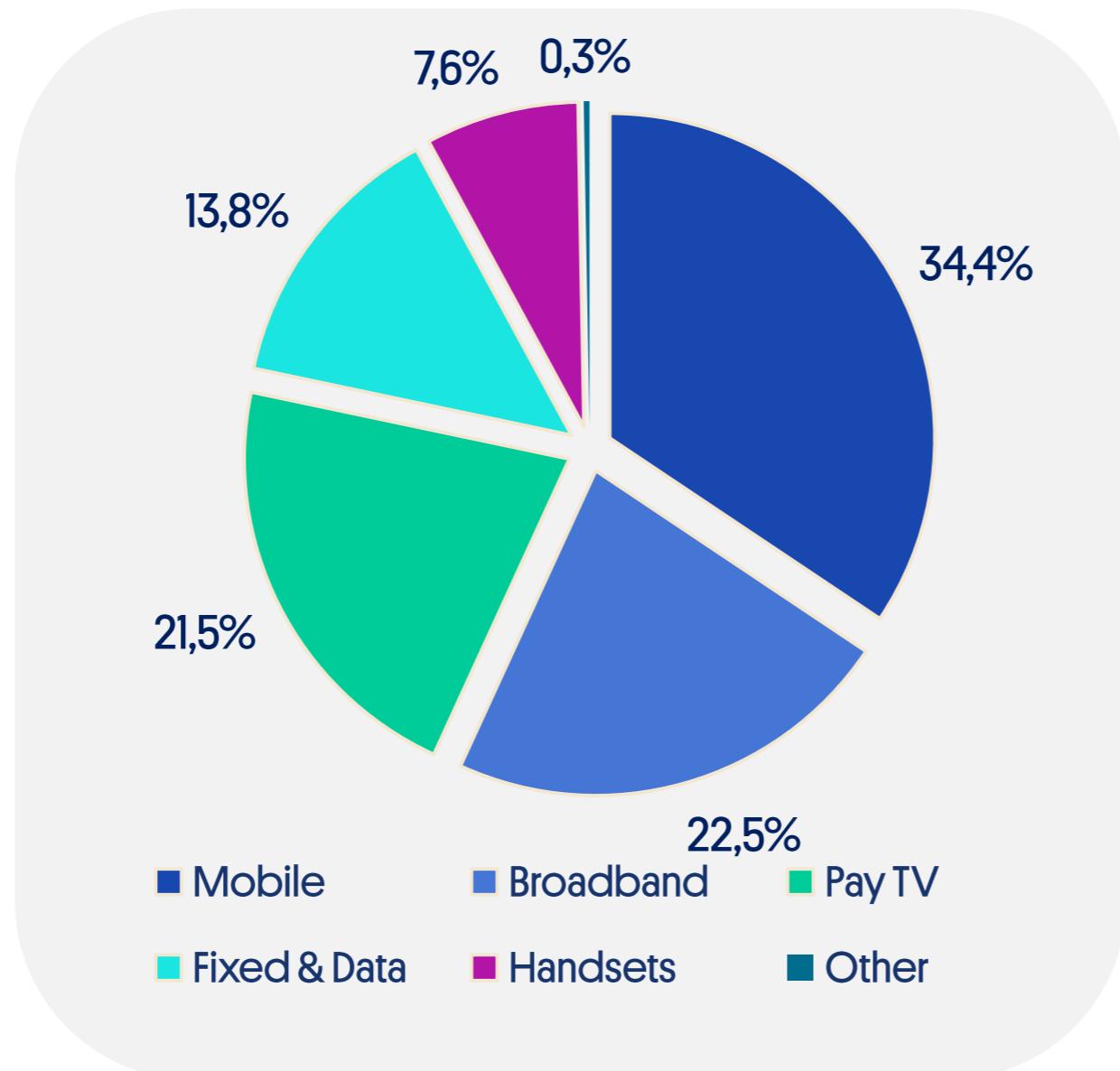
- On December 28, 2018, through Resolution No. 777/18, the CNV, the local regulatory agency, established the method to restate financial statements in constant currency to be applied by issuers subject to its oversight, in accordance with IAS 29 for years/periods ended as of December 31, 2018.

TELECOM REVENUES

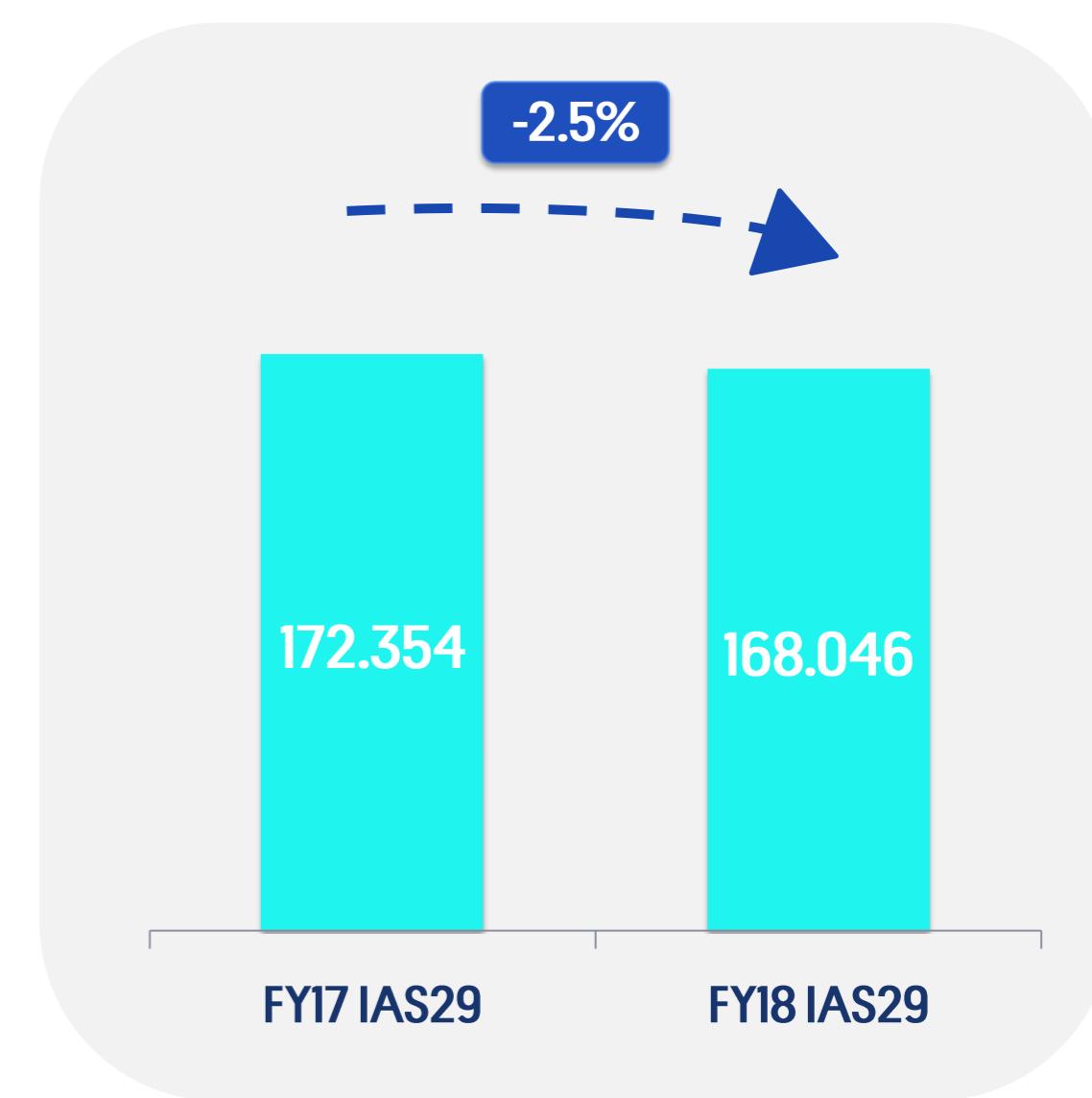
Revenues coming from mobile still the most prevalent business of all

In P\$ Million

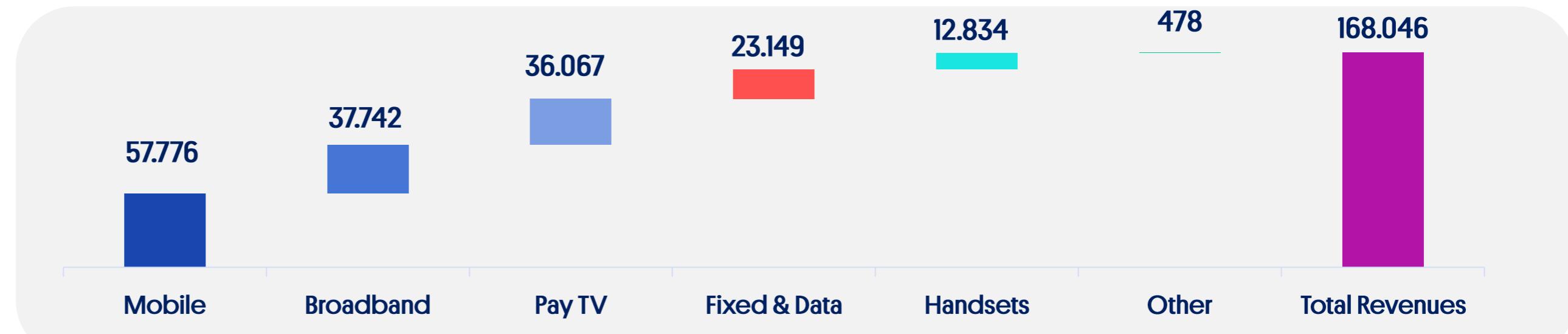
REVENUES BREAKDOWN



YoY EVOLUTION



REVENUES COMPOSITION

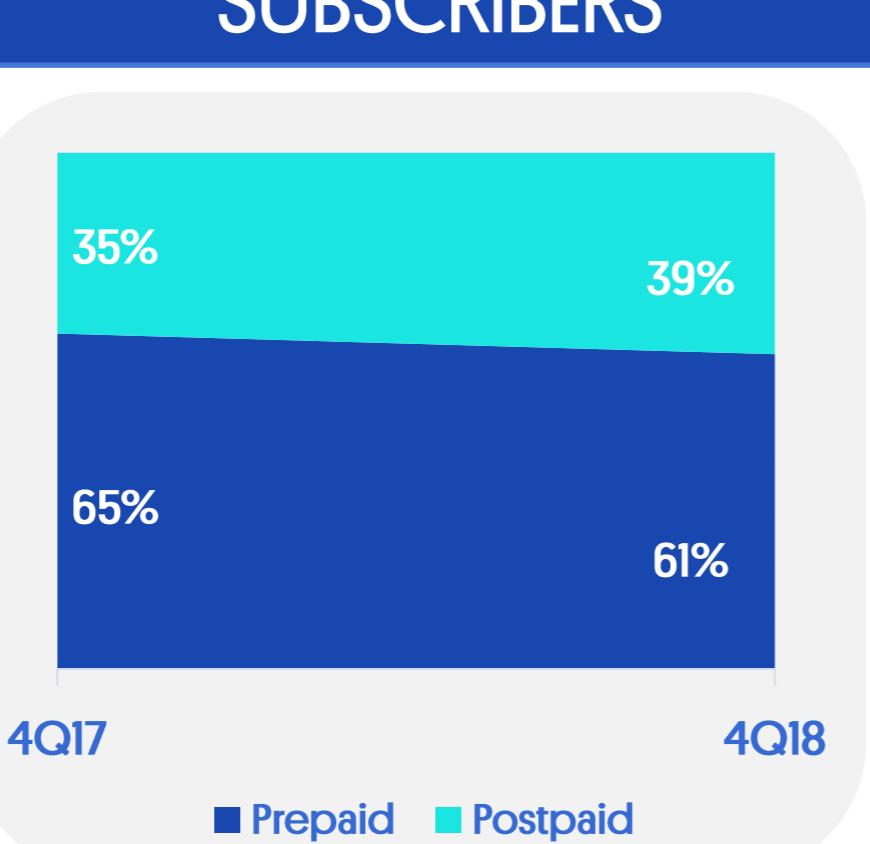


Figures may not sum up due to rounding

MOBILE IN ARGENTINA:

#1 in Market's Postpaid Flow Share during 2018

MOBILE POSTPAID SUBSCRIBERS



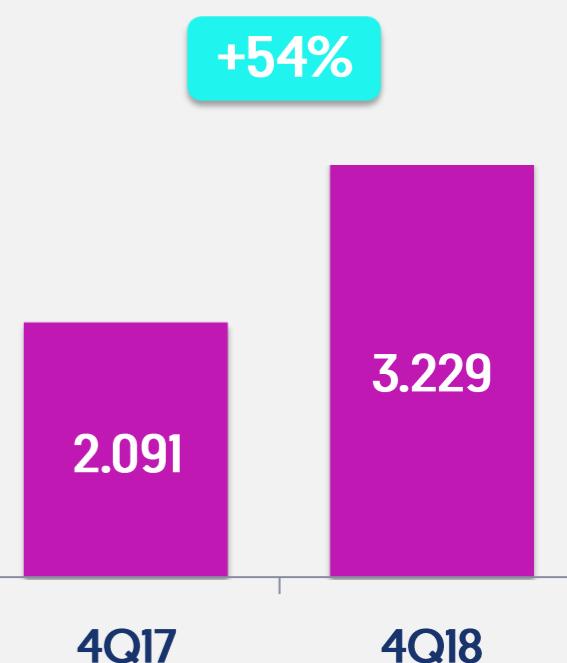
MOBILE ARPU

In P\$

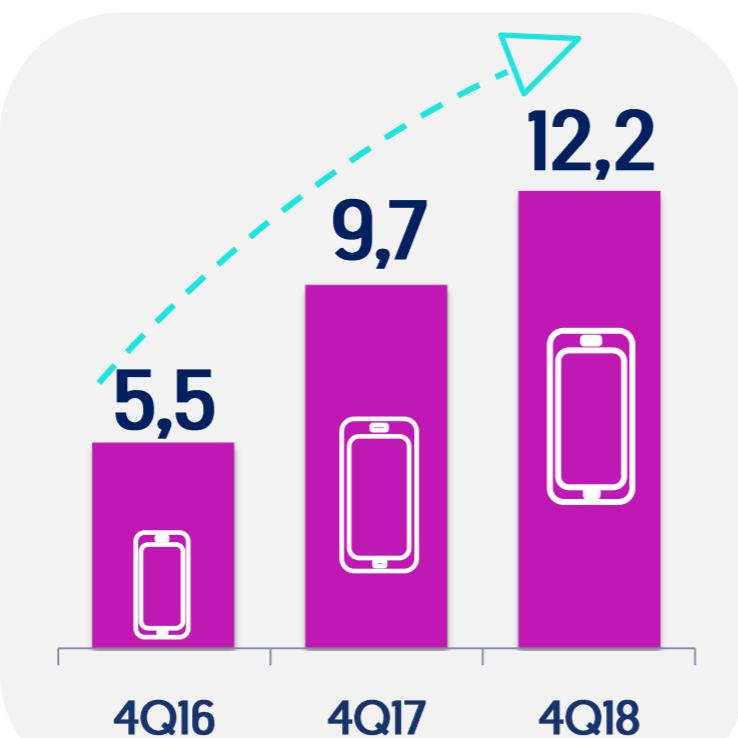


DATA USAGE

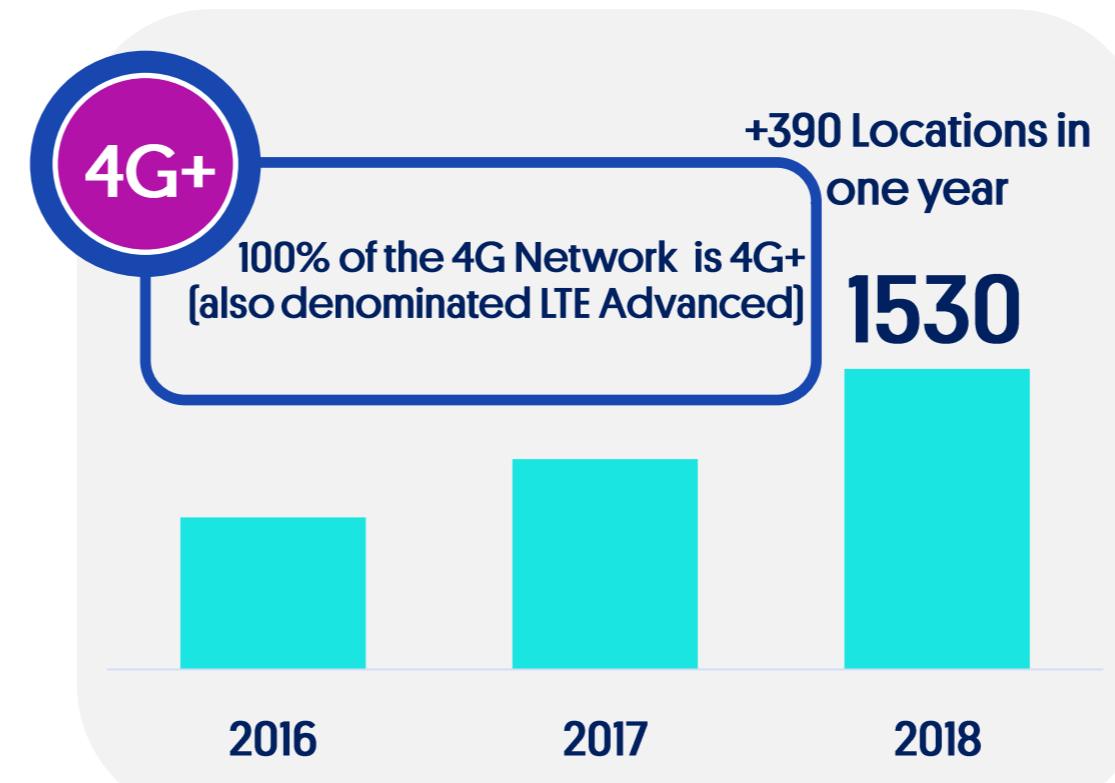
MBOU/MONTH



4G SUBSCRIBERS

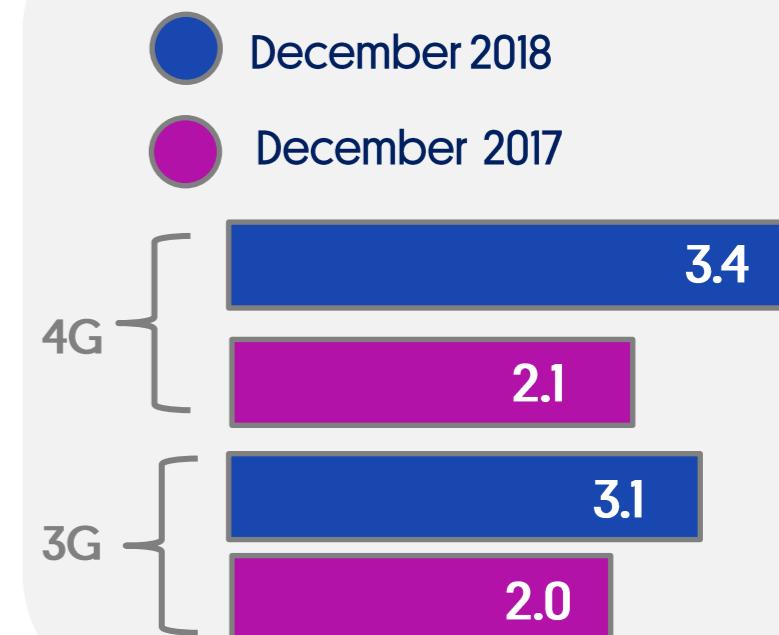


4G COVERAGE



AVERAGE DATA TRAFFIC

Gb per user/month



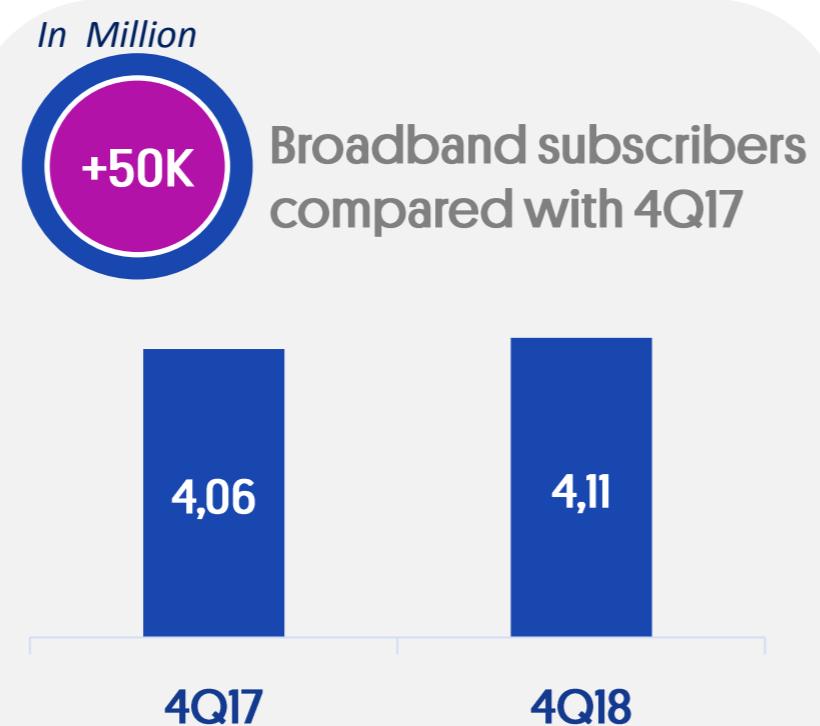
Figures may not sum up due to rounding

Monthly Unique users and MBOU over Monthly unique users that consume more than 10Mb

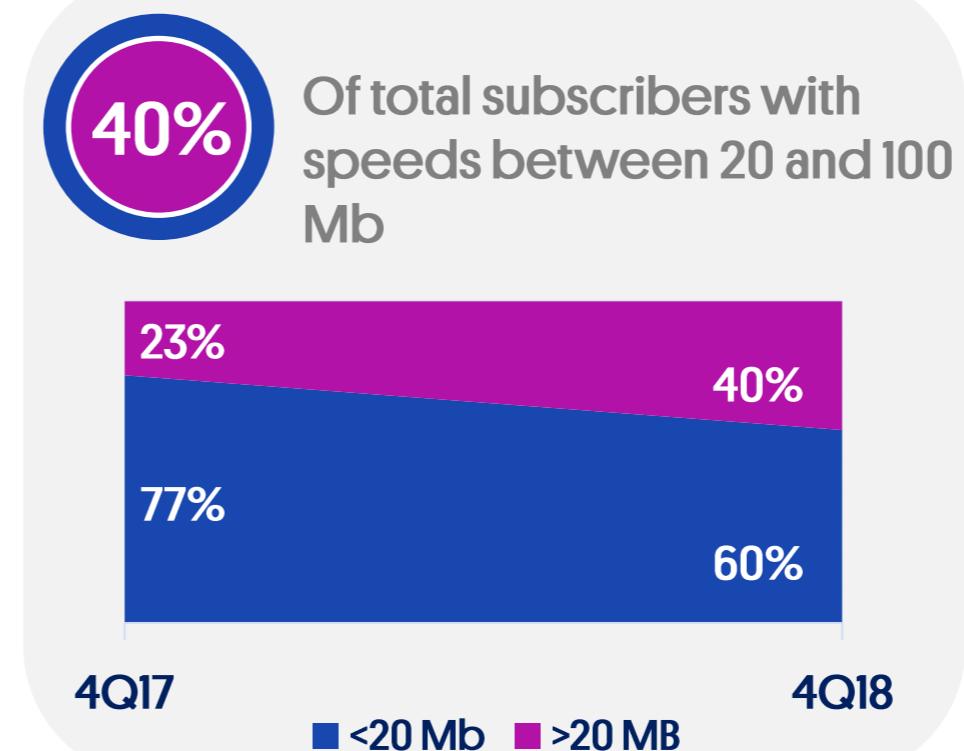
INTERNET AND CATV

Differentiation through Customer Experience

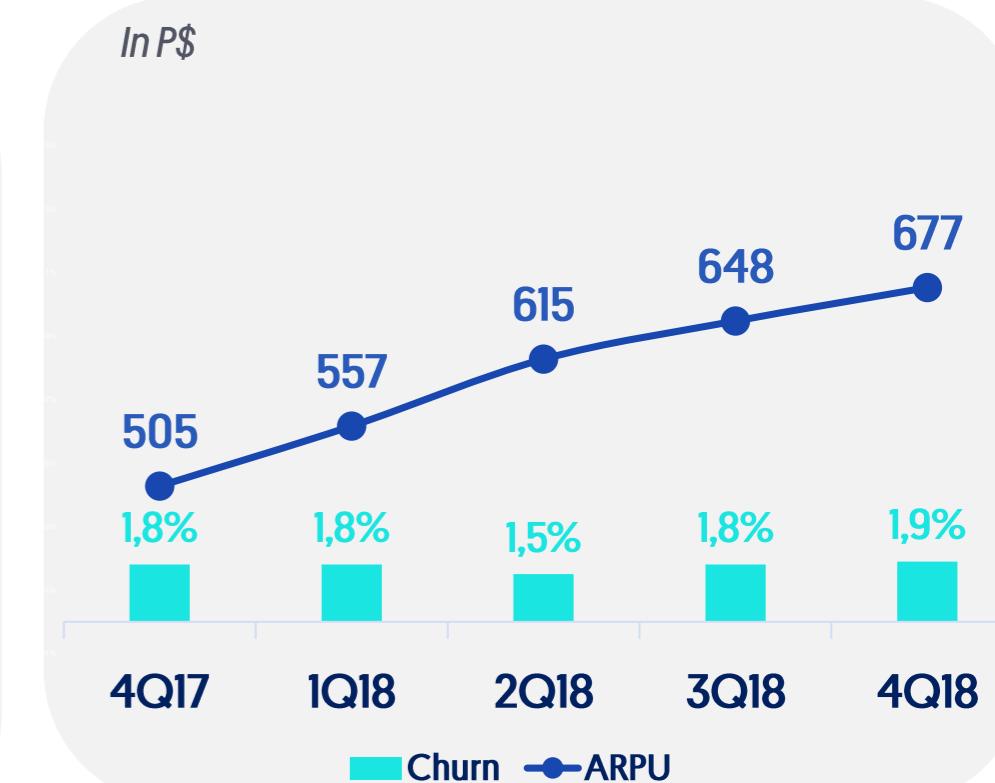
BROADBAND SUBSCRIBERS



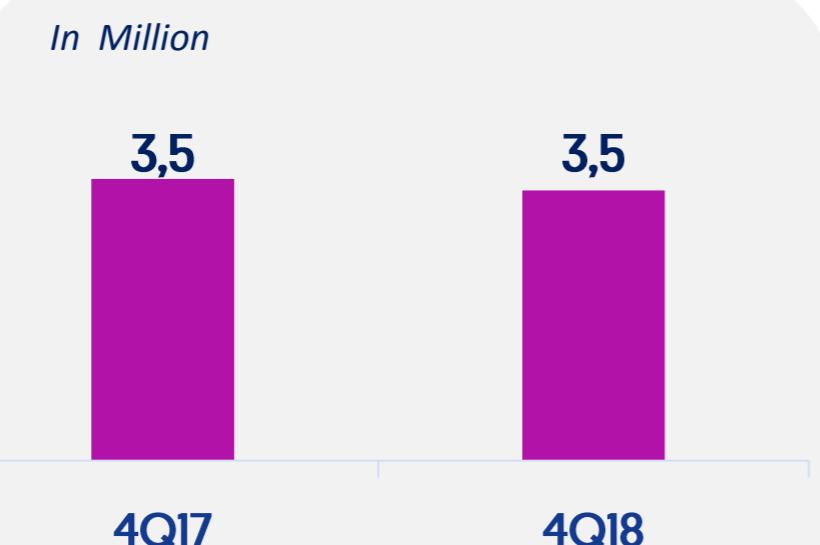
BROADBAND SPEEDS



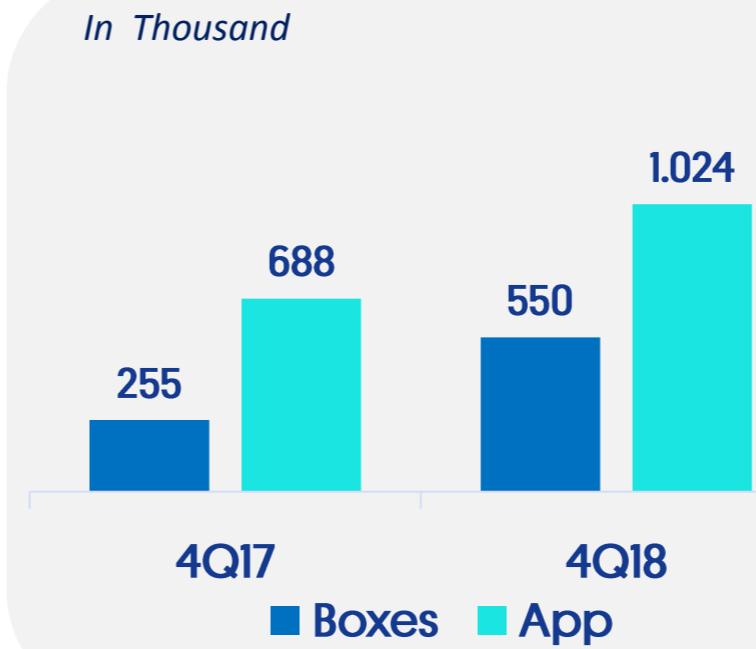
BB ARPU



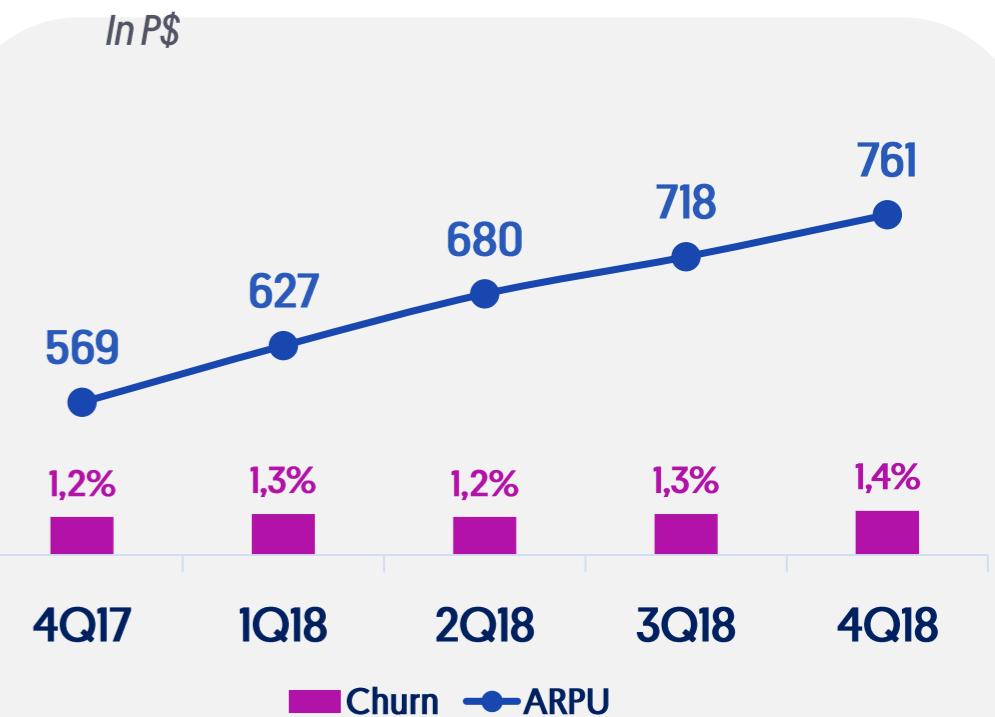
CATV SUBS



FLOW



CATV ARPU



CAPEX:
Continuous
investment efforts
to improve our
network and
services

CAPEX EVOLUTION

Million of P\$

Despite the challenging environment
the Company managed to invest U\$1.3 bn.
We expect to invest U\$1bn in 2019.

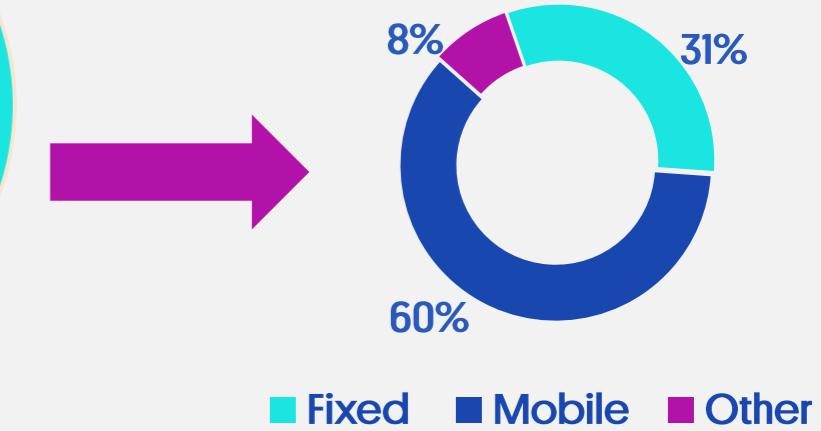
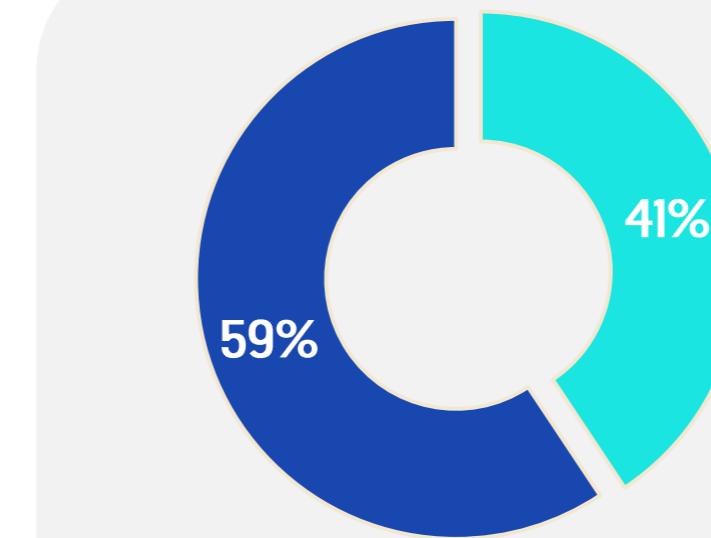


% REVENUES 23% → 25%

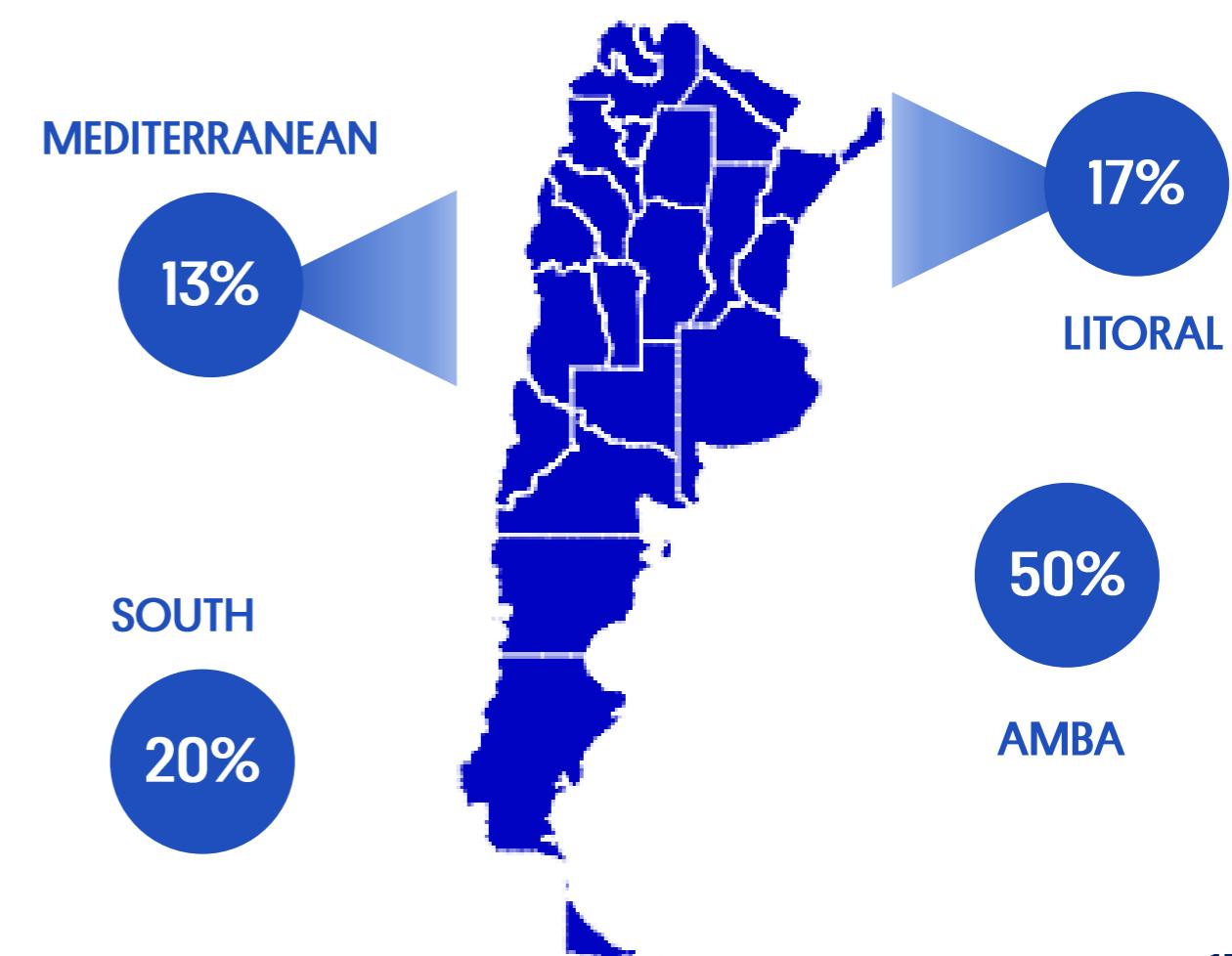
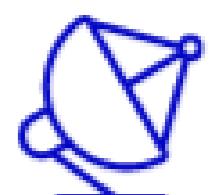
FY18 HIGHLIGHTS

- ✓ During 2018 the Company deployed almost 900 sites, the highest deployment in the history of Company.
- ✓ We increase the extension of our HFC/FFTH network to more than 235 thousand homes passed.
- ✓ Núcleo started the deployment of its fixed Broadband network during 2018.

TECHNICAL CAPEX BREAKDOWN



SITES REGIONAL DEPLOYMENT



AGENDA

|||| MACRO OVERVIEW

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|||| Q&A

IAS 29 FINANCIAL STATEMENTS ADJUSTED FOR INFLATION

IAS 29 establishes the conditions under which an entity shall restate its financial statements if it is located in an economic environment considered to be “hyperinflationary”. A cumulative inflation rate over three years approaching or exceeding 100% is used as a reference in conjunction with other qualitative factors related to the macroeconomic environment

1

Restatement of non-monetary Assets and Liabilities

2

Restatement of Shareholder's Equity

3

Restatement of Income Statement items

4

Calculation of the monetary results



+400 Commercial offices



7 Datacenters



+200 Technical bases



+7,000 cars



+ 6,000 sites



8 corporate buildings

MONETARY ASSETS

NON MONETARY ASSETS

MONETARY LIABILITIES

NON MONETARY LIABILITIES

SHAREHOLDER'S EQUITY

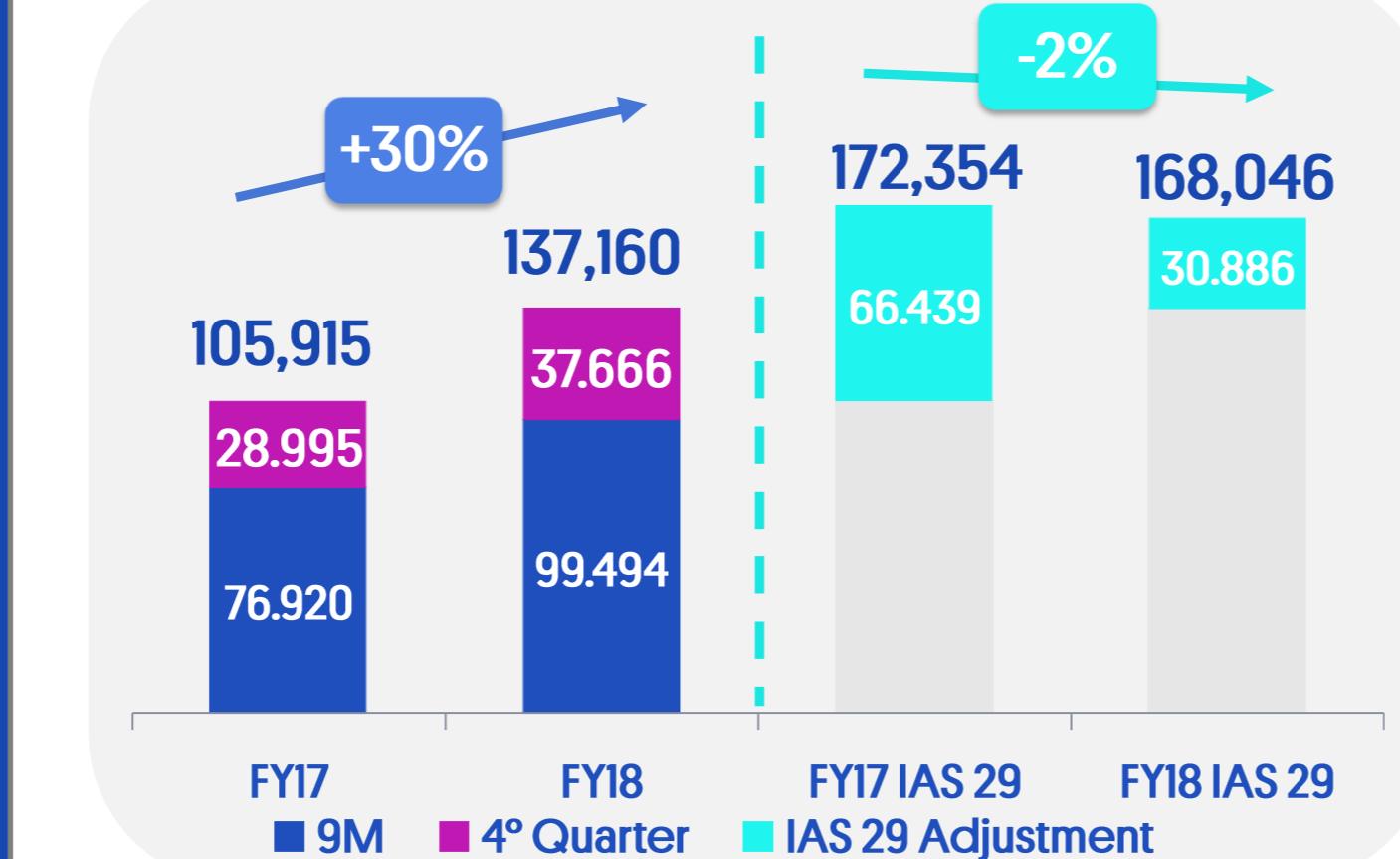
As a result of the adjustment,
There will be mainly an
Increase in non-monetary assets,
In the Shareholders' equity and
due to our net debt financial
position a positive result will
be reflected in our P&L

CONSOLIDATED RESULTS

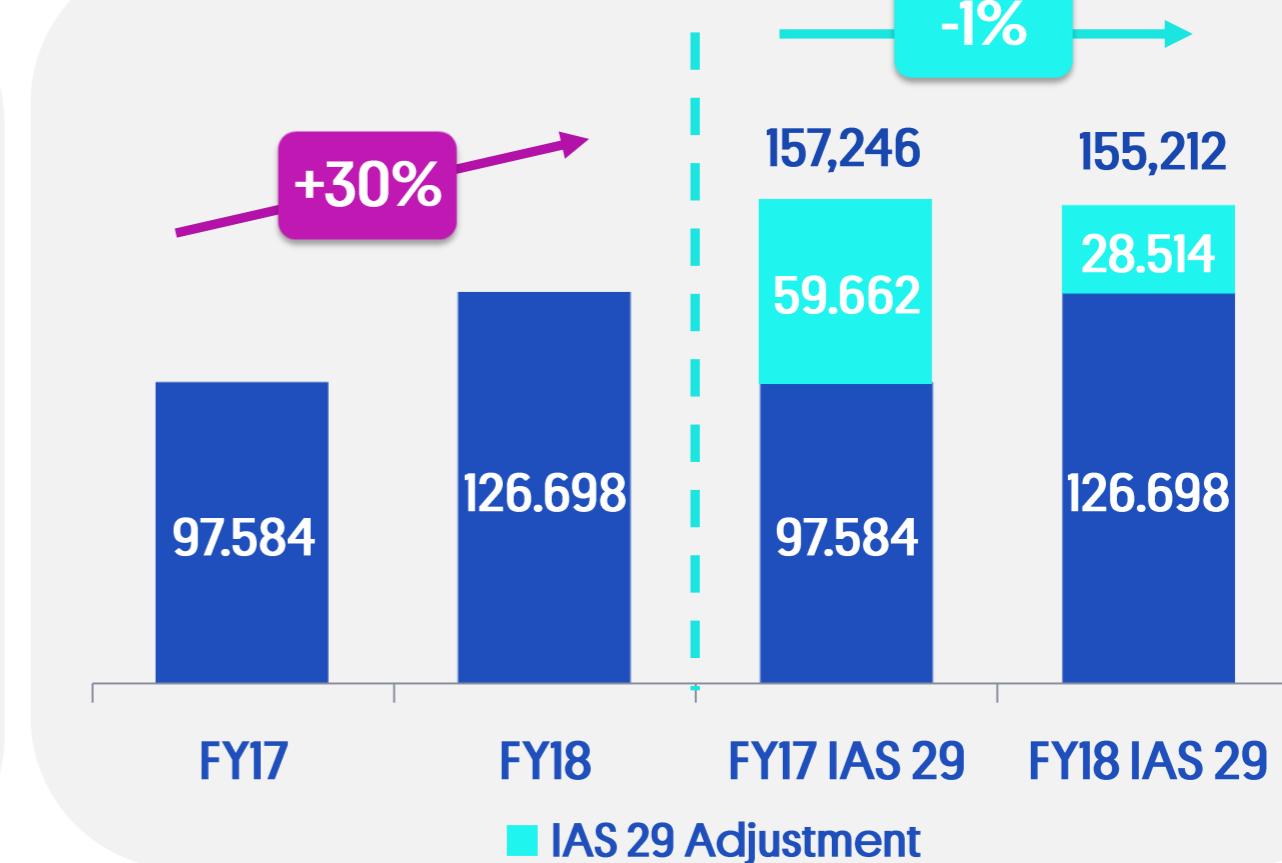
EBITDA & Margin expansion in real terms

IFRS, Million of P\$,

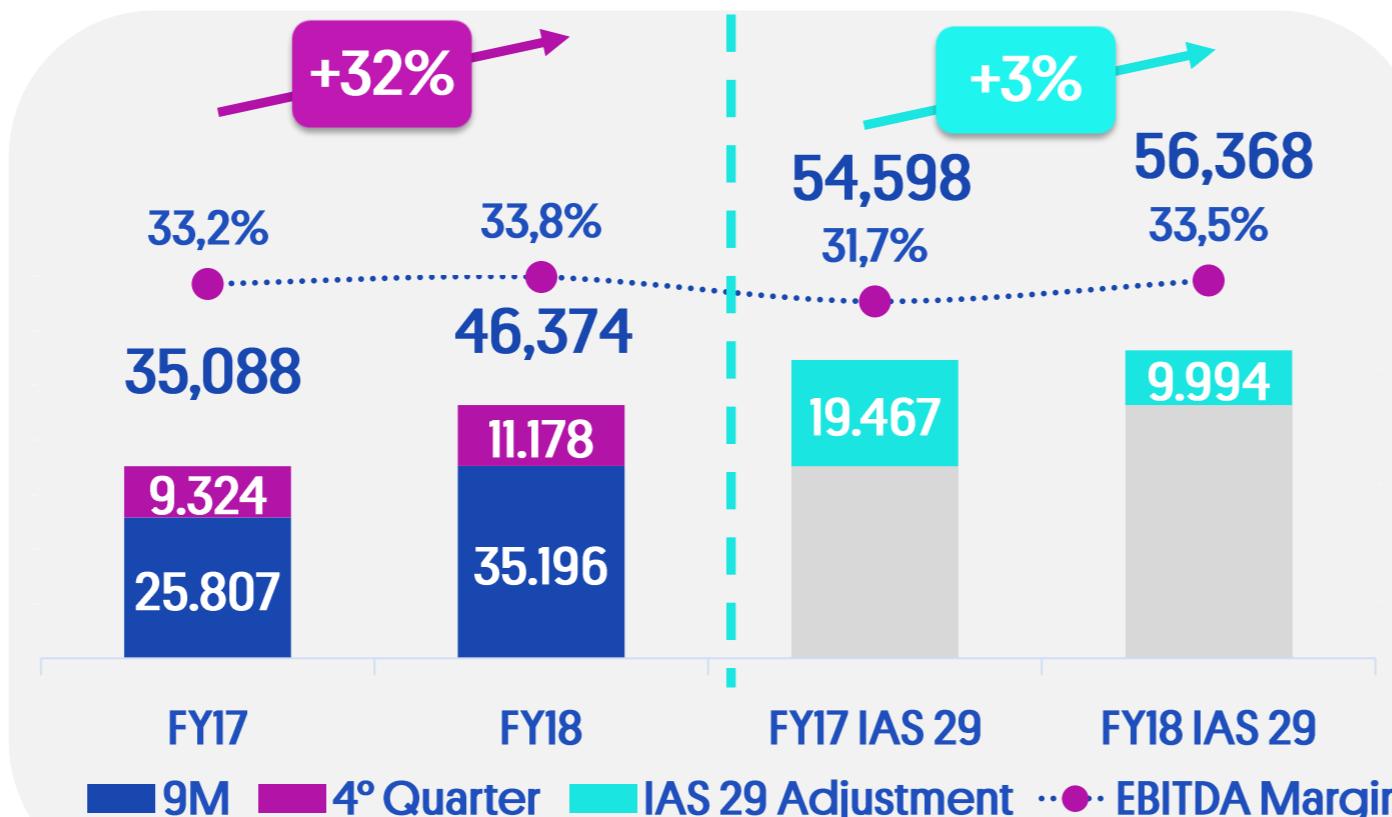
REVENUES



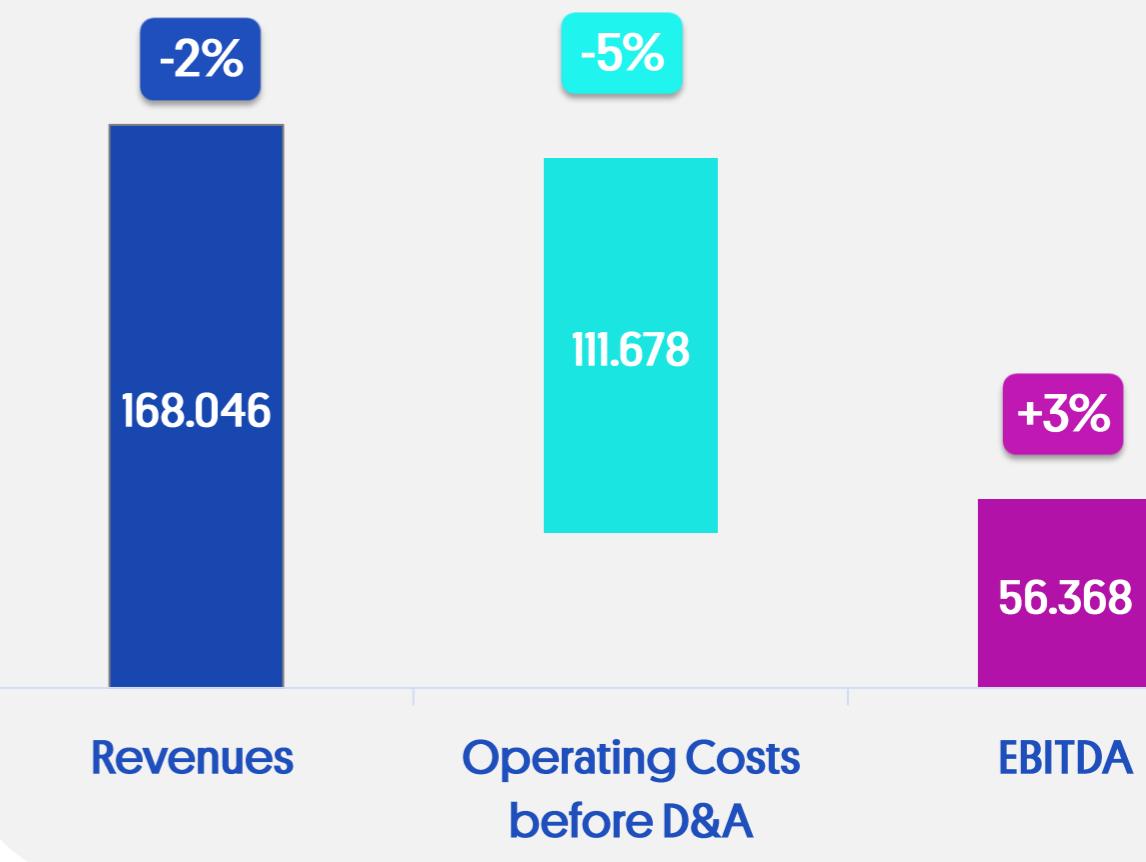
SERVICE REVENUES



EBITDA

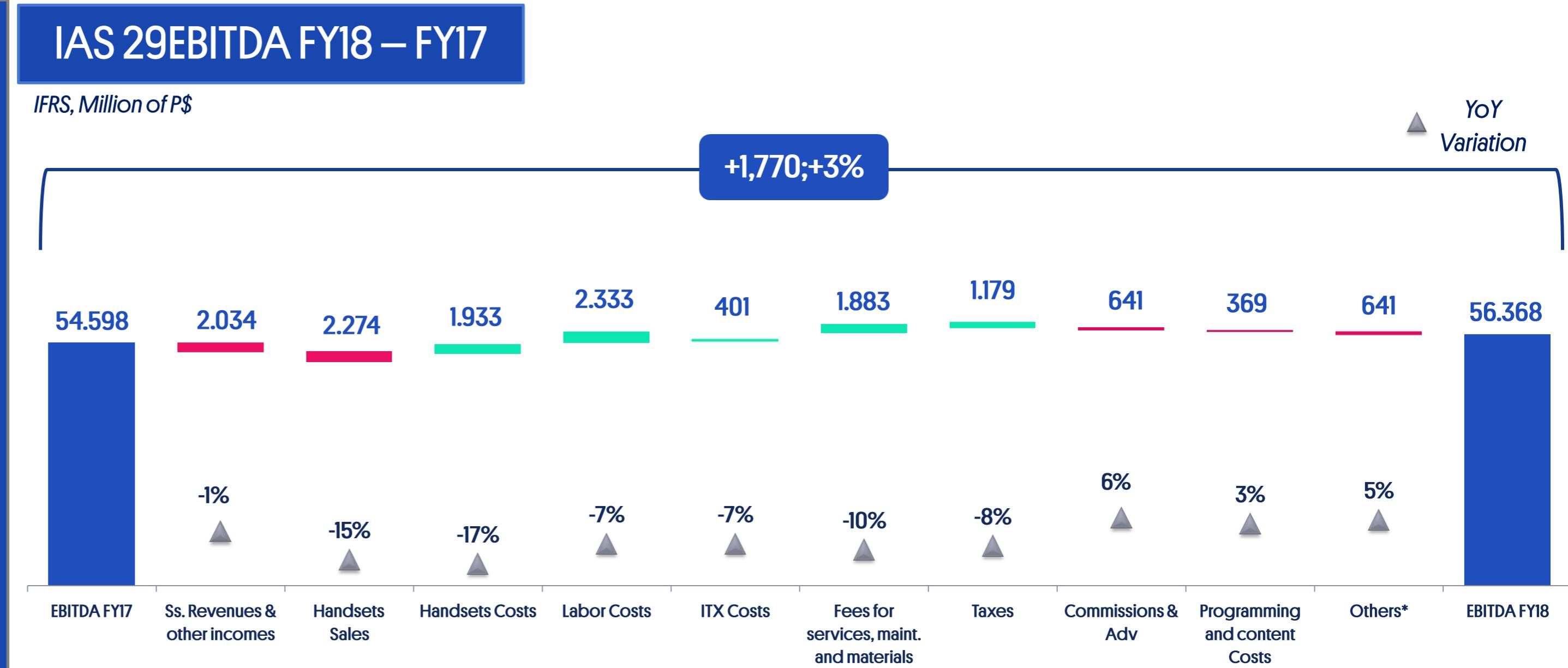


EBITDA EVOLUTION



CONSOLIDATED RESULTS

EBITDA and consolidated cost evolution



EBITDA Margin



AS % OF REVENUES



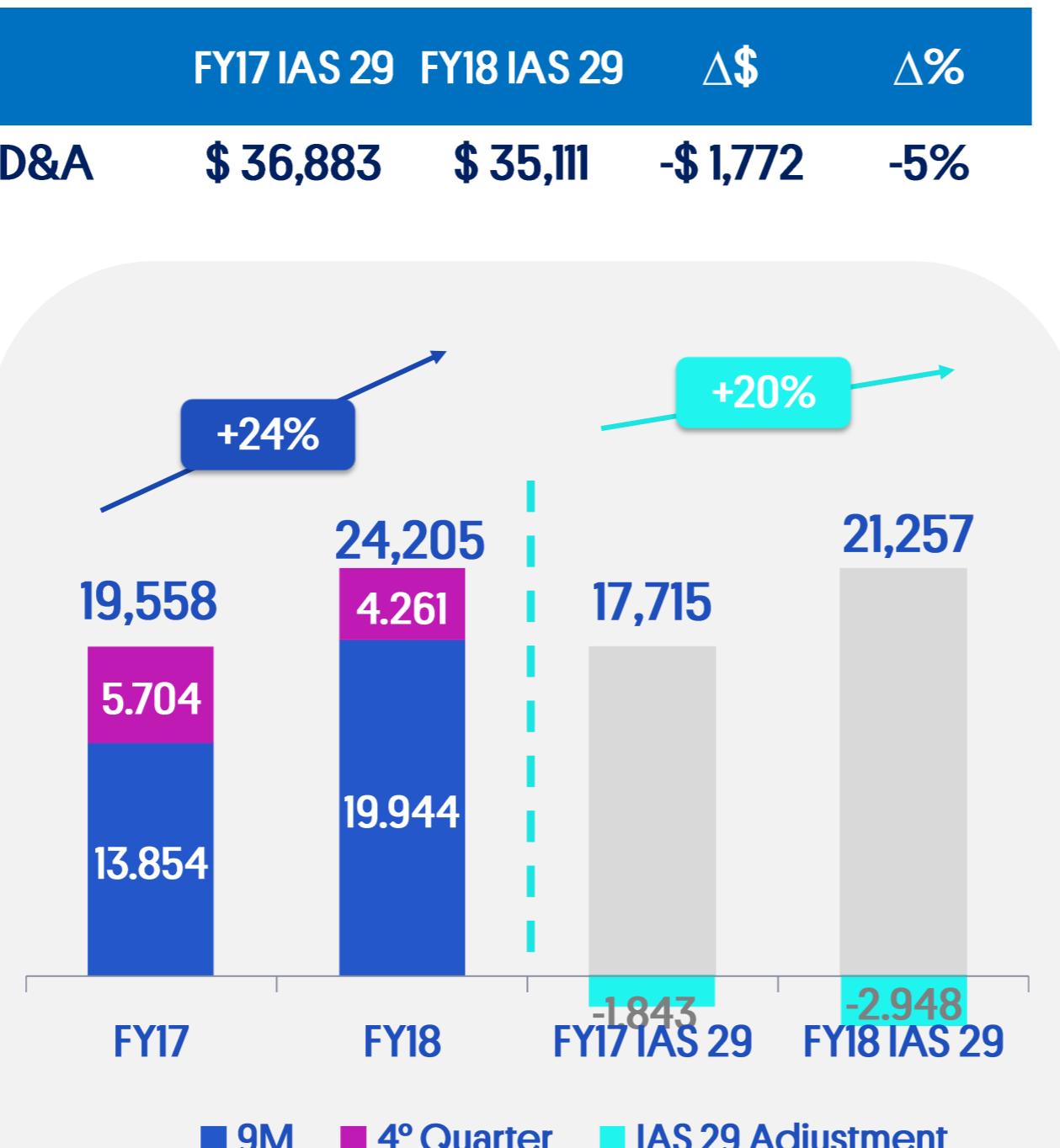
*Others include bad debt expenses and others

Figures may not sum up due to rounding

CONSOLIDATED RESULTS

OPERATING INCOME

IFRS, Million of P\$, Percentage



OPERATING INCOME MARGIN

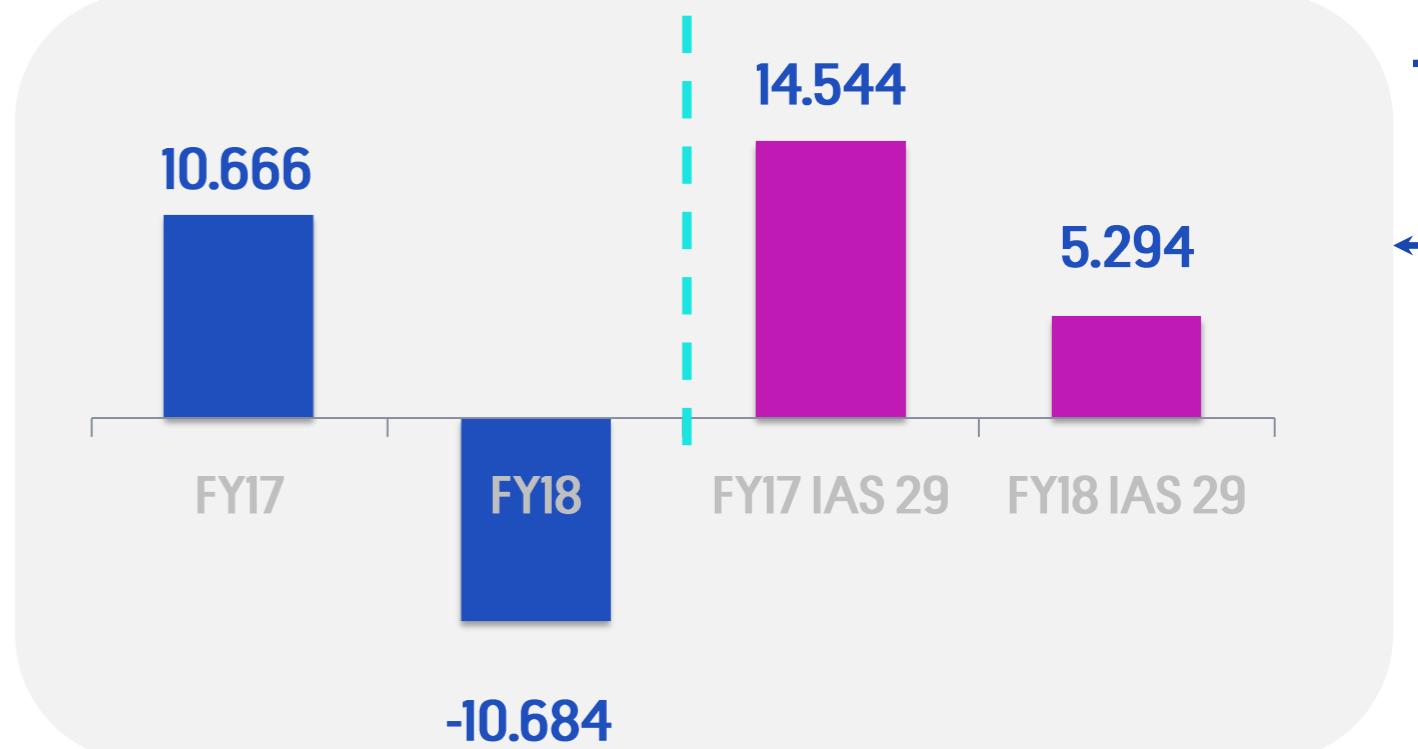
18% — 18% — 10% — 13%

NET INCOME

[Attributable to controlling company]

IFRS, Million of P\$, Percentage

In million of P\$	FY17 IAS 29	FY18 IAS 29	Δ\$
Operating Income	\$ 17,715	\$ 21,257	\$ 3,542
Financial Results	\$ 3,886	-\$ 18,795	-\$ 22,681
Financial expenses on debt	\$ 3,192	-\$ 33,972	-\$ 37,164
Other financial results, net	\$ 5,156	\$ 1,774	-\$ 3,382
RECPAM [Inflation Adjustment]	\$ 1,922	\$ 13,403	\$ 11,481
Earnings in equity from associates	\$ 353	\$ 236	-\$ 117
Income Tax	-\$ 7,210	\$ 2,838	\$ 10,048
Minority Interest	\$ 200	\$ 242	\$ 42
Total	\$ 14,544	\$ 5,294	-\$ 9,250



The BoD of Telecom proposed a distribution of up to \$6.3 bn in cash dividends

KEY FIGURES

In Million P\$

- ✓ Revenues
- ✓ EBITDA
- ✓ Gross Debt*
- ✓ Cash & Equivalents*
- ✓ Net Debt*
- ✓ Capex
- ✓ EBITDA-Capex

IAS 29 2018

168,046
56,368
79,312
13,684
65,628
42,480
13,888

IAS 29 2017

172,354
54,598
23,079
13,499
9,580
39,938
14,660

Ratios

EBITDA / Margin

33.5%

31.7%

Gross Debt / EBITDA

1.41x

0.42x

Net Debt / EBITDA

1.16x

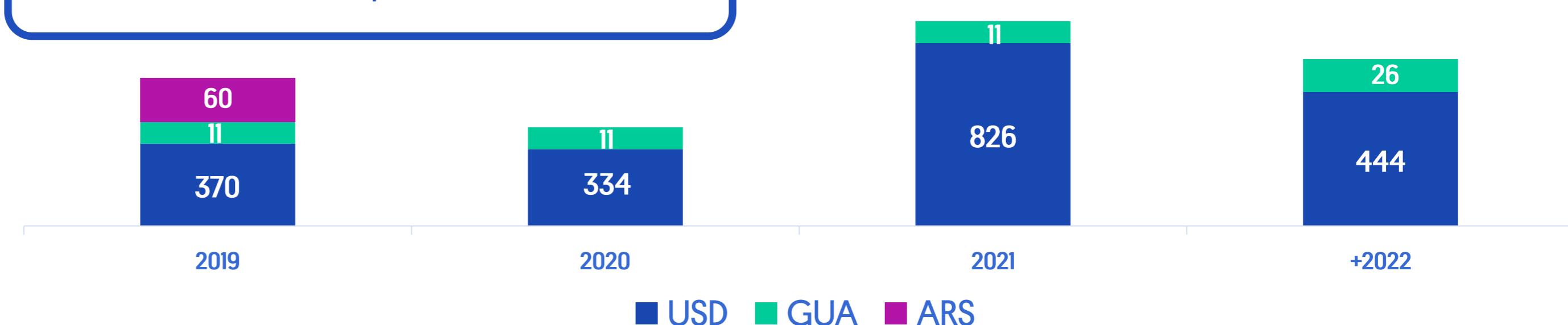
0.18x

DEBT STOCK AND Maturity SCHEDULE

In USD Million

<u>Debt Principal as of December 31, 2018</u>	U\$S	P\$	GUA	Total [U\$S]
✓ CV 5 year Bond Class A (2021)	500	-	-	500
✓ Vendor Financing	65	-	-	65
✓ IFC Loan	400	-	-	400
✓ IIC Loan	100	-	-	100
✓ Syndicated Loan due 2019(*)	100	-	-	100
✓ Term Loan due 2022	500	-	-	500
✓ Deutsche Bank Loan	300	-	-	300
✓ Núcleo	-	-	59	59
✓ Other	10	60	-	70
TOTAL	1,975	60	59	2,094

On March 4, 2019, the Company entered into a loan agreement with the International Finance Corporation ("IFC"), for a total amount of up to US\$ 450,000,000



(*) On February 11, 2019 the Company canceled the final amount outstanding under the Original Syndicated Loan for U\$S 100 million with its own funds.

YEAR ACHIEVEMENTS

TELECOM'S 2018 ACHIEVEMENTS

Operational and financial reticence
to manage the crisis



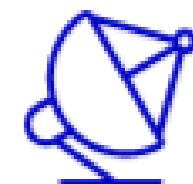
Negotiation of a change in the labor
agreement towards convergence



Sustained profitability amid an
adverse context



Fulfilment of the aggressive Capex
plan in a context of
Company transformation



NPS improvement, mainly in the
mobile segment



Implementation of Central Finance
within an limited period of time. Best
SAP implementation of 2018 worldwide



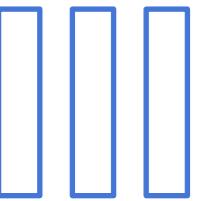
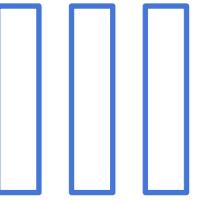
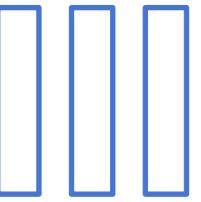
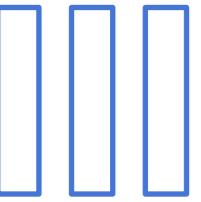
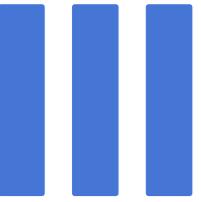
Achievement of the necessary
funding at a
rate inside the sovereign risk



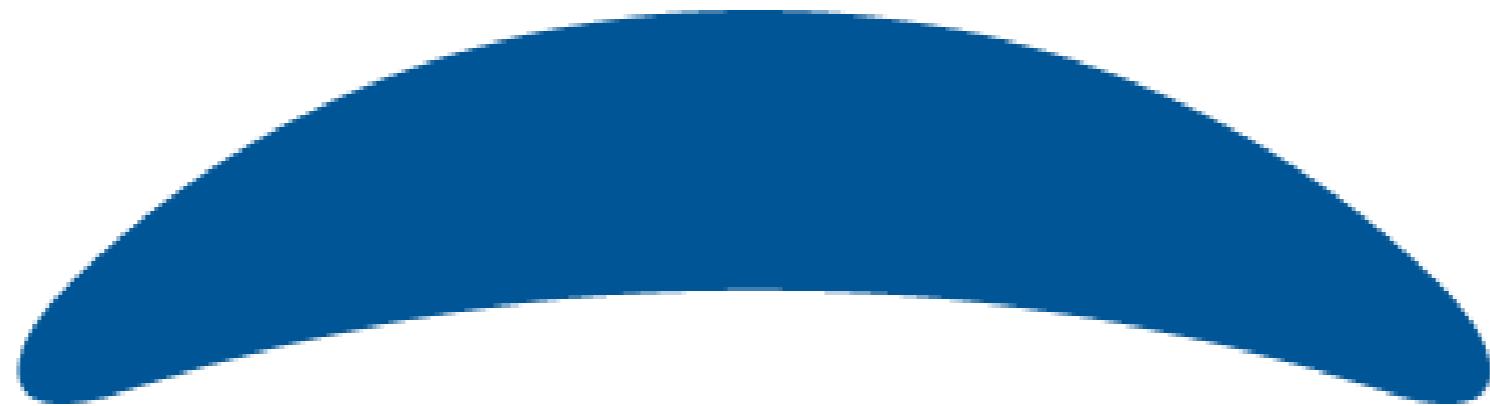
Installation of the principle “we are one”
and “we are all clients”



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TELECOM



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