



# Investor presentation

Millicom International Cellular S.A.

April, 2018

*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.*

*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.*

- 1** Our journey... Big picture
- 2** Capital allocation and ROIC
- 3** Latin America service revenue and EBITDA
- 4** Currency exposure... myths and reality
- 5** Latin America service revenue by business unit
- 6** Market structure by country
- 7** Spectrum and licenses
- 8** Latam snapshot - Macro
- 9** Latam snapshot - Micro
- 10** Latest results summary

# 1 Our journey... big picture

We have been transforming the company in *many ways*

**FROM**

**TO**

Mobile-only  
Voice + SMS  
Prepaid

**STRATEGY**

Cable + convergence  
High-speed data (4G)  
Subscription-driven  
Compliance leader  
Purpose driven

Legacy network  
Analog  
Legacy IT

**NETWORK**

State-of-the-Art (4G, HFC)  
Digital  
OTT like

Product &  
Sales Driven

**CUSTOMER**

Customer Centric

No Geographic Focus

**CAPITAL  
ALLOCATION**

High-speed data networks  
IT transformation  
Latam-only

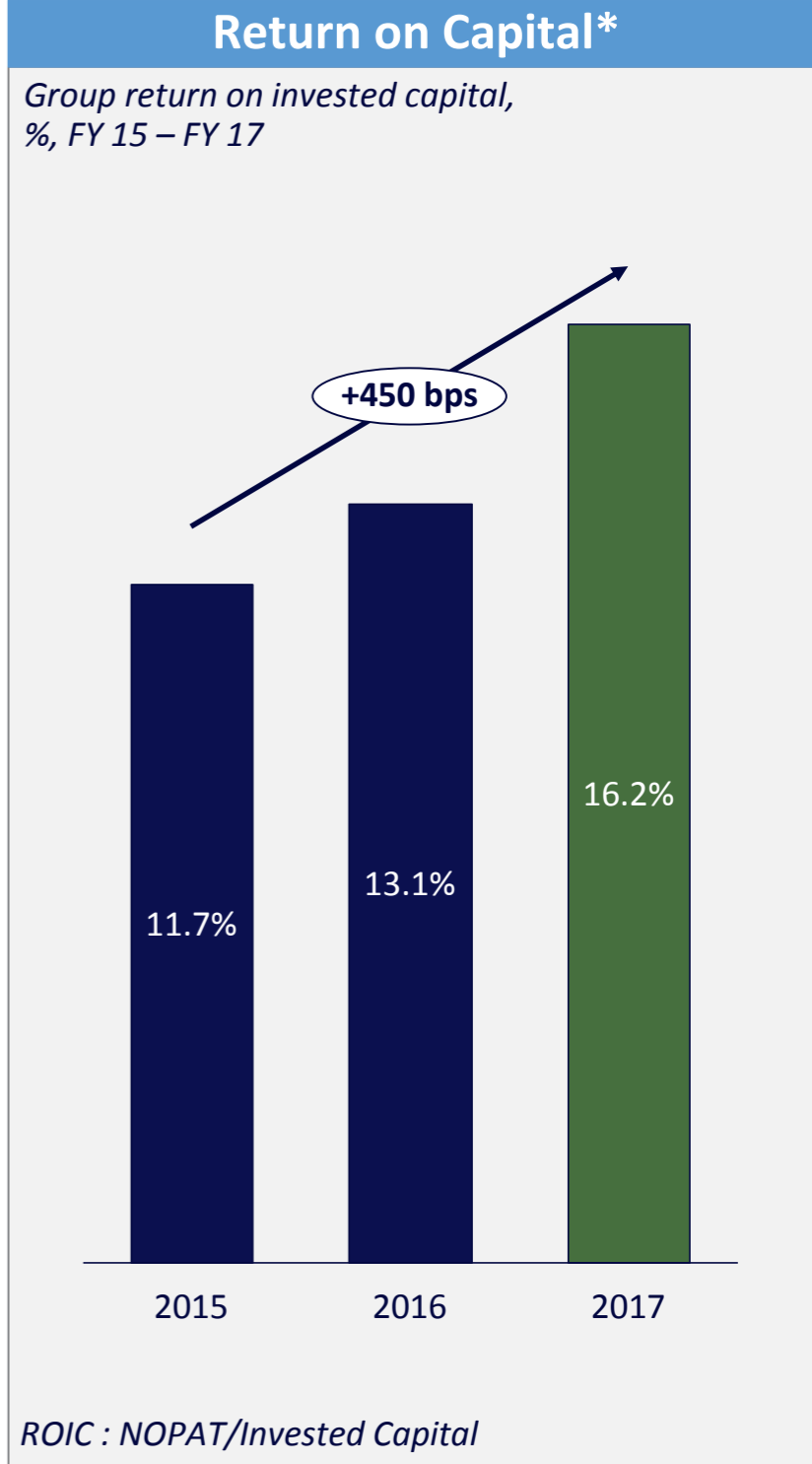
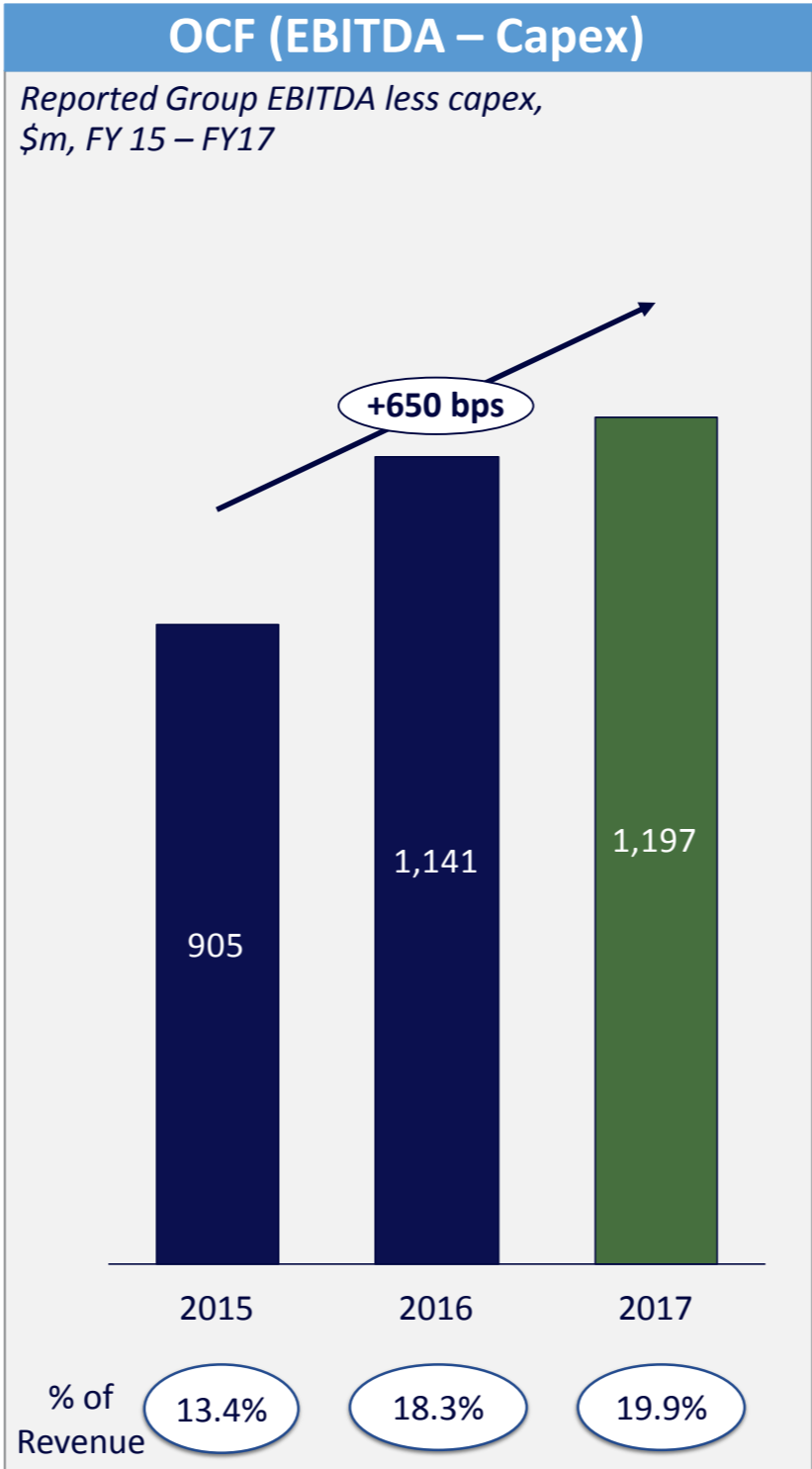
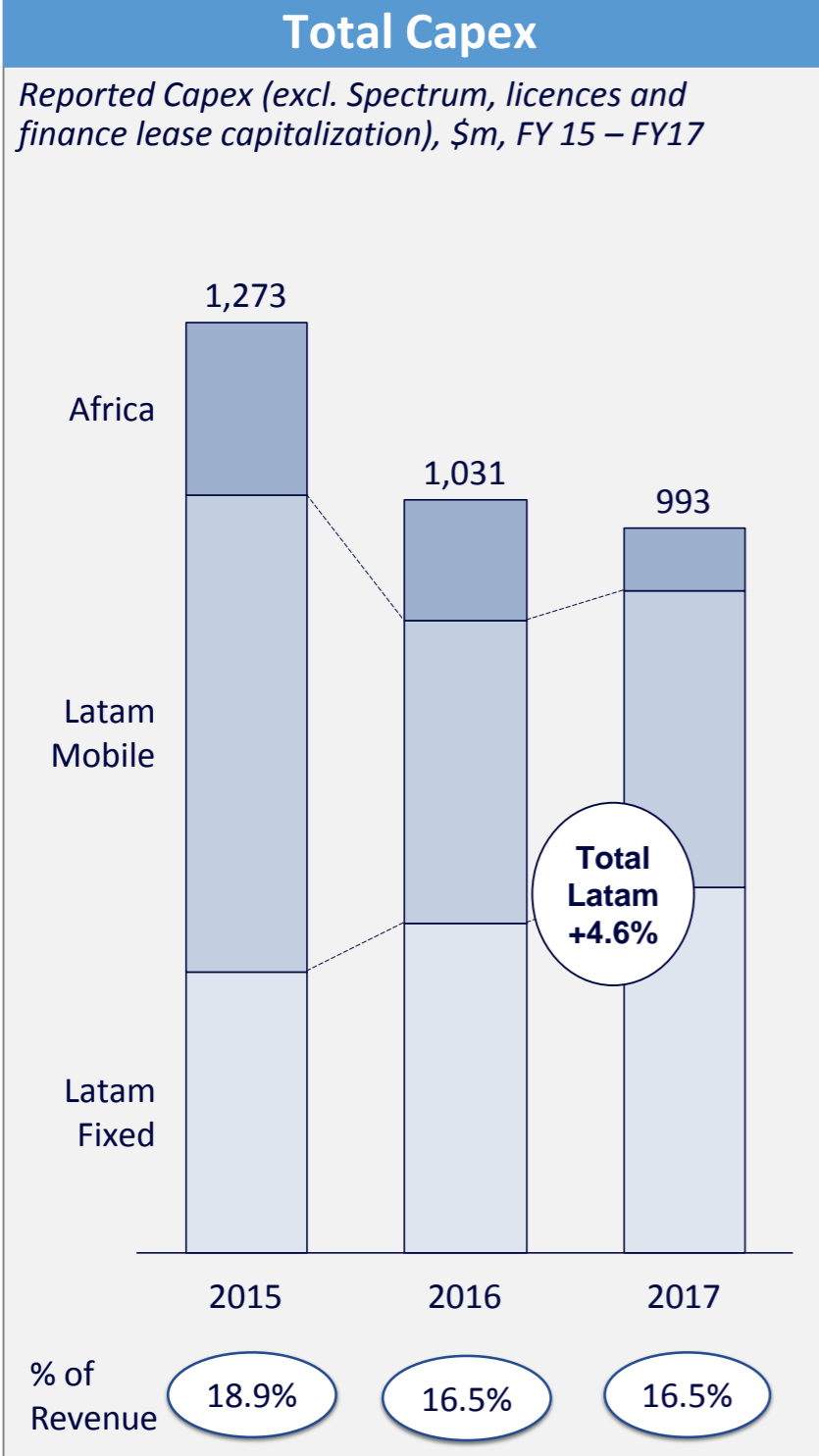
Deteriorating margins  
Dividend at risk  
Negative eFCF

**RETURNS**

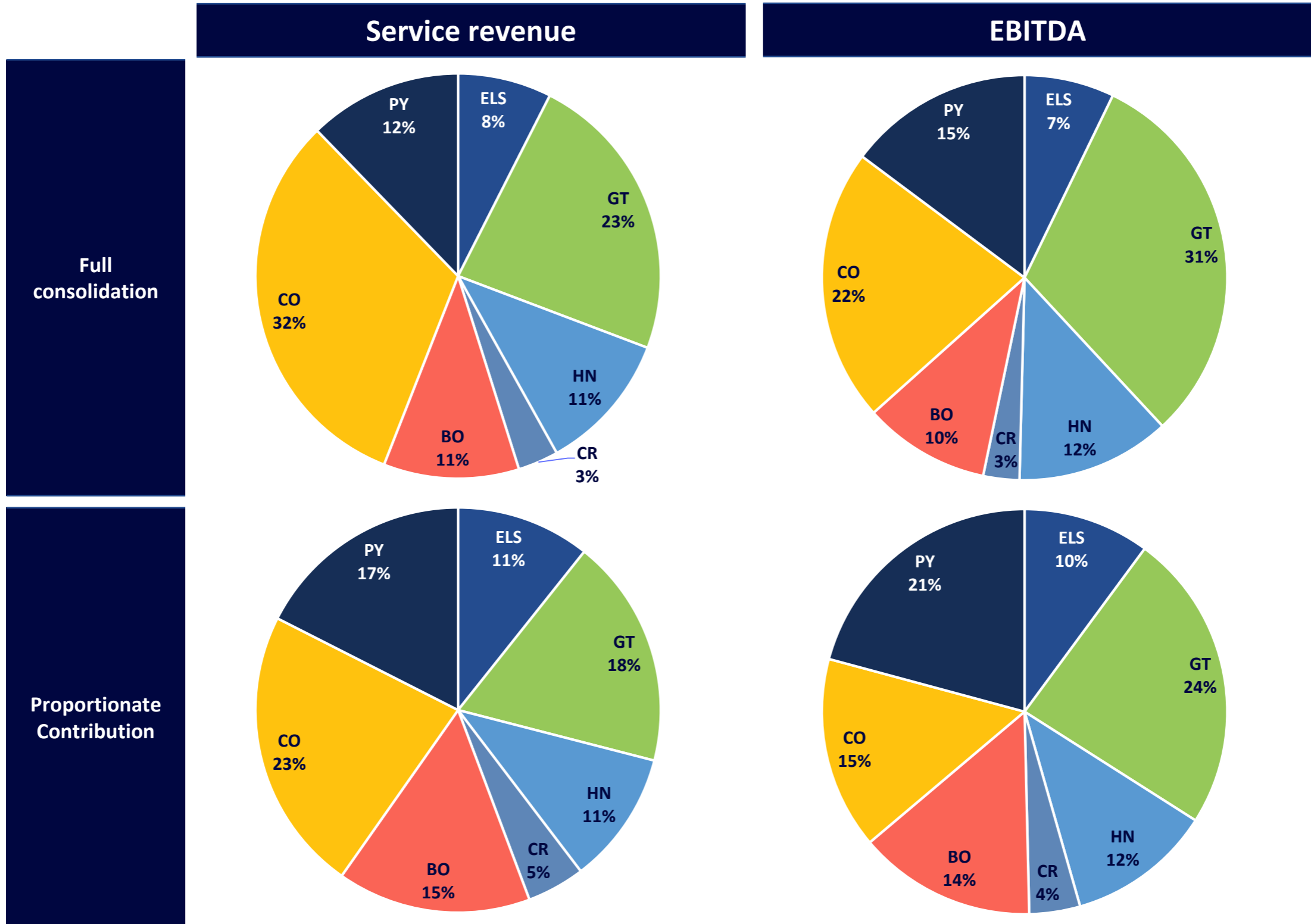
Improving margins  
Dividend covered  
Positive eFCF

# 2 Capital allocation and ROIC

Re-deploying capital to Latam allows us to accelerate network build and improve returns



## Contribution by country – FY 2017



ELS: El Salvador GT: Guatemala HN: Honduras CR: Costa Rica BO: Bolivia CO: Colombia PY: Paraguay

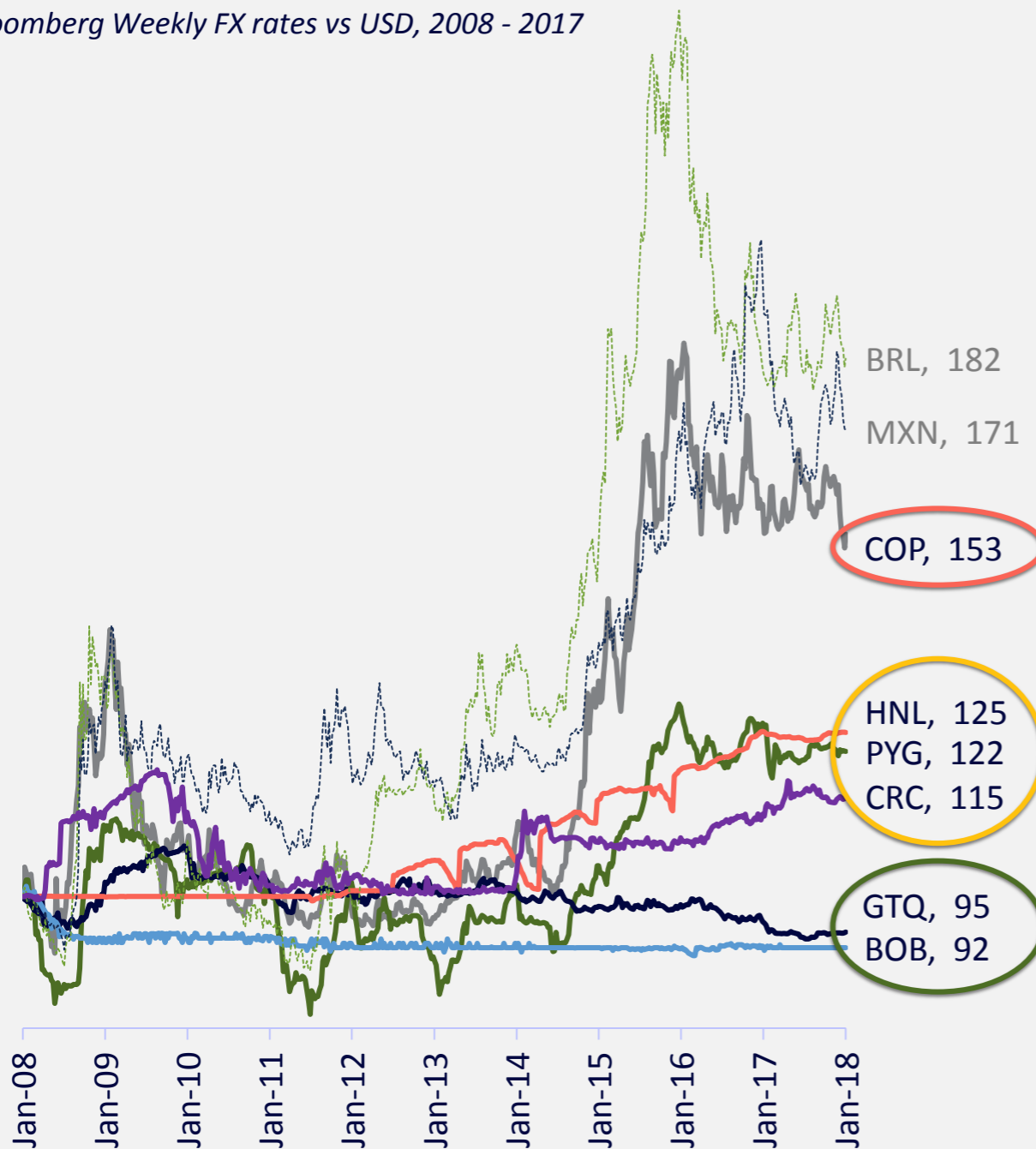


# 4 Currency exposure... myths and reality

Only 15% of our proportional EBITDA is from high volatility FX country

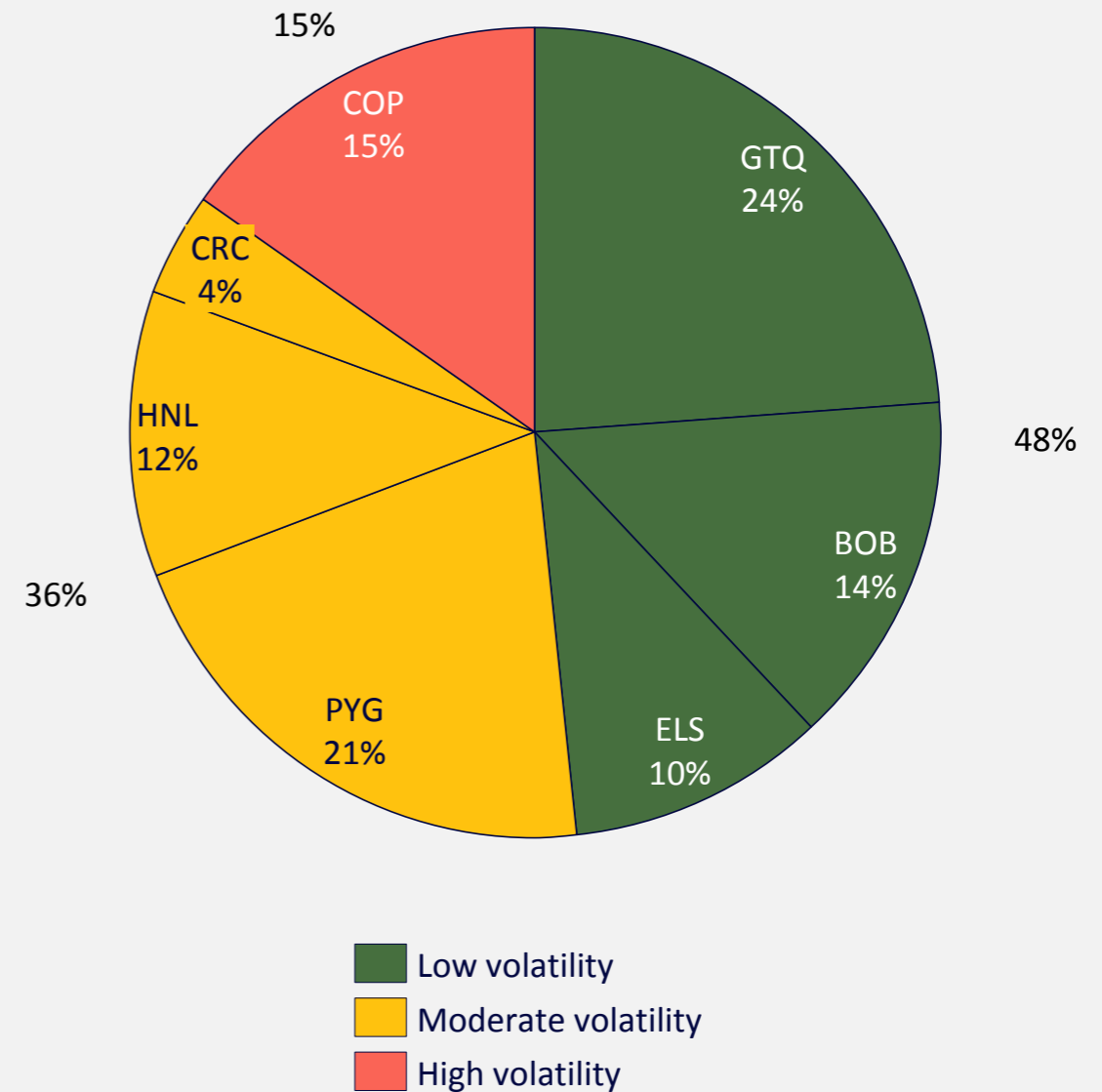
## 10-year FX trends

Bloomberg Weekly FX rates vs USD, 2008 - 2017



## Proportionate Latam EBITDA

Latam EBITDA by country, adjusted for proportional Millicom ownership, and ranked by currency volatility, 2017

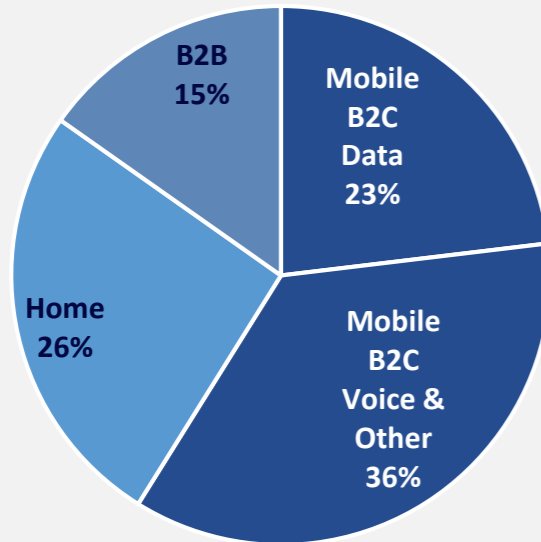


ELS: El Salvador (US Dollar) GTQ: Guatemalan Quetzal HNL: Honduran Lempira CRC: Costa Rican Colon  
BOB: Bolivian Bolivianos COP: Colombian Pesos PYG: Paraguayan Guarani

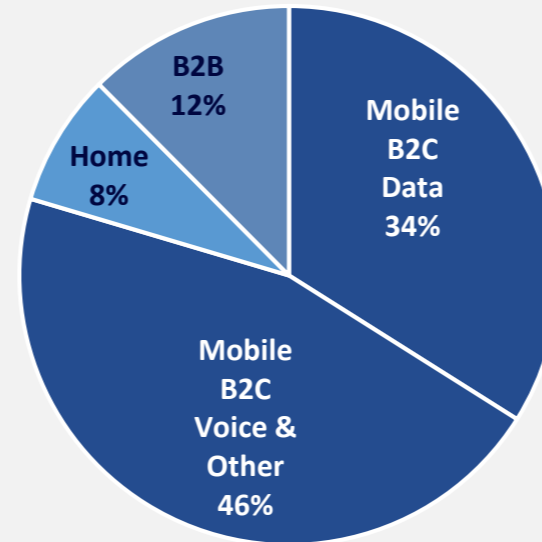
## Contribution in FY 2017

## El Salvador

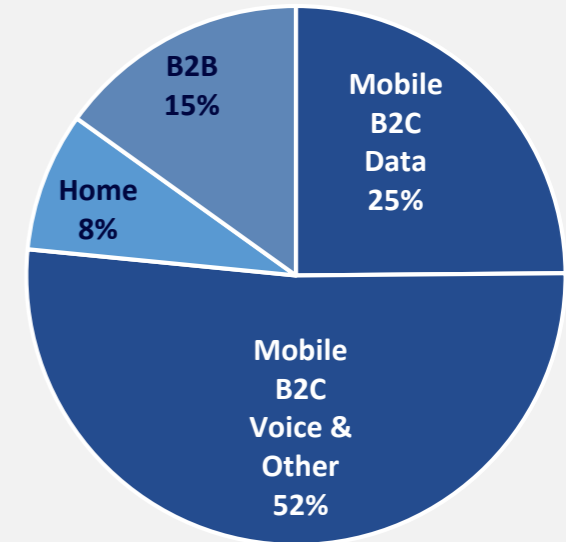
Service revenue, FY 2017



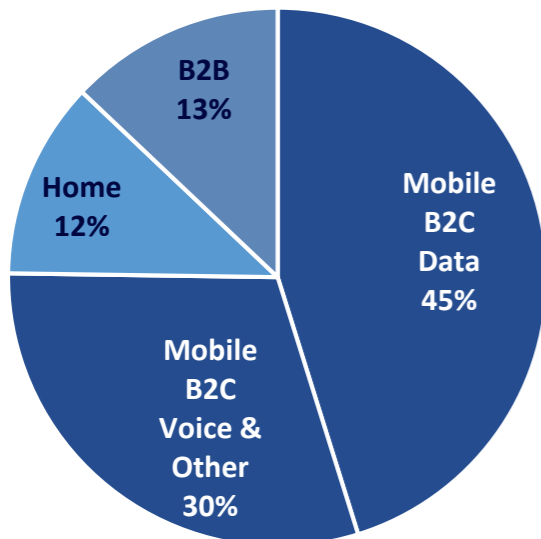
## Guatemala



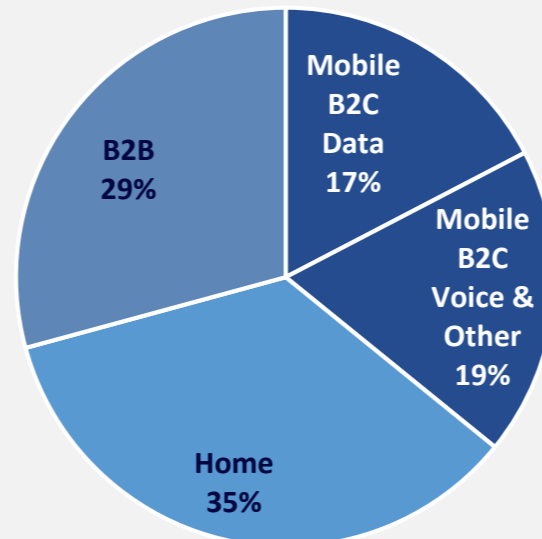
## Honduras



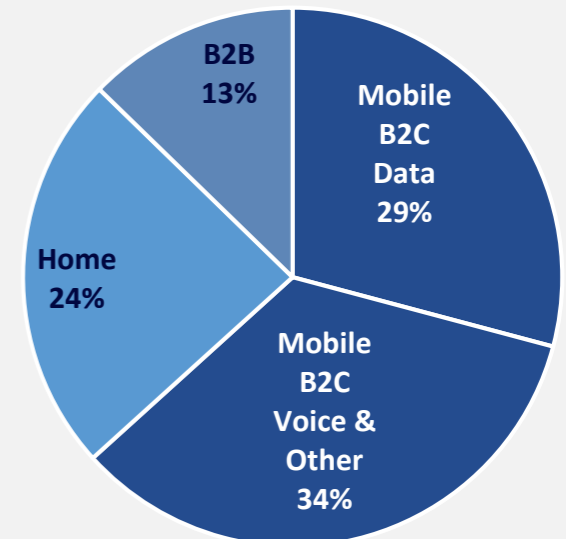
## Bolivia



## Colombia







## Paraguay











## Bolivia

					LOCAL COOPERATIVES
Mobile	2 <sup>nd</sup>	1 <sup>st</sup>	3 <sup>rd</sup>	NA	NA
BBI	1 <sup>st</sup>	4 <sup>th</sup>	NA	3 <sup>rd</sup>	2 <sup>nd</sup>
PayTv	1 <sup>st</sup>	3 <sup>rd</sup>	NA	NA	2 <sup>nd</sup>




## El Salvador

						
Mobile	1 <sup>st</sup>	3 <sup>rd</sup>	2 <sup>nd</sup>	4 <sup>th</sup>	NA	NA
BBI	2 <sup>nd</sup>	1 <sup>st</sup>	NA	NA	NA	NA
PayTv	1 <sup>st</sup>	2 <sup>nd</sup>	NA	NA	4 <sup>th</sup>	3 <sup>rd</sup>





## Colombia

							DIRECTV
Mobile	3 <sup>rd</sup>	1 <sup>st</sup>	2 <sup>nd</sup>	6 <sup>th</sup>	4 <sup>th</sup>	5 <sup>th</sup>	NA
BBI	2 <sup>nd</sup>	1 <sup>st</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	NA	NA	5 <sup>th</sup>
PayTv	2 <sup>nd</sup>	1 <sup>st</sup>	4 <sup>th</sup>	5 <sup>th</sup>	NA	NA	3 <sup>rd</sup>







## Guatemala

						
Mobile	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>			
BBI	2 <sup>nd</sup>	1 <sup>st</sup>	NA			
PayTv	1 <sup>st</sup>	2 <sup>nd</sup>	NA			

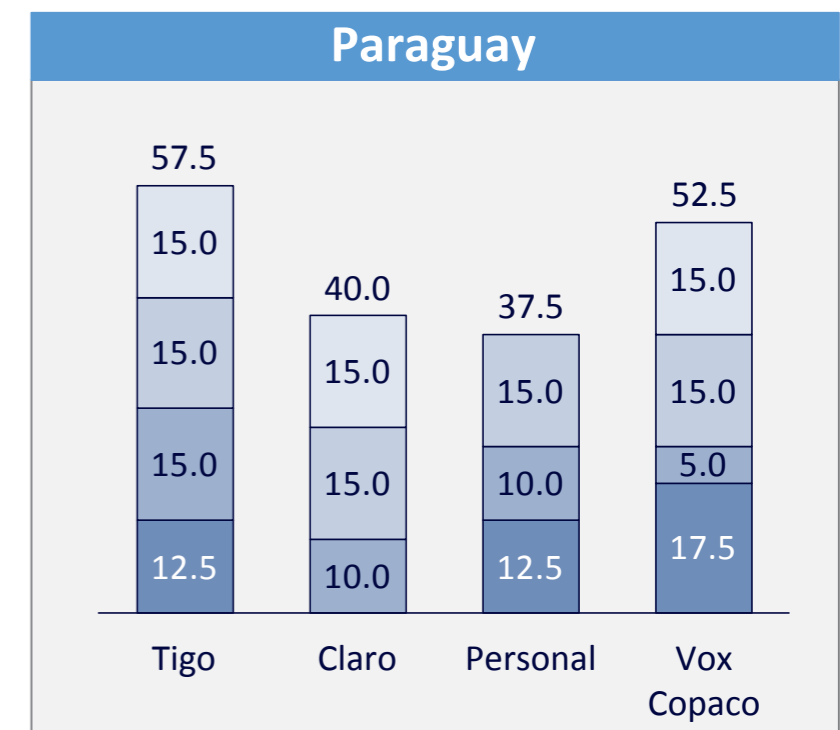
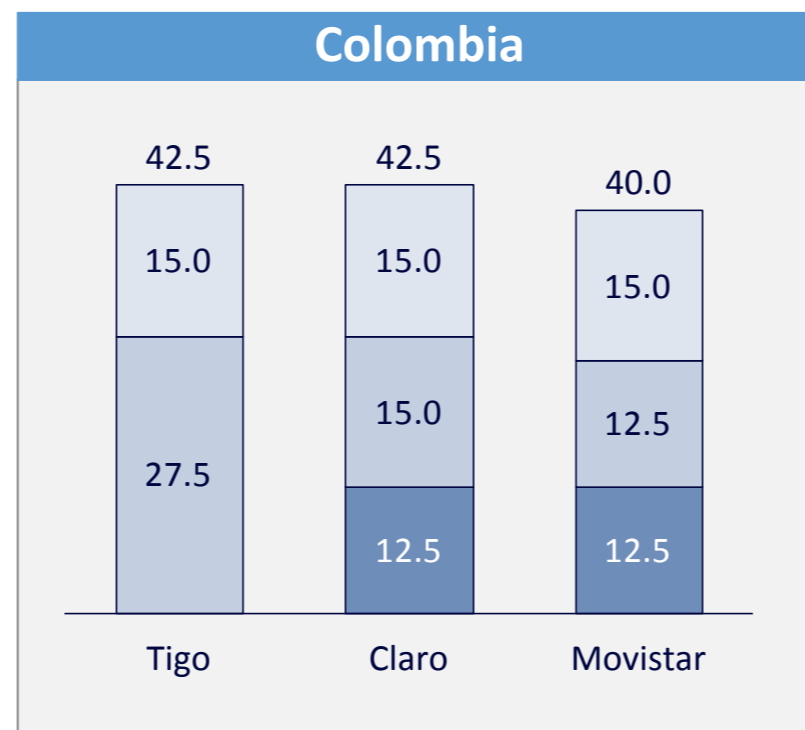
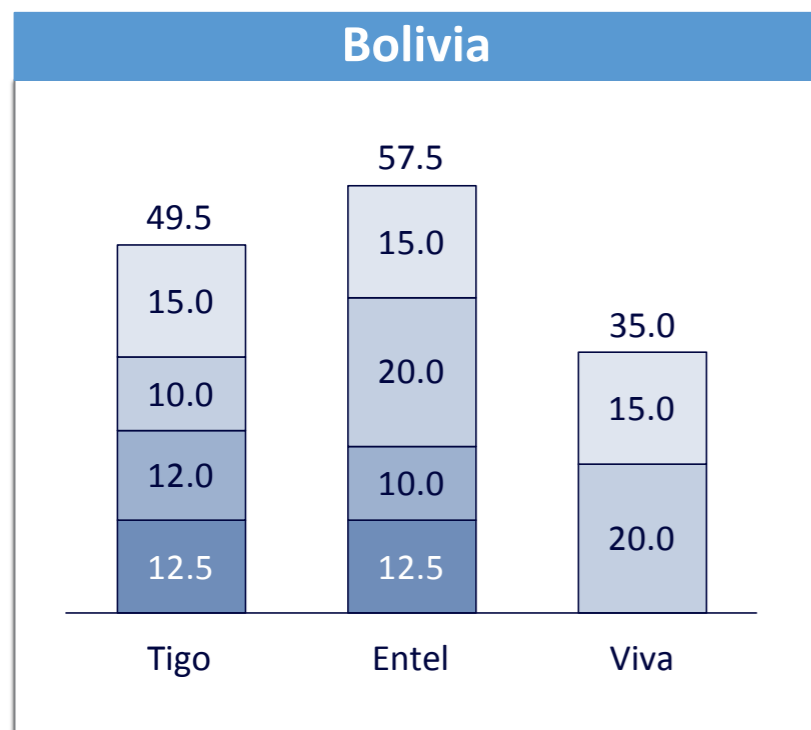
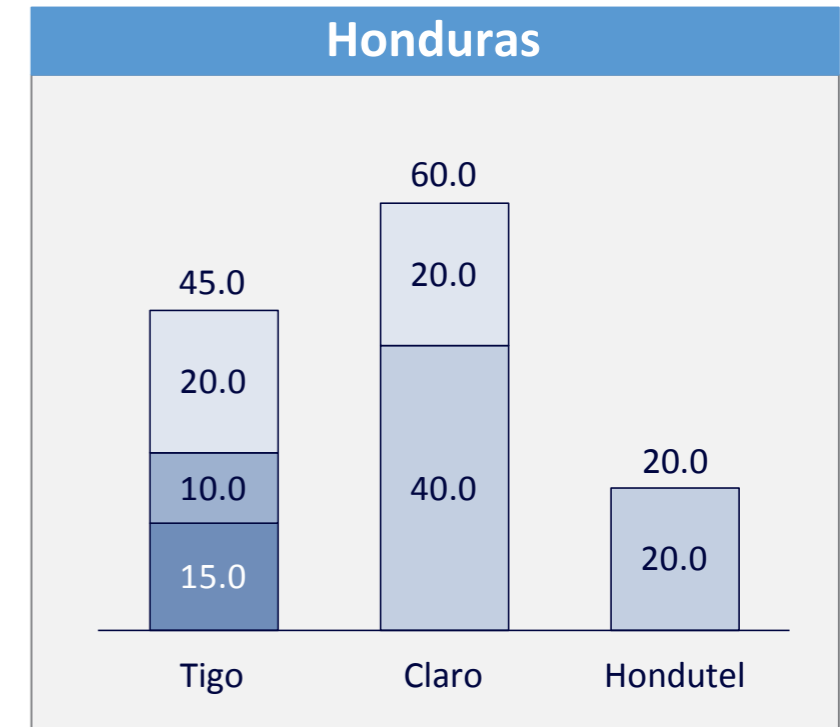
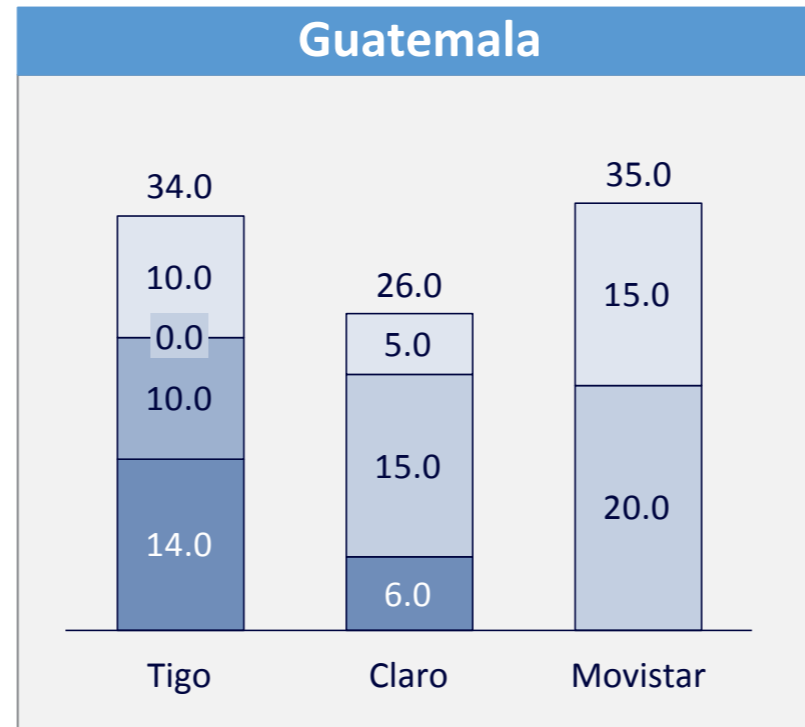
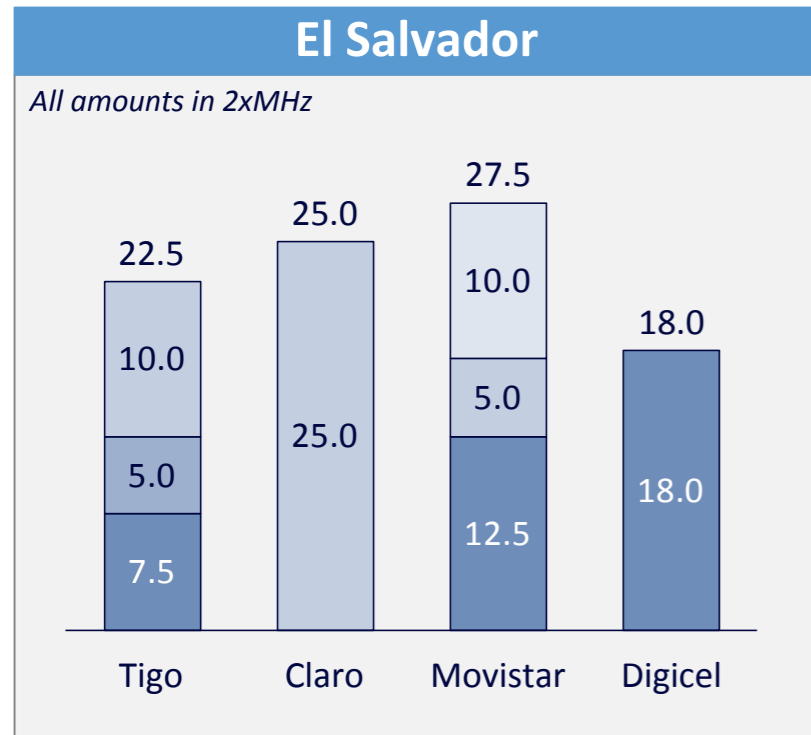
## Paraguay

				
Mobile	1 <sup>st</sup>	3 <sup>rd</sup>	2 <sup>nd</sup>	4 <sup>th</sup>
BBI	1 <sup>st</sup>	3 <sup>rd</sup>		2 <sup>nd</sup>
PayTV	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	5 <sup>th</sup>

## Honduras

						
Mobile	1 <sup>st</sup>	2 <sup>nd</sup>	NA	NA	NA	NA
BBI	1 <sup>st</sup>	3 <sup>rd</sup>	2 <sup>nd</sup>	4 <sup>th</sup>	NA	NA
Pay TV	2 <sup>nd</sup>	3 <sup>rd</sup>	1 <sup>st</sup>	4 <sup>th</sup>		

## Spectrum auctions possible in ELS, CO, HN, and GT and in next 3 years



■ Low band 2G/3G 
 ■ Low band 4G 
 ■ High band 2G/3G 
 ■ High band 4G

FY 2017		Colombia	Guatemala	Bolivia	Honduras	Paraguay	El Salvador	Costa Rica
GDP growth (2018e)*		2.8%	3.4%	4.0%	3.6%	4.0%	2.1%	3.8%
GDP per capita (2018e)*		\$ 14,990	\$ 8,440	\$ 7,870	\$ 5,730	\$ 10,230	\$ 9,260	\$ 17,930
Inflation (2018e)*		3.1%	4.0%	5.0%	4.0%	4.0%	2.0%	3.0%
Population (m)		47.2	15.2	10.9	8.9	6.8	6.2	4.9
Homes (m)		14.0	2.0	2.8	1.9	1.5	1.7	1.5
Mobile Subscribers (000)		7,851	10,169	3,303	4,625	3,167	2,796	-
Homes Connected (000)		1,633	361	231	150	368	312	247
Penetration**	Mobile	113%	108%	91%	101%	107%	156%	-
	Broadband	48%	31%	11%	11%	14%	25%	42%
	PayTv	44%	32%	20%	44%	37%	23%	61%
Market Position	Mobile	3 of 5	1 of 3	2 of 3	1 of 3	1 of 4	1 of 4	NA
	Broadband	2 of 4	2 of 3	1 of >10	1 of 3	1 of 3	2 of 3	2 of 8
	Pay TV	2 of 4	1 of 3	1 of 5	2 of 5	1 of 3	1 of 2	1 of 4

Sources:

\* IMF DataMapper – World Economic Outlook <http://www.imf.org/external/datamapper/datasets/WEO>

\*\* Datisis : Mobile penetration as % of population and Fixed Broadband penetration as % of households and JPMorgan : PayTV as % of households

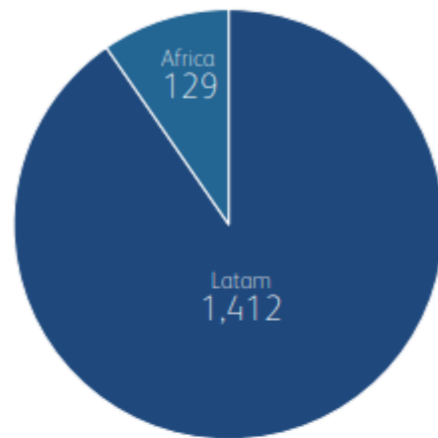
FY 2017		Colombia	Guatemala	Bolivia	Honduras	Paraguay	El Salvador	Costa Rica
Financials	Revenue	\$ 1,739m	\$ 1,328m	\$ 555m	\$ 586m	\$ 662m	\$ 422m	\$ 149m
	EBITDA	\$ 469m	\$ 665m	\$ 217m	\$ 265m	\$ 318m	\$ 155m	\$ 62m
	EBITDA%	27.0%	50.1%	39.1%	45.3%	48.0%	36.6%	41.5%
	Gross debt	\$ 1,130m	\$ 995m	\$ 352m	\$ 388m	\$ 488m	\$ 147m	\$ 76m
	Net debt	\$ 937m	\$ 686m	\$ 243m	\$ 366m	\$ 360m	\$ 116m	\$ 68m
	Leverage	2.0x	1.0x	1.1x	1.3x	1.1x	0.8x	1.2x
MIC ownership		50%	55%	100%	66.7%	100%	100%	100%

## Q2 2018 Business Update



### Group (m)

Organic growth +4.2%



Revenue

Organic growth +4.6%

551

EBITDA

Contribution to service revenue

60%



B2C Mobile

Service revenue

859m



Year on Year

+2.1%

22%



B2C Home

319m



+12.6%

17%



B2B

246m



+7.7%

	Customers	Quarterly Net Additions	Year on Year
Customers	47.2m	+0.47m	+2.0%
4G subscribers	8.3m	+0.49m	+67.1%
MFS Customers	10.0m	-0.13m	+2.9%

	RGU/Homes connected (HFC)	Quarterly Net Additions	Year on Year
RGU/Homes connected (HFC)	1.89x		
Homes connected	3.5m	+0.14m	+11.4%
Homes passed	9.6m	+0.36m	+12.1%

### Latam (m)

Organic growth +4.3%



Revenue

Organic growth +4.4%

514

EBITDA

56%



B2C Mobile

738m



+2.1%

24%



B2C Home

319m



+12.6%

18%



B2B

239m



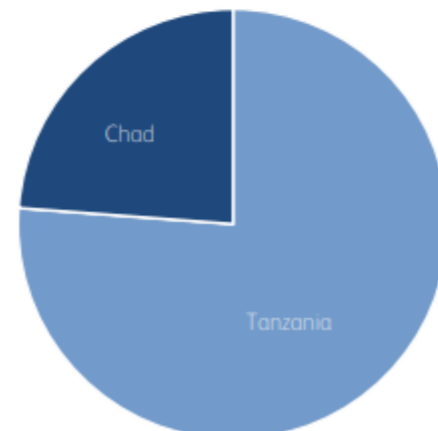
+7.1%

	Customers	Quarterly Net Additions	Year on Year
Customers	31.8m	-0.08m	+0.3%
4G subscribers	8.0m	+0.43m	+68.5%
MFS Customers	3.4m	-0.10m	-8.5%

	RGU/Homes connected (HFC)	Quarterly Net Additions	Year on Year
RGU/Homes connected (HFC)	1.89x		
Homes connected	3.5m	+0.14m	+11.4%
Homes passed	9.6m	+0.36m	+12.1%

### Africa (m)

Organic growth +2.9%



Revenue

Organic growth +5.0%

32

EBITDA

94%



B2C Mobile

121m



+2.1%

5%



B2B

7m



+31.7%

	Customers	Quarterly Net Additions	Year on Year
Customers	15.4m	+0.55m	+5.8%
4G subscribers	0.4m	+0.06m	+40.3%
MFS Customers	6.6m	-0.02m	+9.8%

#TheDigitalLifestyle  
www.millicom.com

Revenue and EBITDA organic growth represents year-on-year growth in local currency at constant perimeter. Figures in USD.



# 2018 Q2 results

Growth continues to accelerate

Mauricio Ramos, CEO

Tim Pennington, CFO

July 20<sup>th</sup>, 2018

Millicom International Cellular S.A.



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*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 July 19<sup>th</sup> 2018*



## 1. CEO review

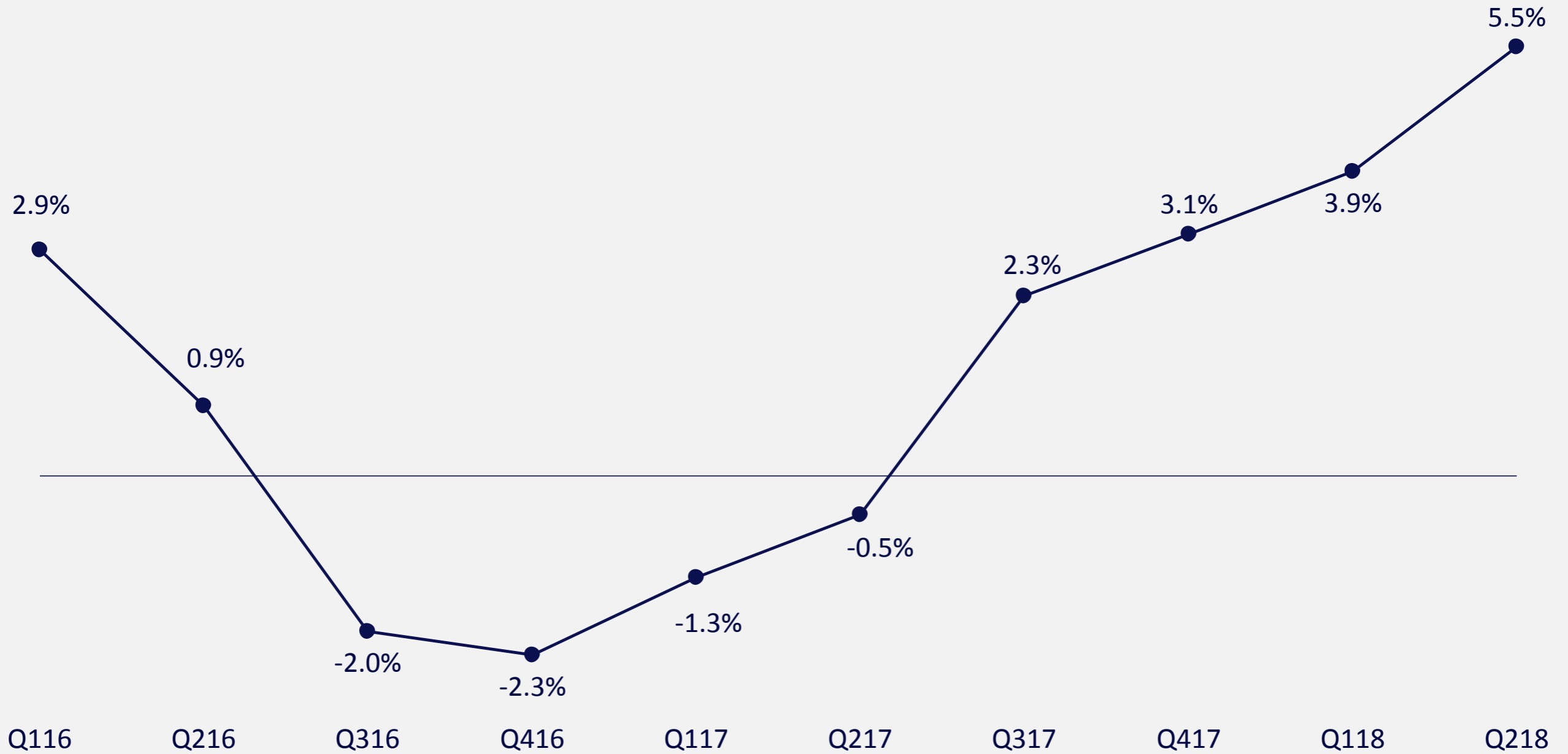
Mauricio Ramos

## Growth continues to accelerate

- 1** Latam service revenue growth accelerated to 5.5% on continued strong net adds
- 2** All revenue lines contributing to growth - Mobile back above 2%
- 3** Home growth accelerated to almost 13% with 140k new HFC homes
- 4** Continued margin expansion and double-digit FCF growth
- 5** Additional listing on U.S. Stock Exchange next year

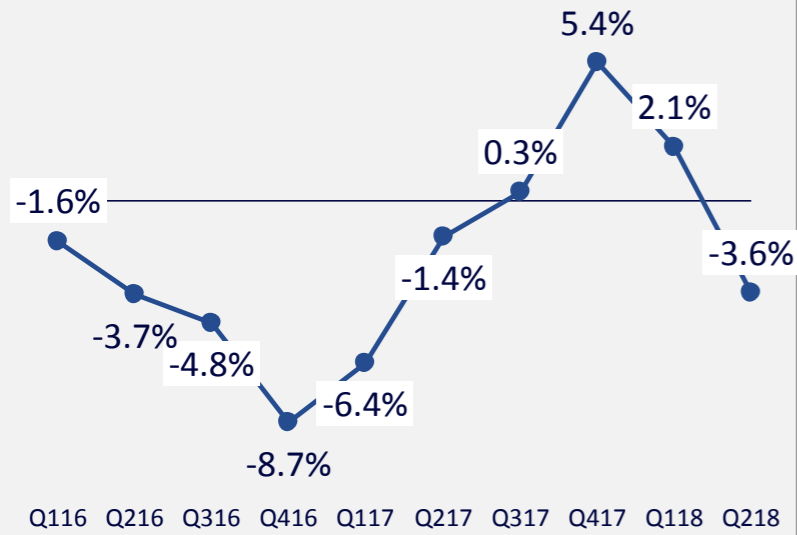
# 1 Revenue growth accelerated to 5.5% in Q2

Latam %YoY growth, Q1 16 – Q2 18

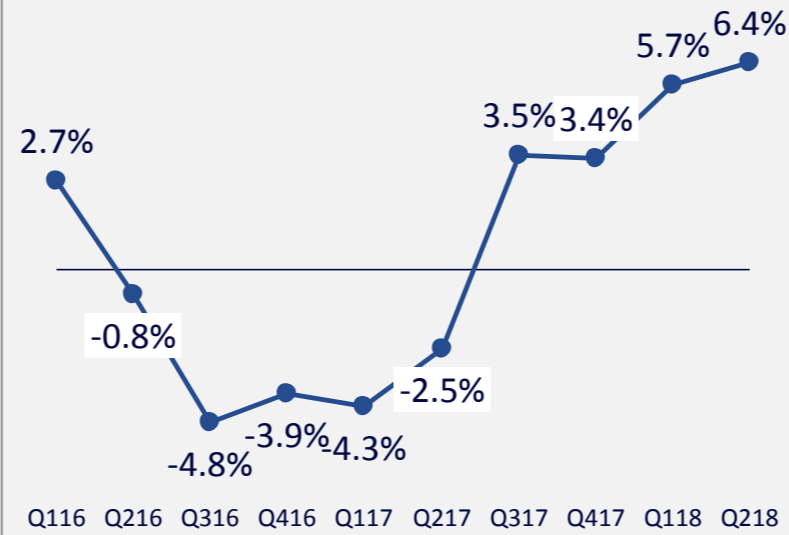


### El Salvador

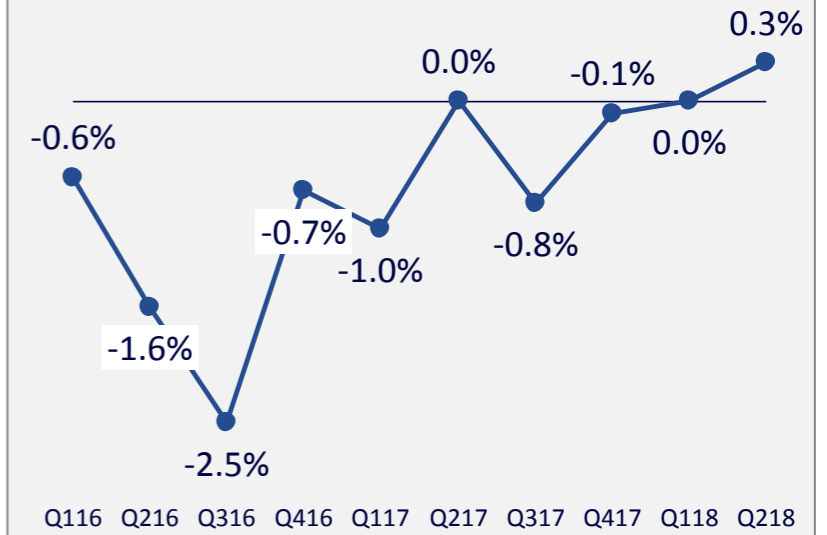
Service revenue, year-on-year (%), Q1 16 – Q2 18



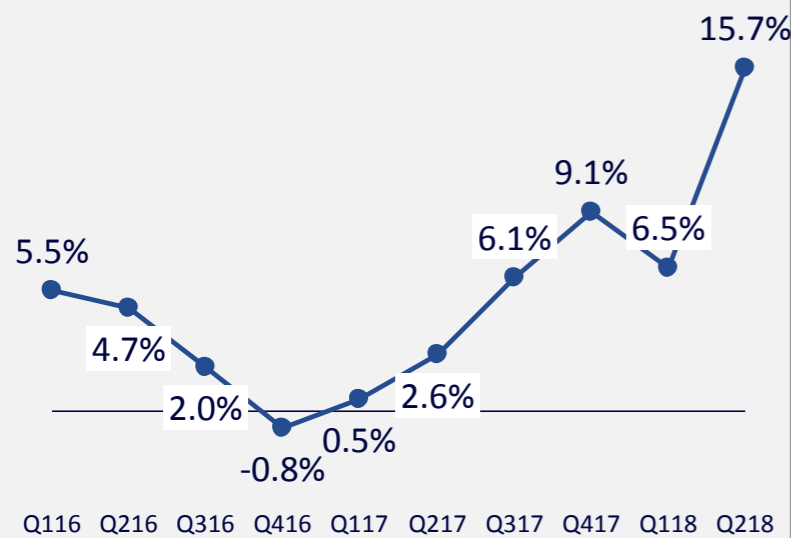
### Guatemala



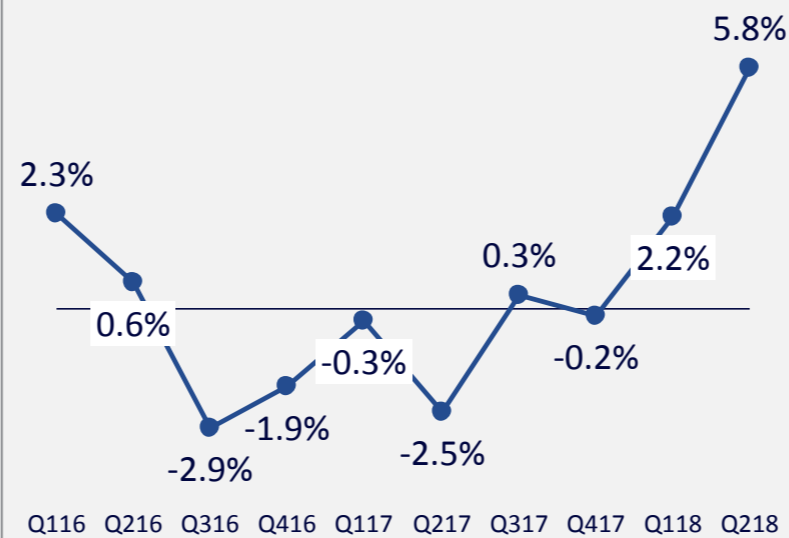
### Honduras



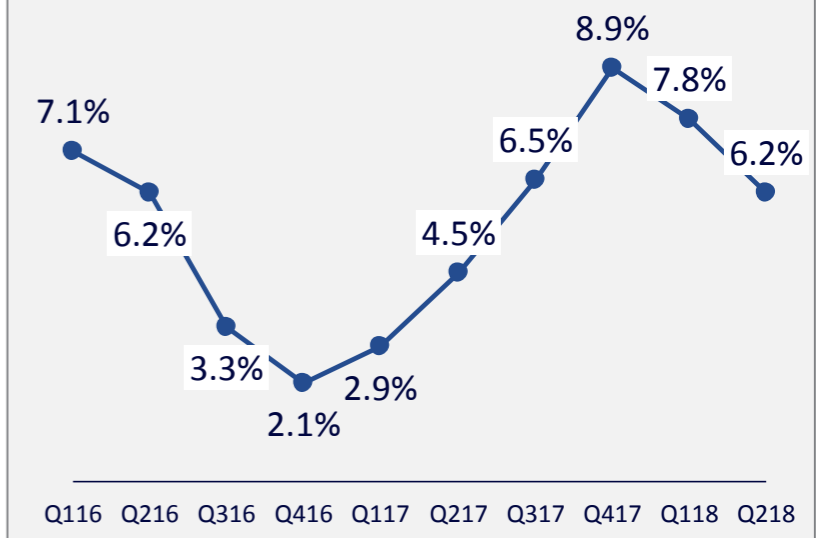
### Bolivia



### Colombia



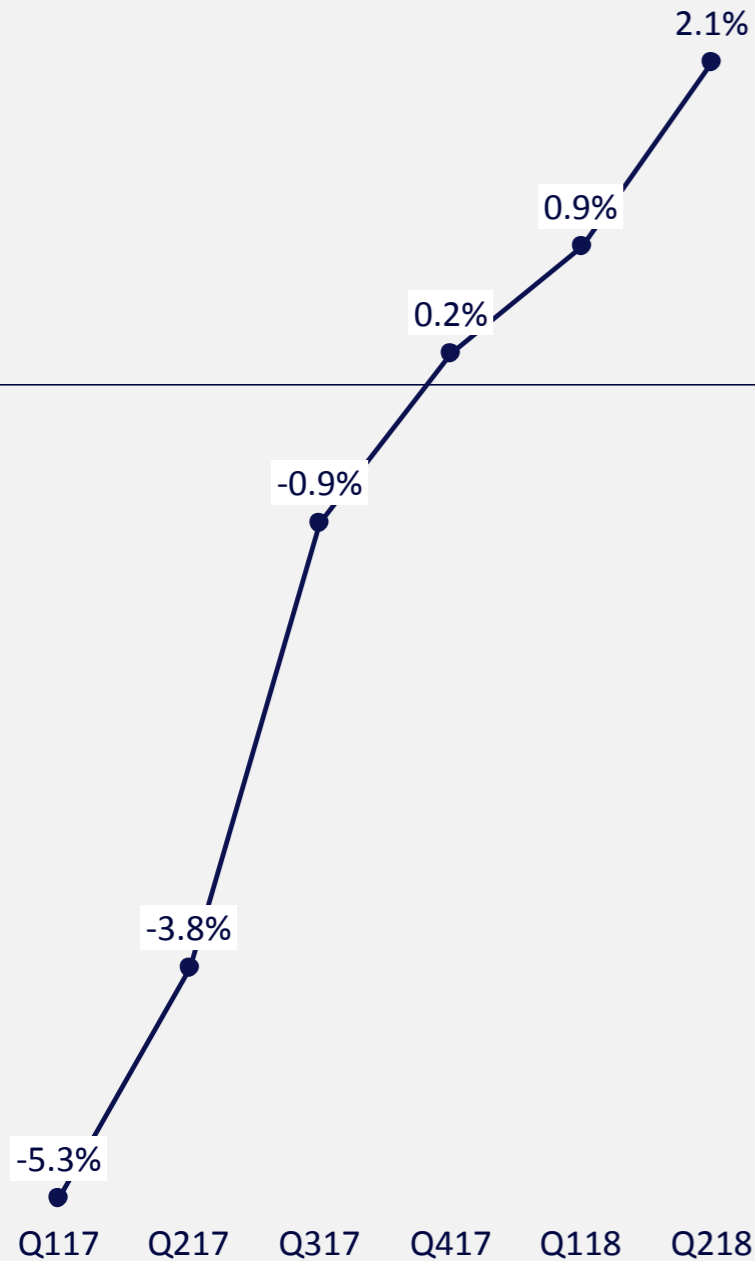
### Paraguay



## 2 All three business units growing...

### Mobile B2C (56% of service rev)

Mobile B2C service revenue LC %YoY, Q1 17 – Q2 18



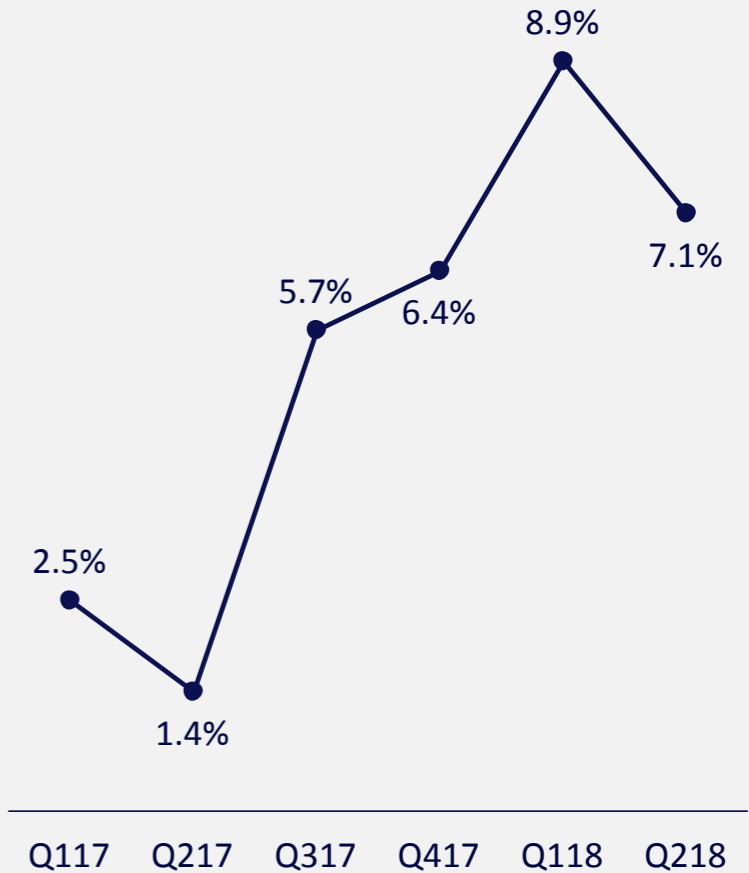
### Home (24% of service revenue)

Home service revenue LC %YoY, Q1 17 – Q2 18



### B2B (18% of service revenue)

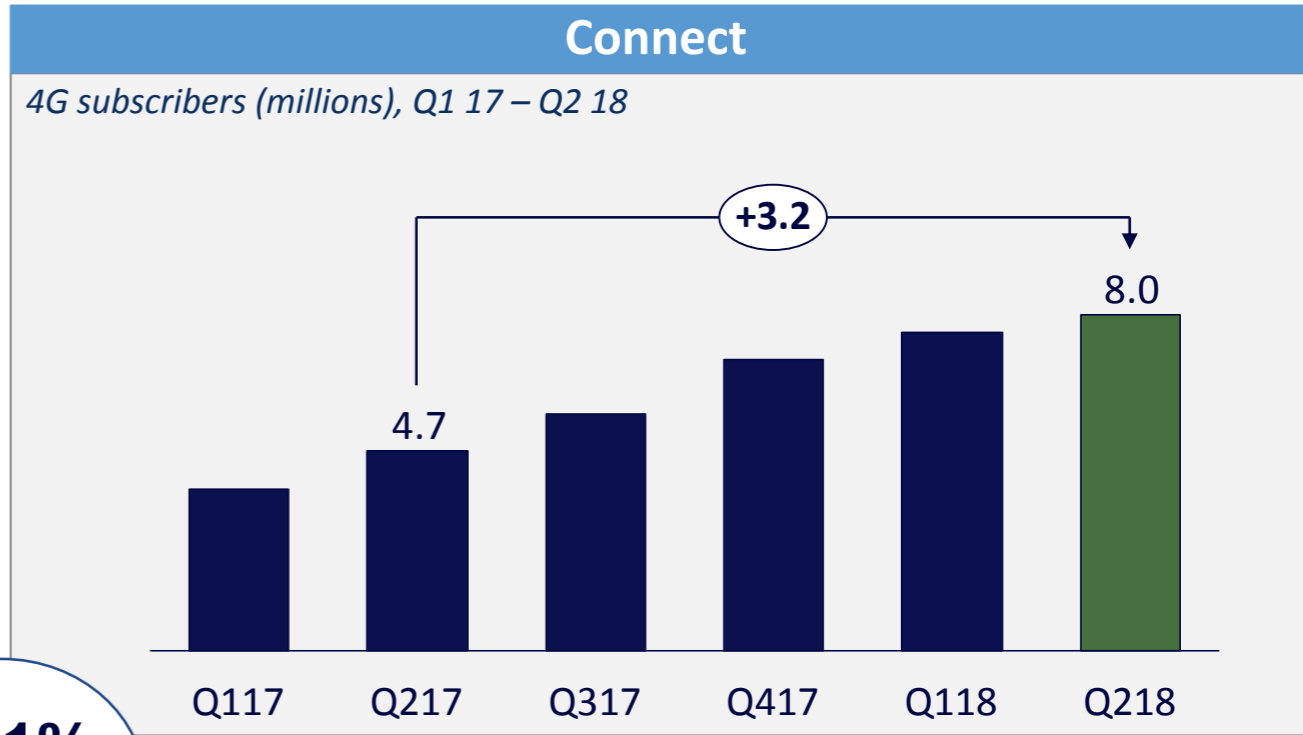
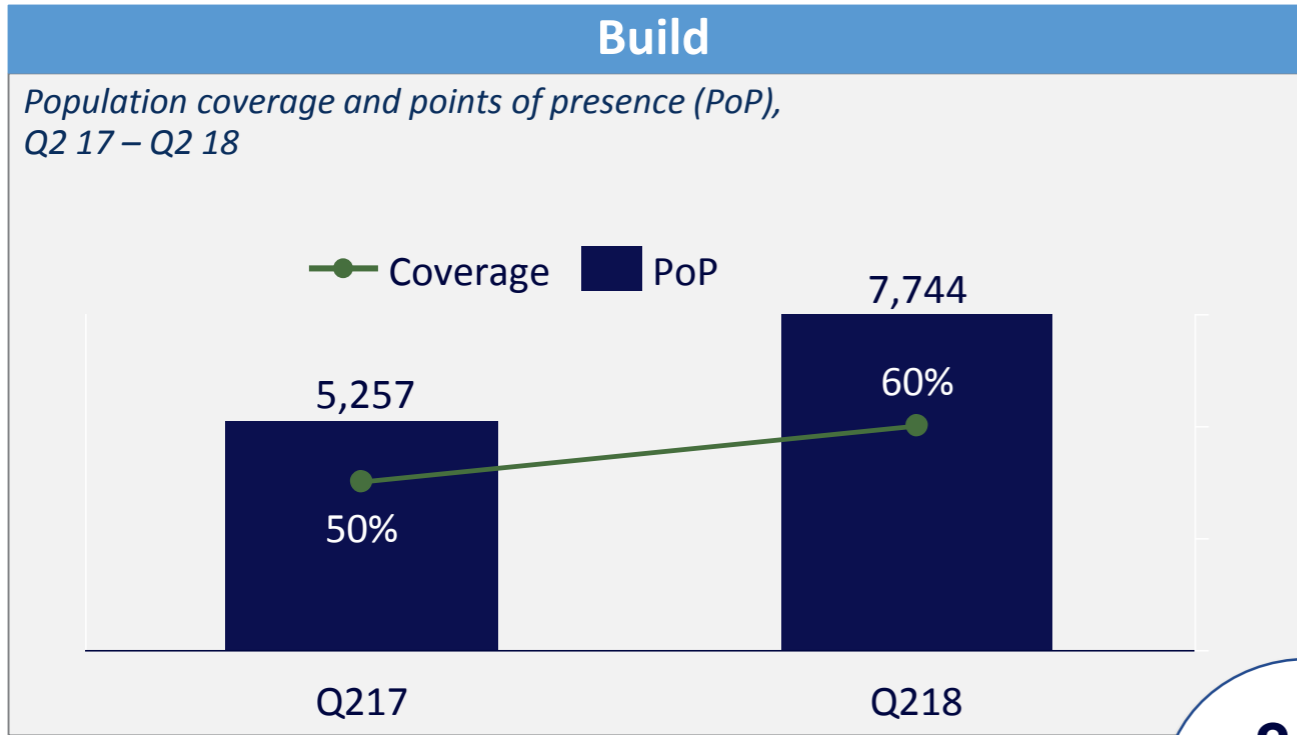
B2B service revenue LC %YoY, Q1 17 – Q2 18



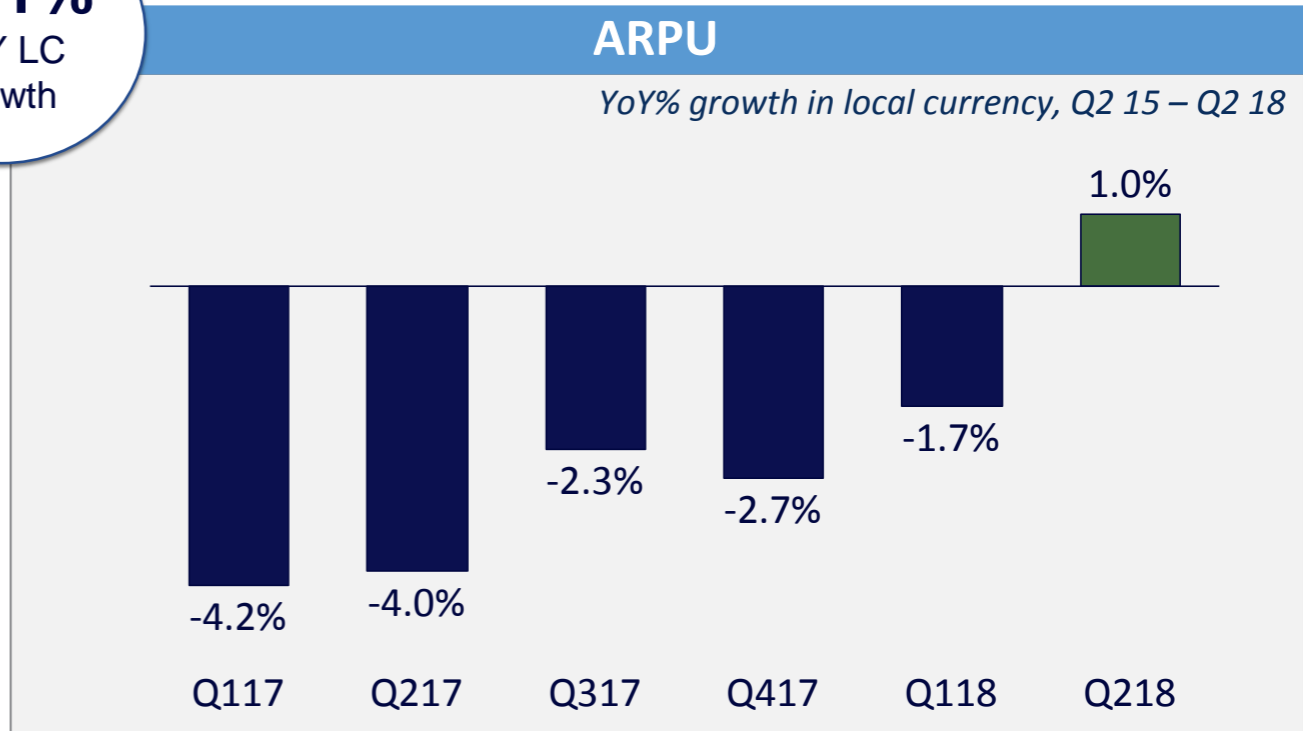
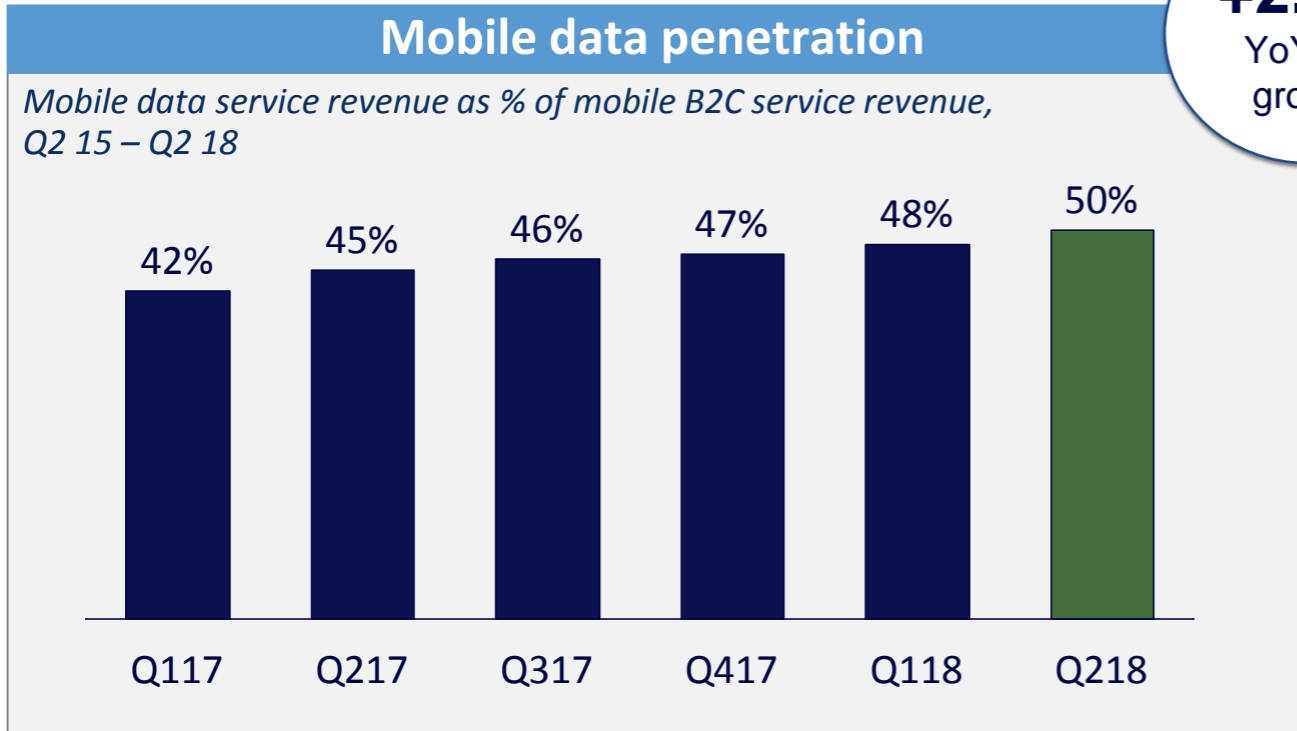


# 2 Mobile growth back above 2%

Mobile data now generating 50% of mobile service revenue and driving better ARPU



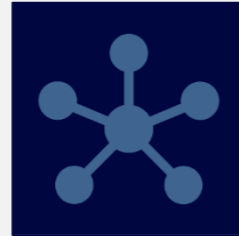
**+2.1%**  
YoY LC  
growth



## 2 B2B continues to perform well

### Expanding fibre

110,000  
kilometers of  
fibre in Latin  
America



### Building datacenters

Tier III data centers  
launched in Colombia,  
Paraguay and Bolivia

Solutions revenue grows  
Aprox. 25% YoY



**+7.1%**  
YoY LC  
growth

### Small and medium business

SMBs remain a key source for  
growth as we continue to develop  
B2B solutions and expand our  
coverage in our markets.

~250,000 SMBs customers  
~40% of B2B revenue

### Colombia contributes over 50%

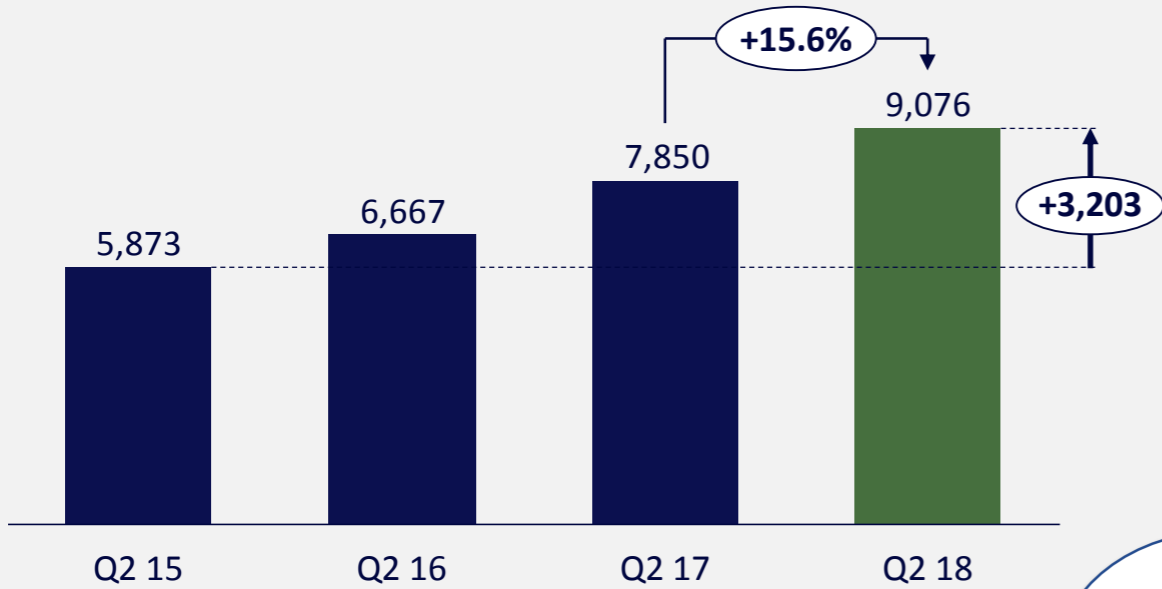
The first half of 2018 has seen in  
Colombia an accelerated revenue  
thanks to the contract to provide  
communications for the elections

# 2 Home net adds accelerating with ARPU growth

Raising our 2018 target to 400k homes connected net additions

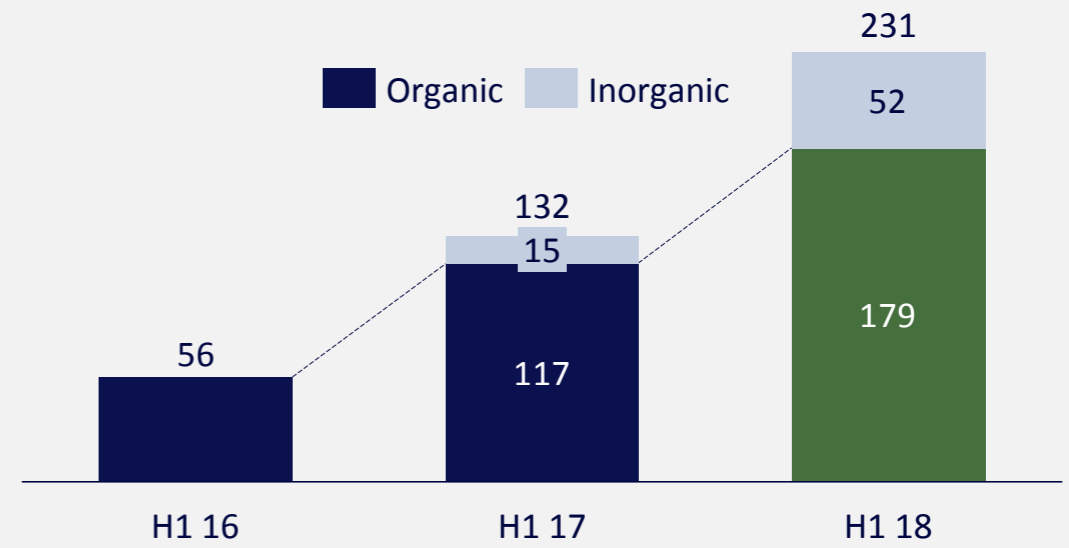
## Build

HFC homes passed (000), Q2 15 – Q2 18



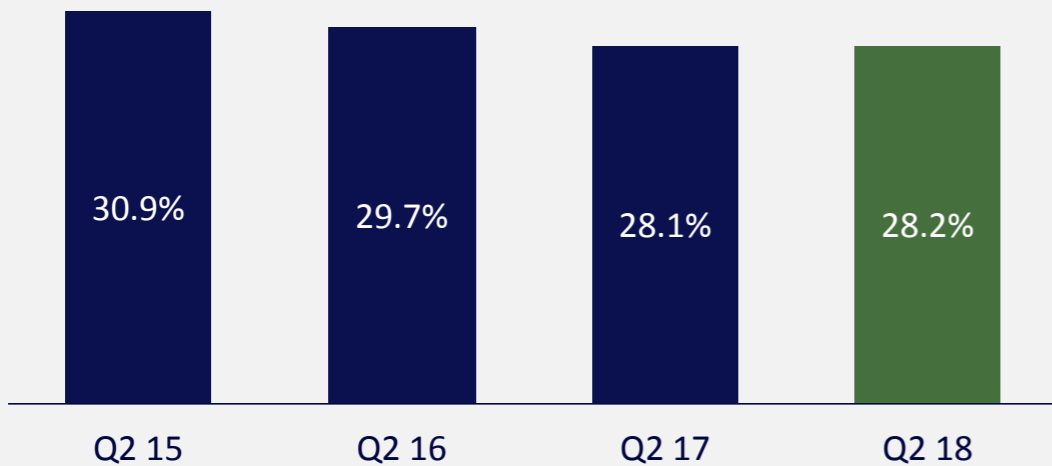
## Connect

HFC homes connected net additions (000), H1 16 – H1 18



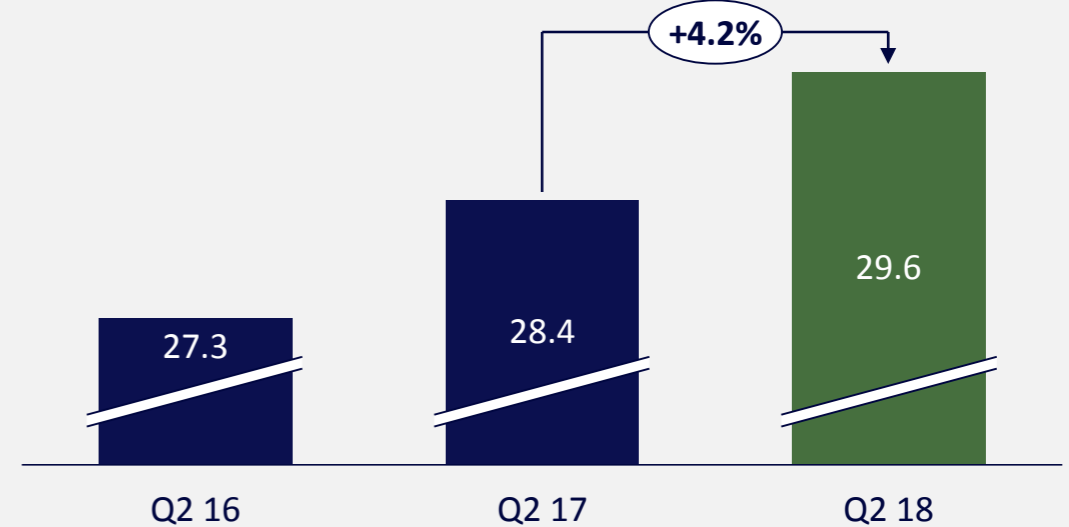
## Penetration

HFC homes connected/HFC homes passed, Q2 15 – Q2 18



## ARPU

\$ per month, Q2 15 – Q2 18



**+12.6%**  
YoY LC growth

# 3 Home contributed half of the growth in Q2

Home is 24% of revenue but 50% of growth

## Contribution to growth by business unit

Contribution to Latam service revenue growth year-on-year, Q2 2018



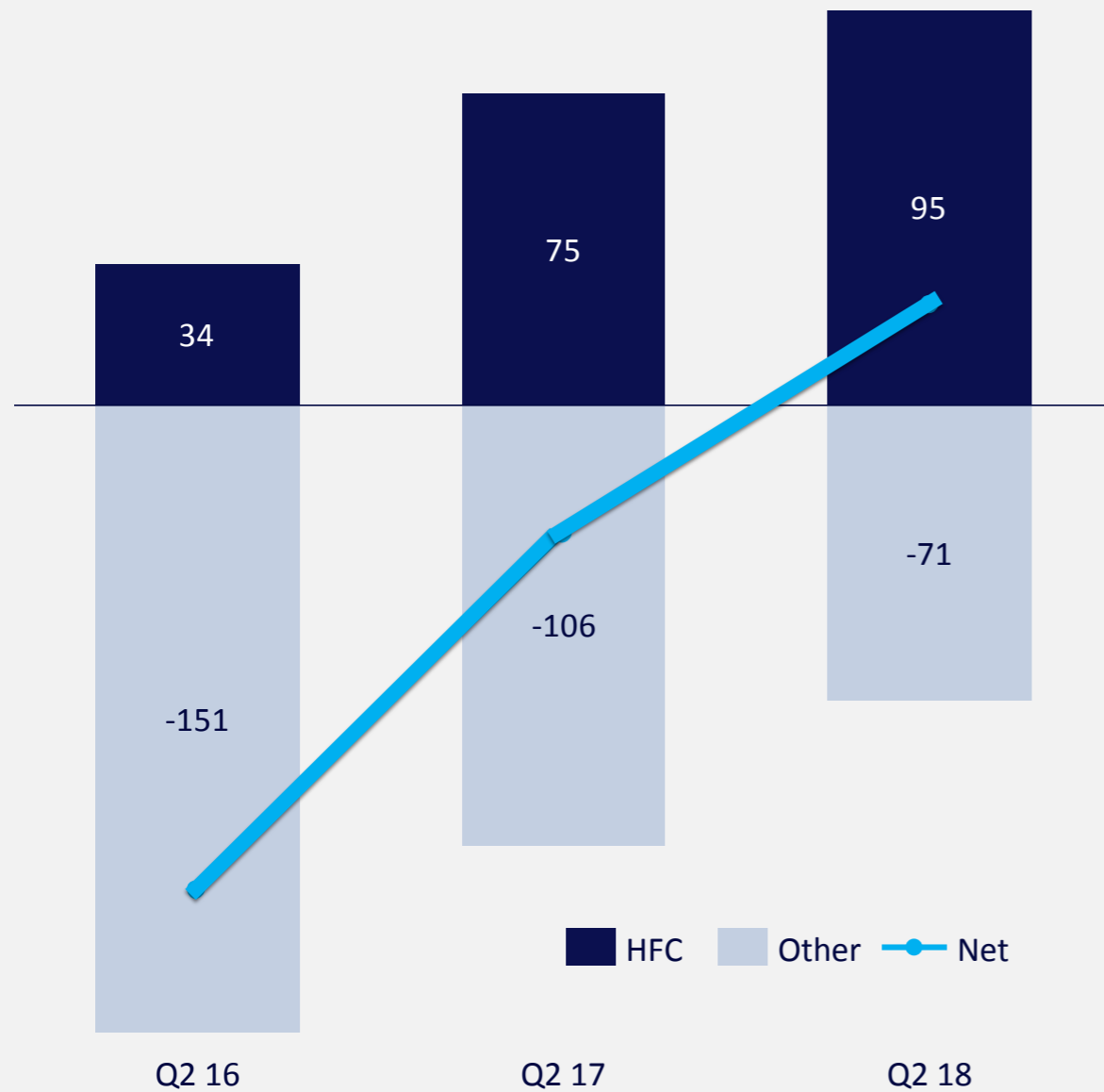
\* Does not tie to 100% as revenue categories exclude Other, equal to 1% of total

# 3 Colombia key to Latam Home acceleration in Q2

Planting the seeds for sustainable and profitable long term growth

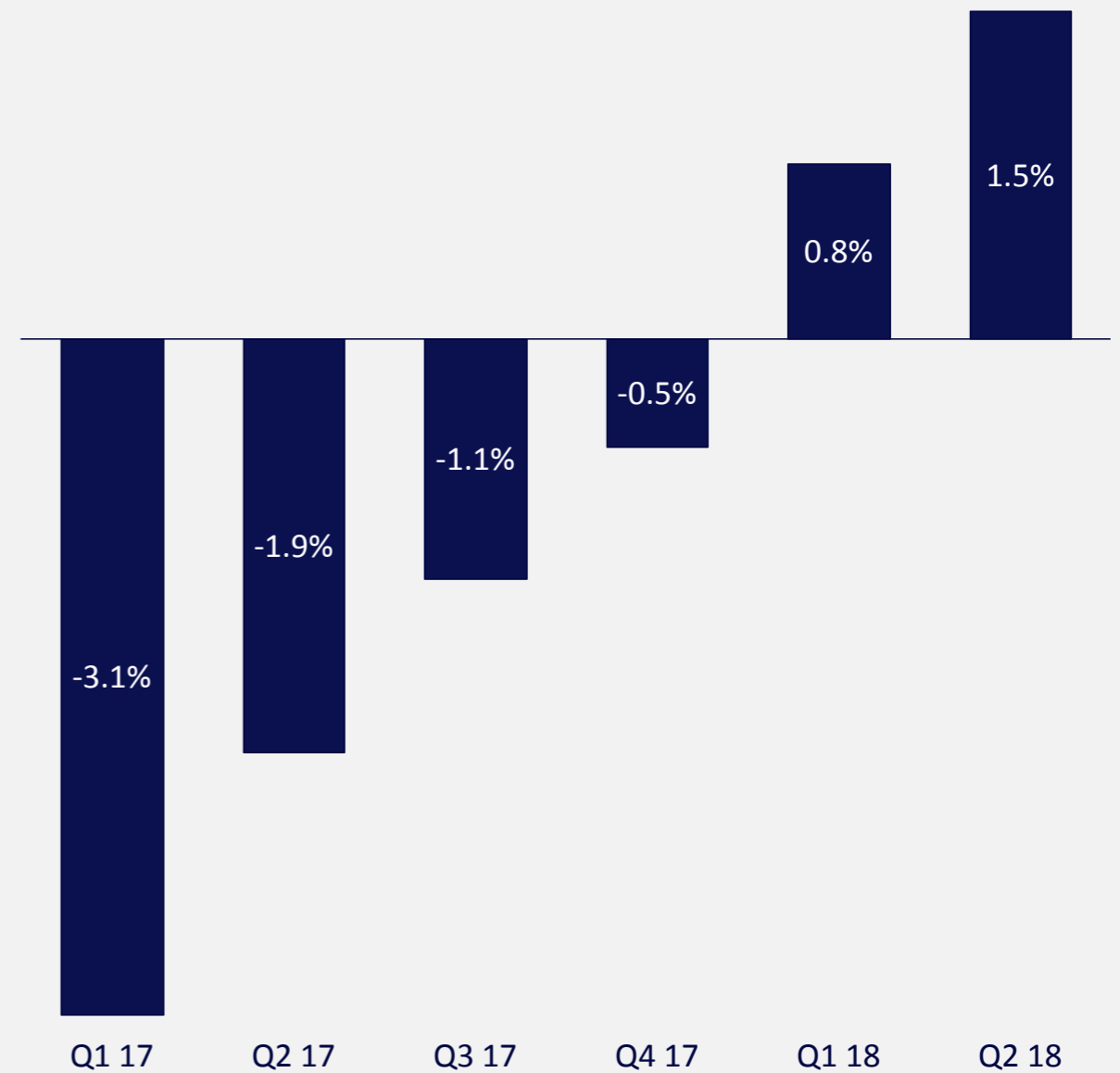
## HFC homes connected growth accelerating

Colombia - LTM homes connected net additions, HFC and Other, Q216 – Q218



## Passed the inflection point

Colombia - Growth YoY in homes connected, Q1 17 – Q2 18

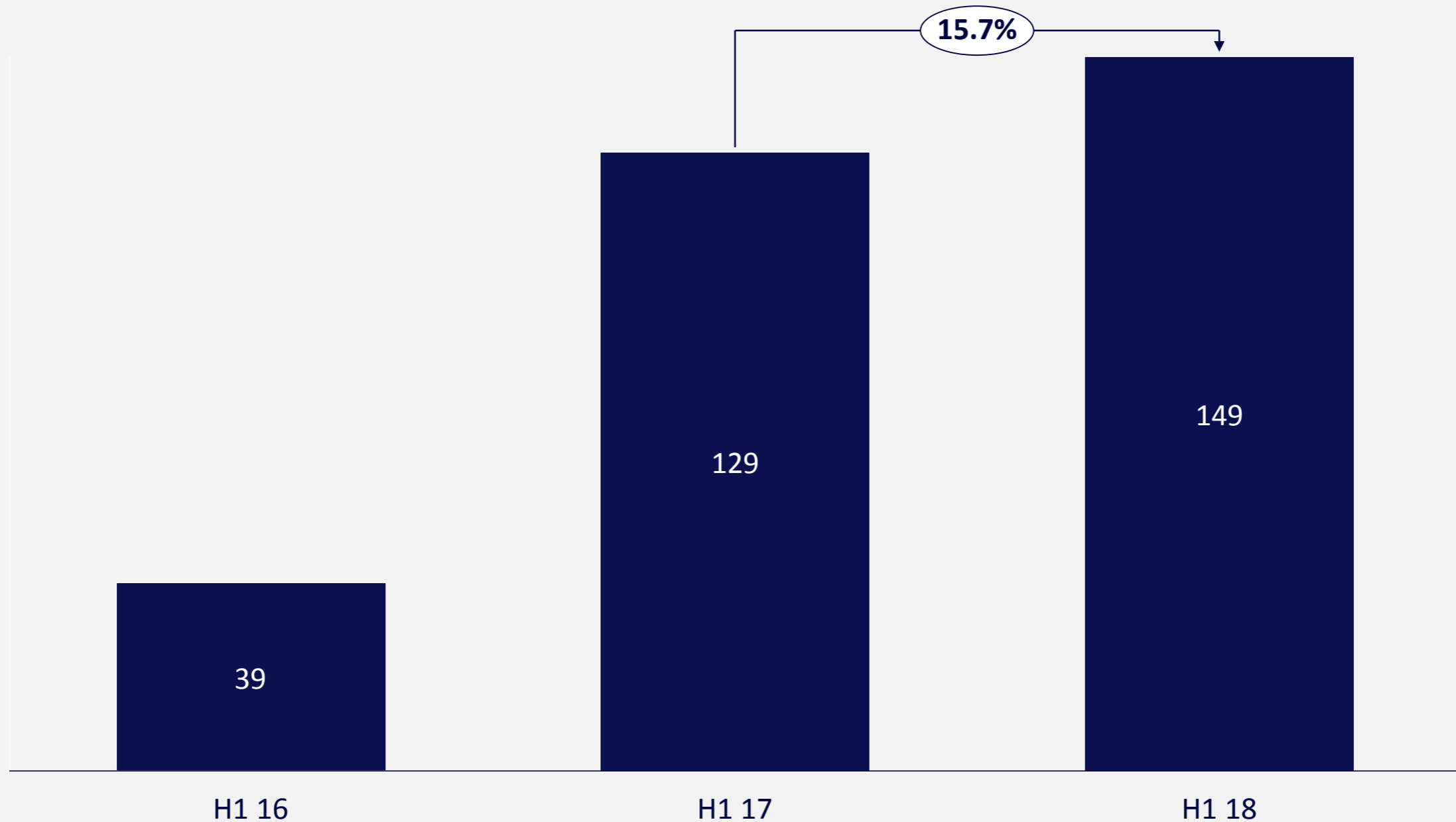


# 4 FCF growth continues

Solid FCF generation while we invest to drive faster growth

EFCF up 16% YTD

\$m, H1 16 – H2 18







MILLICOM  
THE DIGITAL LIFESTYLE

## 2. CFO review

Tim Pennington

## Well positioned to face the future

**1**

**Strong KPI's driving through to key financial metrics**

**2**

**EBITDA growth driven by core Latam businesses...and cost control**

**3**

**All P&L profit metrics improving...**

**4**

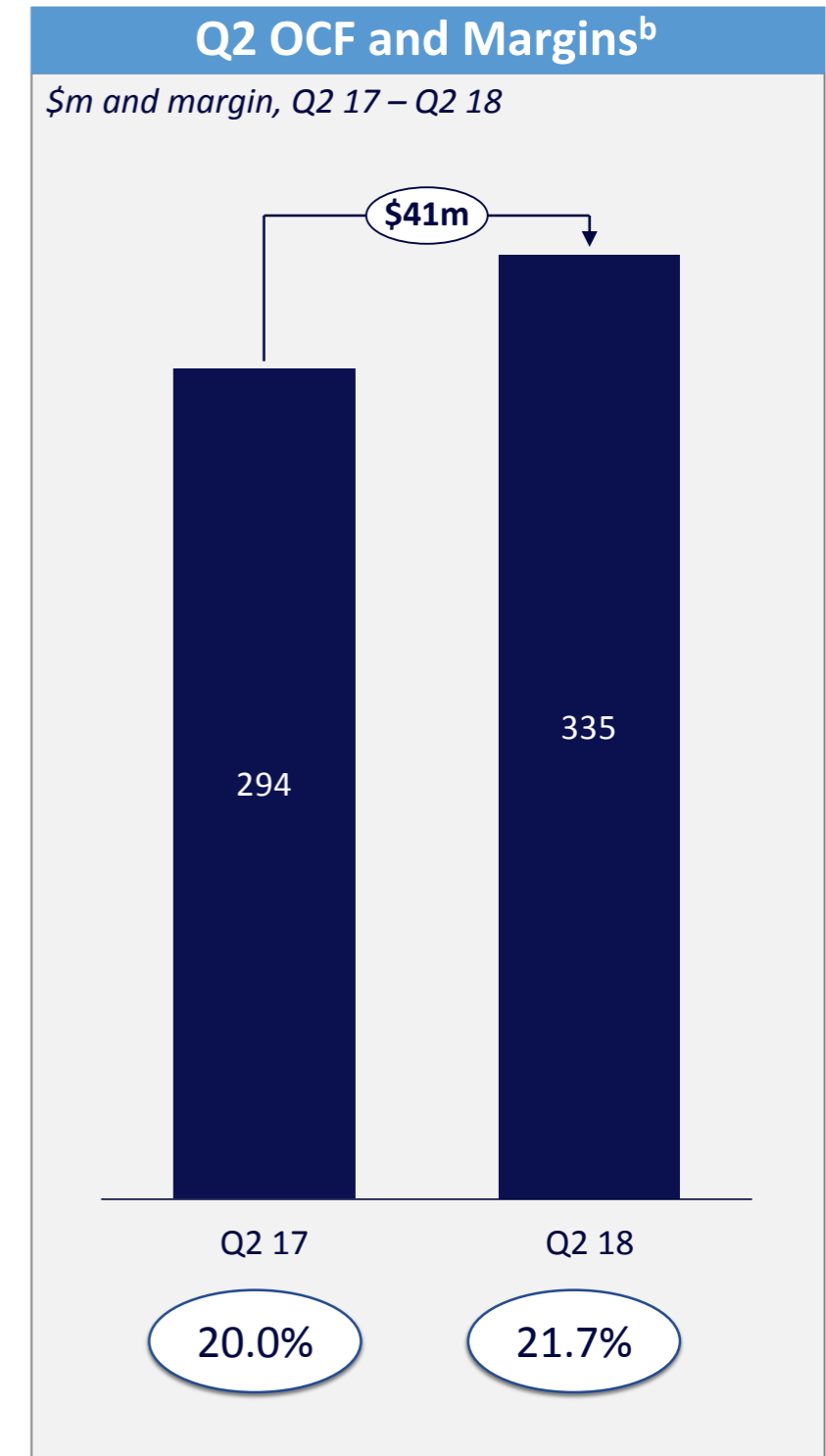
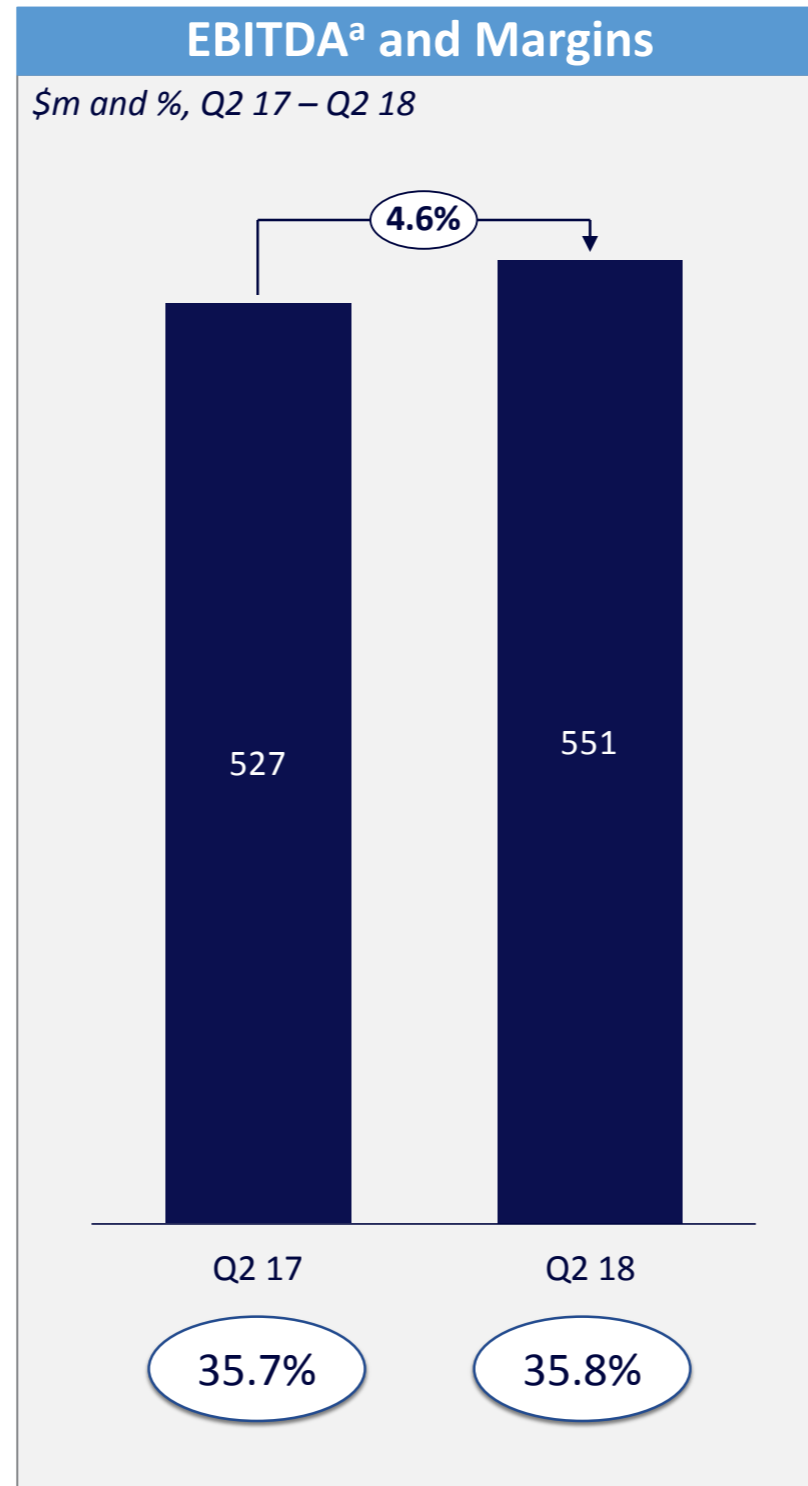
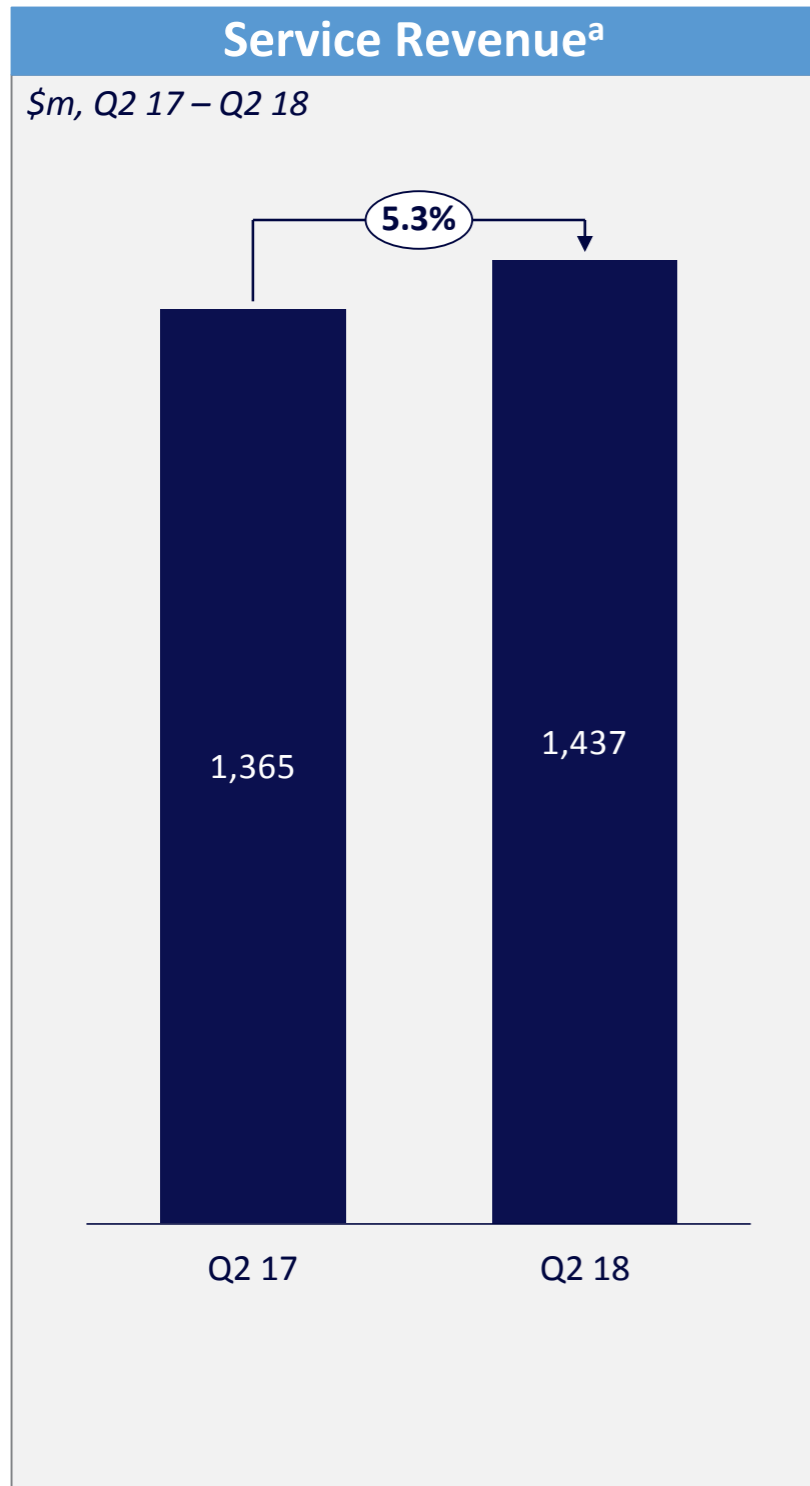
**...and cashflow continues to strengthen**

**5**

**Balance sheet in good shape**

# 1 Key financial metrics – Q2 2018

Group service revenue up 5.3%

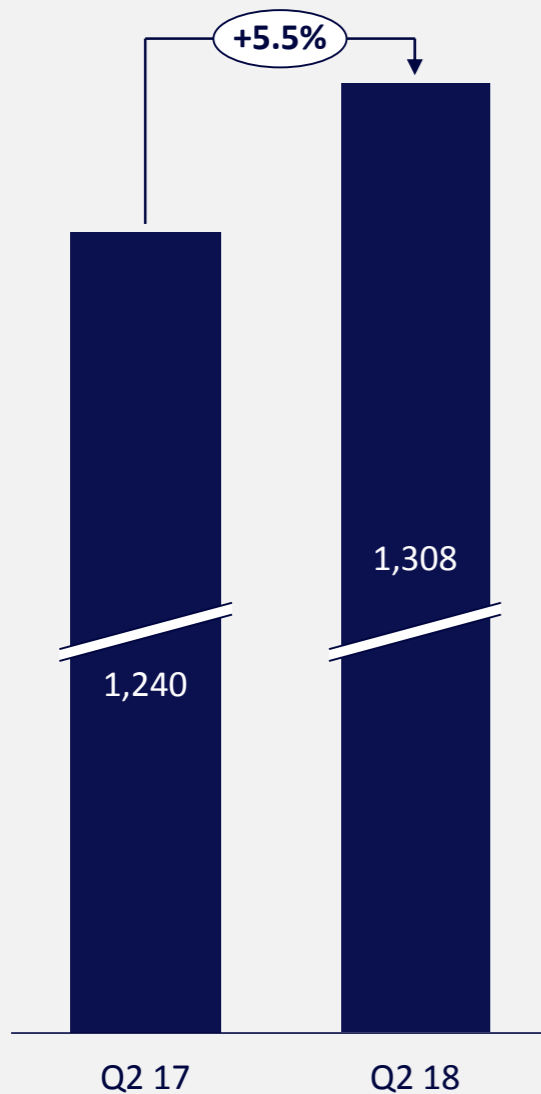


a) Q2 17 numbers are adjusted to Q2 18 FX rates and exclude Senegal, Rwanda and Ghana  
 b) Excluding Senegal, Rwanda and Ghana, spectrum & license costs

## Solid growth returning to Latam

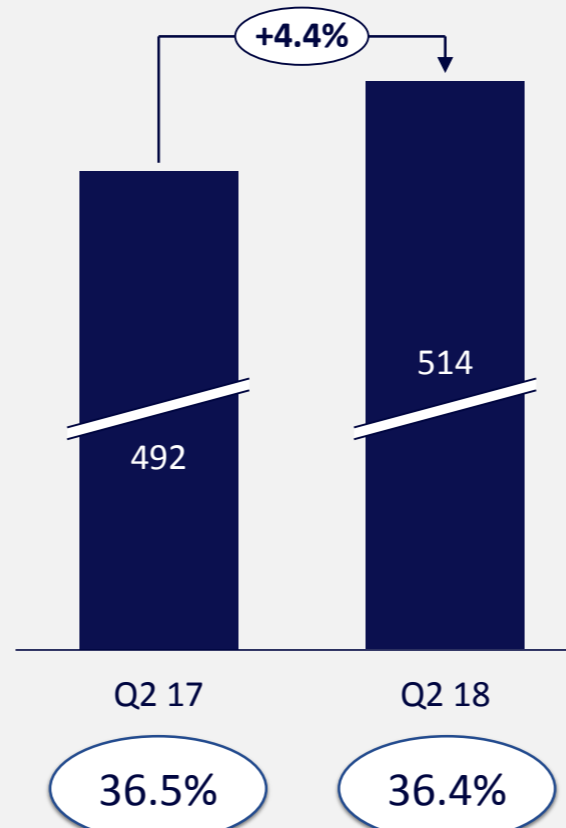
### Latam service revenue

\$m, Q2 17 – Q2 18



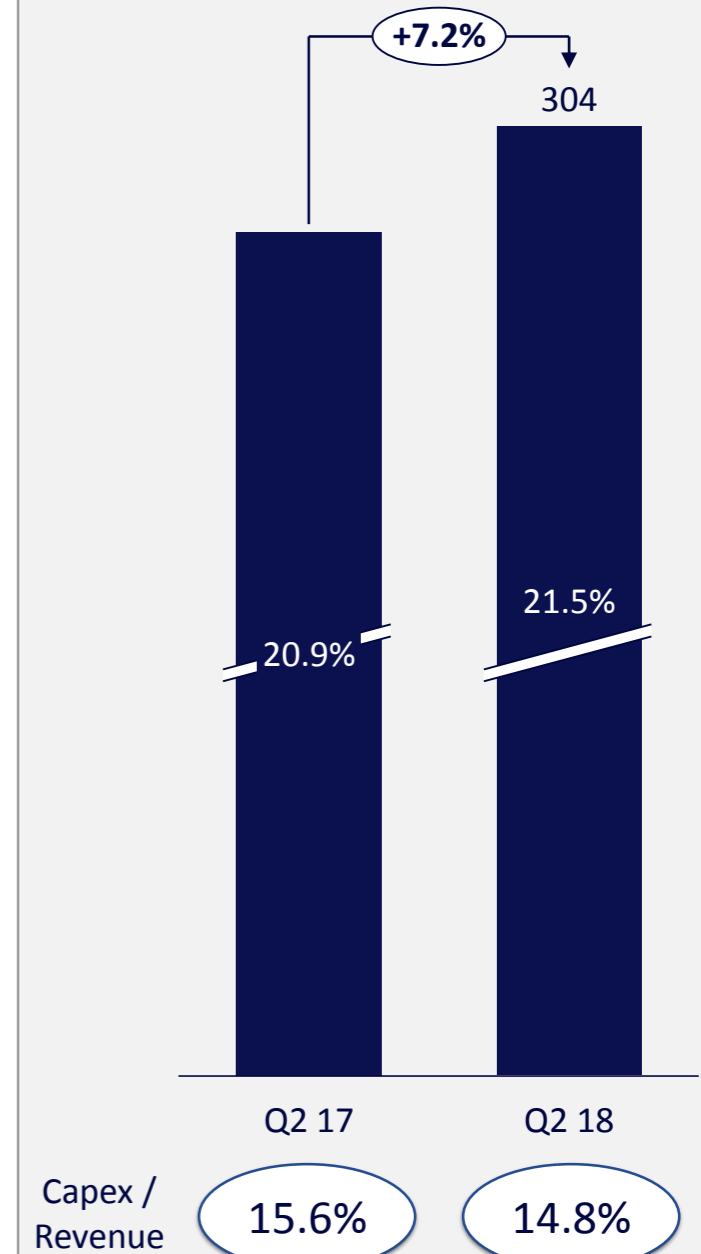
### Latam EBITDA

\$m and margin, Q2 17 – Q2 18



### Latam OCF

\$m and margin, Q2 17 – Q2 18



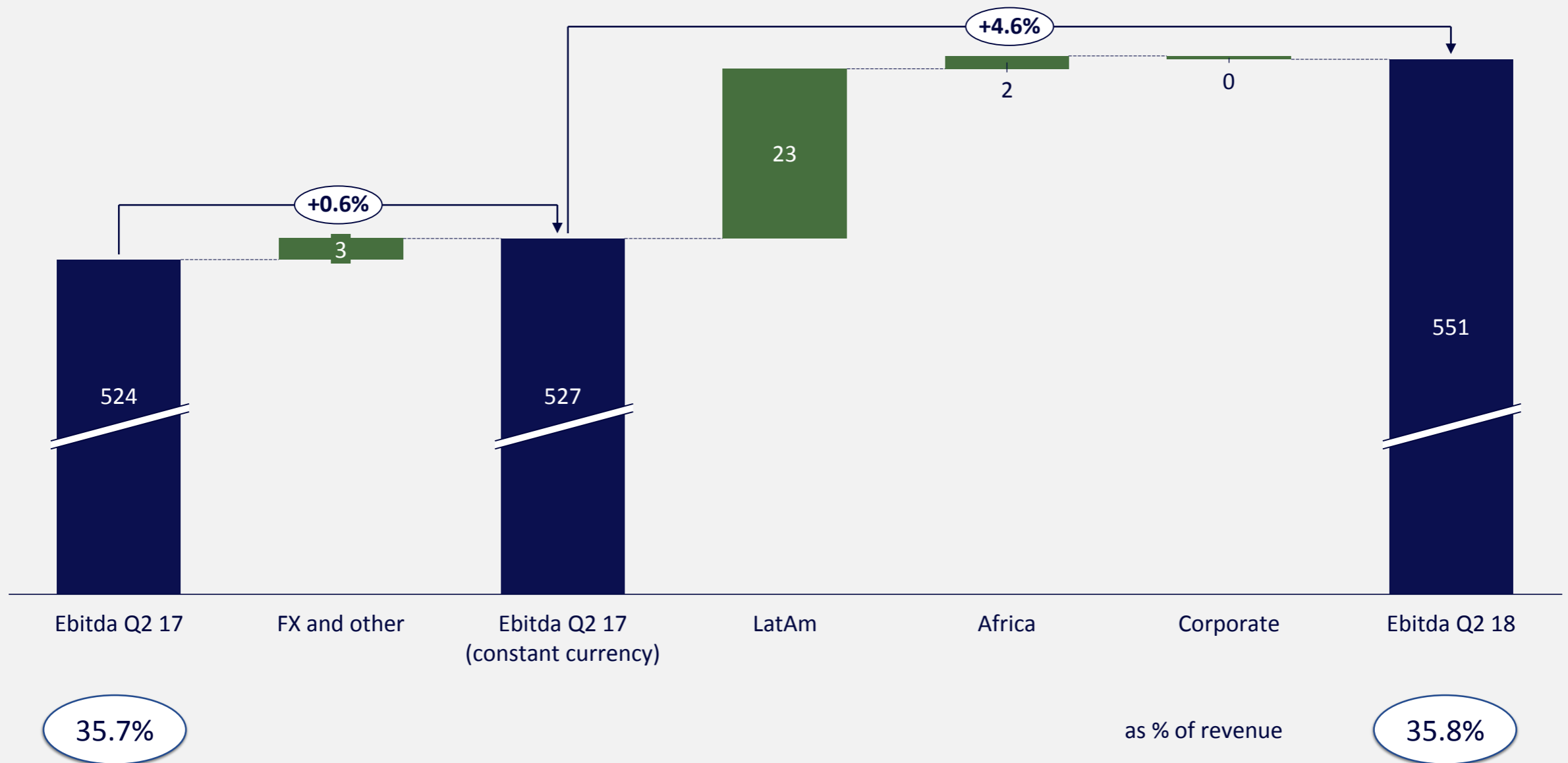
Notes: Growth rates are organic and exclude the impact of changes in FX rates, accounting, and new segmental presentation. Q2 2017 figures have been adjusted to reflect these organic growth rates. Capex/revenue excludes spectrum & license costs

# 2 EBITDA – Q2 2018

## Latam biggest contributor to EBITDA growth

### EBITDA evolution by region

\$ million, Q2 17 – Q2 18



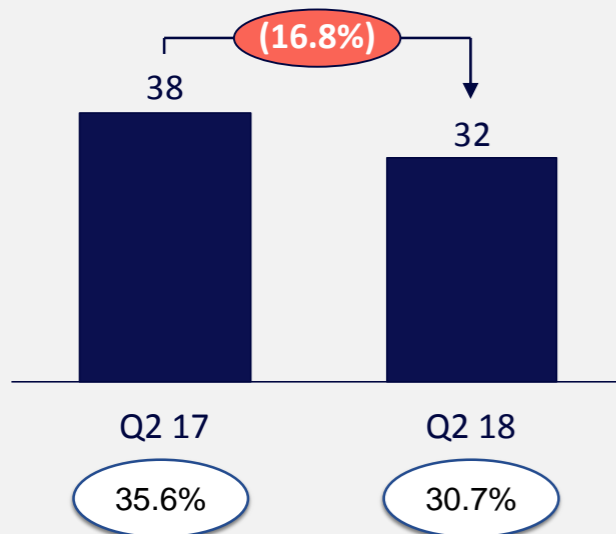
Q2 17 numbers are adjusted to Q2 18 FX rates and exclude Senegal, Rwanda and Ghana

## 2 EBITDA progression by country

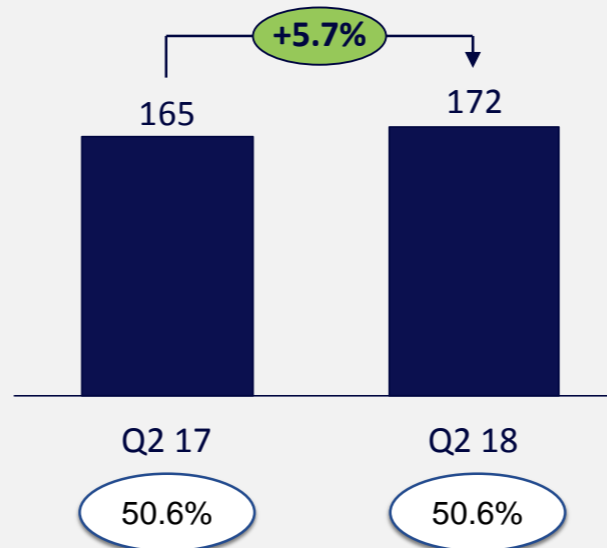
Strong performance in Bolivia and a return to EBITDA growth in Colombia

### El Salvador

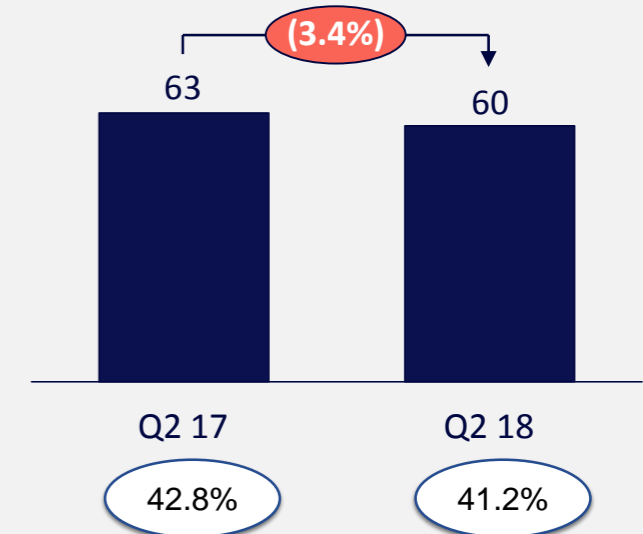
EBITDA (\$m), margin and year-on-year growth, Q2 17 – Q2 18



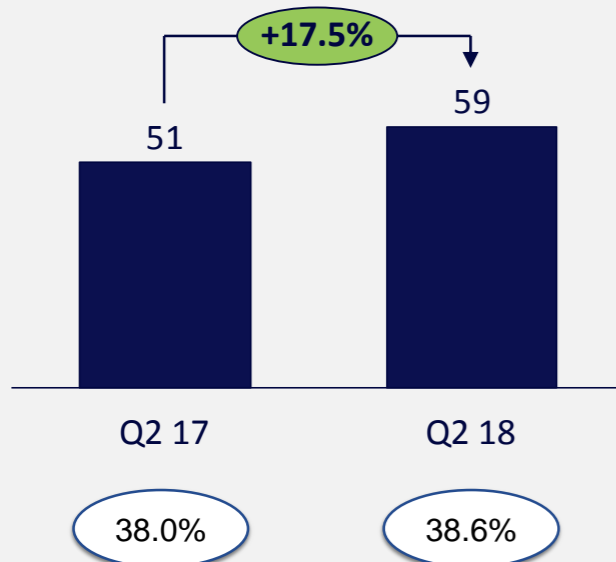
### Guatemala



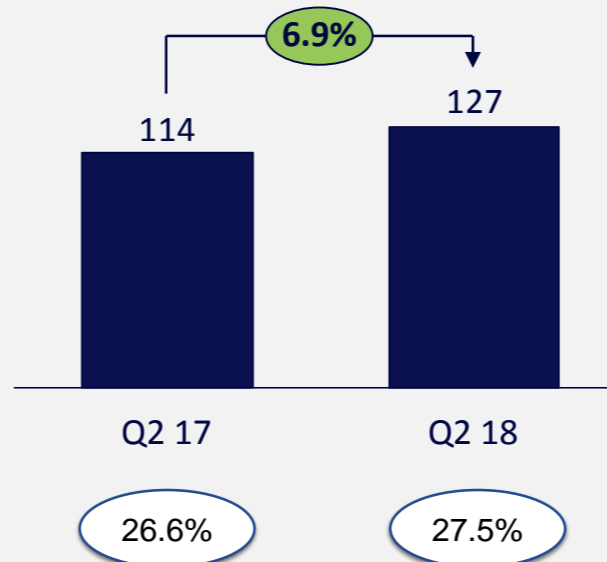
### Honduras



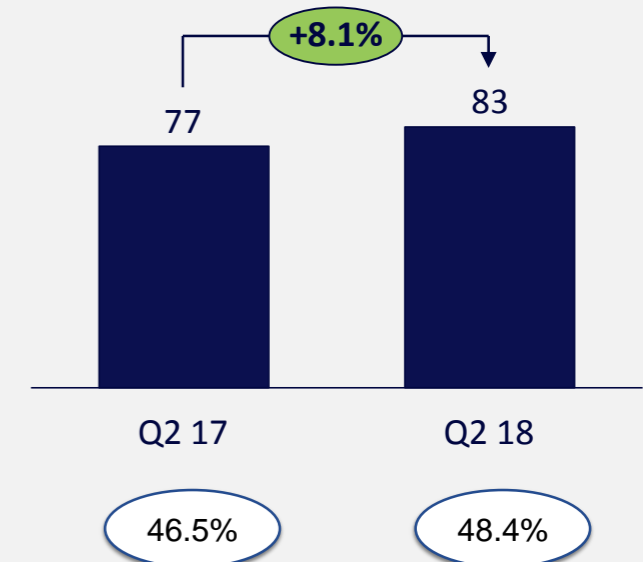
### Bolivia



### Colombia



### Paraguay



■ EBITDA

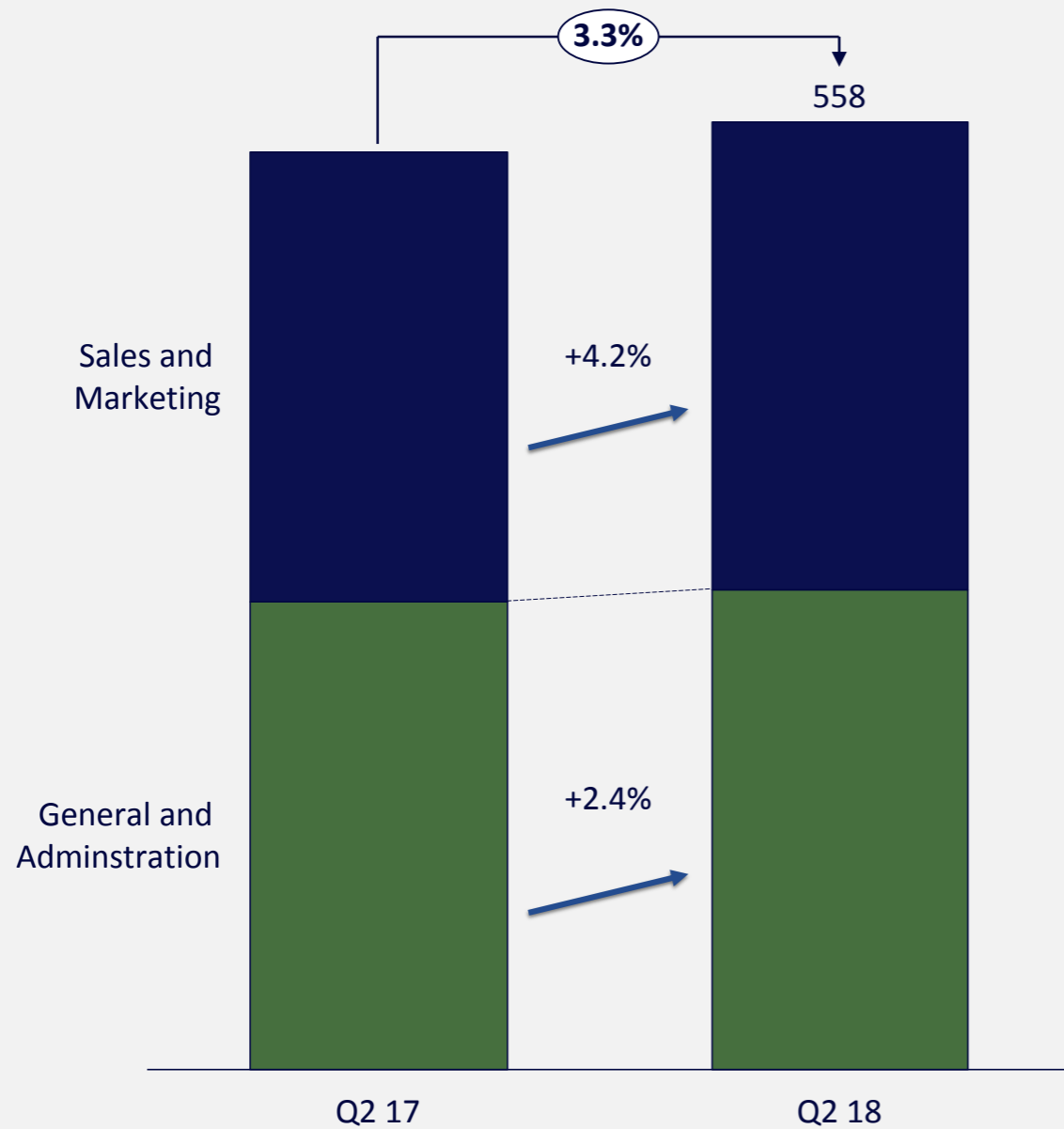
○ Margins

# 2 Cost review and margin progression

## Steady upward margin trend continues

### Group total OPEX base

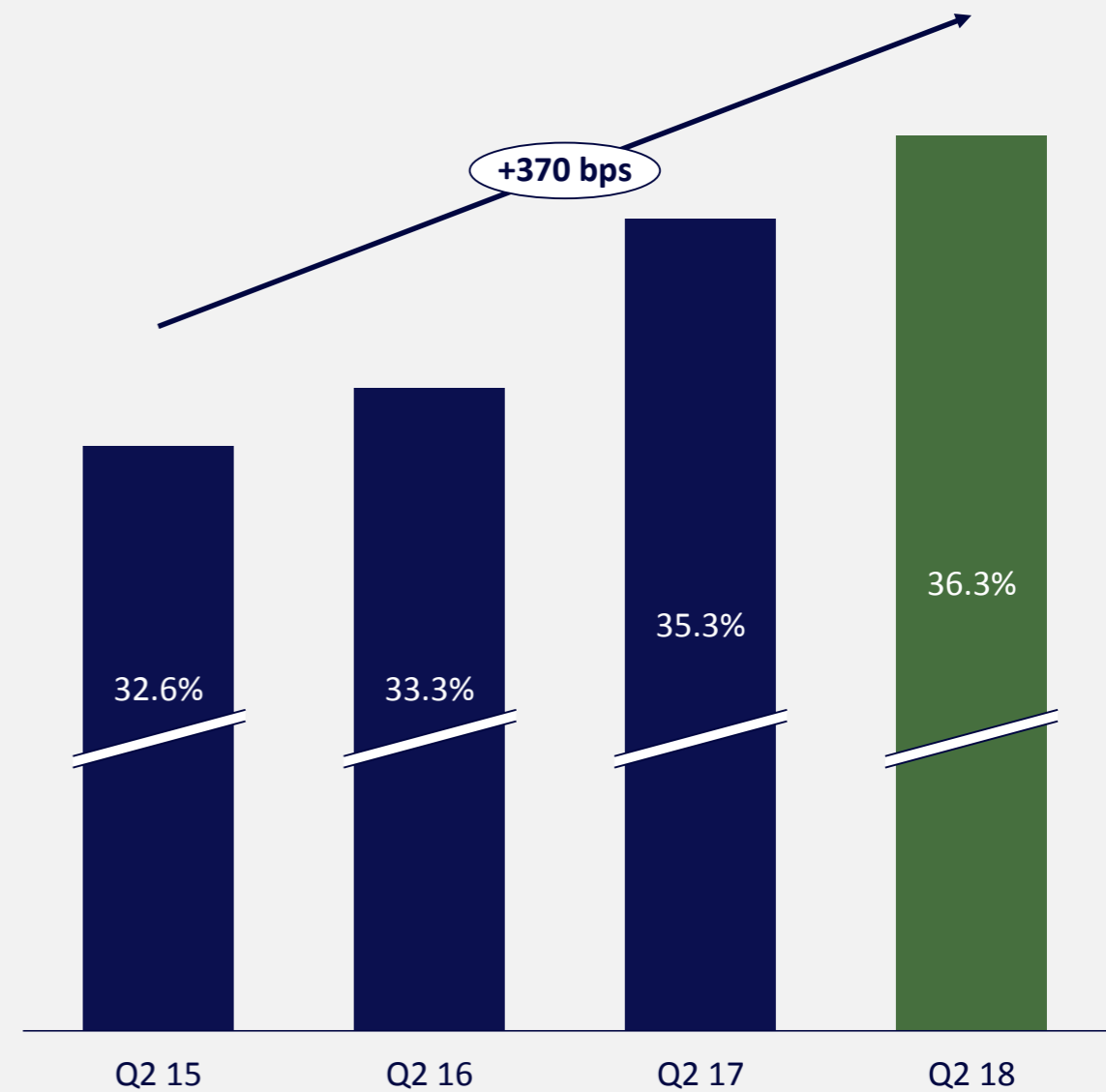
OPEX and growth\* YoY, Q2 17 – Q2 18



\* Excludes IFRS 15

### Last 12 month Group EBITDA margin

Last 12-month EBITDA margin, Q2 2015 – Q2 2018



## Significant profit improvement below EBITDA

### P&L Summary

US\$ million	Q2 18	Q2 17	% Var
Revenue	1,541	1,470	4.8%
EBITDA	551	524	5.2%
Depreciation & amortization	(315)	(326)	(3.3%)
Other operating	20	(1)	NM
<b>Operating profit</b>	<b>256</b>	<b>197</b>	<b>30.0%</b>
Net financial expense	(107)	(120)	(10.5%)
Others non operating	(20)	(17)	18.1%
Associates	(48)	(25)	96.3%
<b>Profit before tax</b>	<b>80</b>	<b>35</b>	<b>127.2%</b>
Taxes	(61)	(60)	0.6%
Minority interests	(19)	(9)	NM
Discontinued operations	(2)	6	NM
<b>Net income</b>	<b>(1)</b>	<b>(27)</b>	<b>NM</b>
EPS (\$ per share)	(0.01)	(0.27)	NM

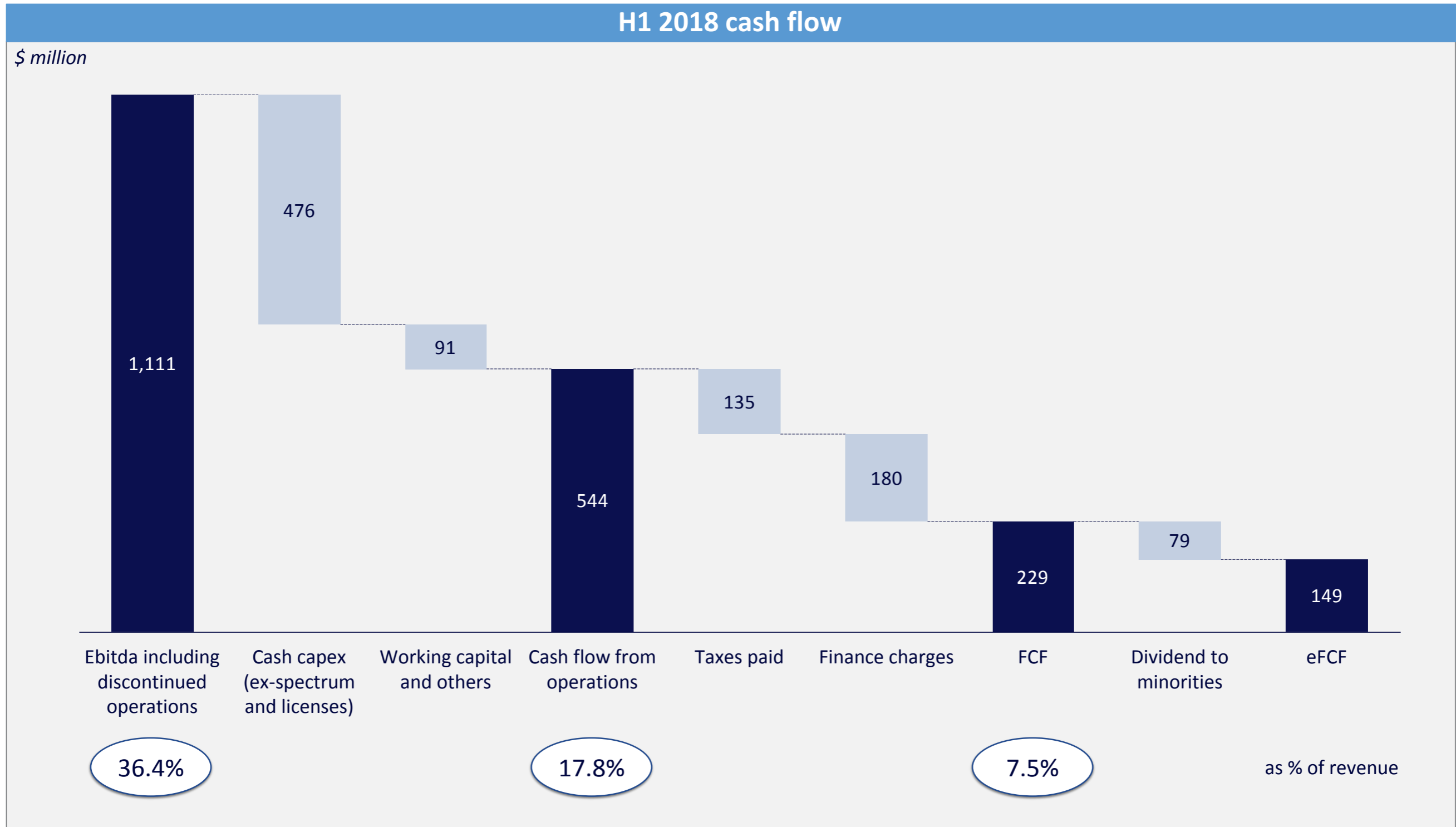
### Key Observations

- A** IFRS 15 had small impact on Service Revenue (-1.3%) and EBITDA (+0.5%)
- B** Interest savings from re-financing activity, offset by higher financial lease expense
- C** One-off non-cash adjustment in Ghana
- D** Improved profitability in Colombia



# 4 Cash flow – H1 2018

We generated \$149 million of equity FCF in H1

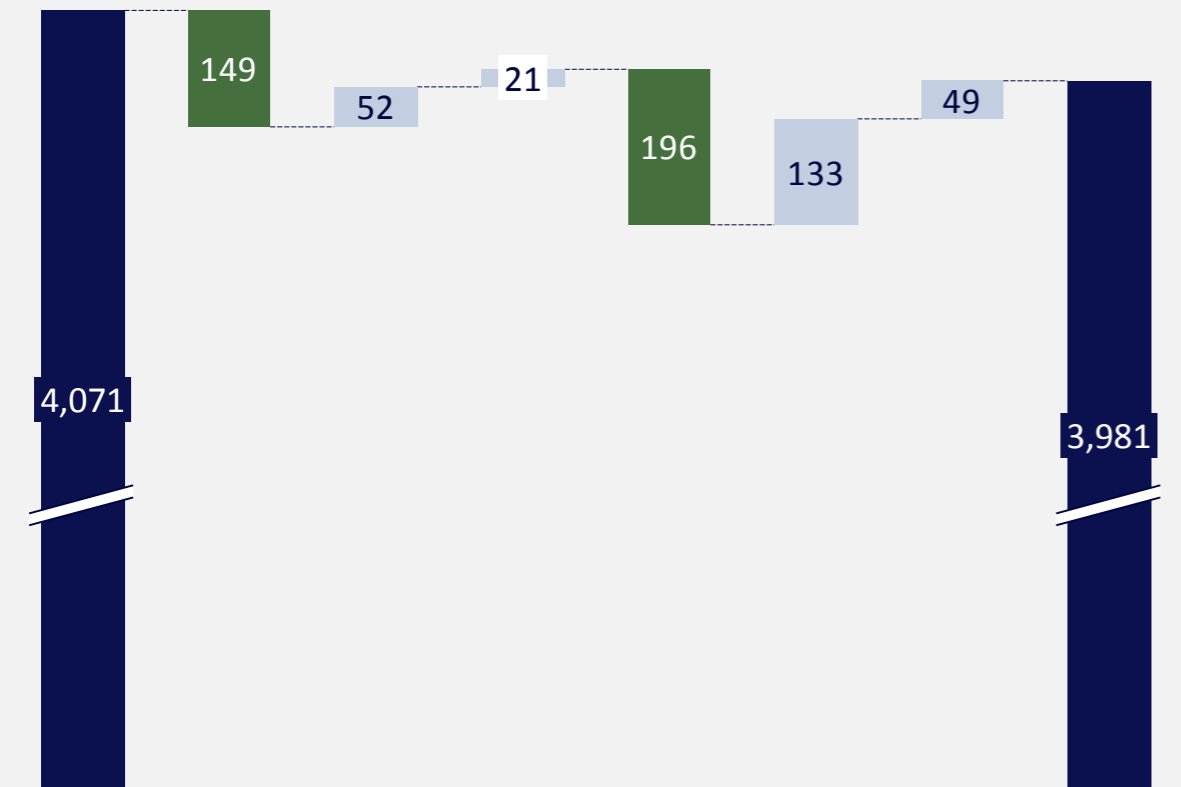


# 5 Capital structure

In H1 net debt reduced by \$90m and proportionate leverage below 2.0x

## Net debt evolution in 2018

\$ million, 31 December 2017 – 30 June 2018

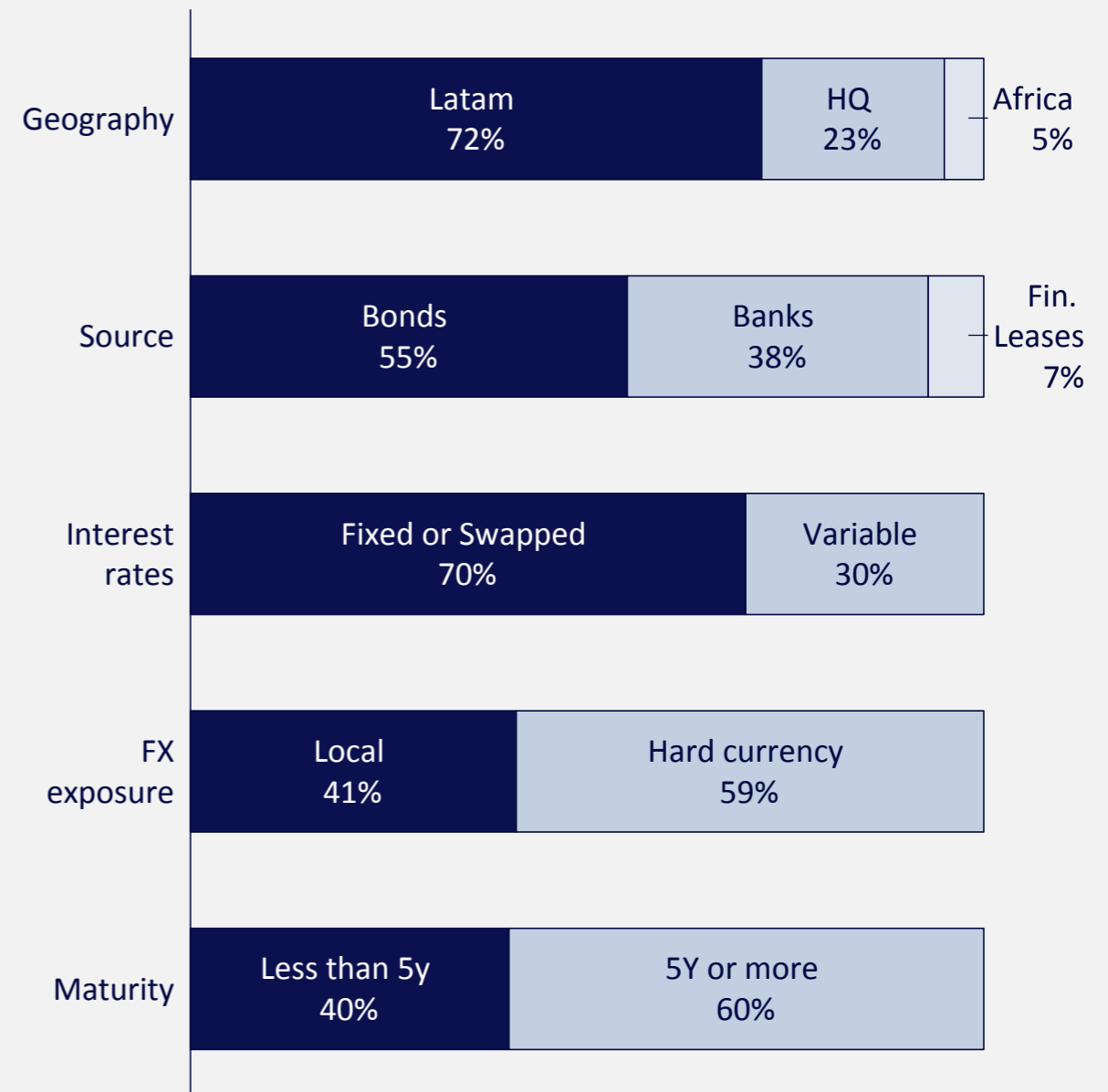


Net debt YE 2017	Equity FCF	Spectrum capitalization	Lease capitalization	M&A and towers	Dividend	FX and others	Net debt Q2 2018
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1.86x	Net debt/LTM EBITDA	1.80x
2.02x	Proportionate Net debt/ Proportionate LTM EBITDA	1.95x

## Debt profile

30 June 2018



## Updating our full year targets

		Target	Update
<b>1</b>	<b>+231k HFC homes connected (+179k organic)</b> <i>10m total homes passed by year-end</i>	+300k	~400k
<b>2</b>	<b>+1.1m 4G customer net additions</b> <i>10m 4G customers by year-end</i>	+3m	✓
<b>3</b>	<b>Service revenue growth in Latam</b>	+2-4%	Top-end of range
<b>4</b>	<b>EBITDA growth on track</b>	+3-6%	✓

**1**

**Our strategy is working**

**2**

**Growth is accelerating**

**3**

**Solid first half on financials and KPIs**

**4**

**2018 outlook improving**

**5**

**Strengthened balance sheet and growing cash flow**

**6**

**U.S. listing in 2019**

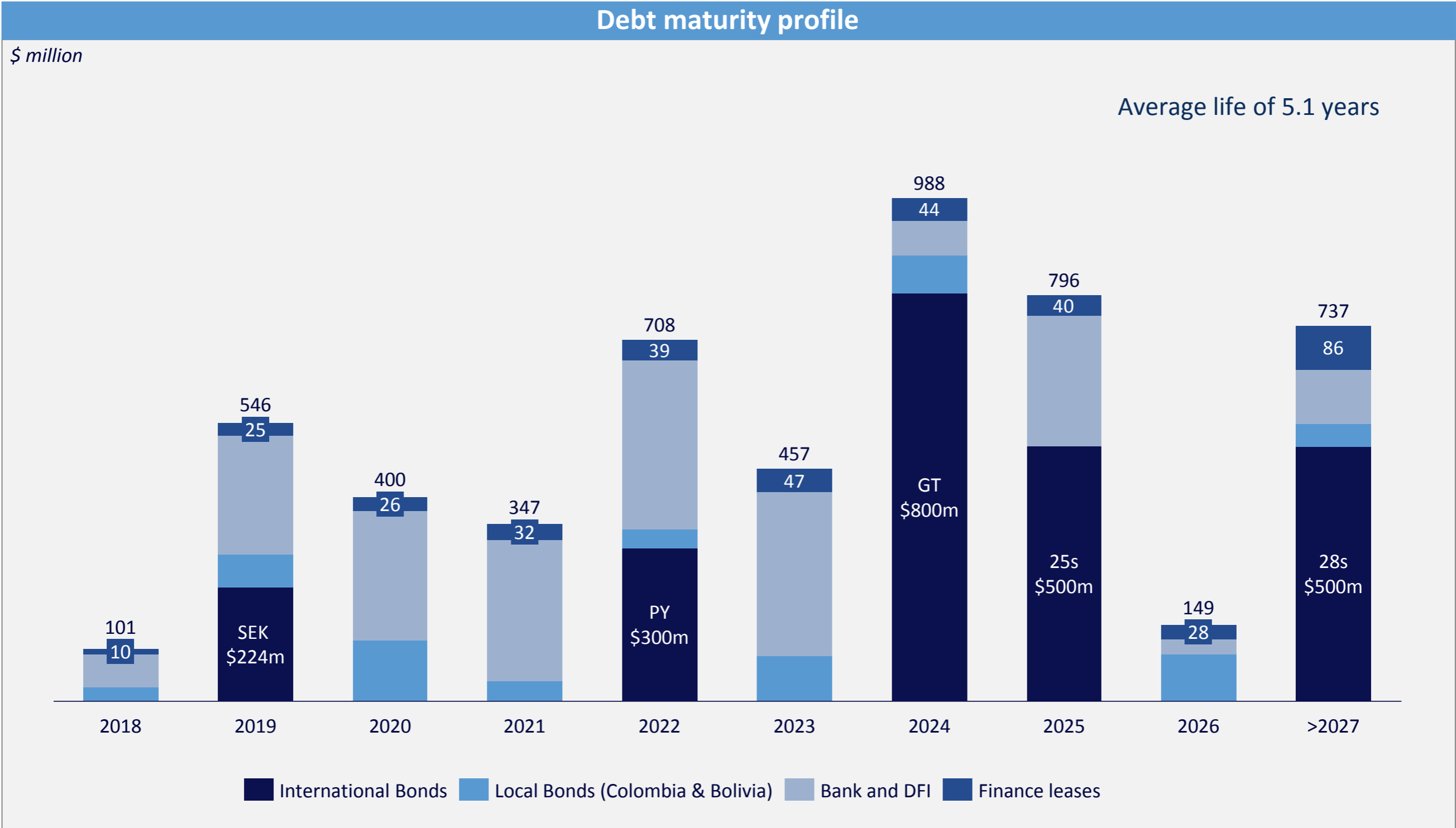


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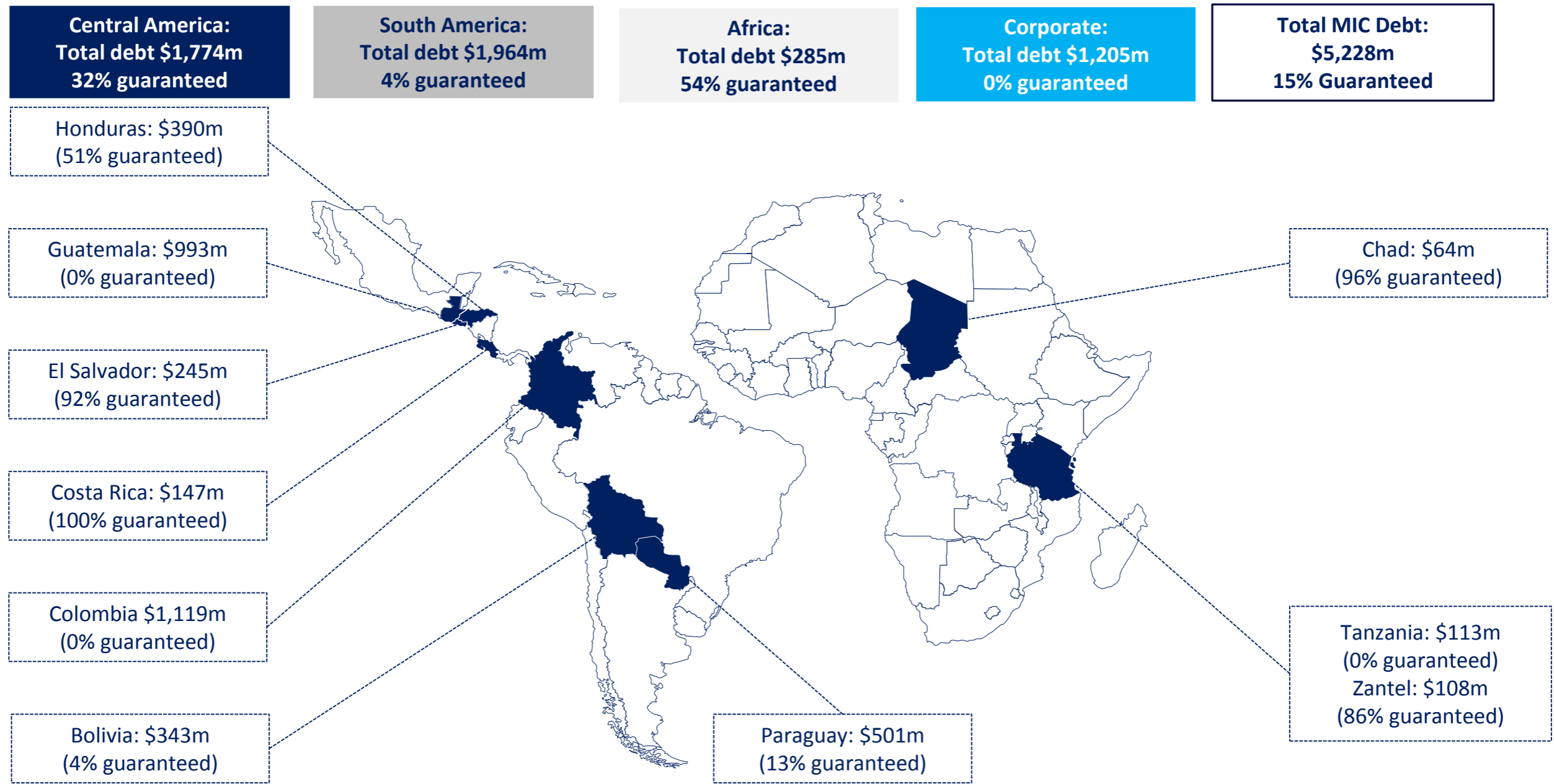
Q&A

# Debt profile

Comfortable capital structure and liquidity with no major maturities until 2024

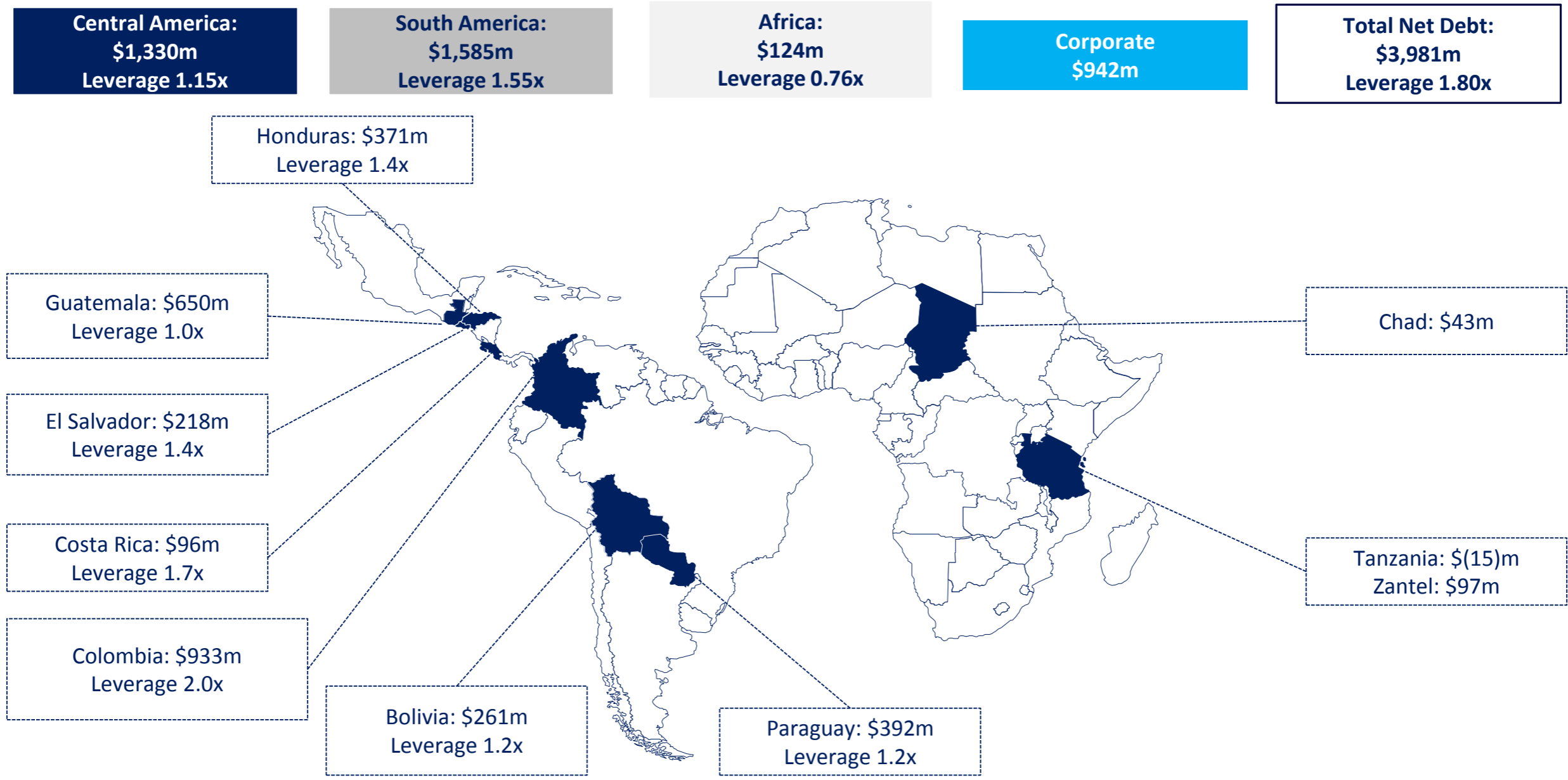


# Gross debt by country



Including finance leases

# Net debt by country



Including finance leases;  
Leverage is Net debt / LTM EBITDA



# Currency exposure of debt

June 2018	Debt including finance leases			Cash	Net debt		
	US\$	Local	Total		Total	USD	Local
Latin America*	1,766	1,972	3,738	823	1,372	1,544	2,915
	47%	53%	100%		47%	53%	100%
Africa	110	175	285	161	105	19	124
	38%	62%	100%		85%	15%	100%
Corporate	1,205	0	1,205	264	950	-9	942
	100%	0%	100%		101%	-1%	100%
<b>Millicom</b>	<b>3,081</b>	<b>2,147</b>	<b>5,228</b>	<b>1,247</b>	<b>2,427</b>	<b>1,554</b>	<b>3,981</b>
	<b>59%</b>	<b>41%</b>	<b>100%</b>		<b>61%</b>	<b>39%</b>	<b>100%</b>

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



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