



MILlicom
THE DIGITAL LIFESTYLE

2016 Q4 results

Mauricio Ramos, CEO

Tim Pennington, CFO

8 February 2017

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

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CEO review

Mauricio Ramos

We believe in better. We believe in **tigô**

1 2016 – in brief

Strong subscriber intake growth...

Mobile

'000s

'000s vs. FY15



Smartphone users

25,586

+5,279

4G users in Latam

3,432

+2,576

Cable



Total Homes Passed

8,119

+487

HFC Homes Passed

7,152

+777

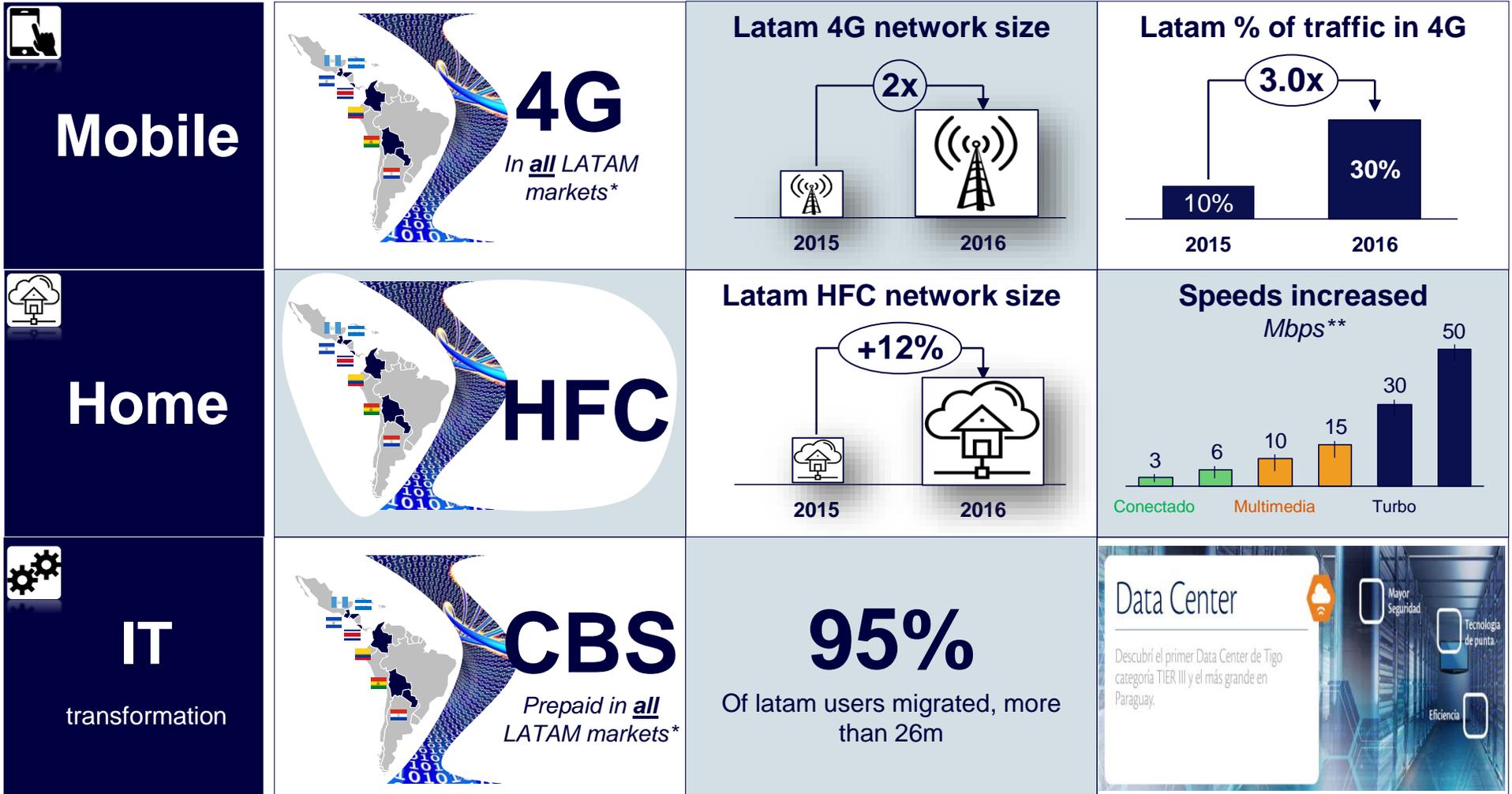
HFC RGUs

3,694

+450

1 2016 – in brief

... with heavily accelerated investment in networks and IT infrastructure...



*excludes Costa Rica where we have no mobile license

** Speeds of internet plans in Paraguay

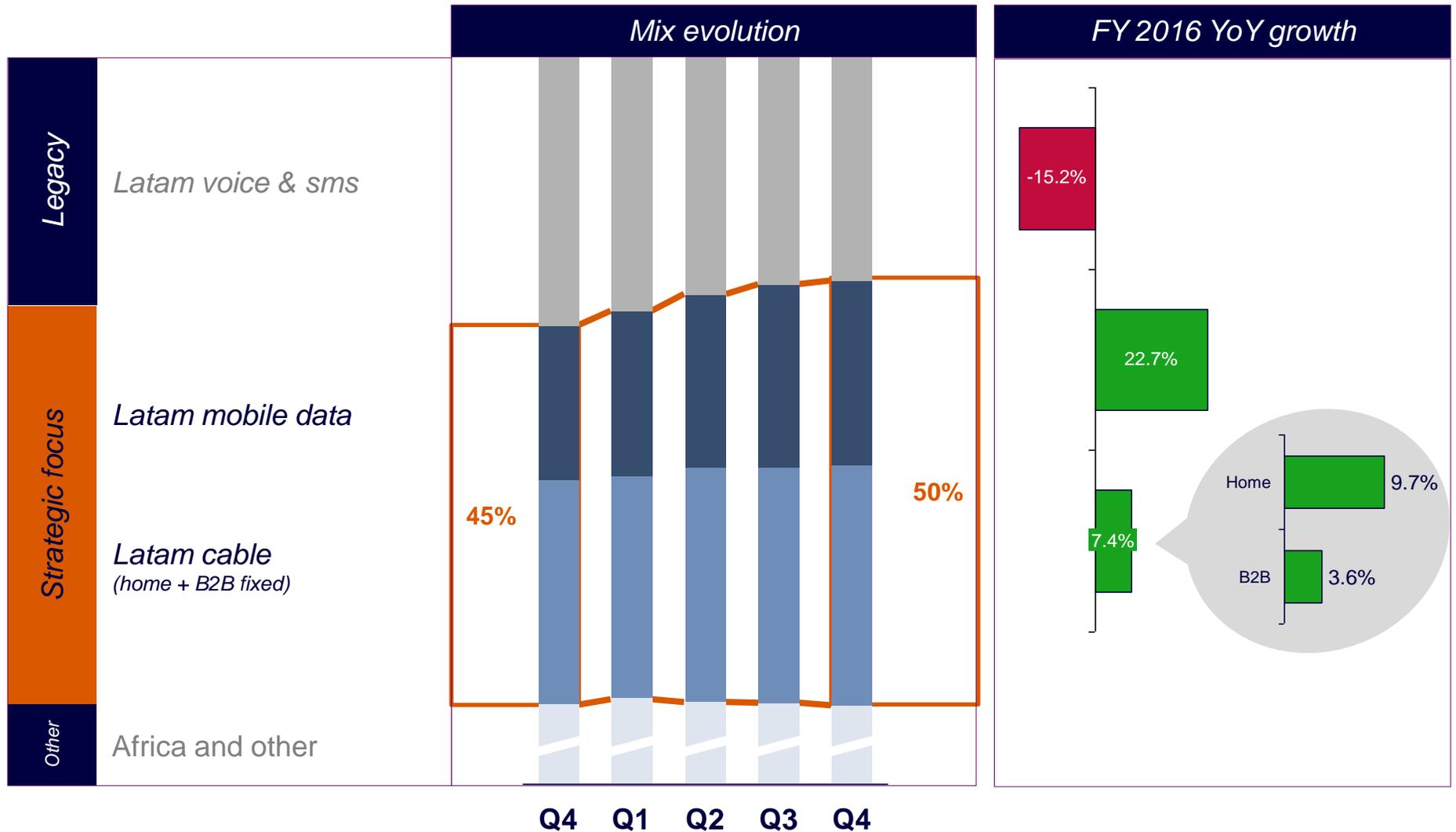
1 2016 – in brief

.... while delivering a continuously strengthening cash flow

Financials	\$ million	vs. FY15
Service revenue	5,855	+1.2%
Adjusted EBITDA	2,225	+4.3%
OCF	1,141	+22.7%

Note: % variation are organic (local currency, same perimeter) except OCF

Continued strong growth in Latam mobile data and cable





More LTE subscribers >> increased data usage >> higher data ARPU

1

Data users

Growing our base of data users



2

LTE users

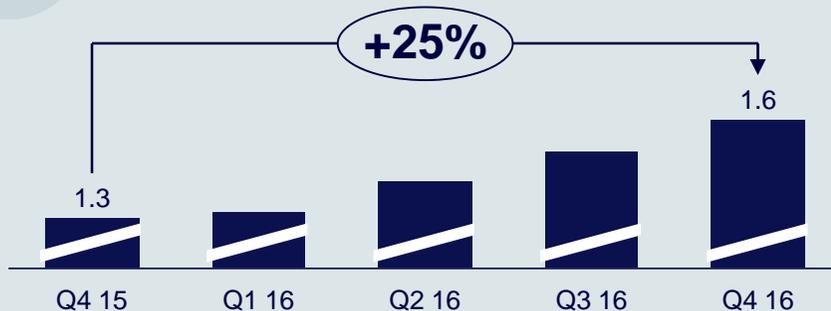
Converting our users into LTE subscribers for higher ARPU



3

Growing data usage

Delivering the digital lifestyle
Latam, GB/user/month



4

Growing our data ARPU

Usage increase with price discipline
Latam, LC growth

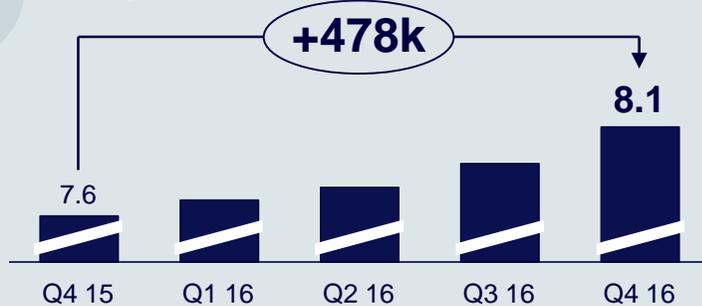




Accelerated HFC build-out and customer connection

1

Total homes passed exceeding 8m target
Building the network everywhere we operate



2

HFC homes passed exceeding 7m
Building and upgrading copper networks



3

HFC Homes connected in 2016
Filling the network with high ARPU – HFC clients



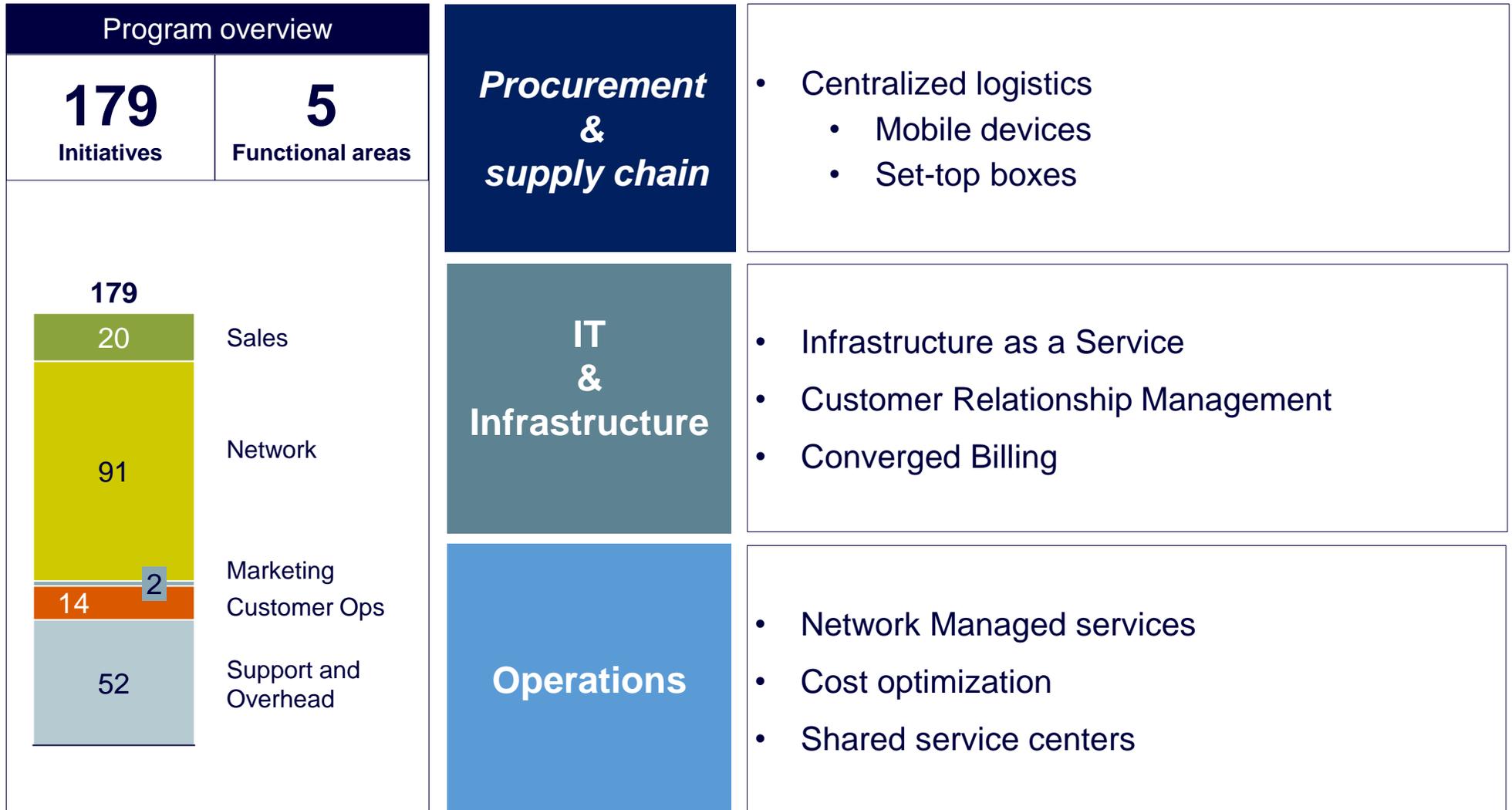
4

Additional HFC RGUs
Accelerating intake of RGUs with higher bundle ratio



2 Strategic progress - operations

Project Heat driving transformation and efficiency



2 Strategic progress - Latam

Building the digital highway across Latam



3 Strategic focus - portfolio

Optimizing our portfolio to maximize cash flow delivery

Senegal



Disposal

Cash: \$129m

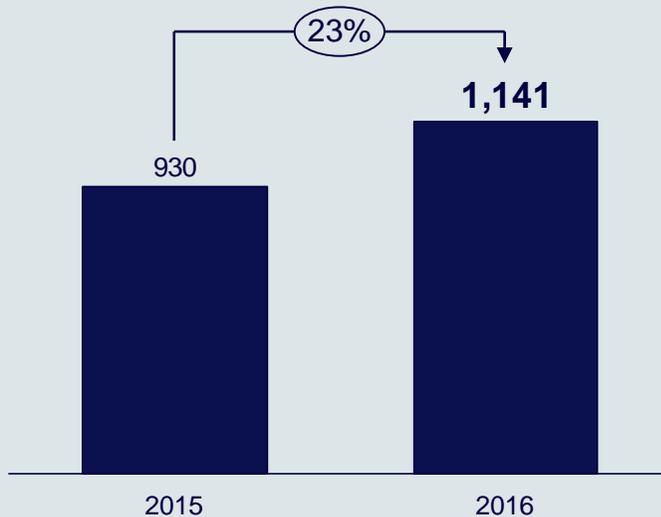
Multiple: 6.3x

4 Strong cash flow growth

Driven by margin expansion and disciplined allocation of Capex

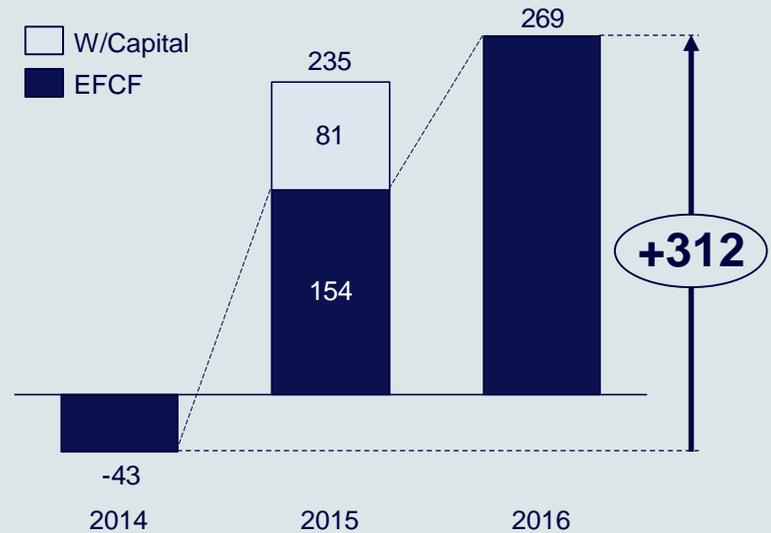
1

Strong OCF growth



2

Strong Equity free cash flow growth



3

Dividend recommended of \$ 2.64/share

\$265m cash dividend

5 2016 Recap

**Building
the future**



+ 2.6m LTE subscribers



> 8.1 million

**Delivering
the cash
flow**



OCF up 23%



EFCF positive

6 2017 – stepping up the pace

Faster network expansion, more customer pick up and accelerated transformation

Mobile



+3m LTE subscribers

Home



+1m HFC homes passed

HEAT



Operational excellence



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CFO review

Tim Pennington

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Key messages

- 1** **Service revenue** *Reconfiguring the mix*
- 2** **Margin expansion** *Focusing on costs*
- 3** **Capex discipline** *Allocating to core growth areas*
- 4** **Strong cash flow generation** *Dividend covered*
- 5** **Lower net debt** *Financial strength*

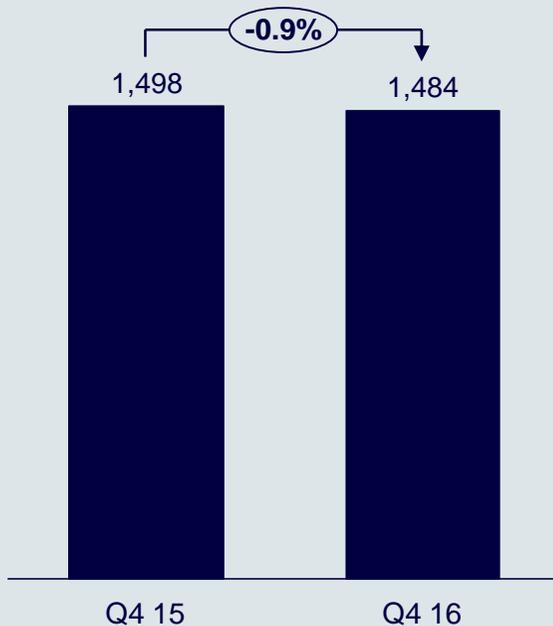
Key financial metrics

Higher EBITDA margins – capex discipline – strong cashflow

1

Service Revenue ^a

\$m, Q4 15 – Q4 16



2

Adj EBITDA ^a and margin

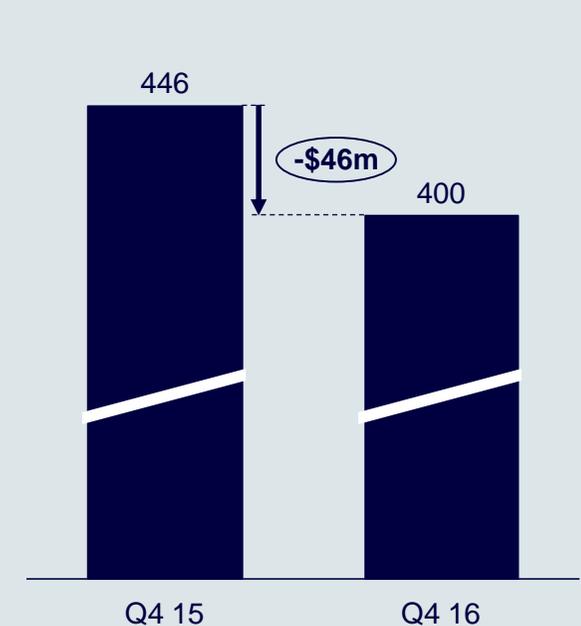
\$m, Q4 15 – Q4 16



3

Capex ^b

\$m, Q4 15 – Q4 16



US\$ million

a) Q4 15 numbers FX adjusted and excluding DRC

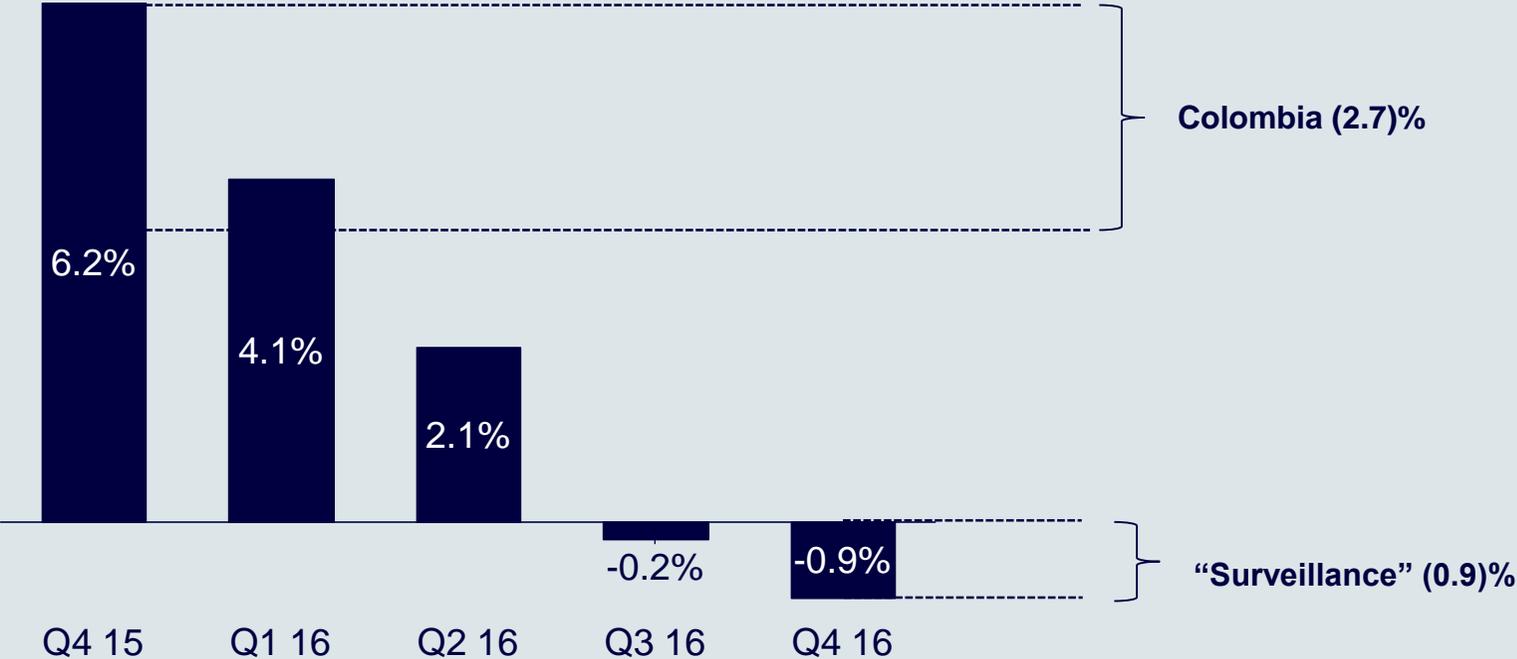
b) Excluding DRC, spectrum & license costs

Service revenue

Impact from legacy and Colombia

Service revenue growth

%YoY growth, Q4 15 - Q4 16



Latin America

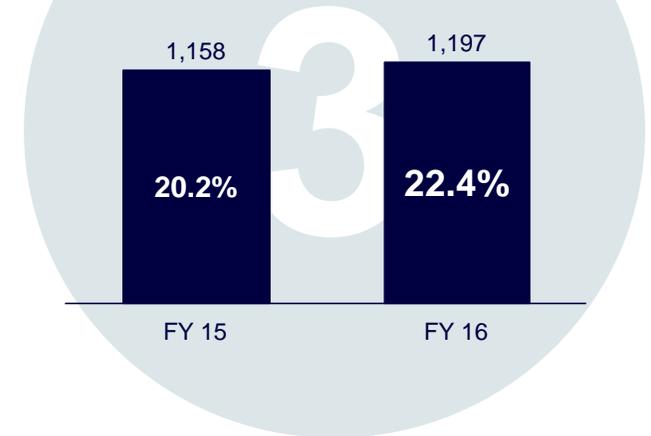
Margins remain robust – Cashflow strong



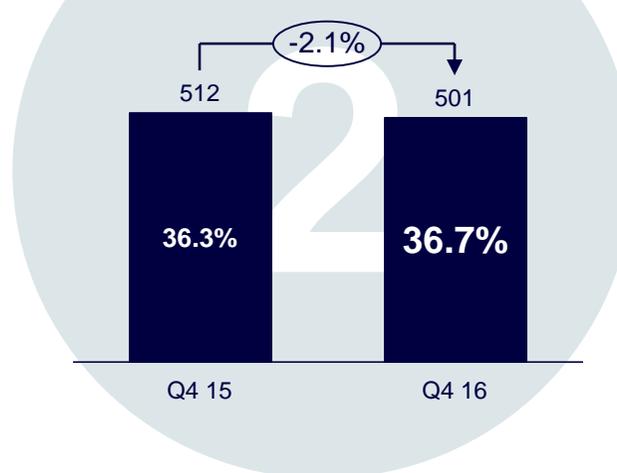
Service revenue
(\$m)



FY OCF
(EBITDA – Capex)
\$m and margin



EBITDA
\$m and margin



Q4 15 numbers FX adjusted
Capex excludes spectrum and licenses

Transforming revenue, progress on the integration

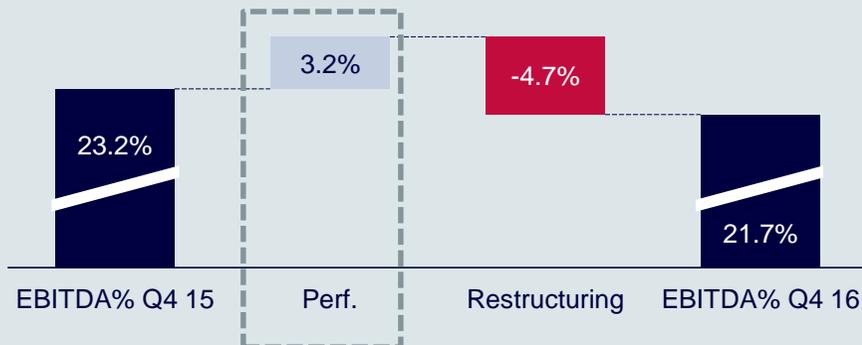
Service revenue

Q4 15 - Q4 16



EBITDA margin (%)

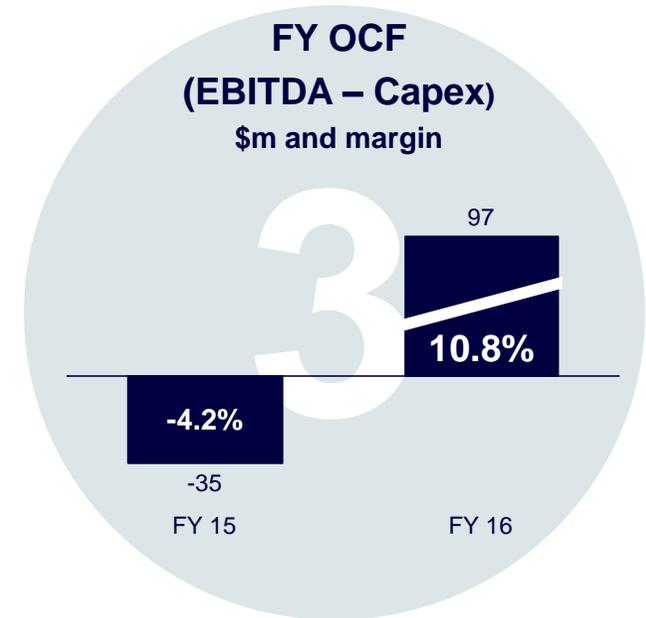
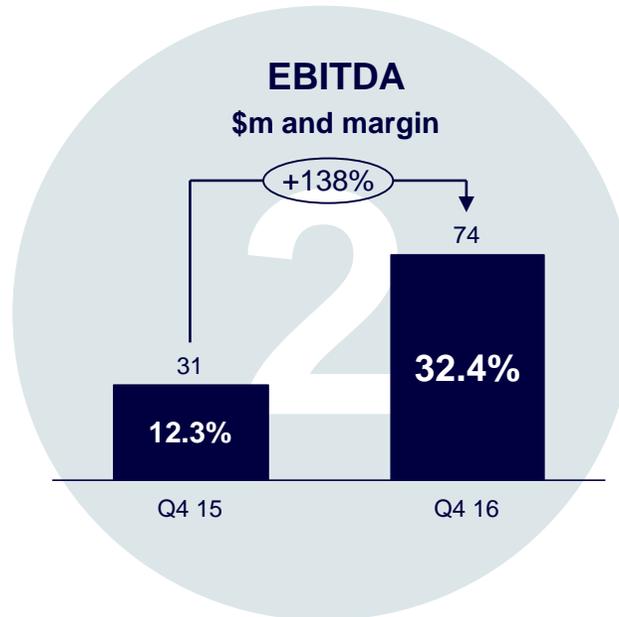
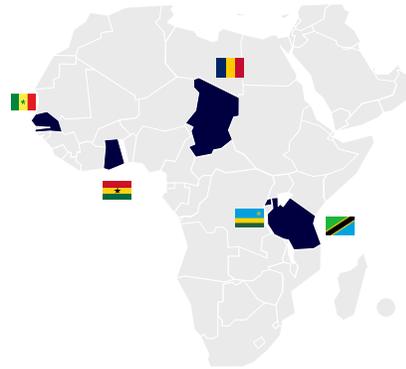
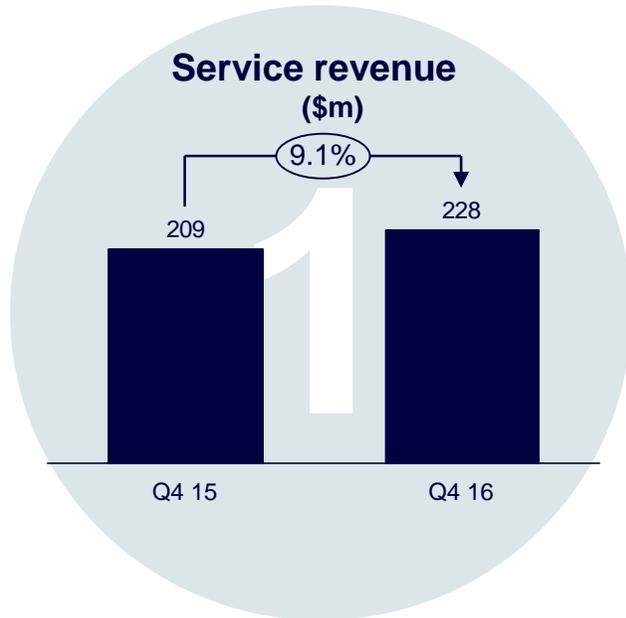
Q4 15 - Q4 16



Colombia

- Service revenue down 1.9% YoY
 - Improving vs. -2.9% in Q3.
- Mobile competitive environment
 - Prepaid promotional activity
 - Positive postpaid pricing trends
- Mobile data revenue now match voice and SMS revenue
- Growth fueled by mobile data, home and fixed B2B
- Restructuring charges of \$23m

Exceptional year and positive cash flow



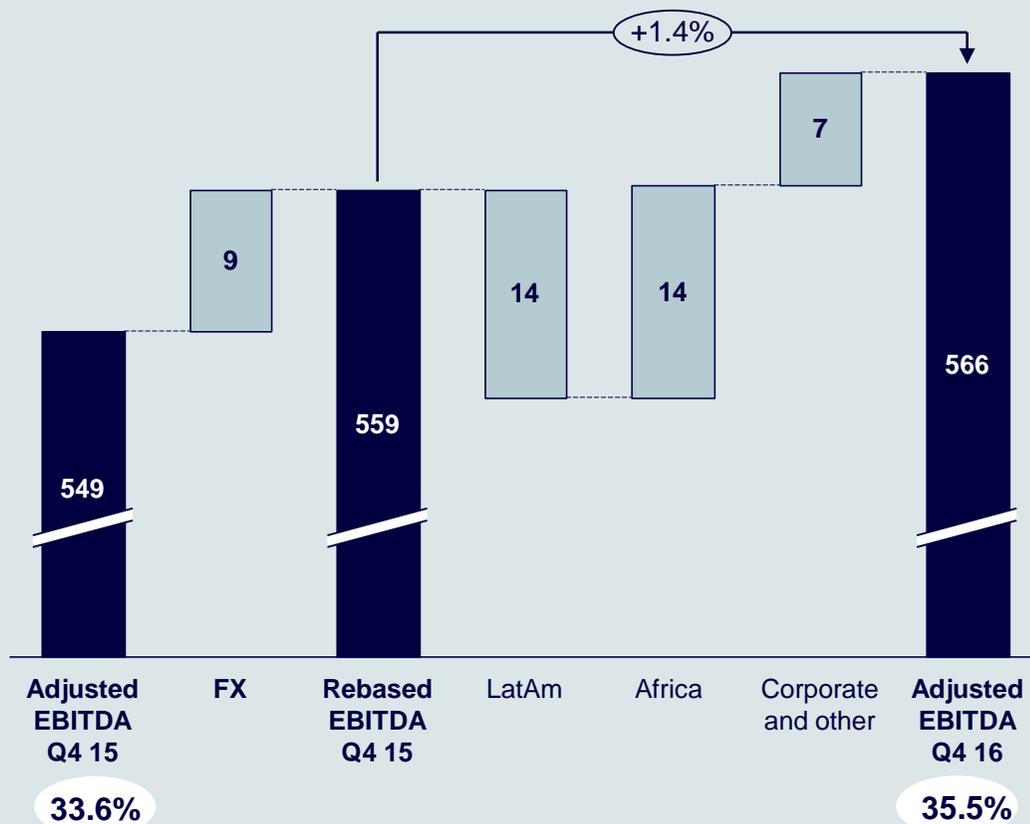
Q4 15 numbers FX adjusted and excluding DRC
Capex excludes spectrum and licenses

EBITDA

Further margin improvement – driven by Africa and cost improvement

EBITDA evolution by Region

US\$ million, Q4 15 – Q4 16



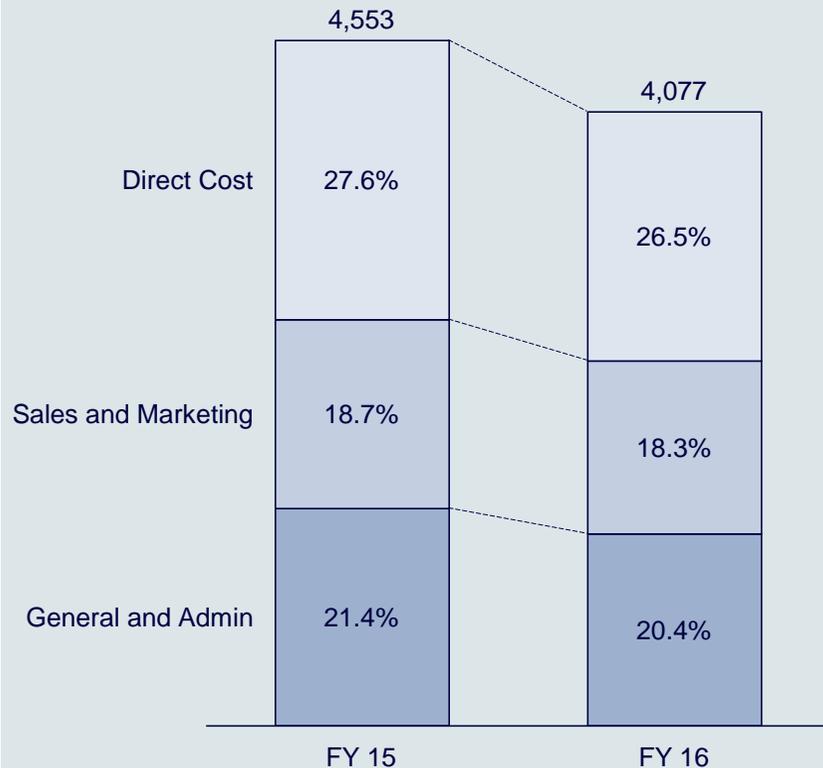
- Group opex down 3.6%
- Latam EBITDA 2.1% lower
 - Colombia \$23 million restructuring
 - El Salvador operating environment
- Africa EBITDA up by 138%
 - Cost control
 - Helped by one-offs in Q4 15
- Corporate costs \$6 million lower excluding \$8 million one-off
- Margin growth 1.9pts
- **Full year EBITDA growth of 4.3%**

FY Costs review

Focus on efficiencies in operations and corporate

Total cost base

\$m Reported and % of revenue, FY 15 vs. FY 16



Direct Costs

- 4G data transmission cheaper
- Reduced bad debt
- Lower equipment sales

Sales and Marketing

- Commission structures
- Lower handset subsidies

General and Administration

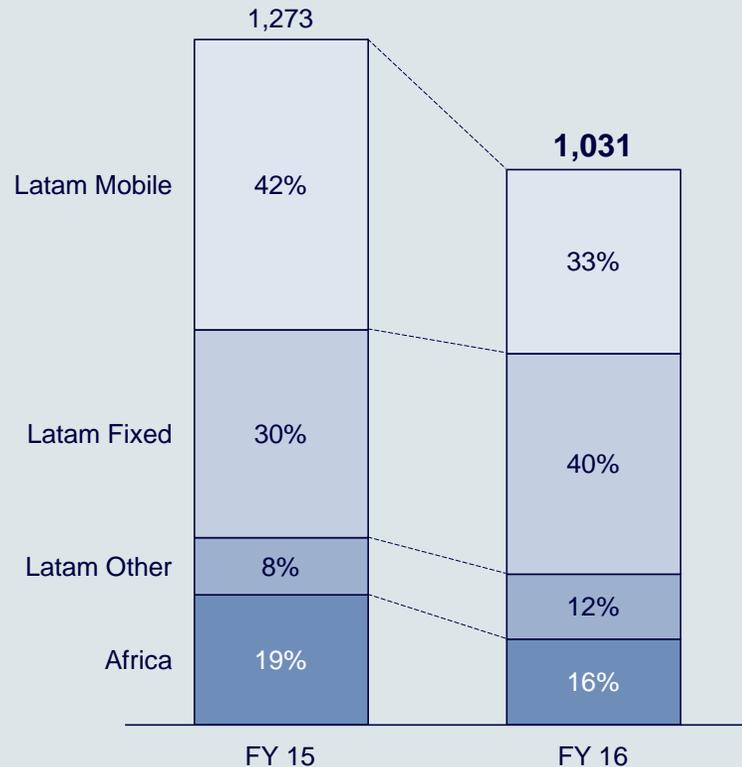
- Rationalization in Africa
- Corporate cost reductions

FY Capex review

Focused investment

Total Capex

\$m Reported and % of total Capex, FY 15 vs. FY 16



FY Capex at \$1,031 million

- Focus on 4G and capacity
- Accelerated cable roll-out
- IT infrastructure
- Capex intensity at 16.5%
- **Latam**
 - 39% Mobile
 - 47% Fixed
- **Africa**
 - Capex intensity from 24.5% to 17.9%
 - Increased network utilization
- Spectrum of \$94 million – cash \$39 million
- M&A \$18 million (cable in Paraguay)
- **ROIC**
 - 16.0% on Operations
 - 13.1% on Group

FY P&L review

Higher D&A and finance charges – no repeat of 2015 FX and one-offs

US\$ million	FY 16	FY 15	% Var
Revenue	6,249	6,572	(4.9%)
EBITDA	2,172	2,188	(0.8%)
D&A	(1,368) ^A	(1,281)	6.8%
Operating profit	761	843	(9.8%)
Net Finance Charge	(472) ^B	(403)	17.1%
Others	(1) ^C	(624)	(99.8%)
Associates	(49) ^D	100	N/M
Profit before tax	239	(84)	N/M
Tax	(251)	(278)	(9.6%)
Minority interests	(38) ^E	(115)	(66.7%)
Discontinued ops.	19	(83)	N/M
Net income	(32)	(559)	(94.3%)
Adjusted EPS	0.73	0.87	(16.6%)

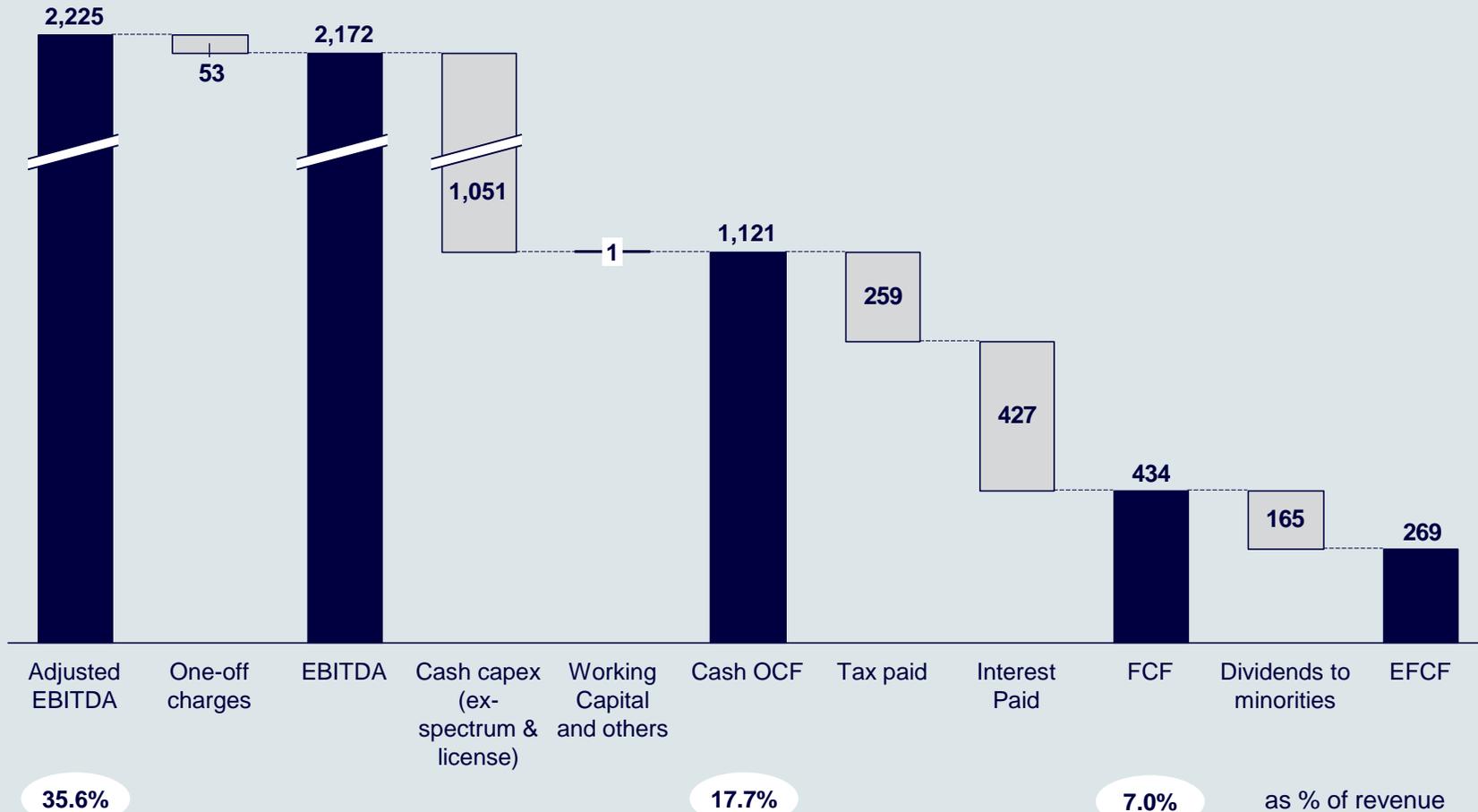
- ^A Fair value adjustment
- ^B Local currency financing and refinancing costs
- ^C 2015 FX impact & deconsolidation impact
- ^D LIH impairment (vs. HTA flip-up in 2015)
- ^E Restructuring charges, plus effect of higher D&A

Full year cash flow

EFCF covers the proposed dividend

Full year Cash flow

US\$ million

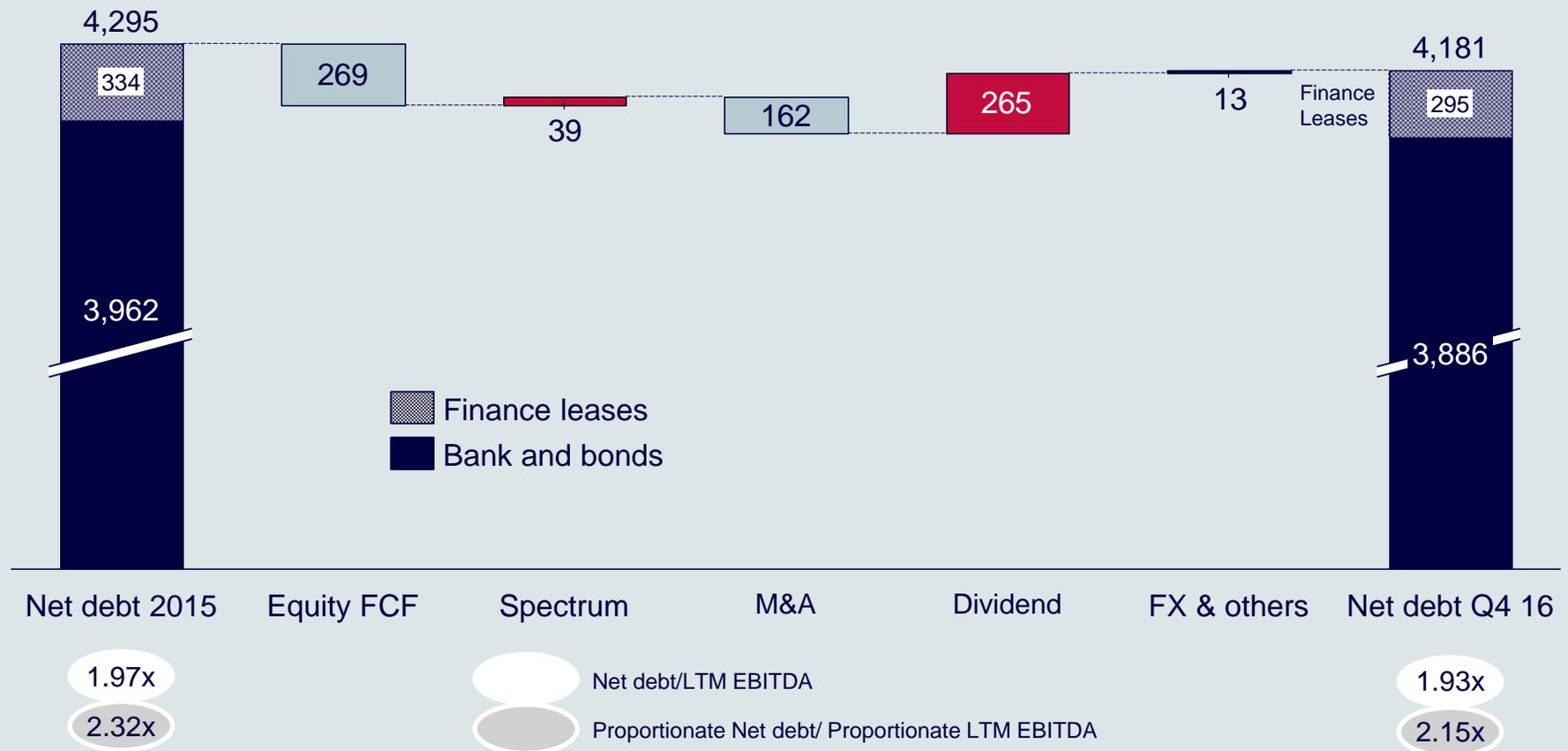


Net debt

Down by \$114 million – lower leverage – inside target range

Net debt evolution

US\$ million, 31 December 2015 – 31 December 2016



Targeting faster growth

Service Revenue

Low single digit organic growth

Ahead of growth rate achieved in 2016

EBITDA

Mid-to-high single digit organic growth

Ahead of growth rate achieved in 2016

Capex

Broadly similar to 2016

OCF (EBITDA – Capex)

Around 10% organic growth



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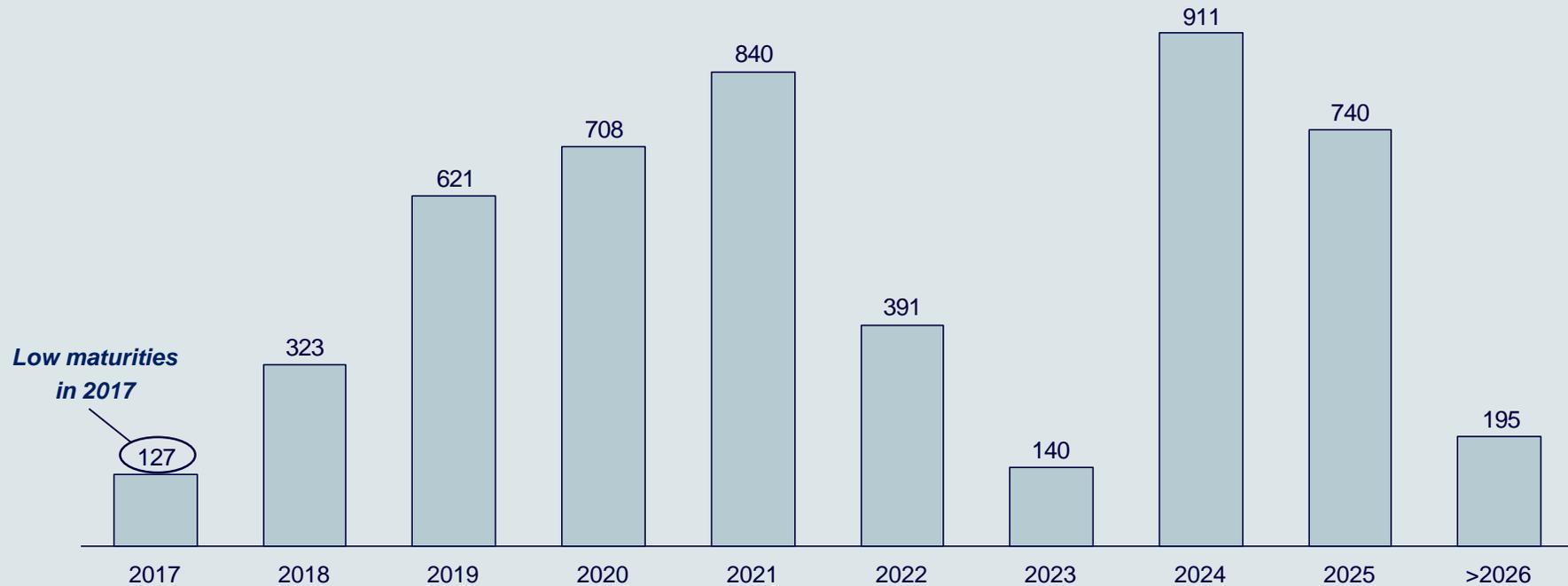
Q&A

Debt profile

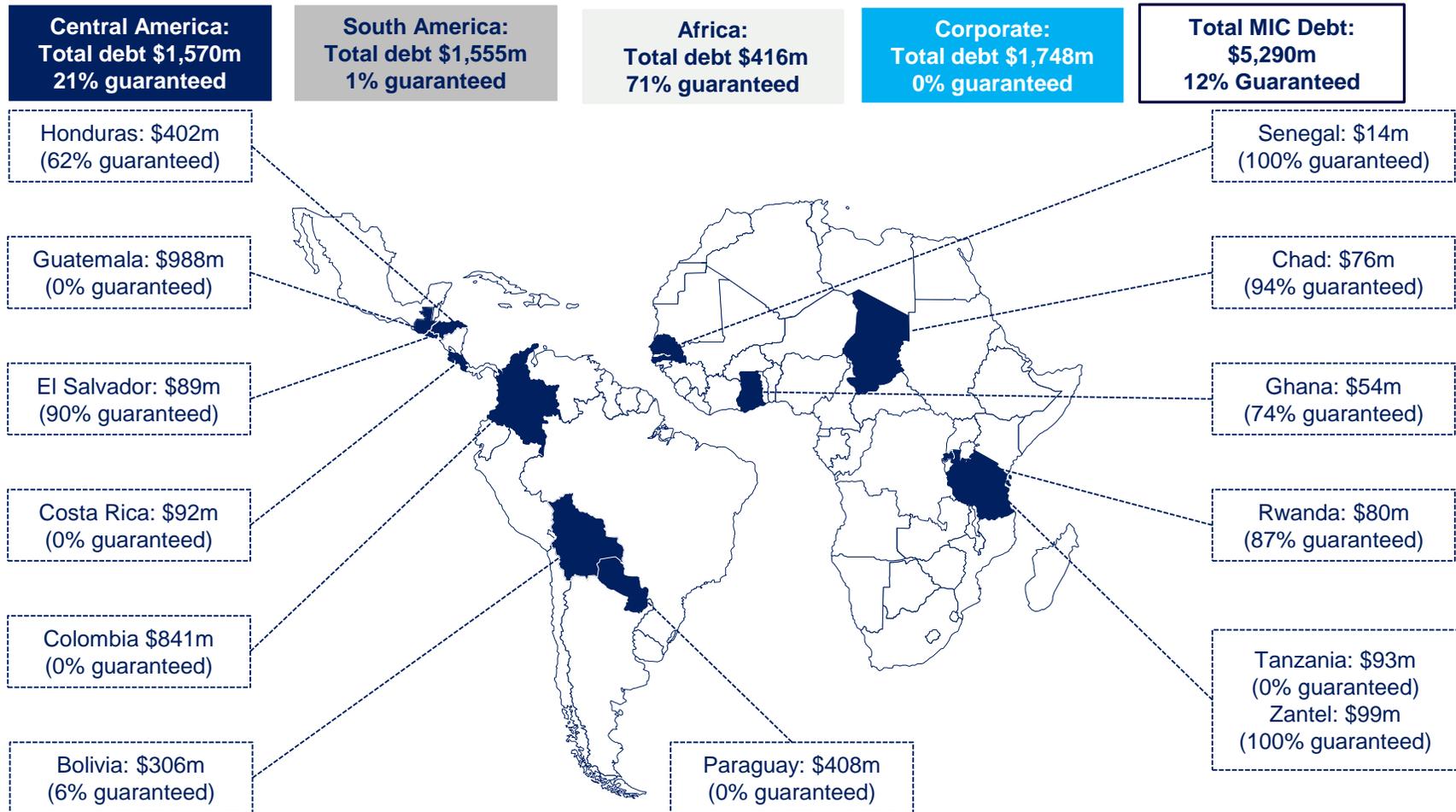
Long average maturity to debt profile

Debt maturity profile ^a
US\$ million

Average life of 5.4 years

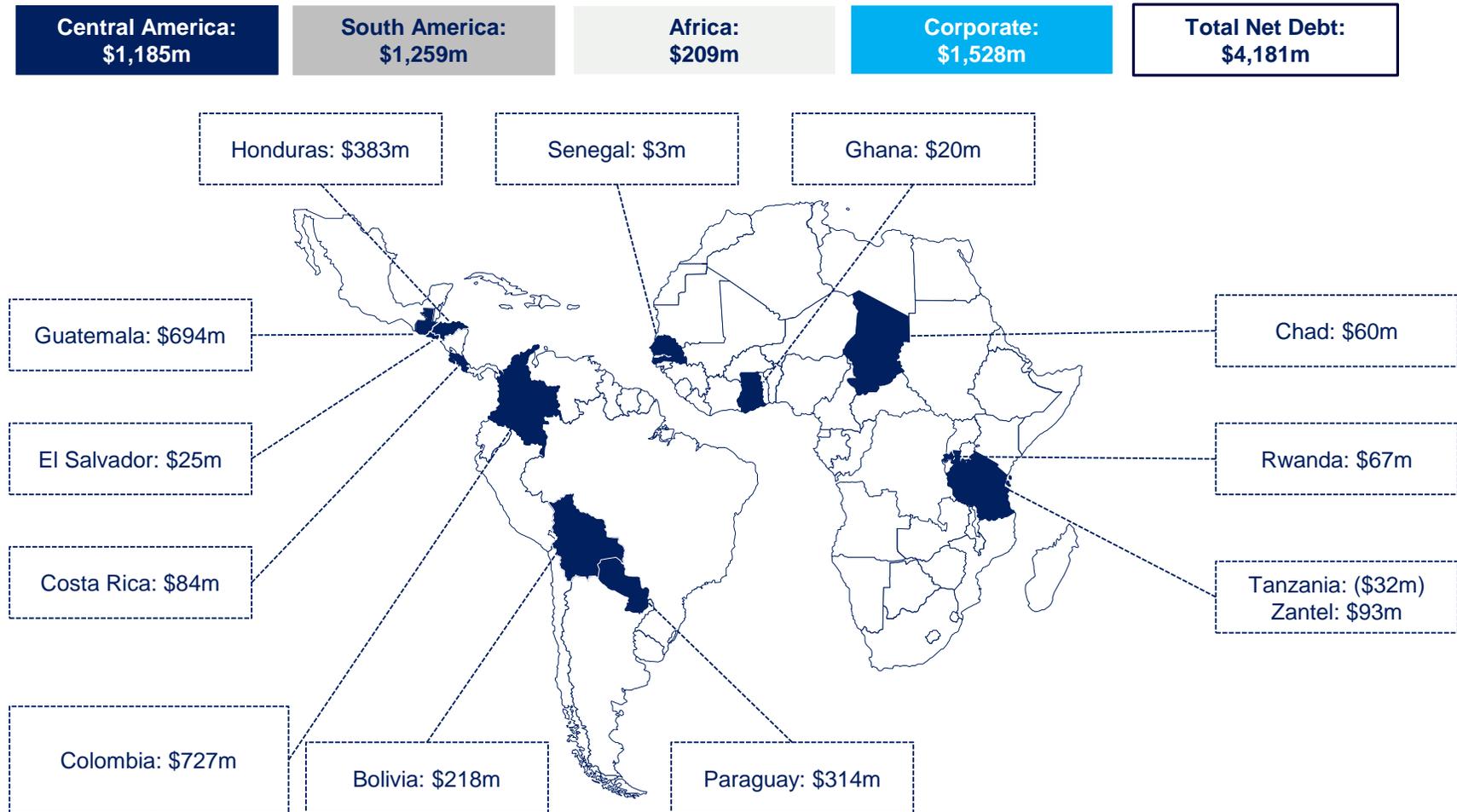


Gross debt by country



Including finance leases

Net debt by country



Including finance leases;

Currency exposure of the debt

December-16	Debt including finance leases			Cash	Net debt		
	US\$	Local	Total	Total	USD	Local	Total
Latin America	1,470	1,655	3,126	682	1,143	1,301	2,444
	47%	53%	100%		47%	53%	100%
Africa	231	185	416	207	204	5	210
	55%	45%	100%		97%	3%	100%
Corporate	1,748	0	1,748	220	1,531	-3	1,528
	100%	0%	100%		100%	0%	100%
Millicom	3,449	1,841	5,290	1,109	2,878	1,303	4,181
	65%	35%	100%		69%	31%	100%

EI Salvador has USD as functional currency (treated as local.)