



**MILlicom**  
THE DIGITAL LIFESTYLE

# 2015 Q4 and FY Results

**Mauricio Ramos, CEO**

**Tim Pennington, CFO**

12 February 2016 – London Roadshow - NORDEA

We believe in better. We believe in **tigo**

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*This presentation may contain certain “forward-looking statements” with respect to Millicom’s expectations and plans, strategy, management’s objectives, future performance, costs, revenue, earnings and other trend information. It is important to note that Millicom’s actual results in the future could differ materially from those anticipated in the forward-looking statements depending on various important factors.*

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# Operating review

**Mauricio Ramos, CEO**  
10 February 2016

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# Key Messages

**1**

**We delivered strong organic growth**

**2**

**We generated strong and positive cashflow to cover dividend**

**3**

**Our operational momentum continued**

**4**

**Our long term strategy is working**

**5**

**We are taking decisive steps in capital allocation**

**6**

**We are positive on our long term outlook**

# 1 2015 results

## Strong underlying organic growth

		Organic growth	Reported US\$ growth
Revenue	<b>6,730</b> US\$ million	<b>+7.4%</b>	<b>+5.4%</b>
Adjusted EBITDA (i)	<b>2,266</b> US\$ million	<b>+9.2%</b>	<b>+7.4%</b>
Capex (ii)	<b>1,273</b> US\$ million		<b>+5.5%</b>
Adjusted OCF (iii)	<b>993</b> US\$ million		<b>+9.8%</b>

i. Adjusted from \$87 million of one-off items – details in appendix

ii. Excluding spectrum and licence costs

iii. Adjusted EBITDA – Capex excluding spectrum and licence costs

# 1 2015 results

## On track in delivering our long term cash flow model

		<b>Strategic objective</b> <i>Long term</i>	<b>Actual 2015</b> <i>Delivered</i>
	Revenue growth	High single digit	7.4%
<b>+</b>	Operating leverage	~ 50%	45.6%*
<b>=</b>	EBITDA Margin trending up towards	~ 35%	33.7%*
<b>+</b>	Capex to Sales trending down towards	~ 15%	18.9%
<b>=</b>	OCF Margin trending up towards	~ 20%	14.8%

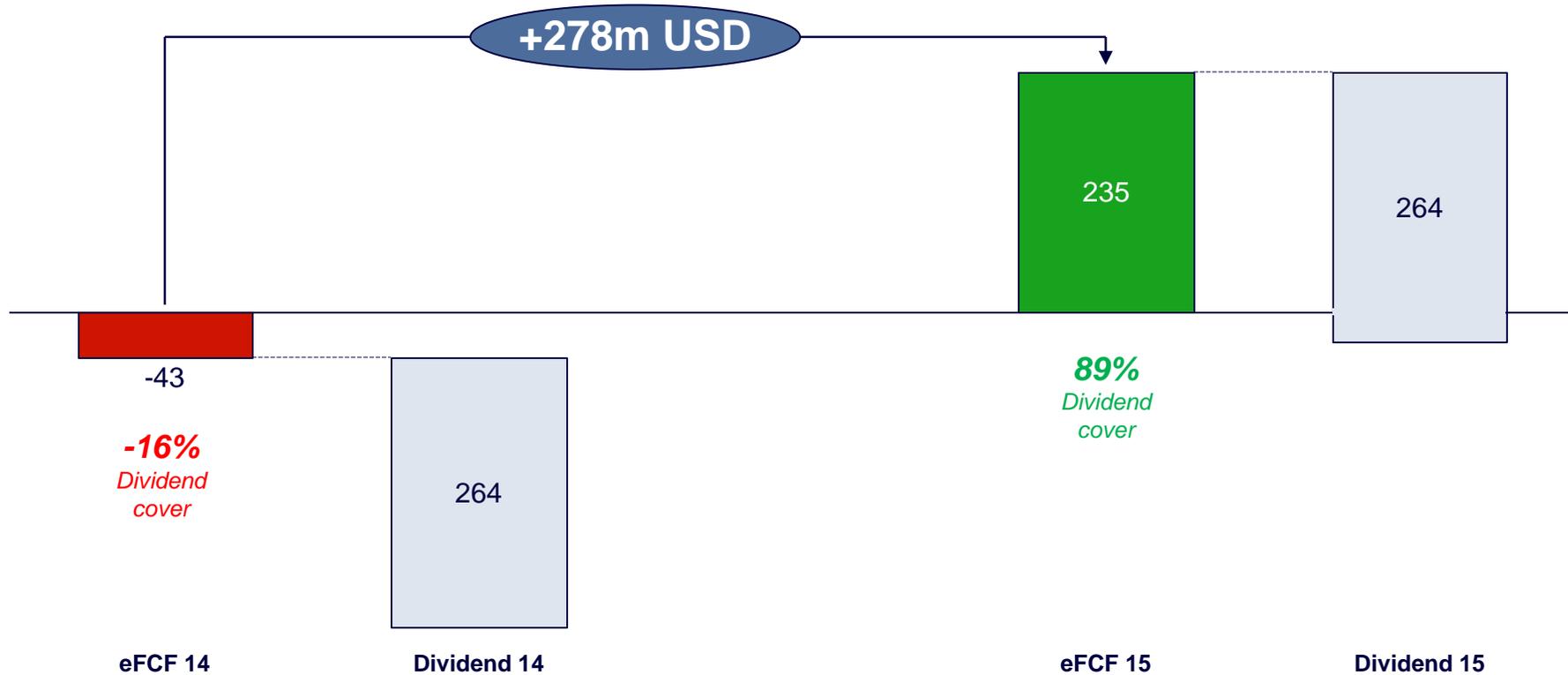
\* Adjusted for one-offs

2

# We generated strong and positive cashflow to cover dividend

Strong improvement in cash flow generation: 89% dividend cover

Equity Free Cash Flow bridge 2015 vs. 2014  
US\$ million

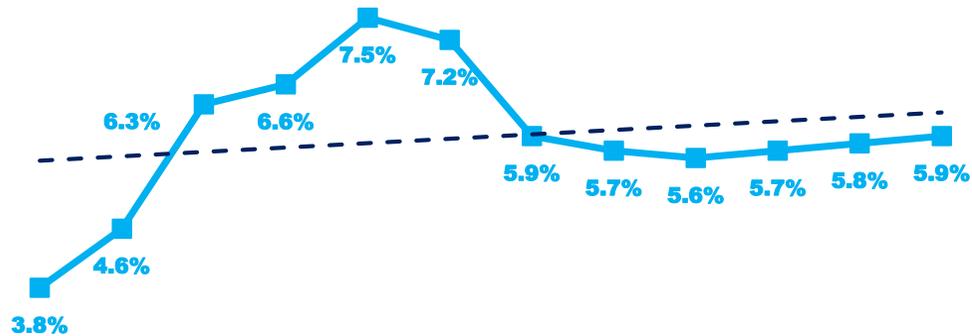


# 3 Operational momentum continued

## Service revenue trending upwards throughout 2015

### Quarterly group organic service revenue growth

Q1 2013 – Q4 2015 <sup>(a)</sup>



1 Growth momentum remains robust

2 UNE positive contribution to the group

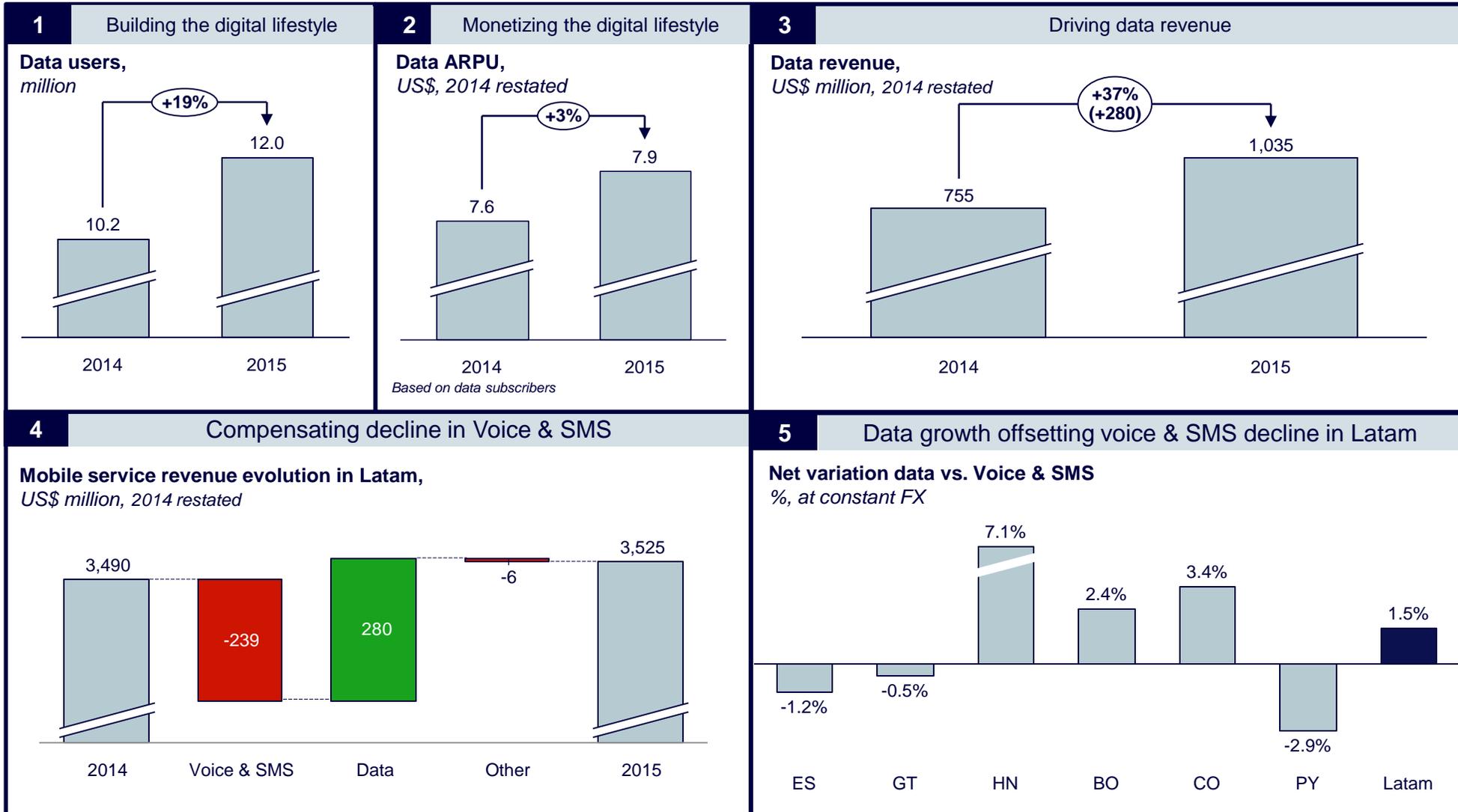
3 Tough macro economic environment in 2015, will continue in 2016

Q1 13 Q2 13 Q3 13 Q4 13 Q1 14 Q2 14 Q3 14 Q4 14 Q1 15 Q2 15 Q3 15 Q4 15

a) Service revenue is defined as group revenue excluding telephone & equipment sales

# 4 Our strategy is working

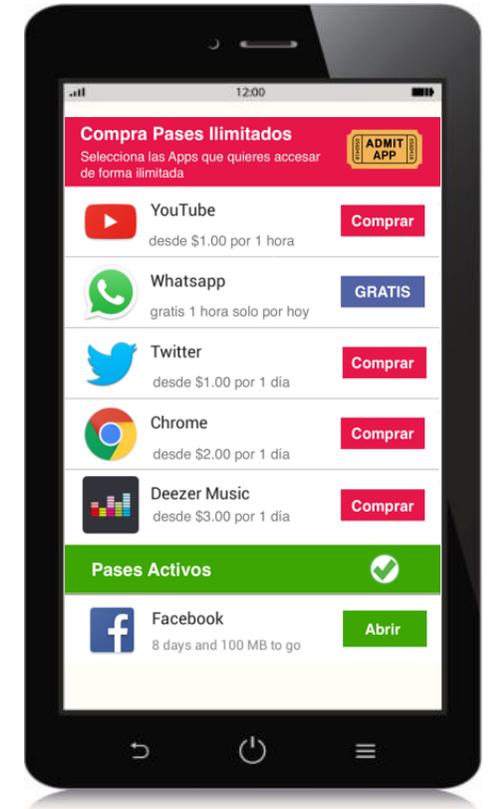
## Mobile: Data monetization strategy is paying off



# 4 Our strategy is working

## Pivoting our model for higher Data Monetization

Current Model selling Megabytes	Pivoted Model selling Application Packages.
 <p>1 megabyte = 1,024 KB</p>  <p>1 gigabyte = 1,024 MB</p>	    

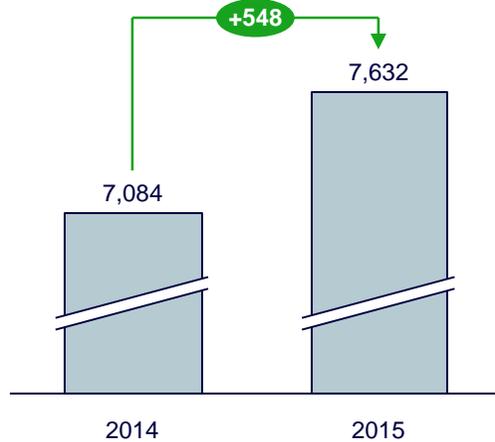


# 4 Our strategy is working

## Cable: our footprint expansion is on track

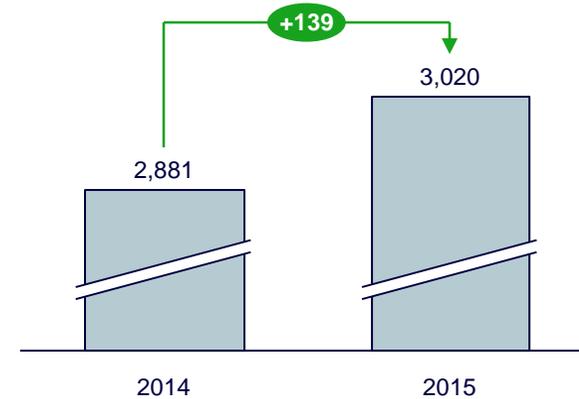
### 1 Building

Homes Passed  
Thousands



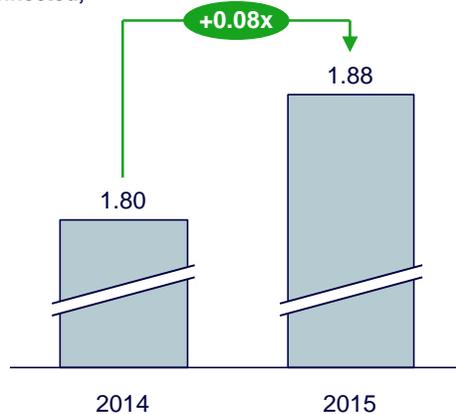
### 2 Filling

Homes Connected  
Thousands



### 3 Monetizing

RGU per Home Connected,  
HFC RGU/HC



### 4 Monetizing

Home connected ARPU growth  
US\$, 2014 restated



# 4 Our strategy is working

The opportunity remaining to seize in our markets is significant

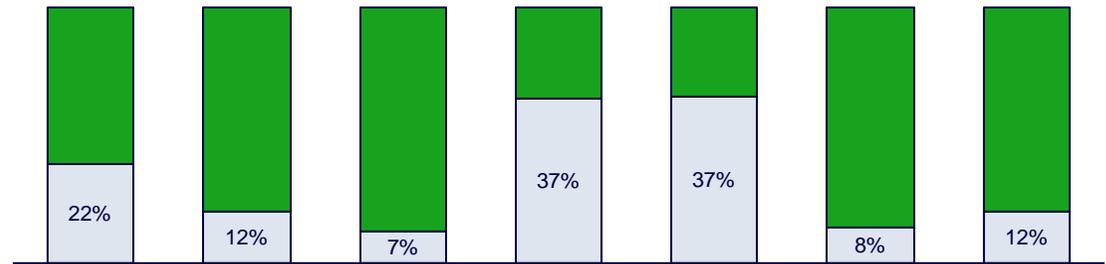
## Our markets are under penetrated,

Owning more households in our markets to expand our fixed platform

■ Opportunity  
■ Current penetration

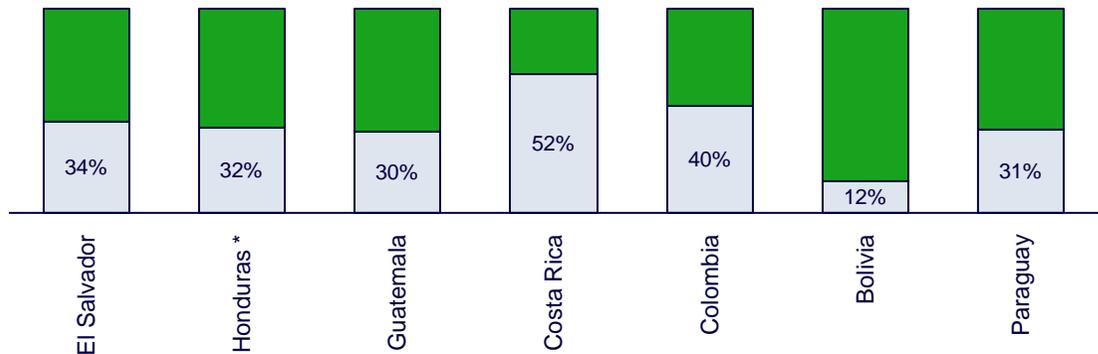
### Broadband penetration & opportunity

Current penetration in our markets vs more advanced Latam average



### Pay-TV penetration & opportunity

Current penetration in our markets vs more advanced Latam average



Source: Millicom

\* excludes informal market

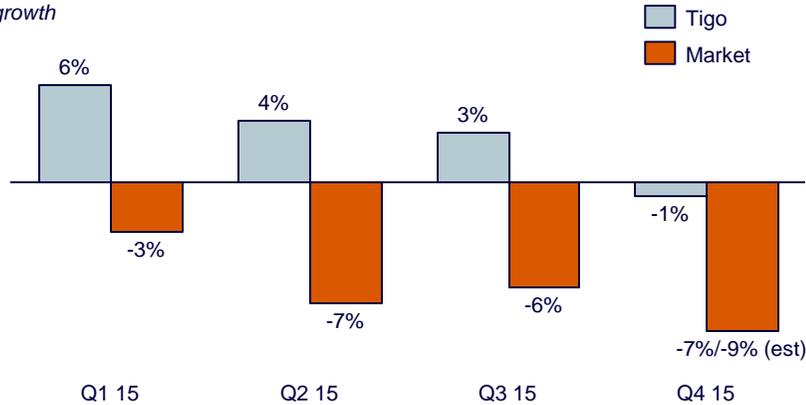
# 4 Our strategy is working

## Merger in Colombia delivers strong momentum despite difficult market conditions

### 1 Outperforming a declining market

#### Mobile service revenue – Tigo vs. Market (a)

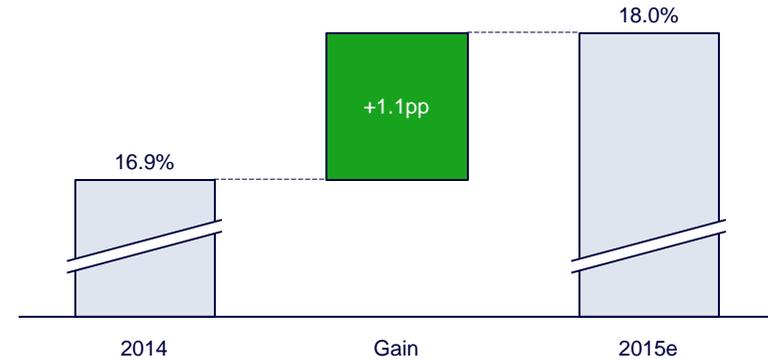
YoY growth



### 2 Better Mobile Market Position in Revenue Share

#### Mobile service revenue market share

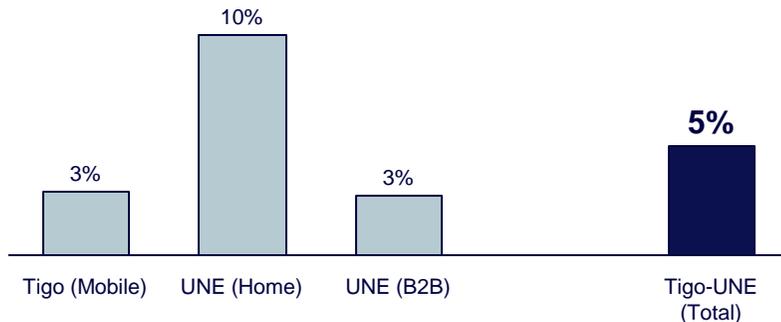
% of market revenue



### 3 Better Growth Profile

#### Growth of the merged entity Tigo-UNE accelerating. Mitigating the Difficult Conditions of Mobile Market

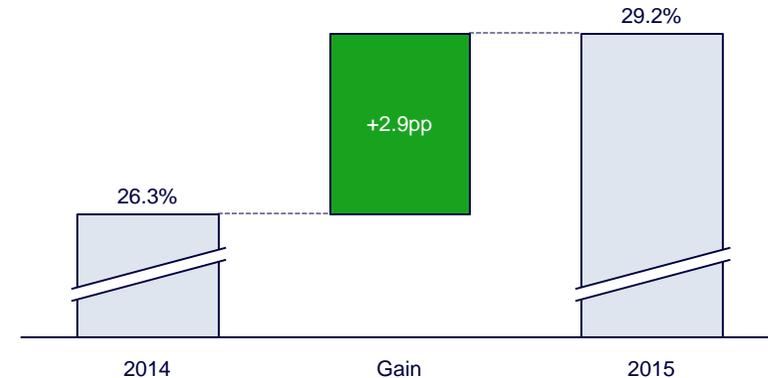
FY15, YoY growth in local currency



### 4 Better Profitability

#### Adjusted EBITDA margin

%



# 5 We are taking decisive steps in capital allocation

## DRC disposal announced

### Announced sale of DRC to Orange



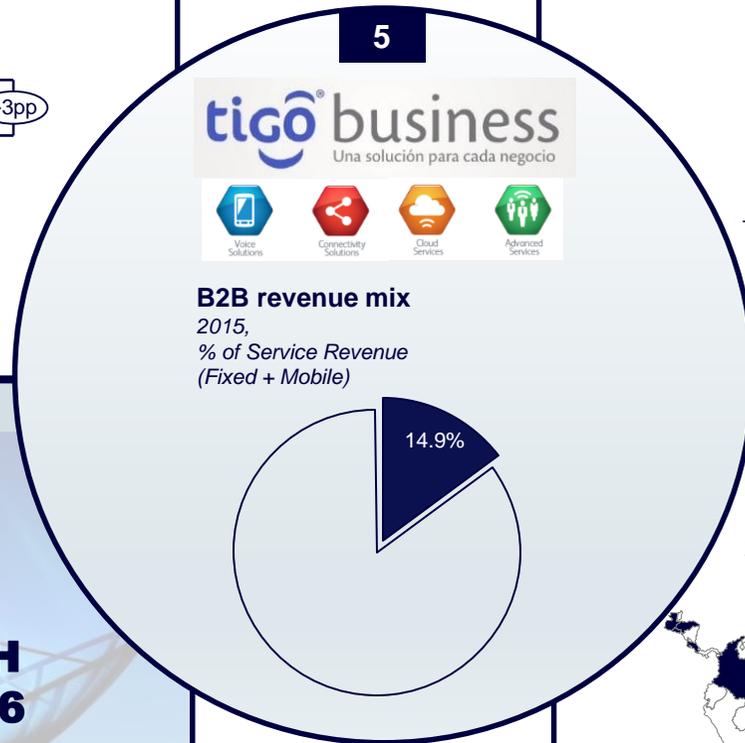
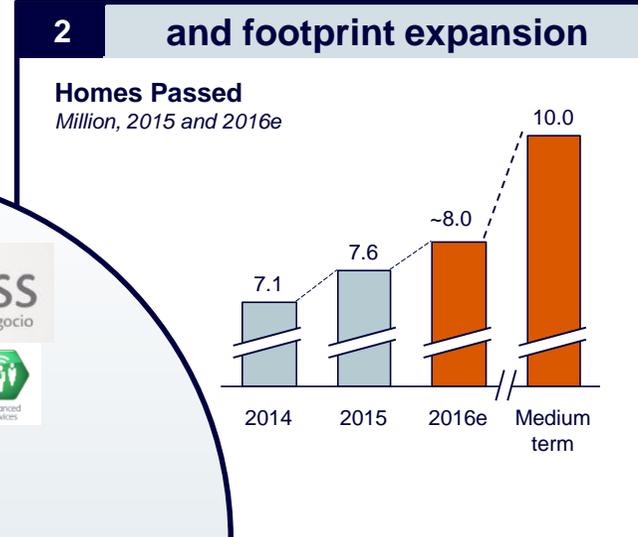
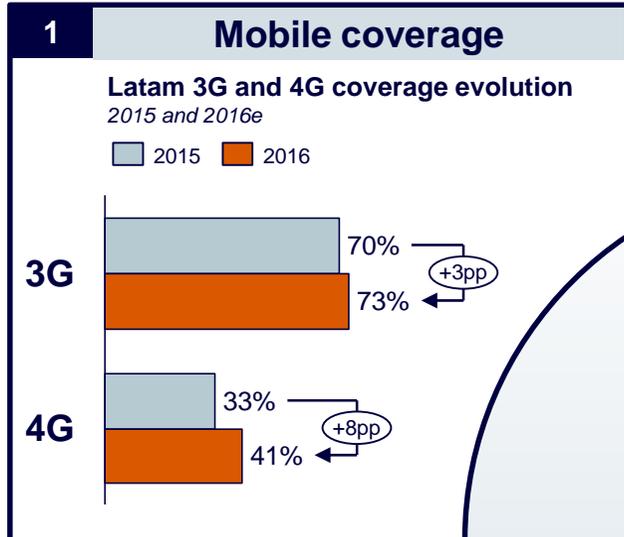
**Tigo DRC**

**Cash consideration**

**US\$ 160 million**

# 6 We are positive on our 2016 outlook

## Focus on 4G, footprint roll-out, B2B, pay-TV





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# Financial review

Tim Pennington  
10 February 2016

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# Key Messages

**1**

**Solid organic growth**

**2**

**EBITDA improvement**

**3**

**Capital discipline**

**4**

**Cash generation is improving**

**5**

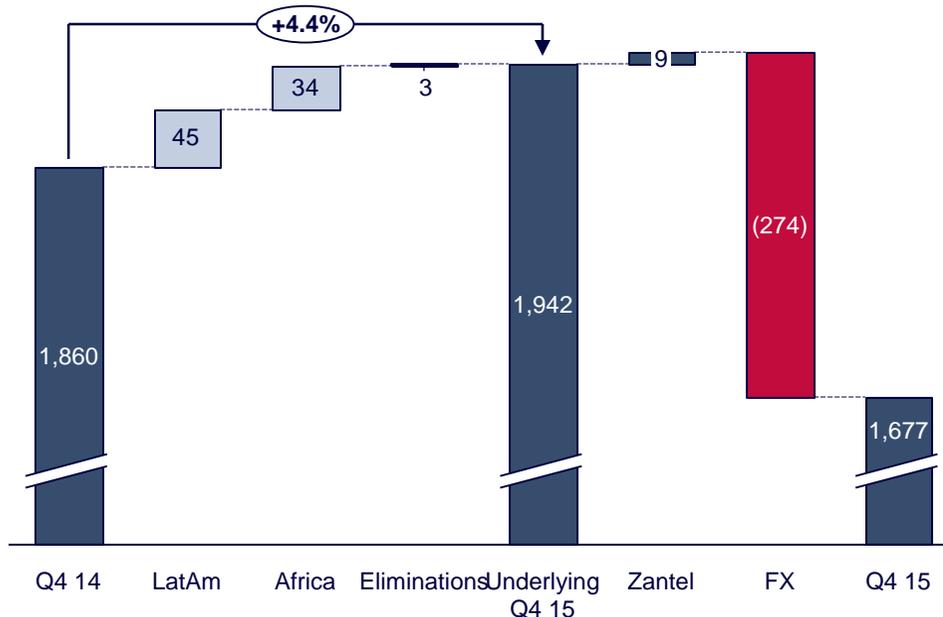
**Reducing leverage and improving dividend cover**

# Revenue by region

## Solid organic growth

### Revenue evolution by Region

US\$ million, Q4 2014 – Q4 2015



**Q4 organic growth 4.4%**

**2015 Full year growth at 7.4%**

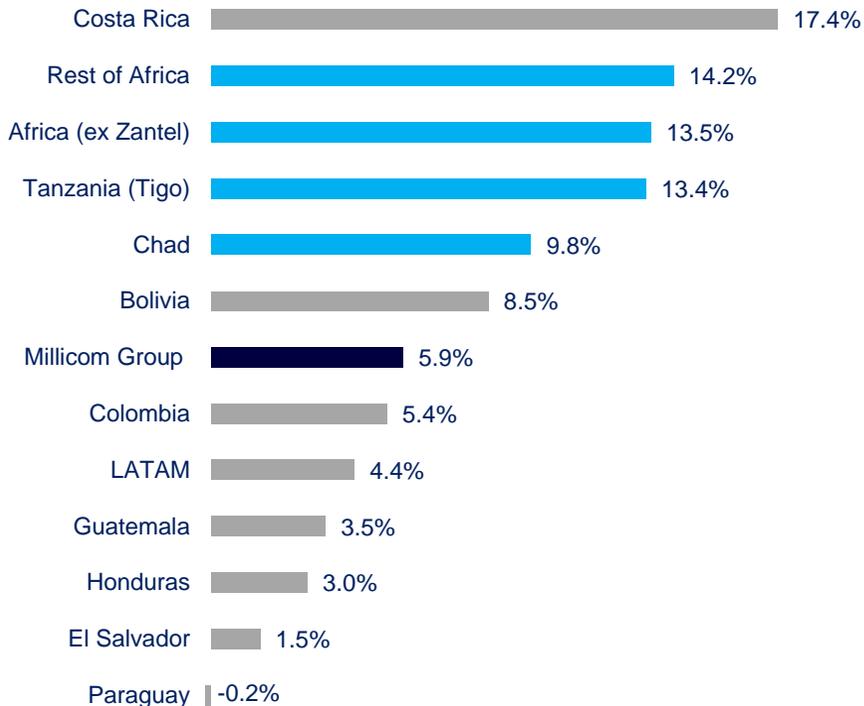
- Colombia mobile service revenue slowed down on market issues but we keep outperforming peers
- Paraguay impacted by macro & environmental factors
- Africa growth is robust
- Adverse FX impact accelerates

# Service revenue growth

## Robust growth trends in service revenues

### Service revenue (a) growth by country

Q4 15, year-on-year local currency variation



### Colombia growth at 5.4%

- Cable growing 12.0%
- Tigo Mobile declining by 0.8%

### Latam growth at 4.4%

- Costa Rica (cable only) best performer in the region
- Good performance from Bolivia
- Paraguay turned negative on macro after several quarters of positive growth

### Africa growing 13.5%

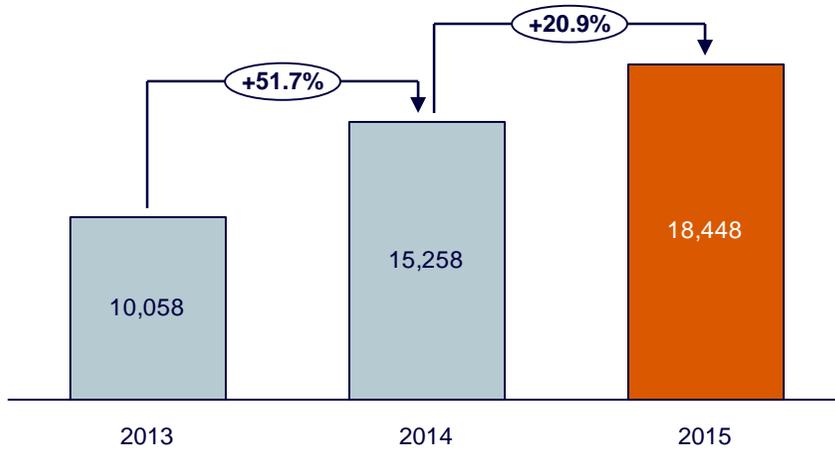
- Better than the previous quarter (11.3%)
- Return to growth in Chad (+9.8% compared to -1.8% in Q3)

a) Service revenue is defined as group revenue excluding telephone & equipment sales

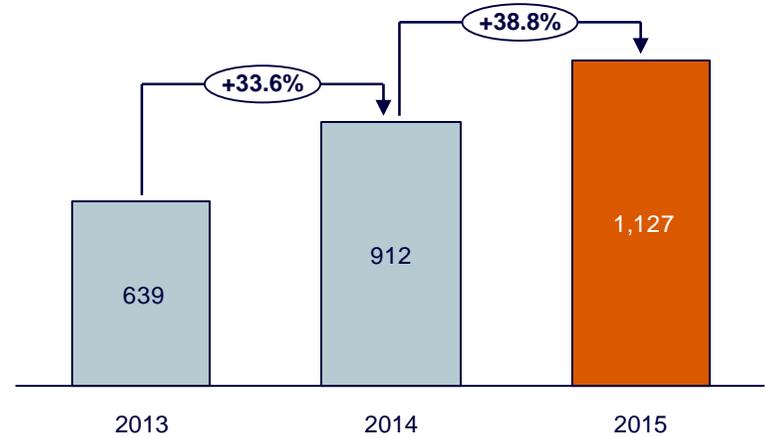
# Drivers of revenue growth

## Robust growth trends in service revenues

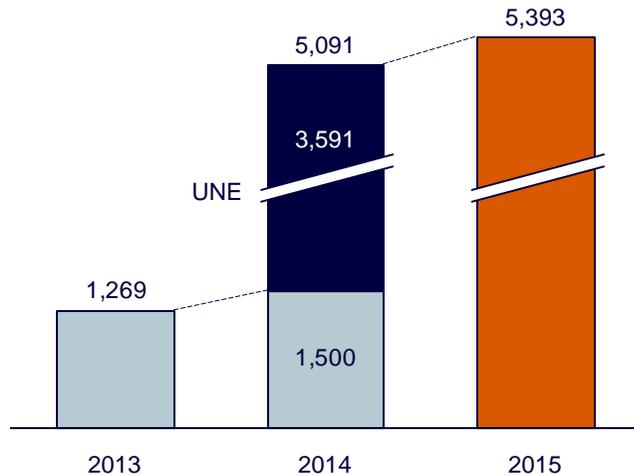
1 Mobile data subscriber growth (000s)



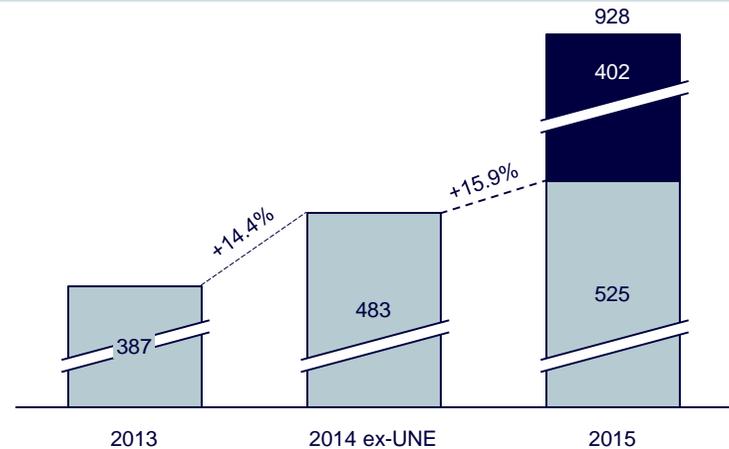
2 Mobile data revenues (\$ million, growth at constant FX)



3 Home RGUs (000s)



4 B2B growth (\$ million) <sup>b</sup>

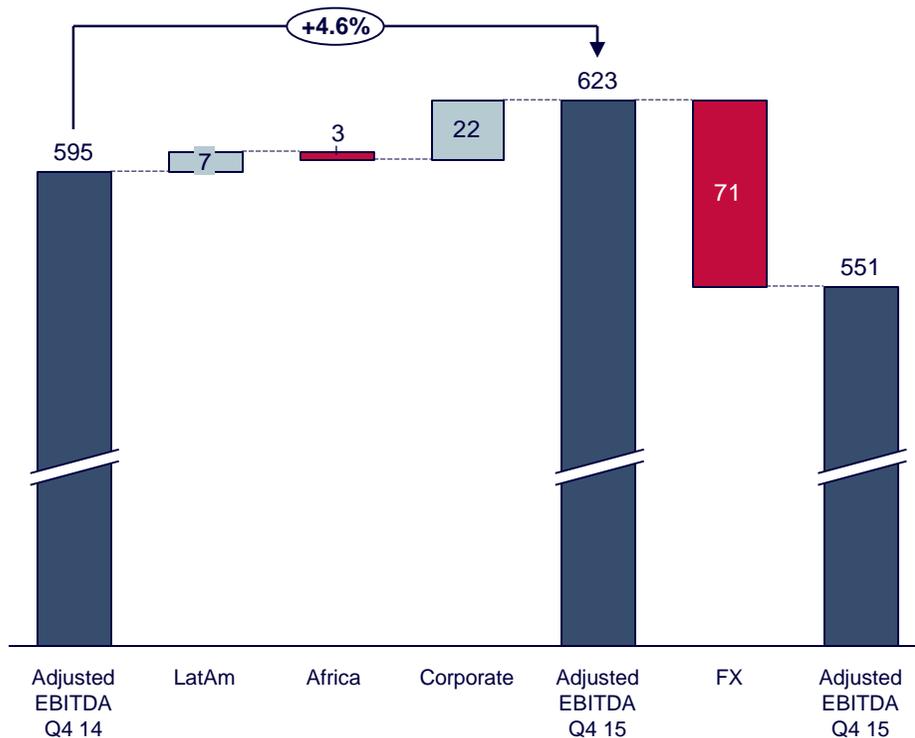


b) Organic year-on-year growth

## EBITDA improvements

### EBITDA evolution by Region

US\$ million, Q4 2014 – Q4 2015



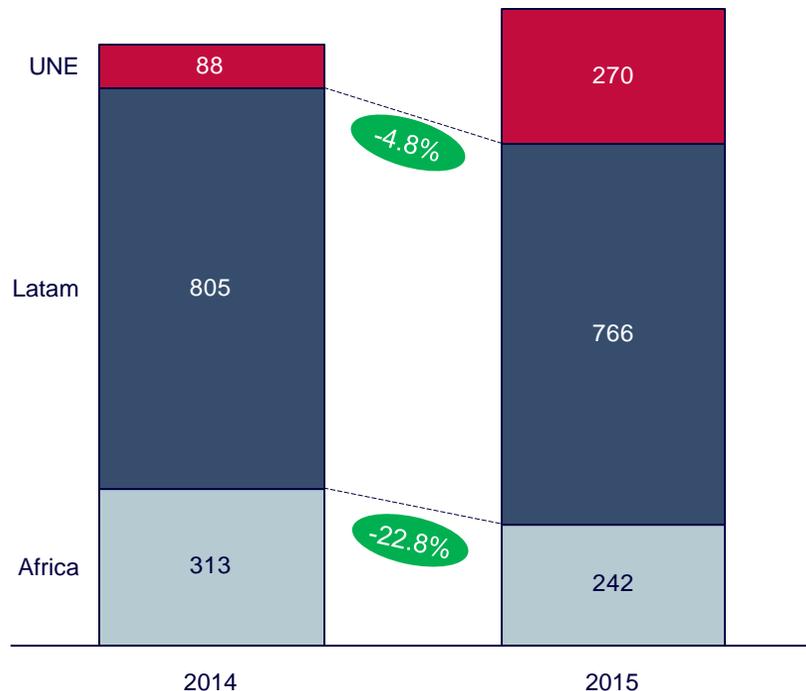
### Adjusted EBITDA +4.6% at constant FX

- Latam +1.2%
  - Large impact from FX in Colombia and Paraguay
  - Bolivia performing well
- Africa -5.6%
- Corporate costs down for the sixth consecutive quarter
- One-offs charges amounting to \$60 million in Q4 (\$87 million FY15)
- FX impact of \$69 million (\$61 million in Q3)

## Capital discipline

### Capex by region

\$ million (excluding spectrum & licence costs)



### FY capex at \$1.27 billion

- Lower half of the guidance range (\$1.25-1.35 billion)
- Includes \$28 million of integration capex in Colombia

### Capex intensity at 18.9%

- Large FX impact on revenue
- Same capex / sales ratio as 2014
- \$47 million spent on spectrum
- M&A carefully controlled
  - \$189 million including Zantel

# Non cash items

## Large non cash movements

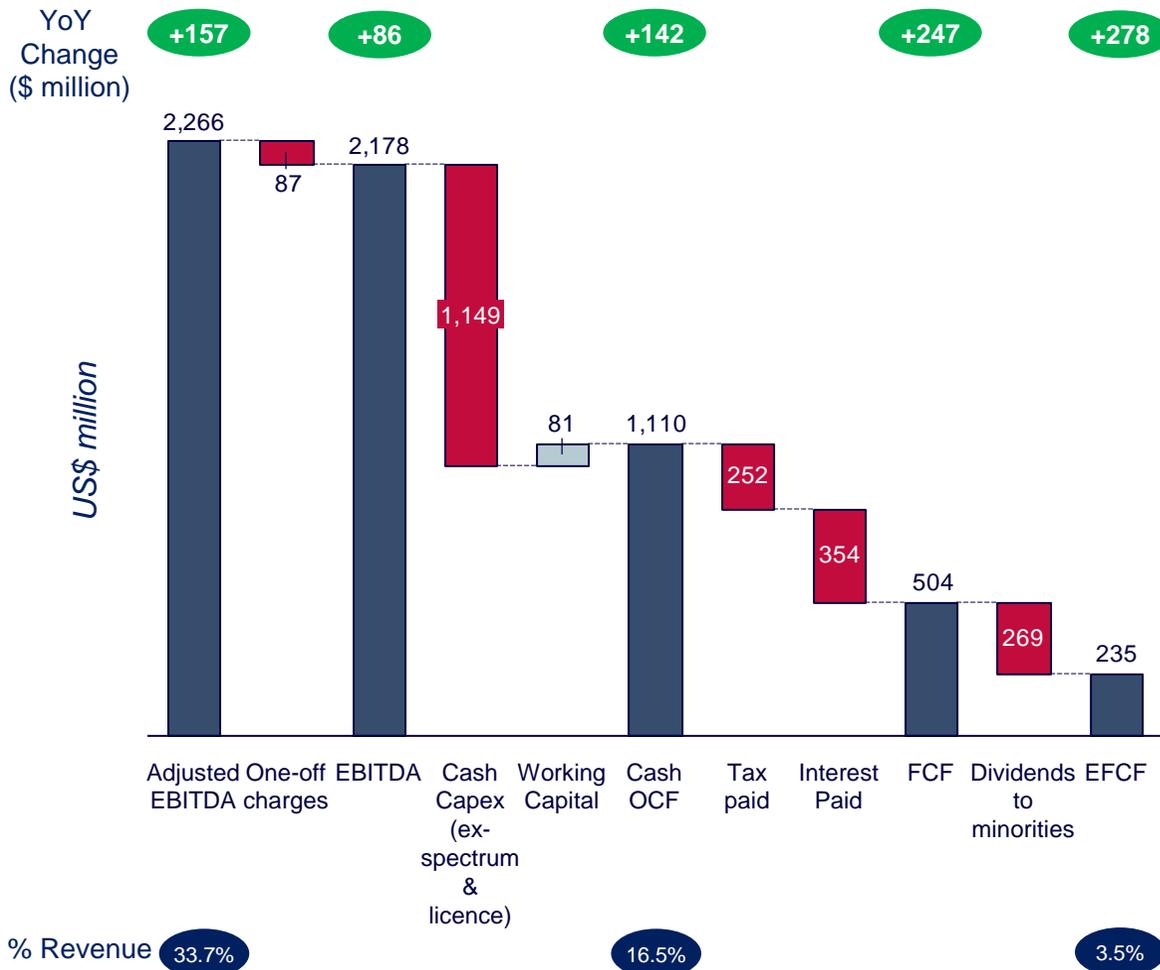
US\$ million	FY 15	FY 14	% Var
Revenue	6,730	6,386	5.4
Adjusted EBITDA	2,266	2,110	7.4
D&A	(1,321)	(1,158)	14.1
Other operating items	(66) <sup>C</sup>	(11)	n/m
<b>Operating profit</b>	<b>791</b>	<b>924</b>	<b>(14.4)</b>
Net Finance Charge	(420)	(404)	4.0
Others	(624) <sup>A</sup>	2,461	n/m
Associates & JVs	100 <sup>B</sup>	55	+82.6
<b>Profit before tax</b>	<b>(153)</b>	<b>3,036</b>	<b>n/m</b>
Tax	(291)	(256)	13.8
Minority interests	(115)	(158)	(27.4)
<b>Net income</b>	<b>(559)</b>	<b>2,643</b>	<b>n/m</b>
<b>Adjusted net profits</b>	<b>5</b>	<b>181</b>	<b>n/m</b>

- A** Other non-operating expenses mainly composed by
- \$391 million relates to the deconsolidation of Guatemala & Honduras (Q4 & FY)
  - \$304 million FX losses (\$54 million in Q4)
  - \$124 million change in options value (\$33 million in Q4)
- B** \$147 million revaluation gain on flip up of towers stake in single vehicle HTA
- C** \$53 million from a write down of Senegal business value

\* Adjusted for non-operating items including changes in carrying value of put and call options, revaluation of previously held interests and similar items classified under 'other non-operating income (expenses)'.

# Cash generation improving

Equity FCF covers 90% of the 2015 dividend



**Equity Free Cash Flow improved by \$278 million**

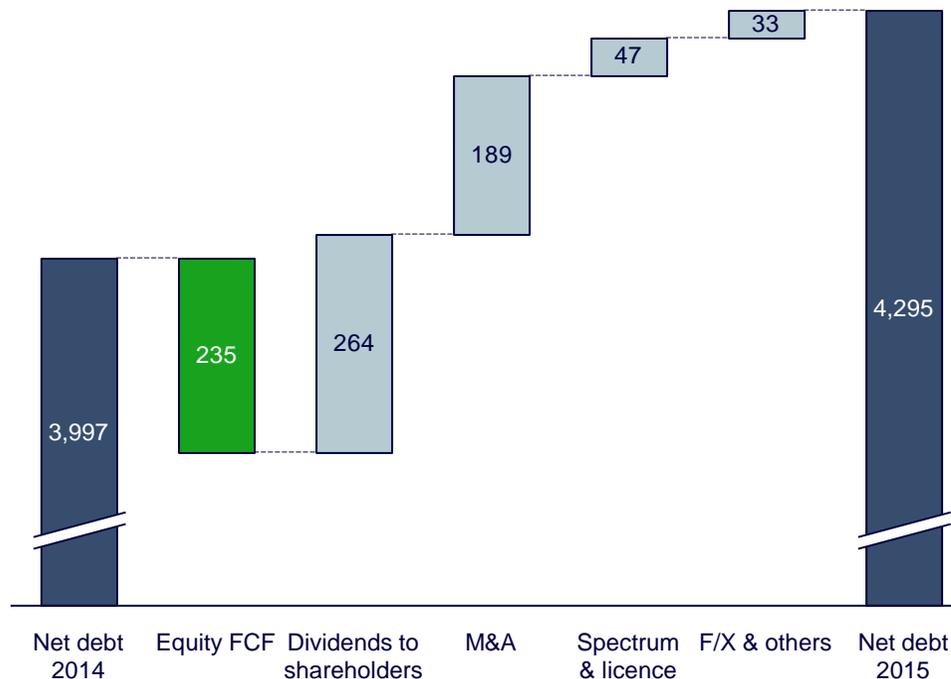
- Cash OCF up 15%
- Taxes lower than last year due to Colombia and change in the profit mix
- Lower dividend to minorities

# Net debt variation

## Net debt stable over the last 3 quarters

### Net debt evolution

US\$ million, 31 December 2014 – 31 December 2015



### Net debt increased by \$0.3bn

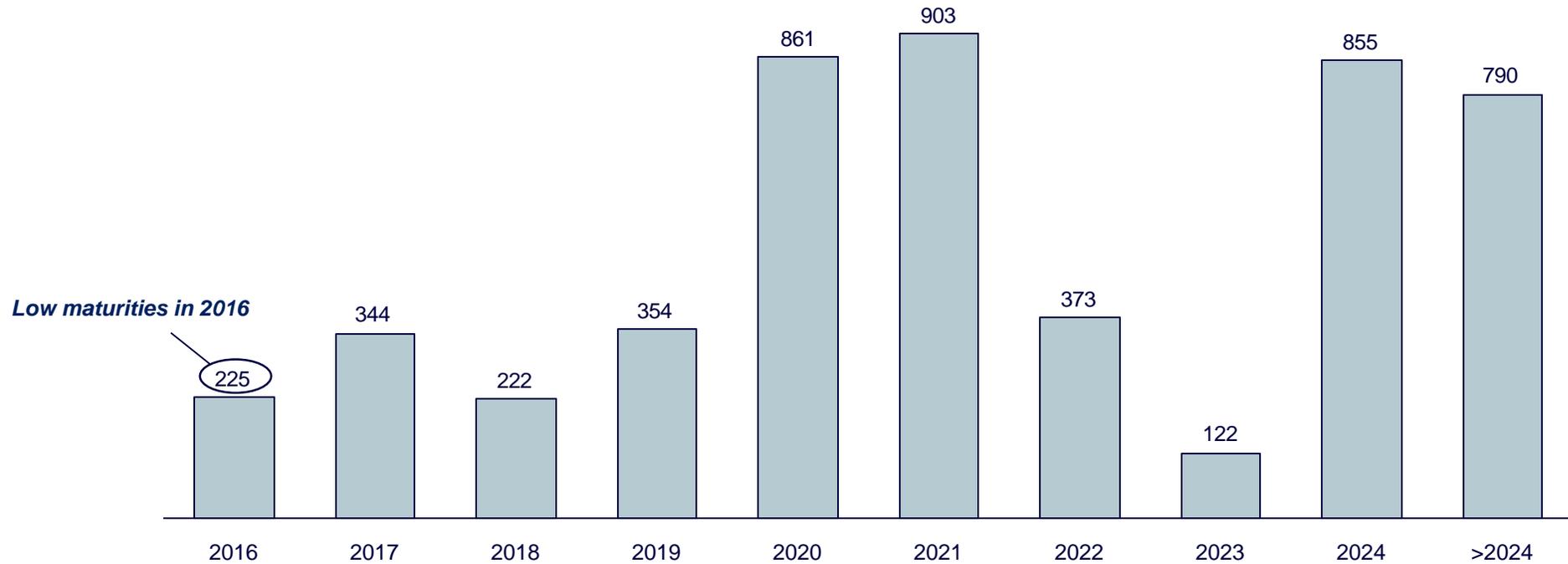
- Average cost of debt 6.1%
- M&A activity
  - Rwanda minority interests buy out
  - Final payments to AIH
  - Minority interests in UNE subsidiaries
  - Zantel purchase
- Net debt / LTM EBITDA of 1.97x
- Proportionate 2.32x

# Debt profile

## Long average maturity to debt profile

Debt maturity profile <sup>a</sup>  
US\$ million

Average life of 5.8 years



a) excluding financial leases

# 2016 Outlook

Our cash flow model will keep improving in 2016

- **Service revenue to grow mid single digit (a)**
- **Adjusted EBITDA to grow mid to high single digit (b)**
- **Group CAPEX between \$1.15 and \$1.25 billion (c)**

Our 2016 outlook is in constant currency, at constant perimeter (with our JV in Guatemala and Honduras fully consolidated)

a) Service revenue is group revenue excluding telephone & equipment sales

b) Adjusted EBITDA excludes restructuring costs and other one-off items.

c) Capex excludes the impact of spectrum and licences costs.



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# Q&A

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# Appendix

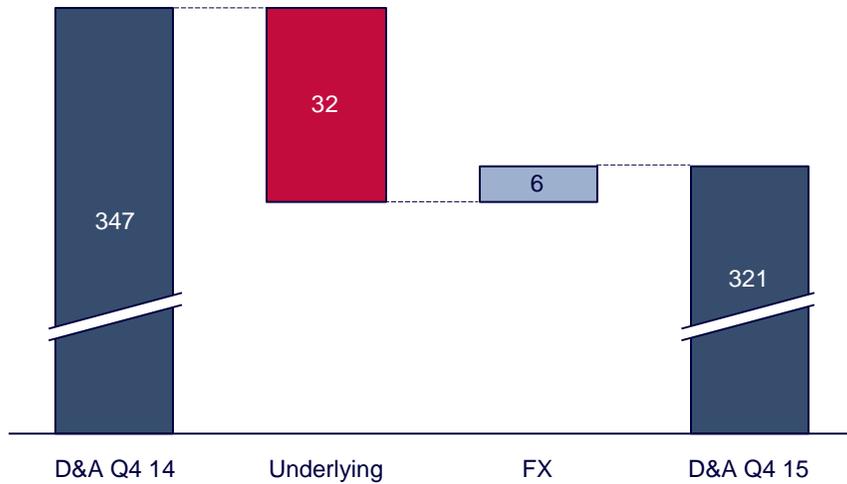
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# Adjusted EBITDA – Back up

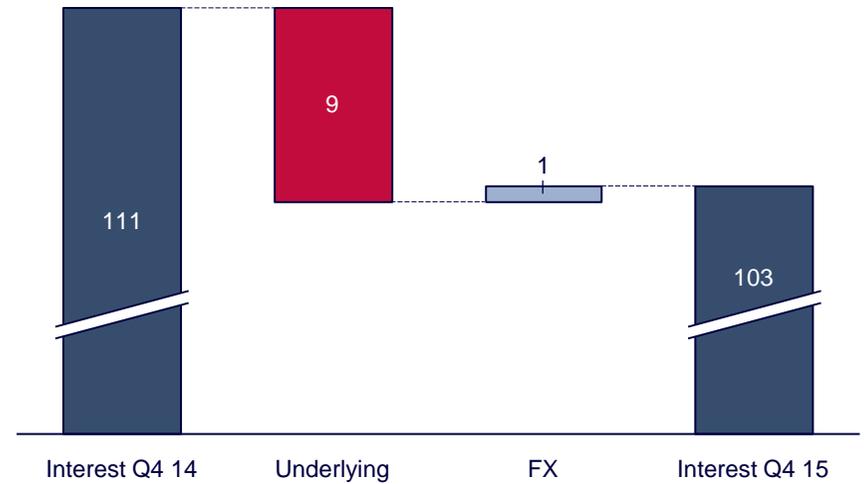
US\$ million	Q1 14	Q2 14	Q3 14	Q4 14	FY 14	Q1 15	Q2 15	Q3 15	Q4 15	FY 15
<b>EBITDA</b>	<b>478</b>	<b>479</b>	<b>549</b>	<b>588</b>	<b>2,093</b>	<b>565</b>	<b>561</b>	<b>560</b>	<b>492</b>	<b>2,178</b>
<i>EBITDA margin</i>	<i>34.0%</i>	<i>33.1%</i>	<i>32.8%</i>	<i>31.6%</i>	<i>32.8%</i>	<i>33.1%</i>	<i>32.9%</i>	<i>34.1%</i>	<i>29.3%</i>	<i>32.4%</i>
Restructuring	0	0	(4)	(8)	(12)	(7)	(12)	(2)	(27)	(48)
Litigations & taxes	0	0	0	0	0	(1)	(1)	(6)	(9)	(17)
Others	0	0	(4)	0	(4)	(1)	1	1	(24)	(22)
<b>Total one offs</b>	<b>0</b>	<b>0</b>	<b>(8)</b>	<b>(8)</b>	<b>(16)</b>	<b>(9)</b>	<b>(13)</b>	<b>(6)</b>	<b>(60)</b>	<b>(87)</b>
<b>Adjusted EBITDA</b>	<b>478</b>	<b>479</b>	<b>557</b>	<b>595</b>	<b>2,110</b>	<b>574</b>	<b>574</b>	<b>566</b>	<b>551</b>	<b>2,266</b>
<i>Adjusted margin</i>	<i>34.0%</i>	<i>33.1%</i>	<i>33.3%</i>	<i>32.0%</i>	<i>33.0%</i>	<i>33.6%</i>	<i>33.7%</i>	<i>34.5%</i>	<i>32.9%</i>	<i>33.7%</i>

# Appendix – Below EBITDA

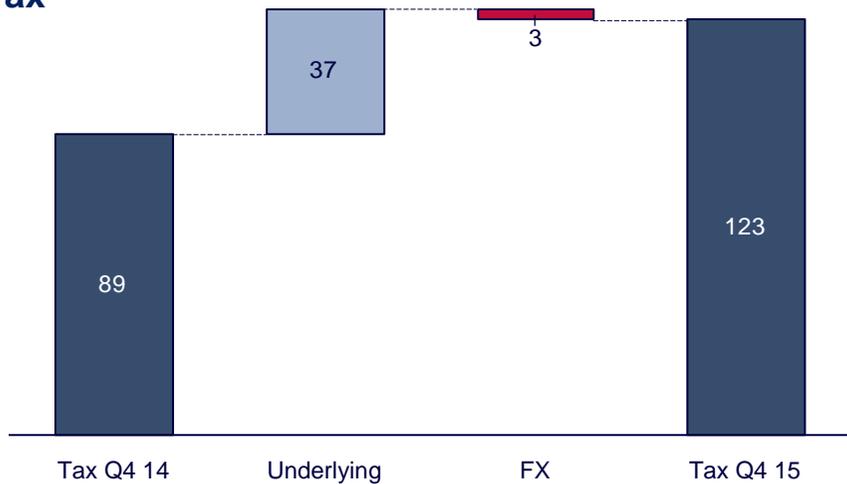
## Depreciation and amortisation



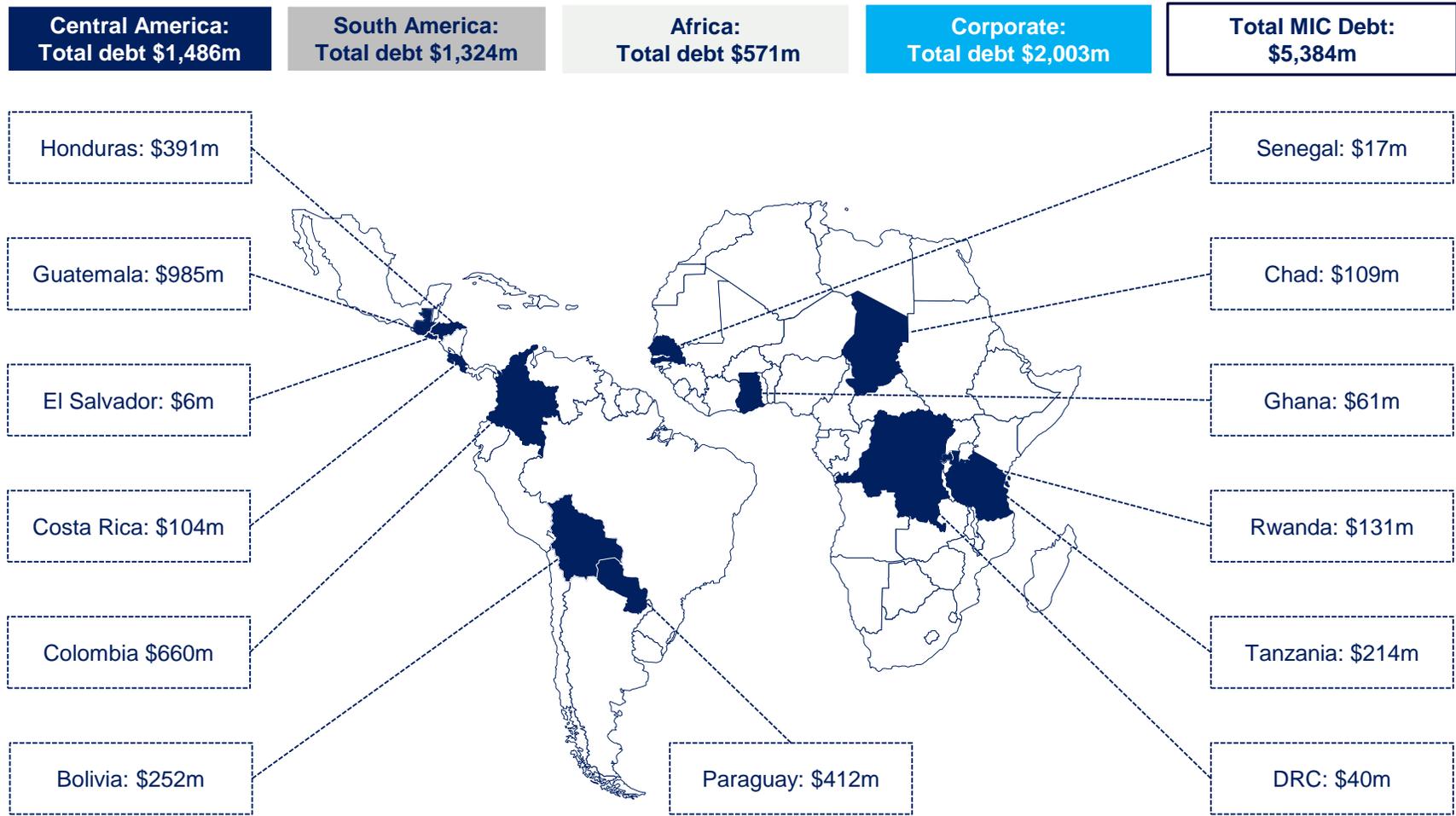
## Interest



## Tax



# Gross debt by country



Including finance leases

# Currency exposure of the debt

Dec-15	Debt including finance leases			Cash Total	Net debt		
	US\$	Local	Total		USD	Local	Total
Latin America	1,482	1,328	2,810	501	1,338	971	2,309
	53%	47%	100%		58%	42%	100%
Africa	307	264	571	243	275	54	328
	54%	46%	100%		84%	16%	100%
Corporate	2,003	0	2,003	346	1,671	-13	1,657
	100%	0%	100%		101%	-1%	100%
<b>Millicom</b>	<b>3,793</b>	<b>1,592</b>	<b>5,384</b>	<b>1,090</b>	<b>3,284</b>	<b>1,011</b>	<b>4,295</b>
	<b>70%</b>	<b>30%</b>	<b>100%</b>		<b>76%</b>	<b>24%</b>	<b>100%</b>

EI Salvador and DRC have USD as functional currency (treated as local in both cases.)