

# Strengthening our leadership in Central America

Third Quarter 2019

Mauricio Ramos, CEO  
Tim Pennington, CFO  
October 24<sup>th</sup>, 2019

Millicom International Cellular S.A.

## Cautionary Language Concerning Forward-Looking Statements

Statements included herein that are not historical facts, including without limitation statements concerning future strategy, plans, objectives, expectations and intentions, projected financial results, liquidity, growth and prospects, are forward-looking statements. Such forward-looking statements involve a number of risks and uncertainties and are subject to change at any time. This includes, but is not limited to, Millicom's expectation and ability to pay semi-annual cash dividends on its common stock in the future, subject to the determination by the Board of Directors, and based on an evaluation of company earnings, financial condition and requirements, business conditions, capital allocation determinations and other factors, risks and uncertainties. In the event such risks or uncertainties materialize, Millicom's results could be materially adversely affected. The risks and uncertainties include, but are not limited to, the following:

- global economic conditions and foreign exchange rate fluctuations as well as local economic conditions in the markets we serve;
- telecommunications usage levels, including traffic and customer growth;
- competitive forces, including pricing pressures, the ability to connect to other operators' networks and our ability to retain market share in the face of competition from existing and new market entrants as well as industry consolidation;
- legal or regulatory developments and changes, or changes in governmental policy, including with respect to the availability of spectrum and licenses, the level of tariffs, tax matters, the terms of interconnection, customer access and international settlement arrangements;
- adverse legal or regulatory disputes or proceedings;
- the success of our business, operating and financing initiatives and strategies, including partnerships and capital expenditure plans;
- the level and timing of the growth and profitability of new initiatives, start-up costs associated with entering new markets, the successful deployment of new systems and applications to support new initiatives;
- relationships with key suppliers and costs of handsets and other equipment;
- our ability to successfully pursue acquisitions, investments or merger opportunities, integrate any acquired businesses in a timely and cost-effective manner and achieve the expected benefits of such transactions;
- the availability, terms and use of capital, the impact of regulatory and competitive developments on capital outlays, the ability to achieve cost savings and realize productivity improvements;
- technological development and evolving industry standards, including challenges in meeting customer demand for new technology and the cost of upgrading existing infrastructure;
- the capacity to upstream cash generated in operations through dividends, royalties, management fees and repayment of shareholder loans; and
- other factors or trends affecting our financial condition or results of operations.

A further list and description of risks, uncertainties and other matters can be found in Millicom's Annual Report on Form 20-F, including those risks outlined in "Item 3. Key Information—D. Risk Factors," and in Millicom's subsequent U.S. Securities and Exchange Commission filings, all of which is available at [www.sec.gov](http://www.sec.gov).

All forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by this cautionary statement. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. Except to the extent otherwise required by applicable law, we do not undertake any obligation to update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

# Non IFRS measures

This presentation contains financial measures not prepared in accordance with IFRS. These measures are referred to as “non-IFRS” measures and include: non-IFRS service revenue, non-IFRS EBITDA, and non-IFRS Capex, among others defined below. Annual growth rates for these non-IFRS measures are often expressed in organic constant currency terms to exclude the effect of changes in foreign exchange rates, the adoption of new accounting standards such as IFRS 15, and are proforma for material changes in perimeter due to acquisitions and divestitures. The non-IFRS financial measures are presented in this press release as Millicom’s management believes they provide investors with an additional information for the analysis of Millicom’s results of operations, particularly in evaluating performance from one period to another. Millicom’s management uses non-IFRS financial measures to make operating decisions, as they facilitate additional internal comparisons of Millicom’s performance to historical results and to competitors’ results, and provides them to investors as a supplement to Millicom’s reported results to provide additional insight into Millicom’s operating performance. Millicom’s Remuneration Committee uses certain non-IFRS measures when assessing the performance and compensation of employees, including Millicom’s executive directors.

The non-IFRS financial measures used by Millicom may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies - refer to the section “Non-IFRS Financial Measure Descriptions” for additional information. In addition, these non-IFRS measures should not be considered in isolation as a substitute for, or as superior to, financial measures calculated in accordance with IFRS, and Millicom’s financial results calculated in accordance with IFRS and reconciliations to those financial statements should be carefully evaluated.

## Non-IFRS Financial Measure Descriptions

**Service revenue** is revenue related to the provision of ongoing services such as monthly subscription fees, airtime and data usage fees, interconnection fees, roaming fees, mobile finance service commissions and fees from other telecommunications services such as data services, short message services and other value-added services excluding telephone and equipment sales.

**EBITDA** is operating profit excluding impairment losses, depreciation and amortization, and gains/losses on fixed asset disposals.

**EBITDA margin** is EBITDA divided by total revenue.

**EBITDA after leases** is EBITDA after lease depreciation and lease interest expenses

**Underlying** measures, such as **Service revenue**, **EBITDA** and **Net debt**, include Guatemala and Honduras as if full consolidated.

**Proportionate EBITDA** is the sum of the EBITDA in every country where Millicom operates, including its Guatemala and Honduras joint ventures, pro rata for Millicom’s ownership stake in each country, less unallocated corporate costs and inter-company eliminations.

**Organic growth** represents year-on year-growth excluding the impact of changes in FX rates, perimeter, and accounting.

**Net debt** is Gross debt (including finance leases) less cash and pledged and term deposits.

**Net debt excluding leases** is Net debt excluding lease liabilities related to the adoption of IFRS 16.

**Proportionate net debt** is the sum of the net debt in every country where Millicom operates, including its Guatemala and Honduras joint ventures, pro rata for Millicom’s ownership stake in each country.

**Net debt excluding leases** is Net debt excluding lease liabilities related to the adoption of IFRS 16.

**Net debt to EBITDA** is the ratio of net debt over LTM (last twelve month) EBITDA after leases.

**Proportionate net debt to EBITDA** is the ratio of proportionate net debt excluding leases over LTM proportionate EBITDA after leases.

**Capex** is balance sheet capital expenditure excluding spectrum and license costs and finance lease capitalizations from tower sale and leaseback transactions.

**Cash Capex** represents the cash spent in relation to capital expenditure, excluding spectrum and licenses costs and finance lease capitalizations from tower sale and leaseback transactions.

**Operating Cash Flow (OCF)** is EBITDA less Capex.

**OCF Margin** is OCF divided by total revenue.

**Operating Free Cash Flow** is OCF less changes in working capital and other non-cash items and taxes paid.

**Equity Free Cash Flow** is Operating Free Cash Flow less finance charges paid (net), less advances for dividends to non-controlling interests, plus dividends received from joint ventures.

Please refer to our 2018 Annual Report for a complete list of non-IFRS measures and their descriptions.

# Significant strategic progress year-to-date

## Q1 19

- US NASDAQ Listing
- Announced acquisition of Panama, Costa Rica and Nicaragua
- Announced sale of Chad

## Q2 19

- Closed Nicaragua acquisition
- Closed sale of Chad
- Listed Jumia
- First sustainability bond issued
- Kinnevik announced intention to divest

## Q3 19

- Closed Panama Acquisition
- Listed HTA

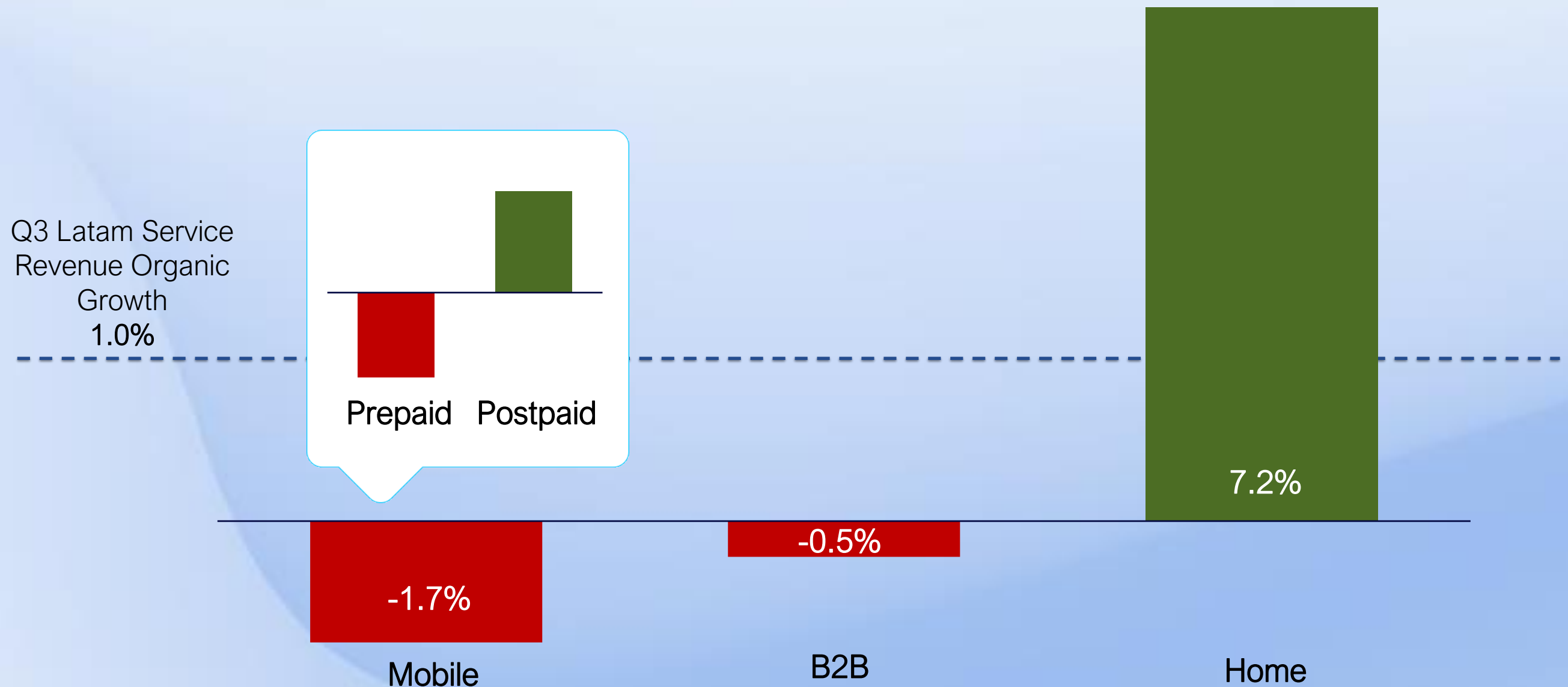
## Q4 19

- Planned completion of Costa Rica acquisition
- Expected Kinnevik distribution



# Home continues to drive growth

*Latam Service Revenue Organic Growth\*, year-on-year  
Q3 19*





# Strong KPIs in Q3 2019

*Latam KPIs*

Net Adds\*

Q3 19  
Total



Mobile

+858,000  
4G Customers

+500  
Points of Presence



13.5 million  
4G Customers



11,100  
Points of Presence



Cable

+254,000  
HFC Homes Passed

+99,000  
HFC  
Customer Relationships



11.2 million  
HFC Homes Passed



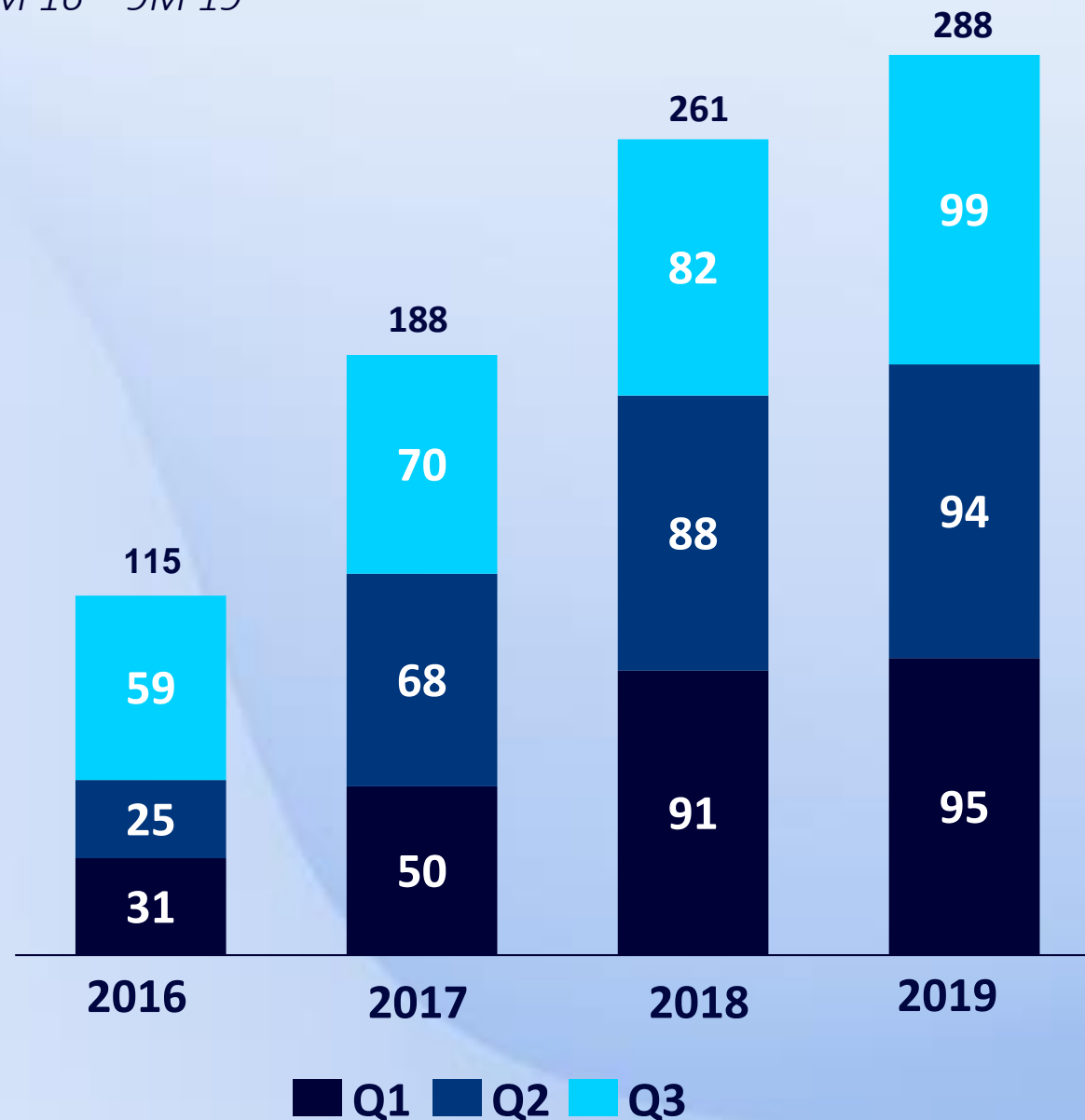
3.4 million  
HFC  
Customer Relationships

\* Adjusted to exclude benefits from acquisitions.

# Home: Record net adds

## Record HFC Customer Relationships in Q3 and 9M 2019

Latam HFC Customer Relationships Net Adds ('000)\*,  
9M 16 – 9M 19



## Improving Penetration Rates

Latam Penetration Rates and HFC Homes Passed (m),  
Q3 16 – Q3 19

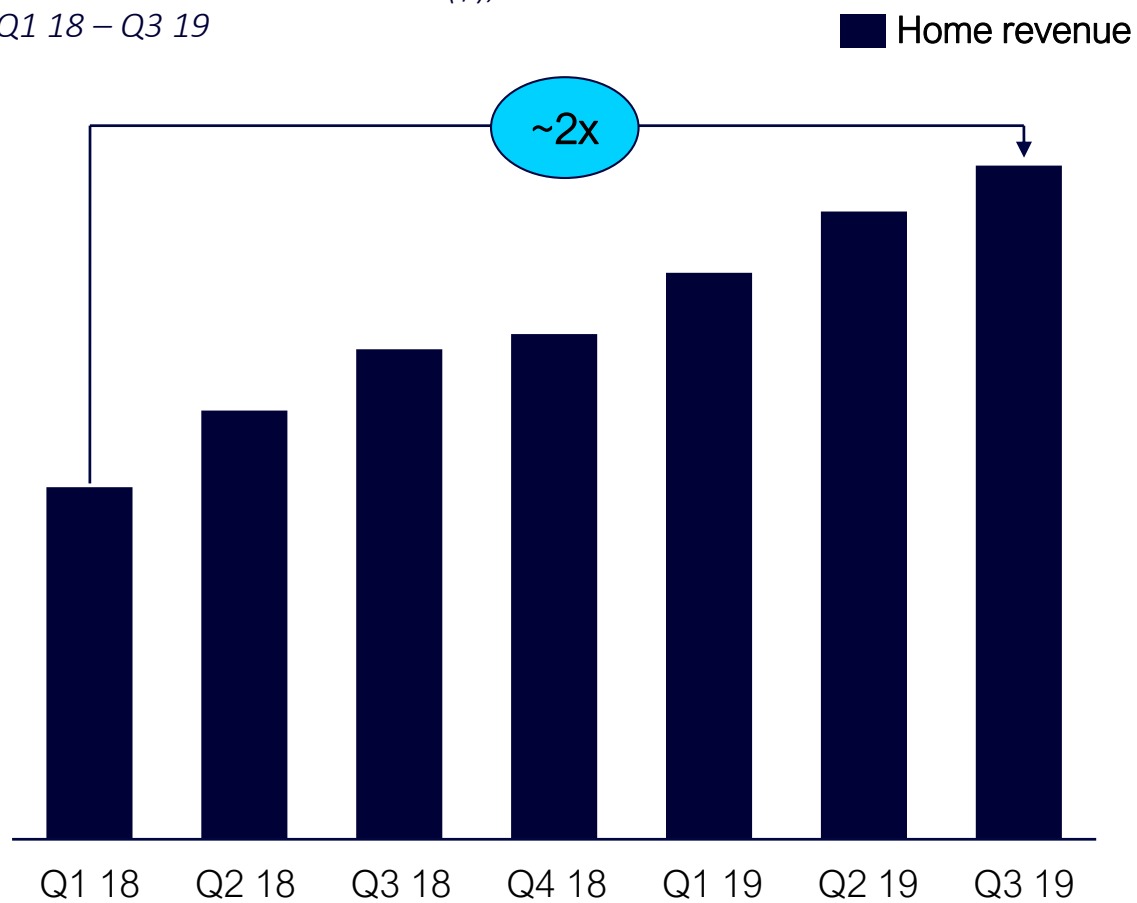


\* Excludes acquisitions of Cable Parana, Cable Onda, and Cable DX

# Bolivia

## Steady growth in home

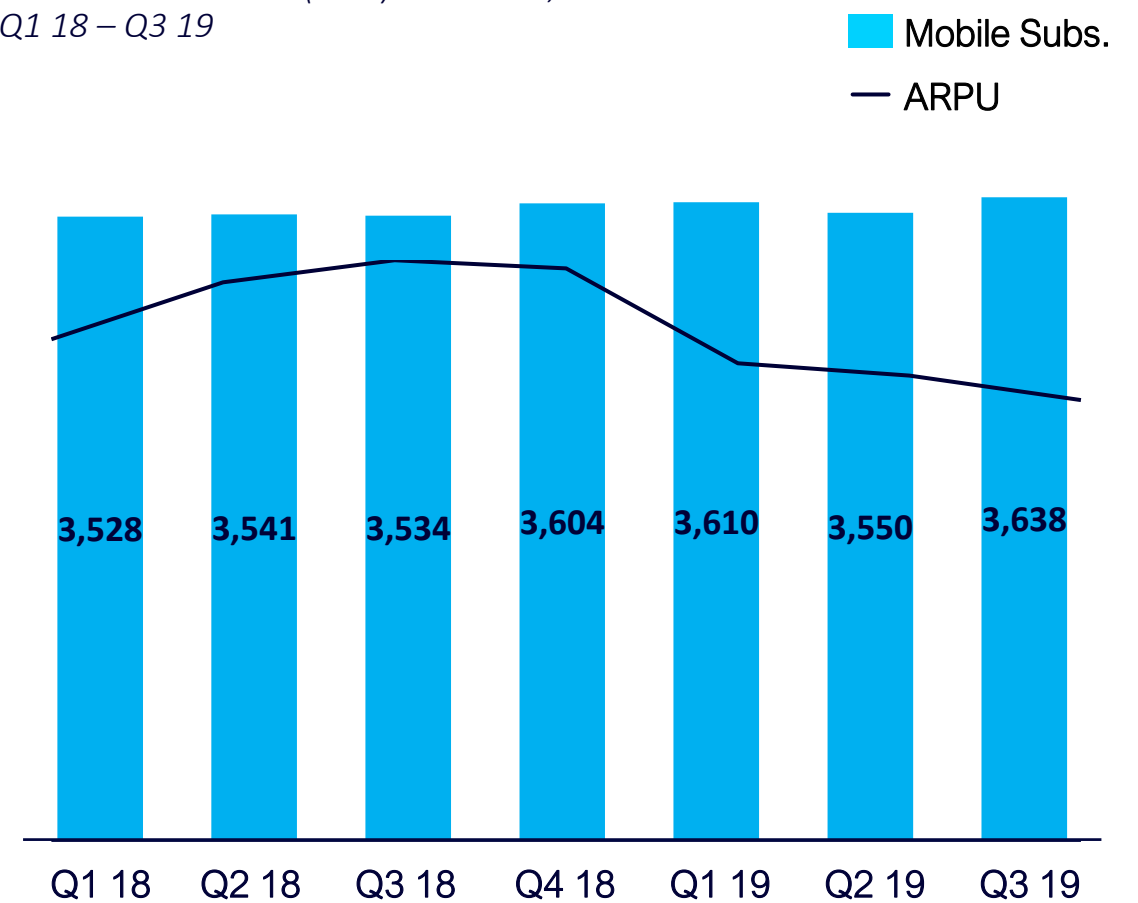
Bolivia Home Service Revenue (\$),  
Q1 18 – Q3 19



- Steady home revenue growth from customer growth and stable ARPU

## Defending Mobile market share

Bolivia Mobile Subs. ('000) and ARPU,  
Q1 18 – Q3 19



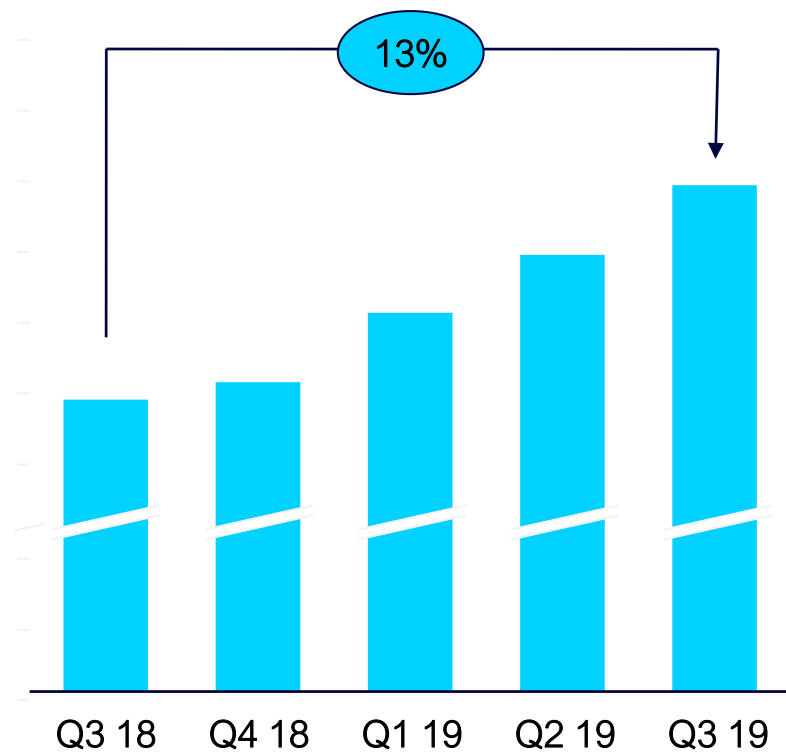
- ARPU expansion in 2018, driven by 4G
- ARPU erosion in 2019 due to competition
- Continued customer growth



# Paraguay

## Home growing steadily

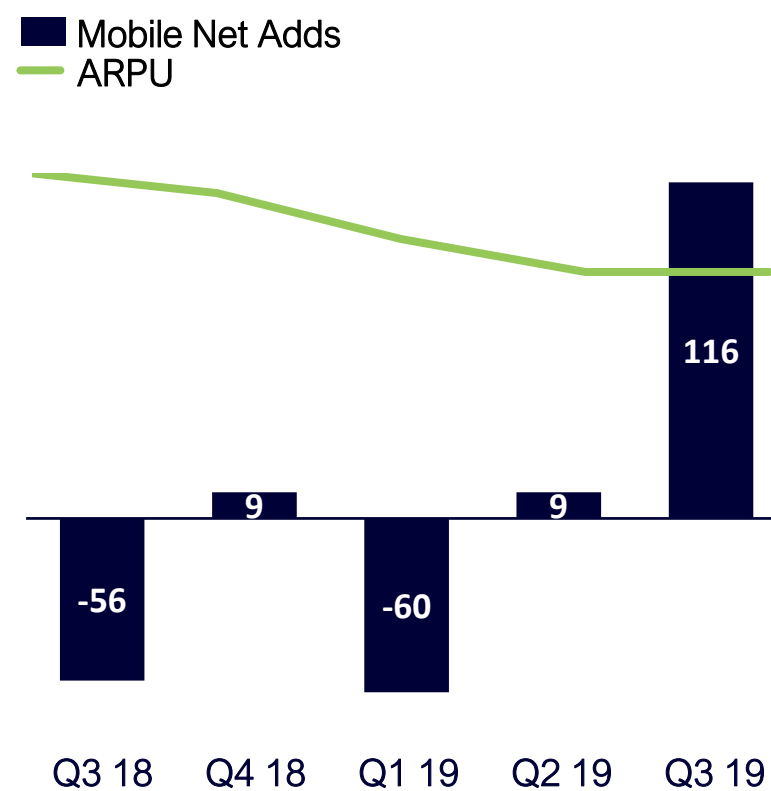
Paraguay HFC Customers  
Q3 18 – Q3 19



- Consistent quarterly net additions and stable ARPU

## Mobile stabilized in Q3

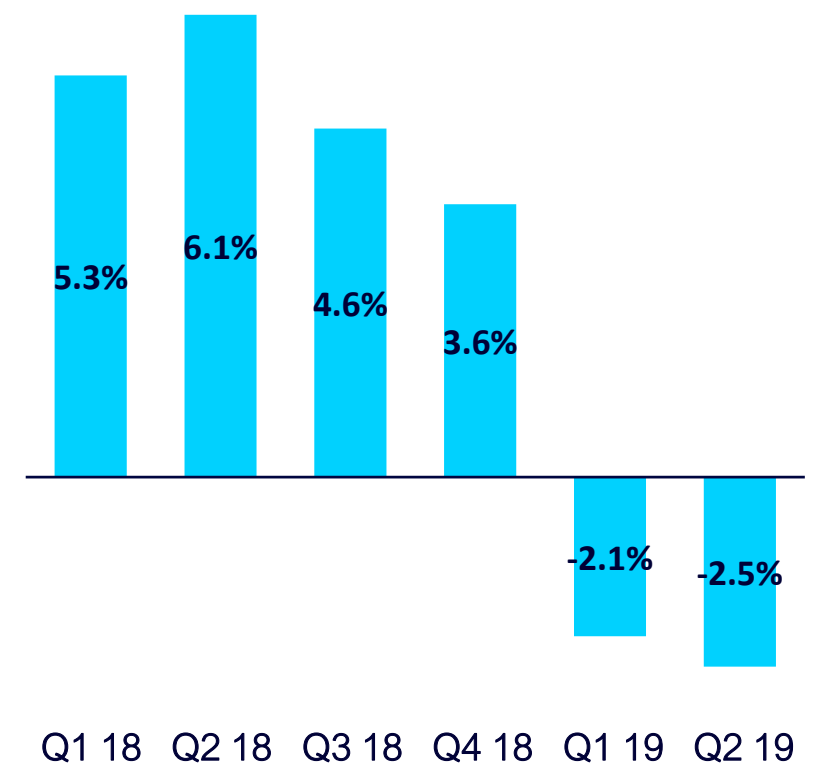
Paraguay Mobile Net Adds ('000) & B2C Mobile  
ARPU USD/month,  
Q3 18 – Q3 19



- Lower prices to improve subscriber acquisition and retention to defend mobile market leadership

## Paraguay GDP growth has slowed

Paraguay GDP Growth Year-on-Year,  
Q1 18 – Q2 19



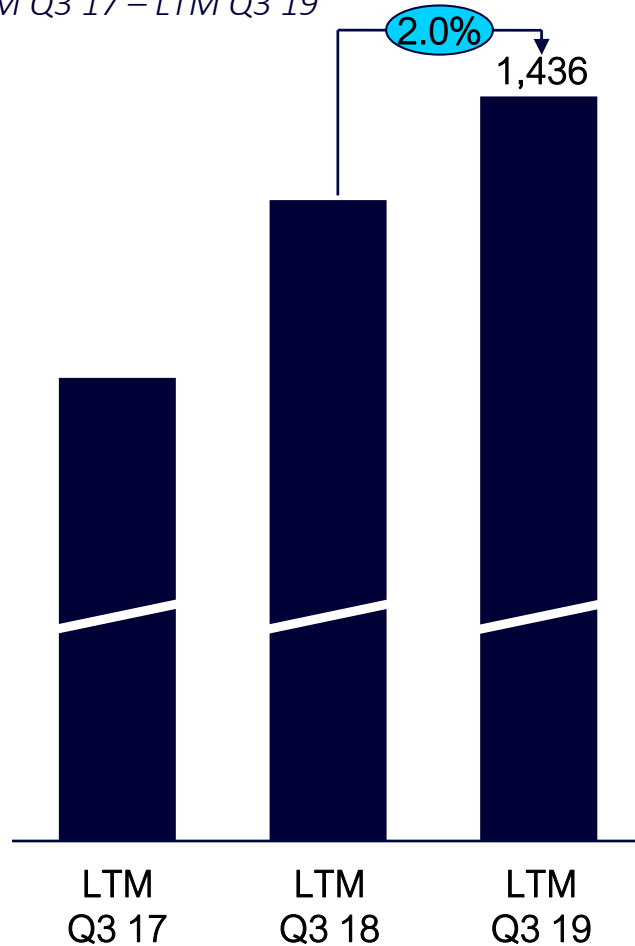
Source: Banco Central de Paraguay

- Weak agricultural sector
- Contagion from neighboring Argentina

# Colombia

## Service Revenue\*...

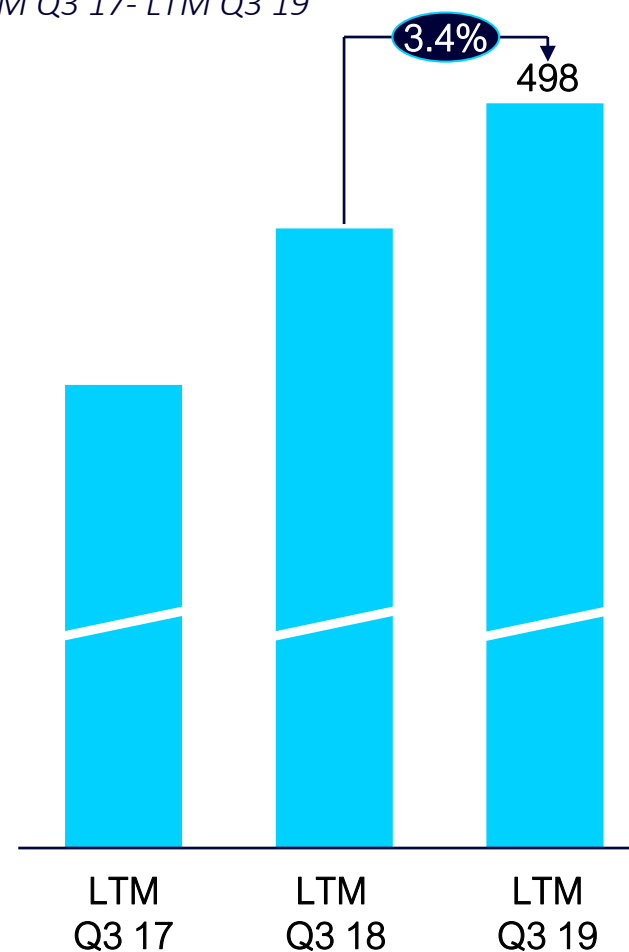
Service Revenue and Organic Growth\*\*  
LTM Q3 17 – LTM Q3 19



- Steady progress
- Q3 19 organic growth of 1.7% below LTM average due to B2B

## ... and EBITDA\* growing...

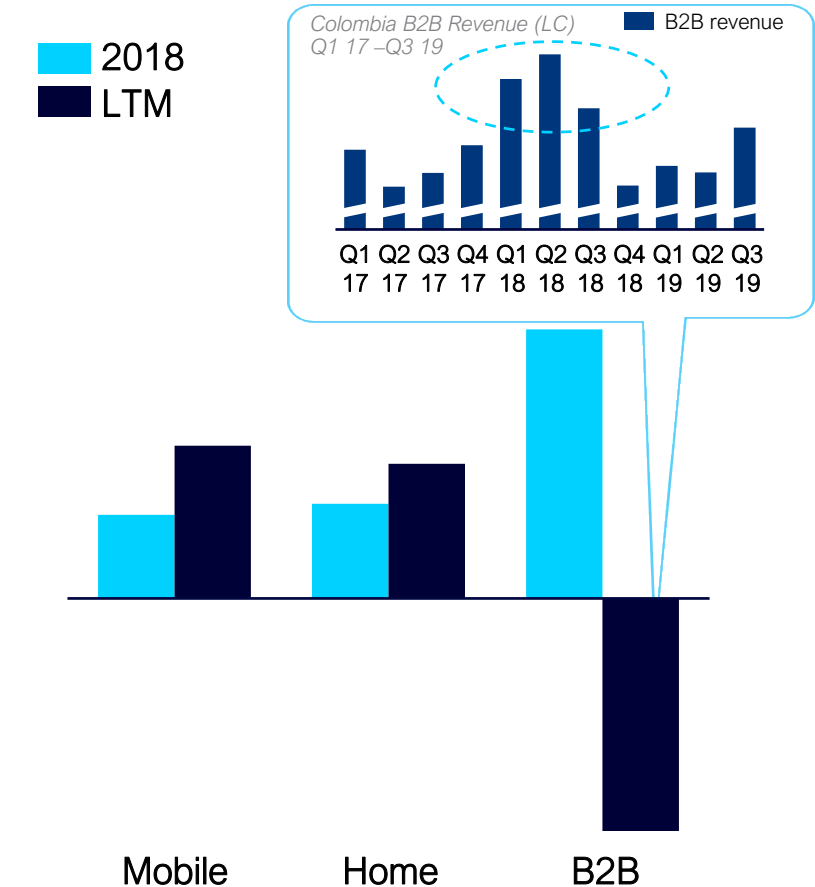
EBITDA and Organic Growth\*\*  
LTM Q3 17- LTM Q3 19



- Q3 19 organic decline of 2.2% impacted by one-off. Adjusting for this, organic EBITDA would have been positive 2.0%.

## ...in Mobile and Home

Organic Service Revenue Growth (%) by business\*\*  
2018 and LTM



- Mobile and Home growth rates have accelerated
- B2B improved in Q3 but remains down year-on-year due to exceptionally strong 2018.

\*Non-IFRS measure. Please refer to the non-IFRS disclosures in this presentation for a description of non-IFRS measures.

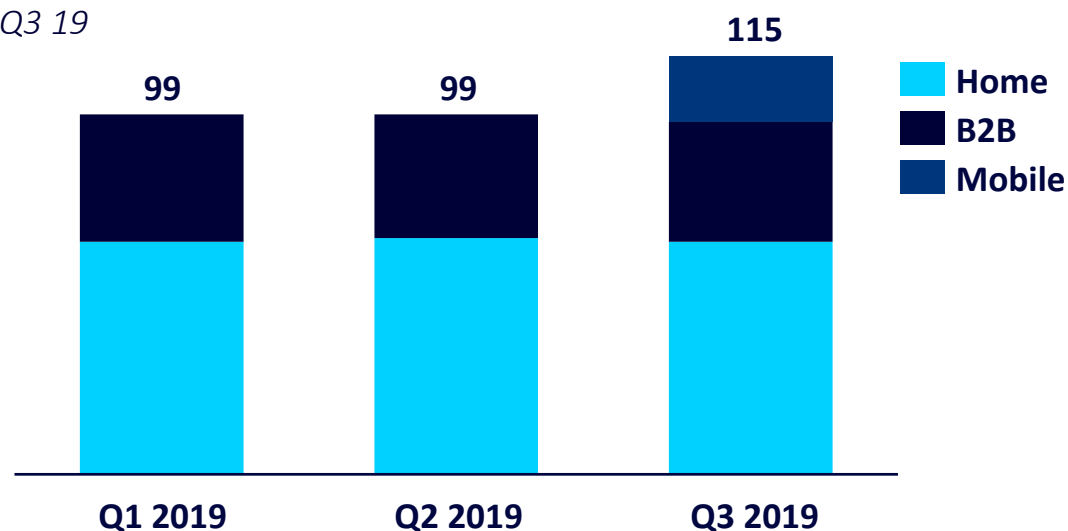
A reconciliation of non-IFRS measures to the nearest equivalent IFRS measures is available at <https://www.millicom.com/investors/reporting-center/>.

\*\* Last twelve-month organic growth rates calculated using average organic growth rate for period.

# Panama – Synergies Driving OCF

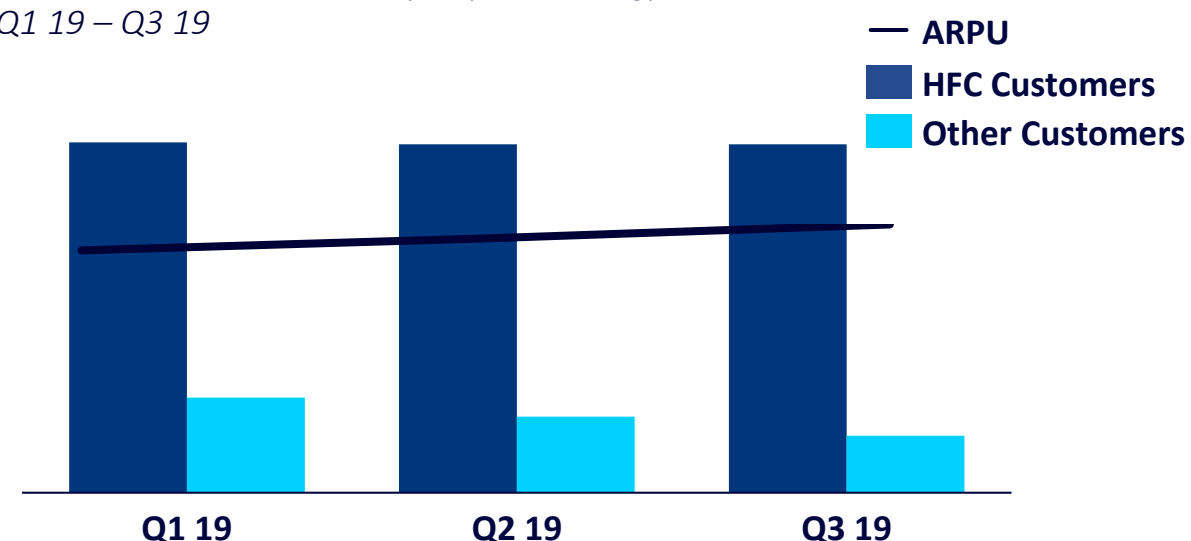
## Stable service revenue

Panama Service Revenue  
Q1 19- Q3 19



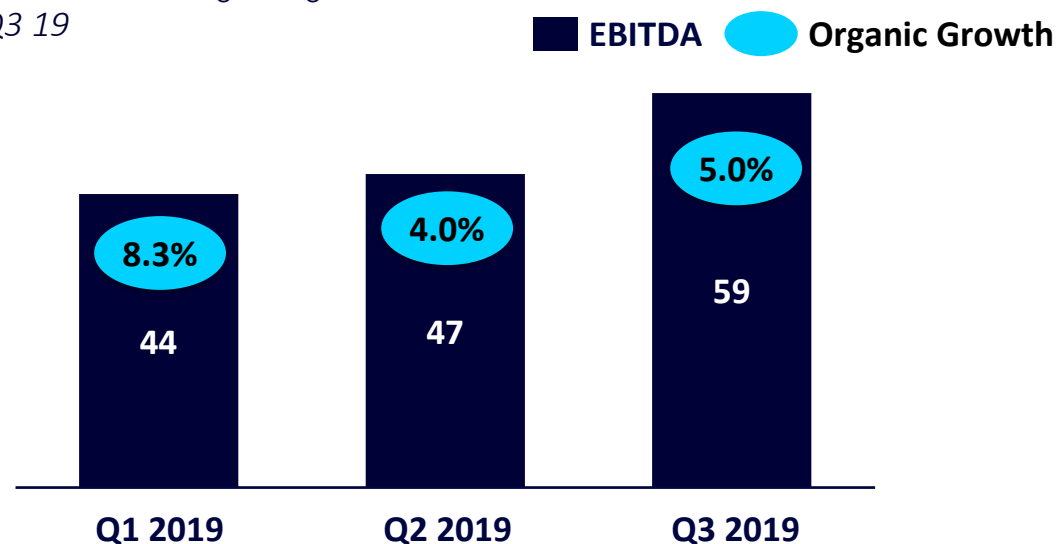
## Cross selling and mix shift with steady ARPU

Home Customer Relationships by Technology and ARPU  
Q1 19 – Q3 19



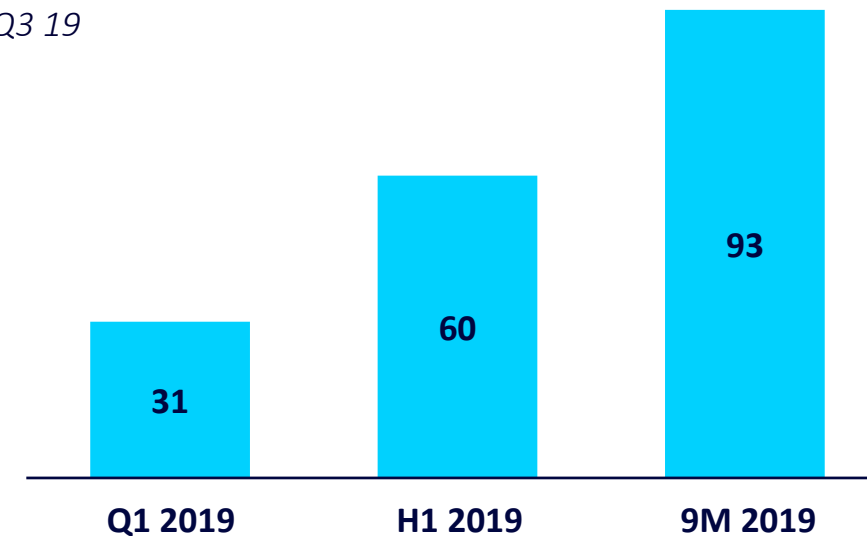
## Growing EBITDA

Panama EBITDA and organic growth %  
Q1 19- Q3 19



## Robust OCF Generation

Panama OCF  
Q1 19- Q3 19



# Acquisitions are on track...

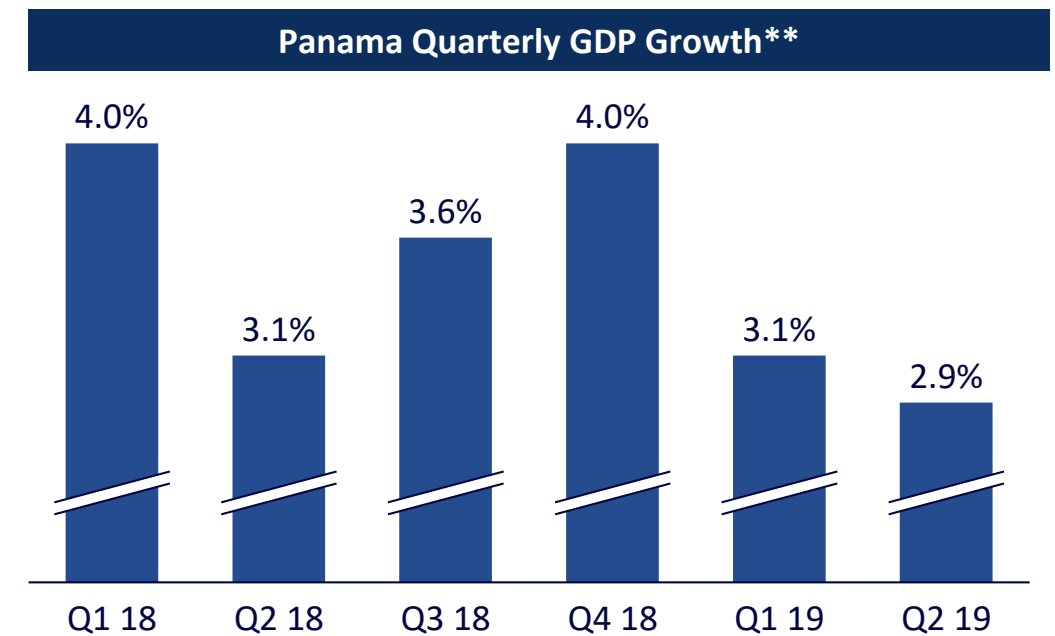
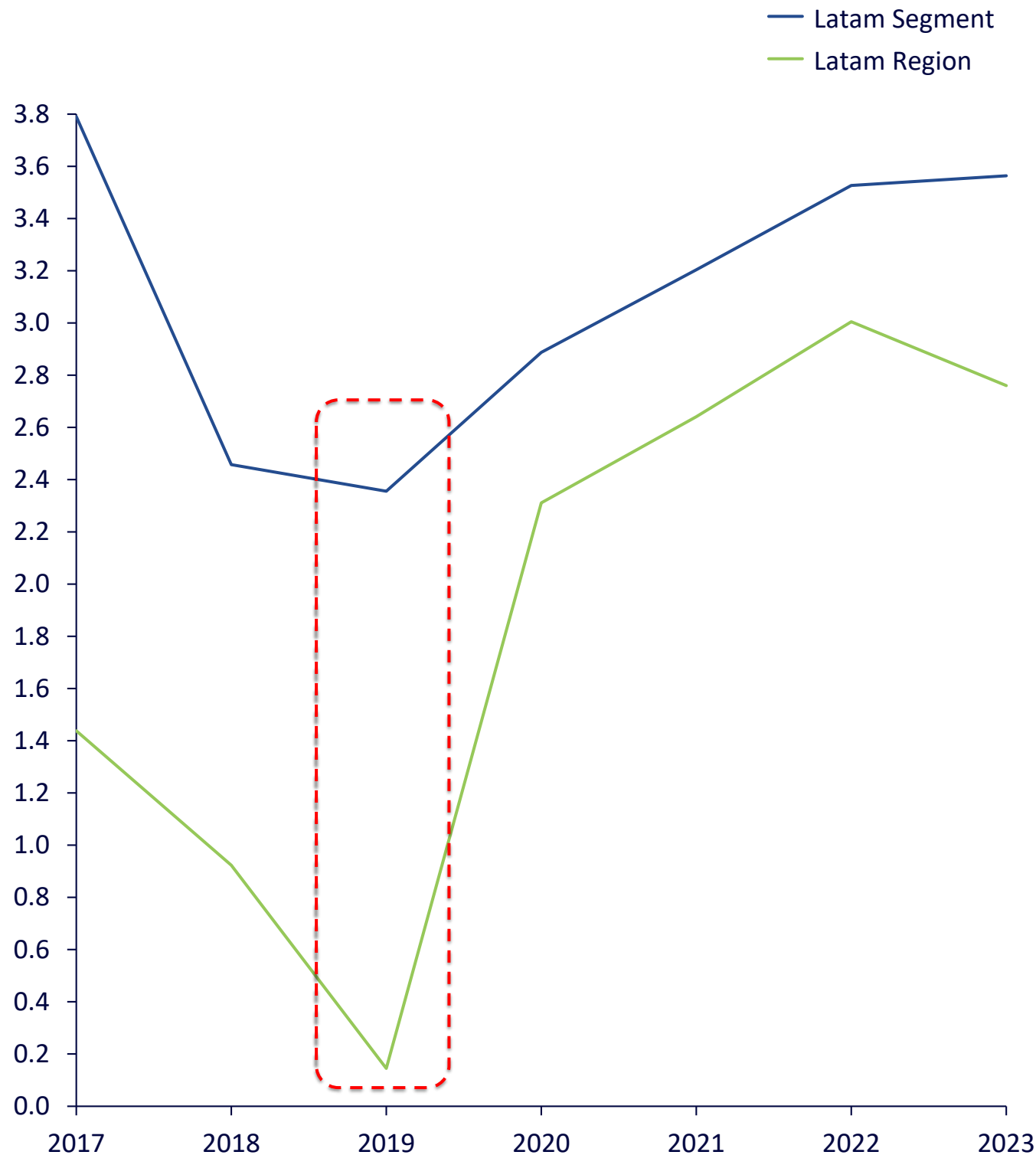
						
		Status	Team	Culture	Strategy	Synergies
	Panama Fixed	<b>Closed</b> <i>December 2018</i>				
	Nicaragua Mobile	<b>Closed</b> <i>May 2019</i>				
	Panama Mobile	<b>Closed</b> <i>August 2019</i>				
	Costa Rica Mobile	<b>In Process</b> <i>Expected Q4</i>				



## 2. Q3 financial highlights

# Positive long-term macro outlook ...short term challenges

Economic growth in 2019 slowing sharply in several markets...long term outlook remains positive



\* Source: Oxford Economics. Average of Real Annual GDP Growth for Latam Segment (Bolivia, Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama and Paraguay). Average of Real Annual GDP Growth for Latin America

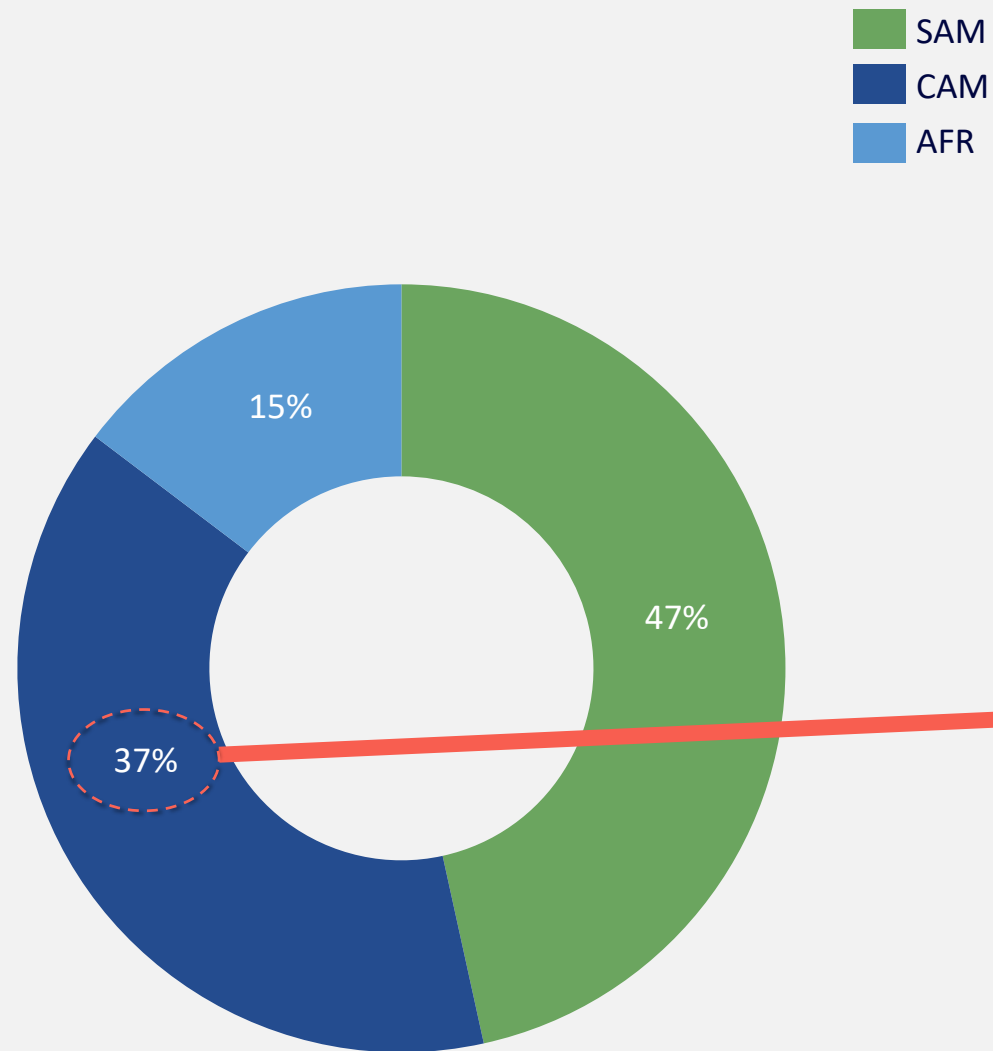
\*\* Source: Banco Central de Paraguay, Contraloria General de la Republica de Panama,



# More US-dollar linked currency exposure

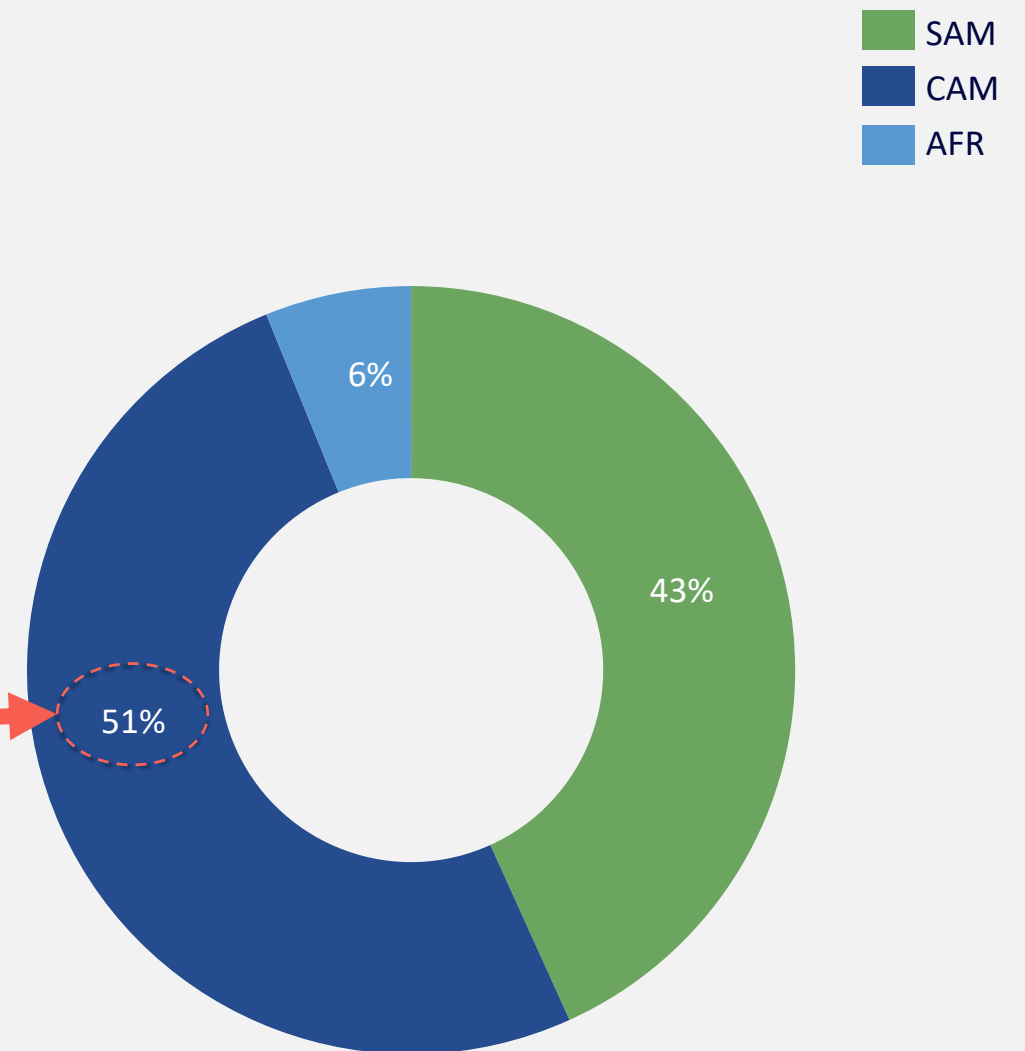
## Q3 2015 Revenue by Region

Underlying Revenue by Region, Q3 2015



## Q3 2019 Revenue by Region

Underlying Revenue by Region, Q3 2019

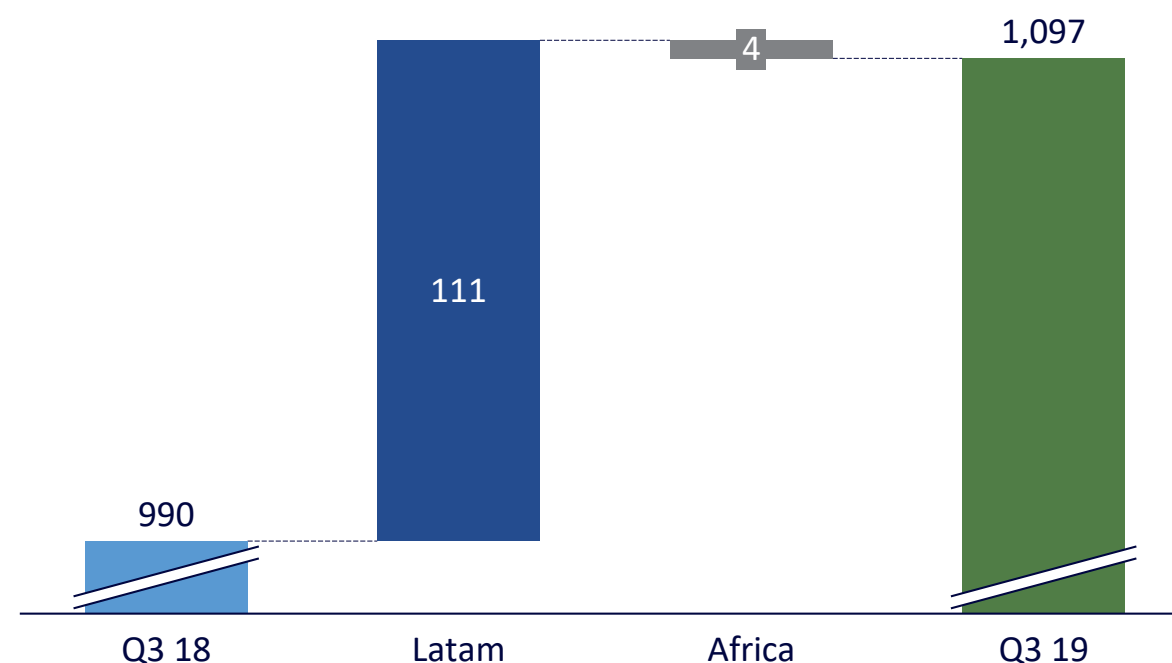


# Group P&L – Q3 2019

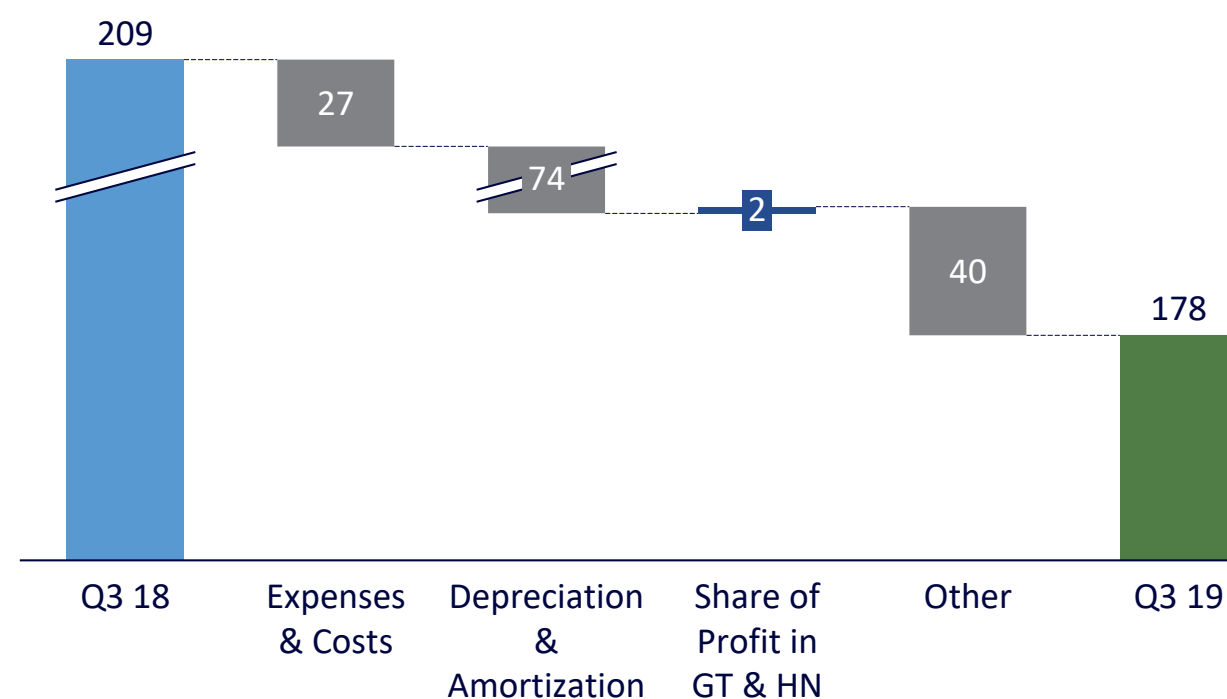
## Selected P&L data

US\$ million	Q3 19	Q3 18	% Var
<b>Revenue</b>	<b>1,097</b>	<b>990</b>	<b>10.8%</b>
Cost of sales	(302)	(281)	7.4%
Operating expenses	(392)	(386)	1.4%
Depreciation & amortization	(270)	(196)	(38.0)%
Share of profit in GT & HN	46	44	5.5%
Other operating	(1)	39	(103.6)%
<b>Operating profit</b>	<b>178</b>	<b>209</b>	<b>(15.0)%</b>
Net financial expense	(128)	(92)	39.8%
Others non-operating	(127)	(14)	NM
Associates	(17)	(32)	(48.5)%
<b>Profit (loss) before tax</b>	<b>(94)</b>	<b>72</b>	<b>NM</b>
Taxes	(48)	0	NM
Minority interests	16	(2)	NM
Discontinued operations	(4)	0	NM
<b>Net income (loss)</b>	<b>(130)</b>	<b>68</b>	<b>NM</b>
EPS (\$ per share)	(1.29)	0.68	NM

## Revenue bridge



## Operating profit bridge



\*The financial highlights are presented on an IFRS basis and therefore do not include the fully consolidated results from our Guatemala and Honduras joint ventures.

# Group P&L – Q3 2019

## Selected P&L data

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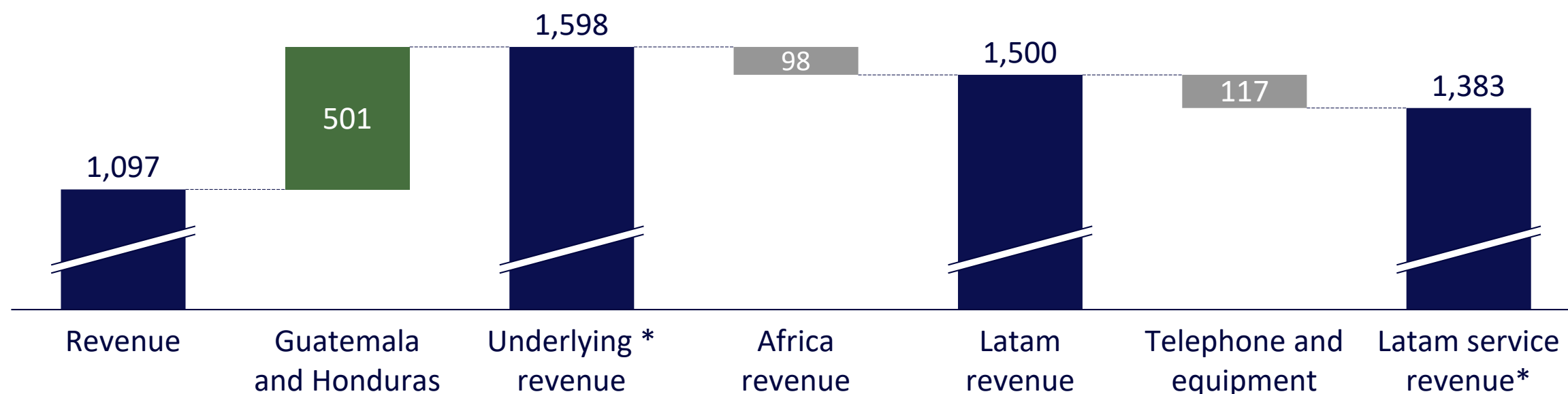
## Key Observations

- A** Increased D&A due to Nicaragua and Panama acquisitions and IFRS 16
- B** Increased financial expenses due to higher gross debt and IFRS 16 adoption
- C** Revaluation of Jumia (\$89m) and foreign exchange losses (\$40m)

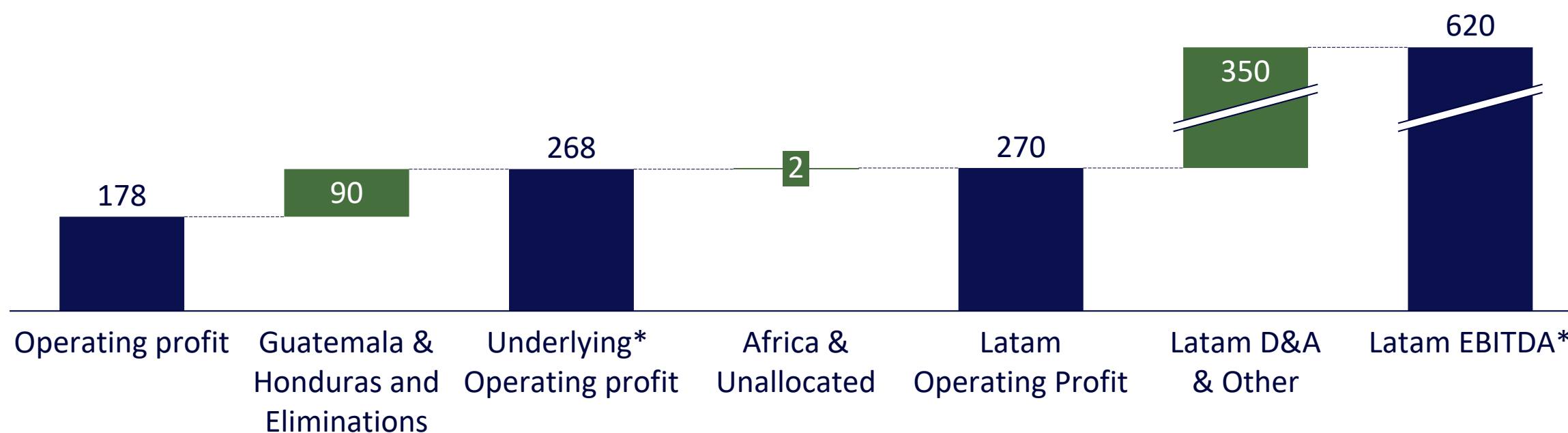
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# Latam segment bridge

Group revenue to Latam service revenue bridge,  
Q3 19



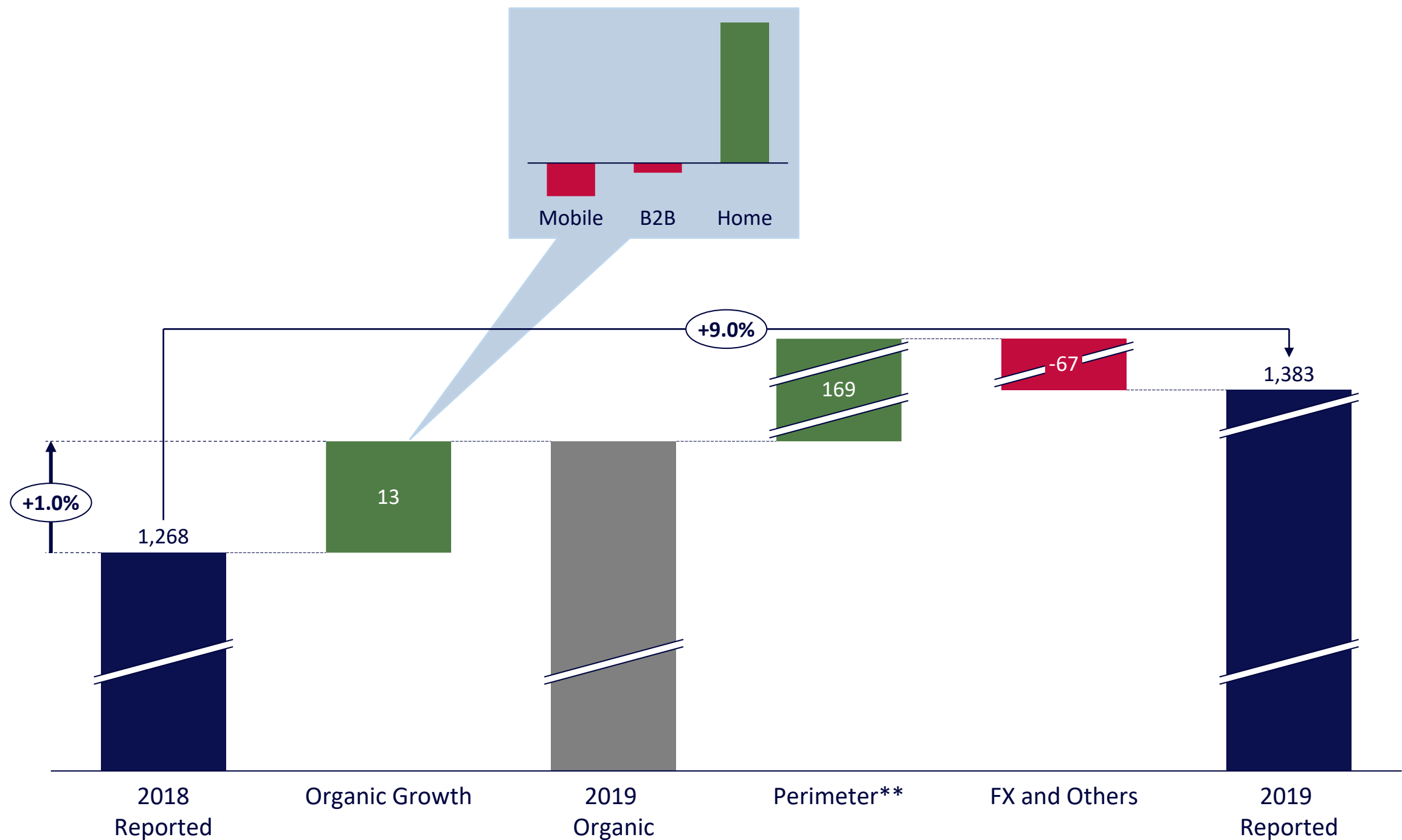
Group operating profit to Latam EBITDA\* bridge,  
Q3 19



\*Non-IFRS measure. Please refer to the non-IFRS disclosures in this presentation for a description of non-IFRS measures.  
A reconciliation of non-IFRS measures to the nearest equivalent IFRS measures is available at <https://www.millicom.com/investors/reporting-center/>.

# Latam service revenue

Service revenue\* (\$m) and YoY organic growth\*,  
Q3 18 – Q3 19



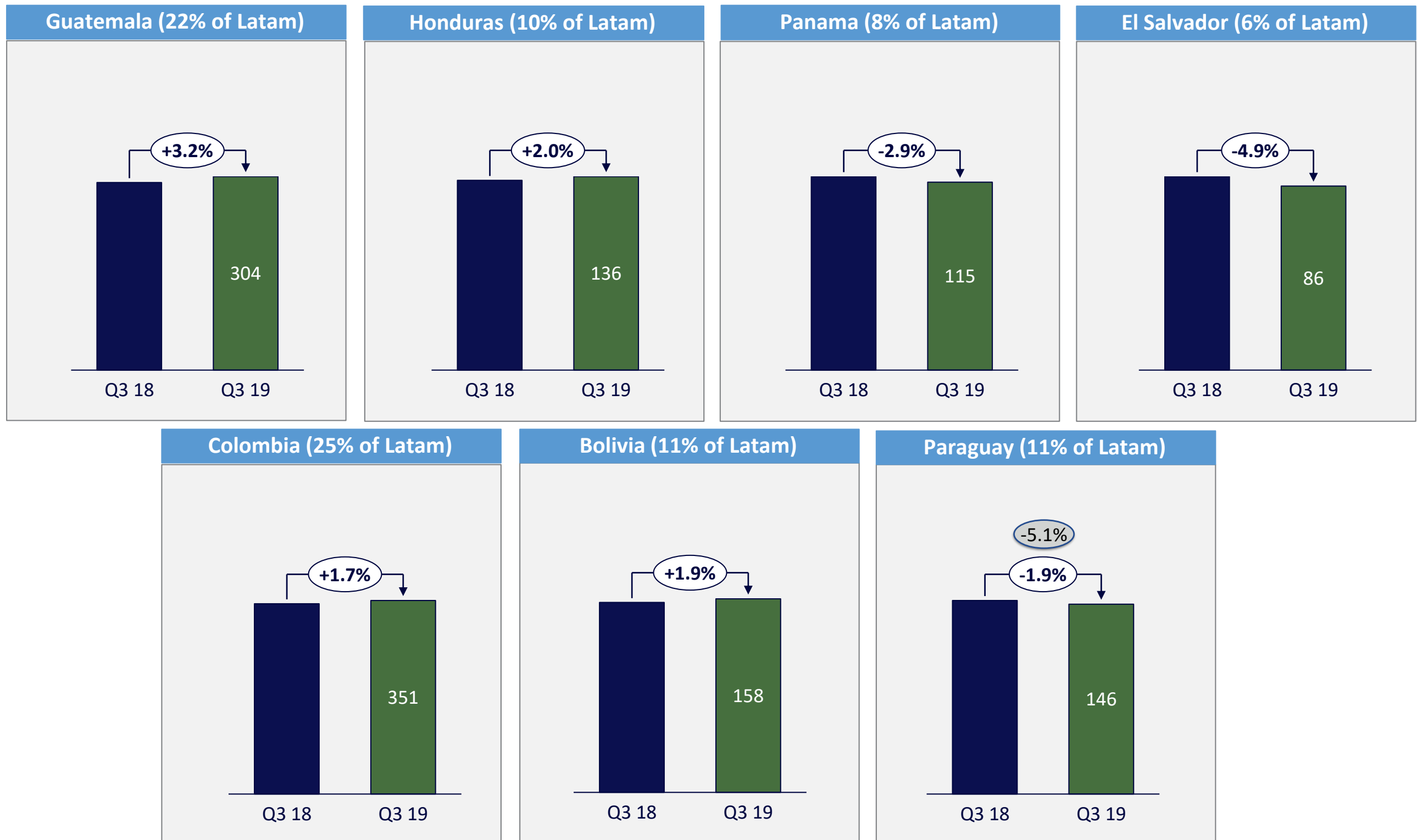
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\*\* Includes impact of acquisitions in Nicaragua and Panama

# Latam service revenue by country

Service revenue (\$m), and YoY organic growth\*,  
Q3 18 – Q3 19



Adjusted for one-offs

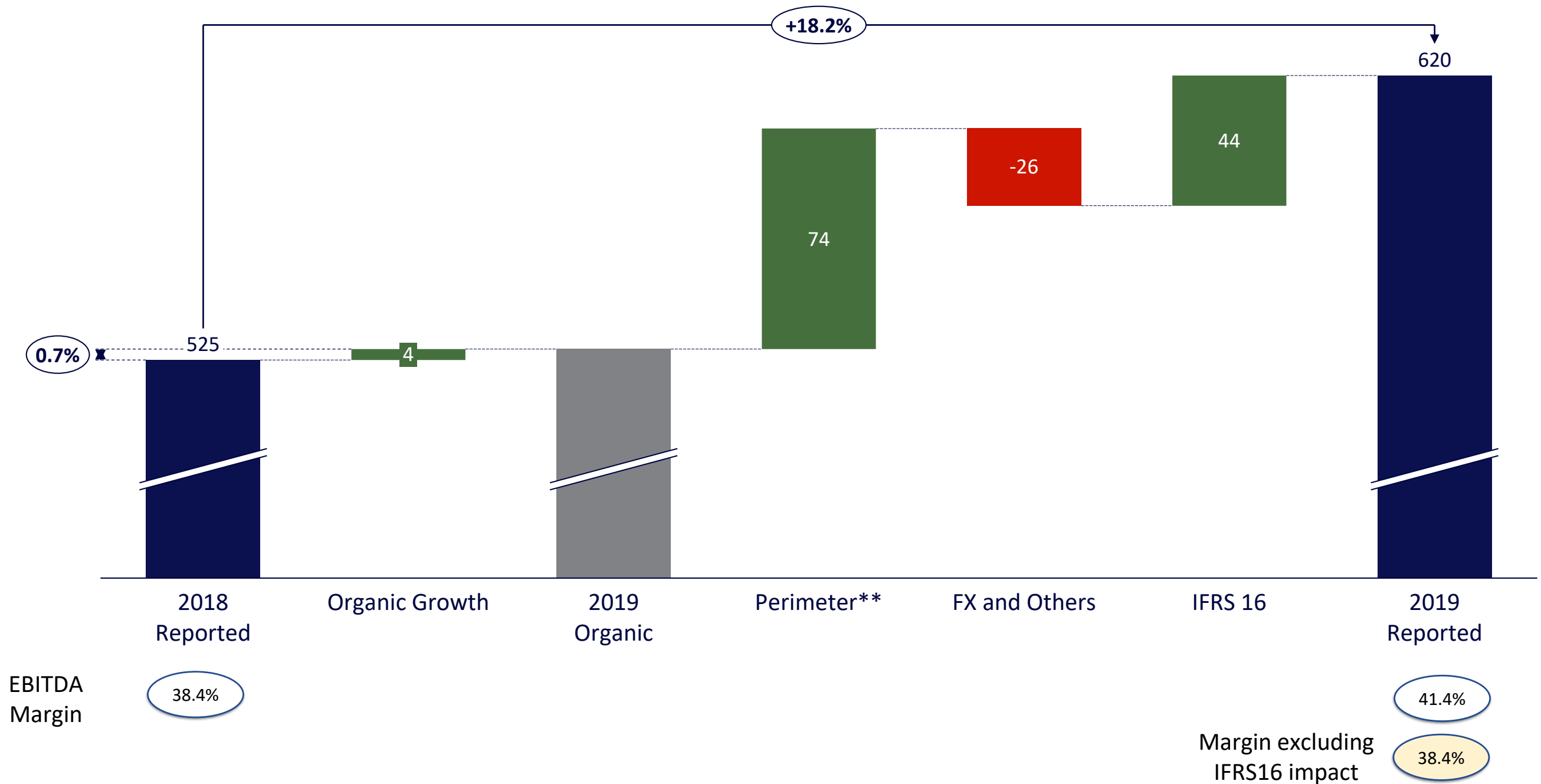
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# Latam EBITDA

EBITDA\* (\$m) and YoY organic growth\*,  
Q3 18 – Q3 19



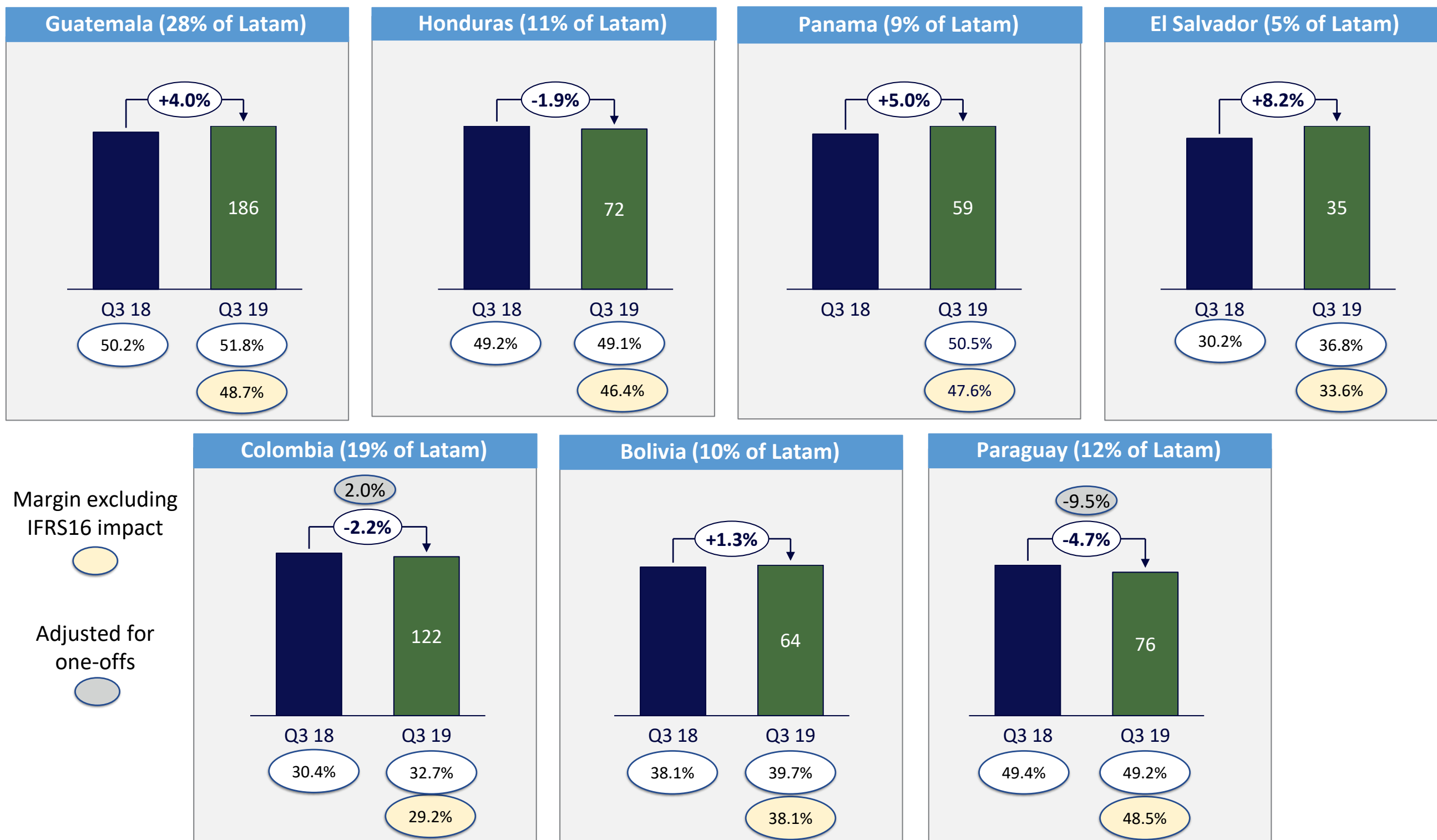
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\*\* Includes impact of Panama and Nicaragua

# Latam EBITDA by country

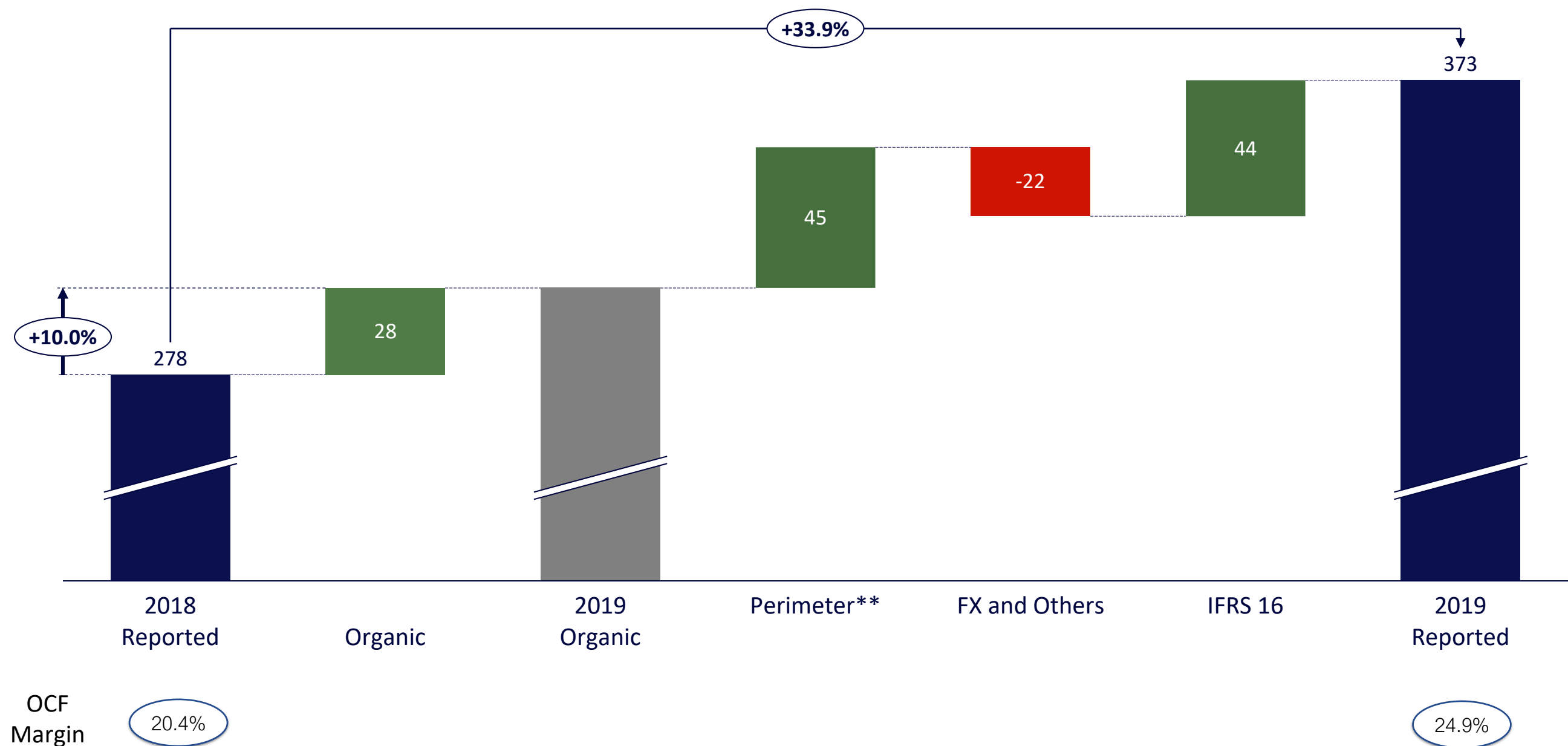
EBITDA(\$m), and YoY organic growth\*,  
Q3 18 – Q3 19



\*Non-IFRS measure. Please refer to the non-IFRS disclosures in this presentation for a description of non-IFRS measures.

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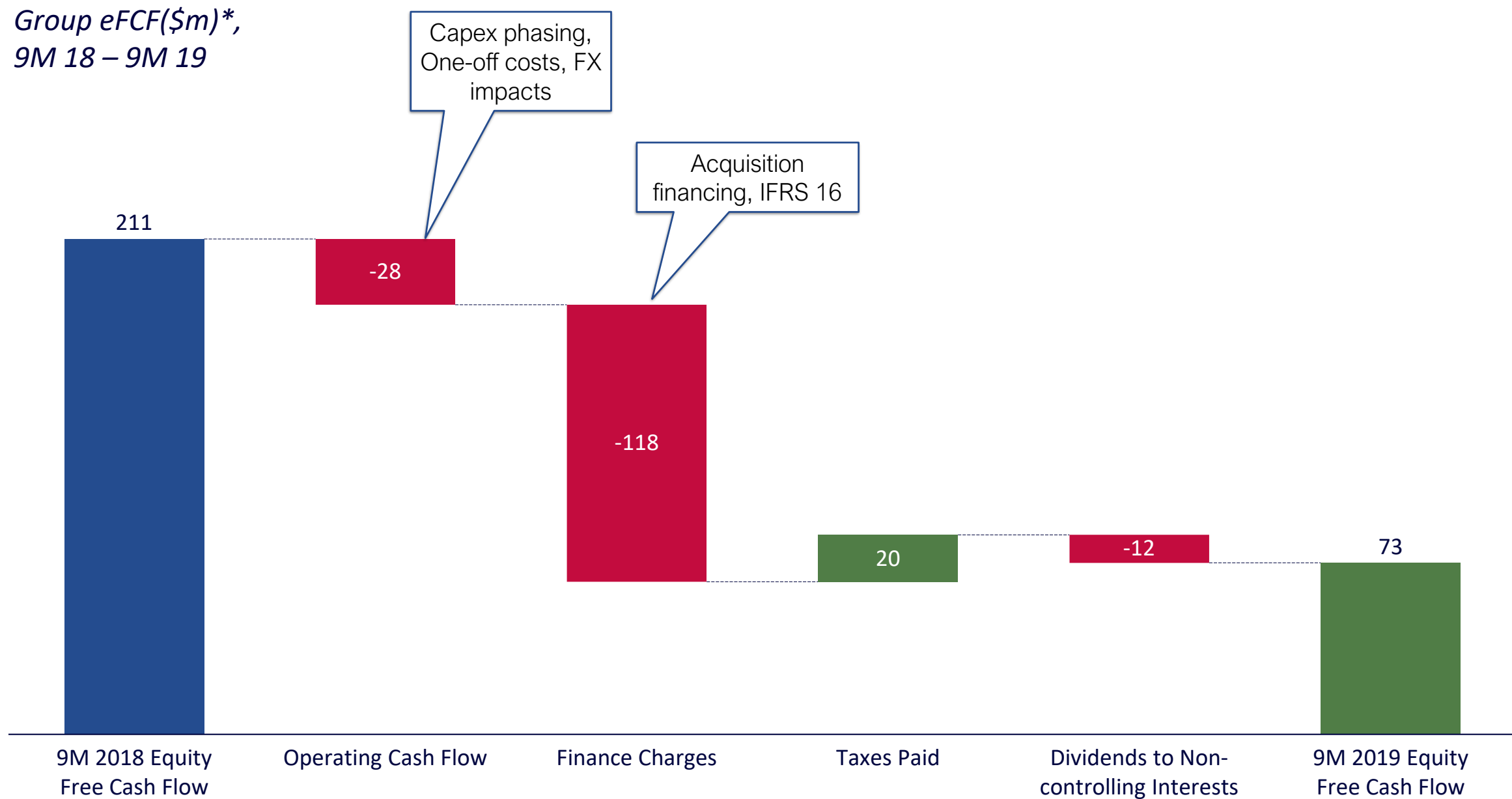
OCF (EBITDA-Capex)\* (\$m) and YoY organic growth\*,  
Q3 18 – Q3 19



\*OCF and organic growth are non-IFRS measures. Please refer to the non-IFRS disclosures in this presentation for a description of non-IFRS measures. A reconciliation of non-IFRS measures to the nearest equivalent IFRS measures is available at <https://www.millicom.com/investors/reporting-center/>.

\*\* Includes Panama and Nicaragua

# Group eFCF



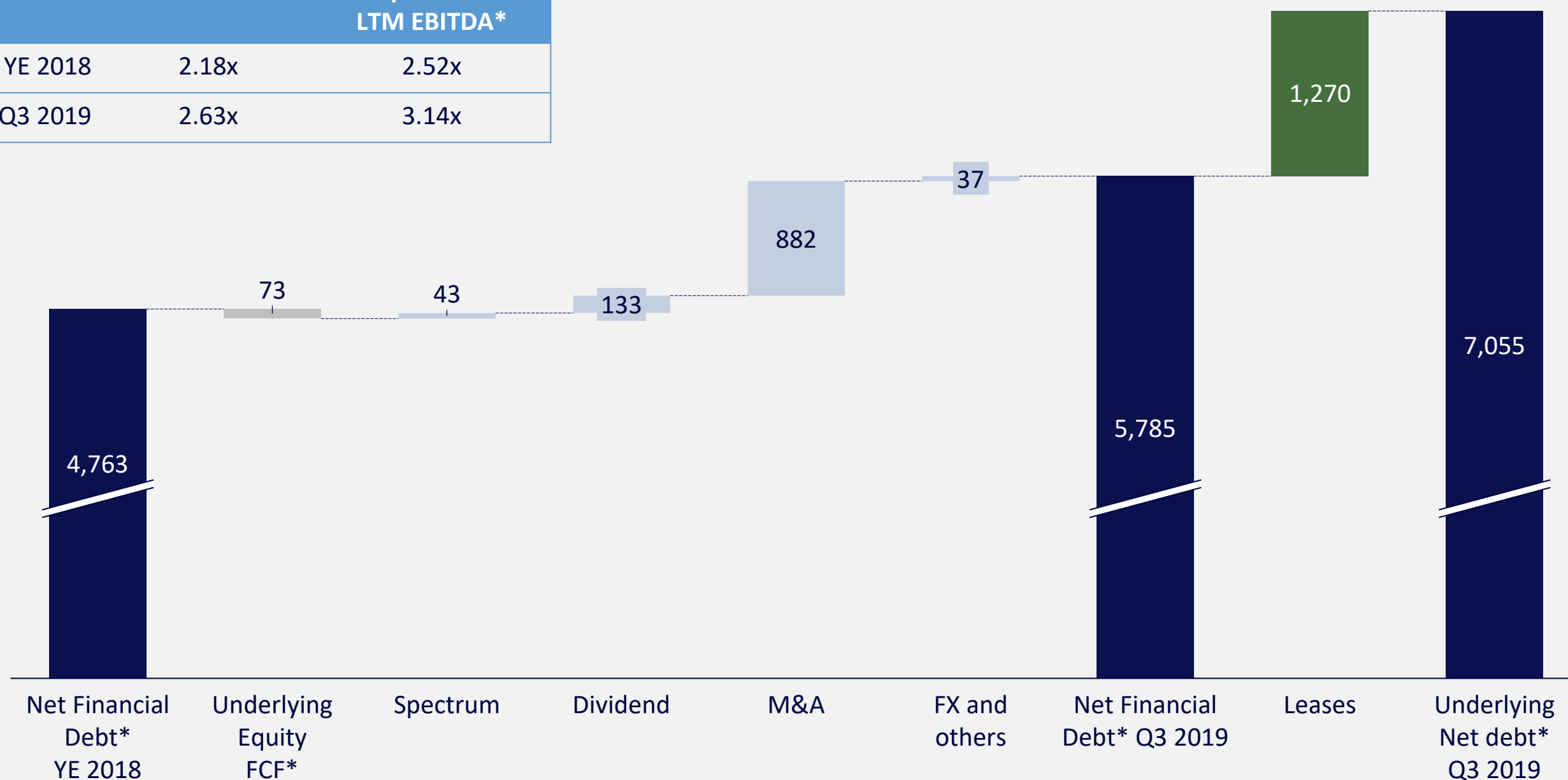
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# Net debt evolution

## Underlying Net debt evolution

\$ million, December 31, 2018 – September 30, 2019

Period	Underlying Net Debt/ LTM EBITDA*	Proportionate Net Debt/ Proportionate LTM EBITDA*
YE 2018	2.18x	2.52x
Q3 2019	2.63x	3.14x



\*Non-IFRS measure. Please refer to the non-IFRS disclosures in this presentation for a description of non-IFRS measures. A reconciliation of non-IFRS measures to the nearest equivalent IFRS measures is available at <https://www.millicom.com/investors/reporting-center/>.

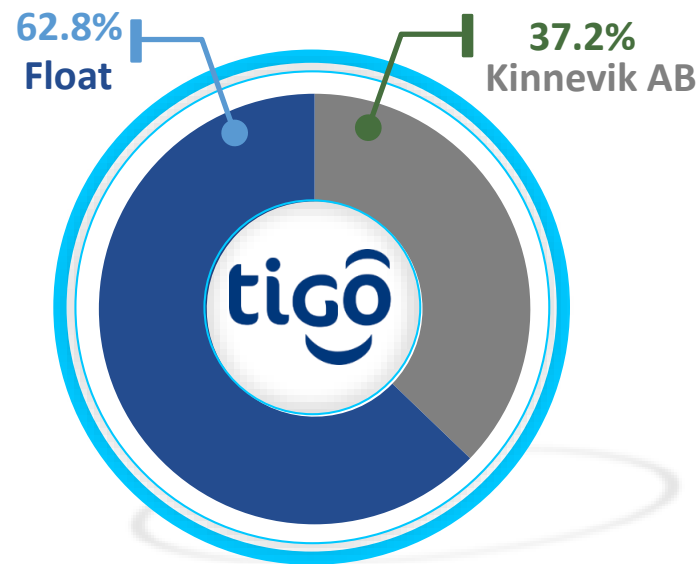


### 3. Looking Ahead



# Tigo shareholder structure

## Current Structure



59% increase in float

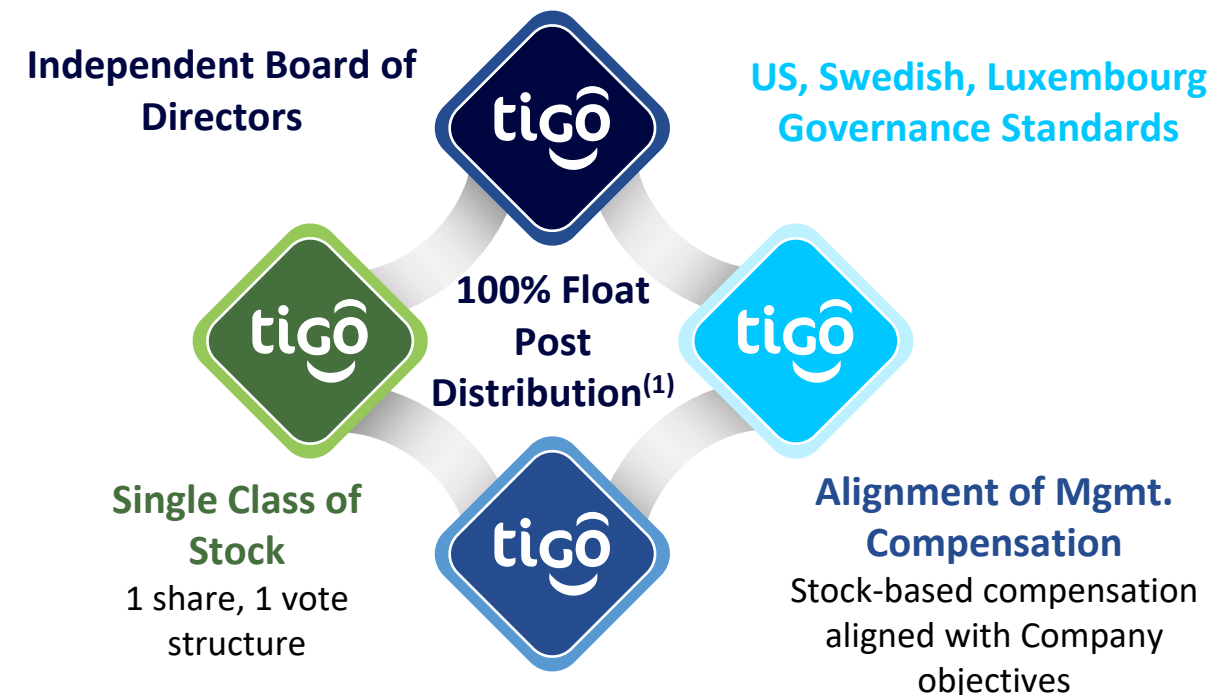
## Post-Distribution Structure<sup>(1)</sup>



## Results of this distribution

- Kinnevik EGM on November 7, 2019
- Short-term technical overhang
- Increased liquidity
- 100% free float company

## Strong Corporate Governance



Note: Percentages of beneficial ownership calculated based on total shares outstanding (101.7mm) as of September 30, 2019. Free float includes any shares held by directors and officers.

(1) Kinnevik intends to distribute its common shares of MIC S.A. to Kinnevik's shareholders through a distribution or a similar arrangement. The distribution is subject to approval by Kinnevik's shareholders. Kinnevik has called an Extraordinary General Meeting of Kinnevik's shareholders to consider and vote on the proposed distribution. There can also be no guarantee that Kinnevik will proceed with the intended distribution on the currently contemplated terms and timing or at all.

# Under-penetrated and stable Latam markets

Latin American markets are growing and remain underpenetrated, representing an attractive opportunity

## Penetration Potential

### 1. Low penetration rates

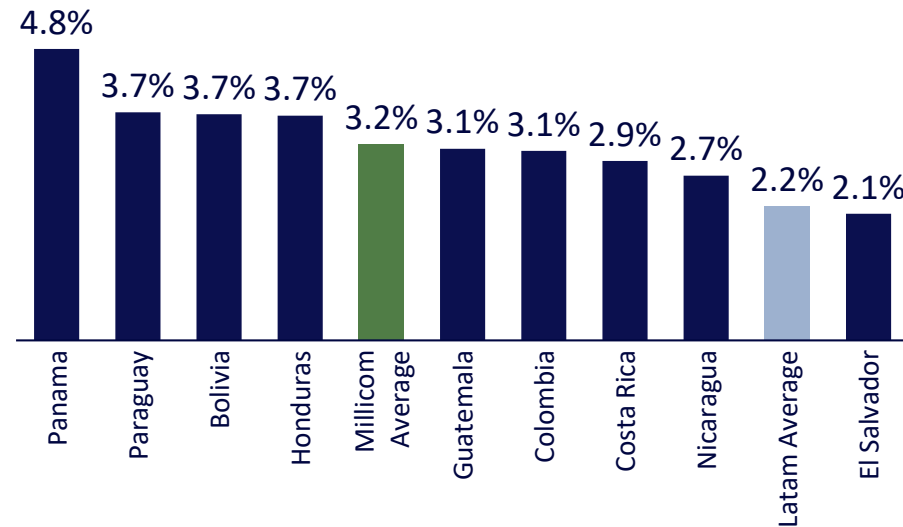
- ✓ < 35% of our mobile customers on 4G
- ✓ TIGO HFC customers <10% of total households in our footprint

### 2. Favorable macro outlook

- ✓ Stable macroeconomic environment
- ✓ Increasing consumer spending on communications
- ✓ Growing middle-class

## GDP Growth

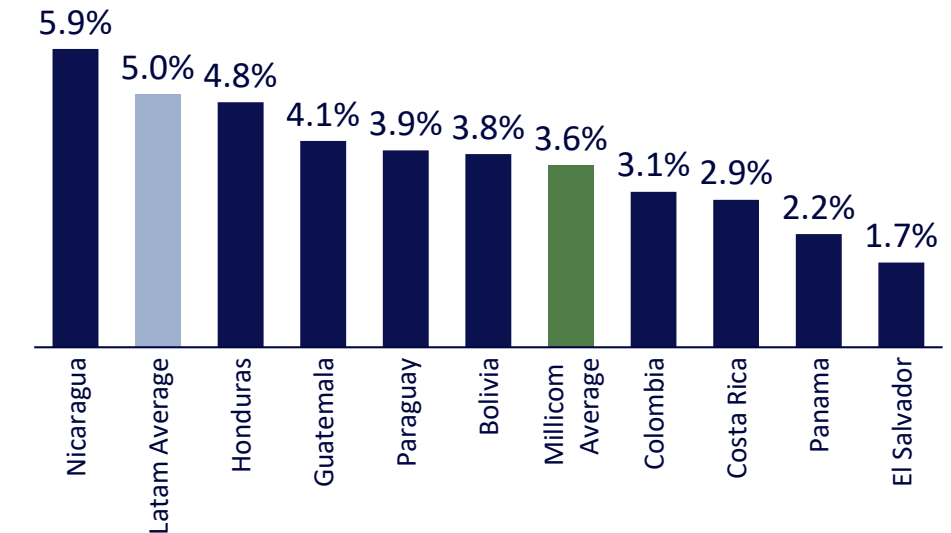
CAGR % GDP growth, 2018-2028



Source – Oxford Economics 2019. Latam Average is calculated as average annual GDP growth for entire region.

## CPI Inflation

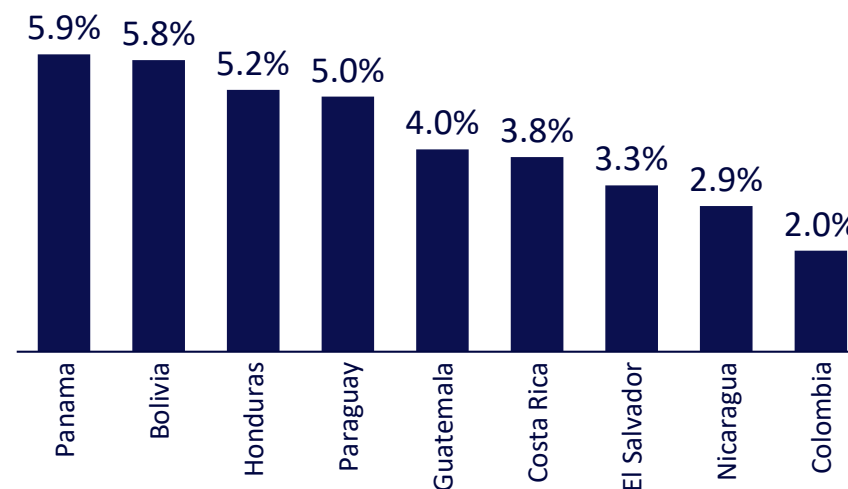
Average % CPI Inflation, 2018-2028



Source – Oxford Economics 2019. Latam Average is calculated as average inflation for entire region.

## Consumer Spending - Communications

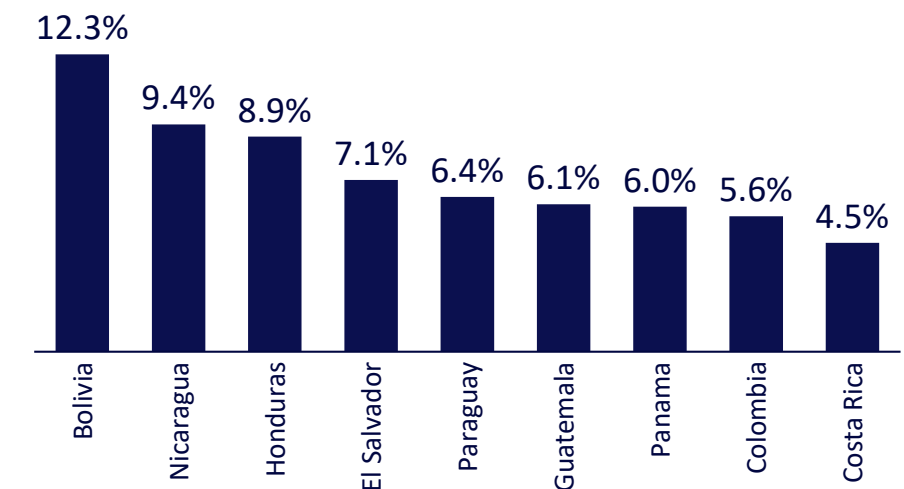
CAGR % of total households, 2018-2028



Source – Oxford Economics 2019

## Growing Middle Class

CAGR % of households with income over \$20,000, 2018-2028



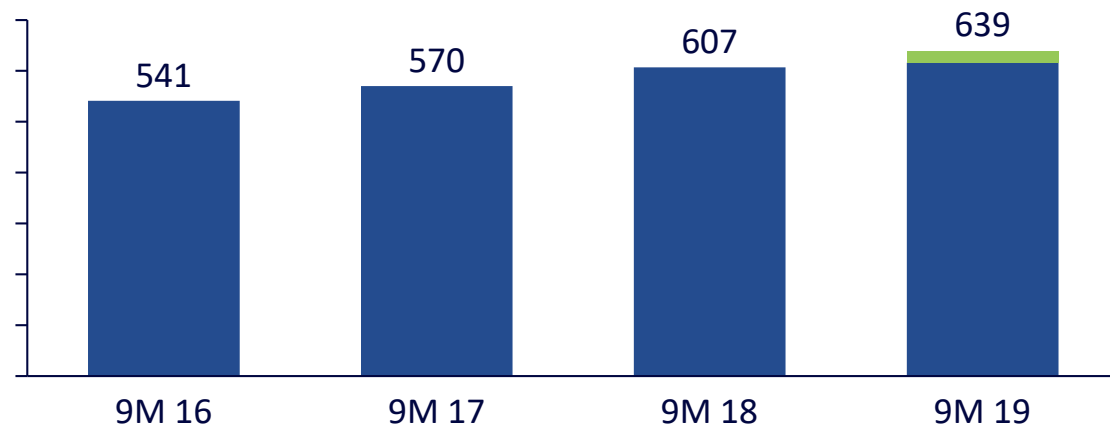
Source – Oxford Economics 2019

# Investing in broadband networks

## Consistent investment

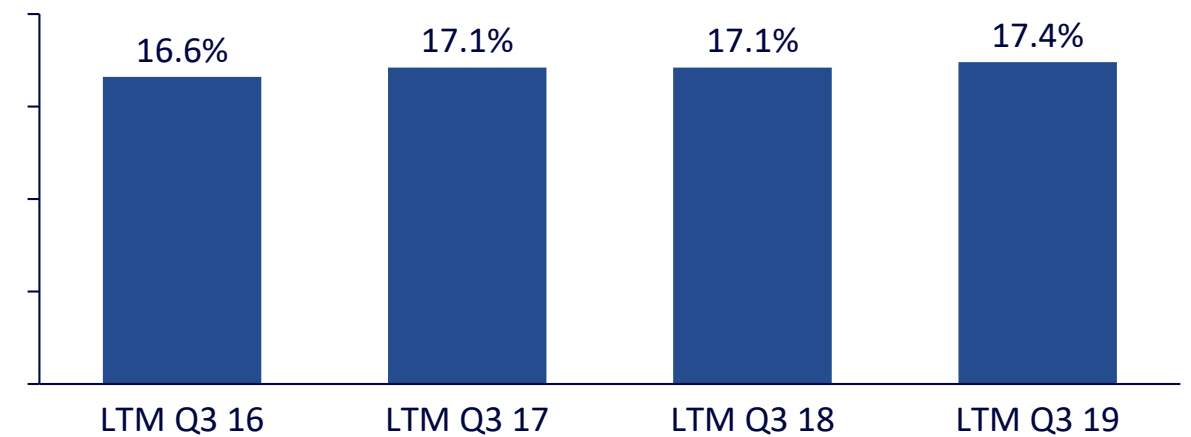
Latam Capex (US\$mm)  
9M16 – 9M19

■ Capex  
■ Acquisition Related Capex



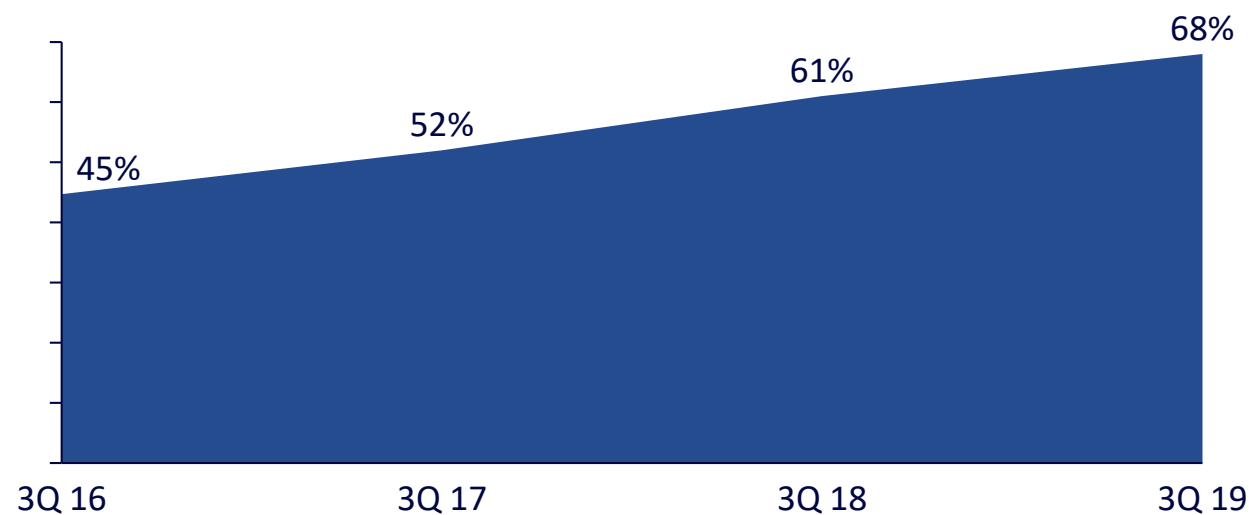
## Stable capex / sales ratio

Latam capex/ sales %  
LTM Q3 16 – LTM Q3 19



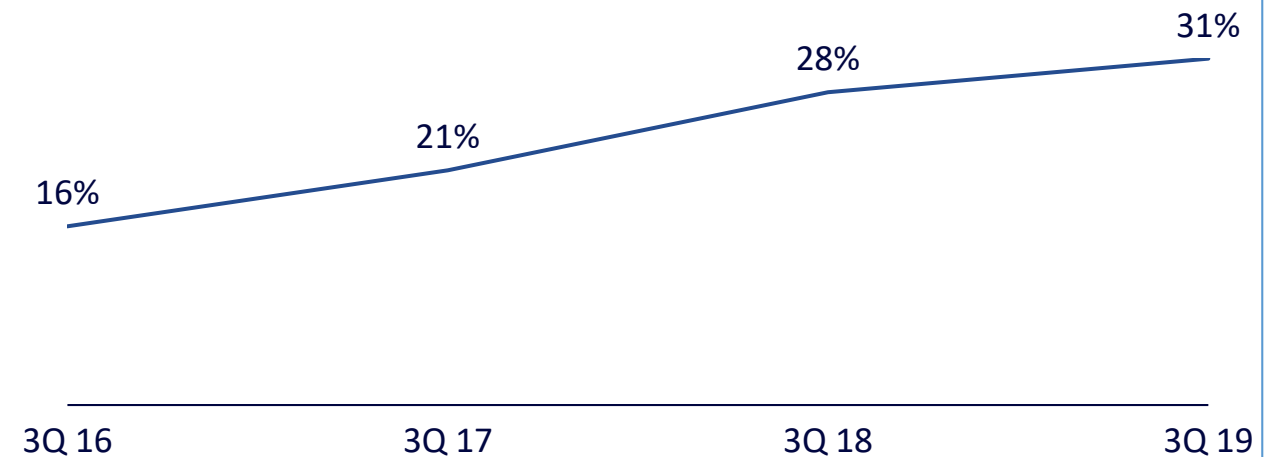
## 4G coverage extending

4G Population Coverage, %  
3Q 16 – 3Q 19

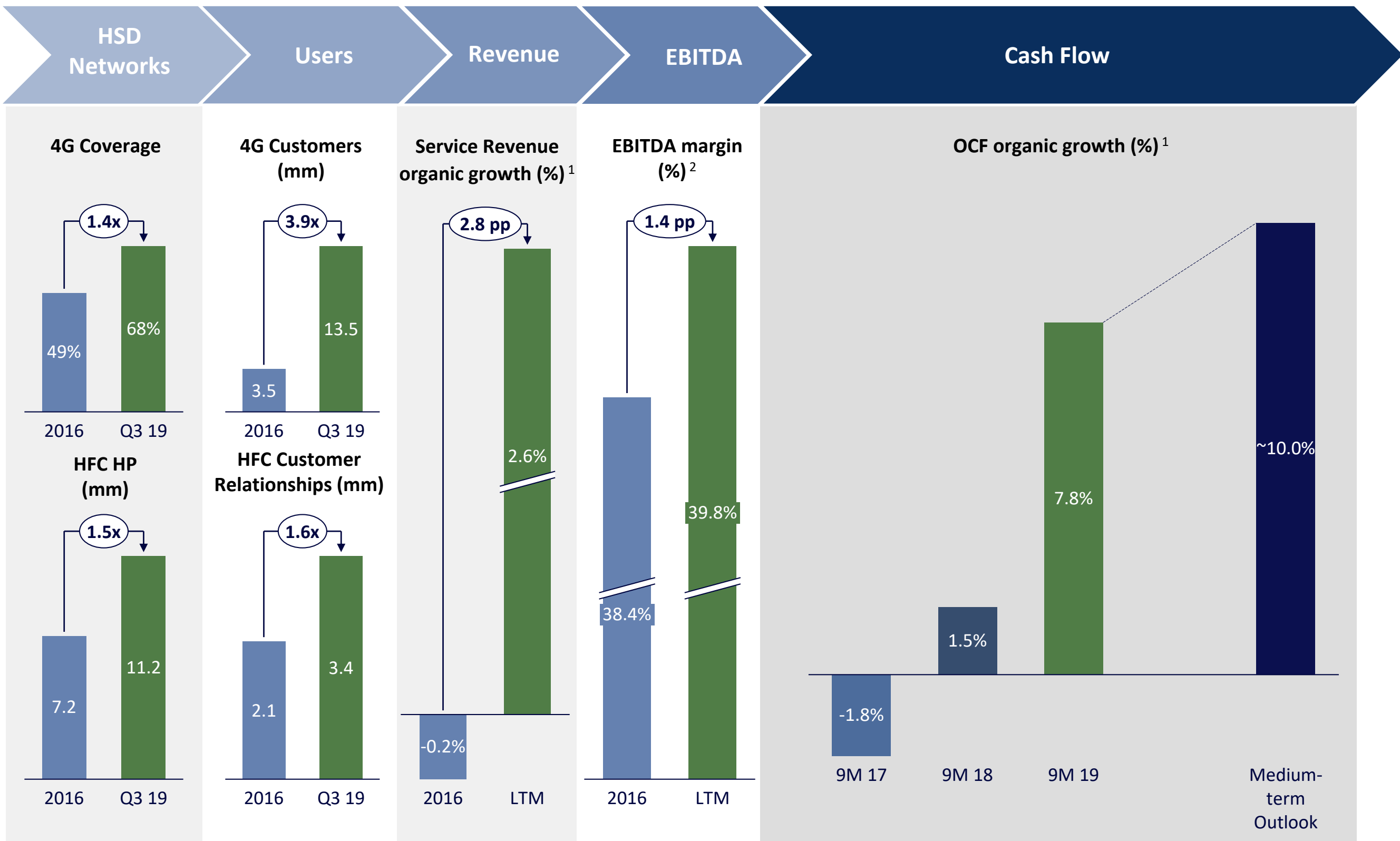


## Capex increasingly variable

CPE as % of Total Capex  
3Q 16 – 3Q 19



# Focus on Latam organic cash flow growth...



(1) Non IFRS. Growth rates calculated as an average of the quarterly organic growth for the year and last twelve months, respectively.

(2) Non IFRS. LTM Q3 19 EBITDA margin calculated excluding the impact of IFRS 16 in Q1 19 and Q3 19.

## In Summary

- 1 Sustained growth in subscription-based businesses
- 2 Attractive long-term opportunity
- 3 Integrating recent acquisitions and extracting synergies
- 4 Focus on accelerating organic OCF growth

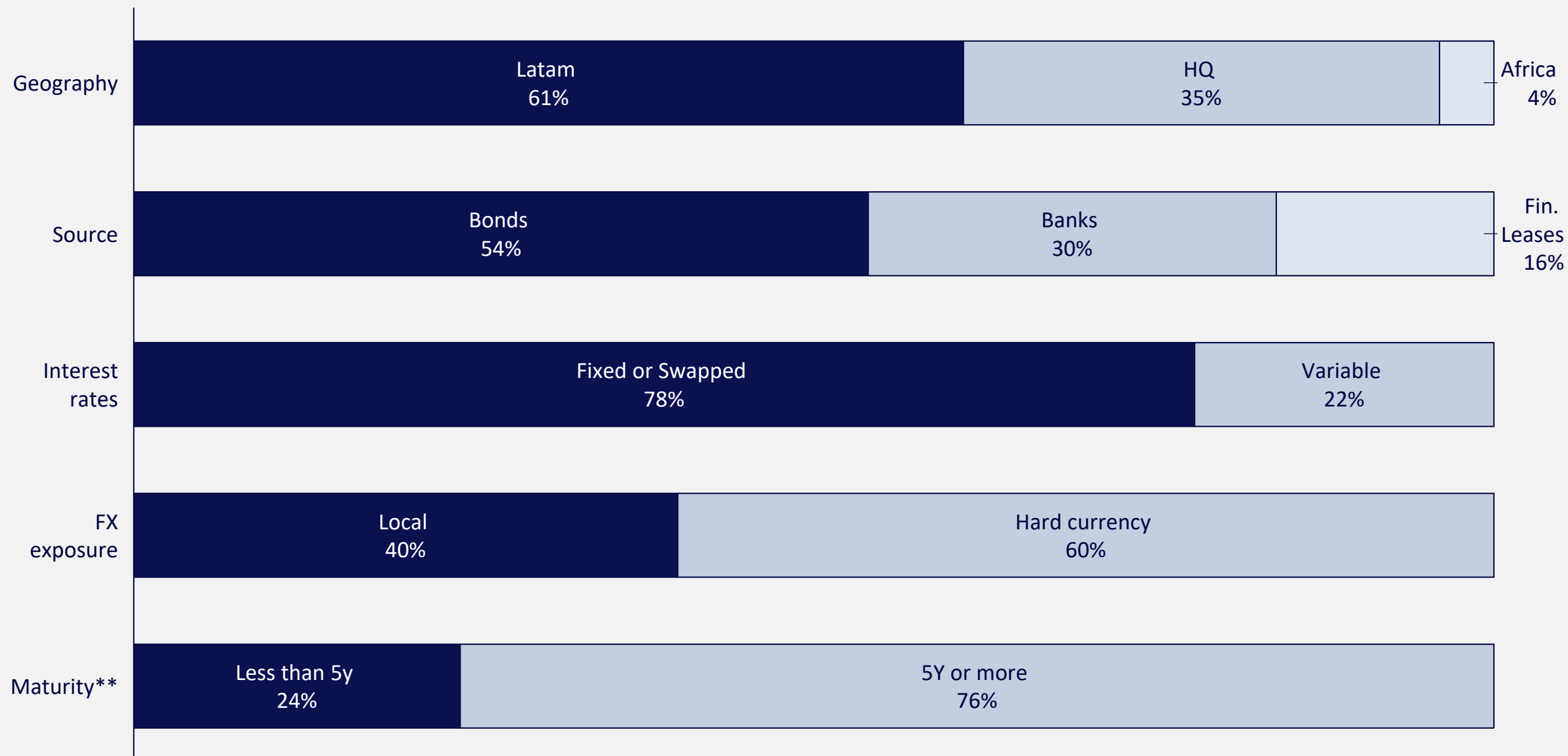


Q&A



## Debt profile

30 September 2019

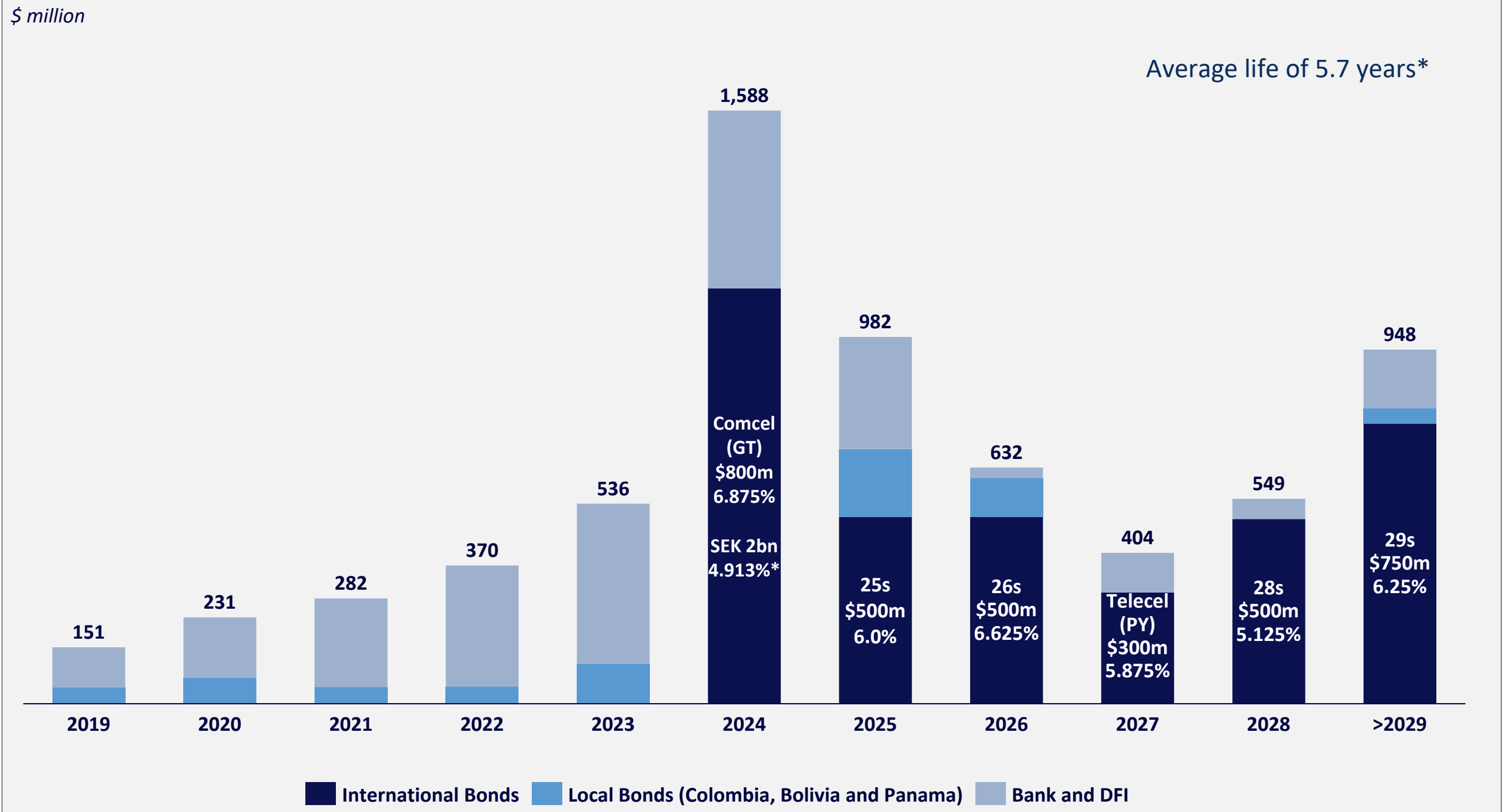


\*Proforma to LTM EBITDA from Cable Onda.

\*\* Excluding Finance Leases

## Well spread debt profile

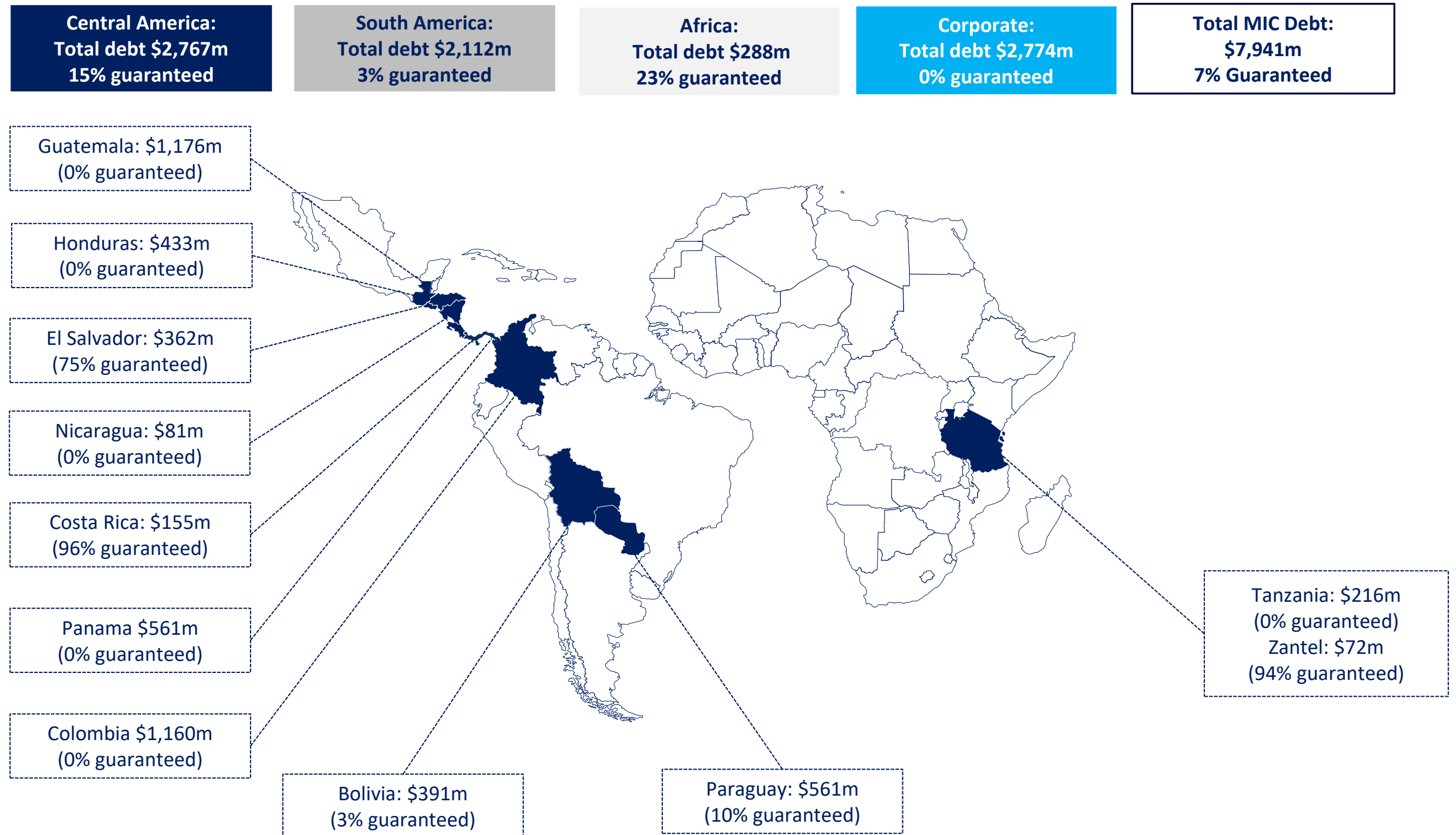
### Debt maturity profile\*\*



\* Fully swapped rate

\*\* Excluding finance leases

# Gross debt by country



# Net debt by country

