# telecom personal flow

Telecom Argentina
Company Presentation
August 2022



Best IR Team - Telecom (2022)
Telecom Argentina

This presentation may contain statements that could constitute forward-looking statements, including, but not limited to (i) the Company's expectations for its future performance, revenues, income, earnings per share, capital expenditures, dividends, liquidity and capital structure; (ii) the continued synergies expected from the merger between the Company and Cablevisión S.A. (or the Merger); (iii) the implementation of the Company's business strategy; (iv) the changing dynamics and growth in the telecommunications and cable markets in Argentina, Paraguay, Uruguay and the United States; (v) the Company's outlook for new and enhanced technologies; (vi) the effects of operating in a competitive environment; (vii) the industry conditions; (viii) the outcome of certain legal proceedings; and (ix) regulatory and legal developments. Forwardlooking statements may be identified by words such as "anticipate," "believe," "estimate," "expect," "intend," "project," "will," "may" and "should" or other similar expressions. Forward-looking statements 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 the Company to be materially different from any future results, performance or achievements that may be expressed or implied by forward-looking statements. These factors include, among others: (i) the Company's ability to successfully implement our business strategy and to achieve synergies resulting from the Merger; (ii) the Company's ability to introduce new products and services that enable business growth; (iii) uncertainties relating to political and economic conditions in Argentina, Paraguay, Uruguay and the United States, including the policies of the new government in Argentina; (iv) the impact of political developments, including the policies of the new government in Argentina, on the demand for securities of Argentine companies; (v) inflation, the devaluation of the peso, the Guaraní and the Uruguayan peso and exchange rate risks in Argentina, Paraguay and Uruguay; (vi) restrictions on the ability to exchange Argentine or Uruguayan pesos or Paraguayan guaraníes into foreign currencies and transfer funds abroad; (vii) the impact of currency and exchange measures or restrictions on our ability to access the international markets and our ability to repay our dollar-denominated indebtedness; (viii) the creditworthiness of our actual or potential customers; (ix) the nationalization, expropriation and/or increased government intervention in companies; (x) technological changes; (xi) 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 the Company operates, including regulatory developments such as sanctions regimes in other jurisdictions (e.g., the United States) which impact on the Company's suppliers; (xii) the effects of increased competition; (xiii) reliance on content produced by third parties; (xiv) increasing cost of the Company's supplies; (xv) inability to finance on reasonable terms capital expenditures required to remain competitive; (xvi) fluctuations, whether seasonal or in response to adverse macro-economic developments, in the demand for advertising; (xvii) the Company's ability to compete and develop our business in the future; (xviii) the impact of increased national or international restrictions on the transfer or use of telecommunications technology; and (xix) the impact of the outbreak of COVID-19 on the global economy and specifically on the economies of the countries in which we operate, as well as on our operations and financial performance. 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 document. 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 Annual Report on Form 20-F and the periodic filings made on Form 6-K, which are periodically filed with or furnished to the United States Securities and Exchange Commission, as well as the presentations periodically filed before the Argentine Securities and Exchange Commission (Comisión Nacional de Valores) and the Buenos Aires Stock Exchange (Bolsas y Mercados Argentinos), for further information concerning risks and uncertainties faced by the Company.

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 for inflation 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 1H22 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 for inflation and which were used as the base for the information presented in constant pesos.

### **OVERVIEW OF OUR 2Q22**

# **Operational and Financial highlights**

- Our EBITDA Margin during 1H22 was 30.6%. We continue to perform cost management to reduce the impact of rising labor costs
- We have launched Ubiquo, our cybersecurity company
- Our capex for 1H22 was approximately USD 300 million
- We have acquired the company Negocios y Servicios S.A which strengthens our operations in the province of Mendoza

( ) Cash flow generation remains solid and stable

- We have cancelled the total amount of the principal remaining under the Term Loan for USD140mm
- We moved forward with price increases of our services in a challenging inflation scenario
- We entered into a new loan agreement with IFC and on July 15, 2022 we received a disbursement of USD184,5mm

Our mobile subscriber base continues to grow

- We have paid dividends in kind on June 2, 2022 for an equivalent of USD150mm
- We launched a new solution to migrate Flow's analogic services to digital
- Renewable energy: We have closed the auction to buy 137 thousand MW (22% of the total MW consumed). This will allow us to reduce our carbon emissions by 20% (from a total of 281 thousand tons)
- Our fintech Personal Pay continues to grow, reaching almost 235 thousand onboarded clients



# **1H22 IN FIGURES**

**Revenues** 

**EBITDA** 

**EBITDA Margin** 

2.1 u\$s BN\*

0.6 u\$s BN\*

31%

20.1

Million mobile subscribers in Argentina

3.5 Million Pay TV subscribers

4.2

Million broadband subscribers

2.2

Million fixed subscribers \*\*

2.1

Million convergent unique clients

**50**%

Of broadband clients also are mobile clients

2.3

Million mobile subscribers in Paraguay

132

Thousand Pay TV subscribers in Uruguay

<sup>\*</sup> Figures in constant pesos as of June 30, 2022 converted at the BNA ask rate (125,23)

<sup>\* \*</sup> Not including IP lines

#### INFLATION EVOLUTION

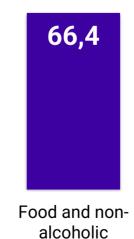
**1H22 Inflation:** 36,2%

Jun-22 Inflation: 5,3%

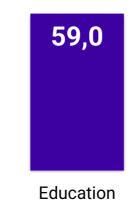
#### Weighing within the index Food and non-alcoholic beverages 26.9% 11.0% **Transport** Clothes and Shoes 9.9% Housing water, electricity and other fuels 9.4% Restaurants and hotels 9.0% Healthcare 8.0% Recreation and culture 7.3% Home furnishing and maintenance 6.4% Other goods and services 3.5% Alcoholic beverages and tobacco 3.5% **Communications** 2.8% 2.3% Education

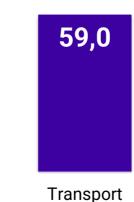
# > YoY Inflation by Item\*

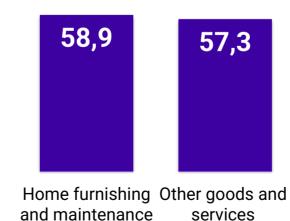


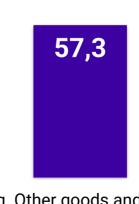


beverages









services



tobacco



culture



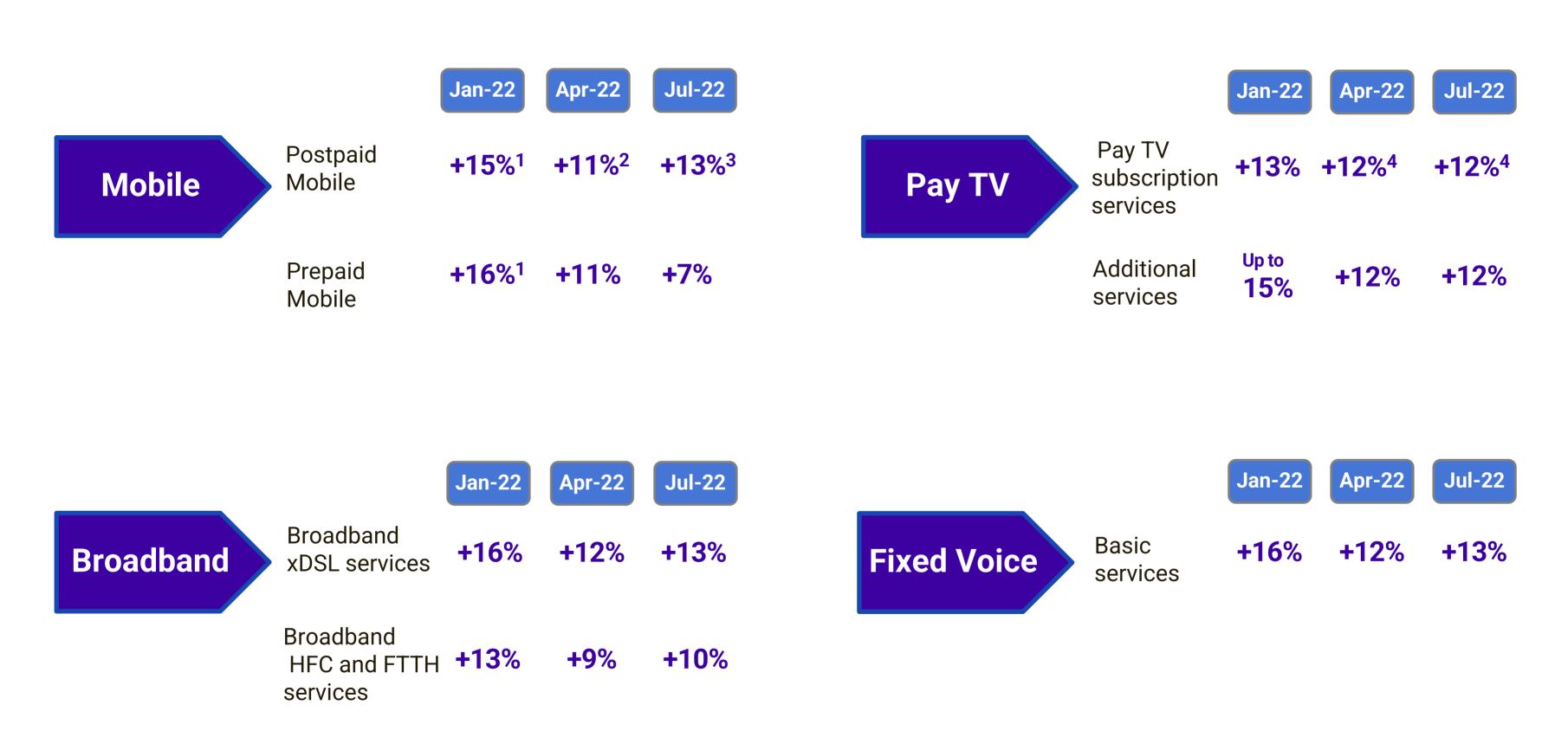


other fuels



\*Source: INDEC - June 2022 figures - YoY Inflation = 64%

#### **PRICE INCREASES DURING 2022**



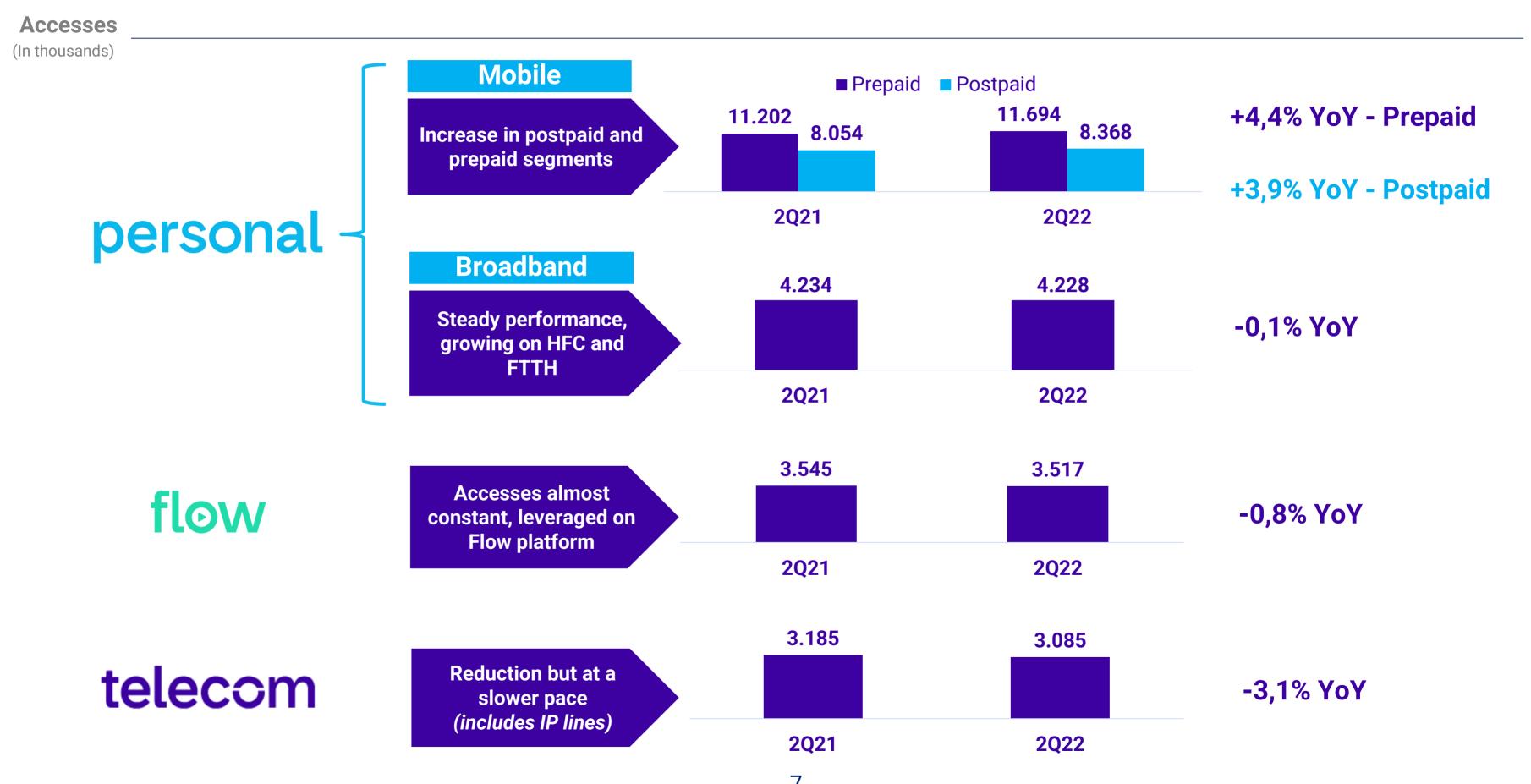
<sup>1-</sup> Price increases effective as of December 14, 2021 (postpaid) and as of December 16, 2021 (prepaid), impacting mainly in 2022

<sup>2-</sup> Price increases effective as of March 28, 2022.

<sup>3-</sup> Price increases effective as of June 21, 2022

<sup>4-</sup> Flow HD services will increase by 9%

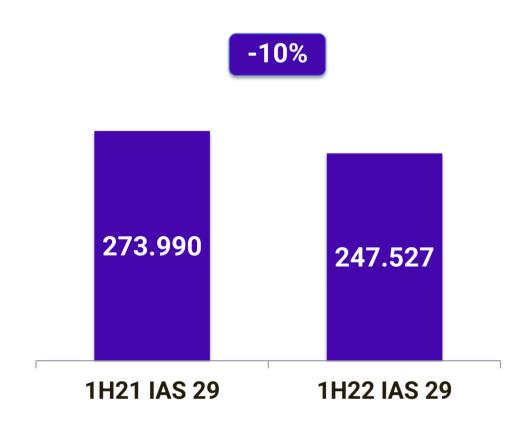
#### **BUSINESS EVOLUTION IN ARGENTINA**



#### **REVENUES BREAKDOWN**

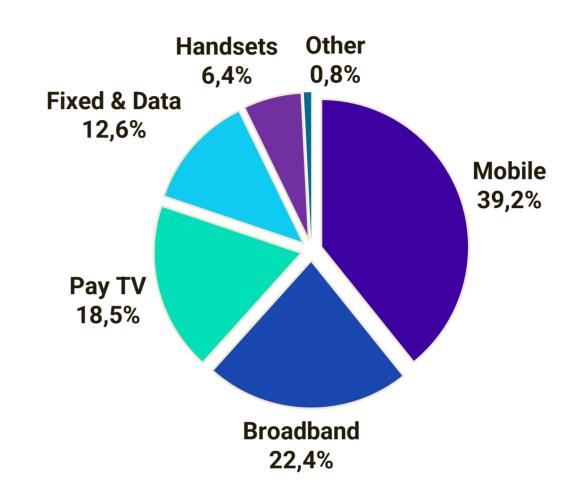


Million of P\$



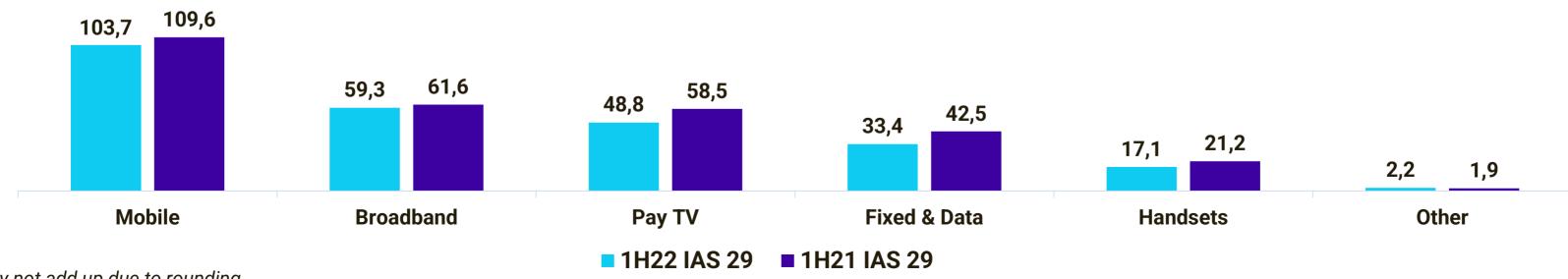
# 

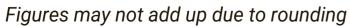
#### **REVENUE BREAKDOWN**



#### **REVENUES COMPOSITION**

Billion of P\$





#### **MOBILE & BROADBAND**

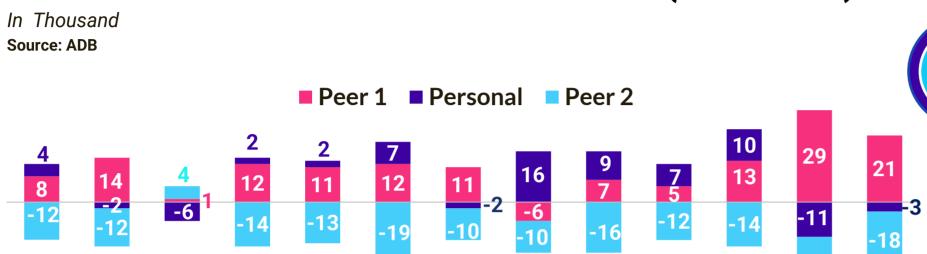
**Postpaid** 

**Share of** 

**Clients** 

**Total Mobile** 



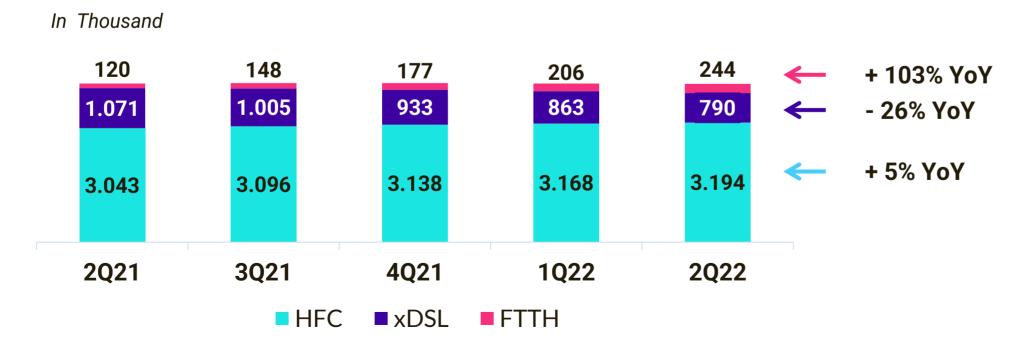


#### **MOBILE DATA USAGE**

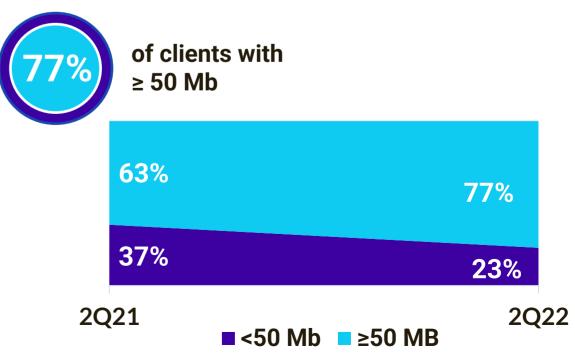




#### **BROADBAND ACCESSES BY NETWORK TECHNOLOGY**

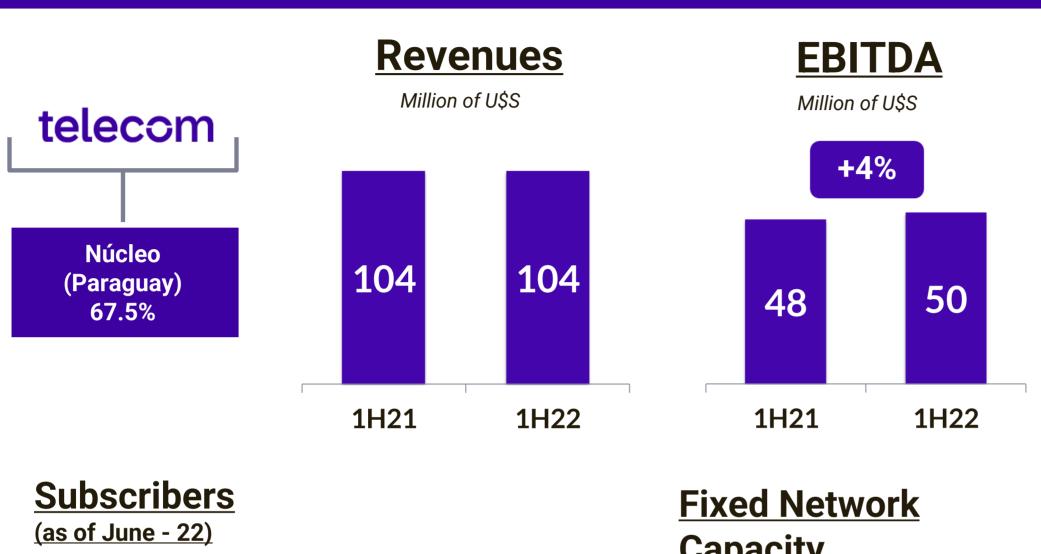


#### **BROADBAND SPEEDS**

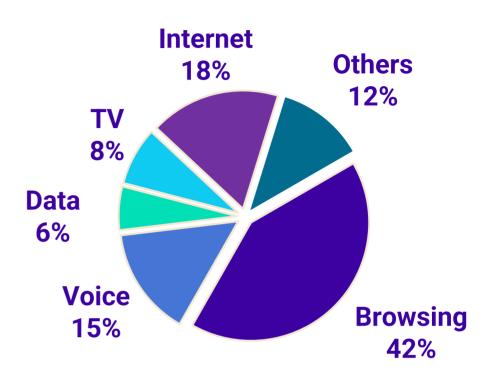


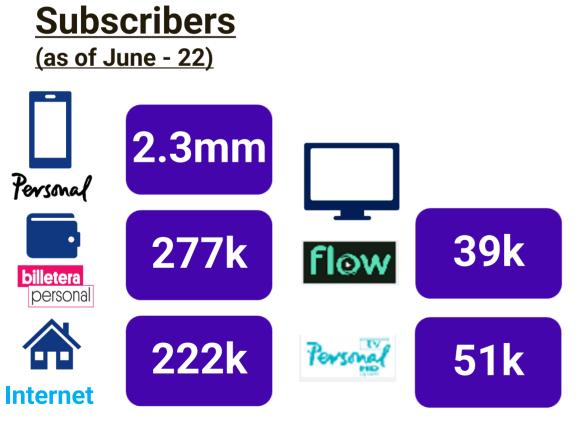


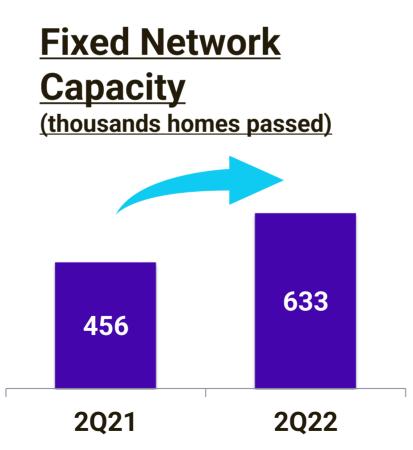
#### **PARAGUAY**

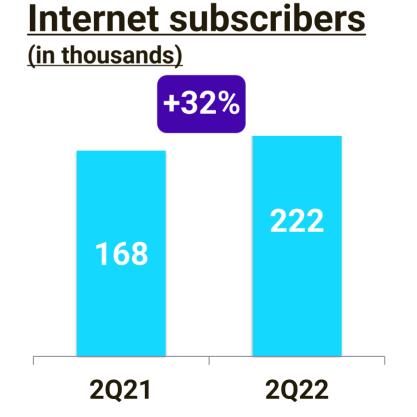


#### **Revenues Breakdown**

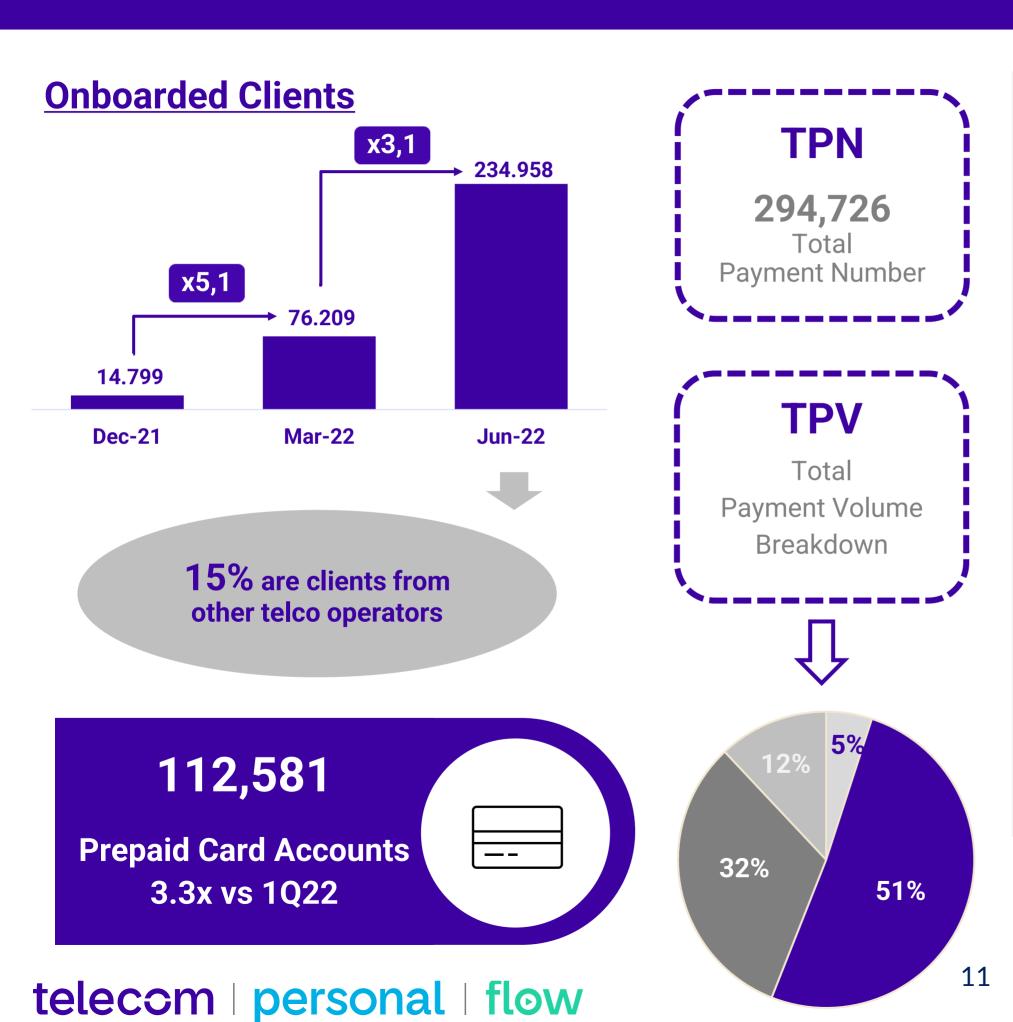








#### **PERSONAL PAY**



#### **Highlights**

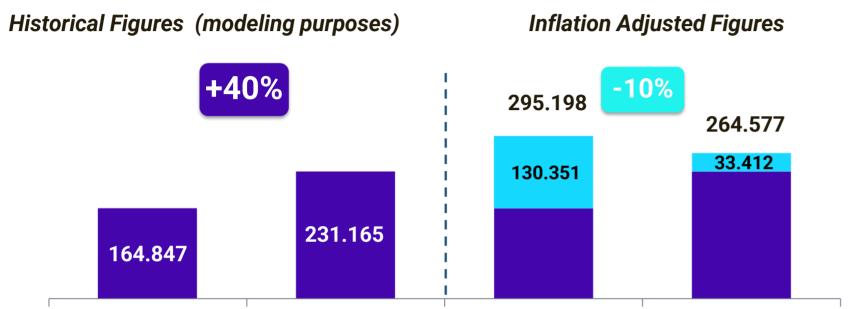
- Our mobile clients can always use Personal Pay without consuming data
- > The best Fintech for our prepaid and postpaid customers
  (cashbacks, recharge increases, saving in monthly bill payments)
- Benefits in strategic shops
   (supermarkets, cinemas, restaurants, gas stations)
- Personal Pay's first advertising campaign was launched in July
- Available for Android and now for IOS. The App is also installed in our new handsets as a default application
- Recharges
- Bill Payments
- Prepaid Card (without Tienda Personal)
- Others

#### FINANCIAL HIGHLIGHTS

1H22 IAS 29

#### **REVENUES**





■ IAS 29 Adjustment

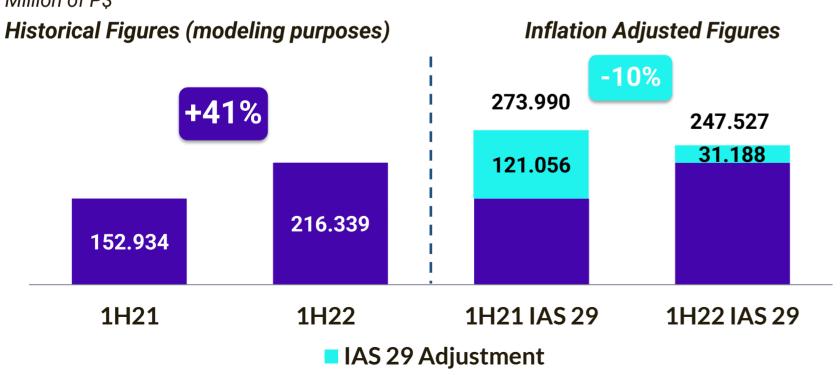
1H21 IAS 29

1H22

#### **SERVICE REVENUES**

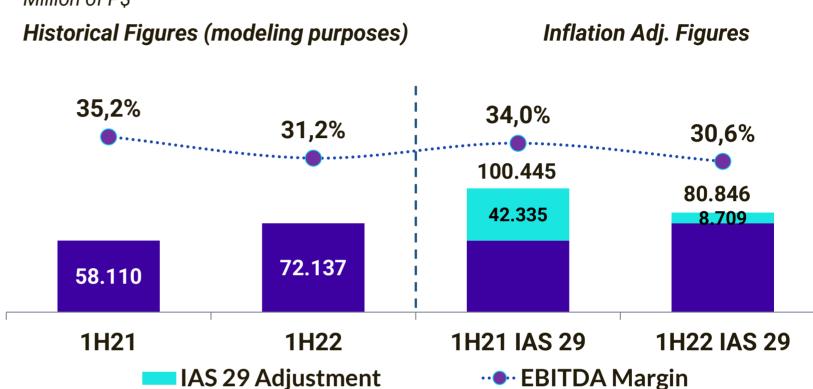
1H21

Million of P\$



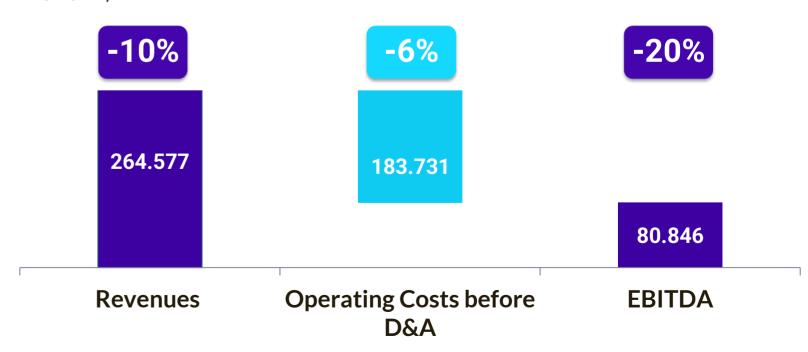
#### **EBITDA**

Million of P\$



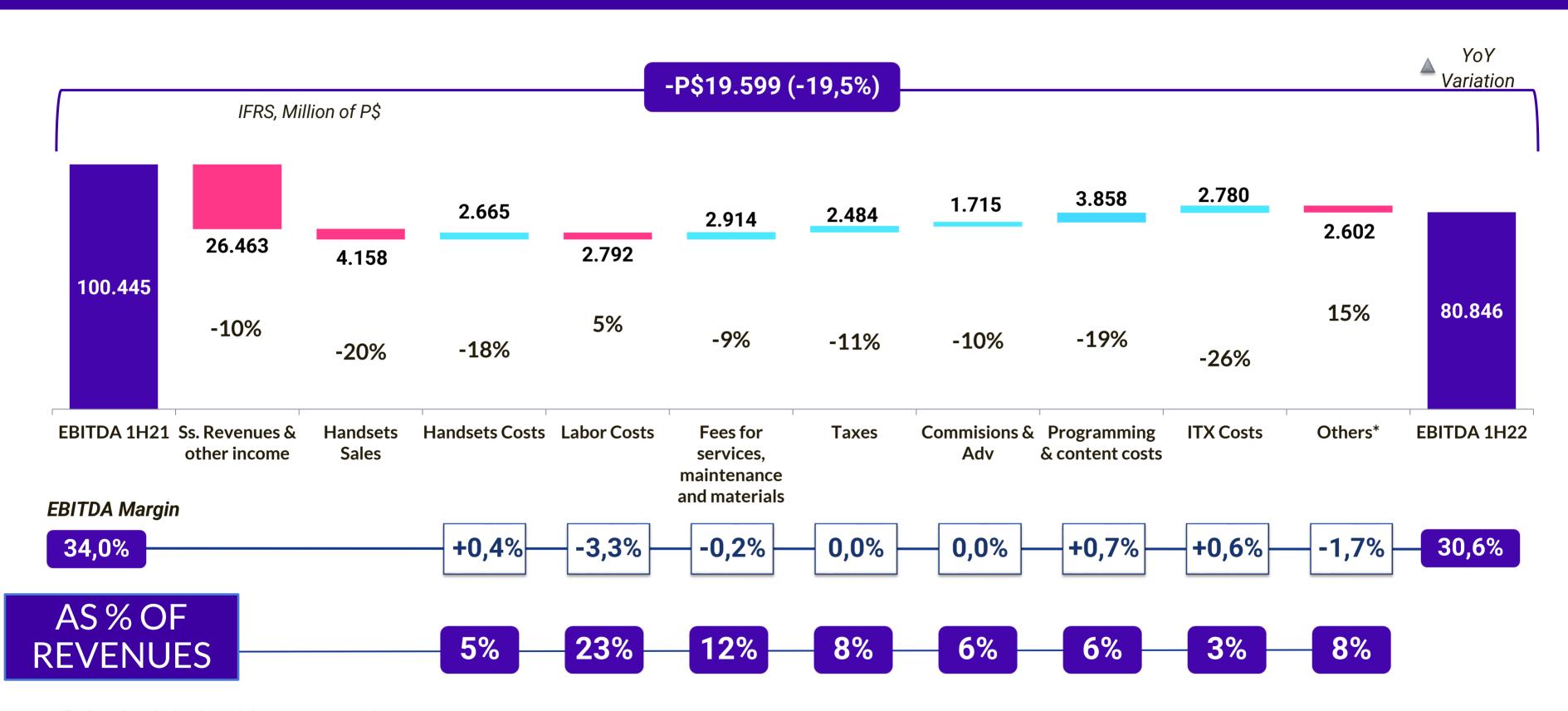
#### **EBITDA EVOLUTION**

Million of P\$





#### IAS 29 EBITDA 1H21 - 1H22

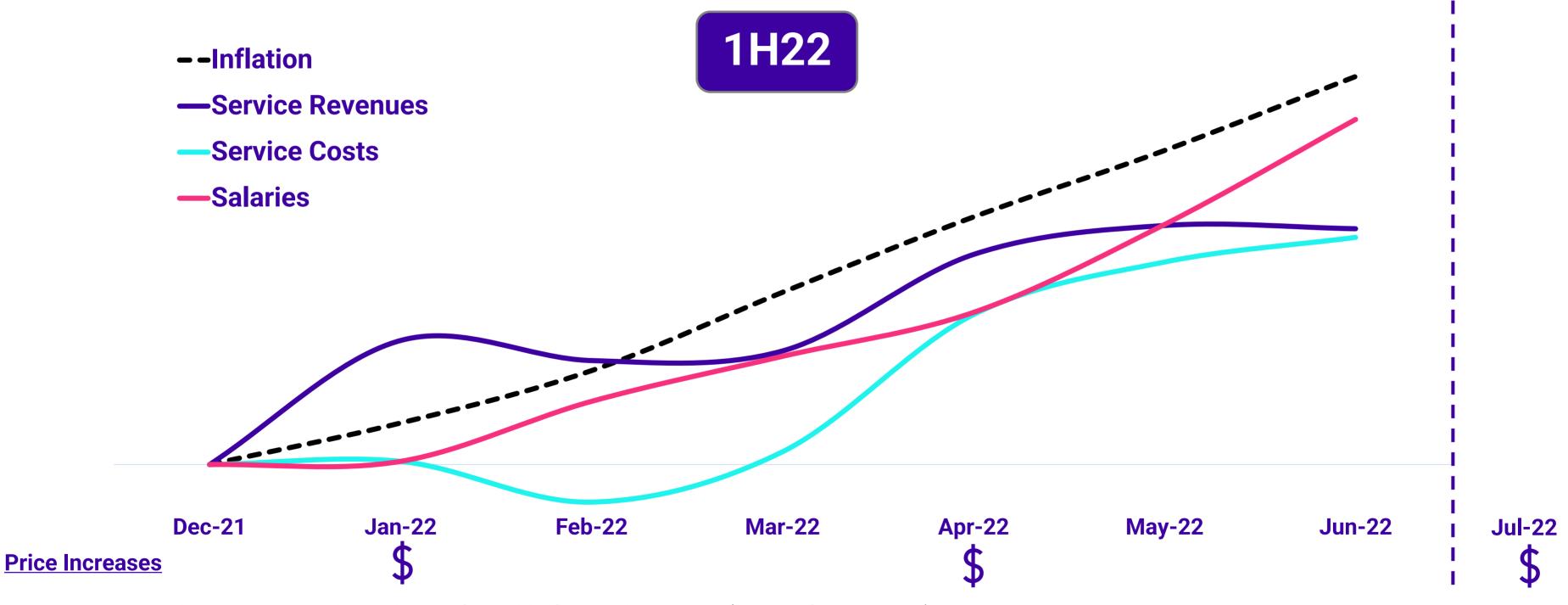


<sup>\* &</sup>quot;Others" includes bad debt expenses and other costs

Figures may not add up due to rounding

### **EVOLUTION OF OUR MAIN BUSINESS DRIVERS**

#### **EVOLUTION OF INFLATION, SERVICE REVENUES, SERVICE COSTS AND SALARIES**

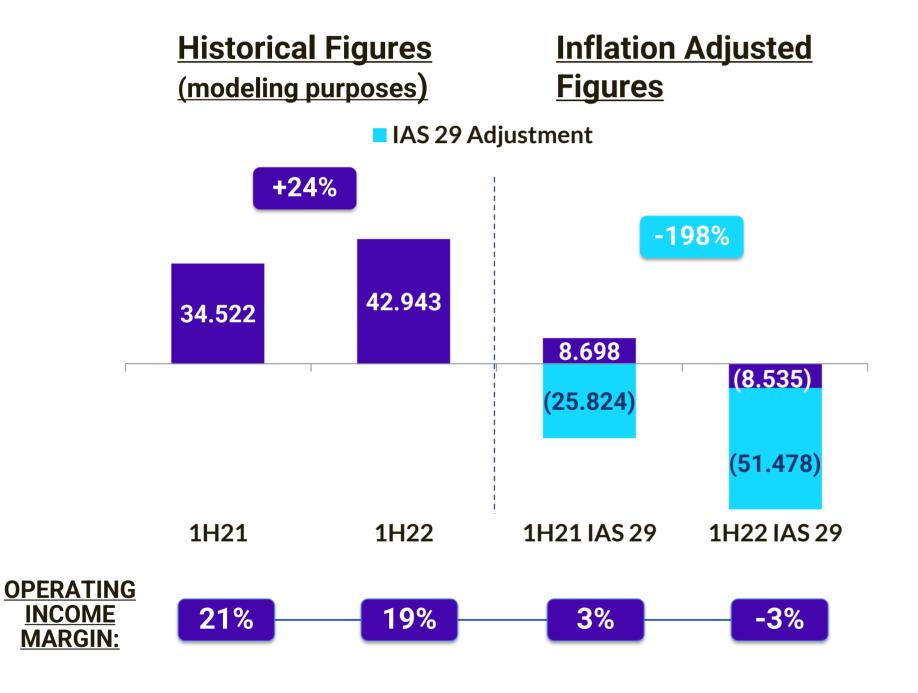


Note: takes into account the evolution of monthly figures during 2022 (month of Dec-21=100).

#### **CONSOLIDATED RESULTS**

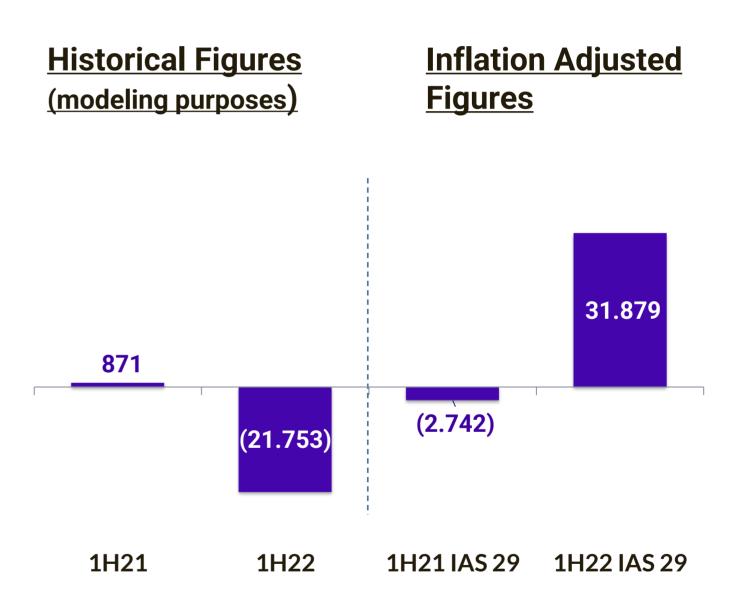
#### **OPERATING INCOME**

IFRS, Million of P\$, Percentage

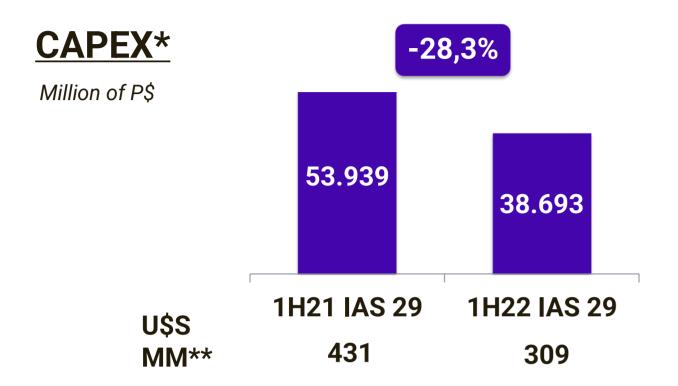


#### **NET (LOSS) INCOME**

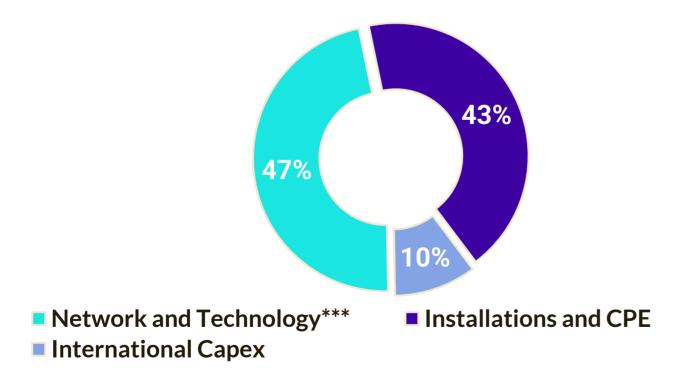
IFRS, Million of P\$, Percentage



#### 1H22 CAPEX



#### **TECHNICAL CAPEX BREAKDOWN**



- \*CAPEX considers investments in PP&E and Intangible Assets
- \*\*Figures in constant pesos as of June 30, 2022 converted at the BNA ask rate (125,23)
- \*\*\* Includes CAPEX in Datacenter/IT and other investments in Argentina.

#### **HIGHLIGHTS**



30 new sites were deployed, more than 40 were built and another 500 sites were upgraded



We expanded our FTTH network over 3,125 new blocks. Additionally, we performed an overlay with FTTH in 2,815 blocks of our HFC network.



Upstream capacity in the HFC network has increased by 12,000 blocks



Re-allocating 10 technical buildings throughout the year

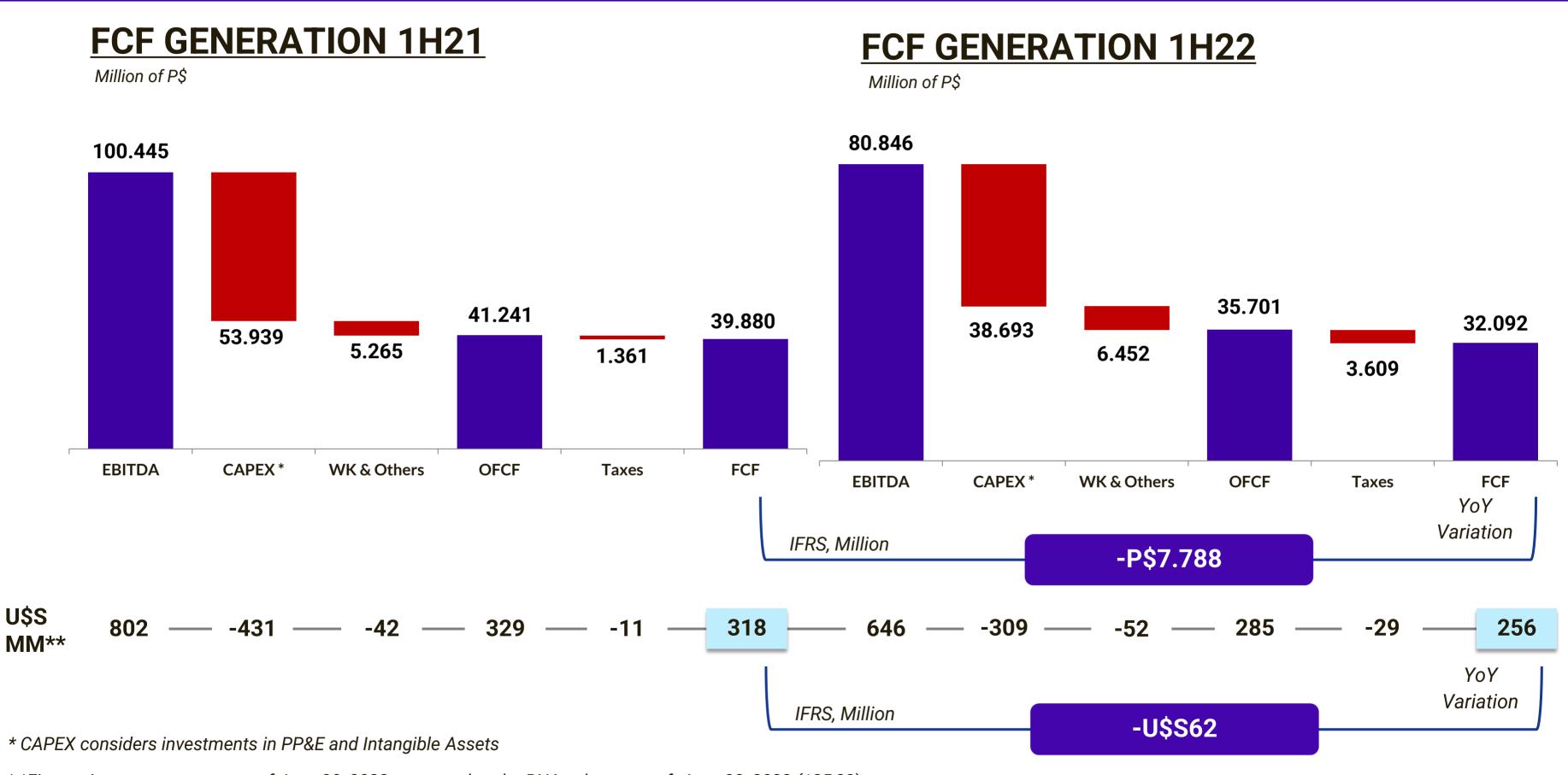


We will expand our FTTH network in Mendoza to almost 100 thousand homes and we are going to build 58 new mobile sites.





#### **CASH FLOW**



17

<sup>\* \*</sup>Figures in constant pesos as of June 30, 2022 converted at the BNA ask rate as of June 30, 2022 (125,23)

## **KEY FIGURES**

In U\$S Million*	LTM2Q22	FY21
Revenues	4,382	4,626
EBITDA	1,287	1,443
Gross Debt***	2,703	2,900
Cash & Equivalents	210	333
Net Debt***	2,492	2,567
Capex	808	930
EBITDA-Capex**	479	513

Ratios	LTM2Q22	FY21		
EBITDA Margin	29.4%	31.2%		
Interest Coverage	12.4	8.3		
<b>Gross Debt / EBITDA</b>	2.10	2.01		
Net Debt / EBITDA	1.94	1.78		

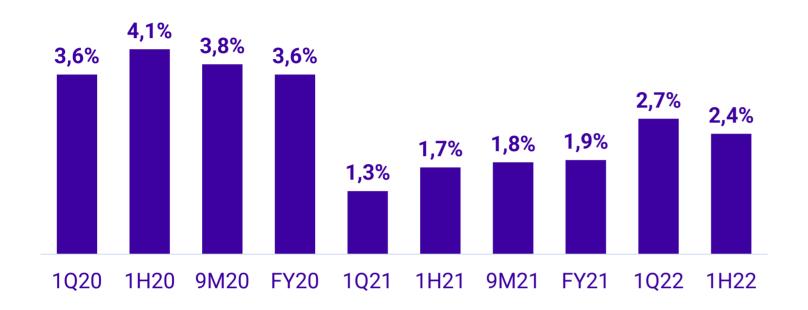
<sup>\*</sup> Figures in constant pesos as of June 30, 2022 converted at the BNA ask rate as of June 30, 2022 (125,23)

<sup>\*\*</sup> CAPEX considers investments in PP&E and Intangible Assets

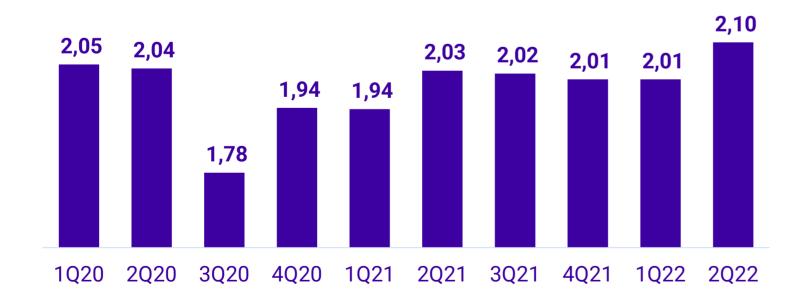
<sup>\*\*\*</sup> Excludes NDF

#### **EVOLUTION OF KEY RATIOS**

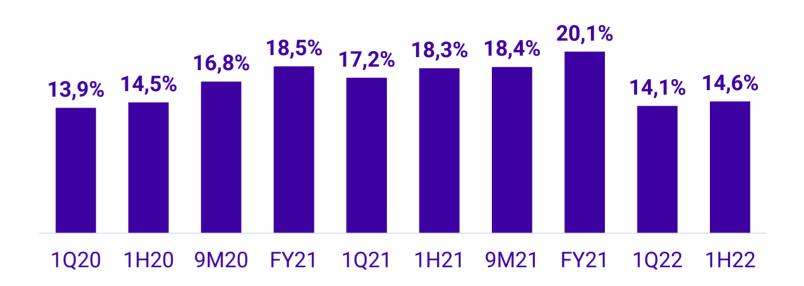
#### **Bad Debt / Revenues**



#### **Gross Debt / LTM EBITDA**



#### **CAPEX\* / Revenues**



#### **Net Debt / LTM EBITDA**

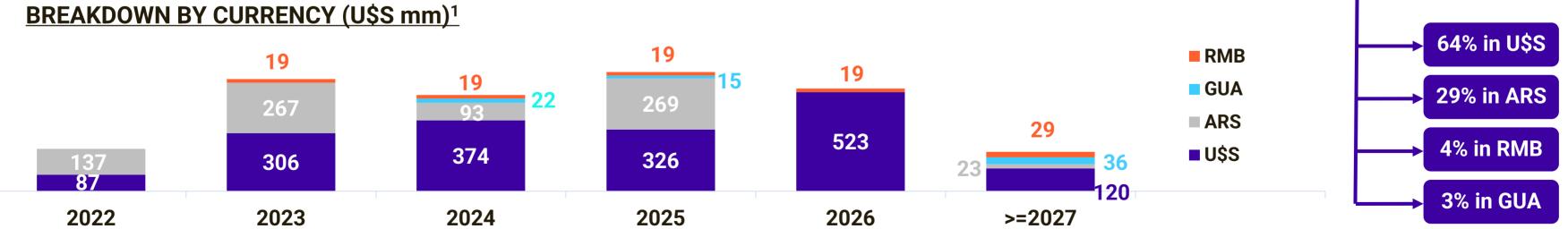




<sup>\*</sup> CAPEX considers investments in PP&E and Intangible Assets

#### PROFORMA DEBT MATURITY PROFILE

Breakdown by Instrument*	2022	2023	2024	2025	2026	>=2027	Total (U\$S million)
Class 1 Notes 2026					400		400
Class 5 Notes 2025		128	128	132			389
Vendor Financing	19	29	15	8	1		72
IFC 2016	13	20	31	31	25	7	126
IFC 2019	44	88	82	38			253
IFC 2022			17	34	34	101	184
IIC Loan		17	17				34
Finnvera	10	20	20	20	12		81
IDB Loan			60	60	48	12	181
EDC	2	3	3	3	3		15
CDB Loan		19	19	19	19	29	106
Núcleo (GUA)			22	15		36	73
Local Notes		164	92	268		23	547
Other (ARS)	137	103	1	1			242
Total	224	592	508	629	542	208	2703



<sup>&</sup>lt;sup>1</sup> Figures may not add up due to rounding. Figures in dollar equivalent as of June 30, 2022, converted at the BNA ask rate (125,23).
Proforma considers maturities as of June 2022, including the disbursement under the new loan agreement with IFC for a total amount of USD 184,5 MM and the cancellation of the Term Loan for a total amount of USD 140 MM



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