

Initial Coverage: *Limited Growth. Attractive Valuation*

- We are initiating coverage of Telecom Argentina with a **Buy** recommendation setting a one-year USD 6.00 target price, implying a 17% return, 10% above our estimated return over the S&P Merval.
- Our investment thesis is that though **TEO's growth perspectives are quite limited, valuation is attractive.**
- During the Covid-19 pandemic, the government decided to temporarily freeze price adjustments. Consequently, ARPUs*, profitability and margins were hit.
- During 2021, prices were adjusted but still below inflation; a process we estimate will continue during 2022.
- **Most of TEO's revenues come from mature markets with little –mostly organic- growth potential.**
- **Future growth is expected to come from potential investments opportunities outside Argentina.**
- **We estimate EBITDA margins to remain stable at 31%/32% levels.**
- In our opinion, TEO will not face substantial difficulties in rolling over its debt maturities in the upcoming years.
- The company should face no problems in paying juicy dividends –in cash if allowed, or in-kind as was the case in 2020 and 2021, and probably will be in 2022 as well.
- 5G technology is still at very early stages. The industry awaits the government to auction the necessary spectrum. In addition, 5G capable devices only represent 10% of total phones in use.
- Capex for 2022 is estimated to fall to USD 600 mm from USD 833 mm in 2021, representing 21% over estimated revenues.
- Finally, TEO's new businesses, while interesting, will not represent –in our view- a game changer, at least during the next year.

Telecom Argentina	BUY
NYSE TEO ⁽¹⁾	USD 5.06
BYMA TECO2	ARS 196.70
Mkt Cap (USD mm)	USD 2.192
52-Week Range	USD 4.39 - USD 6.55

(1) 1 ADR = 5 Common Shares



Key Indicators	2021	2022 E	%
EPS (ARS)	4,00	(0,13)	NM
Net Debt (ARS)	236.286	230.579	-2%
P/BV	0,84	0,78	-7%
P/E	56,3	NM	-
EV/EBITDA	5,17	5,00	-3%
ROE	1,7%	-2,0%	-370 bps

* See the "Appendix A: Glossary" at the end of the report for details on the acronyms used.

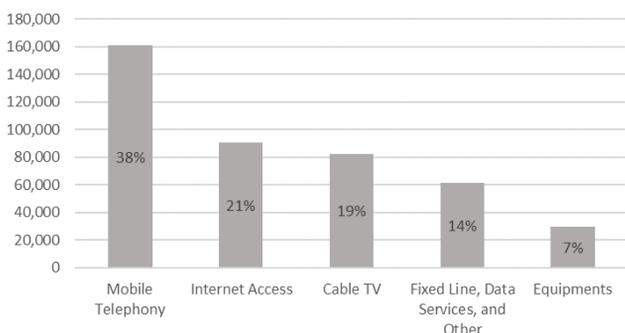
1. Main Business Segments

Telecom Argentina is the only ICT that can provide a full quadruple-play service in the country:

1. Mobile Telephony
2. Internet Access
3. Cable TV
4. Fixed Line and Data Services

Most of the revenues derive from the operations in Argentina, which contribute with nearly 93% of total revenues. In addition, in Paraguay, and through its subsidiary, Núcleo –a well-established operation– mobile, broadband, and other services are also provided. Finally, the company has some minor operations in Uruguay and in the US.

2021 Revenue Breakdown (ARS MM)



Source: Telecom Argentina, IEB

Mobile Services

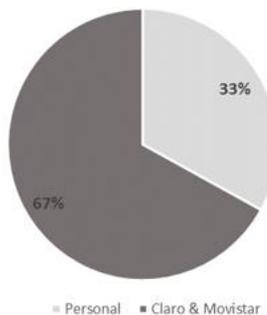
The mobile market in Argentina is highly competitive and mature. Telecom Argentina has a 33% market share, representing roughly 20.1 mm active mobile lines –the remaining share disputed with Movistar (TEF), and Claro (AMX).

Growth prospect in this segment is limited as penetration figures are in line with other comparable countries. As of December 2021, postpaid clients represented 41% out of total clients, while 59% were prepaid, a trend we expect to continue.

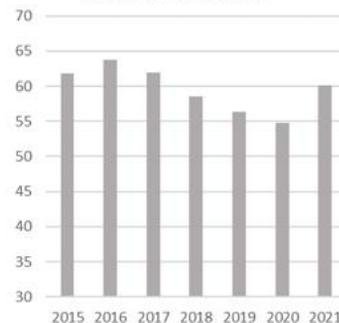
The company’s network currently covers nearly all the country with 98% of it already upgraded to 4G/4G+ technology. Plans for 5G upgrades are still at early stages due to a two-fold reason: First, the government still must auction the necessary spectrum to provide the service.

Second, only 10% of the mobiles currently in use are 5G capable, a figure which in the current economic situation we don’t project to increase significantly –the cost of a 5G enable device is quite expensive when measured against the average income.

Argentina - Mobile Market Share

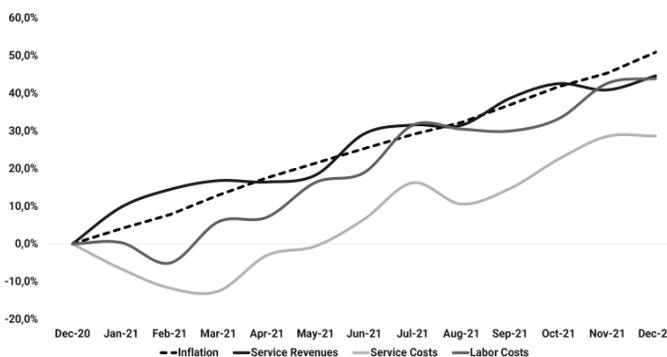


Mobile Accesses (mm)



Sources: Telecom Argentina, ENACOM, IEB

Mobile services accounted for ARS 161 bb, approximately 38% of sales in 2021. We expect mobile revenues to decline 2% in real terms in 2022. In January 2022, the company increased its ARPUs by 16%, another 12% hike is expected for April. Despite this increases, and as inflation accelerates ARPUS’ tend to lag the trend.



Source: Telecom Argentina 4Q21 Press Release

90% of these revenues come from the business in Argentina and the remaining 10% from Núcleo –a subsidiary that provides mobile services in Paraguay.

Núcleo has 2.2 mm mobile line subscribers out of which 82% are prepaid clients, and 18% postpaid. It has a sound operation with nearly 40% of market share, competing with Millicom (TIGO) that holds the rest of the market.

Mobile Telephony	2019	2020	2021	2022 E	2023 E
Constant ARS (Dec 2021)					
Mobile Telephony (mm)	\$ 172,189	\$ 174,569	\$ 162,794	\$ 158,084	\$ 158,873
- Change %	-12%	1%	-7%	-3%	0%
Argentina (mm)	\$ 151,883	\$ 155,385	\$ 142,760	\$ 142,201	\$ 142,831
Lines (000)	18,932	18,433	20,130	20,734	21,149
- Change %	3%	-3%	9%	3%	2%
ARPU	\$ 652	\$ 658	\$ 617	\$ 580	\$ 568
- Change %	-4%	1%	-6%	-6%	-2%
Postpaid	40%	42%	41%	41%	43%
MBOU	3,411	3,985	4,317	4,619	4,943
- Change %	23%	17%	8%	7%	7%
Paraguay (mm)	\$ 20,305	\$ 19,184	\$ 16,708	\$ 15,883	\$ 16,041
Lines (000)	2,373	2,351	2,218	2,174	2,174
- Change %	-1%	-1%	-6%	-2%	0%
ARPU	\$ 713	\$ 680	\$ 628	\$ 609	\$ 615
- Change %	9%	-5%	-8%	-3%	1%
Postpaid	17%	17%	18%	18%	18%
MBOU	6,754	7,434	8,177	8,749	9,362
- Change %	37%	10%	10%	7%	7%

Internet Services

Through its brand Personal (formerly “Fibertel”), Telecom Argentina provides internet access to nearly 4.3 mm clients. Revenues amounted to ARS 91 bb in 2021, representing 21% of total sales.

As with mobile services, internet services is a mature business: most of the important cities are already well covered by fiber networks and competition from other providers is fierce.

We expect Internet ARPUs to decline 2% in real terms in 2022, while assuming a 2% increase in subscribers over the same period, thus estimating Internet revenues to amount to ARS 87 bb (constant 2021 ARS).

Internet Access	2019	2020	2021	2022 E	2023 E
Constant ARS (Dec 2021)					
Internet Access (mm)	\$ 108,190	\$ 96,954	\$ 90,768	\$ 87,107	\$ 87,099
- Change %	-9%	-10%	-6%	-4%	0%
Clients (000)	4,123	4,146	4,248	4,333	4,376
- Change %	0%	1%	2%	2%	1%
ARPU	\$ 2,176	\$ 1,918	\$ 1,727	\$ 1,675	\$ 1,659
- Change %	-10%	-12%	-10%	-3%	-1%
Churn Rate	1.5%	1.3%	1.5%	1.5%	1.5%

The company has a market share of approximately 43% of total broadband and internet connections. TEO has one of the best infrastructure to serve its clients, with almost all its network already migrated to HFTF & HFC technology.

Cable TV

Through Flow (formerly “Cablevisión”), Telecom Argentina provides cable TV services. Services include a standard service with a basic offer, and some premium services: HD services, Pack Futbol, and Flow .

Currently there are 3.6 mm clients representing a market share of 48%.

In this segment the opportunity for adding value comes from migration from basic services to “Flow” –a service like Netflix (NFLX) with some additional features like in-cloud recording of TV shows, and on demand content.

We do not expect, however, improvements in ARPUs in the next years, as we expect adoption rates to remain slow, and competition fierce.

Cable TV	2019	2020	2021	2022 E	2023 E
Constant ARS (Dec 2021)					
Cable TV (mm)	\$ 101,526	\$ 89,934	\$ 82,550	\$ 78,022	\$ 78,014
- Change %	-11%	-11%	-8%	-5%	0%
Clients (000)	3,517	3,543	3,563	3,634	3,671
- Change %	0%	1%	1%	2%	1%
ARPU	\$ 2,395	\$ 2,086	\$ 1,883	\$ 1,789	\$ 1,771
- Change %	-11%	-13%	-10%	-5%	-1%
Churn Rate	1.3%	1.0%	1.1%	1.1%	1.1%

Fixed Line, Data, and Other Services

This segment represented 14% over total revenues in 2021. It is comprised basically of two different business:

Fixed line telephony services and Data Services.

Fixed Lines, Data, Other Services	2019	2020	2021	2022 E	2023 E
Constant ARS (Dec 2021)					
Fixed Line & Data Services (mm)	\$ 78,778	\$ 70,687	\$ 61,248	\$ 58,721	\$ 58,894
- Change %	8%	-10%	-13%	-4%	0%
Lines (000)	3,303	3,168	3,100	3,038	3,008
- Change %	-7%	-4%	-2%	-2%	-1%
ARBU	\$ 909	\$ 867	\$ 772	\$ 734	\$ 726
- Change %	6%	-5%	-11%	-5%	-1%

Fixed line telephony services have been constantly decreasing over the past years as consumer habits shifted to mobile devices. We expect this trend to continue, therefore revenues should continue declining. However, for Telecom Argentina, this is not necessarily bad news as maintenance of legacy copper lines is expensive when compared with new technologies, and if a client eventually wants a fixed line, VOIP solutions can be provided.

On the other hand, Data Services, which represent nearly 60% of this segment revenues will face increasing competition as demand for cloud services is expected to grow. Telecom Argentina competes in this segment with Amazon Web Services (AWS), Microsoft’s Azure, among others.

For 2022 we estimate revenues from these segments to decline nearly 4% in real-terms, compared with a decrease of 13% in 2021.

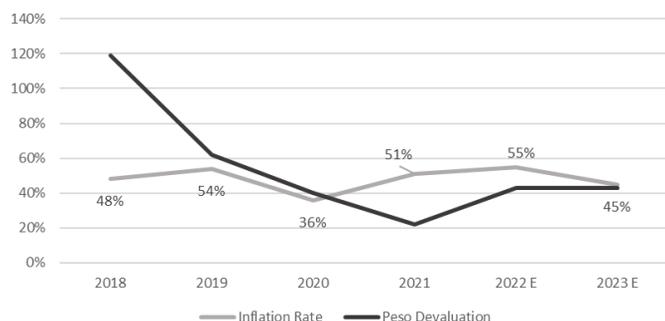
Equipment

Personal –Telecom Argentina’s mobile brand- sells mobile devices as a strategy to capture or retain clients and reduce churn rates. It’s not a core business of the company and represented 7% of 2021 revenues. Going forward we expect this figure to remain stable.

2. Profitability & Growth Potential

The Argentine economy faces exceptional economic turmoil that it's not clear when will start to settle.

Argentina - Inflation Rate & Peso Devaluation



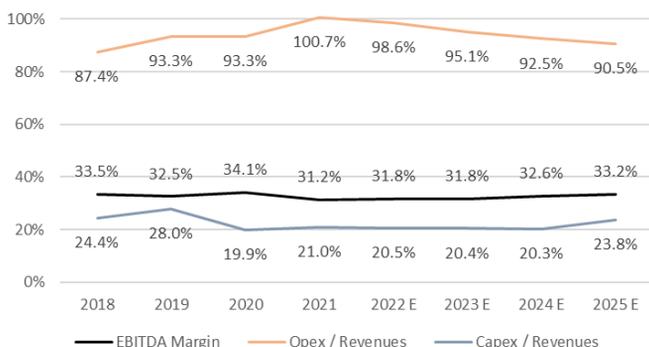
Sources: BCRA, IEB

In this scenario, TEO's management successfully achieved not only to substantially defend operating margins, but also managed to continue improving and revamping its PP&E, re finance its financial debt, and pay cash and in-kind dividends.

Going forward, EBITDA margins are likely to remain at levels of 31% to 32% due to real-term declines in ARPUs in 2020, 2021 and 2022.

But even assuming this harsh macroeconomic scenario during 2022 and 2023, we believe TEO's management will be able to maintain and sustain decent operating margins, dividend payments, and roll-out debt.

EBITDA Margin, Opex / Revenues, and Capex / Revenues



As observed in the previous tables, revenue growth potential in real terms is limited. All business segments of the company are mature markets, with little expansion but organic growth. Prices also, are either likely to decline, or –in the best-case scenario- remain flat in real terms.

The company has engaged in new lines of businesses: Fintech, IOT, and Cybersecurity in both Argentina and Paraguay.

Though we think these are all valuable moves and could potentially add value in the future, currently they represent minor percentages of revenues, a trend we believe will not change during this year.

Therefore, we believe that may the company decide to expand operations, growth will most likely come from investments outside Argentina.

3. Dividends, Capex, and Financial Debt

Dividends

During 2020 and 2021, Telecom decided to pay in-kind dividends as the government banned Argentine companies to transfer USD abroad.

Therefore, in 2021 GD30 and GD35 Argentina bonds were distributed, amounting to a nominal value USD 430 mm, representing a market value of ARS 40 bb.

We believe that TEO will likely use the same strategy during 2022, and 2023 as we do not foresee easing of forex exchange controls.

Capex

Despite the forex exchange controls imposed by the Argentine government, TEO's management successfully resolved Capital Expenditures during 2020, and 2021.

Capex amounted to USD 819 mm and USD 833 mm in 2020 and 2021, respectively.

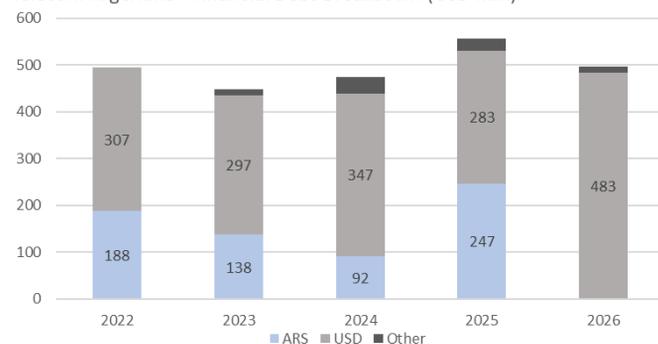
For 2022 we estimate Capex to lower down to USD 600 mm as some investments were advanced to 2021. In the mid-term, however, we estimate Capex to slowly return to historical levels. This scenario could potentially change if 5G spectrum is auctioned by the government.

Financial Debt

In the past years –and again, with forex capital controls in place- the company was able to meet and refinance all its obligations.

In 2022 and 2023 roughly USD 495 mm and USD 460 mm will have to be paid or refinanced, respectively.

Telecom Argentina - Financial Debt Breakdown (USD mm)



We believe the company will be able to favorably roll-out this debt continuing with the trend of replacing some of its forex exchange debt for ARS denominated debt, as local demand for peso instruments is strong. During March, the company successfully placed Notes Series 12 and 13 on the market, amounting to nearly ARS 5,000 mm (approximately USD 45 mm).

4. Valuation & Investment Thesis

Our valuation of Telecom Argentina was performed using a standard DCF Model and by comparing some multiples with a peer group.

Therefore, we use the average EV/EBITDA multiple of 4.11x for the terminal value calculation. Our multiple valuation using 2023 estimates gives us a target price of USD 6.10.-

The DCF valuation results in a fair price of USD 5.20 per ADR which translates into a one-year target price of USD 6.00 per ADR.

Consequently, we are initiating coverage of Telecom Argentina with a Buy recommendation setting a one-year USD 6.00 target price, implying a 17% return, 10% above our estimated return over the S&P Merval (in USD).

Income Statement					
<i>Constant ARS (2021)</i>	2020	2021	2022 E	2023 E	2024 E
Net Revenues	\$455,234	\$425,493	\$410,682	\$411,698	\$419,198
-Change %	-6.5%	-6.5%	-3.5%	0.2%	1.8%
Total Operating Expenses	(\$424,602)	(\$428,280)	(\$405,059)	(\$391,657)	(\$387,886)
-Opex / Revenues	93.3%	100.7%	98.6%	95.1%	92.5%
Operating Profit	\$30,632	(\$2,787)	\$5,623	\$20,041	\$31,312
-Operating Margin	6.7%	-0.7%	1.4%	4.9%	7.5%
Net Profit	\$ (7,704)	\$ 9,940	\$ (10,961)	\$ 4,087	\$ 11,274
-Net Margin	-1.69%	2.34%	-2.67%	0.99%	2.69%
EBITDA	\$ 155,301	\$ 132,767	\$ 130,634	\$ 130,896	\$ 136,796
-EBITDA Margin	34.1%	31.2%	31.8%	31.8%	32.6%
Net Debt	\$ 264,346	\$ 236,286	\$ 230,579	\$ 228,193	\$ 223,897
Capex	\$ 90,743	\$ 89,508	\$ 84,000	\$ 84,000	\$ 85,000
-Capex / Revenues	19.9%	21.0%	20.5%	20.4%	20.3%
Dividends Paid	\$ 38,815	\$ 40,020	\$ 33,000	\$ 33,000	\$ 33,000
Headcount	23,254	22,587	22,328	22,028	21,728

Projections were made in constant pesos, therefore using real rates for both cost of debt and cost of equity.

Given our cost of equity of 22%, and using TEO's long-term weighted average debt / equity we obtain a WACC of 16%.

Also, when comparing TEOs multiples with those of its peer group, we observe that the company trades at a discount in P/Sales, P/BV, EV/Revenues; but at a premium in EV/EBITDA.

	P/Sales	P/BV	P/E	EV/EBITDA	EV/Revenues	Mkt Cap
ENTEL	0.37	0.55	7.45	4.21	1.22	0.9
AMX	1.33	2.44	12.51	0.35	0.20	58.1
TIM	1.78	1.28	12.54	4.10	1.88	32.8
TIGO	0.55	0.89	8.97	4.23	2.12	2.4
Average	1.46	1.98	12.38	4.11	1.88	94.2
TEO	1.02	0.78	-	5.02	1.60	2.2
Premium / (Discount)	(30%)	(61%)	-	22%	(15%)	

Appendix A: Glossary

ARBU: Average Revenue Billed per User. The average monthly revenue billed per user of our fixed telephony services, calculated by dividing total monthly basic charges and traffic revenues by weighted-average number of users during the relevant period.

ARPU: Average Revenue per User. The average monthly revenue per user of TEO's mobile telephony, Internet and cable TV services, calculated by dividing total revenue by weighted-average number of subscribers of each service during the relevant measurement period.

FTTH: Fiber To The Home. The fiber connection terminates inside the customer premises.

HFC: Hybrid Fiber-Coaxial. Network that incorporates both optical fiber and coaxial cable to create a broadband network.

IOT: Internet of Things. Physical objects that are embedded with sensors, processing ability, and other technologies that connect and exchange data with other devices over Internet.

MBOU: Mb per User per month.

Appendix B: Revenue Model

Revenue Breakdown								
Constant ARS (2021)	2018	2019	2020	2021	2022 E	2023 E	2024 E	2025 E
Mobile Telephony (mm)	\$ 194.976	\$ 172.189	\$ 174.569	\$ 162.794	\$ 158.084	\$ 158.873	\$ 162.780	\$ 166.052
Argentina (mm)	\$ 176.124	\$ 151.883	\$ 155.385	\$ 142.760	\$ 142.201	\$ 142.831	\$ 146.416	\$ 149.359
Lines (000)	18.316	18.932	18.433	20.130	20.734	21.149	21.360	21.574
- Change %		3%	-3%	9%	3%	2%	1%	1%
ARPU	\$ 676	\$ 652	\$ 658	\$ 617	\$ 580	\$ 568	\$ 574	\$ 580
- Change %		-4%	1%	-6%	-6%	-2%	1%	1%
Postpaid	39%	40%	42%	41%	41%	43%	43%	43%
MBOU	2.771	3.411	3.985	4.317	4.619	4.943	5.190	5.449
- Change %		23%	17%	8%	7%	7%	5%	5%
Paraguay (mm)	\$ 18.852	\$ 20.305	\$ 19.184	\$ 16.708	\$ 15.883	\$ 16.041	\$ 16.364	\$ 16.693
Lines (000)	2.409	2.373	2.351	2.218	2.174	2.174	2.195	2.217
- Change %		-1%	-1%	-6%	-2%	0%	1%	1%
ARPU	\$ 652	\$ 713	\$ 680	\$ 628	\$ 609	\$ 615	\$ 621	\$ 627
- Change %		9%	-5%	-8%	-3%	1%	1%	1%
Postpaid	17%	17%	17%	18%	18%	18%	18%	18%
MBOU	4.928	6.754	7.434	8.177	8.749	9.362	9.830	10.321
- Change %		37%	10%	10%	7%	7%	5%	5%
Constant ARS	2018	2019	2020	2021	2022 E	2023 E	2024 E	2025 E
Internet Access (mm)	\$ 119.308	\$ 108.190	\$ 96.954	\$ 90.768	\$ 87.107	\$ 87.099	\$ 88.849	\$ 90.635
Clients (000)	4.138	4.123	4.146	4.248	4.333	4.376	4.420	4.464
- Change %		0%	1%	2%	2%	1%	1%	1%
ARPU	\$ 2.409	\$ 2.176	\$ 1.918	\$ 1.727	\$ 1.675	\$ 1.659	\$ 1.675	\$ 1.692
- Change %		-10%	-12%	-10%	-3%	-1%	1%	1%
Churn Rate	0,0%	1,5%	1,3%	1,5%	1,5%	1,5%	1,5%	1,5%
Constant ARS	2018	2019	2020	2021	2022 E	2023 E	2024 E	2025 E
Cable TV (mm)	\$ 114.013	\$ 101.526	\$ 89.934	\$ 82.550	\$ 78.022	\$ 78.014	\$ 78.794	\$ 80.378
Clients (000)	3.532	3.517	3.543	3.563	3.634	3.671	3.707	3.744
- Change %		0%	1%	1%	2%	1%	1%	1%
ARPU	\$ 2.701	\$ 2.395	\$ 2.086	\$ 1.883	\$ 1.789	\$ 1.771	\$ 1.771	\$ 1.789
- Change %		-11%	-13%	-10%	-5%	-1%	0%	1%
Churn Rate	0,0%	1,3%	1,0%	1,1%	1,1%	1,1%	1,1%	1,1%
Constant ARS	2018	2019	2020	2021	2022 E	2023 E	2024 E	2025 E
Fixed Line & Data Services	\$ 73.177	\$ 77.187	\$ 68.825	\$ 58.930	\$ 56.429	\$ 55.831	\$ 55.532	\$ 55.490
Lines (000)	3.569	3.303	3.168	3.100	3.038	3.008	2.978	2.948
- Change %		-7%	-4%	-2%	-2%	-1%	-1%	-1%
ARBU	\$ 856	\$ 909	\$ 867	\$ 772	\$ 734	\$ 726	\$ 726	\$ 726
- Change %		6%	-5%	-11%	-5%	-1%	0%	0%

Appendix C: Income Statement

Income Statement								
Constant ARS (2021)	2018	2019	2020	2021	2022 E	2023 E	2024 E	2025 E
Net Revenues	\$531.218	\$487.067	\$455.234	\$425.493	\$410.682	\$411.698	\$419.198	\$426.366
-Change %		-8,3%	-6,5%	-6,5%	-3,5%	0,2%	1,8%	1,7%
Total Operating Expenses	(\$464.021)	(\$454.610)	(\$424.602)	(\$428.280)	(\$405.059)	(\$391.657)	(\$387.886)	(\$386.018)
-Opex / Revenues	87,4%	93,3%	93,3%	100,7%	98,6%	95,1%	92,5%	90,5%
Operating Profit	\$67.196	\$32.458	\$30.632	(\$2.787)	\$5.623	\$20.041	\$31.312	\$40.349
-Operating Margin	12,6%	6,7%	6,7%	-0,7%	1,4%	4,9%	7,5%	9,5%
Net Profit	\$ 17.500	\$ (7.990)	\$ (7.704)	\$ 9.940	\$ (10.961)	\$ 4.087	\$ 11.274	\$ 17.265
-Net Margin	3,29%	-1,64%	-1,69%	2,34%	-2,67%	0,99%	2,69%	4,05%
EBITDA	\$ 178.187	\$ 158.402	\$ 155.301	\$ 132.767	\$ 130.634	\$ 130.896	\$ 136.796	\$ 141.736
-EBITDA Margin	33,5%	32,5%	34,1%	31,2%	31,8%	31,8%	32,6%	33,2%
Net Debt	\$ 224.599	\$ 258.890	\$ 264.346	\$ 236.286	\$ 230.579	\$ 228.193	\$ 223.897	\$ 230.942
Capex	\$ 129.360	\$ 136.270	\$ 90.743	\$ 89.508	\$ 84.000	\$ 84.000	\$ 85.000	\$ 101.388
-Capex / Revenues	24,4%	28,0%	19,9%	21,0%	20,5%	20,4%	20,3%	23,8%
Dividends Paid	\$ 107.890	\$ 73.007	\$ 38.815	\$ 40.020	\$ 33.000	\$ 33.000	\$ 33.000	\$ 30.000
Headcount	25.343	23.728	23.254	22.587	22.328	22.028	21.728	21.428

Income Statement								
Current ARS	2018	2019	2020	2021	2022 E	2023 E	2024 E	2025 E
Net Revenues	\$168.046	\$237.024	\$301.596	\$425.493	\$636.557	\$925.291	\$1.319.006	\$1.811.109
-Change %		41,0%	27,2%	41,1%	49,6%	45,4%	42,6%	37,3%
Total Operating Expenses	(\$146.789)	(\$221.229)	(\$281.302)	(\$428.280)	(\$627.841)	(\$880.249)	(\$1.220.483)	(\$1.639.717)
-Opex / Revenues	87,4%	93,3%	93,3%	100,7%	98,6%	95,1%	92,5%	90,5%
Operating Profit	\$21.257	\$15.795	\$20.294	(\$2.787)	\$8.716	\$45.042	\$98.523	\$171.392
-Operating Margin	12,6%	6,7%	6,7%	-0,7%	1,4%	4,9%	7,5%	9,5%
Net Profit	\$ 5.536	\$ (3.888)	\$ (5.104)	\$ 9.940	\$ (16.990)	\$ 9.186	\$ 35.474	\$ 73.338
-Net Margin	3,29%	-1,64%	-1,69%	2,34%	-2,67%	0,99%	2,69%	4,05%
EBITDA	\$ 56.368	\$ 77.084	\$ 102.888	\$ 132.767	\$ 202.482	\$ 294.190	\$ 430.430	\$ 602.063
-EBITDA Margin	33,5%	32,5%	34,1%	31,2%	31,8%	31,8%	32,6%	33,2%
Net Debt	\$ 71.050	\$ 125.985	\$ 175.131	\$ 236.286	\$ 357.397	\$ 512.863	\$ 704.491	\$ 2.557.430
Capex	\$ 40.904	\$ 66.357	\$ 60.095	\$ 89.508	\$ 130.200	\$ 188.790	\$ 267.453	\$ 430.671
-Capex / Revenues	24,3%	28,0%	19,9%	21,0%	20,5%	20,4%	20,3%	23,8%
Dividends Paid	\$ 34.130	\$ 35.528	\$ 25.715	\$ 40.020	\$ 51.150	\$ 74.168	\$ 103.835	\$ 127.433
Headcount	25.343	23.728	23.254	22.587	22.328	22.028	21.728	21.428
Inflation Rate	48%	54%	36%	51%	55%	45%	40%	35%
Peso Devaluation	119%	62%	40%	22%	43%	43%	40%	35%

Appendix D: Balance Sheet

Balance Sheet								
Constant ARS (2021)	2018	2019	2020	2021	2022 E	2023 E	2024 E	2025 E
Total Assets	\$ 1.175.118	\$ 1.188.057	\$ 1.135.163	\$ 1.079.114	\$ 1.026.793	\$ 996.929	\$ 978.615	\$ 969.332
Total current assets	\$ 105.857	\$ 104.345	\$ 80.396	\$ 65.150	\$ 66.721	\$ 69.183	\$ 74.034	\$ 67.518
Cash and ST Investments	\$ 26.117	\$ 53.451	\$ 37.840	\$ 30.635	\$ 36.342	\$ 38.728	\$ 43.024	\$ 35.979
Trade Receivables	\$ 71.088	\$ 44.294	\$ 36.938	\$ 31.400	\$ 28.129	\$ 28.198	\$ 28.712	\$ 29.203
Inventories	\$ 8.652	\$ 6.600	\$ 5.618	\$ 3.115	\$ 2.250	\$ 2.256	\$ 2.297	\$ 2.336
Total non-current assets	\$ 1.069.261	\$ 1.083.712	\$ 1.054.767	\$ 1.013.964	\$ 960.071	\$ 927.747	\$ 904.582	\$ 901.813
Trade receivables	\$ 193	\$ 171	\$ 89	\$ 72	\$ 69	\$ 70	\$ 71	\$ 72
Other receivables	\$ 5.690	\$ 23.467	\$ 29.861	\$ 36.158	\$ 24.641	\$ 20.585	\$ 18.864	\$ 17.055
Investments	\$ 17.687	\$ 4.363	\$ 3.248	\$ 3.226	\$ 2.875	\$ 2.470	\$ 2.515	\$ 2.558
PP&E + Intangible Assets	\$ 664.934	\$ 675.260	\$ 641.334	\$ 595.288	\$ 554.278	\$ 527.422	\$ 506.938	\$ 506.938
Goodwill	\$ 380.757	\$ 380.451	\$ 380.234	\$ 379.220	\$ 378.209	\$ 377.200	\$ 376.194	\$ 375.191
Total Liabilities	\$ 451.491	\$ 551.345	\$ 548.219	\$ 529.119	\$ 520.759	\$ 519.808	\$ 523.220	\$ 526.671
Total current liabilities	\$ 168.947	\$ 176.685	\$ 160.074	\$ 165.583	\$ 162.648	\$ 161.311	\$ 161.873	\$ 162.600
Accounts payable	\$ 72.245	\$ 65.682	\$ 59.408	\$ 49.231	\$ 44.390	\$ 42.921	\$ 42.508	\$ 42.303
Loans	\$ 63.362	\$ 72.498	\$ 62.795	\$ 64.869	\$ 64.869	\$ 64.869	\$ 64.869	\$ 64.869
Other liabilities	\$ 33.341	\$ 38.505	\$ 37.871	\$ 51.483	\$ 53.389	\$ 53.521	\$ 54.496	\$ 55.428
Total non current liabilities	\$ 282.543	\$ 374.661	\$ 388.145	\$ 363.536	\$ 358.111	\$ 358.497	\$ 361.347	\$ 364.071
Loans	\$ 187.355	\$ 239.843	\$ 239.390	\$ 202.052	\$ 202.052	\$ 202.052	\$ 202.052	\$ 202.052
Reserves	\$ 95.188	\$ 134.818	\$ 148.754	\$ 161.484	\$ 156.059	\$ 156.445	\$ 159.295	\$ 162.019
Minority Interests in Subsidiaries	\$ 10.201	\$ 9.798	\$ 9.659	\$ 8.572	\$ 8.572	\$ 8.572	\$ 8.572	\$ 8.572
Shareholders' Equity	\$ 713.426	\$ 626.913	\$ 577.285	\$ 541.423	\$ 497.462	\$ 468.549	\$ 446.823	\$ 434.088
Liabilities + Shareholders' Equity	\$ 1.175.118	\$ 1.188.057	\$ 1.135.163	\$ 1.079.114	\$ 1.026.793	\$ 996.929	\$ 978.615	\$ 969.332

Balance Sheet								
Current ARS	2018	2019	2020	2021	2022 E	2023 E	2024 E	2025 E
Total Assets	\$ 371.738	\$ 578.150	\$ 752.054	\$ 1.079.114	\$ 1.591.529	\$ 2.240.599	\$ 3.079.213	\$ 4.117.502
Total current assets	\$ 33.487	\$ 50.778	\$ 53.263	\$ 65.150	\$ 103.418	\$ 155.488	\$ 232.947	\$ 286.802
Cash and ST Investments	\$ 8.262	\$ 26.011	\$ 25.069	\$ 30.635	\$ 56.330	\$ 87.041	\$ 135.376	\$ 152.830
Trade Receivables	\$ 22.488	\$ 21.555	\$ 24.472	\$ 31.400	\$ 43.600	\$ 63.376	\$ 90.343	\$ 124.049
Inventories	\$ 2.737	\$ 3.212	\$ 3.722	\$ 3.115	\$ 3.488	\$ 5.070	\$ 7.227	\$ 9.924
Total non-current assets	\$ 338.251	\$ 527.372	\$ 698.791	\$ 1.013.964	\$ 1.488.111	\$ 2.085.111	\$ 2.846.266	\$ 3.830.700
Trade receivables	\$ 61	\$ 83	\$ 59	\$ 72	\$ 108	\$ 157	\$ 223	\$ 306
Other receivables	\$ 1.800	\$ 11.420	\$ 19.783	\$ 36.158	\$ 38.193	\$ 46.265	\$ 59.355	\$ 72.444
Investments	\$ 5.595	\$ 2.123	\$ 2.152	\$ 3.226	\$ 4.456	\$ 5.552	\$ 7.914	\$ 10.867
PP&E + Intangible Assets	\$ 210.346	\$ 328.605	\$ 424.889	\$ 595.288	\$ 859.130	\$ 1.185.381	\$ 1.595.079	\$ 2.153.357
Goodwill	\$ 120.449	\$ 185.141	\$ 251.908	\$ 379.220	\$ 586.223	\$ 847.757	\$ 1.183.695	\$ 1.593.726
Total Liabilities	\$ 142.825	\$ 268.304	\$ 363.199	\$ 529.119	\$ 807.176	\$ 1.168.269	\$ 1.646.312	\$ 2.237.181
Total current liabilities	\$ 53.445	\$ 85.981	\$ 106.050	\$ 165.583	\$ 252.104	\$ 362.547	\$ 509.333	\$ 690.688
Accounts payable	\$ 22.854	\$ 31.963	\$ 39.358	\$ 49.231	\$ 68.805	\$ 96.466	\$ 133.752	\$ 179.695
Loans	\$ 20.044	\$ 35.280	\$ 41.602	\$ 64.869	\$ 100.547	\$ 145.793	\$ 204.110	\$ 275.549
Other liabilities	\$ 10.547	\$ 18.738	\$ 25.090	\$ 51.483	\$ 82.752	\$ 120.288	\$ 171.471	\$ 235.444
Total non current liabilities	\$ 89.380	\$ 182.323	\$ 257.149	\$ 363.536	\$ 555.072	\$ 805.723	\$ 1.136.979	\$ 1.546.493
Loans	\$ 59.268	\$ 116.716	\$ 158.598	\$ 202.052	\$ 313.181	\$ 454.112	\$ 635.757	\$ 858.271
Reserves	\$ 30.112	\$ 65.607	\$ 98.551	\$ 161.484	\$ 241.892	\$ 351.611	\$ 501.222	\$ 688.221
Minority Interests in Subsidiaries	\$ 3.227	\$ 4.768	\$ 6.399	\$ 8.572	\$ 13.287	\$ 19.266	\$ 26.972	\$ 36.412
Shareholders' Equity	\$ 225.686	\$ 305.078	\$ 382.456	\$ 541.423	\$ 771.066	\$ 1.053.064	\$ 1.405.929	\$ 1.843.910
Liabilities + Shareholders' Equity	\$ 371.738	\$ 578.150	\$ 752.054	\$ 1.079.114	\$ 1.591.529	\$ 2.240.599	\$ 3.079.213	\$ 4.117.502

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