

# Sustained growth momentum in Q2

Second Quarter 2022

Mauricio Ramos, CEO  
Sheldon Bruha, CFO  
July 28<sup>th</sup>, 2022

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. In the event such risks or uncertainties materialize, Millicom's results could be materially adversely affected. In particular, there is uncertainty about global economic activity and inflation, the demand for Millicom's products and services, and global supply chains. The risks and uncertainties include, but are not limited to, the following:

- global economic conditions, foreign exchange rate fluctuations and inflation, as well as local economic conditions in the markets we serve, which can be impacted by geopolitical developments outside of our principal geographic markets, such as the armed conflict between Russia and the Ukraine and related sanctions;
- potential disruption due to diseases, pandemics, political events, armed conflict, acts by terrorists, including the impact of the outbreak of the COVID-19 virus and the ongoing efforts throughout the world to contain it;
- telecommunications usage levels, including traffic, customer growth and the accelerated transition from traditional to digital services;
- competitive forces, including pricing pressures, piracy, 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;
- the achievement of our operational goals, financial targets and strategic plans, including the acceleration of cash flow growth, the reduction in net leverage, the expansion of our fixed broadband network, and the implementation of a share repurchase program and environmental, social and governance standards;
- 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, laws and regulations which require the provision of services to customers without charging, tax matters, the terms of interconnection, customer access and international settlement arrangements;
- our ability to grow our mobile financial services business in our Latin American markets;
- adverse legal or regulatory disputes or proceedings;
- the success of our business, operating and financing initiatives and strategies, including partnerships and capital expenditure plans;
- our expectations regarding the growth in fixed broadband penetration rates and the return that our investment in broadband networks will yield;
- 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;
- our ability to create new organizational structures for the Tigo Money and Towers businesses and manage them independently to enhance their value;
- relationships with key suppliers and costs of handsets and other equipment;
- disruptions in our supply chain due to economic and political instability, the outbreak of war or other hostilities, public health emergencies, natural disasters and general business conditions;
- 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 under the heading "Risk Factors" in Item 1 of Millicom's Report on Form 6-K, filed with the U.S. Securities and Exchange Commission (the "SEC") on May 10, 2022, and in Millicom's subsequent SEC filings, all of which are available at [www.sec.gov](http://www.sec.gov). To the extent COVID-19 adversely affects Millicom's business and financial results, it may also have the effect of heightening many of the risks described in its filings. 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, and are proforma for material changes in perimeter due to acquisitions and divestitures. The non-IFRS financial measures are presented in this presentation 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.

Following the changes in perimeter following the Guatemala acquisition and the Africa disposal, Millicom's management modified the company's external reporting with the primary objective of simplifying it. As a result, the Group has discontinued the use of the following non-IFRS measures: Proportionate financial obligations, Proportionate leverage, Proportionate leverage after leases, and all Underlying measures (as these mainly reflected the full consolidation of Guatemala). The definitions of EBITDA and Return on Invested Capital have been adjusted to reflect this change. In addition, the Group changed the definition of Equity Free Cash Flow to include spectrum paid and lease principal repayments in response to feedback from users of our financial statements who prefer a more comprehensive view of our cash flow generation. As a result we no longer refer to Equity Free Cash Flow 'after Leases'.

## Non-IFRS Financial Measure Descriptions

**Service revenue** is revenue related to the provision of ongoing services such as monthly subscription fees for mobile and broadband, 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, installation fees 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 after Leases (EBITDAaL)** represents EBITDA after lease interest and principal repayments.

**EBITDA Margin** represents EBITDA in relation to Revenue.

**Organic growth** represents year-on-year growth excluding the impact of changes in FX rates, perimeter, and accounting. Changes in perimeter are the result of acquisitions and divestitures. Results from divested assets are immediately removed from both periods, whereas the results from acquired assets are included in both periods at the beginning (January 1) of the first full calendar year of ownership.

**Net debt** is Debt and financial liabilities less cash and pledged and time deposits.

**Net financial obligations** is Net debt plus lease liabilities.

**Leverage** is the ratio of net financial obligations over LTM (Last twelve month) EBITDA, proforma for acquisitions made during the last twelve months.

**Leverage after leases** is the ratio of net debt over LTM (Last twelve month) EBITDA after leases, proforma for acquisitions and disposals made during the last twelve months.

**Capex** is balance sheet capital expenditure excluding spectrum and license costs and lease capitalizations.

**Cash Capex** represents the cash spent in relation to capital expenditure, excluding spectrum and licenses costs.

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

**Operating Free Cash Flow (OFCF)** is EBITDA, less cash capex, less spectrum paid, working capital and other non-cash items, and taxes paid.

**Equity Free Cash Flow (EFCF)** is OFCF less finance charges paid (net), lease interest payments, lease principal repayments, and advances for dividends to non-controlling interests, plus cash repatriation from joint ventures and associates.

**Operating Profit After Tax** displays the profit generated from the operations of the company after statutory taxes.

**Return on Invested Capital (ROIC)** is used to assess the Group’s efficiency at allocating the capital under its control to and is defined as Operating Profit After Tax divided by the average invested Capital during the period.

**Average Invested Capital** is the capital invested in the company operation throughout the year and is calculated with the average of opening and closing balances of the total assets minus current liabilities (excluding debt, joint ventures, accrued interests, deferred and current tax, cash as well as investments and non-controlling interests), less assets and liabilities held for sale.

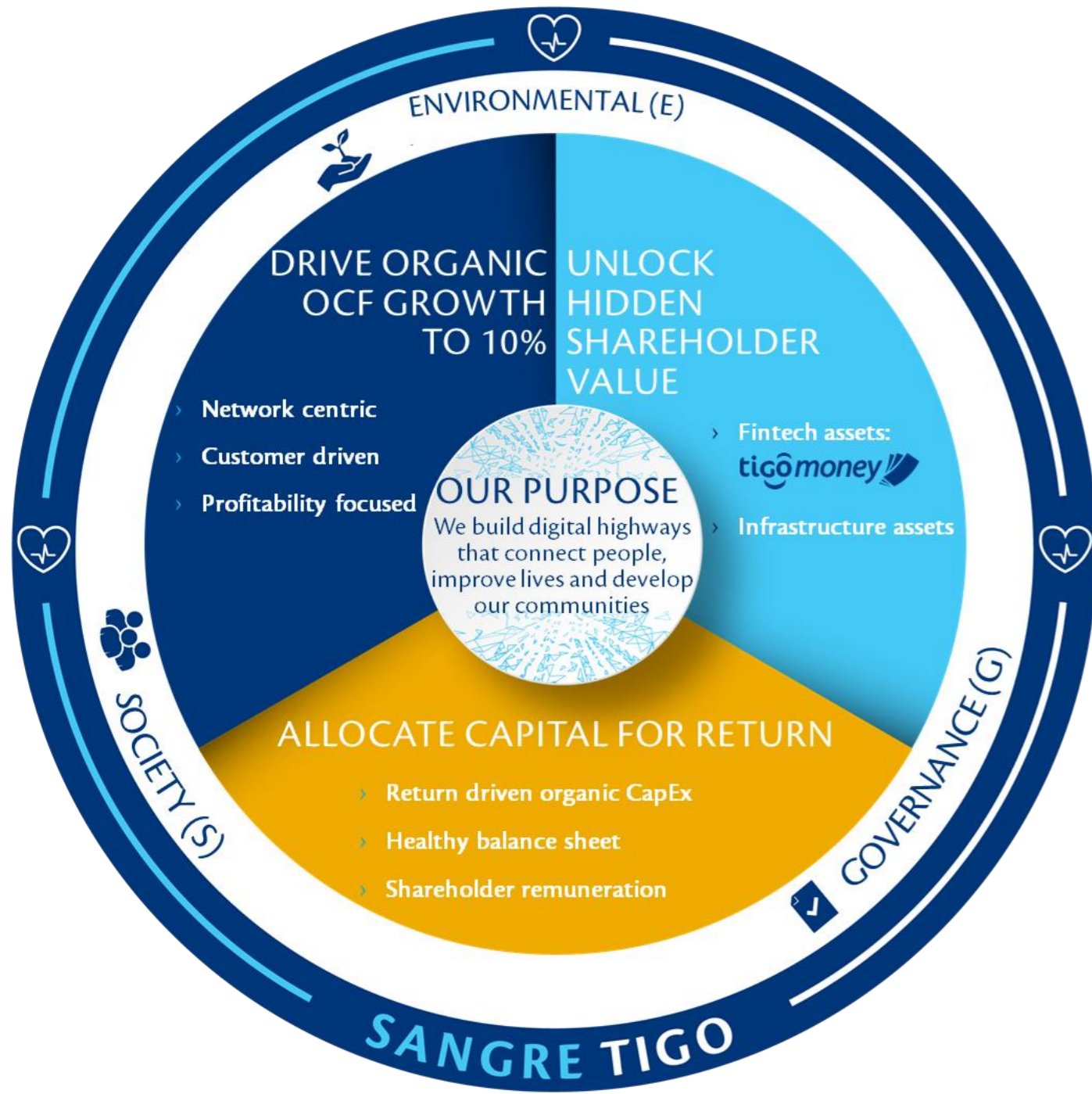
**Average Revenue per User per Month (ARPU)** for our Mobile customers is (x) the total mobile and mobile financial services revenue (excluding revenue earned from tower rentals, call center, data and mobile virtual network operator, visitor roaming, national third parties roaming and mobile telephone equipment sales revenue) for the period, divided by (y) the average number of mobile subscribers for the period, divided by (z) the number of months in the period. We define ARPU for our Home customers in our Latin America segment as (x) the total Home revenue (excluding equipment sales, TV advertising and equipment rental) for the period, divided by (y) the average number of customer relationships for the period, divided by (z) the number of months in the period. ARPU is not subject to a standard industry definition and our definition of ARPU may be different from other industry participants.



# Q2 2022 Highlights

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# Strategic plans on track

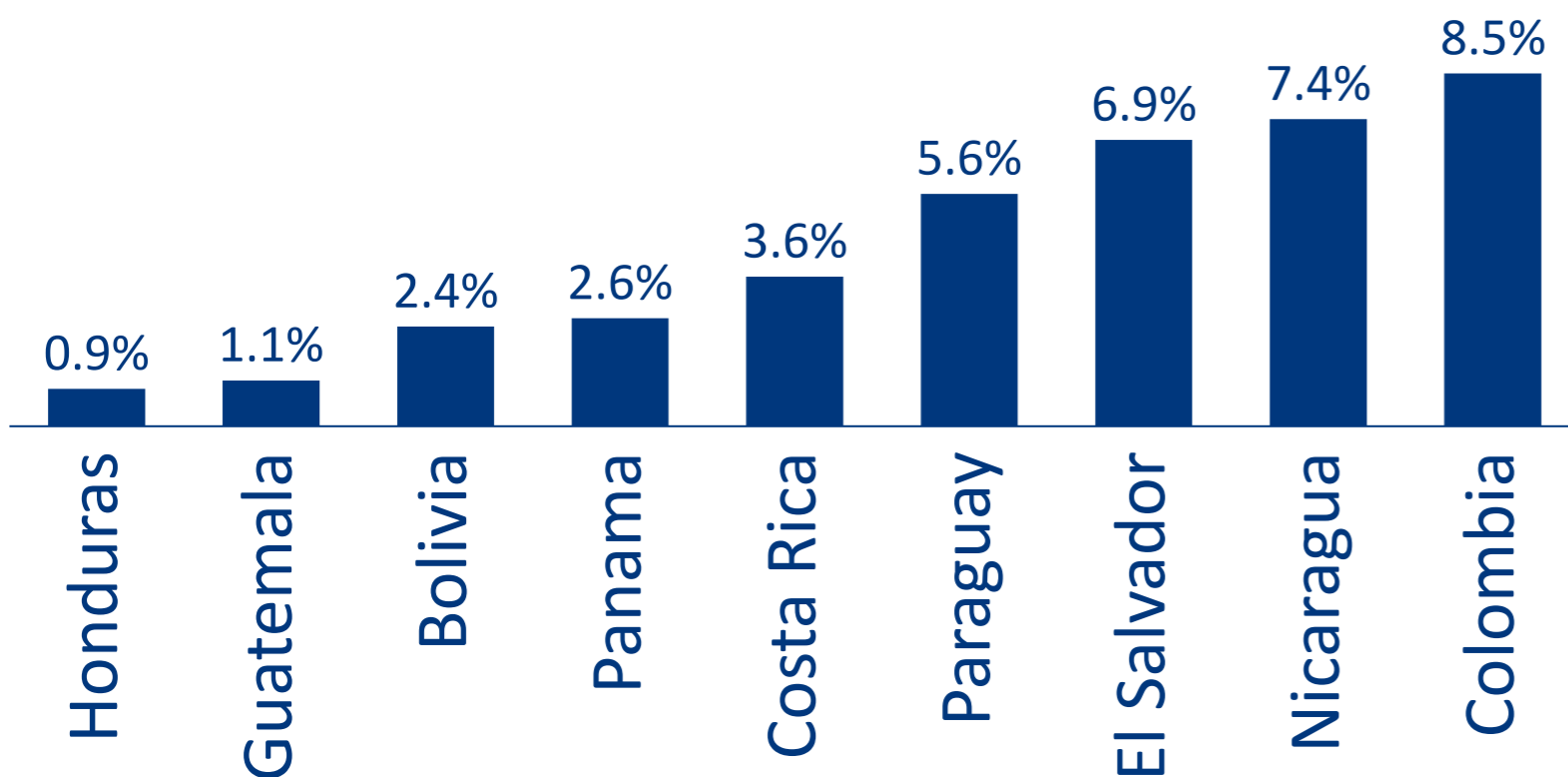


- Drive OCF<sup>1</sup> growth to ~10% - beginning in 2022
- Cumulative EFCF<sup>1</sup> of \$0.8-\$1.0bn over next 3 years
- Advancing TowerCo and Tigo Money
- Completed rights offering and reduced leverage
- Science Based Targets validated

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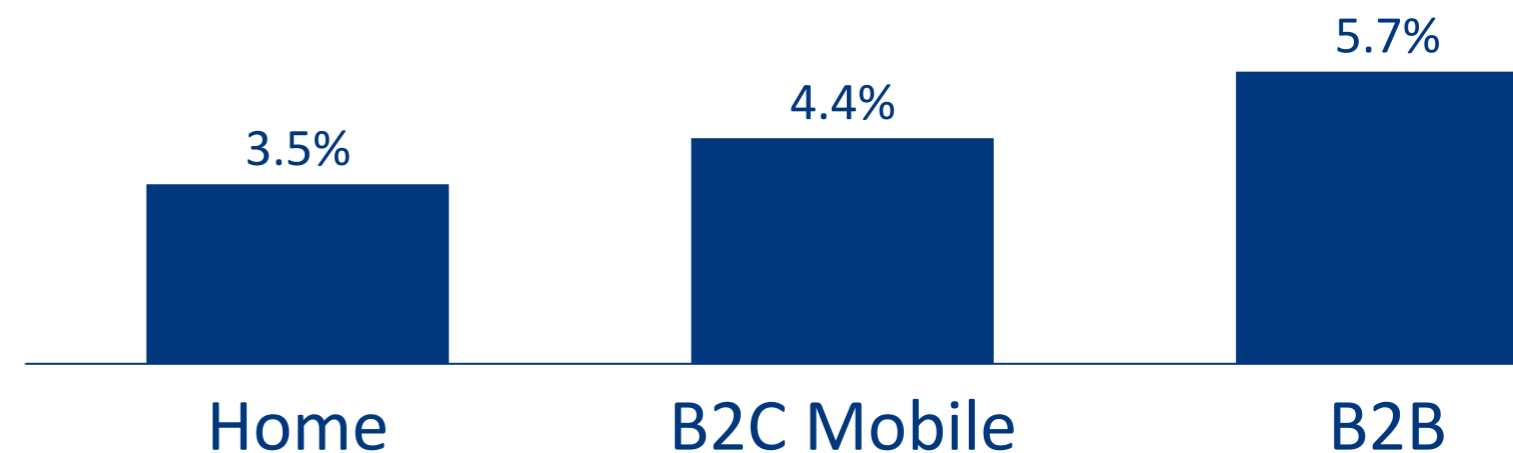
## Growth in all countries

Q2 22 local currency service revenue<sup>1</sup> growth %



## Mobile and B2B accelerated

Q2 22 Group organic service revenue<sup>1</sup> growth %



**4.5%** Service Revenue<sup>1</sup>  
**Organic Growth YoY**

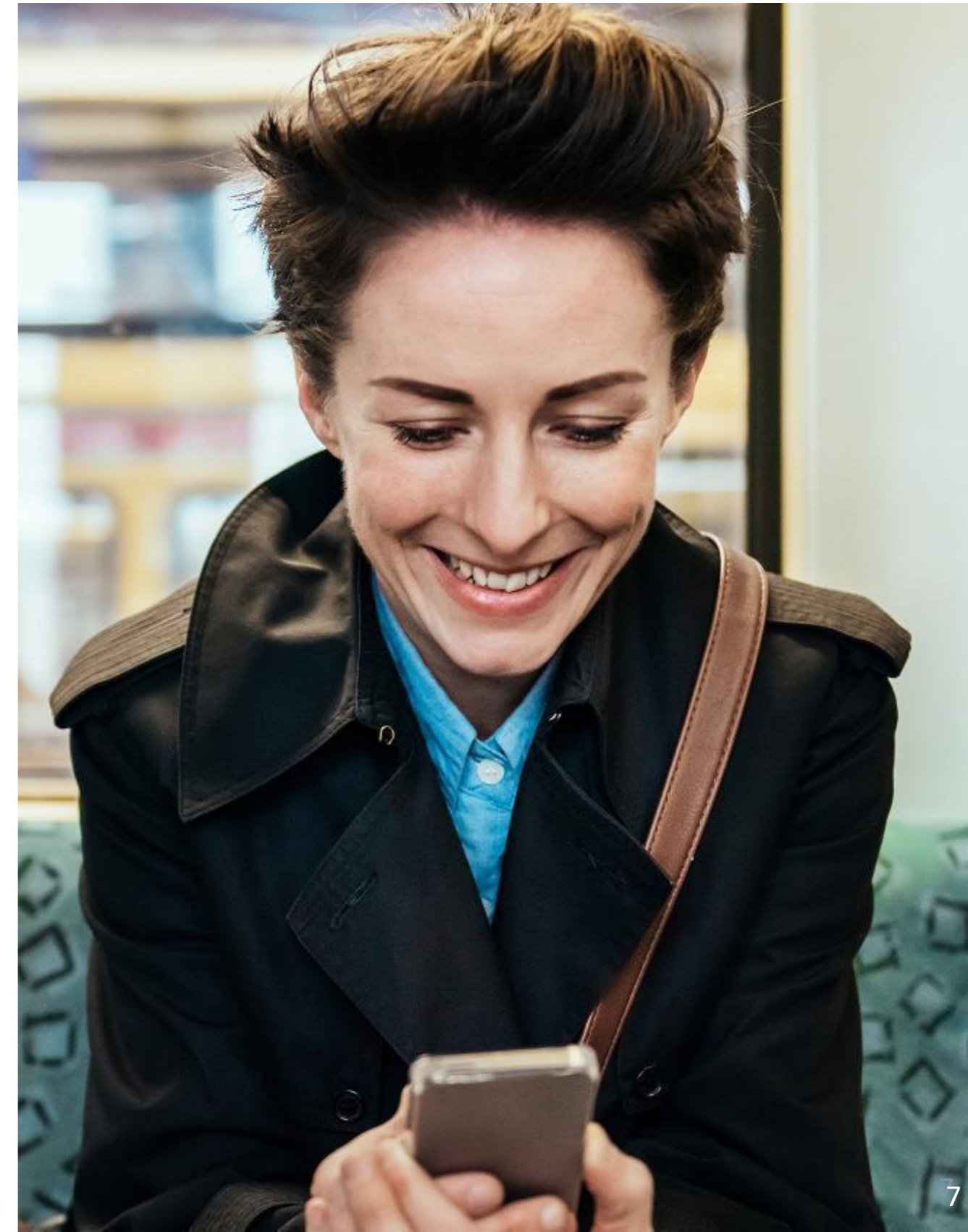
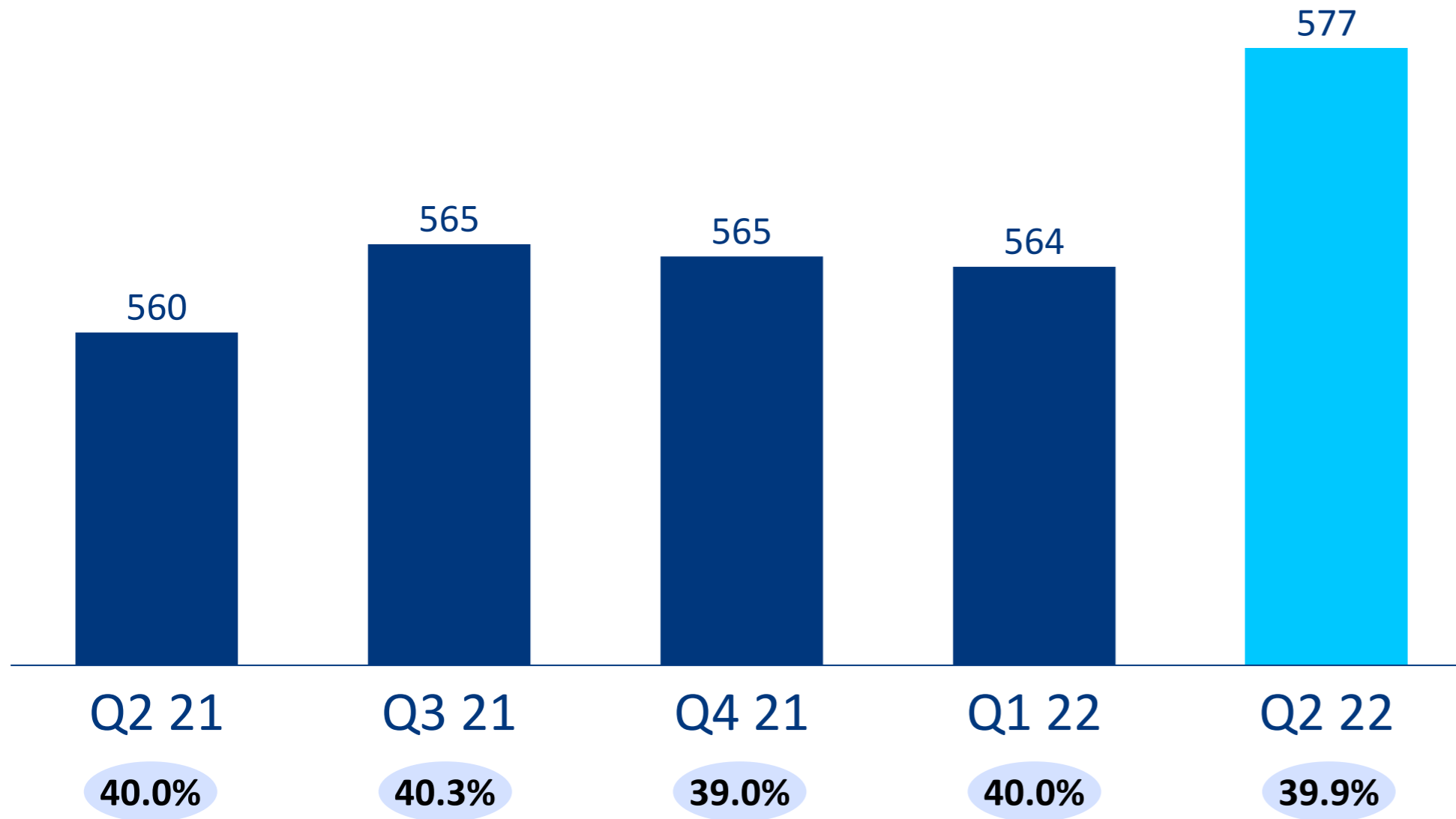
**4<sup>th</sup>** Consecutive quarter  
**Growth in all countries  
and business units**

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Group EBITDA<sup>1</sup> (\$m)  
EBITDA<sup>1</sup> margin

## 4.6%

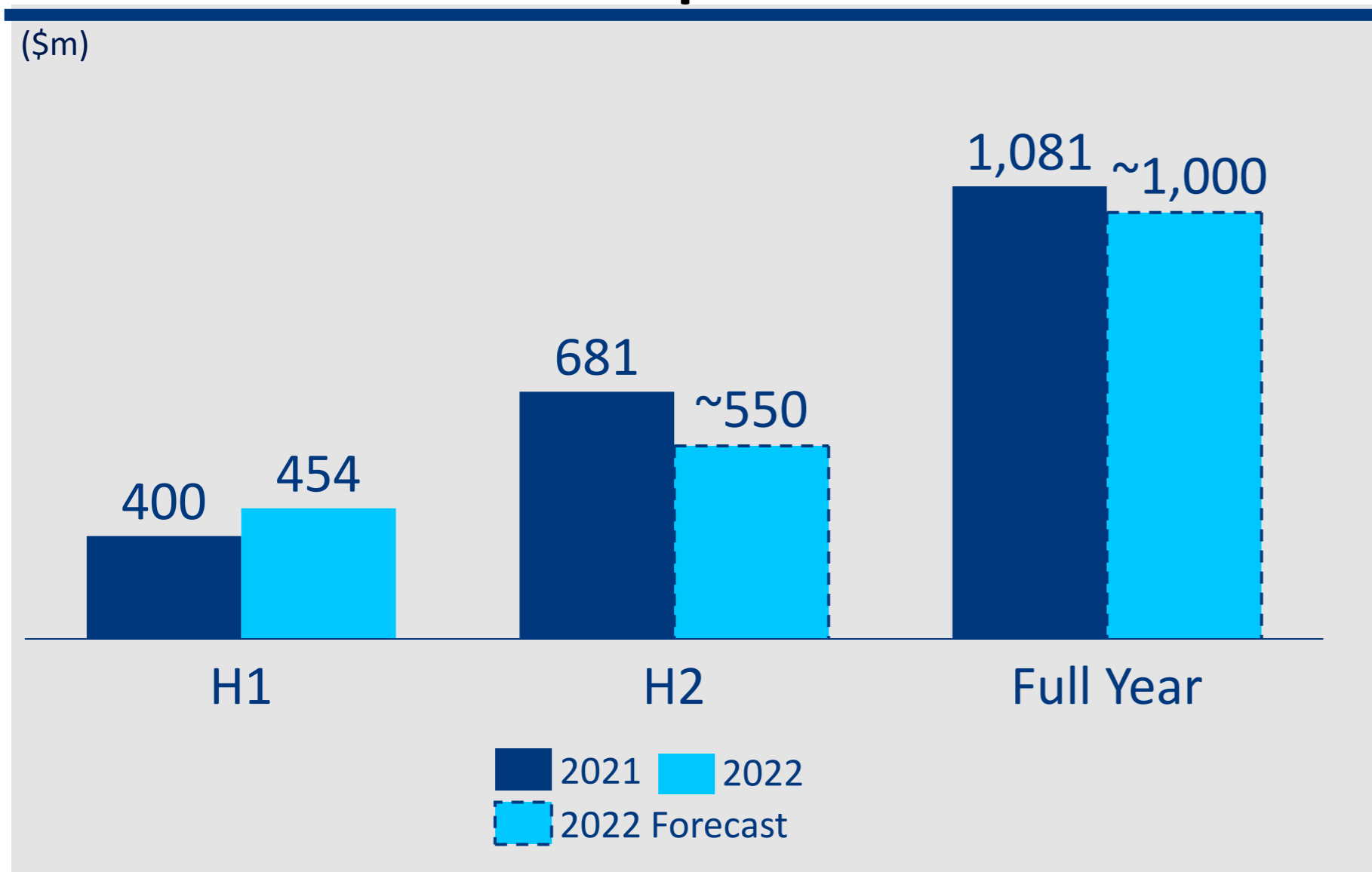
### Q2 YoY Organic Growth



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## EBITDA<sup>1</sup> growth and normalized Capex to underpin OCF<sup>1</sup> growth in H2

### Capex



- Capex more front-end loaded in 2022
- Capex normalizing to ~\$1b per year
- On target for acceleration in H2 OCF growth

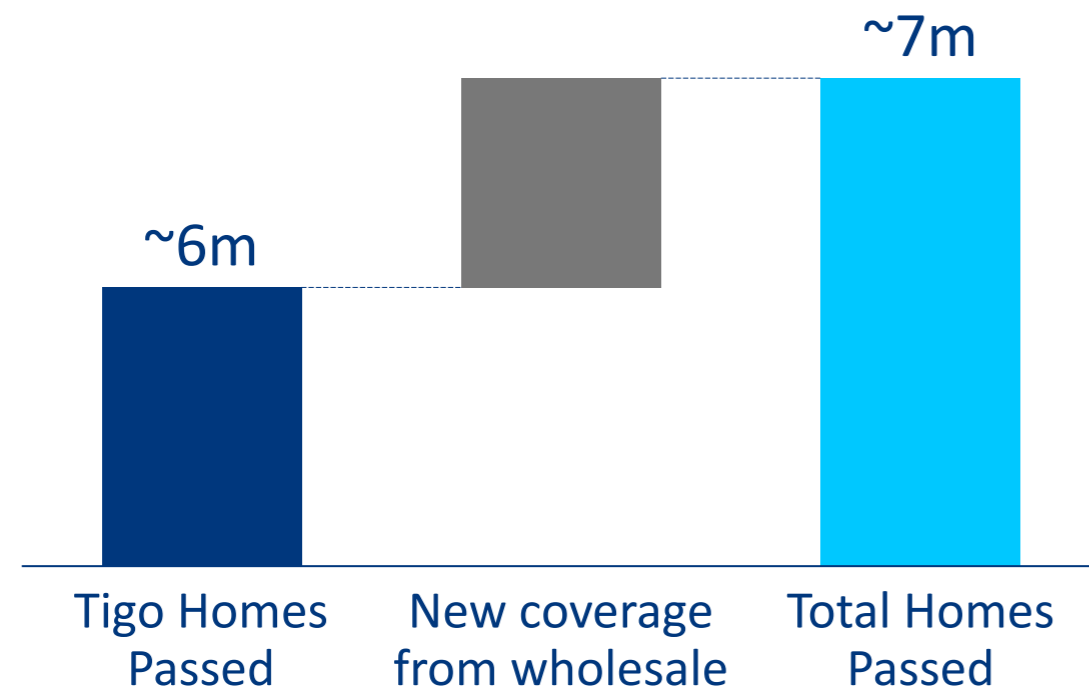


## Expanding Home footprint

- Wholesale FTTH agreements in Bogotá with ETB and Ufinet
- Coverage from 37% to 79% of Bogotá, the largest city in Colombia
- Capital-light, variable cost model

### Colombia footprint up ~20%

Colombia homes passed



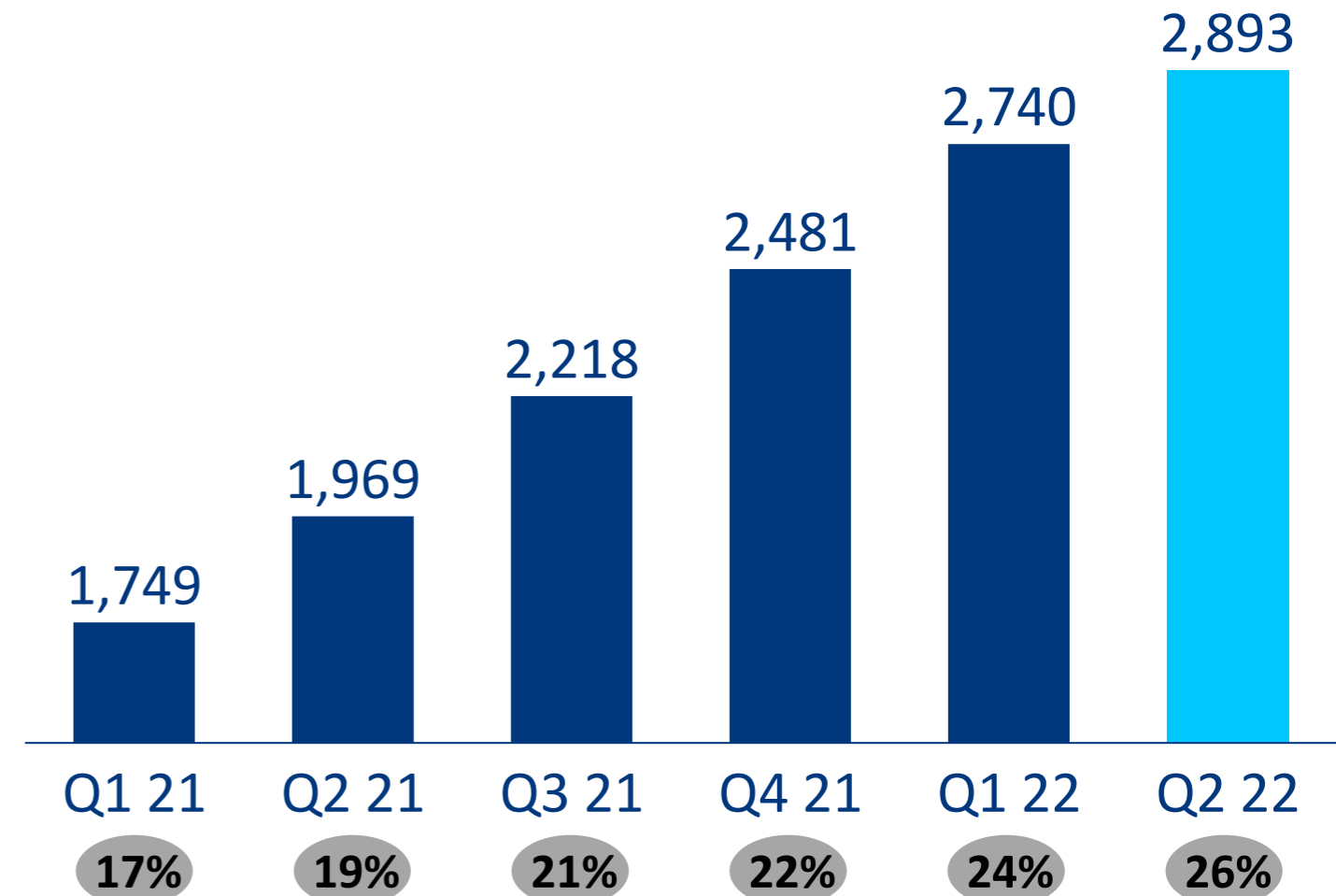
## Postpaid strength continues

Colombia postpaid customers ('000)

● Postpaid customers as a % of total mobile customers

47%

### Q2 YoY Growth

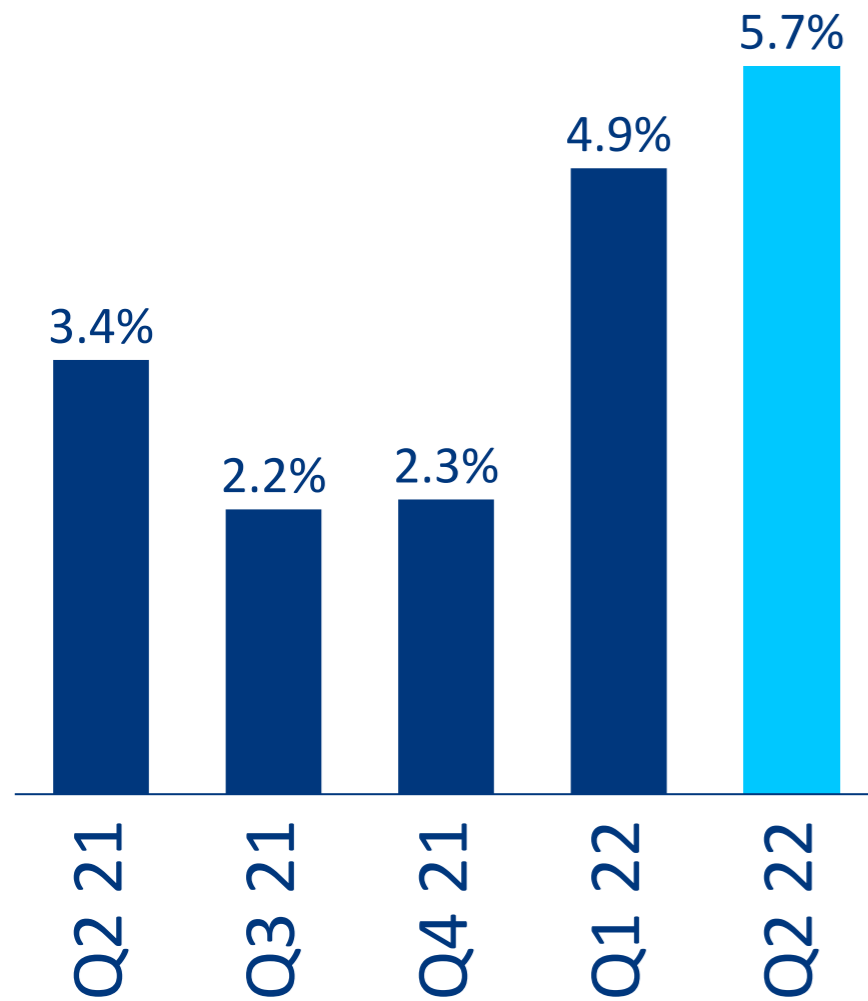


# B2B growth accelerating



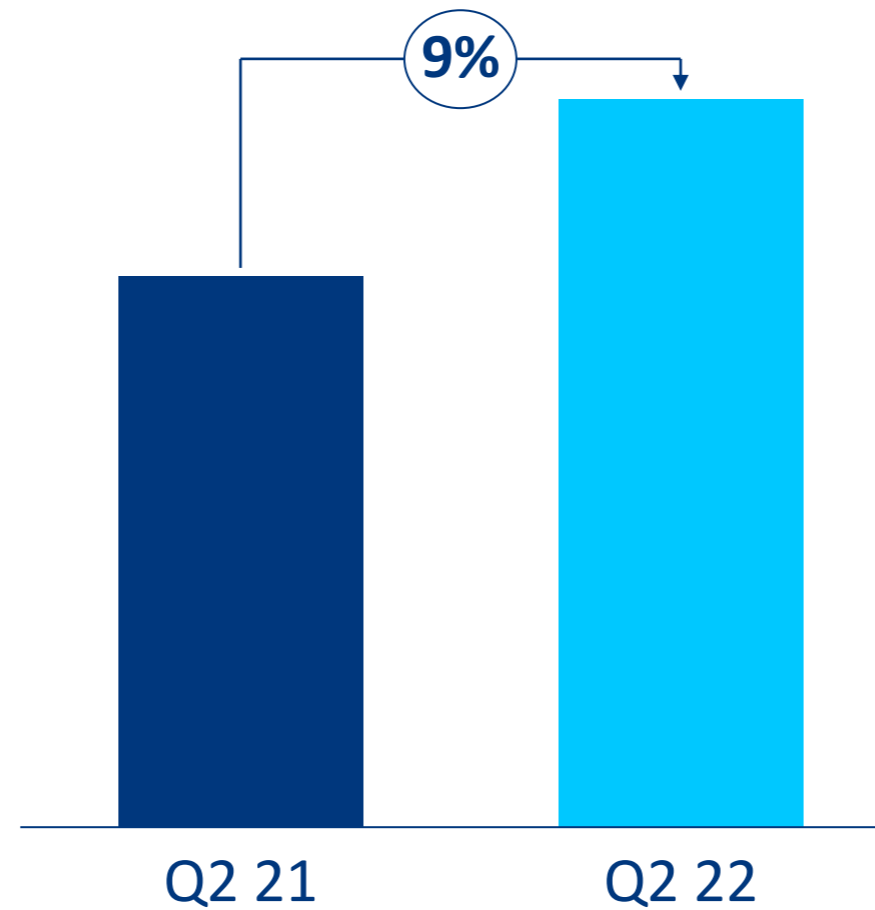
## B2B inflection continues

Group B2B Service Revenue<sup>1</sup> organic growth (%)



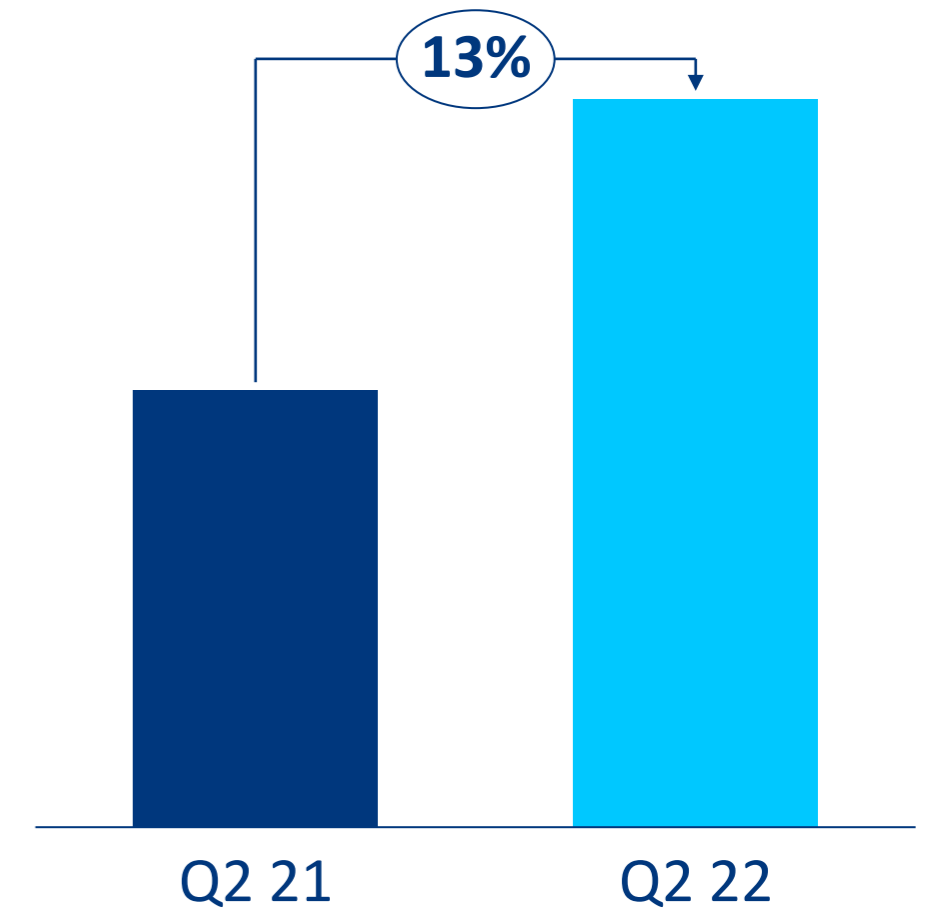
## SMB customers up

Group SMB B2B Accounts



## Digital increasing

Group B2B digital services organic growth<sup>1</sup> (%)



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## Assets

## Timing

## Value Levers

## Structure

### ★ Leading Portfolio

5<sup>th</sup>

Largest Tower Portfolio in Latam

### H1 2022

- Corporate and governance structure
- Tax planning

### Tenancy

- Increase tenancy ratio on portfolio that has not been actively marketed until now

### ★ Rationale

- Infrastructure play
- Partner for growth capital

### Towers

+10,000

Towers

### H2 2022

- Master Lease Agreements
- Branding
- Start tower transfer process

### Optimization

- Independent and incentivized management team

### Possible Structures

	Sell Majority Stake	Sell Minority Stake
Financial Partner		
Strategic Partner		

■ More preferred  
■ Less preferred

### Tenancy

1.1x

Tenancy Ratio

### ★ 2023

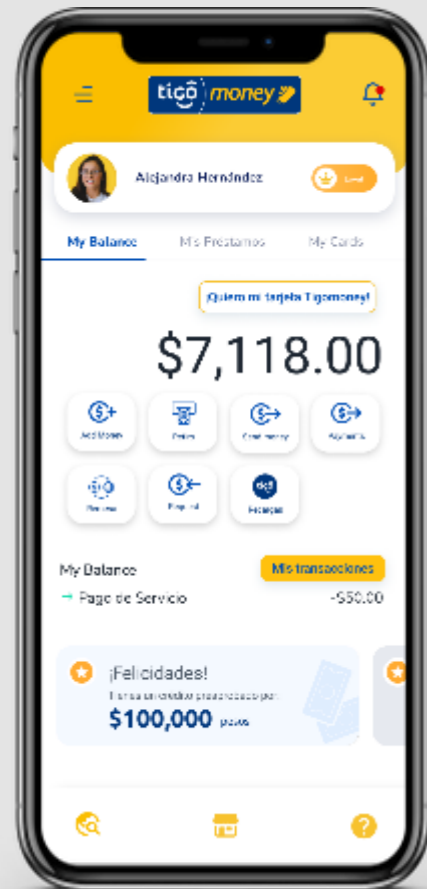
Transaction

### New Build

- New build to suit for Tigo
- Build to suit with other potential clients

## Tigo Money 2.0

- Migration from 15 to 1 platform across all countries
- Pilot ongoing, full rollout in H2



## 2022 priorities



## Merchant Platform

- Rollout in H2
- Targeting SMBs and super merchants

## Lending Pilot

- Launched pilot in Q3
- Leveraging spending profile of Millicom's 50m customers

Seeking investor for growth capital and fintech experience in 2023

## Fostering development in the region

### Joined the White House Partnership for Central America

THE WHITE HOUSE



Administration | Priorities | COVID Plan | Briefing Room | Español | MENU

#### FACT SHEET: Vice President Harris Announces More Than \$1.9 Billion in New Private Sector Commitments as Part of Call to Action for Northern Central America

JUNE 07, 2022 • STATEMENTS AND RELEASES



The Vice President, U.S. Department of State, and the Partnership for Central America (PCA), come together to announce private sector commitments now total more than \$3.2 billion

### Partnering with FT to Spotlight Latam

Under Secretary Jose W. Fernandez @State\_E

Starting off #SummitAmericas in L.A., I joined @FinancialTimes and @Millicom's "Spotlight on Latin America" to discuss how we prioritize expanding connectivity to bridge the digital divide and build an inclusive and thriving economy that provides access and opportunities for all.

Iván Duque @IvanDuque

Nos motiva participar, junto a líderes empresariales, en la IV CEO #CumbreAméricas, encuentro que permitirá afianzar y dinamizar la inversión en Colombia y la región en sectores como #EconomíaNaranja, industrias creativas, turismo, medioambiente, salud y #TransformaciónDigital.

Translate Tweet

Marito Abdo @MaritoAbdo

Recibimos a los ejecutivos de Millicom, con quienes conversamos sobre la inversión sostenida que han venido realizando en el Paraguay en los últimos 30 años y el soporte tecnológico brindado durante la pandemia para la ejecución de políticas sociales y la inclusión financiera.

Translate Tweet



## Emissions Reduction Targets Validated

SBTi approved Millicom carbon emissions reduction targets:

- Reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2020 base year
- Reduce absolute scope 3 GHG emissions 20% by 2035 from a 2020 base year



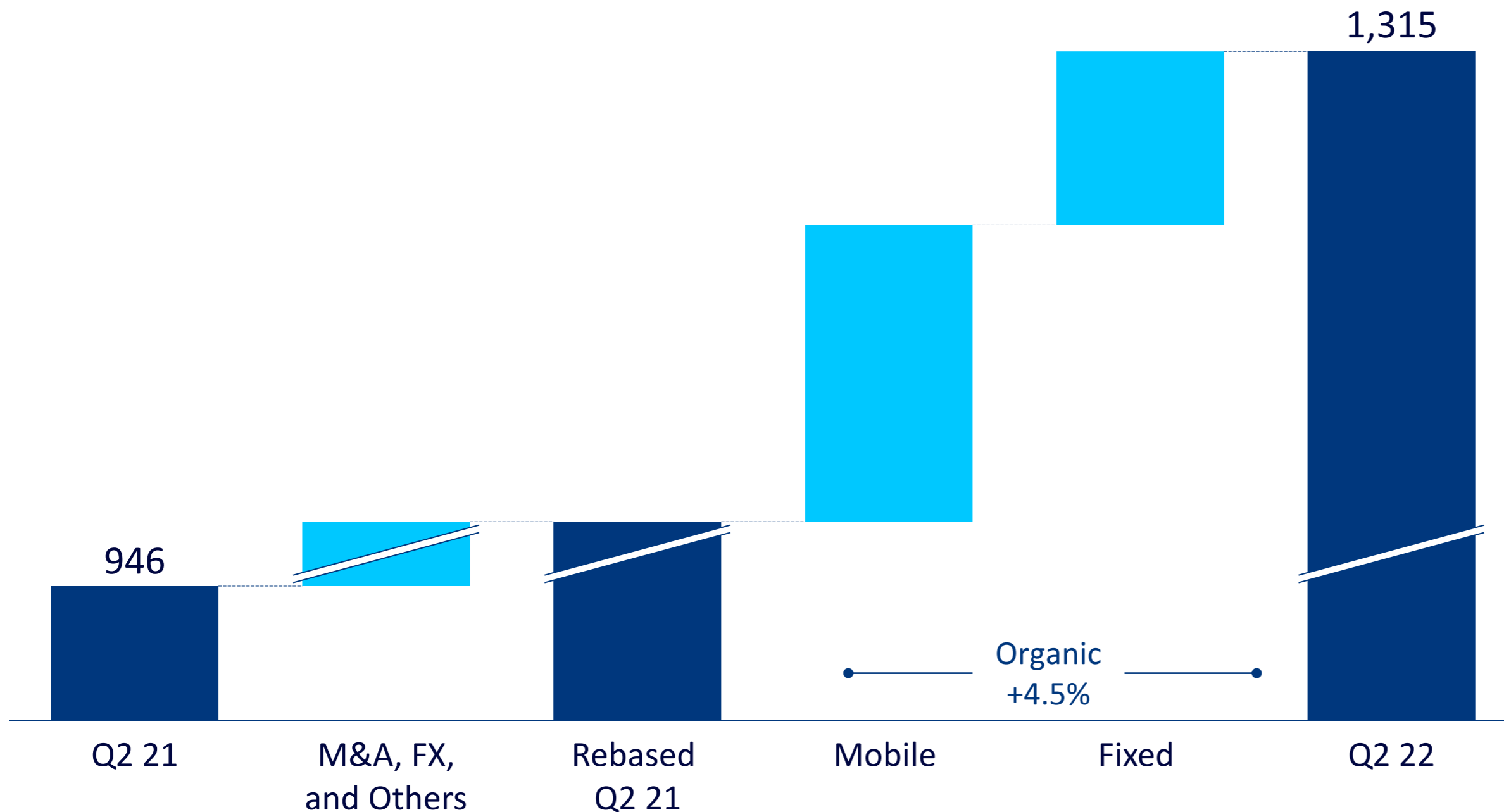


# Q2 2022 Financial Review

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## YoY Organic Service Revenue<sup>1</sup> Growth

Q2 21 – Q2 22



**4.5%**  
**Organic Service Revenue<sup>1</sup> Growth**

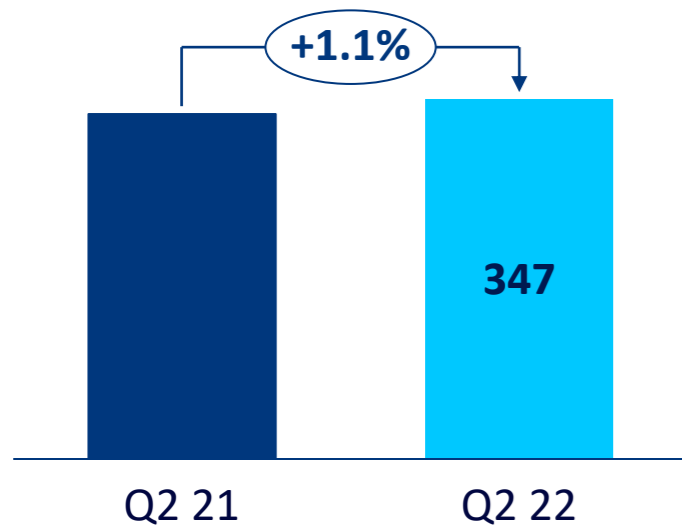
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# Q2 2022 Service Revenue by Country<sup>1</sup>

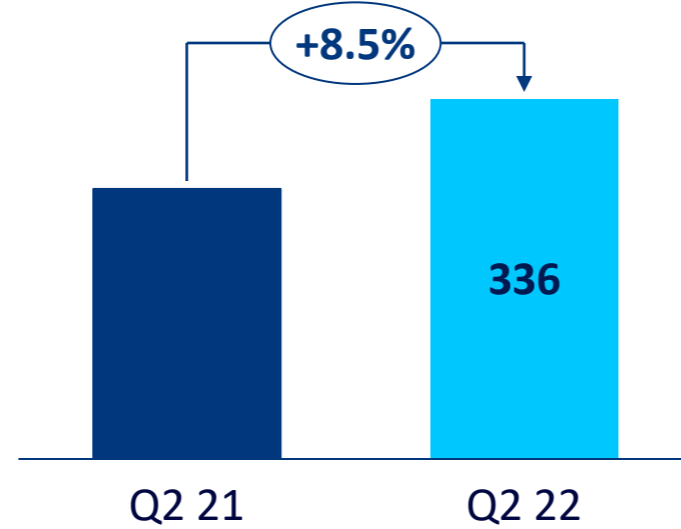


Service revenue (\$m), and YoY local currency growth<sup>2</sup>

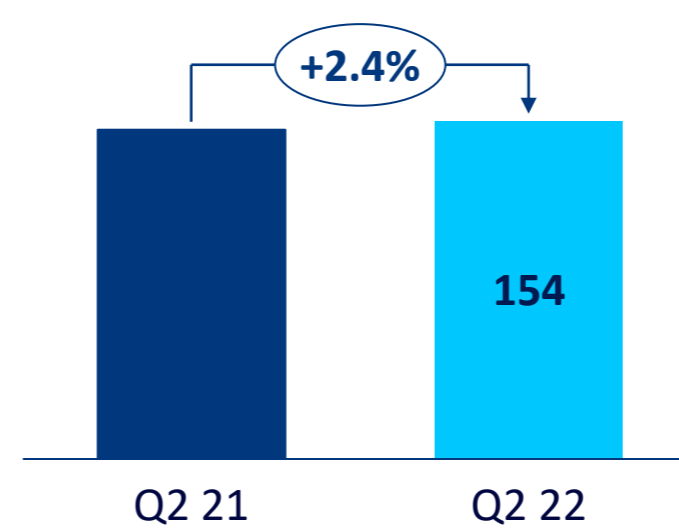
## Guatemala (26% of Group)



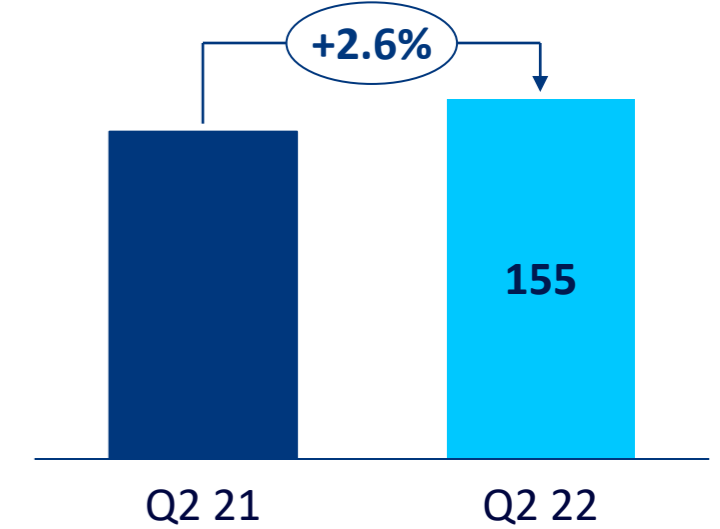
## Colombia (25% of Group)



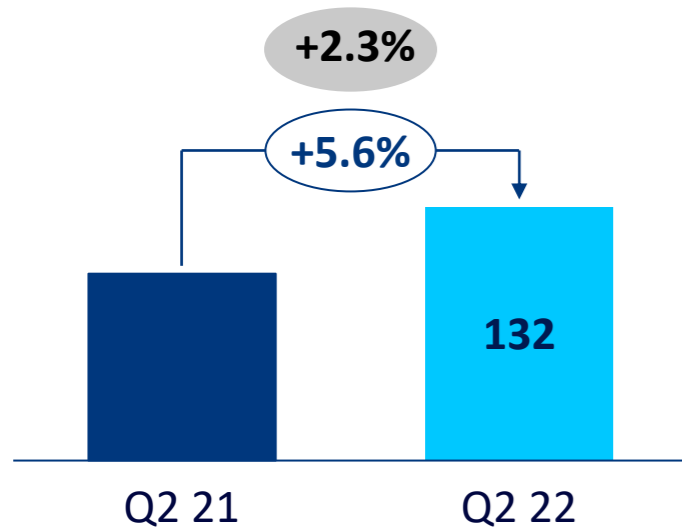
## Bolivia (12% of Group)



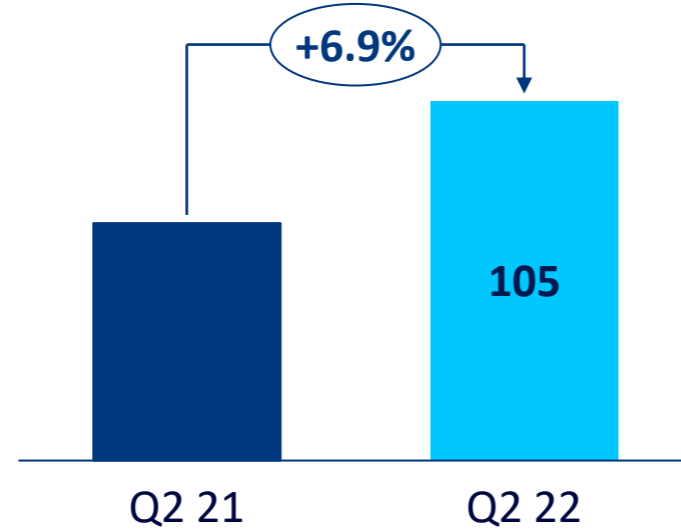
## Panama (12% of Group)



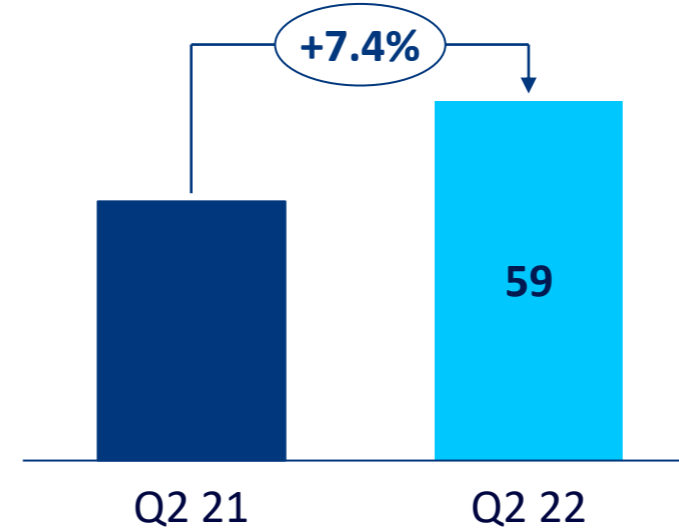
## Paraguay (10% of Group)



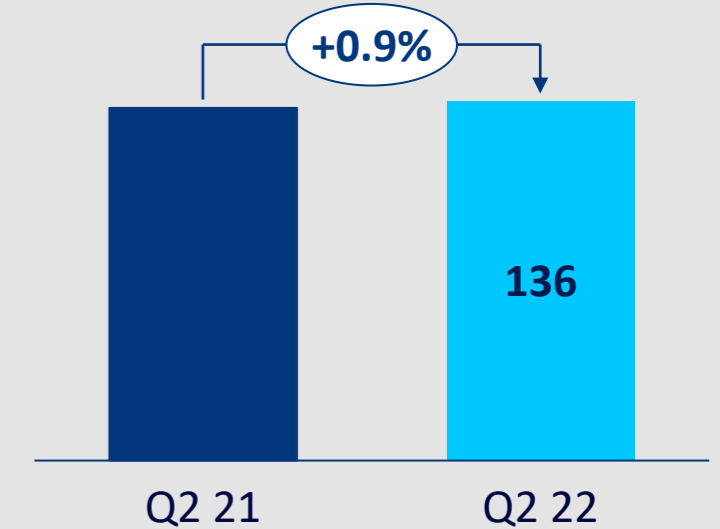
## El Salvador (8% of Group)



## Nicaragua (4% of Group)



## Honduras (Not consolidated)



○ Local currency growth<sup>2</sup>    ● Local currency growth<sup>2</sup> adjusted for one-offs

1) Excludes Costa Rica and intercompany eliminations.

2) 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 [millicom.com/investors/reporting-center](http://millicom.com/investors/reporting-center).

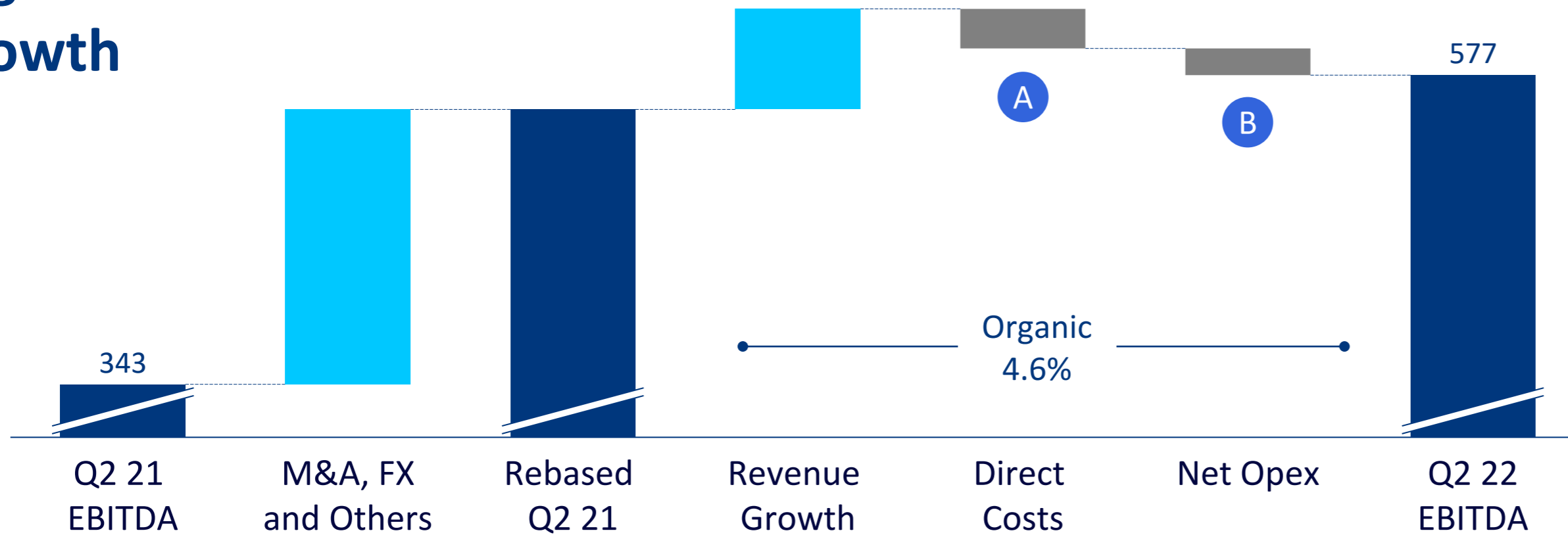


## YoY Organic EBITDA<sup>1</sup> Growth

Q2 21 – Q2 22

# 4.6%

### Organic EBITDA<sup>1</sup> Growth



### Key Drivers

- A** Higher programming costs and bad debt
- B** Higher energy, employee costs, and commissions

EBITDA<sup>1</sup> Margin

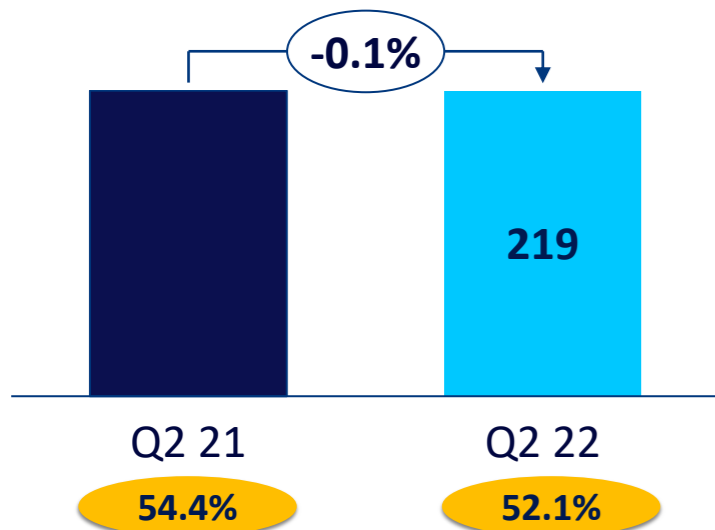
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# Q2 2022 EBITDA by Country<sup>1</sup>

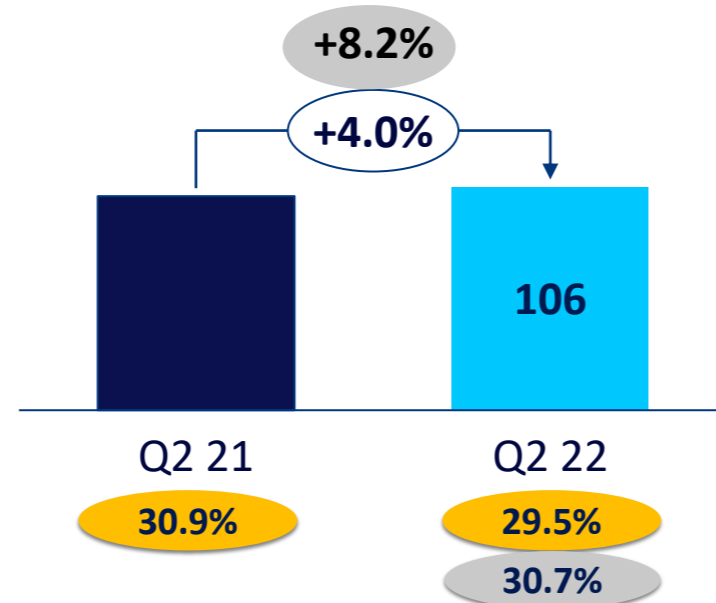


EBITDA<sup>2</sup> (\$m), and YoY local currency growth<sup>2</sup>

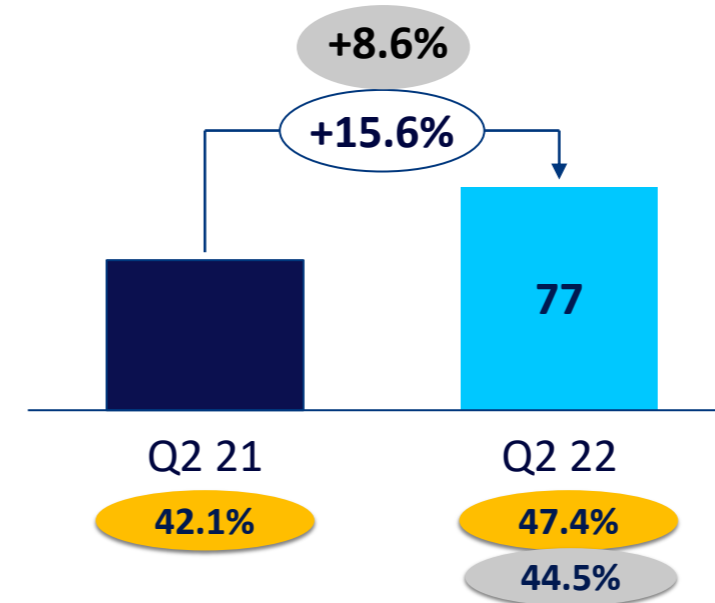
## Guatemala (36% of Group)



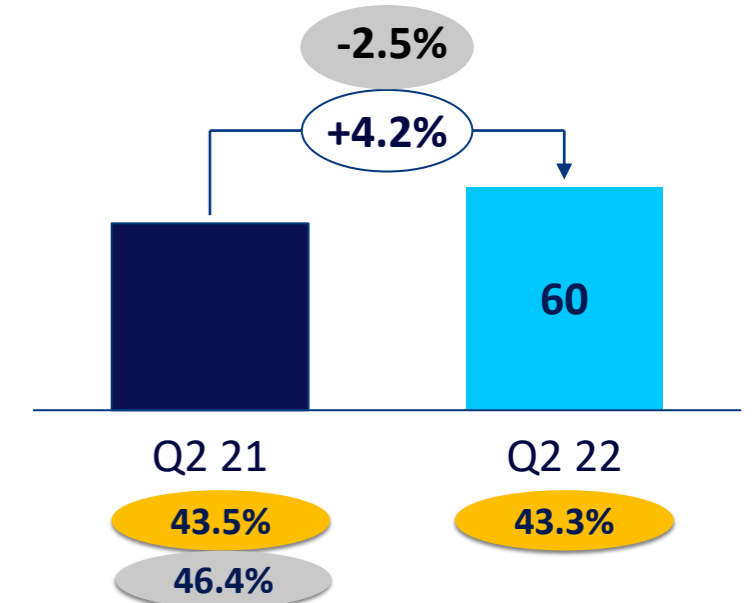
## Colombia (17% of Group)



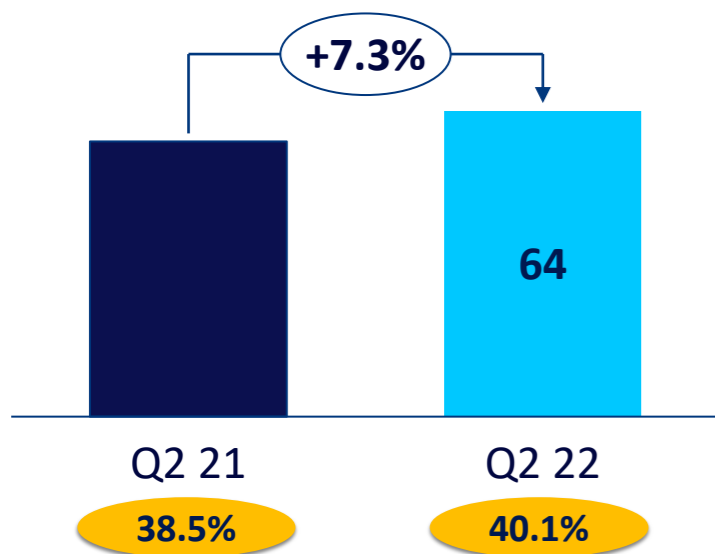
## Panama (13% of Group)



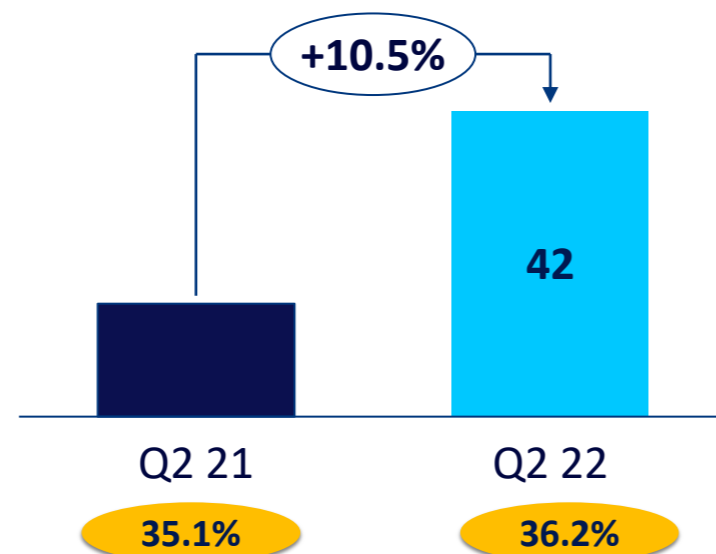
## Paraguay (10% of Group)



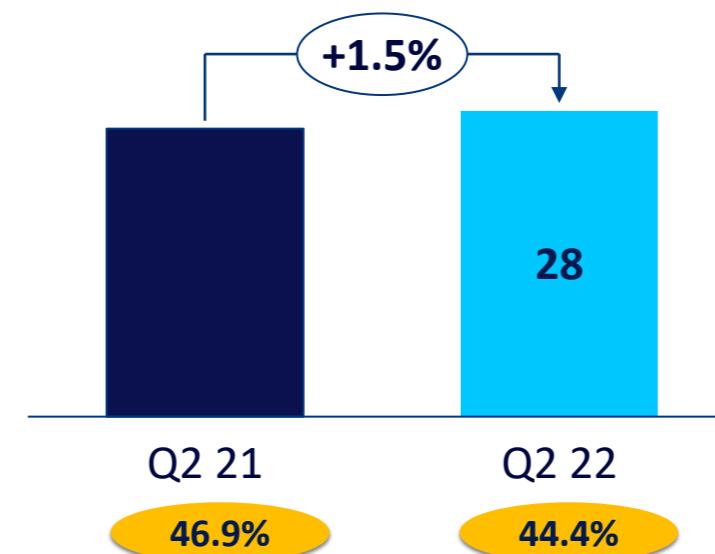
## Bolivia (10% of Group)



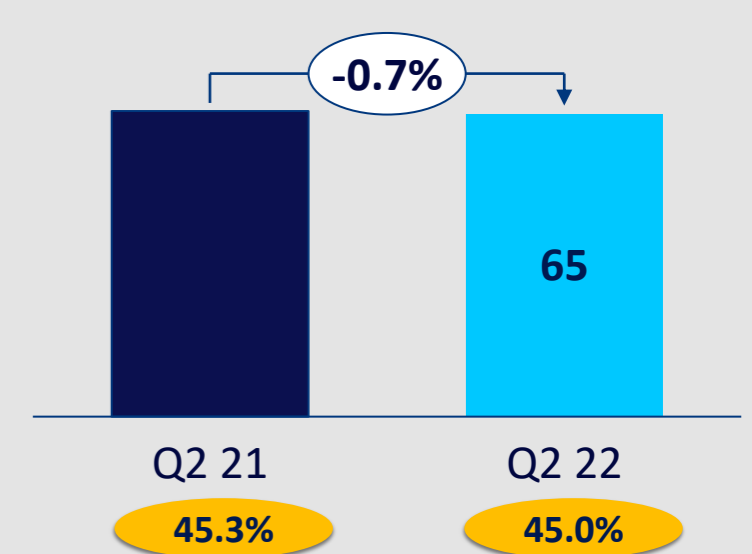
## El Salvador (7% of Group)



## Nicaragua (5% of Group)



## Honduras (Not consolidated)



● EBITDA<sup>2</sup> margin    ○ Local currency growth<sup>2</sup>  
● Local currency growth<sup>2</sup> and EBITDA<sup>2</sup> margin adjusted for one-offs

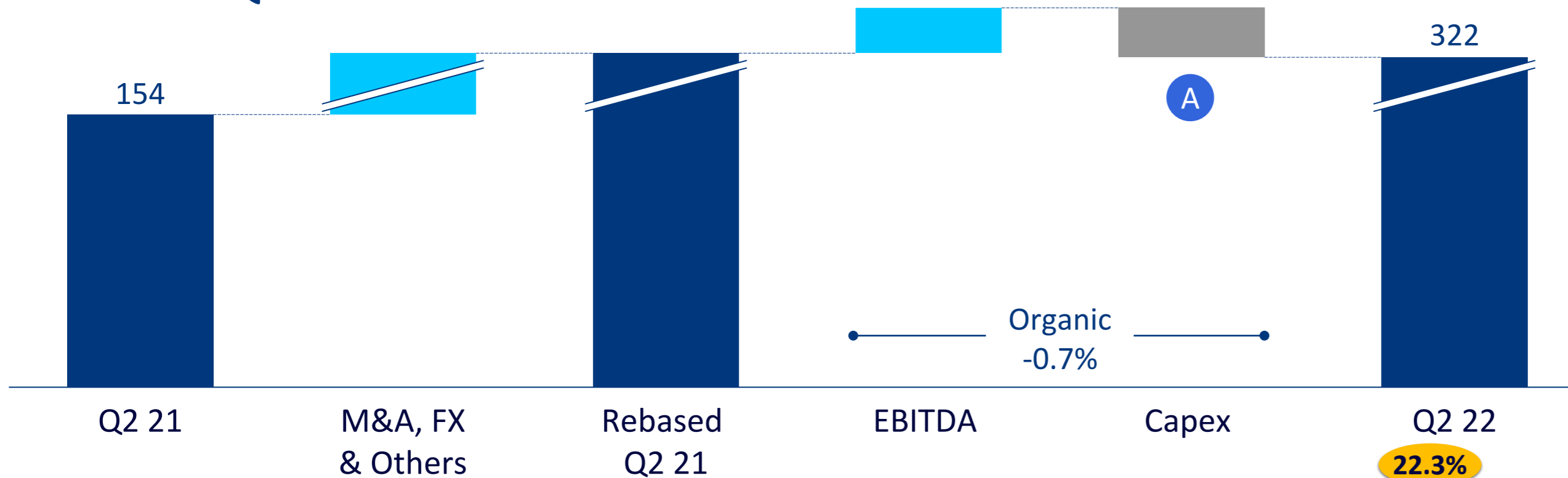
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## YoY Organic OCF<sup>1</sup> Growth

Q2 21 – Q2 22

# - 0.7%

### Organic OCF<sup>1</sup> Growth in Q2



**A** EBITDA growth offset by front-end loaded capex in H1 2022

OCF<sup>1</sup> Margin

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# Successfully completed rights offering

**\$746m**  
**Gross proceeds<sup>1</sup>**



**Repaid bridge loan that financed Guatemala acquisition**



**Financed purchase of minority stake in Panama**



**Reduced leverage by 32 bps sequentially**

1) Before deducting underwriting commissions and other offering expenses. Based on the SEK-U.S. dollar exchange rate published by the Swedish Central Bank on May 17, 2022.

# 100% ownership of Panama



**Customers**

**#1 Mobile Brand** **2.4m**  
Mobile Customers

**#1 Fixed** **415k**  
HFC / FTTH Customers

**Financials**

**46%** EBITDA<sup>1</sup> Margin

**27%** OCF<sup>1</sup> Margin

**Market**

**Investment grade**

**Dollarized economy**

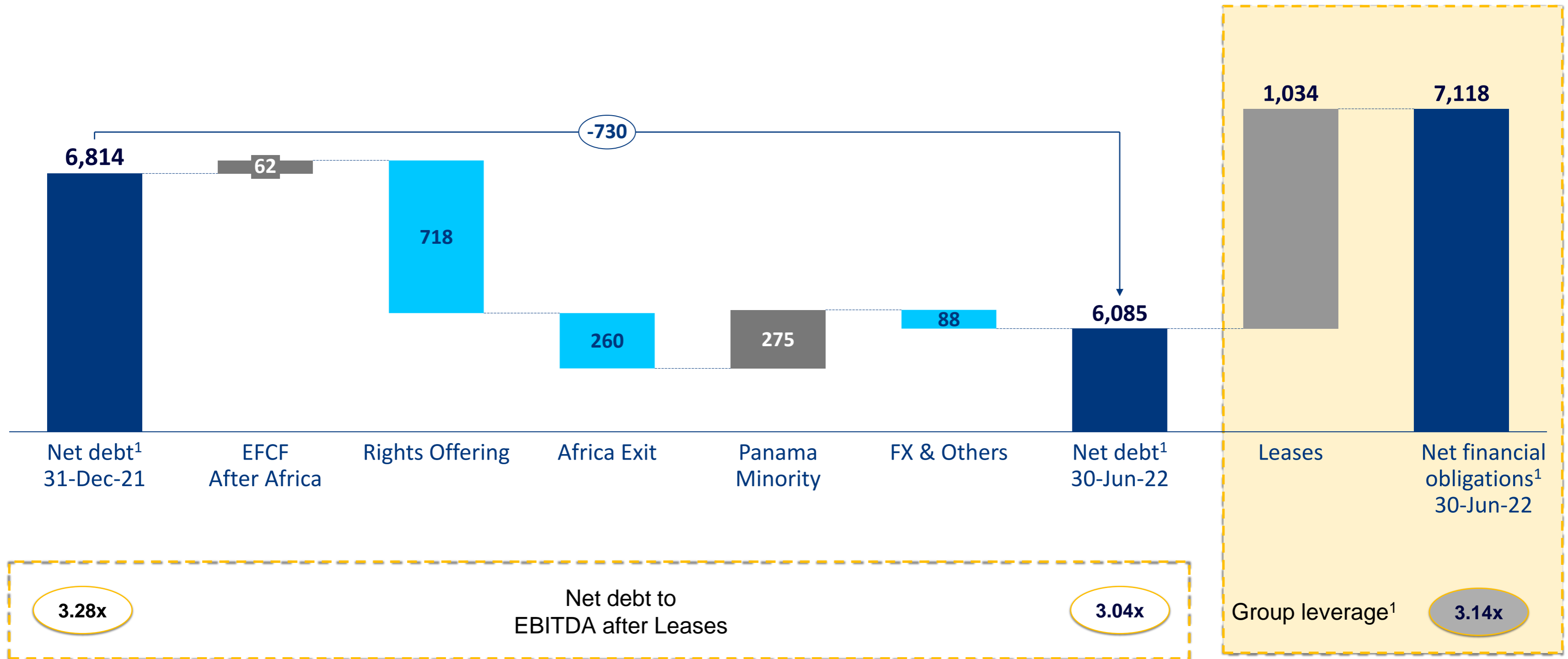
**Improving industry structure**

1) Last twelve-month H1 2022 figures. 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 [millicom.com/investors/reporting-center](https://www.millicom.com/investors/reporting-center)

# Net financial obligations and leverage



Group financial obligations<sup>1</sup> (\$m)



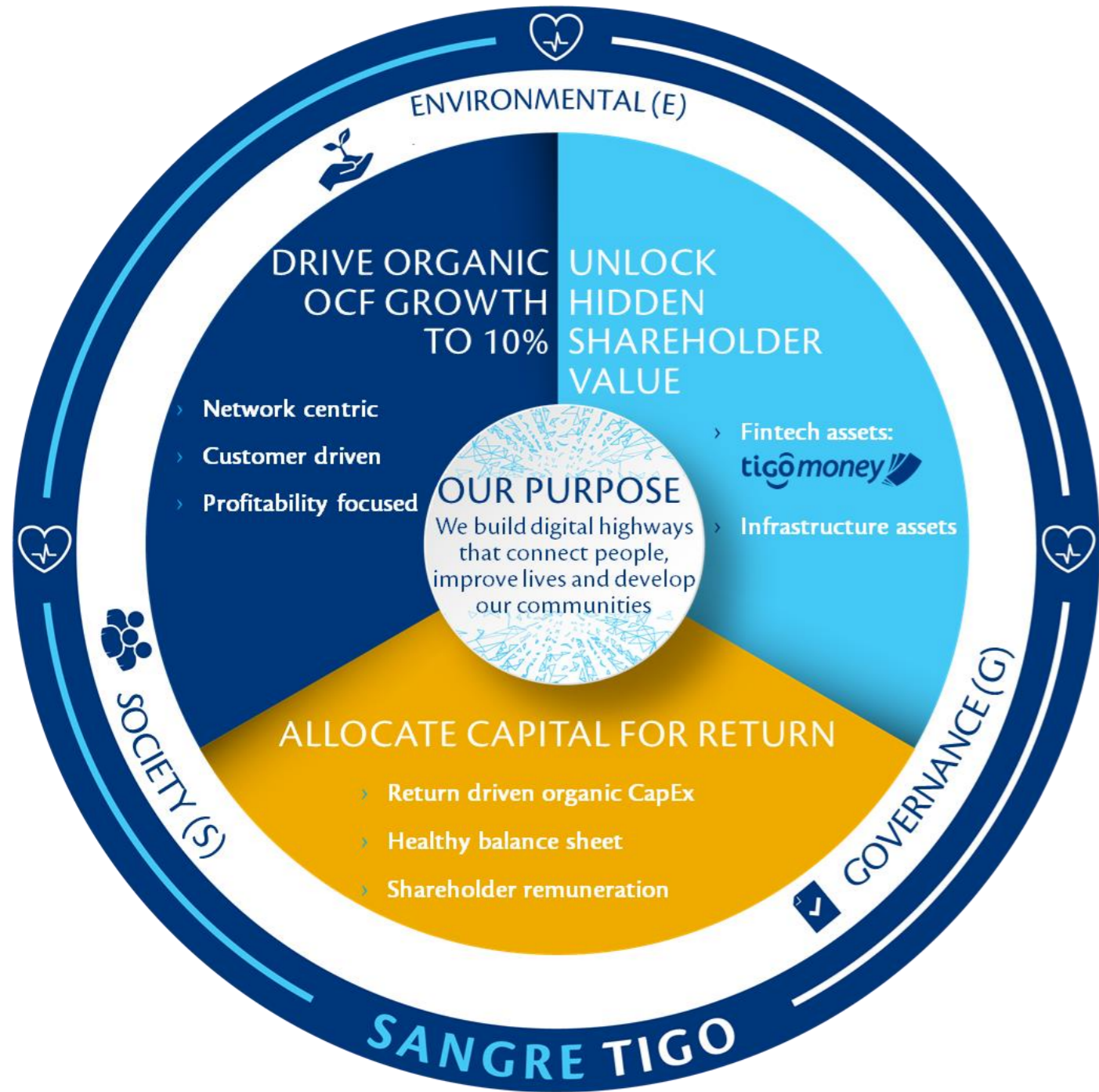
1) Non-IFRS measure. Please refer to the non-IFRS disclosures in this presentation for a description of non-IFRS measures. A reconciliation of non-IFRS measures to the nearest equivalent IFRS measures is available at [millicom.com/investors/reporting-center](http://millicom.com/investors/reporting-center)



Wrap up

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# On track to deliver on Investor Day commitments



- ✔ OCF<sup>1</sup> growth of ~10% p.a. – beginning in 2022
- ✔ Cumulative EFCF<sup>1</sup> of \$0.8-\$1.0bn over next three years
- ✔ Prioritize capital allocation to leverage reduction
- ✔ Unlock value with TowerCo & Tigo Money carveouts
- ✔ Ambitious ESG targets

1) 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 [millicom.com/investors/reporting-center](http://millicom.com/investors/reporting-center)





Q&A

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# Group Financial Highlights – Q2 2022



Group Consolidated Financial Statements<sup>1</sup>

Selected P&L data				
\$ million	Q2 22		Q2 21	% Var
<b>Revenue</b>	<b>1,447</b>	<b>A</b>	<b>1,001</b>	<b>44.6%</b>
Cost of sales	(395)		(285)	(38.5)%
Operating expenses	(475)		(373)	(27.4)%
Depreciation & amortization	(342)		(265)	(29.0)%
Share of net profit in joint ventures	12		67	(82.2)%
Other operating	—		(21)	NM
<b>Operating profit</b>	<b>247</b>		<b>124</b>	<b>99.6%</b>
Net financial expense	(164)		(114)	(43.5)%
Others non-operating	(11)	<b>B</b>	(75)	85.7%
Associates	(1)		(2)	56.2%
<b>Profit before tax</b>	<b>71</b>		<b>(68)</b>	<b>NM</b>
Taxes	(78)	<b>C</b>	(33)	NM
Minority interests	18		8	NM
Discontinued operations	117	<b>D</b>	(7)	NM
<b>Net income</b>	<b>129</b>		<b>(100)</b>	<b>NM</b>
EPS (\$ per share)	1.14		(0.77)	NM

Key Observations	
<b>A</b>	Consolidation of Guatemala operations
<b>B</b>	Revaluation of Panama put option in Q2 2021
<b>C</b>	Additional Guatemala withholding tax due to consolidation
<b>D</b>	Gain on sale of Tanzania operation

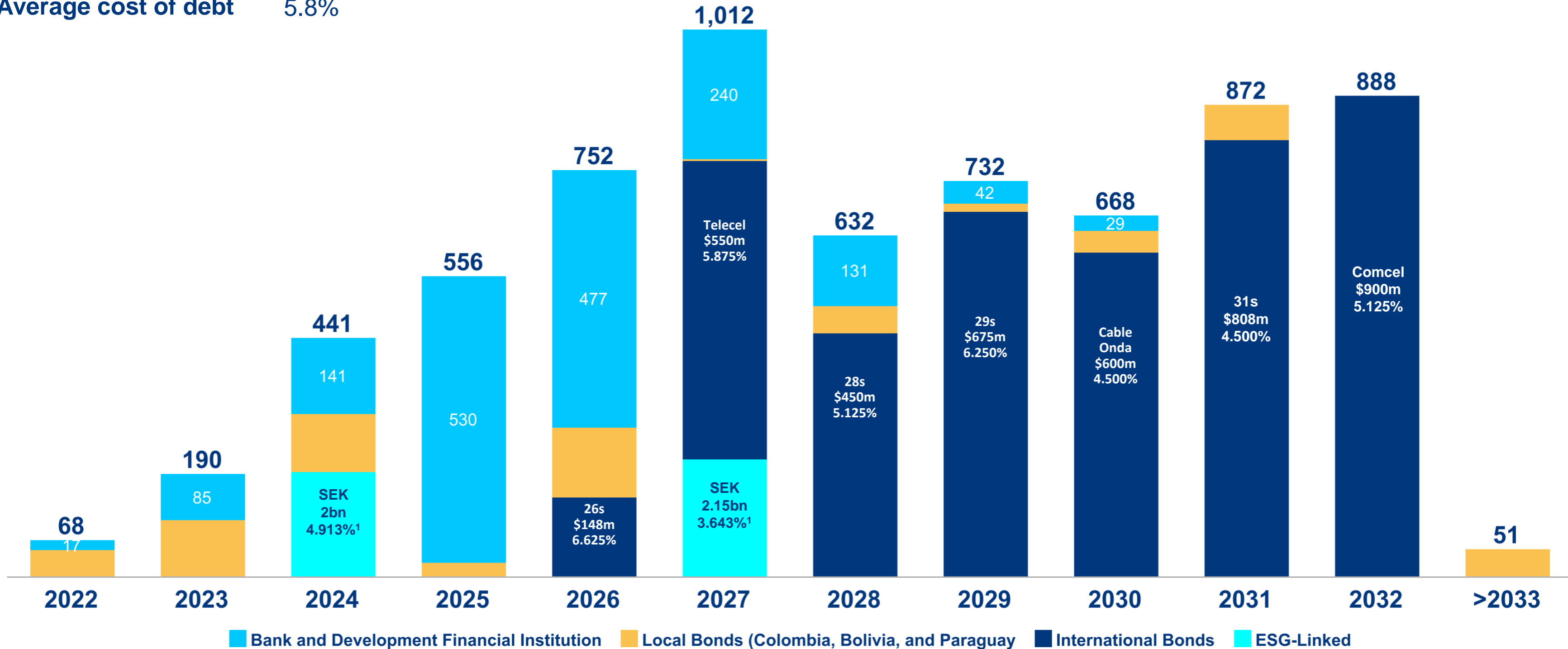
1) All figures on an IFRS basis and therefore do not include the fully consolidated results from our Guatemala and Honduras joint ventures for the 2021 period. On November 12, 2021 we acquired the minority stake in our Guatemala and as of that date we fully consolidated the operation.

# Debt Maturity Schedule

**Q2 22**

Average maturity 6.0 Years

Average cost of debt 5.8%

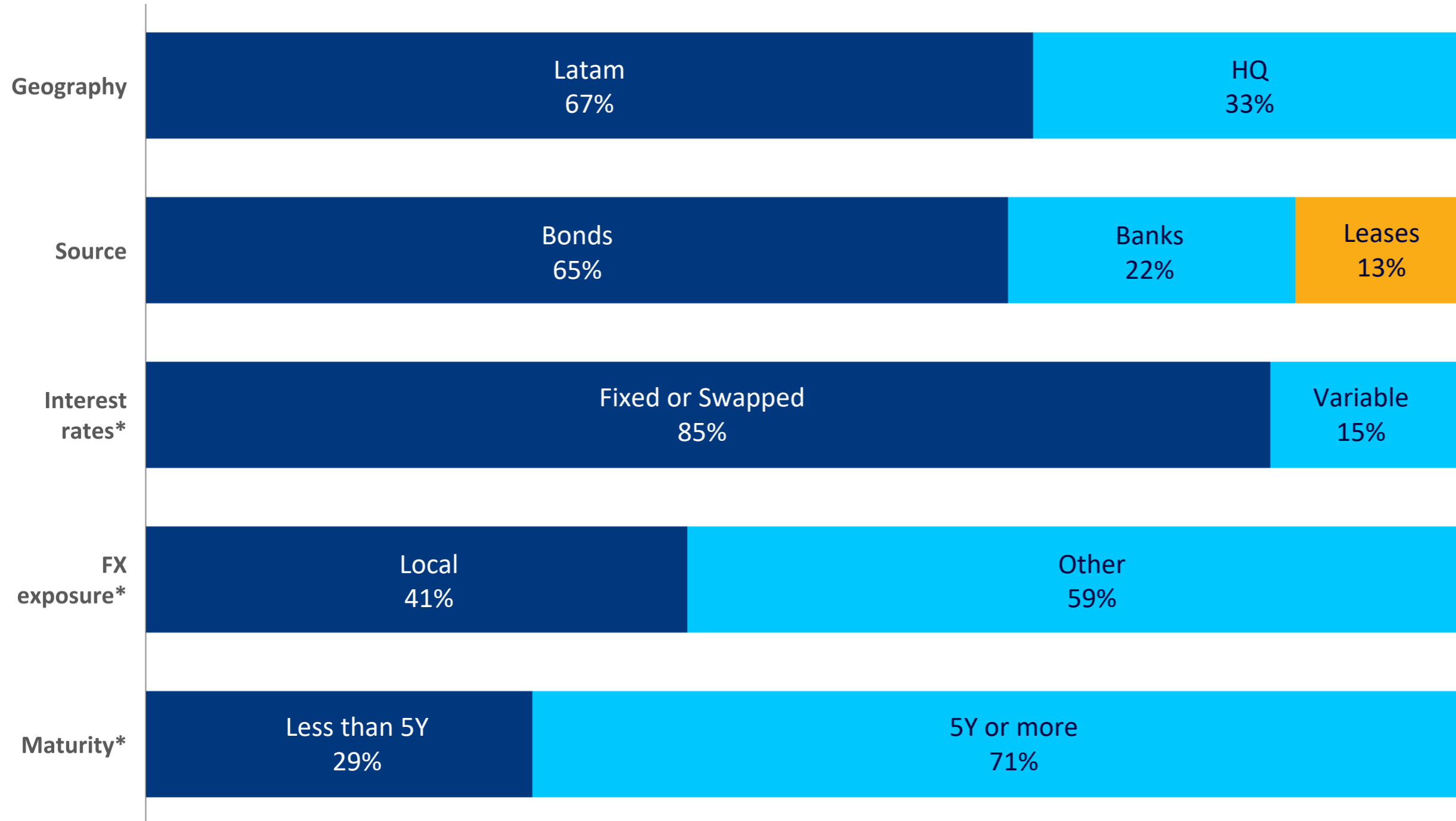


1) Fully swapped rate

# Capital Structure

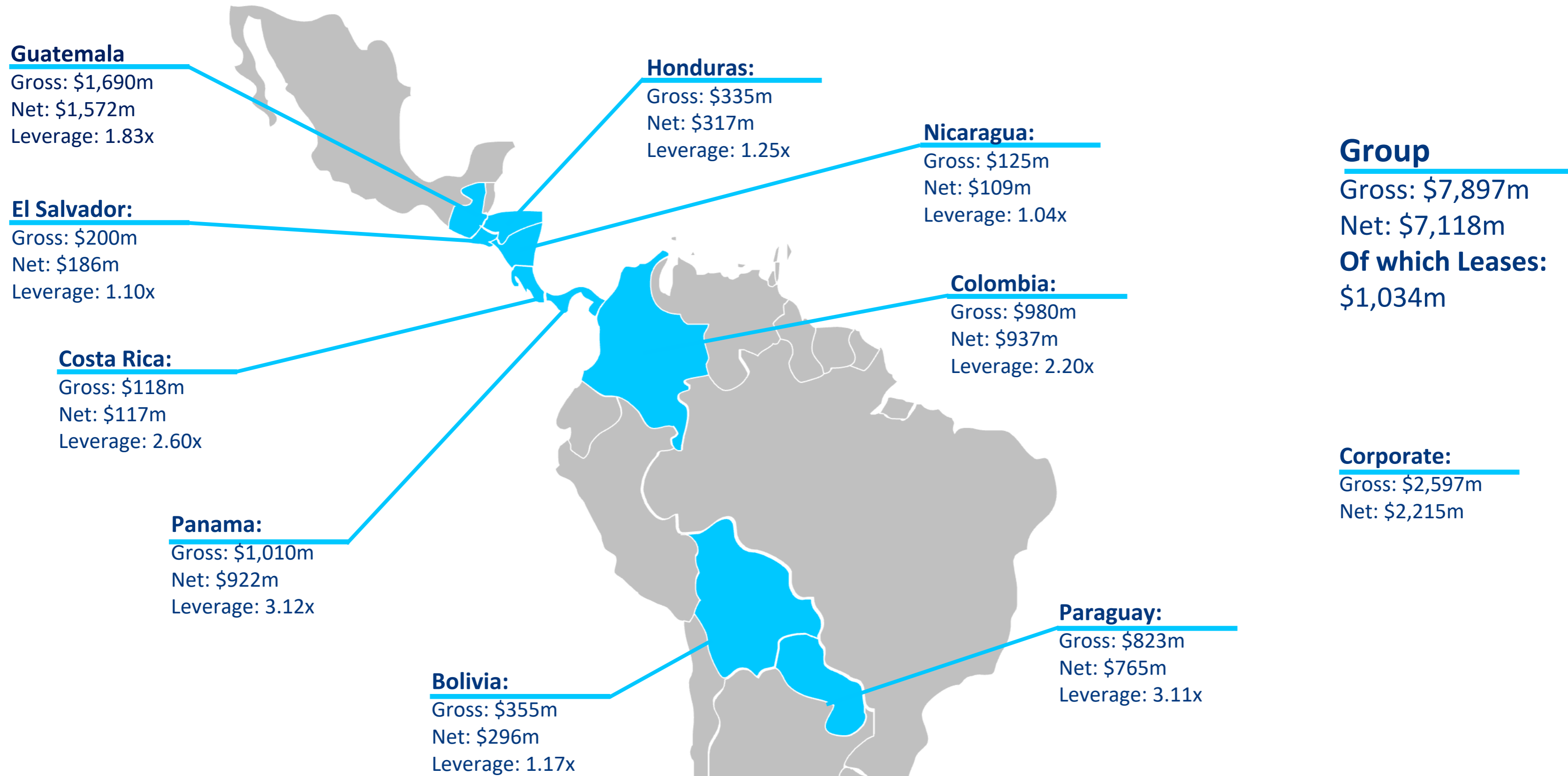
## Financial obligation profile

As of June 30, 2022



\*Excluding leases

# Financial obligations<sup>1</sup> by country



1) As of June 30, 2022. Financial obligations includes leases. Millicom has provided guarantees covering 98% of the gross financial obligations in Costa Rica and 50% of financial obligations in El Salvador.



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