



# 2018 Q1 results

Kicking off 2018 with accelerating momentum

Mauricio Ramos, CEO

Tim Pennington, CFO

April 25<sup>th</sup>, 2018

Millicom International Cellular S.A.

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*All forward-looking statements in this presentation are based on information available to Millicom on the date hereof. All written or oral forward-looking statements attributable to Millicom International Cellular S.A., any Millicom International Cellular S.A. employees or representatives acting on Millicom’s behalf are expressly qualified in their entirety by the factors referred to above. Millicom does not intend to update these forward-looking statements.*

*This information was prior to this release inside information and is information that Millicom is obliged to make public pursuant to the EU Market Abuse Regulation. This information was submitted for publication, through the agency of the contact person set out above, at 22:00 CET on April 24<sup>th</sup> 2018*



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## 1. CEO review

Mauricio Ramos

## Kicking off 2018 with accelerating momentum

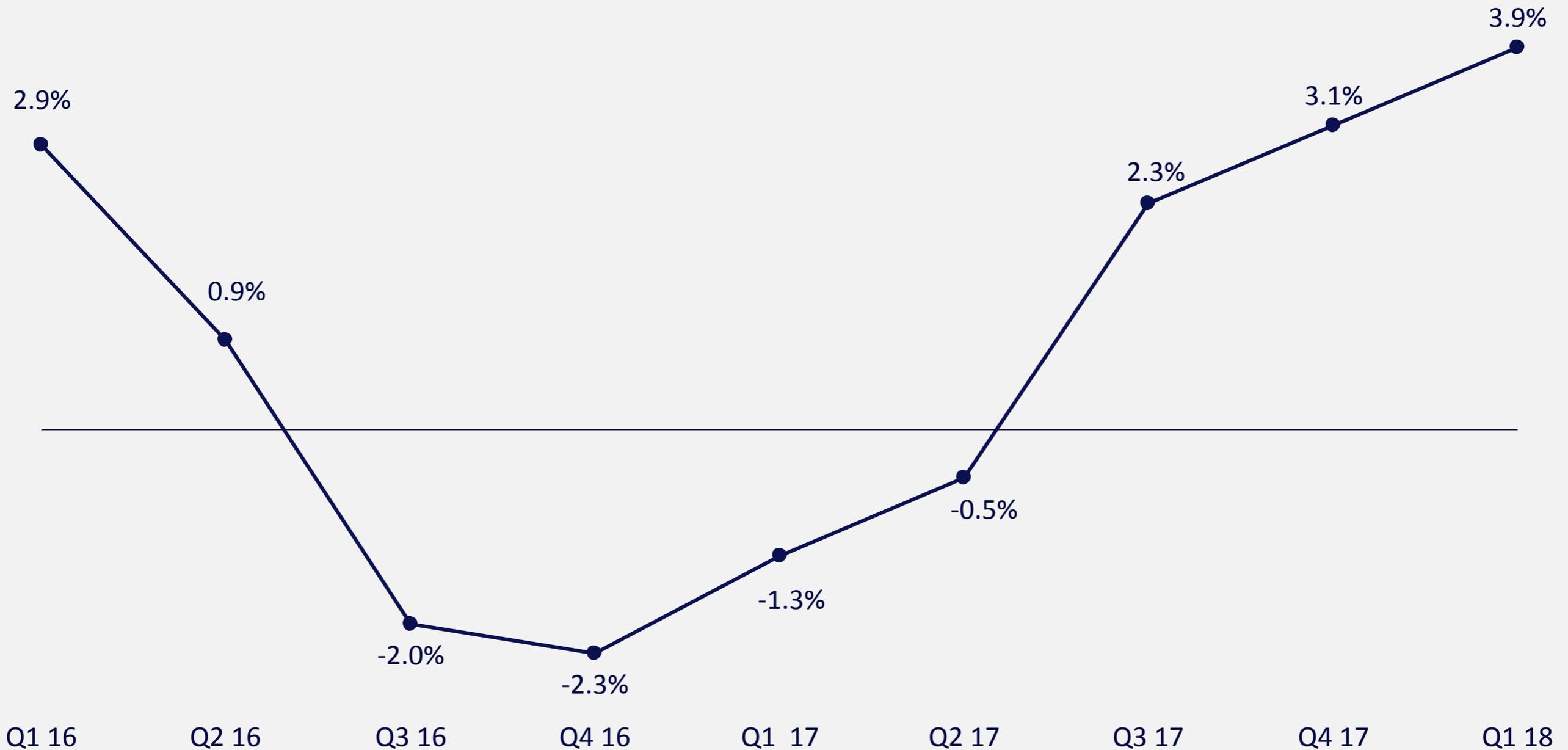
- 1** Latam service revenue growth accelerated to 3.9% in Q1
- 2** Strategic revenue grew 12% and now accounts for 69% of service revenue
- 3** Mobile data grew 18%, fueled by 643k 4G net additions (a Q1 record)
- 4** Home grew 8%, fueled by record 91k HFC homes connected added in Q1
- 5** Mobile now growing, driving growth in every Latam country
- 6** Well underway in next step of transformation journey: digitalization

# 1 Revenue growth accelerated to 3.9% in Q1

Fastest growth rate in more than two years

## Latam service revenue growth

%YoY growth, Q1 16 – Q1 18

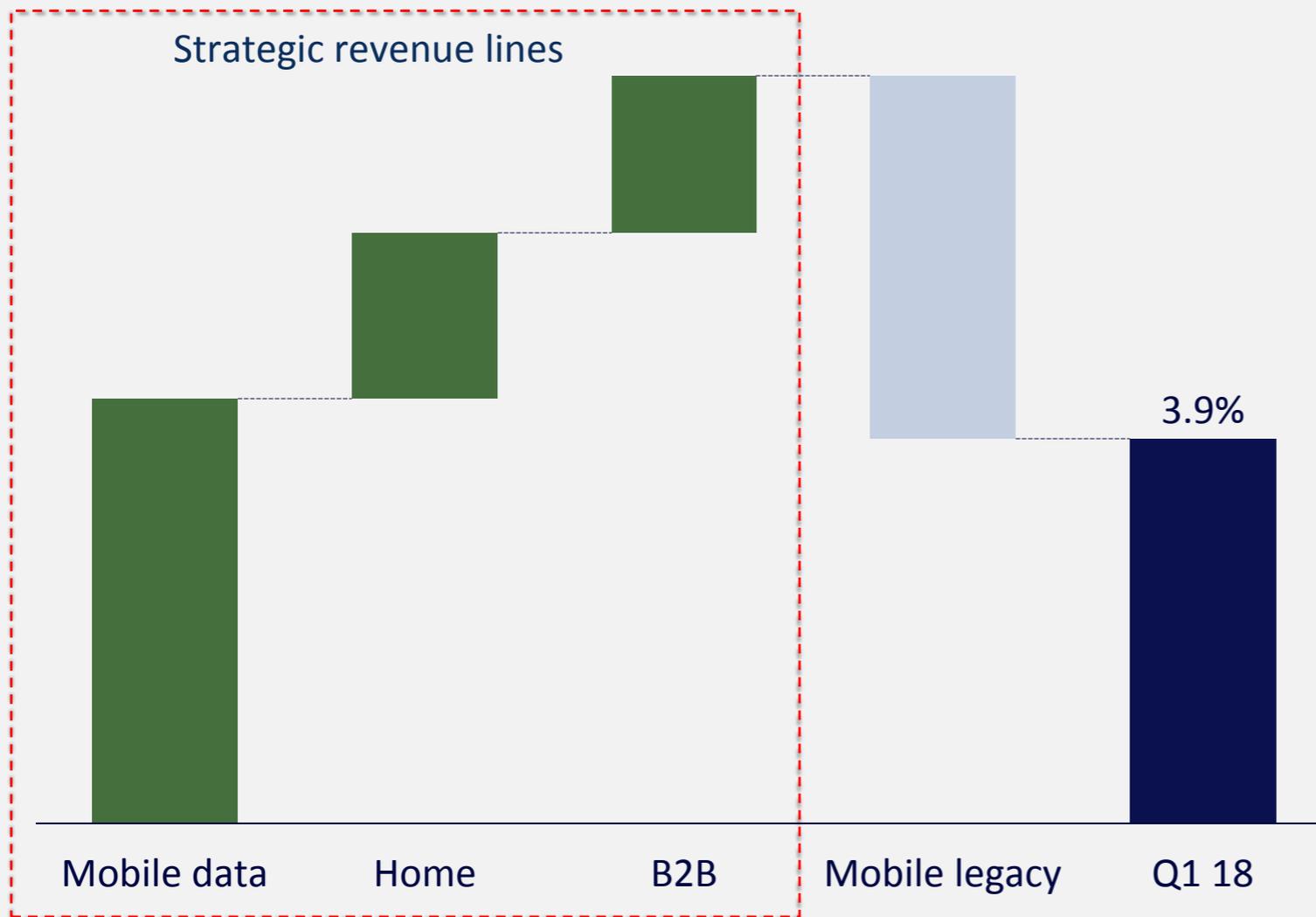


# 2 Strategic businesses driving growth

c.70% of our revenue is strategic and growing double-digits

## Strategic revenue grew 12%...

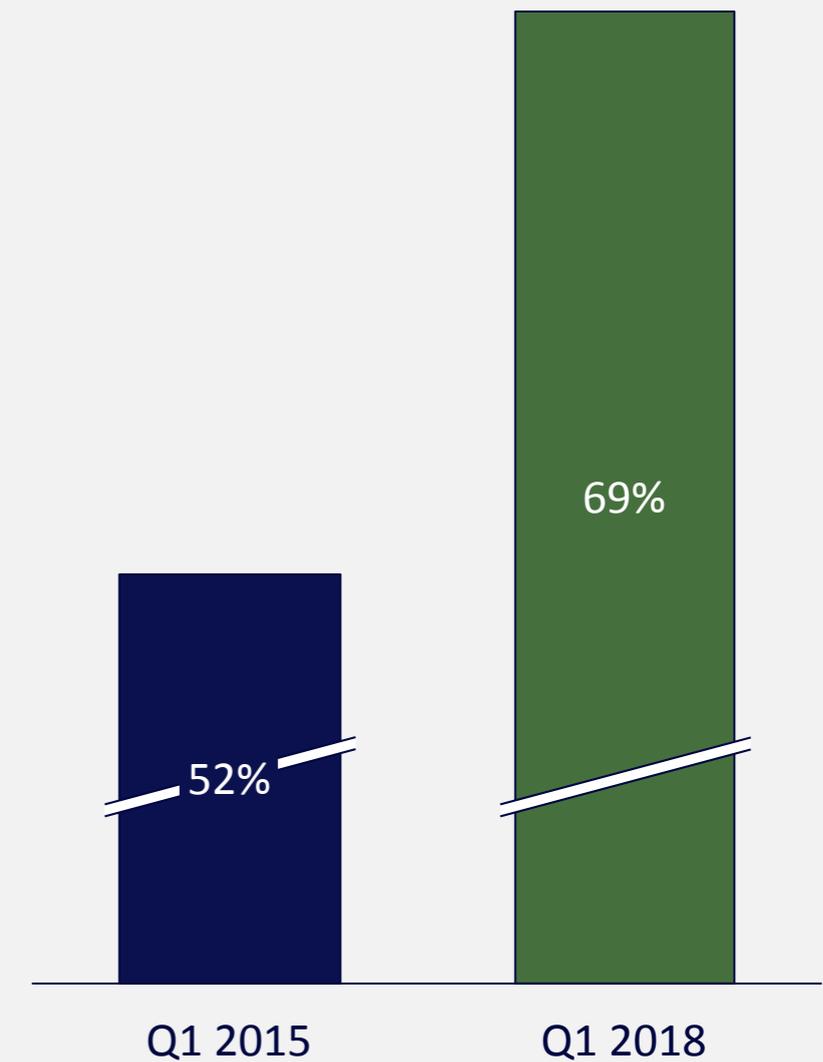
Contribution to Latam revenue growth year-on-year, Q1 2018



Growth	18%	8%	9%	-12%
Weight	27%	23%	19%	31%

## ... to c.70% of service revenue

Latam strategic revenue as % of service revenue Q1 15 – Q1 18



Strategic businesses grew 12% in aggregate in Q1 2018

Mobile data

Reported service revenue, \$m, Q1 17 - Q1 18



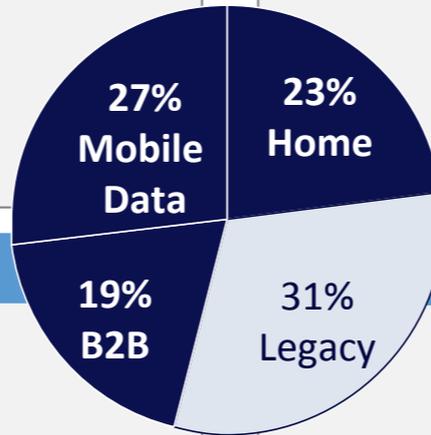
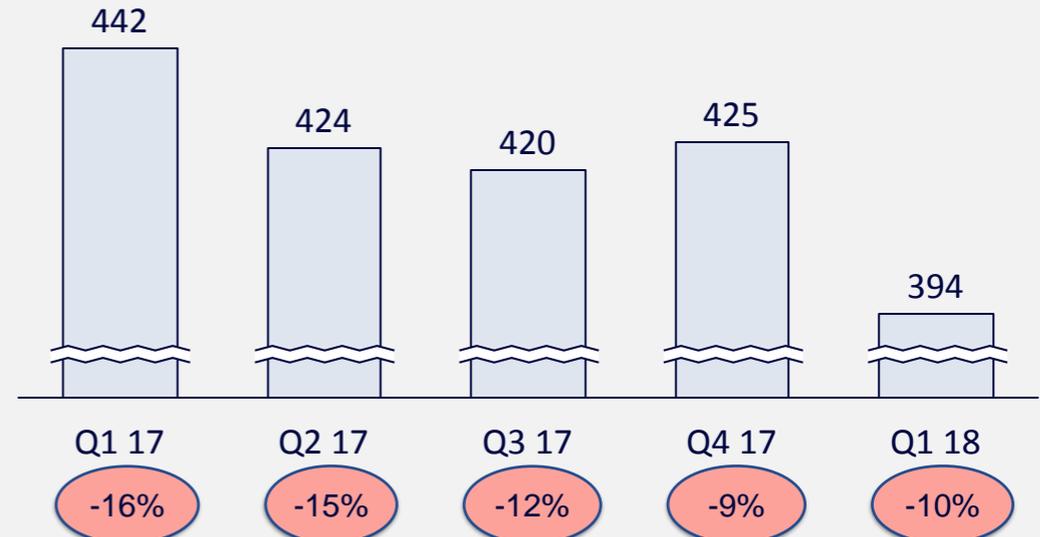
Home



B2B



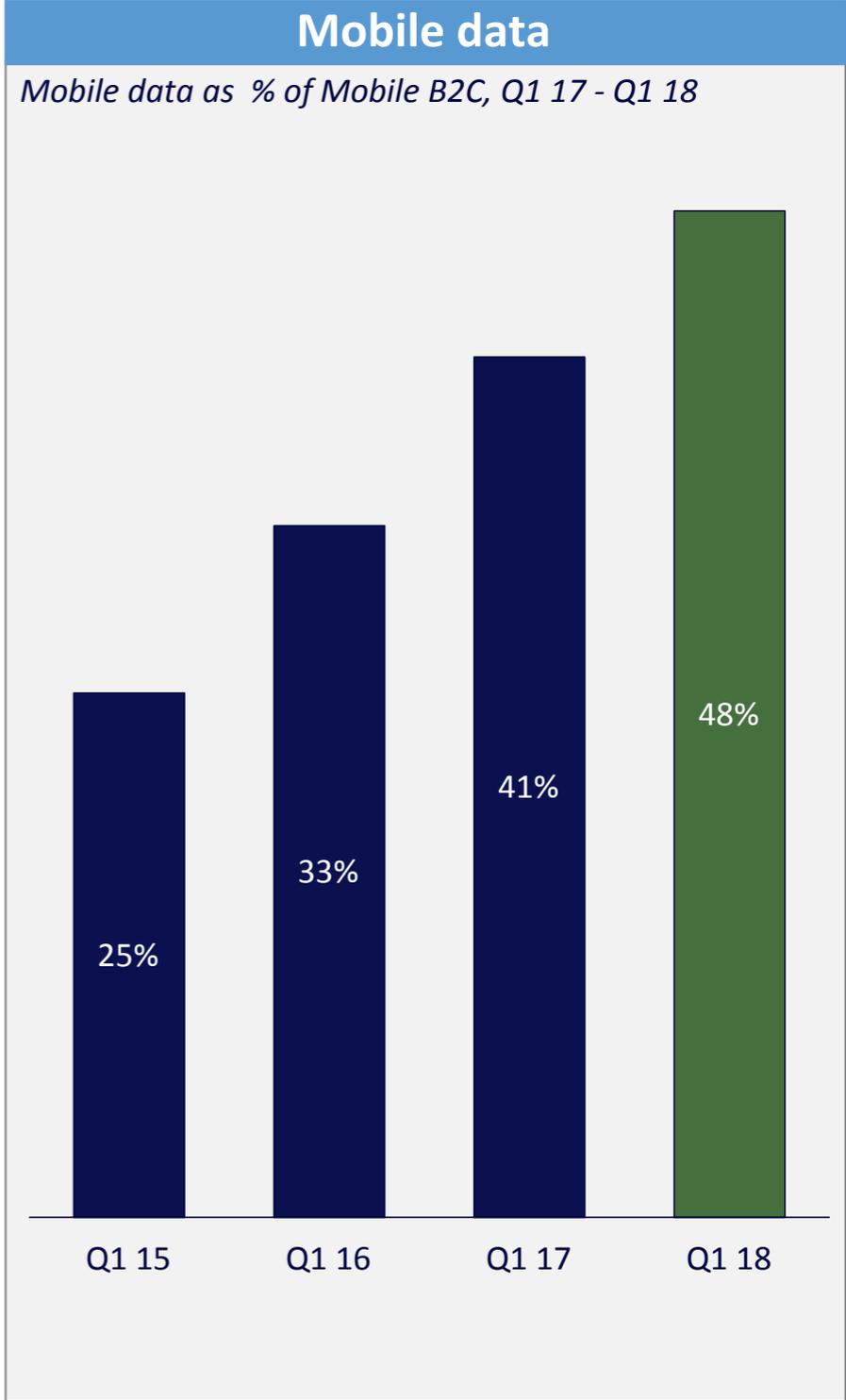
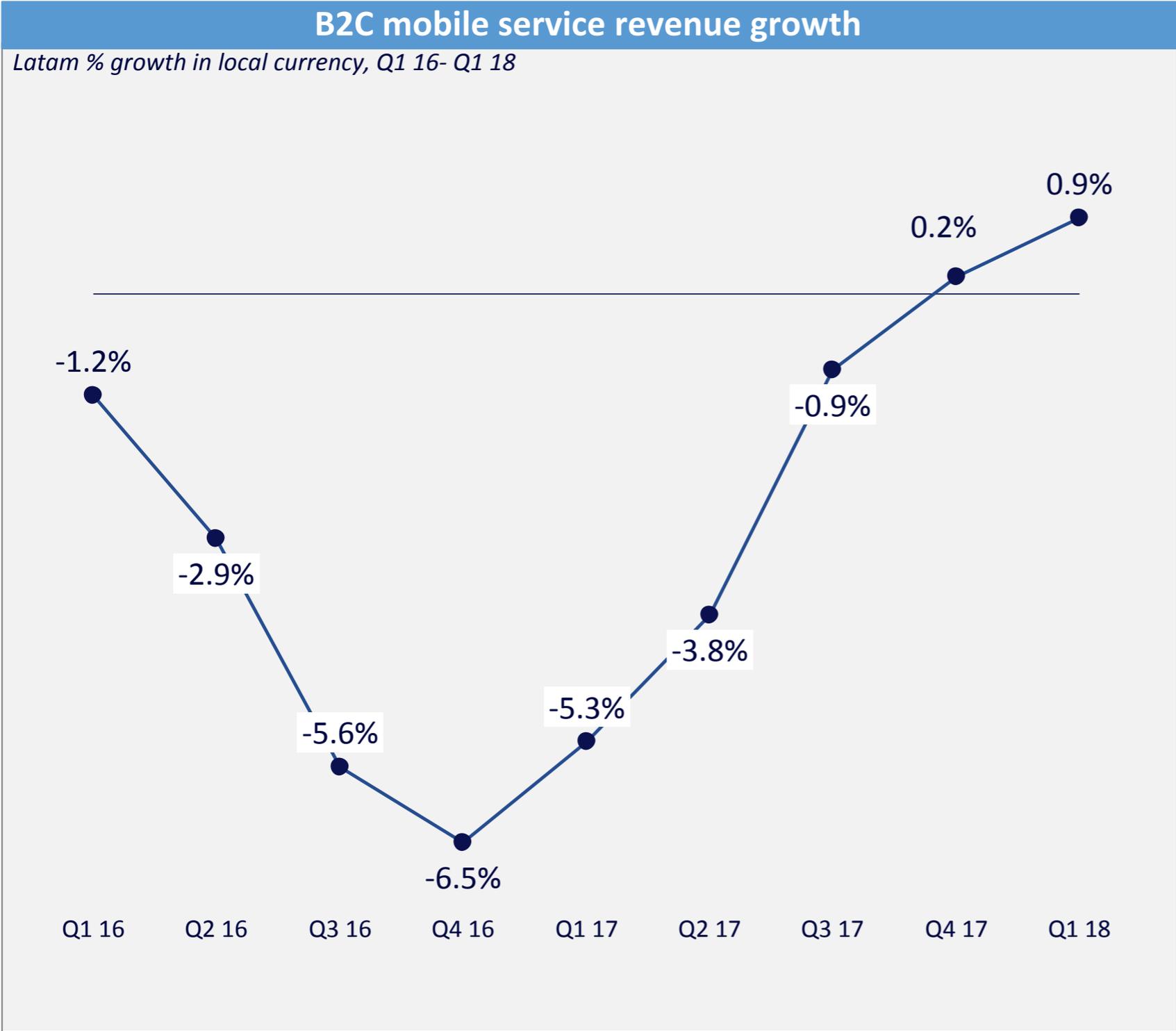
Legacy



○ Constant currency growth YoY

# 3 Mobile is growing again, driven by data...

Mobile revenue growing again as data growth more than offsets legacy voice decline

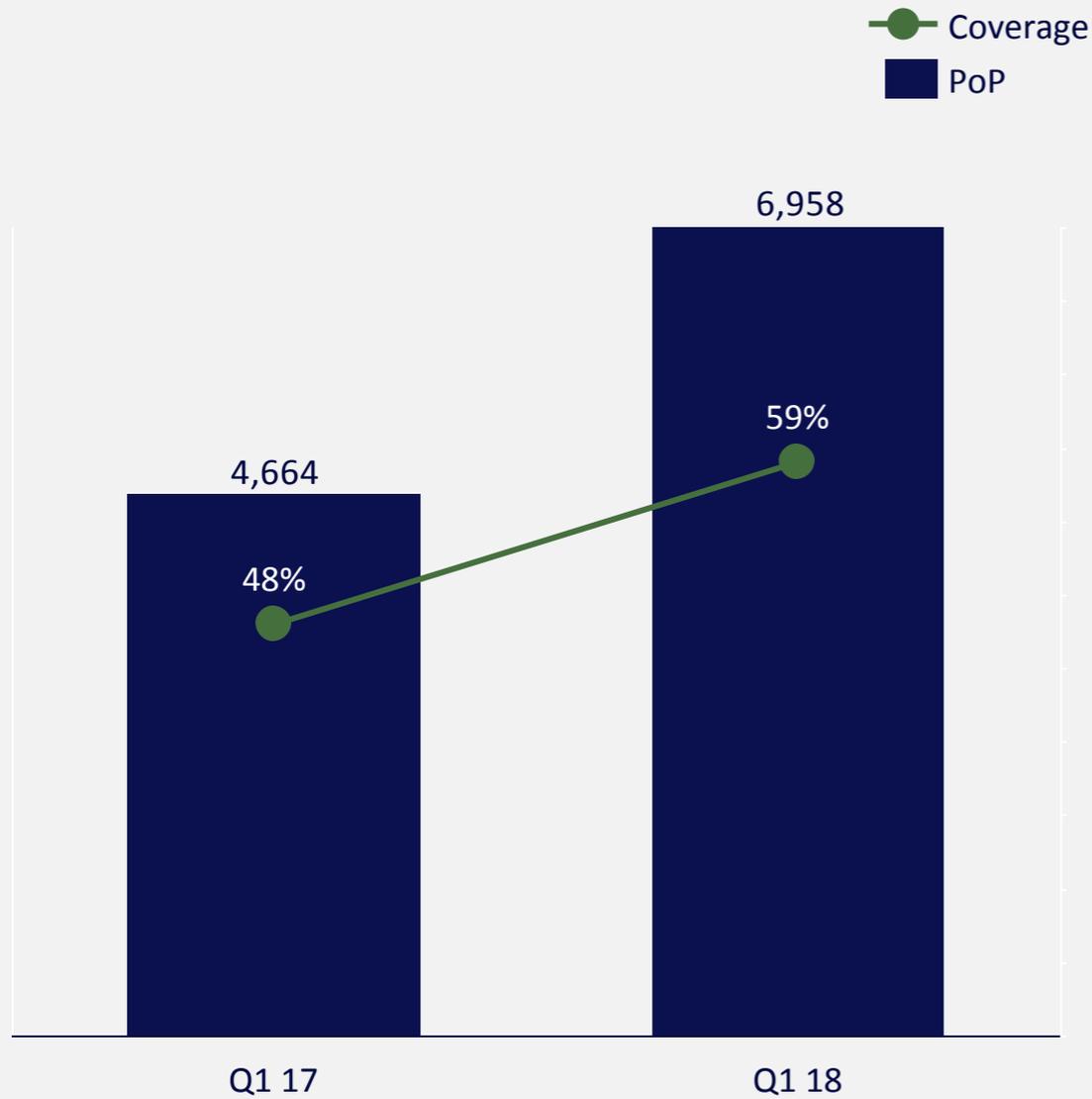


# 3 ...a direct result of our investments in 4G

Record 4G net additions - on track to meet FY guidance of 3m

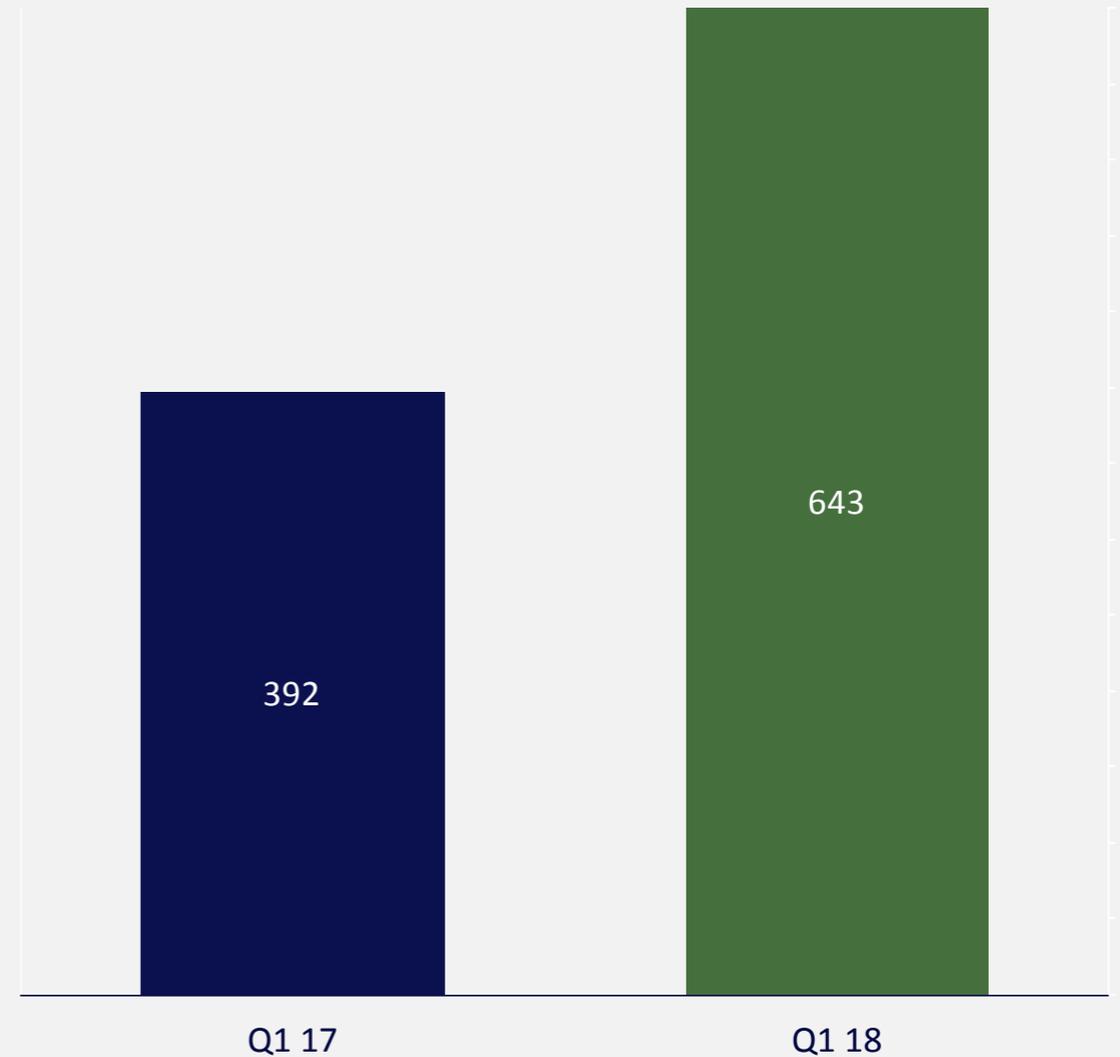
## 4G network coverage expansion continues

Latam 4G coverage in % of population covered  
4G points of presence (PoP)



## 4G data user net additions in Q1 18

Latam B2C Smartphone net new data users (000s) by quarter, Q1 16 – Q1 18

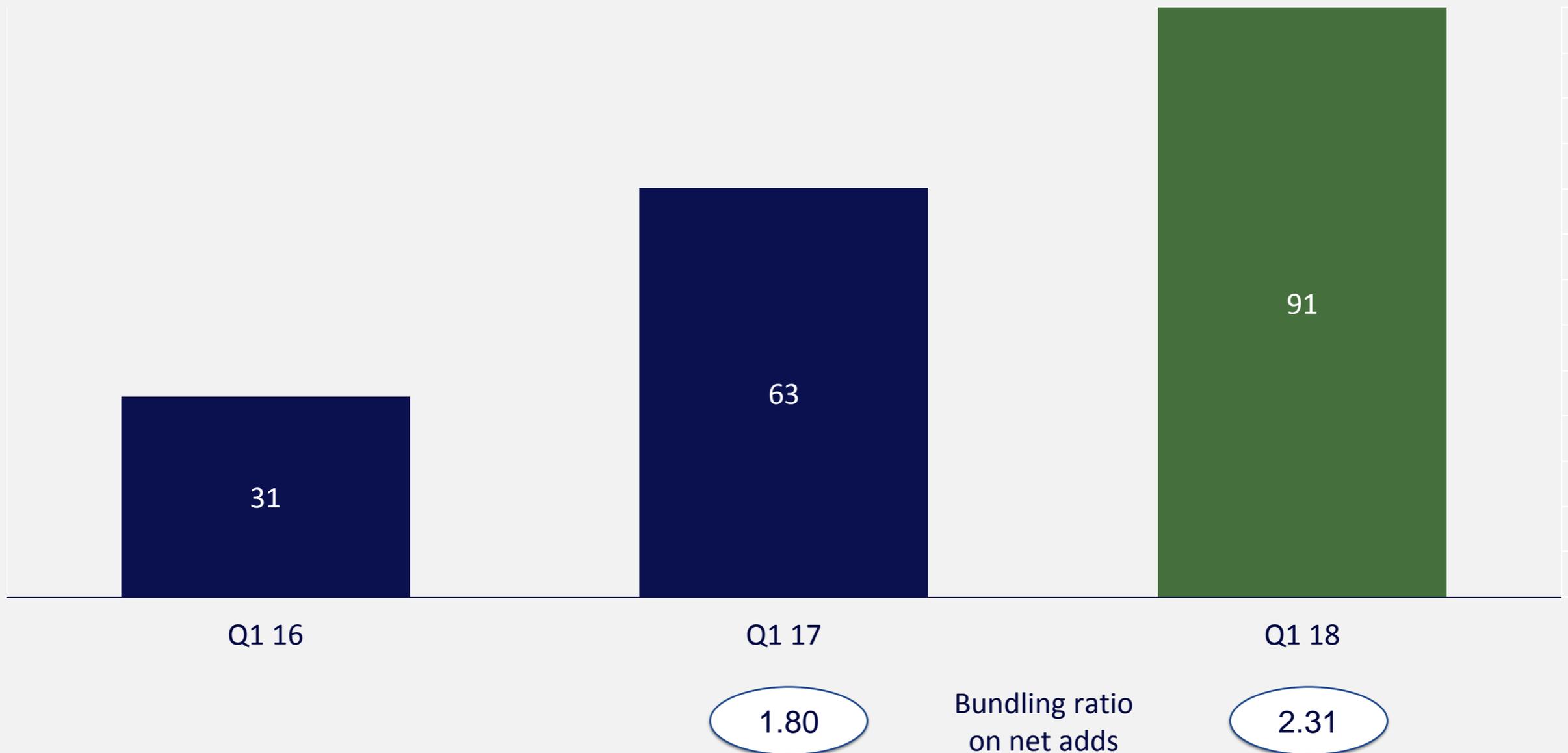


# 4 Home net add intake accelerating strongly

91k new homes connected in Q1 2018 – on track to deliver FY guidance of 300k

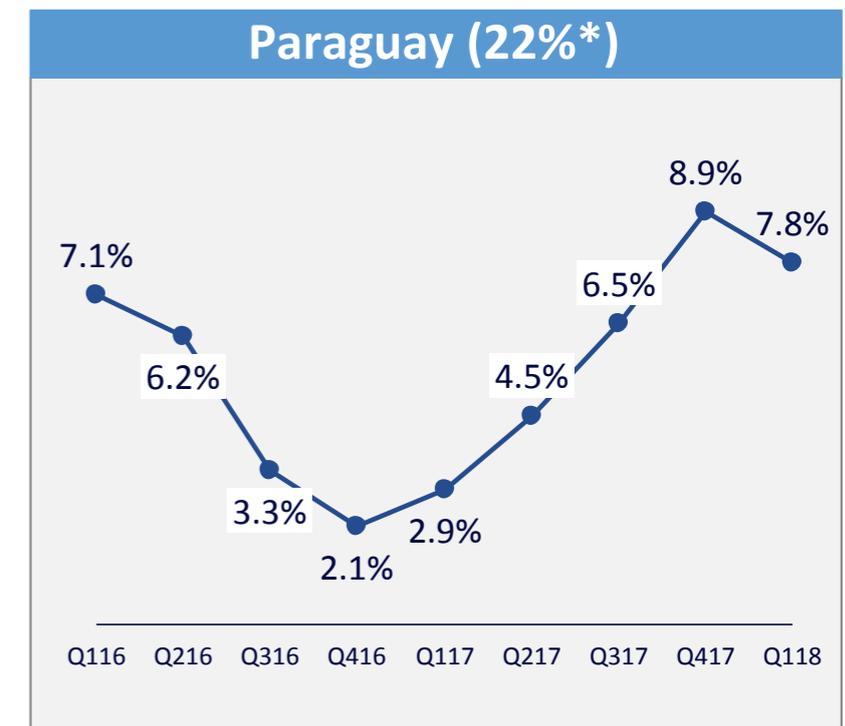
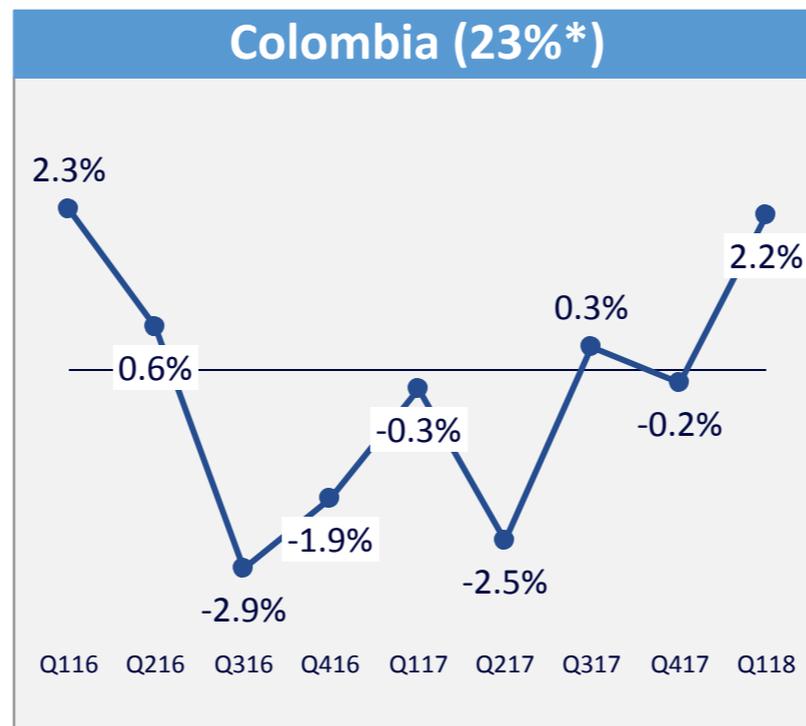
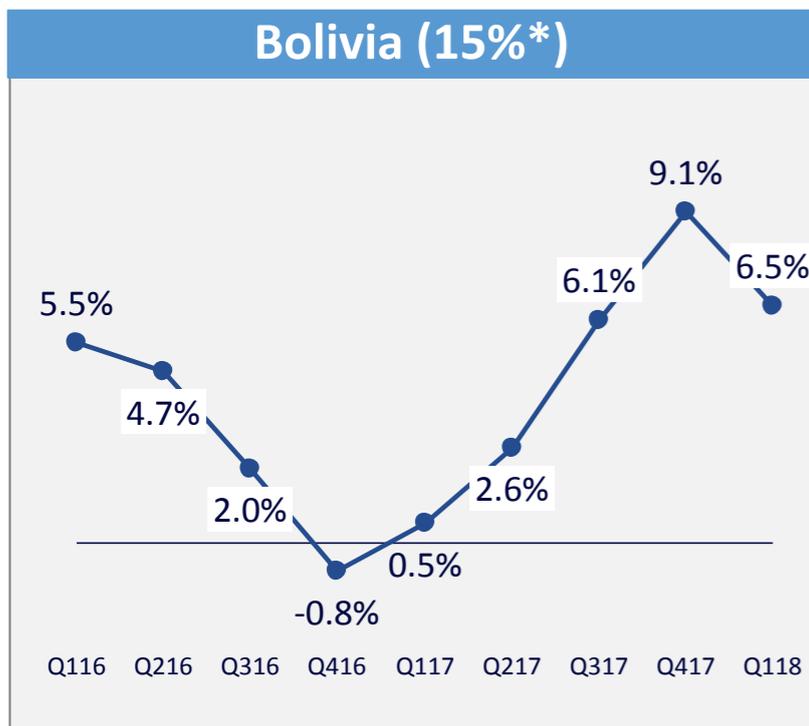
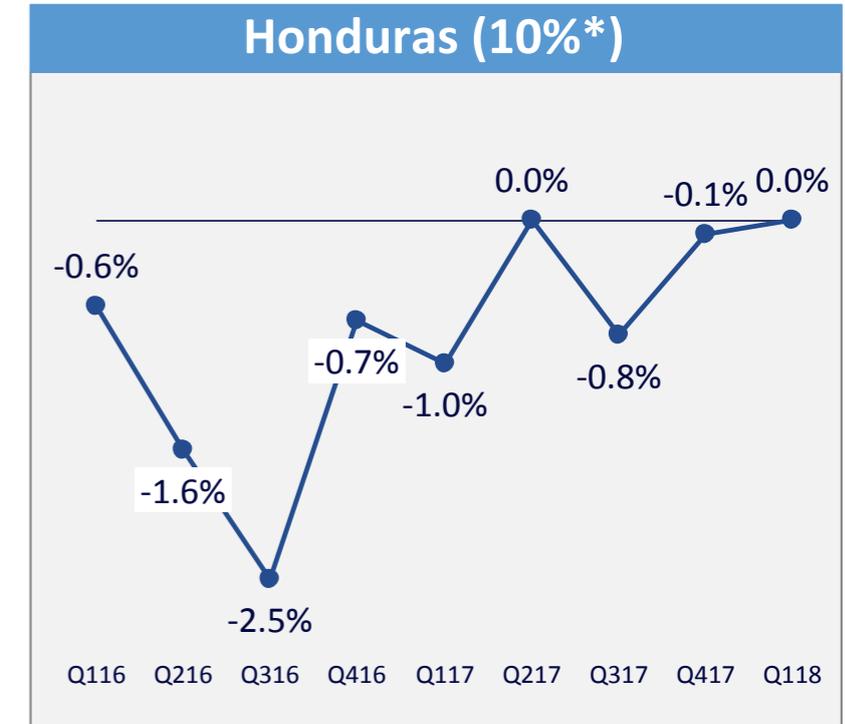
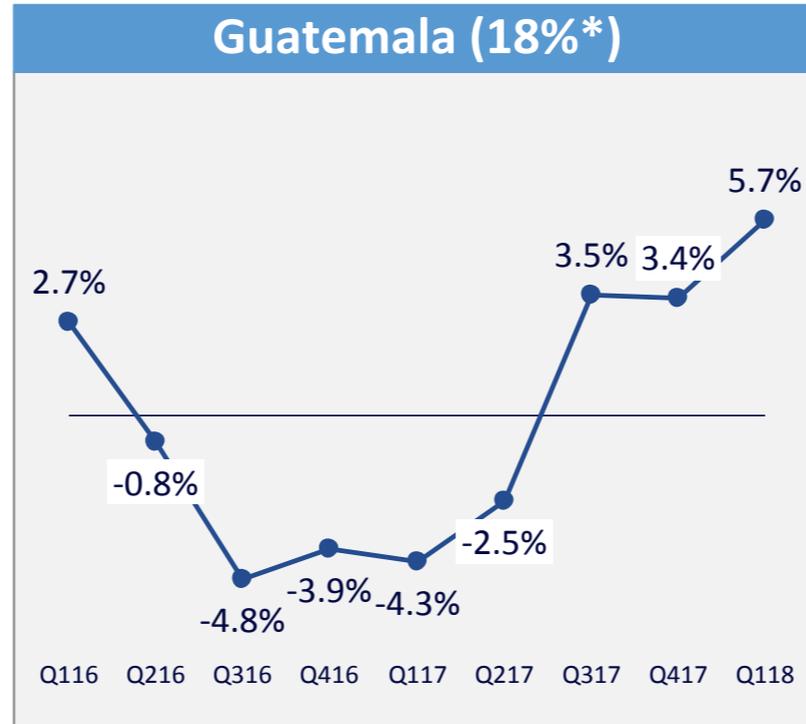
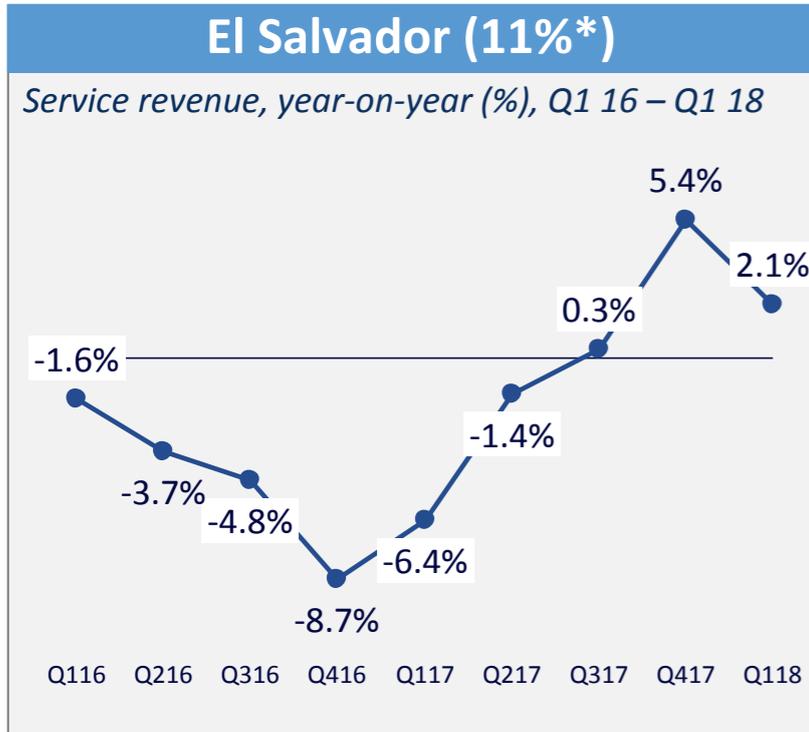
## New HFC homes connected

*Latam HFC homes connected, net adds by quarter, Q1 16 – Q1 18 (000s)*



# 5 Every Latam country now growing

## Continued momentum in all of our largest Latam markets



\* Contribution to Latam proportionate service revenue in Q1 2018

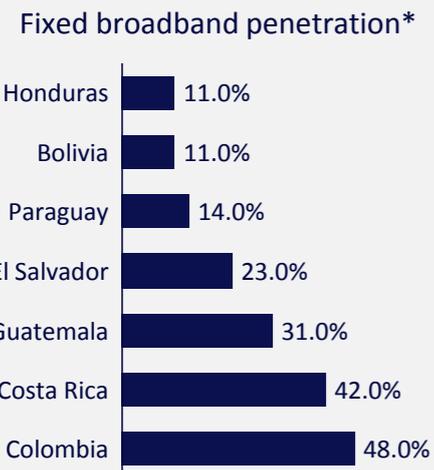
# 6 Next steps in our journey

Digital transformation will help drive sustainable EBITDA growth and FCF generation

Turning opportunity into Free Cash Flow and shareholder value



Leveraging our market leadership to meet pent-up demand for fixed and mobile data



Building high speed data networks

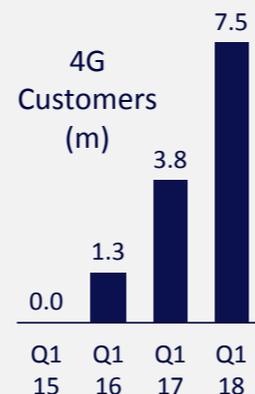
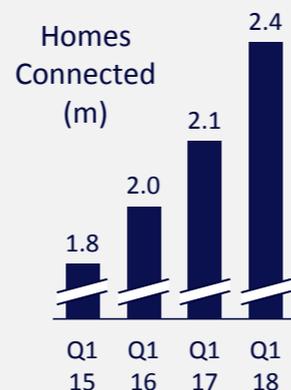


15 million homes to pass

- +1m homes build per year

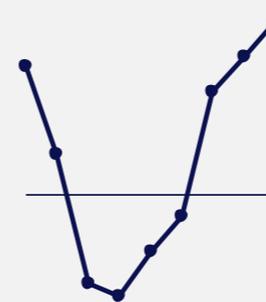
- ~60% of population covered with 4G

Driving adoption and stimulating usage

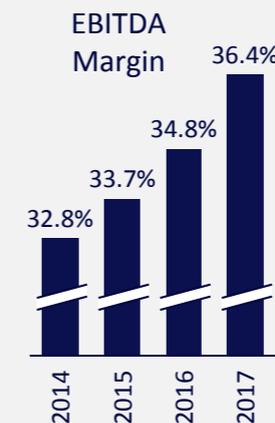


Subscription-based and data-centric

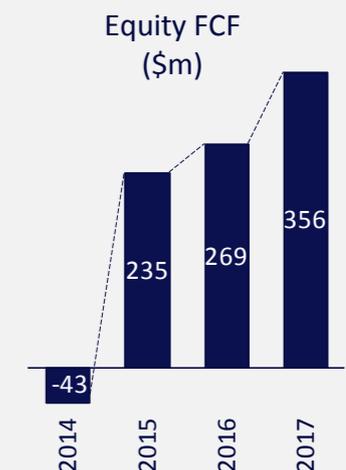
Latam service revenue YoY



Digital transformation to help drive operating leverage



Superior FCF growth

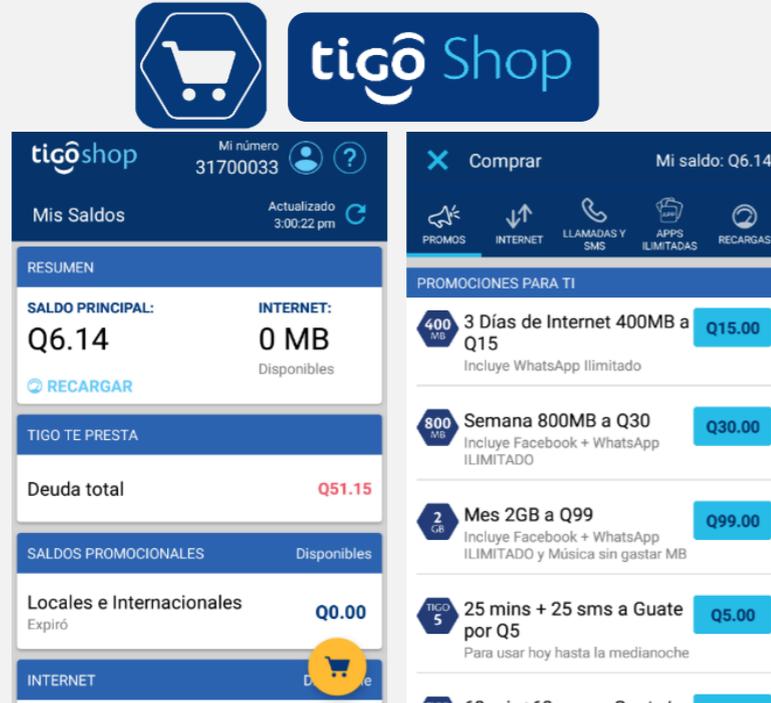


\* Source: Dataxis

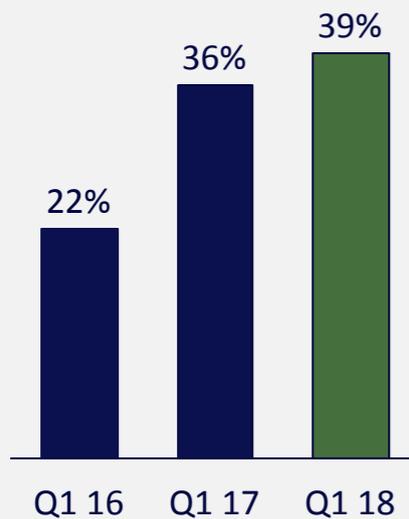
# 6 Digitalization is changing how we do business

## Digitalization drives customer engagement

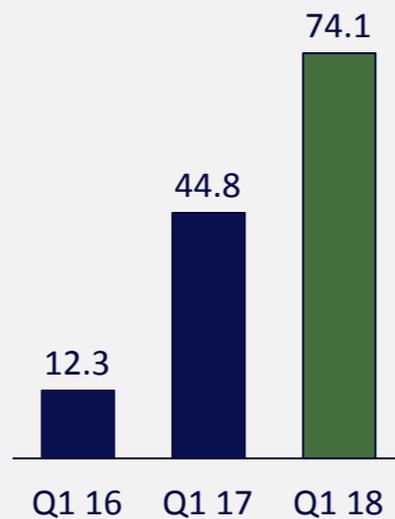
### Prepaid - engagement driving transaction growth



Unique Monthly Active Users  
(Percent of Core Prepaid Customers)



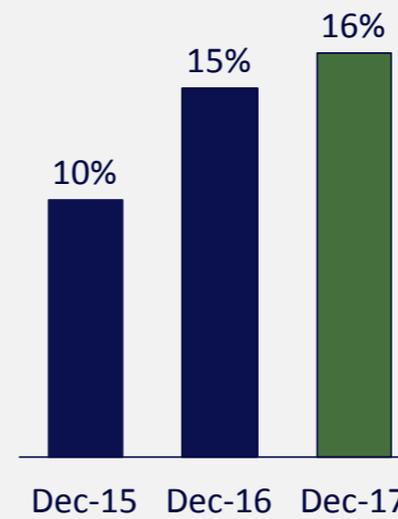
Transactions (millions)



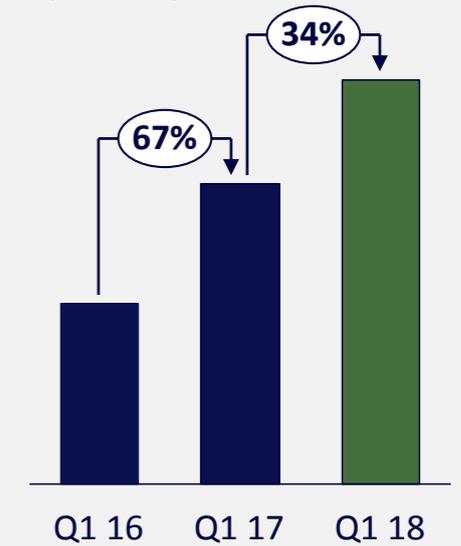
### Postpaid – engagement with 16% of subs 4x per month



Unique Monthly Active Users  
(Percent of Postpaid Subs)



Unique Monthly Active Users  
(Growth)





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## 2. CFO review

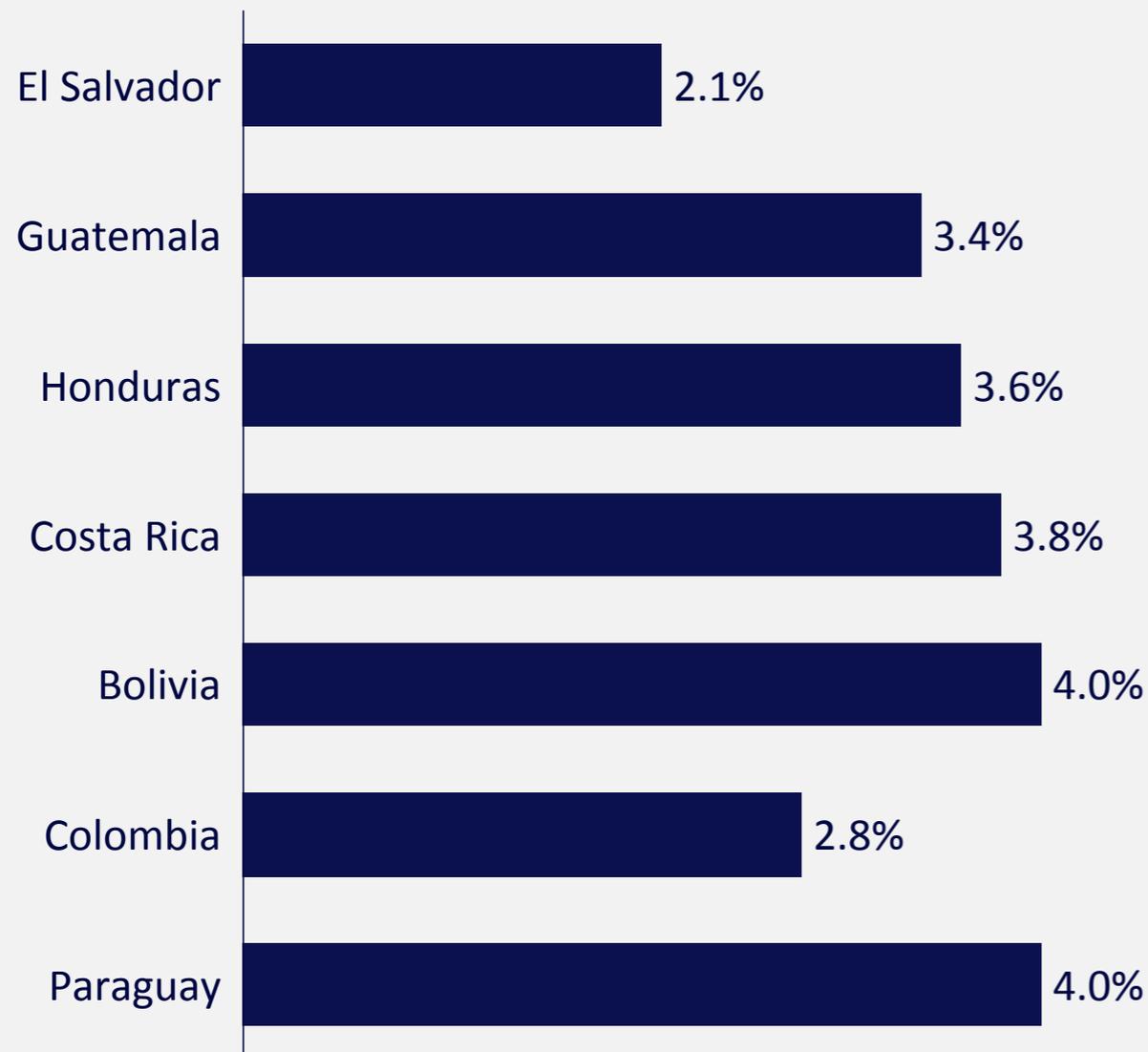
Tim Pennington

# 1 Macro update

Our markets continue to grow 2-4% with more stable FX

## GDP growth projections – 2018

Real GDP growth  
%, FY18e



IMF DataMapper: <http://www.imf.org/external/datamapper/datasets/WEO/1>

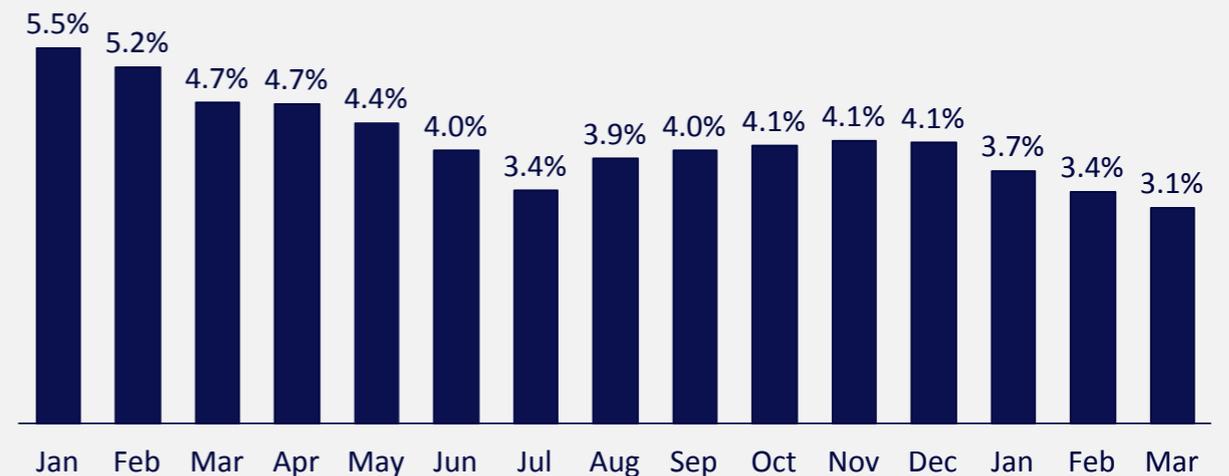
## COP appreciation in early 2018

Daily closing rate Jan 17 – Apr 18



## Colombia inflation still declining

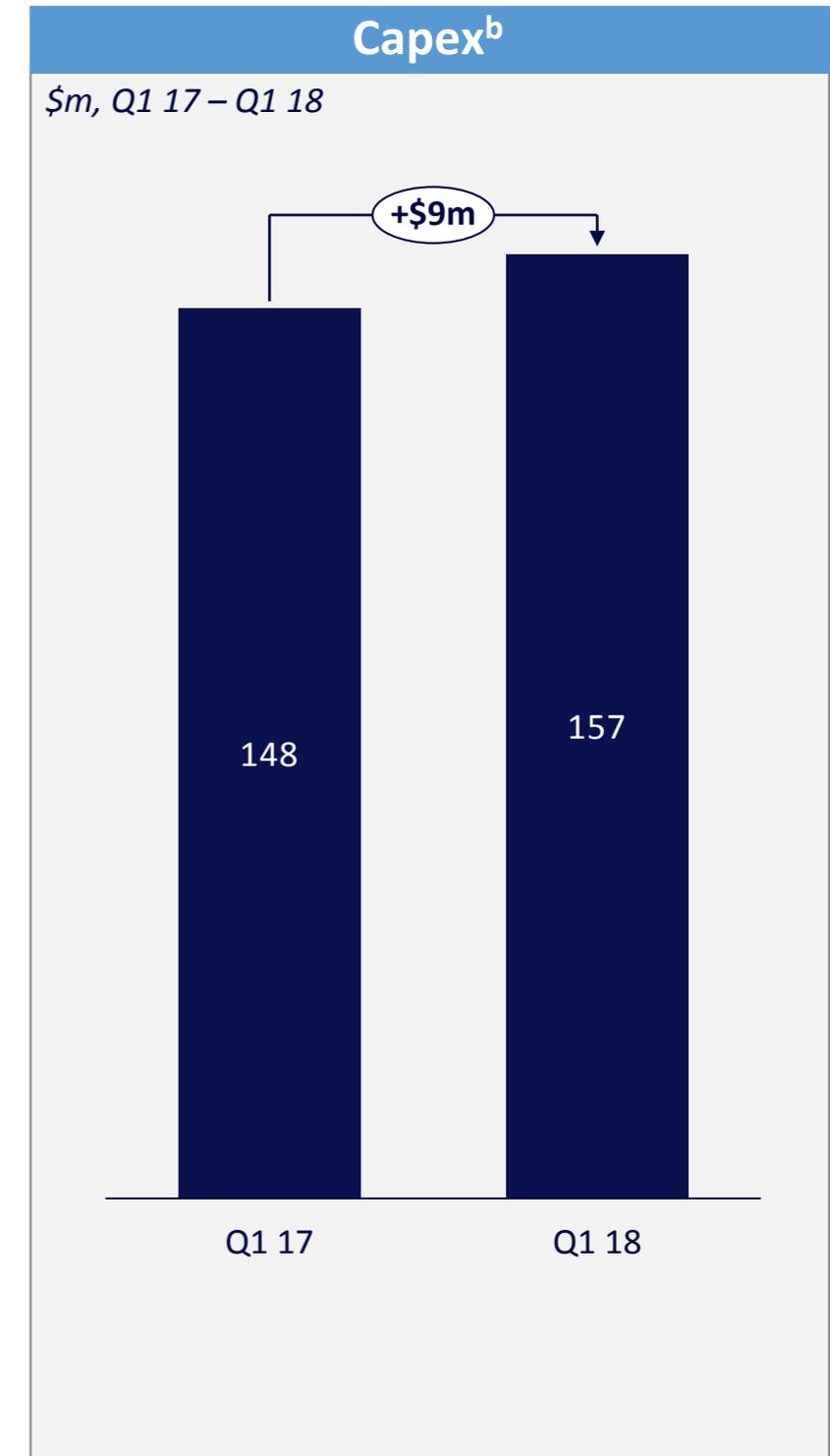
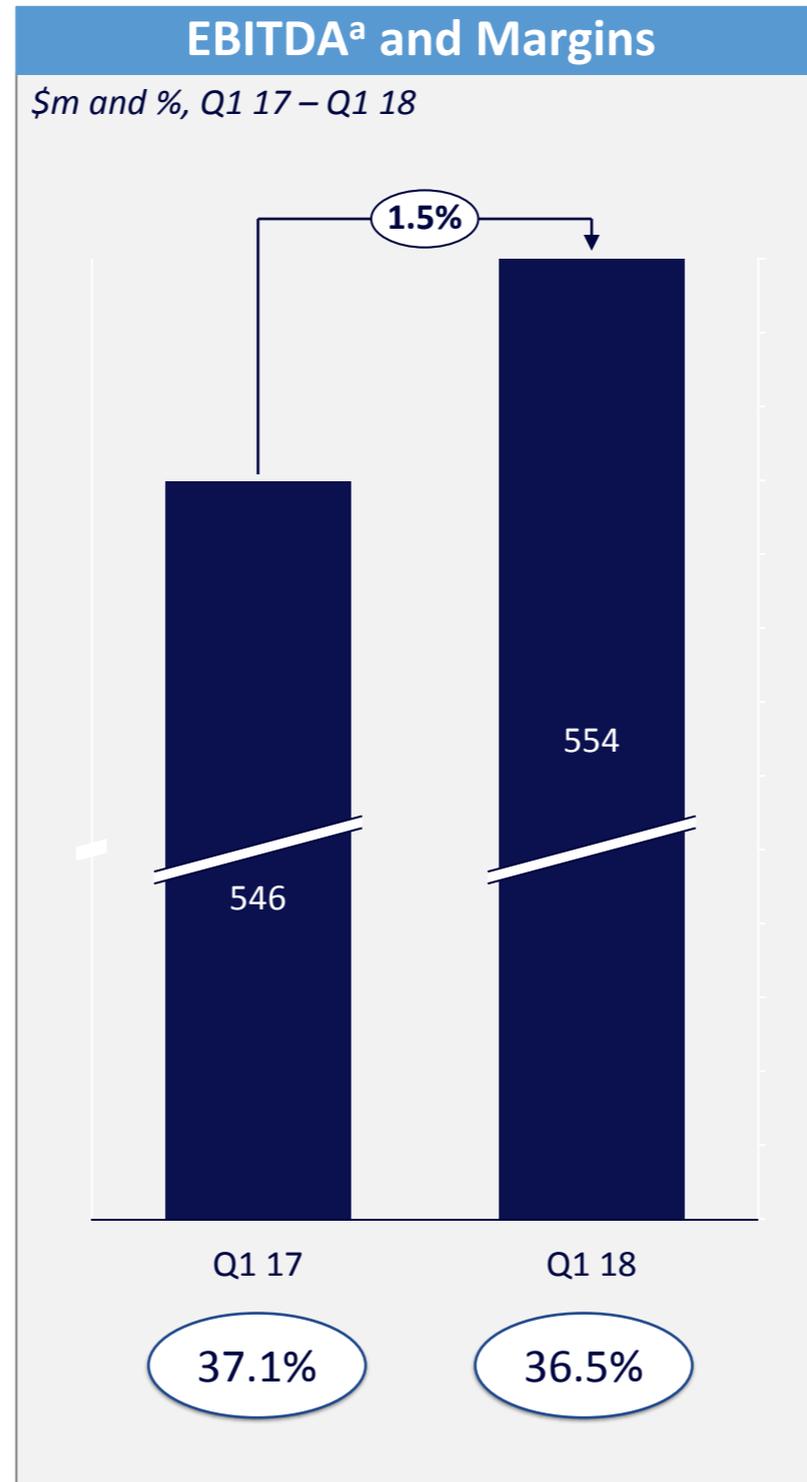
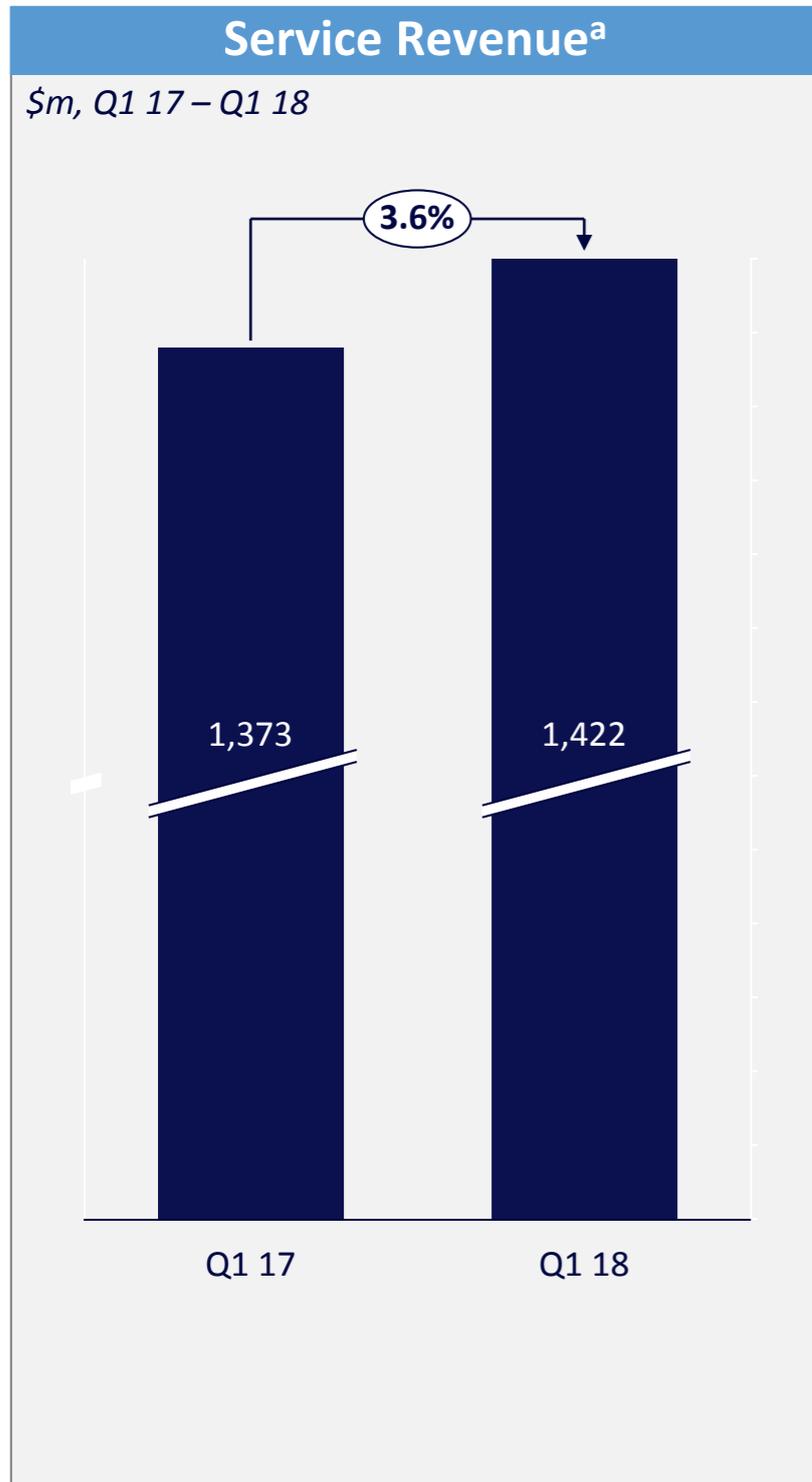
Inflation annualized %, Jan 17 – Apr 18



Source: Bloomberg

## 2 Key financial metrics – Q1 2018

Group service revenue up 3.6%

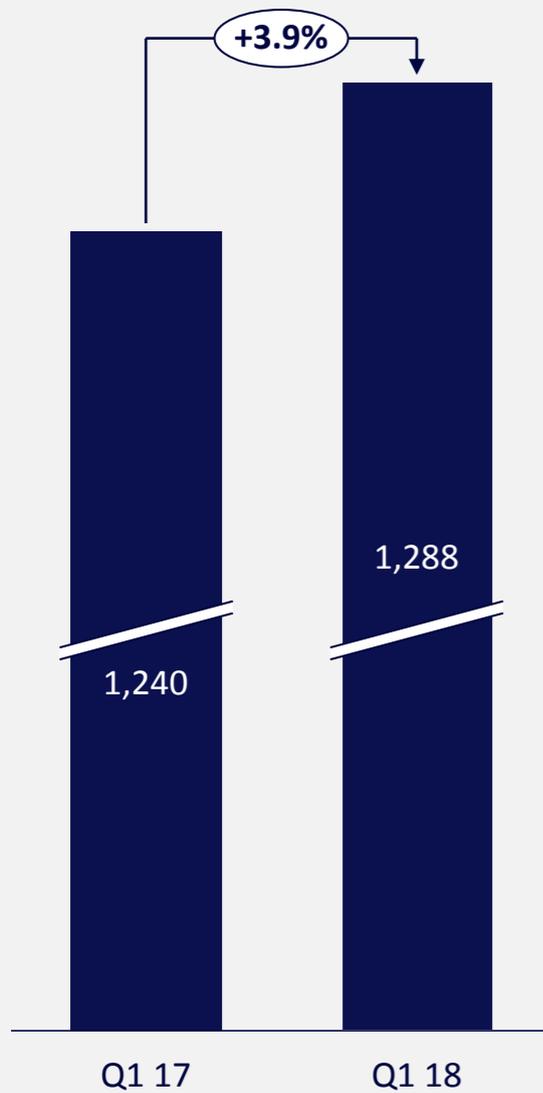


a) Q1 17 numbers are adjusted to Q1 18 FX rates and exclude Senegal, Rwanda and Ghana  
 b) Excluding Senegal, Rwanda and Ghana, spectrum & license costs

## Solid growth returning to Latam

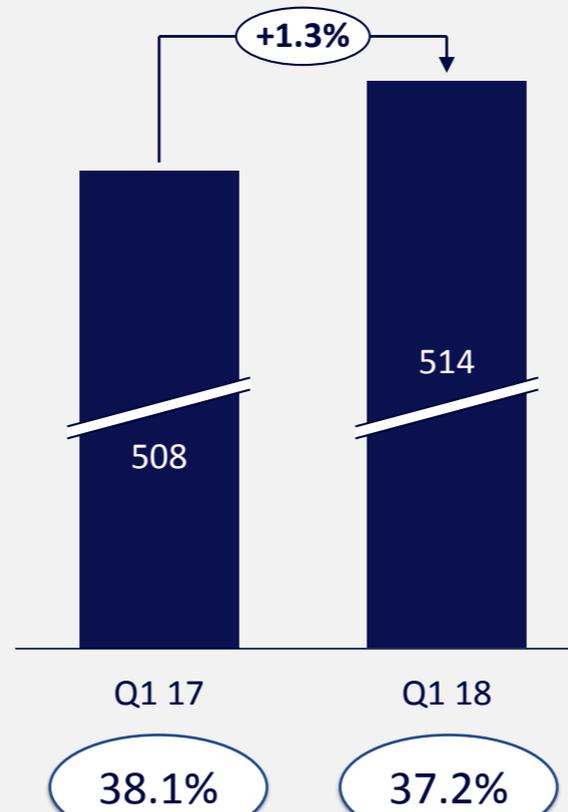
### Latam service revenue

\$m, Q1 17 – Q1 18



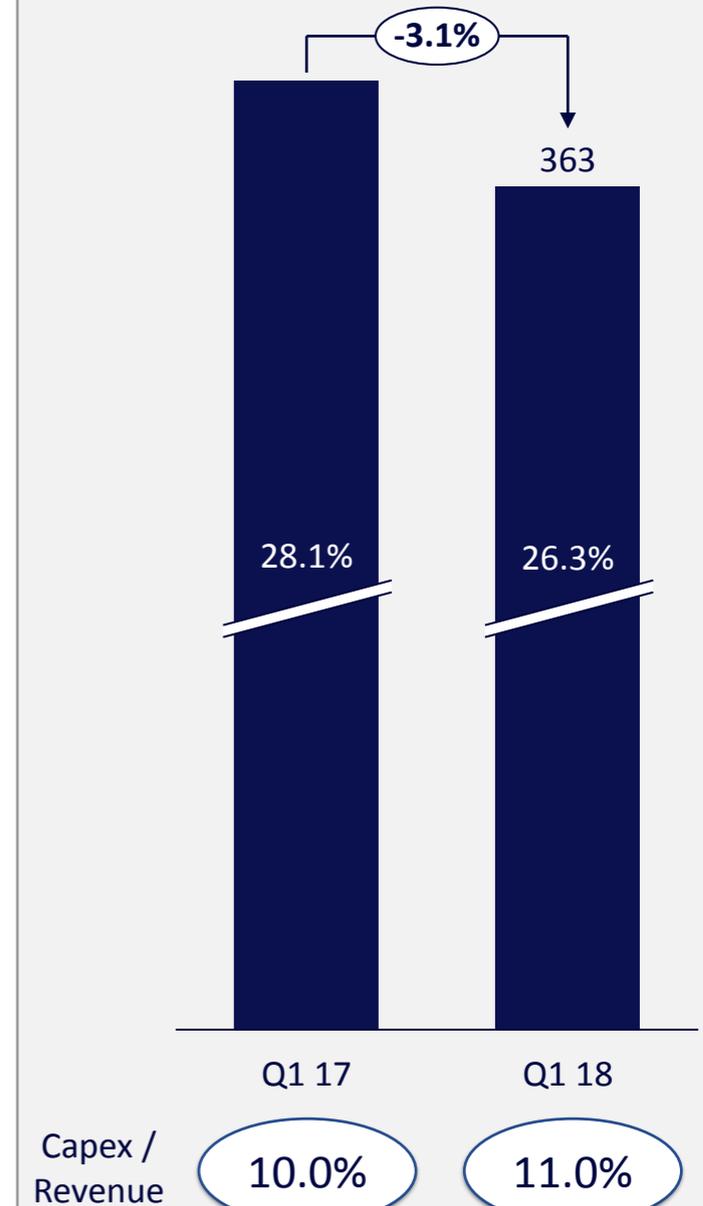
### Latam EBITDA

\$m and margin, Q1 17 – Q1 18



### Latam OCF (Q1)

\$m and margin, Q1 17 – Q1 18



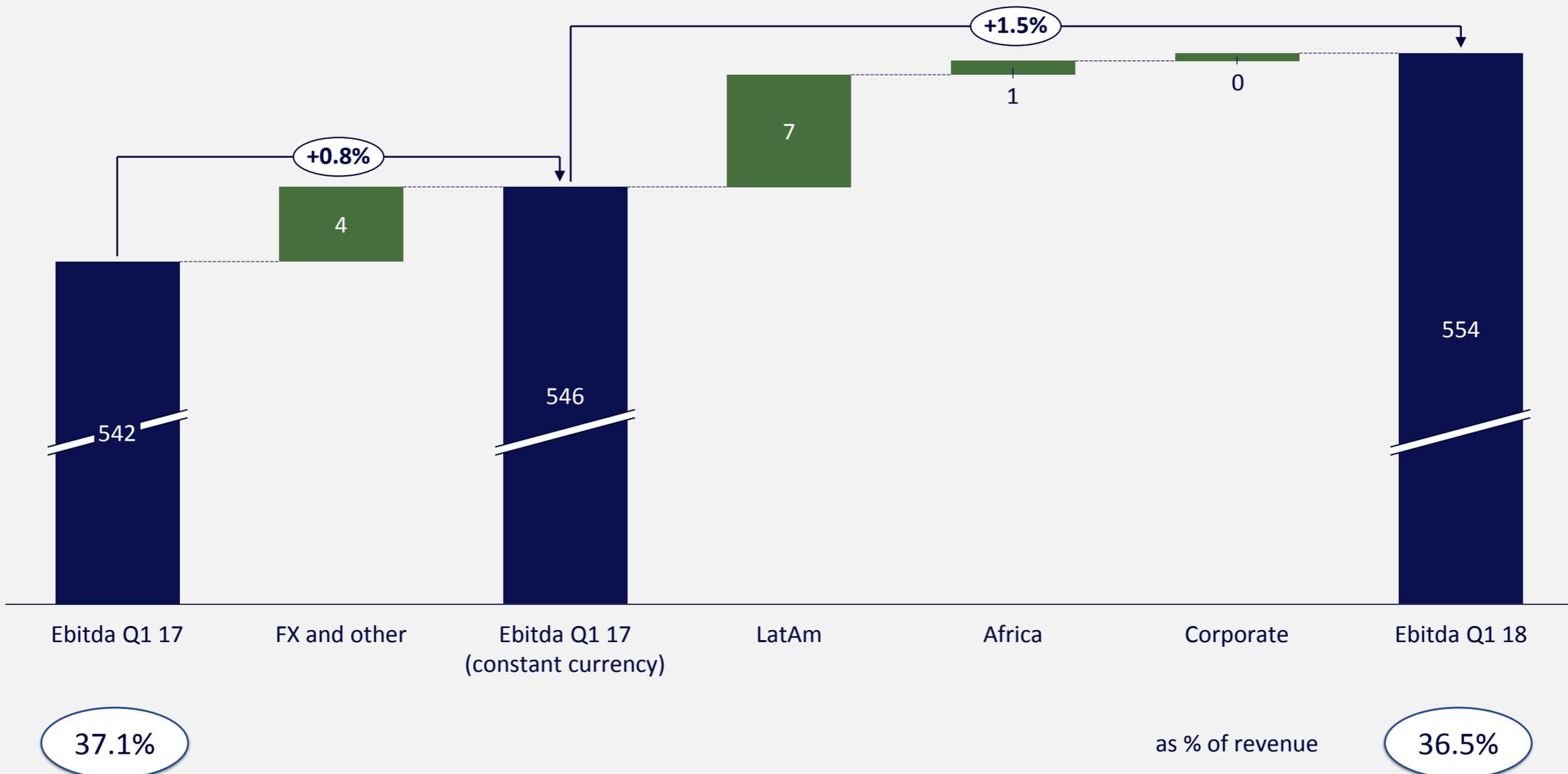
Notes: Growth rates are organic and exclude the impact of changes in FX rates, accounting, and new segmental presentation. Q1 2017 figures have been adjusted to reflect these organic growth rates. Capex/revenue excludes spectrum & license costs

# 3 EBITDA – Q1 2018

## Latam biggest contributor to EBITDA growth

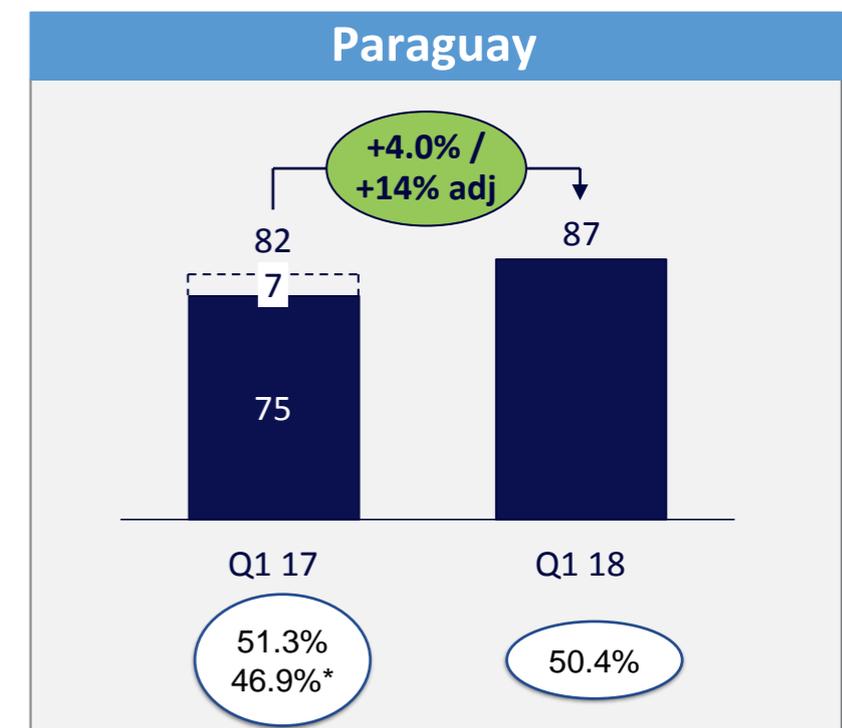
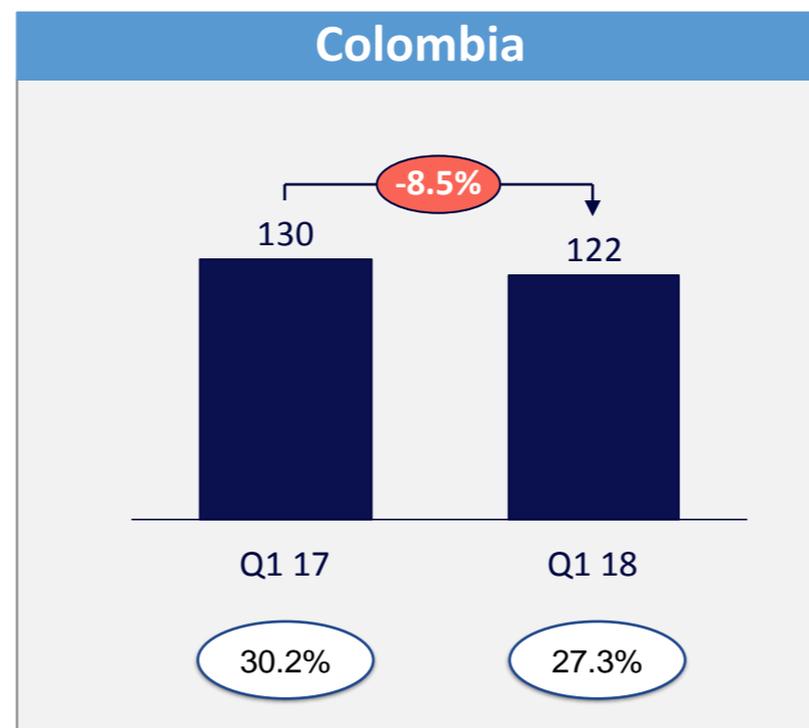
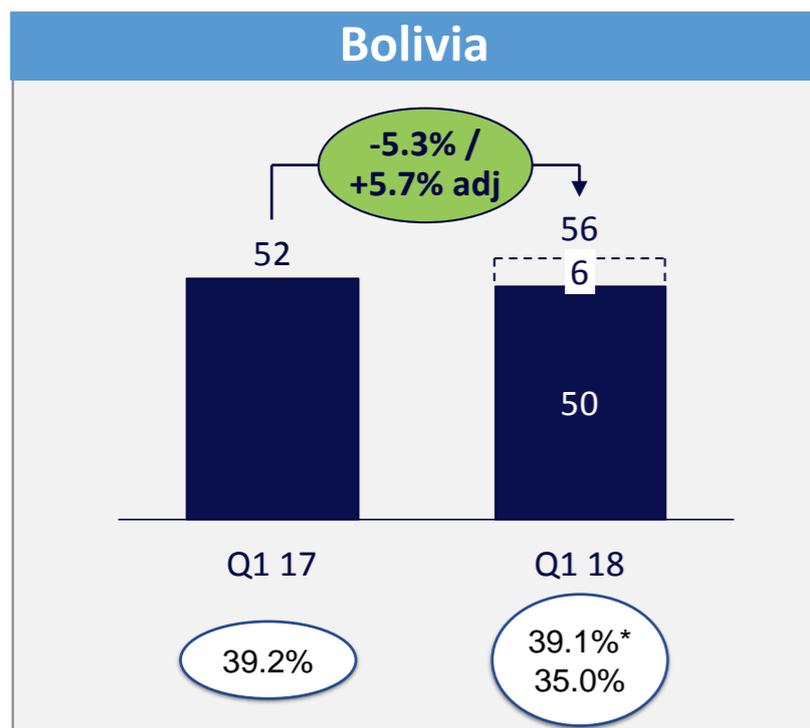
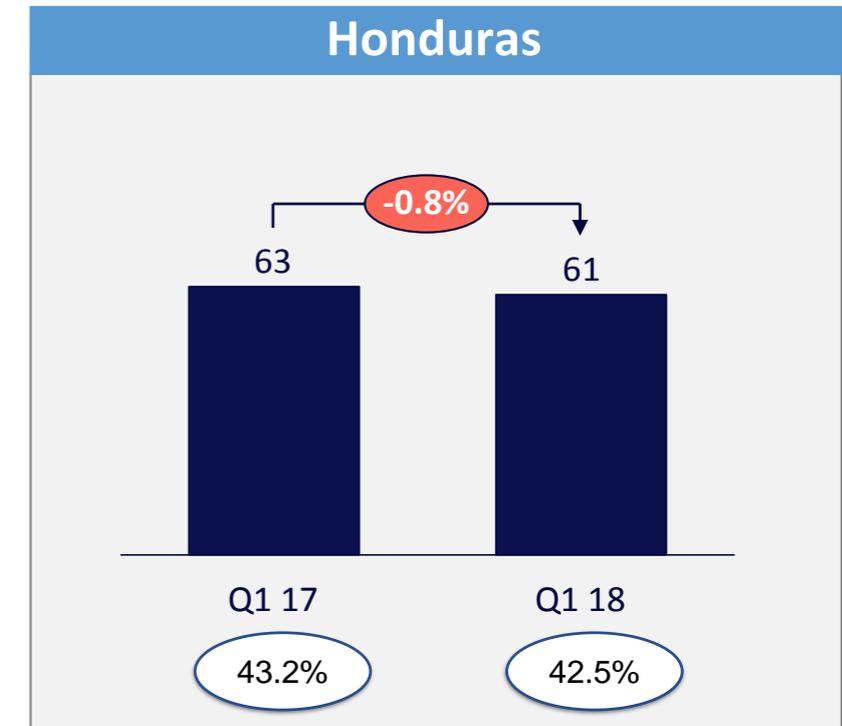
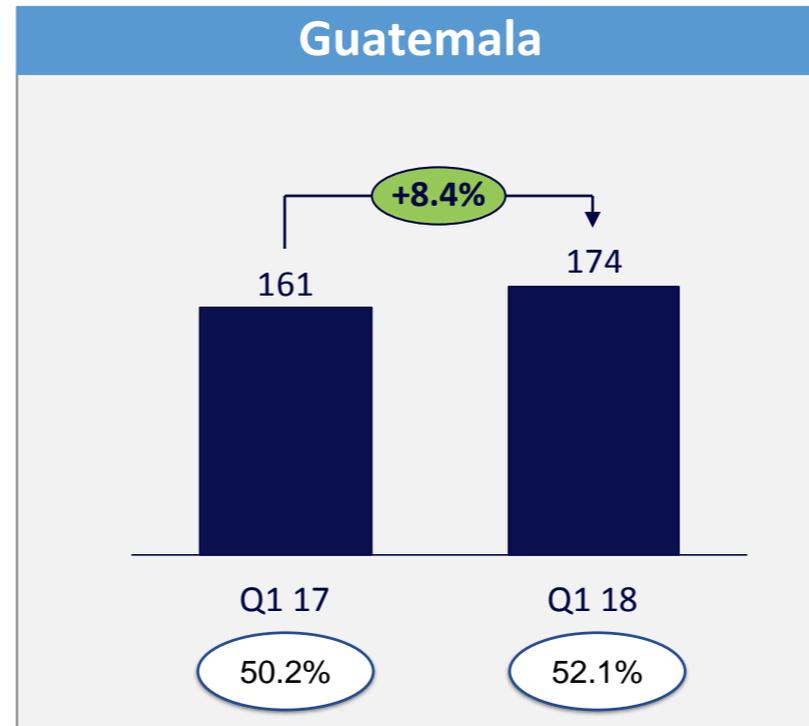
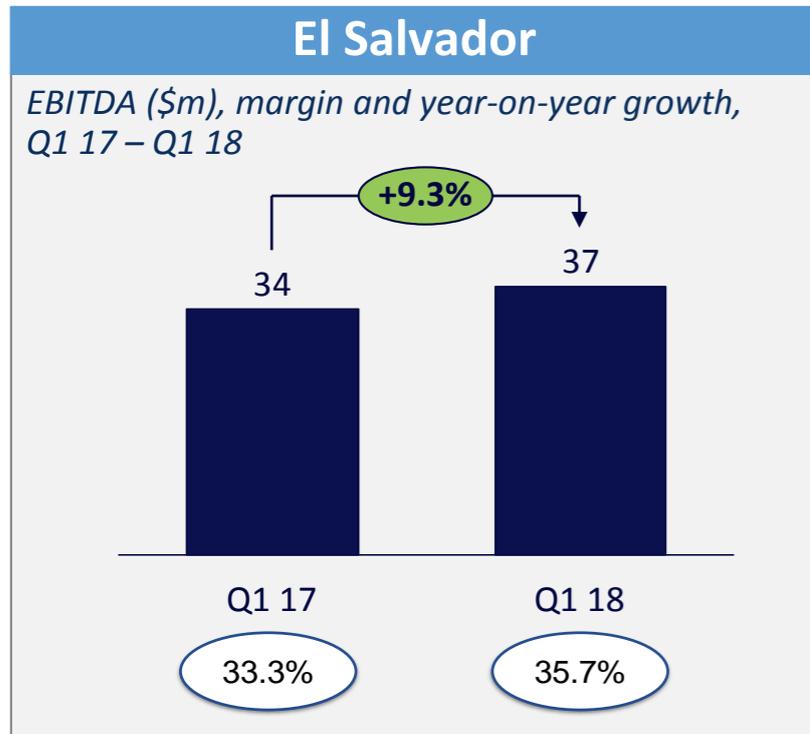
### EBITDA evolution by region

\$ million, Q1 17 – Q1 18



Q1 17 numbers are adjusted to Q1 18 FX rates and exclude Senegal, Rwanda and Ghana

# 3 EBITDA progression by country



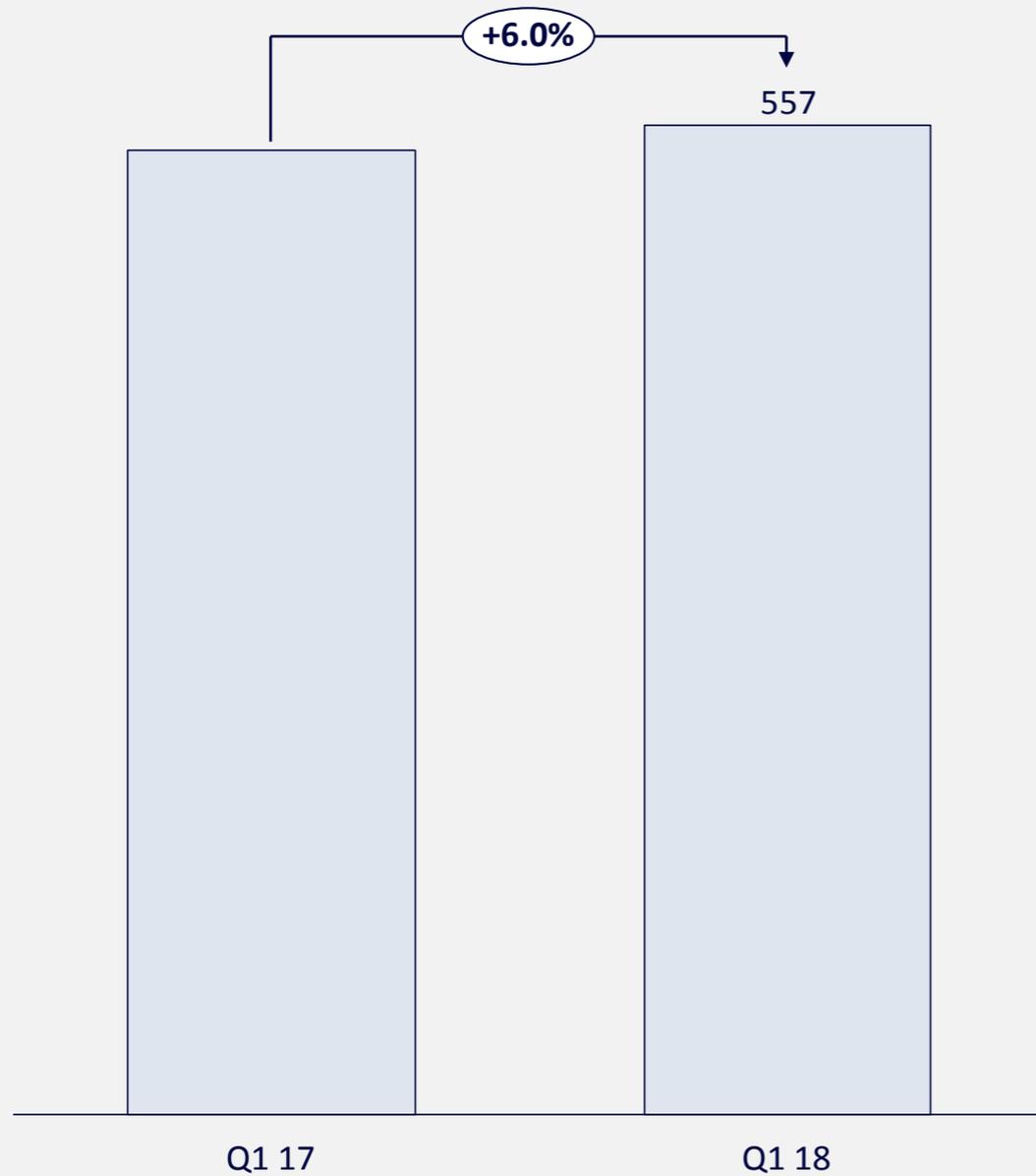
\* normalized margin for one-offs

# 3 Cost review and margin progression

## Steady upward margin trend continues

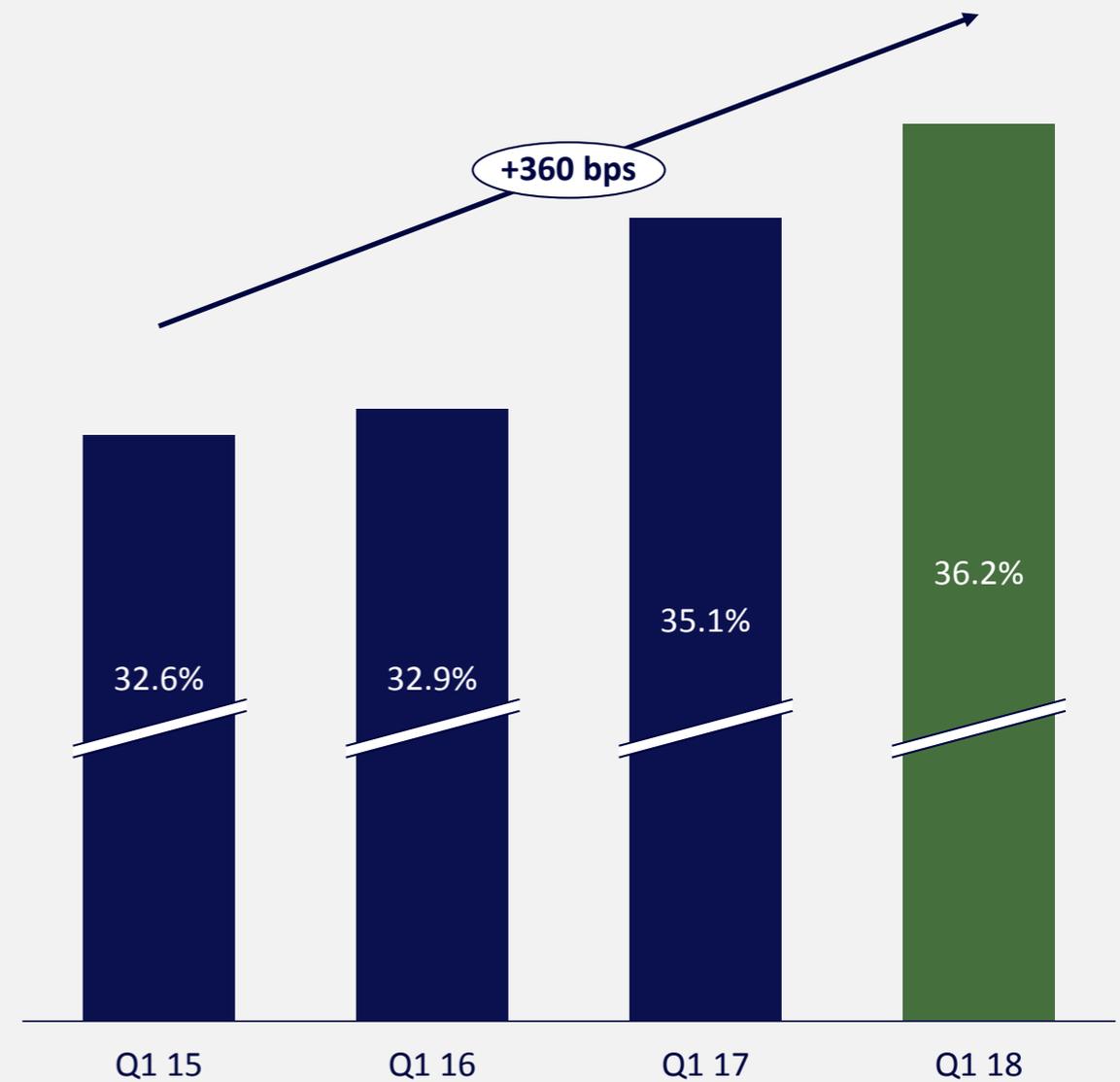
### Group total OPEX base

OPEX and growth YoY, Q1 17 – Q1 18



### Last 12 month Group EBITDA margin

Last 12-month EBITDA margin, Q1 2015 - Q1 2018



## P&L Summary

US\$ million	Q1 18	Q1 17	% Var
Revenue	1,516	1,459	3.9%
EBITDA	554	542	2.3%
Depreciation & amortization	(317)	(322)	(1.8%)
Other operating	0	1	(42.5%)
<b>Operating profit</b>	<b>238</b>	<b>220</b>	<b>8.1%</b>
Net financial expense	(103)	(113)	(8.9%)
Others non operating	25	24	5.8%
Associates	(20)	(14)	39.0%
<b>Profit before tax</b>	<b>140</b>	<b>116</b>	<b>20.6%</b>
Taxes	(53)	(63)	16.6%
Minority interests	(38)	(32)	17.9%
Discontinued operations	(32)	3	NM
<b>Net income</b>	<b>17</b>	<b>24</b>	<b>(27.9%)</b>
EPS (\$ per share)	0.17	0.24	(27.9%)

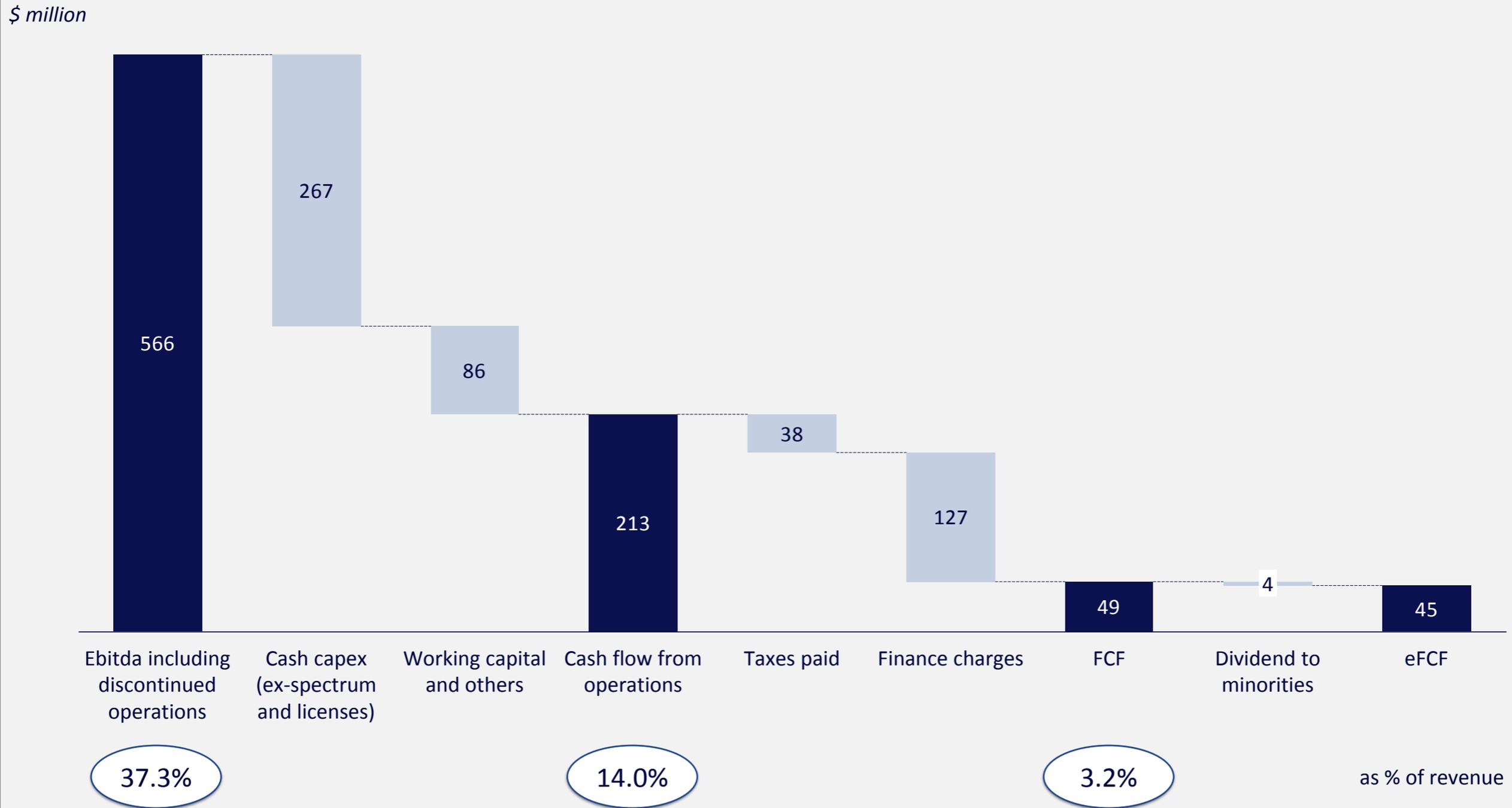
## Key Observations

- A** IFRS 15 had small impact on Service Revenue (-1.3%) and EBITDA (-0.1%)
- B** Interest savings from re-financing activity, partly offset by higher financial lease expense
- C** Lower withholding taxes due to timing of dividend payments
- D** Improved profitability in Guatemala
- E** Rwanda Accumulated FX losses

# 5 Cash flow – Q1 2018

We generated \$45 million of equity FCF in Q1

Q1 2018 cash flow

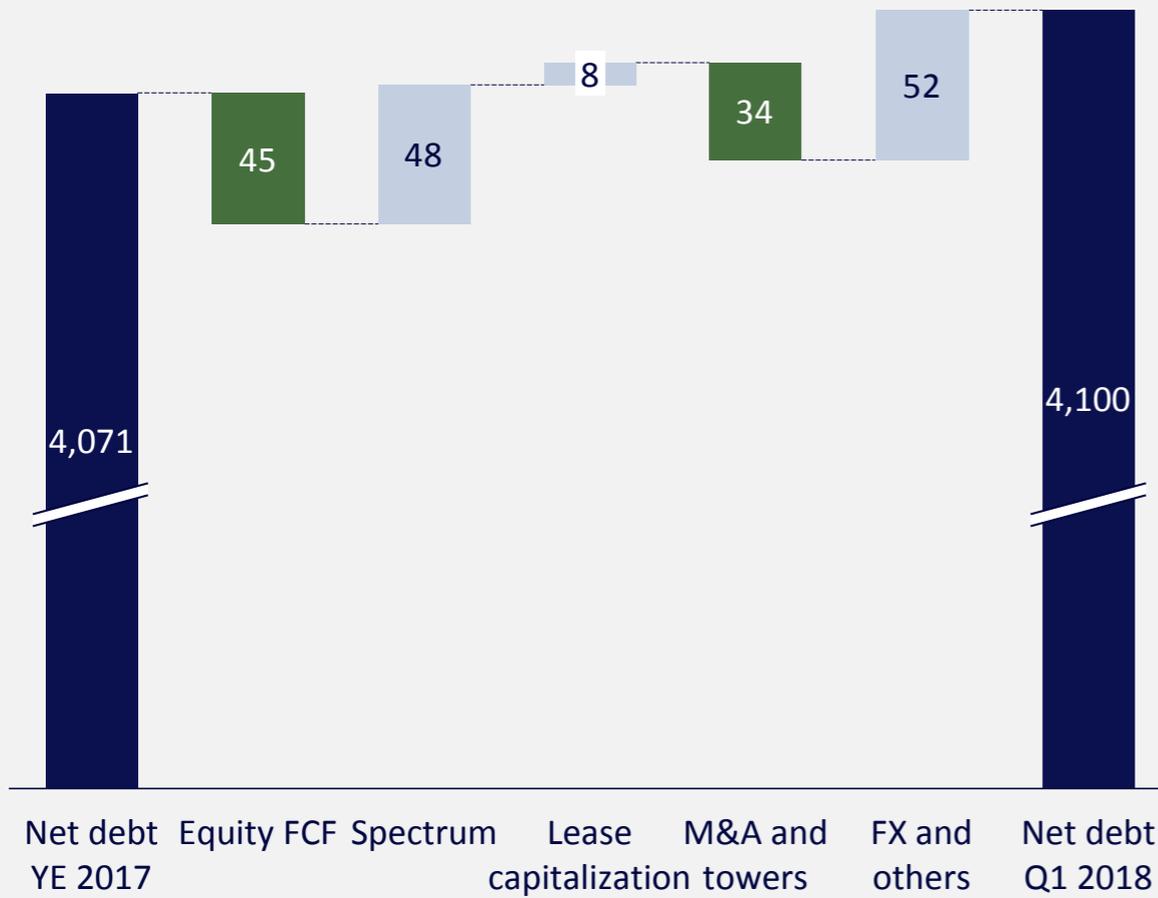


# 6 Capital structure

## Net debt and leverage stable in Q1

### Net debt evolution in 2017

\$ million, 31 December 2017 – 31 March 2018



1.86x

Net debt/LTM EBITDA

1.87x

2.02x

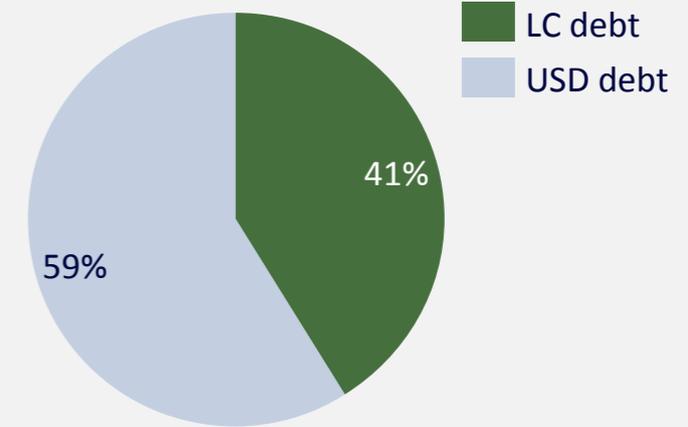
Proportionate Net debt/  
Proportionate LTM EBITDA

2.03x

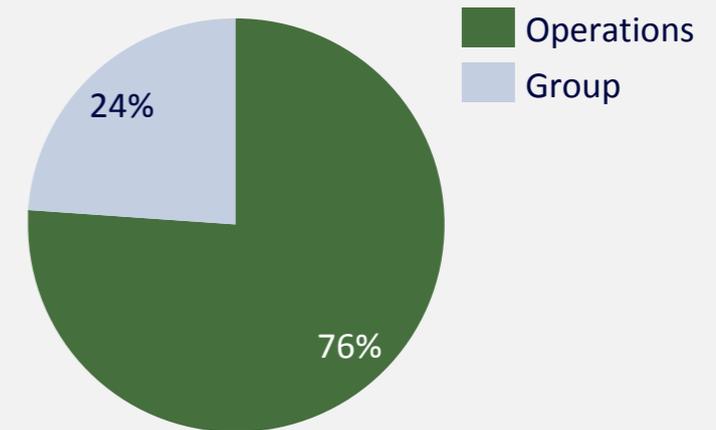
### Debt profile

% of gross debt, 31 March 2018

#### Gross debt currency exposure



#### Gross debt distribution



Kicking off 2018 with accelerating momentum – on track to hit full year targets

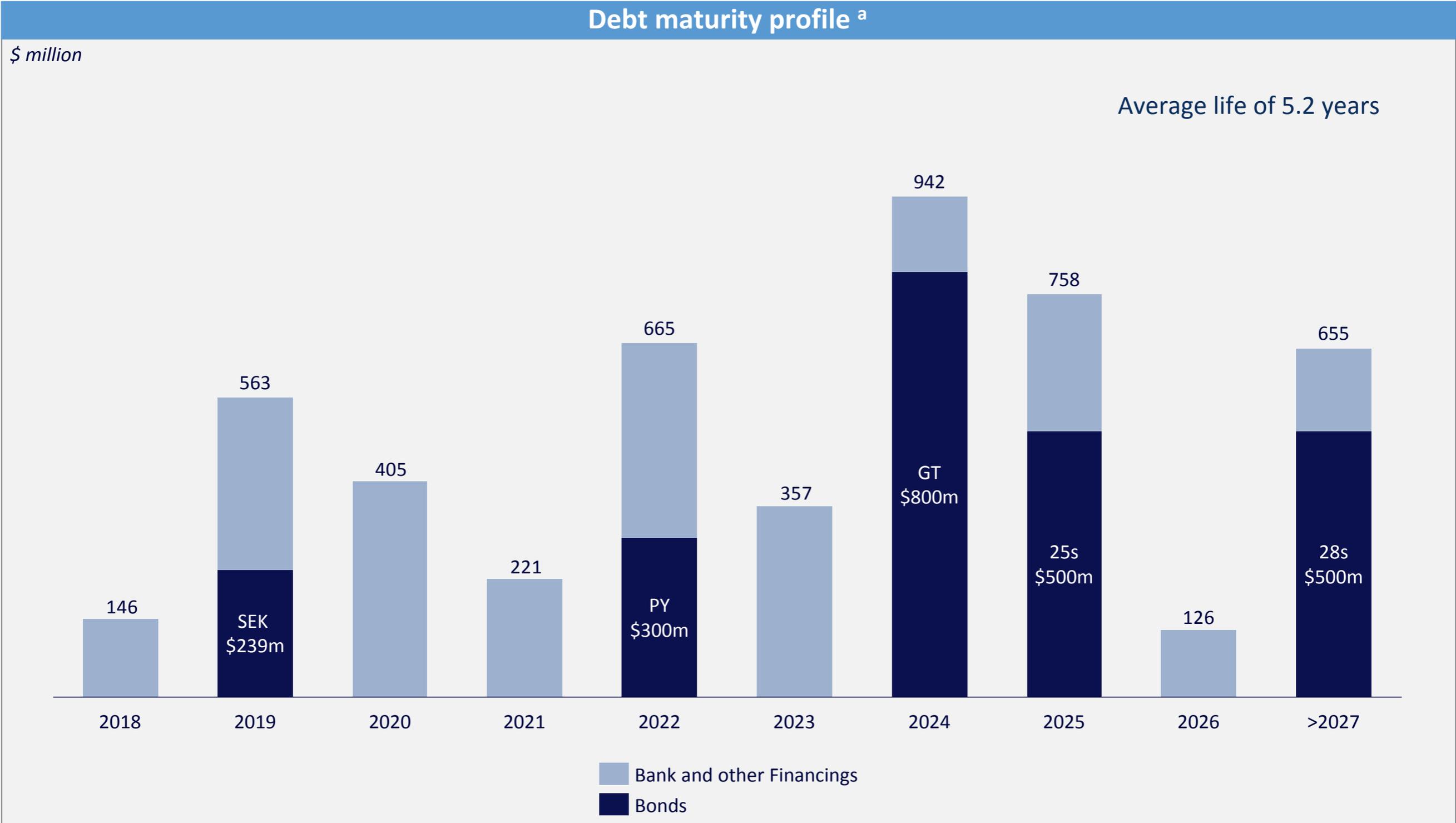
		Target	
<b>1</b>	<b>+91k HFC homes connected</b> <i>10m total homes passed by year-end</i>	<b>+300k</b>	✓
<b>2</b>	<b>+643k 4G customer net additions</b> <i>10m 4G customers by year-end</i>	<b>+3m</b>	✓
<b>3</b>	<b>3.9% service revenue growth in Latam</b>	<b>+2-4%</b>	✓
<b>4</b>	<b>EBITDA growth on track</b>	<b>+3-6%</b>	✓



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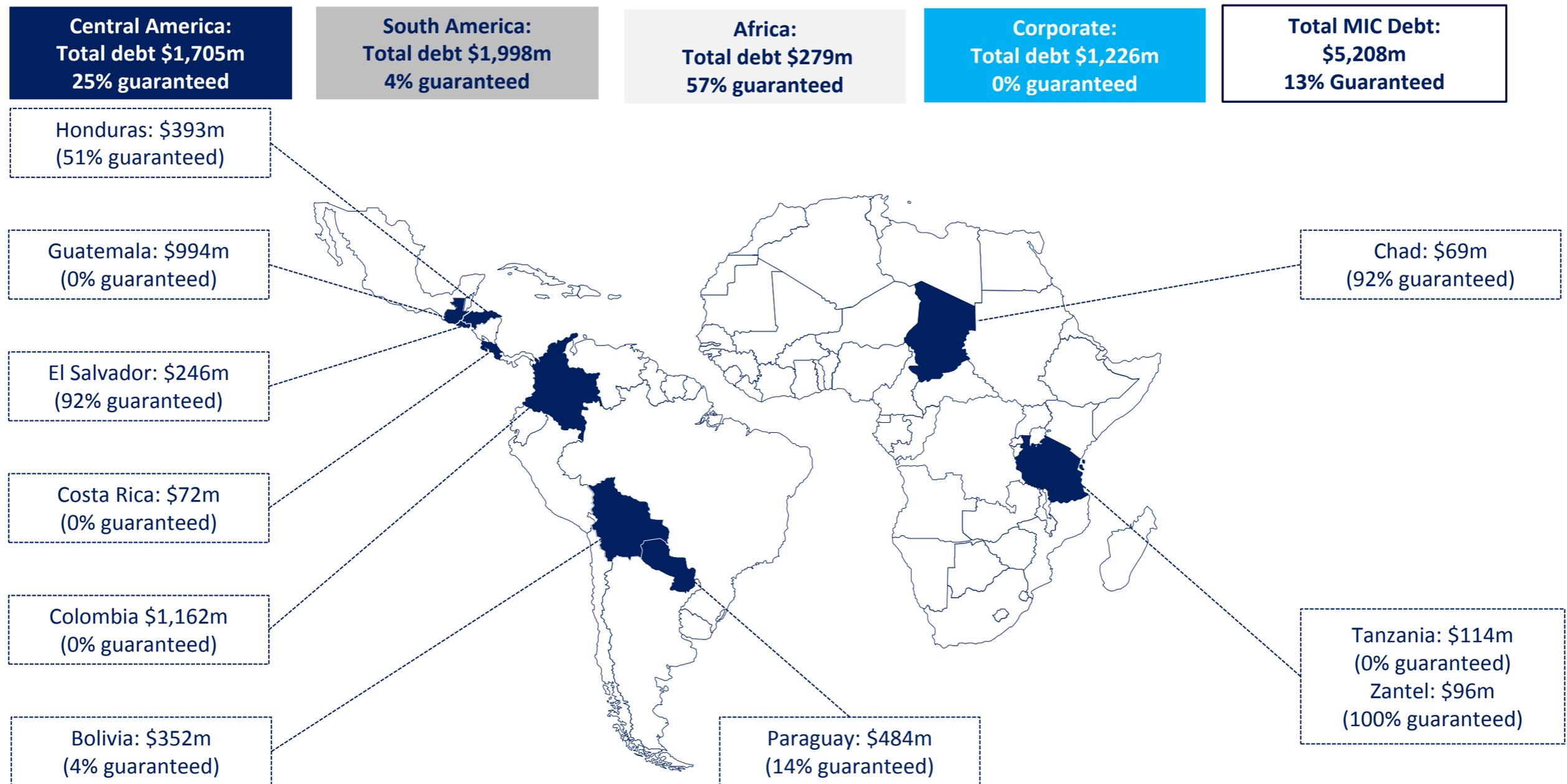
Q&A

Comfortable capital structure and liquidity with no major maturities until 2024



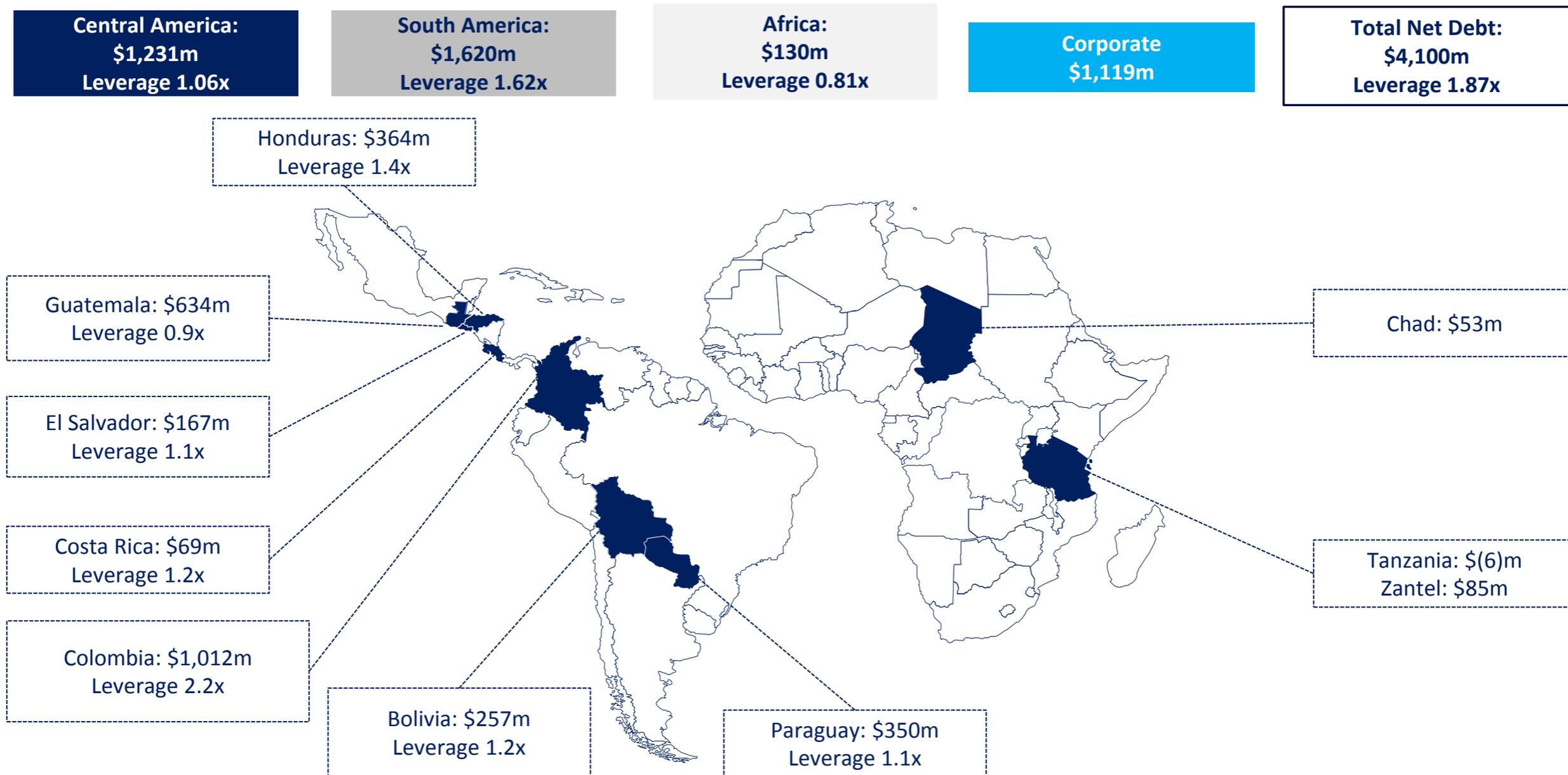
a) excluding financial leases

# Gross debt by country



Including finance leases

# Net debt by country



Including finance leases;  
Leverage is Net debt / LTM EBITDA

# Currency exposure of debt

Dec. 2017	Debt including finance leases			Cash Total	Net debt		
	US\$	Local	Total		USD	Local	Total
Latin America*	1,724	1,979	3,702	852	1,333	1,517	2,850
	47%	53%	100%		47%	53%	100%
Africa	99	180	279	149	92	39	130
	35%	65%	100%		70%	30%	100%
Corporate	1,226	0	1,226	107	1,125	-6	1,119
	100%	0%	100%		101%	-1%	100%
<b>Millicom</b>	<b>3,049</b>	<b>2,159</b>	<b>5,208</b>	<b>1,108</b>	<b>2,549</b>	<b>1,550</b>	<b>4,100</b>
	<b>59%</b>	<b>41%</b>	<b>100%</b>		<b>62%</b>	<b>38%</b>	<b>100%</b>

\*El Salvador has USD as functional currency (treated as local.)



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