

TELECOM ARGENTINA SA

Form 6-K

November 09, 2007

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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, 2007

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)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes ☐ No ☒

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes ☐ No ☒

Indicate by check mark whether by furnishing the information contained in this Form, the Registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes ☐ No ☒

If ☒ Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

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Telecom Argentina S.A.

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Item	
1.	<u>Press release, dated November 8, 2007, entitled Telecom Argentina S.A. announces consolidated nine-month period (9M07) and third quarter results for fiscal year 2007 (3Q07)</u>

Table of Contents**FOR IMMEDIATE RELEASE****Market Cap: P\$15 billion****(November 8, 2007)****Contacts:****Pedro Insussarry****Pablo Caride****Telecom Argentina****(54-11) 4968-3743/3602****TELECOM ARGENTINA S.A. ANNOUNCES CONSOLIDATED NINE-MONTH PERIOD (9M07) and THIRD QUARTER RESULTS FOR FISCAL YEAR 2007 (3Q07)***

The Telecom Argentina Group maintained an important expansion of its business in the nine-month period ended September 30, 2007. Consolidated revenues grew 24% vs. 9M06, totaling P\$6,515 million. Revenues generated by the Cellular and Internet & Data Transmission businesses increased 37% and 19%, respectively.

The Cellular customer base reached 11.7 million (+35%), broadband subscribers totaled 677,000 (+81%), while fixed lines in service increased 3% to 4.2 million.

Operating Profit before Depreciation and Amortization (OPBDA) reached P\$2,252 million (+30% vs. 9M06), equivalent to 35% of net revenues. Operating Profit increased by 78%, totaling P\$1,201 million.

Net Income reached P\$614 million, which includes results for discontinued operations by P\$102 million (related to the sale of Publicom in 1Q07).

Net Debt (before NPV effect) declined to P\$ 2,516 million (-P\$1.261 million vs. September, 2006), primarily as a result of the cash flow generated by operations. The ratio of Net Debt to OPBDA declined from 1.6x as of the end of 9M06, to 0.8x.

	As of September-30			
	2007	2006	Δ	Δ%
Consolidated Net Revenues (in MM P\$)	6,515	5,242	1,273	24%
Voice, Data & Internet	2,420	2,249	171	8%
Cellular	4,095	2,993	1,102	37%
Operating Profit before D&A (in MM P\$)	2,252	1,730	522	30%
Operating Profit (in MM P\$)	1,201	675	526	78%
Net Income (in MM P\$)	614	164	450	274%
Shareholder s equity (in MM P\$)	2,748	2,043	705	35%
Net Financial Debt - Before NPV effect (in MM P\$)	2,516	3,777	(1,261)	-33%
Net Financial Debt - Book value (in MM P\$)	2,382	3,579	(1,197)	-33%

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CAPEX (in MM P\$)	981	755	226	30%
Lines in service (Fixed lines -in thousands)	4,170	4,056	114	3%
Cellular customers (in thousands)	11,665	8,624	3,041	35%
Personal (Argentina)	10,161	7,675	2,486	32%
Núcleo (Paraguay)	1,504	949	555	58%
ADSL customers (in thousands)	677	375	302	81%
Fixed line traffic (in MM minutes, Internet Traffic not included)	12,528	12,516	12	0%
Incoming/Outgoing cellular voice traffic in Arg.(in MM minutes)	7,147	5,380	1,767	33%
Average Revenue per user (ARPU) Fixed Telephony/voice (in P\$)	39	39	0	0%
Average Revenue per user (ARPU) Cellular Telephony Arg. (in P\$)	38	38	0	0%

* Non-financial data unaudited

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Buenos Aires, November 8, 2007 Telecom Argentina (BASE: TECO2, NYSE: TEO), one of Argentina's leading telecommunications groups, announced today a **Net Income** of **P\$614 million** for the nine-month period ended September 30, 2007.

	9M 07	9M 06	Δ	Δ%
Net Revenues (MMP\$)	6,515	5,242	1,273	24%
Net Income (MMP\$)	614	164	450	
Earnings per Share (\$)	0.62	0.17	0.46	
Earnings per ADR (\$)	3.12	0.83	2.29	
OPBDA *	35%	33%		
Operating Profit *	18%	13%		
Net Income *	9%	3%		

* As a percentage of Revenues

During **9M07**, **Consolidated Net Revenues** increased **24%** (+P\$1,273 million vs. **9M06**) to **P\$6,515 million**, mainly fueled by the cellular and broadband businesses.

Moreover, **OPBDA** increased by **30%** (+P\$522 million) to **P\$2,252 million** (35% of Consolidated Net Revenues, +200 bps).

Company Activities**Net Revenues**

The evolution in **Consolidated Net Revenues** by reportable segment was as follows:

Voice, Data Transmission & Internet

Revenues generated by these services amounted to **P\$2,420 million**, +8% vs. **9M06**.

Voice

Total Revenues for this service reached **P\$1,910 million** (+5%).

Monthly Charges and Supplementary Services increased by **P\$22 million** or **4%**, to **P\$555 million**, as lines in service grew by **2%**.

Revenues generated by **traffic** (**Local Measured Service**, **Domestic Long Distance** and **International Telephony**) totaled **P\$905 million**, with an increase of **4%** vs. **9M06**.

Interconnection revenues amounted to **P\$273 million** (+20%), mainly fueled by higher cellular traffic.

Other & Public Telephony

Other revenues reached **P\$177 million**, decreasing by **7%** mainly due to the decline in traffic.

Internet and Data Transmission

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Mainly due to the increase in broadband connections, **Internet** continues to deliver revenue growth to the wireline business. During **9M07**, revenues from this business grew **22%** vs. **9M06** to **P\$384 million**.

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Moreover, Telecom's ADSL subscribers reached **677,000 (+302,000 or +81% vs. 9M06)**. Therefore, lines with ADSL connection accounted for approximately **16%** of Telecom's lines in service.

Telecom confirms its market approach, based on delivering higher velocity solutions, allowing its customers to access increasingly complex multimedia content as well as new value-added services. Telecom Argentina recently announced a significant improvement of its Broadband portfolio, by automatically upgrading its Arnet 640 K customers to Arnet 1 Mb product with no additional charge. In addition, Telecom launched the Arnet 20 Mb product, the fastest connection available in the Argentine market.

Revenues generated by **Data transmission** amounted to **P\$126 million, (+12% vs. 9M06)**. The Company continues to work actively in the corporate accounts, public sector and the SME segment, positioning itself as an integrated provider of communications and connectivity solutions.

Cellular Telephony

The Cellular Telephony business generated revenues of **P\$4,095 million** in 9M07.

Telecom Personal in Argentina

As of September 30, 2007, Personal's subscribers reached **10.2 million (+2.5 million or +32% vs. 9M06)**. Approximately **67%** of the overall subscriber base was prepaid and **33%** was postpaid. By the end of 9M07, subscribers with GSM technology represented **96%** of the total subscriber base.

Total voice traffic increased by **33%** vs. **9M06** while outgoing **SMS traffic** increased from an average of **508 million** messages per month to an average of **839 million (+65%)**. Moreover, the Average Monthly Revenue per User (**ARPU**) remained stable at **P\$38**, when compared to **9M06**. Value-Added Services accounted for **27%** of ARPU.

Revenues totaled **P\$3,799 million (+P\$1,051 million or +38% vs. 9M06)**. Service revenues increased by **43%**, while handset sales grew **9%** in the period, totaling **P\$401 million**.

Reconfirming its strong focus on technological innovation, Personal continued the expansion of its 3G services to Cordoba and Rosario cities, therefore becoming the first 3G operation outside Buenos Aires.

In terms of products and services, should be mentioned the launch of **Servicio de Localización Móvil**, a business application developed for sales forces, and **Navegador Personal**, incorporating satellite navigation facilities into existing Blackberry services. In addition, Personal is the first Latin American operator to provide international roaming in 3G.

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Finally, Personal continued to expand its commercial network, by inaugurating the country's largest customer care center in Cordoba.

Núcleo

Personal's controlled subsidiary that operates in Paraguay, generated **revenues** equivalent to **P\$296 million (+21% vs. 9M06)**.

By the end of the quarter, the subscriber base reached approximately **1.5 million, +58% vs. 9M06**. Prepaid and Postpaid customers represented **89%** and **11%**, respectively, while **GSM** subscribers represented **85%** of the overall subscriber base.

Consolidated Operating Costs

The **Cost of Services Provided, Administrative Expenses and Selling Expenses** totaled **P\$5,314 million** in **9M07**, which represents an increase of **P\$747 million** or **+16%** vs. **9M06** with the following breakdown:

Salaries and Social Security Contributions: P\$712 million (+18%), affected by wage adjustments and a minor headcount increase in the cellular business.

Taxes: P\$467 million (+23%), in line with the general evolution of the business.

Agents and Prepaid Card Commissions: \$508 million, (+39%), due to the expansion in terms of subscribers and traffic.

Advertising: P\$199 million (+38%), to support commercial activity in cellular and internet.

Cost of cellular handsets: increased to **P\$597 million (-9%)** as a consequence of fewer handset sales, in the context of an increasingly penetrated market and decreased in the migration process of TDMA to GSM handsets.

TLRD and Roaming: P\$544 million (+44%) due to increased traffic among cellular operators.

Depreciation of Fixed and Intangible Assets: P\$1,051 million, stable when compared to **9M06**. Telecom Argentina totaled **P\$626 million** and Telecom Personal **\$425 million (-13% y +26%)** respectively.

Consolidated Financial and Holding Results

Financial and Holding Results resulted in a loss of **P\$323 million**, as compared to the **P\$413 million** loss registered in **9M06**. This improvement is mainly due to lower net interest expenses by **P\$138 million** (mainly due to the reduction in net debt).

Net Debt

As of **September 30, 2007**, **Net Debt** (Loans before the effect of NPV valuation, minus Cash, Banks, Current Investments and Other credits derived from derivative Investments) amounted to **P\$2,516 million**, a reduction of **P\$1.261 million** as compared to **September 2006**. Interest accrued on the Company's debt totaled **P\$227 million**.

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During October 2007 Telecom Argentina performed a prepayment on its outstanding Notes equivalent to the remaining 26% of the mandatory amortization scheduled for April, 2010 and 73.6% of the mandatory amortization scheduled for October, 2010.

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Consolidated Capital Expenditures

A total amount of **P\$981 million** invested in fixed and intangibles assets was allocated to the cellular business (**P\$426 million**) and the Voice, Data and Internet businesses (**P\$555 million**).

Main Capex projects in the Voice, Data and Internet Businesses relates to the expansion of ADSL services and the upgrade of the network for services of a new generation, while in the cellular business improvement of the network (capacity, coverage and 3G), and the launch of new and innovative value added services were areas of focus.

Commercial Initiatives

In concern with the massive market, the Company lounged for the first time in the country, the SMS (Short Message Service) for fixed lines, performance that showed the beginning of some innovations that Telecom would offer to its residential clients and which would change the way of communicating at home

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Telecom is the parent company of a leading telecommunications group in Argentina, where it offers directly or through its controlled subsidiaries local and long distance fixed-line telephony, cellular, data transmission and Internet services, among others 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 where the common stock (approximately **68%** of capital stock) is owned by Sofora Telecomunicaciones S.A. Additionally, Nortel capital stock is comprised of preferred shares that are held by minority shareholders.

As of September **30, 2007**, Telecom had **984,380,978** shares outstanding.

(*) Employee Stock Ownership Program

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www.personal.com.ar

www.personal.com.py

www.arnet.com.ar

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 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

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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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Carlos Felices

Chairman

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1- Consolidated Balance Sheet

	Sep-30 2007	Dec-31 2006	Δ\$	Δ%
Cash, equivalents and investments	1,211	661	550	83%
Trade receivables	813	743	70	9%
Other current assets	443	363	80	22%
TOTAL CURRENT ASSETS	2,467	1,767	700	40%
Fixed & Intangible assets	6,400	6,520	(120)	-2%
Other non-current assets	409	433	(24)	-6%
TOTAL NON-CURRENT ASSETS	6,809	6,953	(144)	-2%
TOTAL ASSETS	9,276	8,720	556	6%
Accounts payable	1,424	1,481	(57)	-4%
Loans	1,041	1,395	(354)	-25%
Reserves	79	85	(6)	-7%
Other current liabilities	440	412	28	7%
TOTAL CURRENT LIABILITIES	2,984	3,373	(389)	-12%
Loans	2,744	2,703	41	2%
Reserves	256	234	22	9%
Other non-current liabilities	478	209	269	129%
TOTAL NON-CURRENT LIABILITIES	3,478	3,146	332	11%
TOTAL LIABILITIES	6,462	6,519	(57)	-1%
Minority Interest	66	72	(6)	-8%
Shareholders' equity	2,748	2,129	619	29%
TOTAL LIABILITIES AND EQUITY	9,276	8,720	556	6%

2- Consolidated Loans

Δ\$ Δ%

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	Sep-30 2007	Dec-31 2006		
Corporate Bonds	710	1,014	(304)	-30%
Banks and others	225	334	(109)	-33%
Accrued interest	98	42	56	133%
Derivatives	8	5	3	60%
TOTAL CURRENT LOANS	1,041	1,395	(354)	-25%
Corporate Bonds	2,873	2,798	75	3%
Banks and others	5	51	(46)	-90%
Net Present Value	(134)	(146)	12	-8%
TOTAL NON-CURRENT LOANS	2,744	2,703	41	2%
TOTAL LOANS	3,785	4,098	(313)	-8%
Derivatives valuation effect (Other Credits)	192	85	107	126%
Cash, equivalents and investments	1,211	661	550	83%
Net Financial Debt (without N PV effect)	2,516	3,498	(982)	-28%

Sep-30 Δ\$