

# Acquisition of Cable Onda

Millicom International Cellular S.A.

Luxembourg, October 7, 2018

#### Disclaimer



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 Transaction Rationale
- 2 Cable Onda Highlights
- 3 Panama Market Overview
- 4 Millicom + Cable Onda Combined



#### Adding Panama market leader to Millicom is a powerful combination





1 Completes Millicom's Central America footprint

# Geographic fit

- Diversifies Millicom into high GDP/capita, high GDP growth, investment grade, and USD economy
- 3 Accelerates redeployment of capital to Latam



- 4 Cable Onda is #1 in pay TV, fixed internet and telephony, and B2B in Panama<sup>1</sup>
- 5 Increases cable exposure to more than 40% of Millicom Latam service revenue<sup>2</sup>
- 6 Increases B2B exposure and strengthens Millicom regional B2B product portfolio

#### Financial fit

- Enhances Millicom revenue, EBITDA and OCF growth profile, with upside from synergies
- 1. Based on Cable Onda estimates of subscribers.
- 2. Based on last twelve month service revenue proforma for the acquisition, assuming 100% of Cable Onda's revenue was service revenue

## Strong Financial Upside



#### Maintaining a strong balance sheet and credit profile remains an important priority

- Transaction to be funded with new debt, including possible bond issuance, as well as cash on hand. Leverage to increase temporarily to 2.5x proportionate Net Debt-to-EBITDA
- Plan to gradually return to long-term management target leverage of 2.0x underpinned by EBITDA growth, cash flow generation, and potential asset divestitures.
- Purchase price implies 2019e EV/EBITDA of 7.9x and EV/OCF o 14.9x<sup>1.</sup>
- Revenue, cost, and financial synergy opportunities provide upside to base case:
  - Strengthened capabilities to gain B2B wallet share
  - Scale synergies from content acquisition and DTH platform integration
  - Leverage digital tools and shared service center
    - Procurement scale and expertise to lower network build and maintenance costs
  - Optimize Cable Onda and Millicom capital structures

<sup>1.</sup> Based on a total enterprise value of \$1,460 million and management projections of 2019 EBITDA of \$184 million and OCF (EBITDA less Capex) of \$98 million exclude one-time integration costs as well as possible adjustments for acquisition accounting, intercompany eliminations, and reconciliations for differences in accounting policies and standards.



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# Leading Cable Operator in Panama



#### Robust Network Infrastructure Underpins Market Leadership

#### Fiber-rich HFC network



#### **Clear market leadership**

- 100% digital, two-way
- DOCSIS 3.0
- 95% with 1 GHz capacity
- 10,000+ km of HFC
- Almost 4,000 km of fiber
- 700,000+ HFC homes passed

- #1 in Pay TV
- #1 in Broadband Internet
- #1 in Fixed Telephony
- #1 in B2B
- Customer churn < 1.5%</li>
- Total customers > 500,000

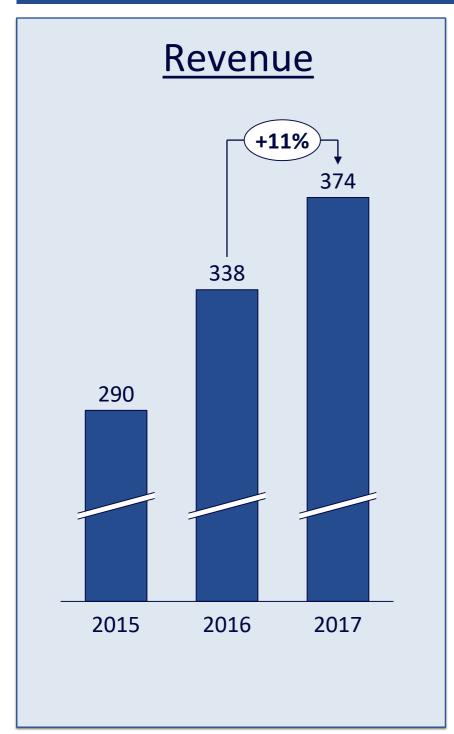
<sup>\*</sup> All figures for the year ended December 31st, 2017.

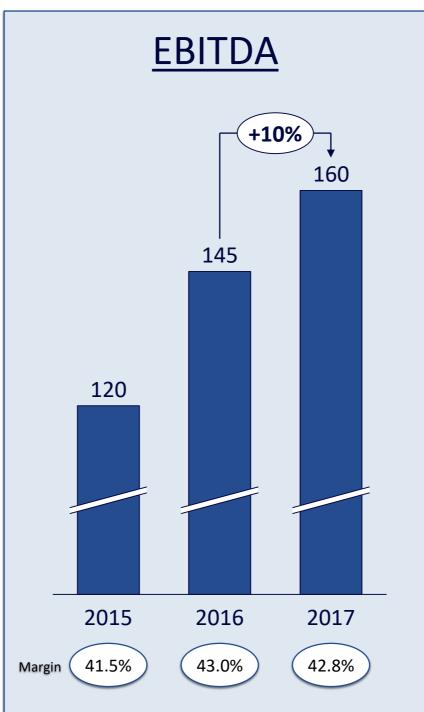
<sup>\*\*</sup> Market position based on Cable Onda management estimates of subscribers as of December 31st, 2017.

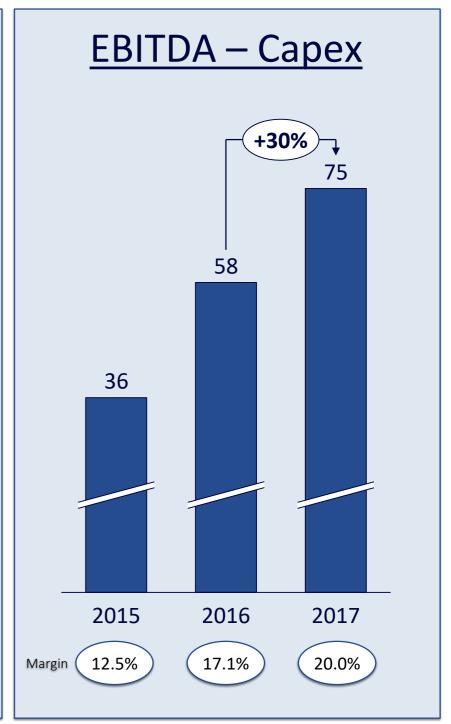
### **Cable Onda Financials**



#### Strong track record of delivering profitable growth over two decades continues







<sup>\*</sup> Source: Cable Onda financials, as reported to the Panama stock exchange

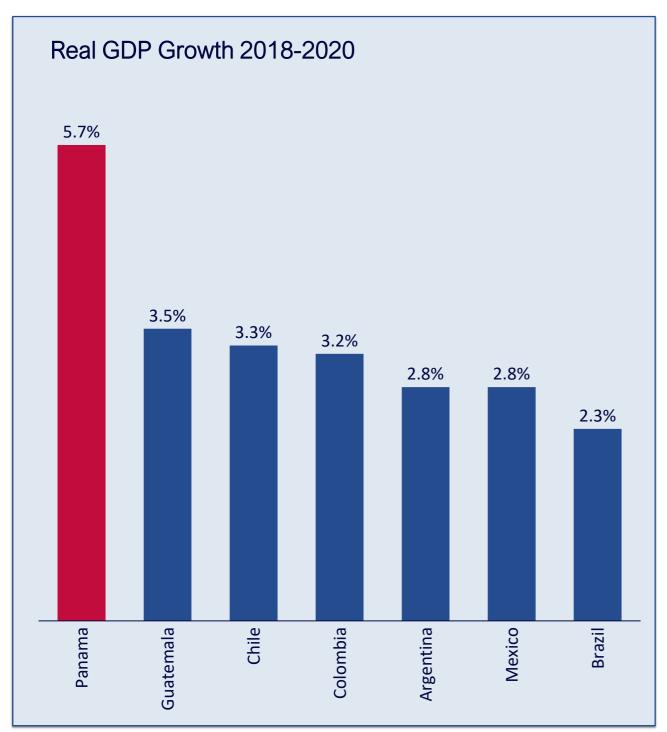


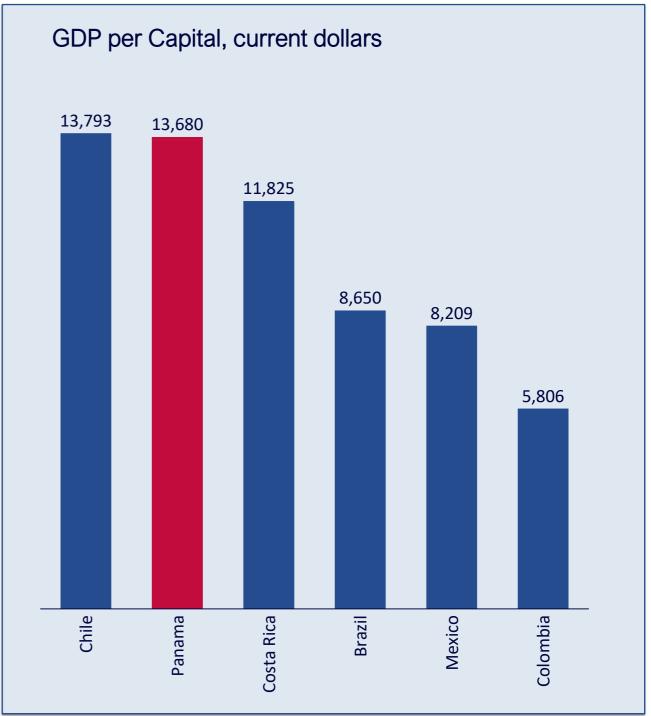
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## Stable and Positive Macro Backdrop



#### Panama is a dollarized economy with fast GDP growth and disposable income above Latam peers



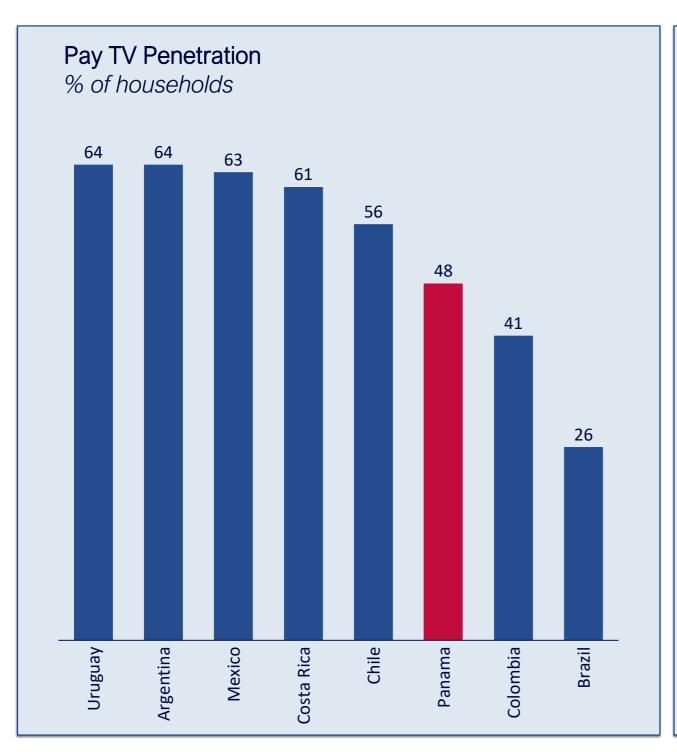


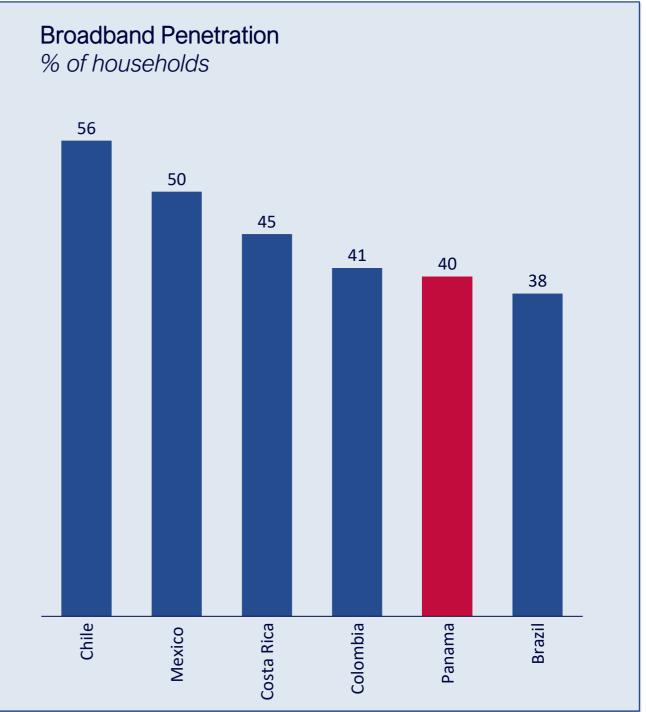
\* Source: World Bank

# Upside to Penetration Rates



#### Pay TV and Broadband penetration rates are low considering Panama's above-average GDP/capita





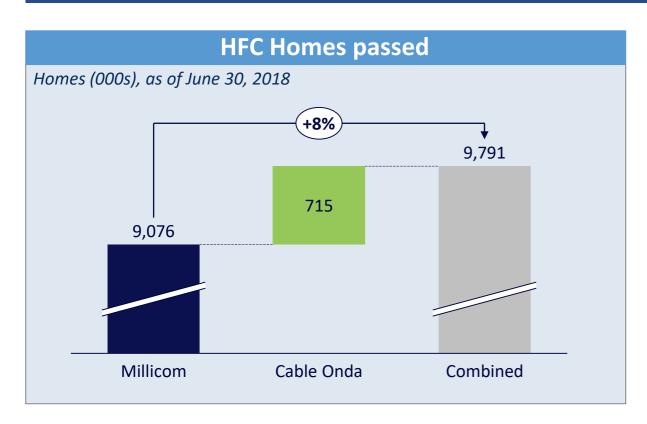
\* Source: Dataxis

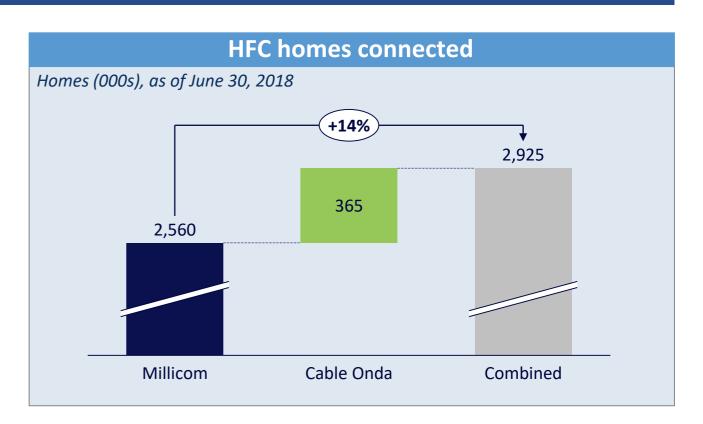


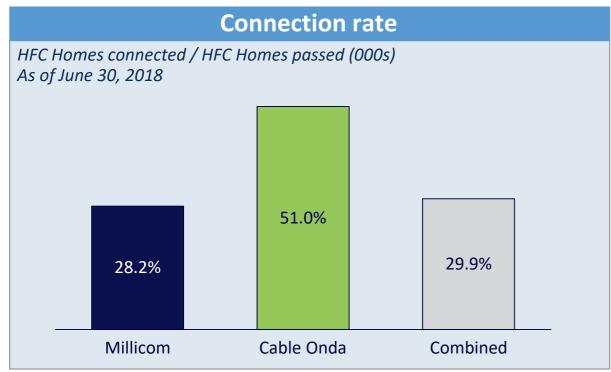
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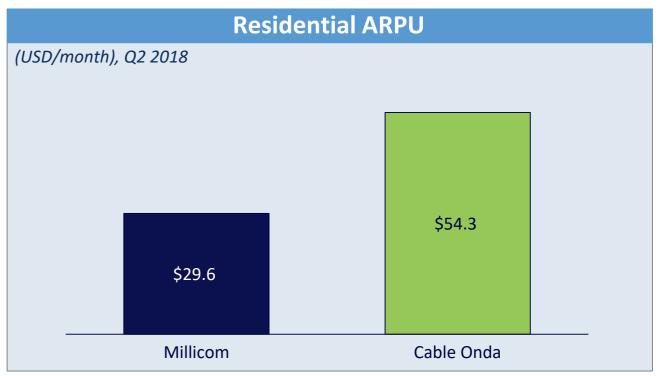


#### Cable Onda adds 14% to Millicom HFC homes connected





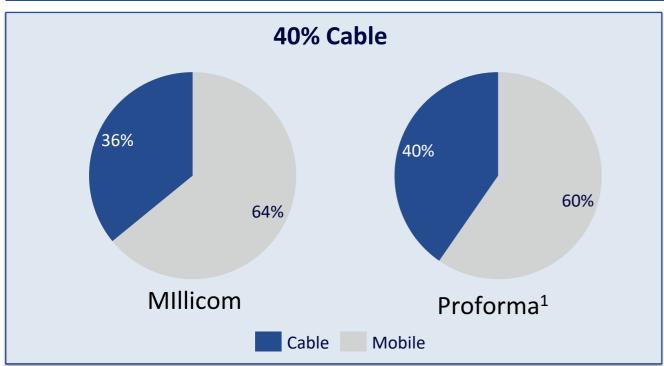


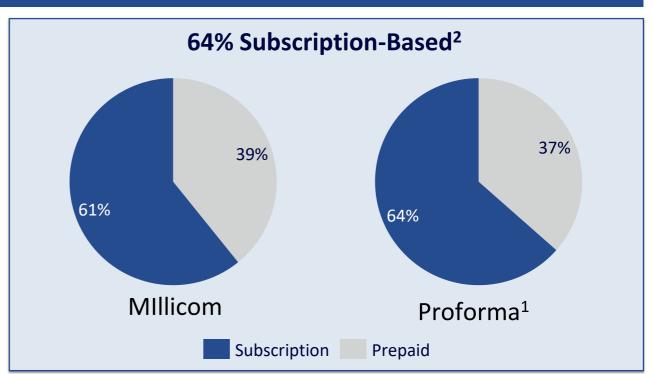


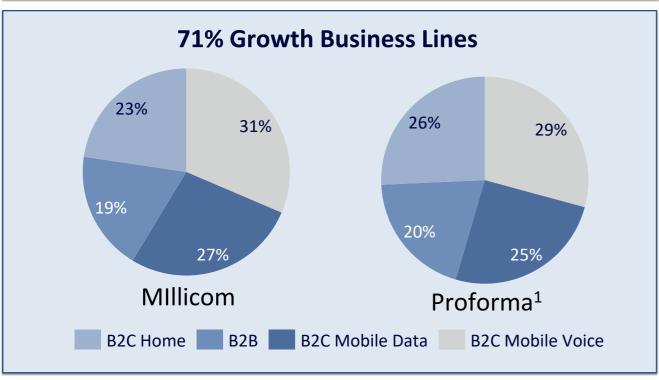
#### Pro forma Service Revenue Mix<sup>1</sup>

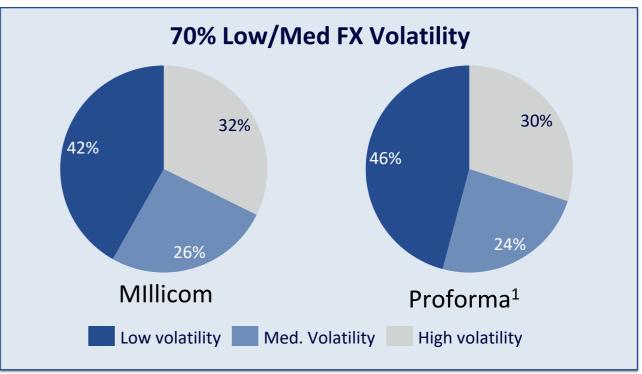


#### Cable Onda accelerates transition to more predictable and faster-growing revenue streams







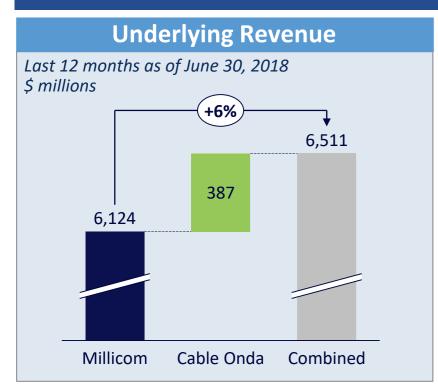


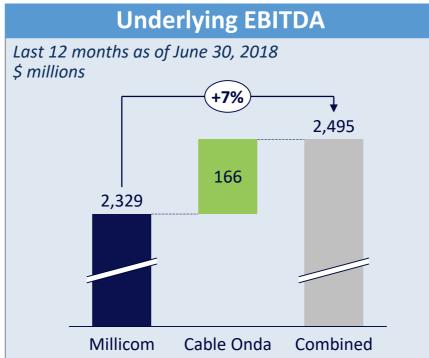
- 1. Pro forma financials for the combined company are based solely on amounts reported by Millicom and Cable Onda for the four quarterly periods ending June 30th 2018, and these do not include, among other things, any adjustments for acquisition accounting, intercompany eliminations, nor any possible reconciliations for differences in accounting standards.
- 2. Subscription-based revenues defined as the sum of B2C mobile postpaid, Cable and B2B service revenue.
- 3. Currency volatility based on historical FX over the last 10 years. Low volatility countries are El Salvador, Bolivia, Guatemala and Panama. Medium volatility countries are Honduras, Paraguay and others. High volatility country is Colombia.

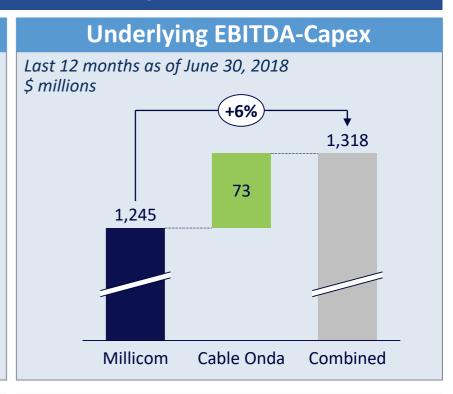
## Pro forma<sup>1</sup> financial profile

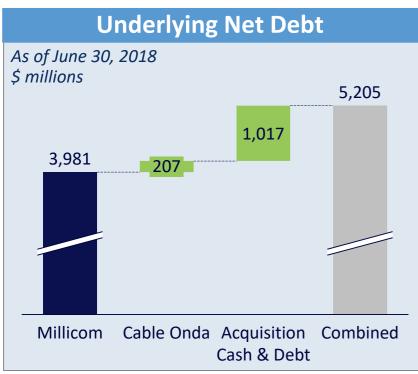


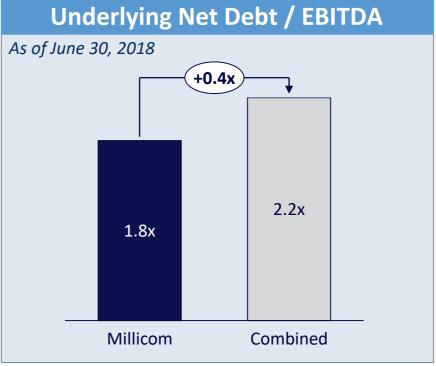
#### Cable Onda adds ~6% and diversifies and enhances Millicom growth

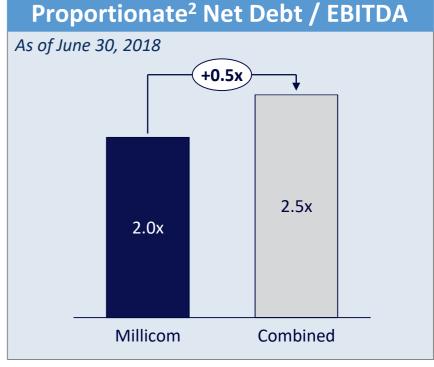












- 1. Illustrative pro forma financials for the combined company are based solely on amounts reported by Millicom and Cable Onda for the four quarterly periods ending June 30<sup>th</sup> 2018, and these do not include, among other things, any adjustments for acquisition accounting, intercompany eliminations, nor any possible reconciliations for differences in accounting standards.
- 2. Proportionate = adjusted pro rata to reflect Millicom ownership stake in each underlying country operation

## Summary



- 1 High quality asset Leader in attractive market
- 2 High growth, investment grade, dollarized economy
- 3 Excellent fit
- 4 Strong local partner

