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# 2013 Q2 Results Presentation

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*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.*

# Today's agenda: Growth accelerating, focus on efficiencies



## Results at a glance

- **Operational Performance**
- Mobile
- Cable & Digital Media
- Mobile Financial Services
- Online

## Financial Results

## Closing remarks

## Q&A



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# Q2 at a glance

Growth accelerating, focus on efficiencies

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# Q2 2013 – Growth accelerating, focus on efficiencies

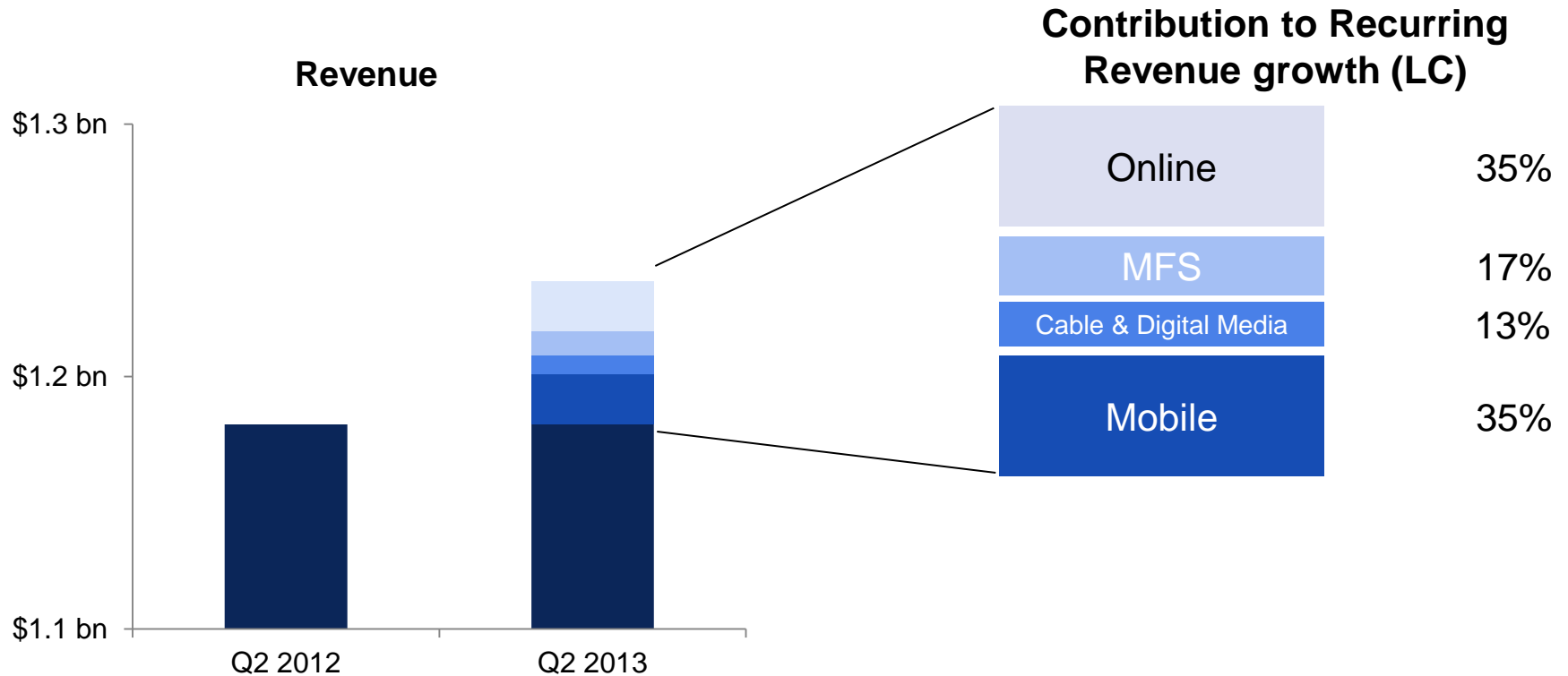


- Like-for-like\* revenue growth accelerated to 9.4% YoY
  - Mobile is proving resilient with 2% growth in LC, 5.6% like-for-like with record recruitment of new data users. 3% of mobile base upgraded in H1
  - Positive developments in new business units:
    - Cable & Digital Media: highest net new RGUs in Q2
    - MFS: 10% of total mobile customer base active on MFS
    - Online revenue at \$20m in Q2 with tight cost control
- Underlying\*\* EBITDA margin of 37.8%, 39.5% excluding Online
- Amended FY outlook reflects challenges and opportunities ahead

\*Like-for-like revenue is adjusted for regulatory impacts and one-offs.

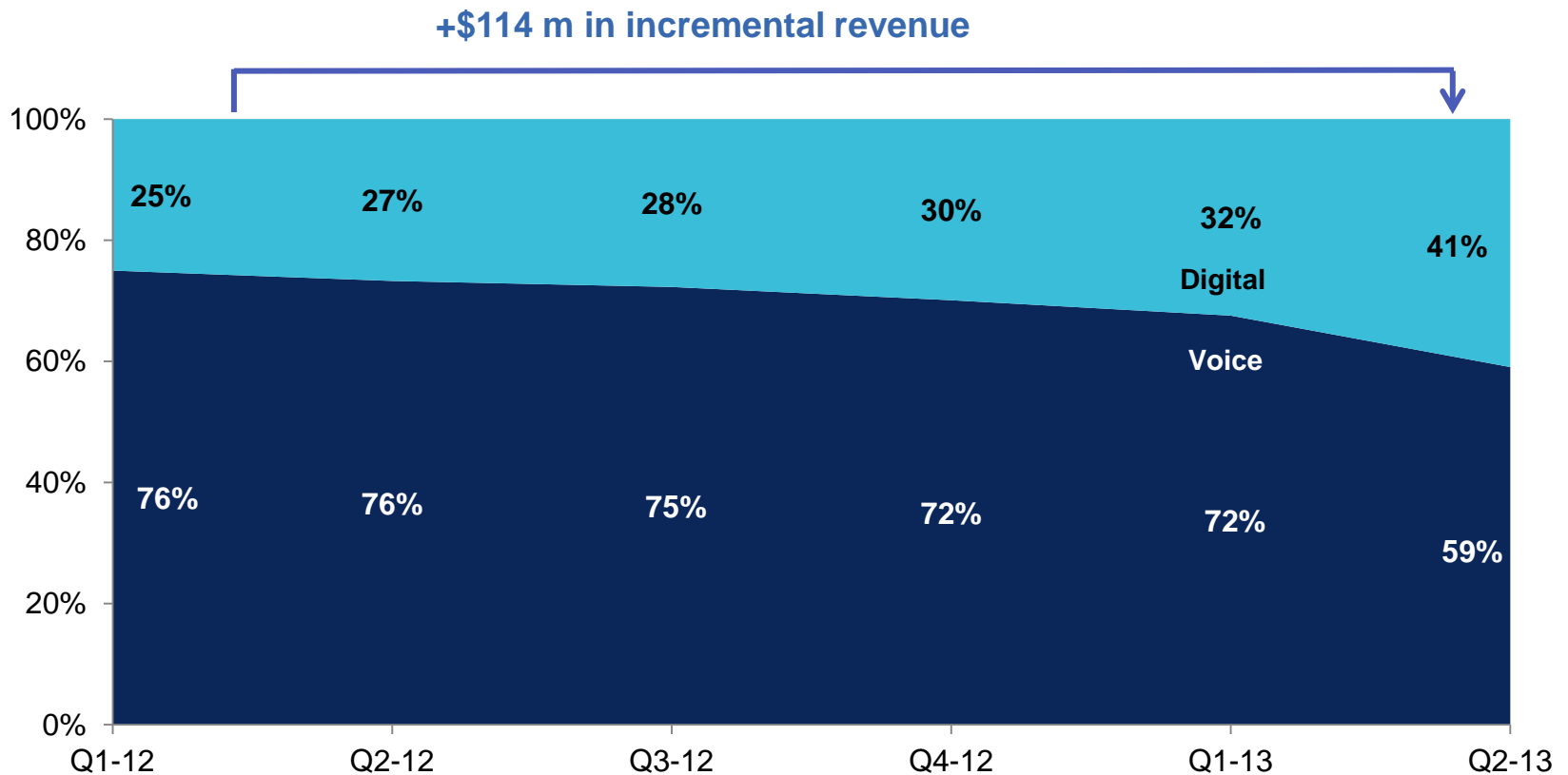
\*\* Underlying EBITDA is adjusted for one-offs of \$13 million in Q2

# Growth resting on four pillars



- Like-for-Like growth at 9.4% was an acceleration versus Q1
- Growth well distributed between our four pillars

# Digital contributing 41% of recurring revenues



- Over 40% of recurring revenues come from Digital (non mobile voice/sms)
- Increasing contribution from Cable & Digital Media, MFS and Online





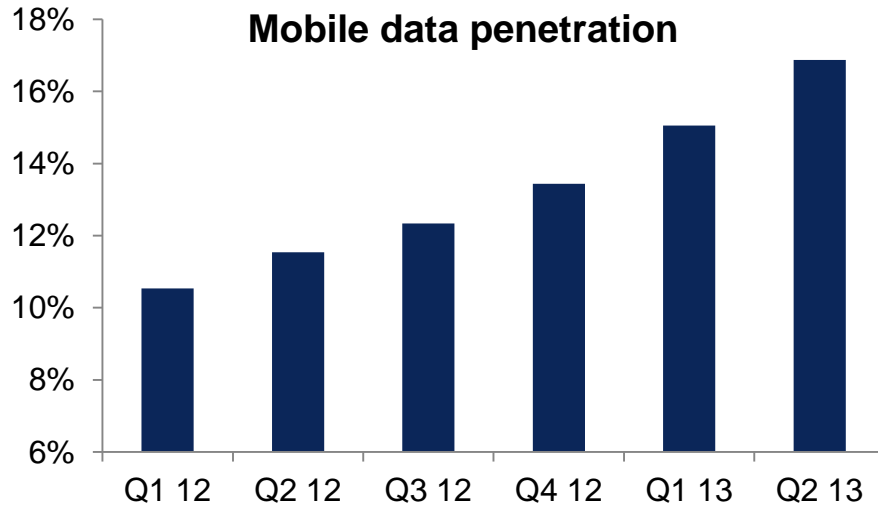
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# Operational performance

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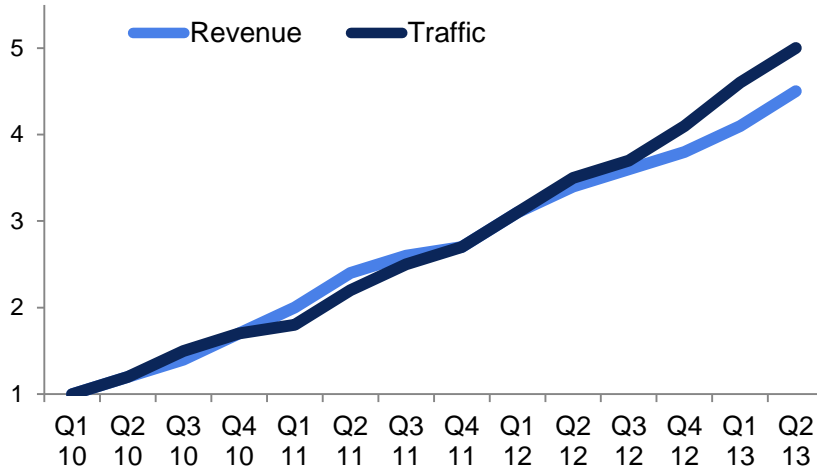
- Mobile revenues growing 2% YoY in LC and 5.6% on a like-for-like basis
- Highest ever mobile data net adds 795k in Q2 2013, confirming positive trends seen in Q1

- Regulatory pressure was high in Q2:
  - § 3.2 points on revenue growth
  - § 1.6 points on EBITDA margin including one off events
- New regulatory changes have been proposed in Ghana, Tanzania, Rwanda and Chad. Could adversely impact our business if confirmed
- ARPU declined by 4.7%, excluding regulatory impacts the decline would have been 1.4% in Q2

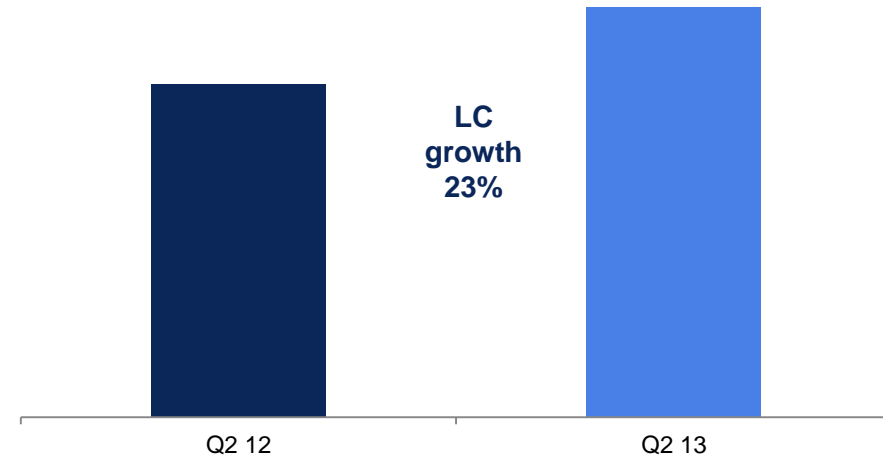
# Strong growth in mobile data traffic and revenues



Traffic growth (x factor)

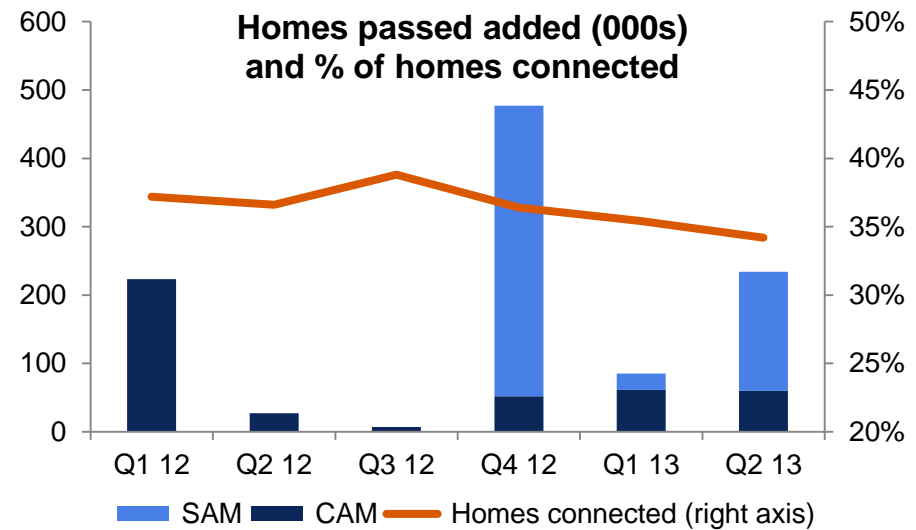
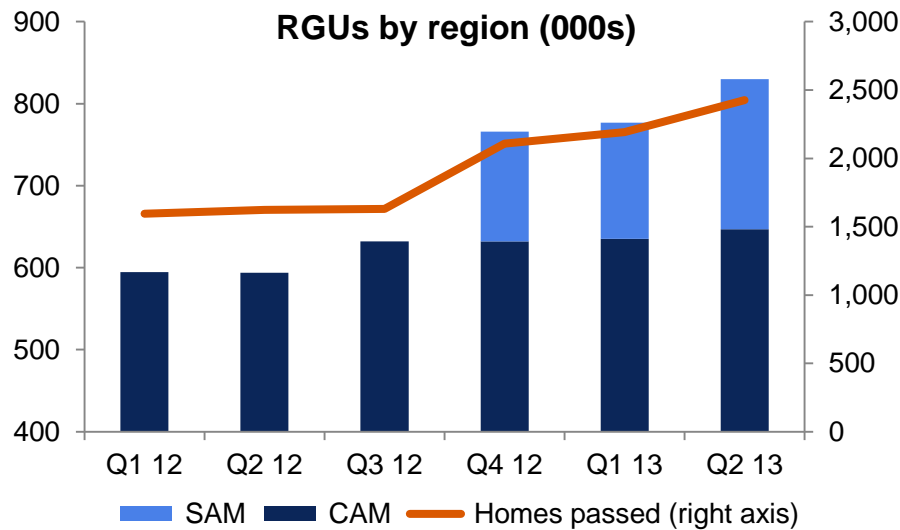


Subsidies (Net)



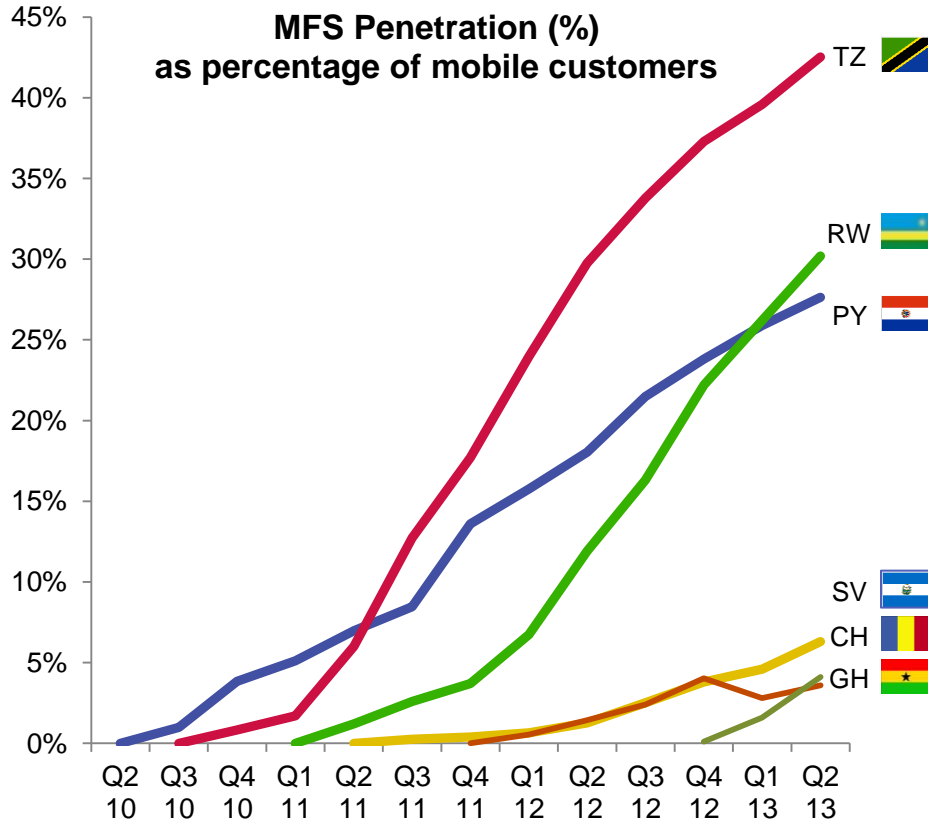
- Revenue and traffic growth highly correlated
- Mobile information growth at 30% supported by high net adds at 795k in Q2, beating the record Q1 number
- Acceleration of subsidies in Q2 at +23% versus + 17% is anticipated to deliver results in H2

# Cable & digital media – Building momentum organically



- We have applied for DTH licenses in Bolivia and Paraguay to broaden the footprint where we can offer our home services
- Cable & Digital media growing at around 8.7% YoY (pro forma for the Cablevision acquisition)
- Net adds have accelerated in Q2 both on broadband and TV: equally coming from synergies in Paraguay between the mobile and the cable business and from Central America










# MFS – on the right track



- MFS penetration at 13.1% across footprint\*, 10% over total mobile base
- ARPU at \$1.35 for users and increasing 12.3% Y-o-Y in LC
- Tigo Matic launched in Rwanda – ATM for cash-in, cash-out and top-up transactions
- Central America penetration reached 3% mark with El Salvador over 6%
- Promising developments at recently launched operations notably Chad, our fastest adopter of MFS to date

\* Footprint: Paraguay, El Salvador, Guatemala, Tanzania, Rwanda, Ghana, Chad, DRC and Bolivia

# Online - New launches and synergies

- In Q2, the Online category generated revenue of \$20 million and EBITDA losses of \$14 million
- **Business update:**
  -  is the 2<sup>nd</sup> most visited website for sport goods and  is 1<sup>st</sup> in its category
  -  has become the 4<sup>th</sup> most visited website in Nigeria
  -  is the startup of the year in Brazil
  -  operates in 7 countries in LatAm and 6 in Africa. Close to half a million app downloaded across Latin America
- **New Q2 Launches:**
  -  (car classifieds) in Nigeria
  -  (real estate classifieds) in Colombia and Mexico
  -  (bus ticket booking) in Brazil
  -  in Ivory Coast



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# Financial results



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# Financial results reflects opportunities and challenges

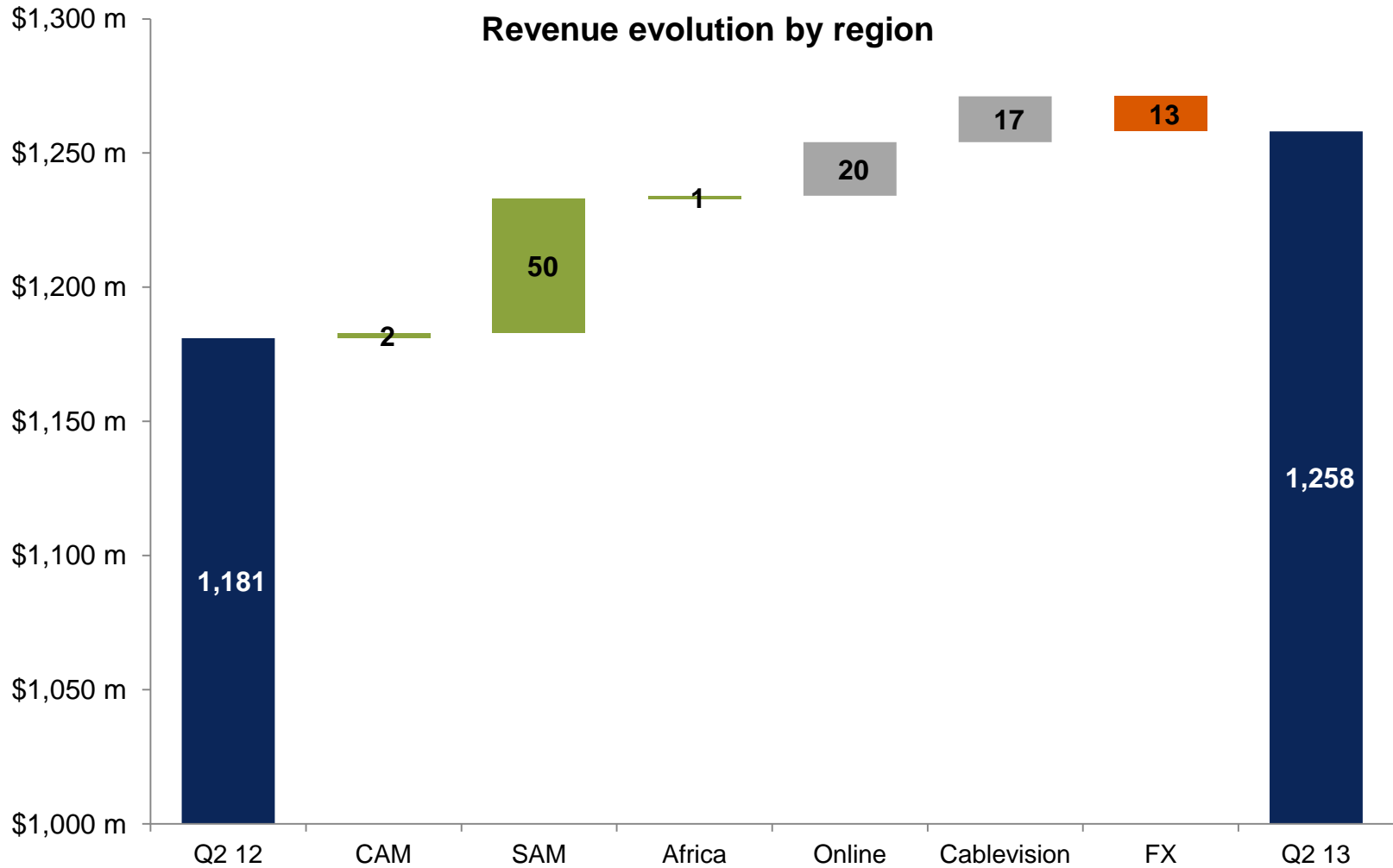


		Q2 13	Q2 12	\$ growth	Like-for-like growth
Customers (000s)	Mobile	47,454	44,550	6.5%	
	Cable & Digital Media	830	594	39.8%	
	MFS	4,886	2,698	81.1%	
ARPU (\$)	Mobile	7.9	8.4		(4.7%)
	Cable & Digital Media	34.0	31.7		3.4%
	MFS	1.35	1.22		12.3%
Revenue (\$m)		1,258	1,181	6.5%	9.4%
EBITDA (\$m)		463	513	(10.5%)	
	<i>as a % of Revenues</i>	36.8%	43.4%	(6.6 pts)	
Capex (\$m)		154	264	(41.7%)	
	<i>as a % of Revenues</i>	12.2%	22.4%	(10.2 pts)	

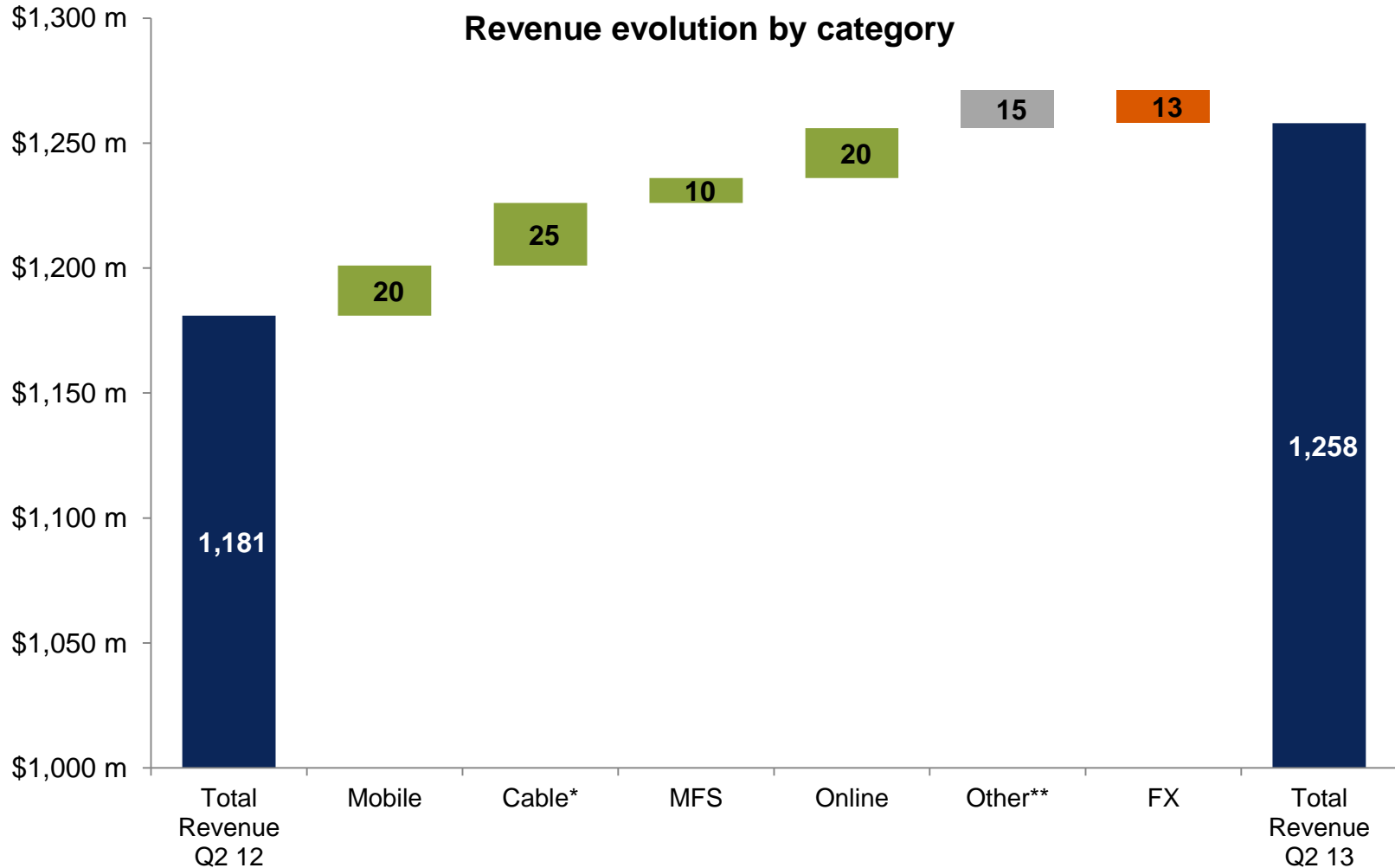
- 9.4% revenue growth like-for-like, 6.5% reported revenue growth
- EBITDA Margins declining on regulatory pressures, one off events and investments for growth



# Regional growth driven by South America in Q2



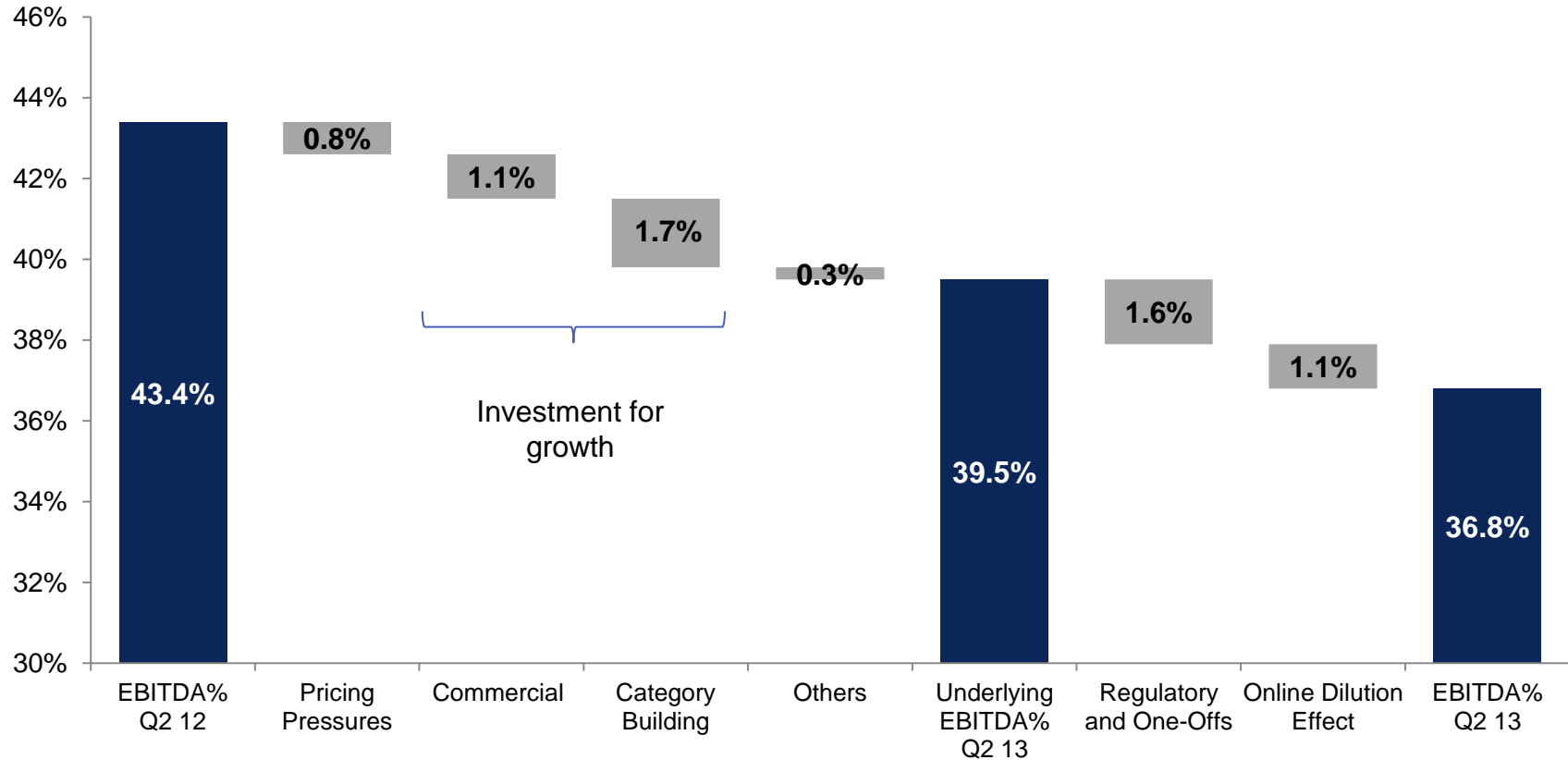
# All four pillars contribute to Growth



\* Includes Cablevision

\*\* Includes visitor roaming, MVNO/DVNO, and Telephone and Equipment

# EBITDA margin under pressure



# Normalized EPS Q2

	Q2 13	Q2 12	\$ growth	
<b>EBITDA</b>	<b>463</b>	<b>513</b>	<b>(10%)</b>	
Corporate Costs	(45)	(32)	37%	Category building
Depreciation	(215)	(199)	8%	Increased network amortization – Cablevision
Net Finance Costs	(56)	(52)	8%	Releverage
Taxes	(50)	(54)	(8%)	
Others	(38)	(3)	NA	FX losses
<b>Normalized Net Profit*</b>	<b>135</b>	<b>177</b>	<b>(24%)</b>	
<b>No. of shares (m)</b>	<b>99.8</b>	<b>101.2</b>	<b>(1.5%)</b>	Share buyback 2012
<b>Normalized EPS</b>	<b>1.35</b>	<b>1.72</b>	<b>(21%)</b>	

\* Excluding exceptional items (such as: recognition of deferred tax assets and subsequent amortization, revaluation of assets and/or potential goodwill write downs, FX gains and losses on debt, and potentially any non cash item that is by nature non-recurring.)

- Normalized EPS down on category building, higher gross debt and network amortization

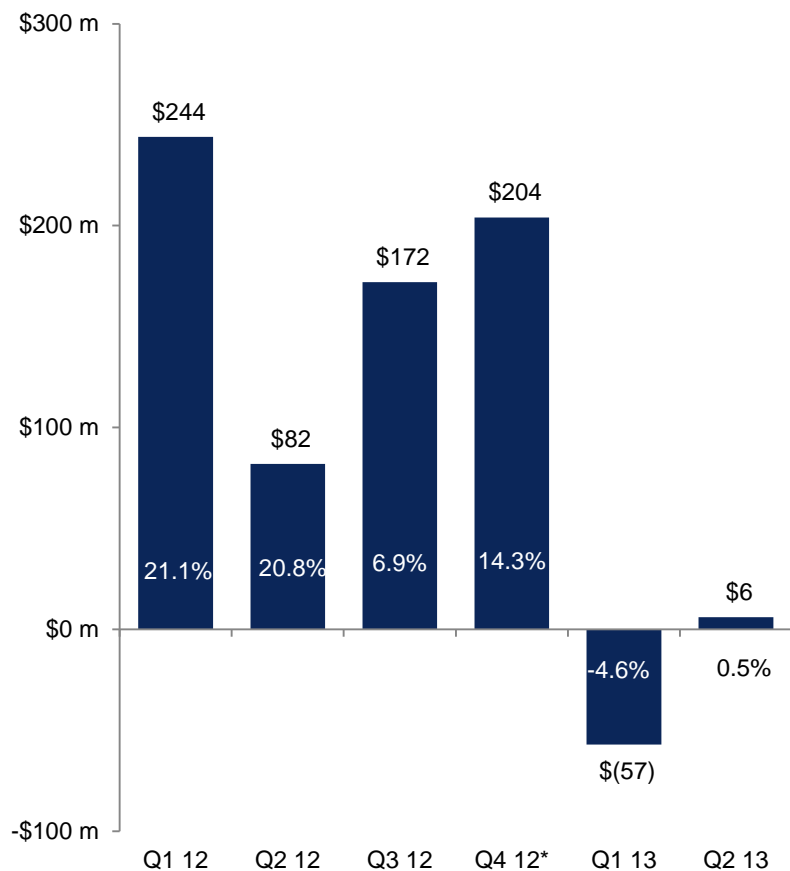
# Tax rate well below 30%

\$ m	Q2 13	Q1 13	Q4 12	Q3 12	Q2 12
<b>PBT</b>	116	216	224	178	294
<b>Normalized PBT**</b>	186	189	222	227	244
Reported Taxes	(61)	(68)	(156)	(60)	(85)
<i>of which</i>					
<i>Non recurring items*</i>	(11)	(16)	(102)	(5)	(31)
<b>Normalized tax expenses**</b>	<b>(50)</b>	<b>(52)</b>	<b>(54)</b>	<b>(55)</b>	<b>(54)</b>
<b>Normalized tax rate</b>	<b>26.8%</b>	27.5%	24.4%	24.3%	<b>22.3%</b>

\* Such as recognition of deferred tax assets and subsequent amortization

\*\*Excluding non recurring items

# Free cash flow\* reflects investment for growth



\$ m	Q2 13	Q2 12	Change
<b>EBITDA</b>	<b>463</b>	<b>513</b>	<b>(10%)</b>
Movements in WC	(26)	(58)	(55%)
Capex (net of disposals)	(200)	(177)	13%
Taxes paid	(151)	(138)	9%
<b>OFCF</b>	<b>86</b>	<b>140</b>	<b>(39%)</b>
Net Interest Paid	(40)	(32)	25%
Corporate Costs Paid	(40)	(26)	54%
<b>FCF</b>	<b>6</b>	<b>82</b>	<b>(93%)</b>

\*EBITDA – Capex +/- WC – Interests – Taxes – Corporate costs

# Net Debt/EBITDA at around 1.2x

\$ m	Q2 13	Q1 13
Gross Debt*	3,339	3,303
Cash**	1,019	1,228
Net Debt	2,320	2,075
<b>Net Debt / EBITDA***</b>	<b>1.2</b>	<b>1.0</b>

\* Including mark to market of bonds

\*\*Including pledged deposits, time deposits and restricted cash

\*\*\* Net Debt / LTM EBITDA



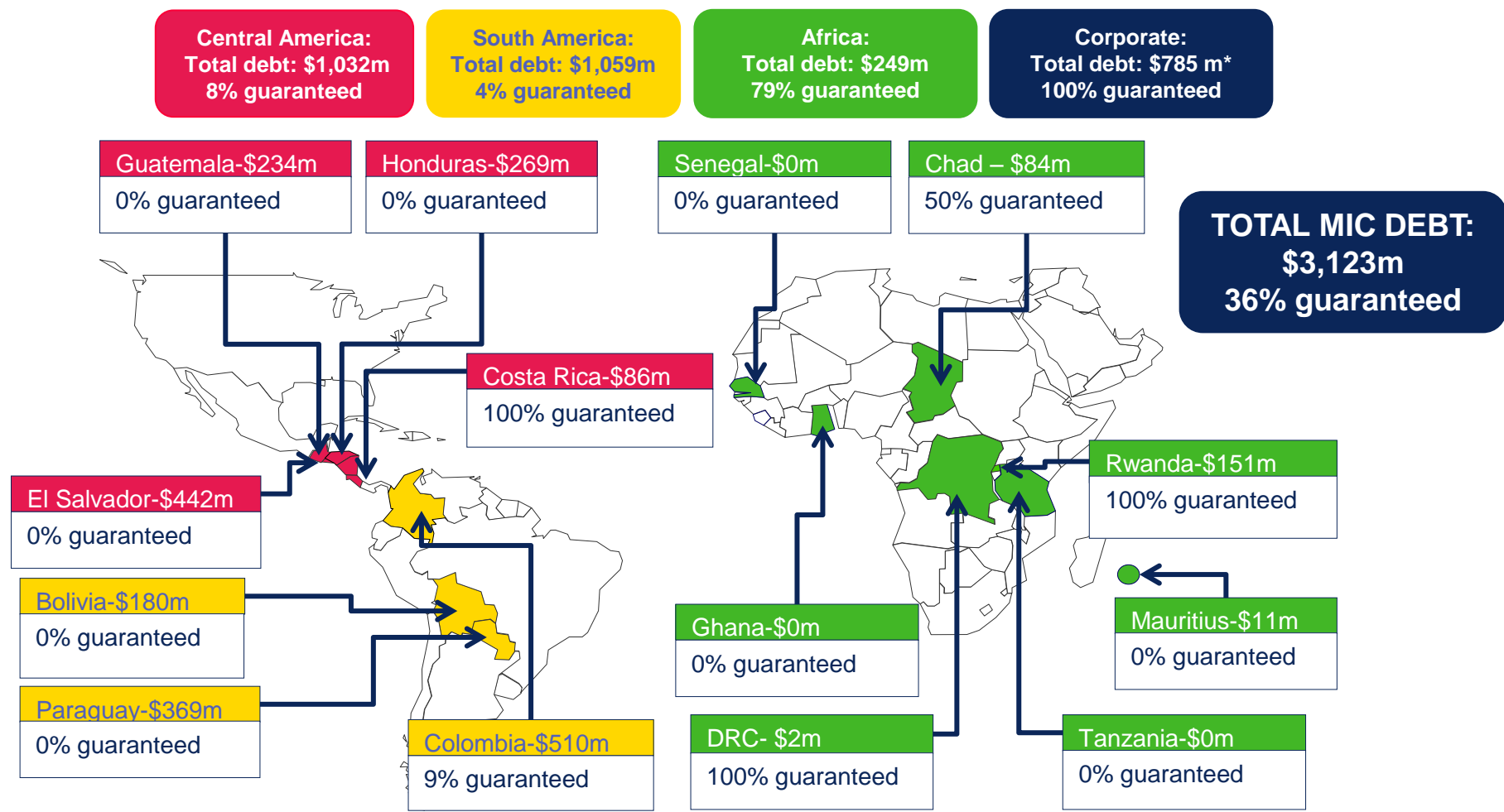
# Debt\* management provides natural hedges

US\$ m	Currency		Interest rate		Total
	Local**	USD	Fixed	Float	
Central America	588	443	701	331	1,032
%	57%	43%	68%	32%	
South America	685	374	495	564	1,059
%	65%	35%	47%	53%	
Africa	82	167	73	175	249
%	33%	67%	29%	71%	
Corporate	645	140	785		785
%	82%	18%	100%		
<b>Total MIC</b>	<b>2,000</b>	<b>1,123</b>	<b>2,054</b>	<b>1070</b>	<b>3,123</b>
%	<b>64%</b>	<b>36%</b>	<b>66%</b>	<b>34%</b>	

\* Excluding finance leases

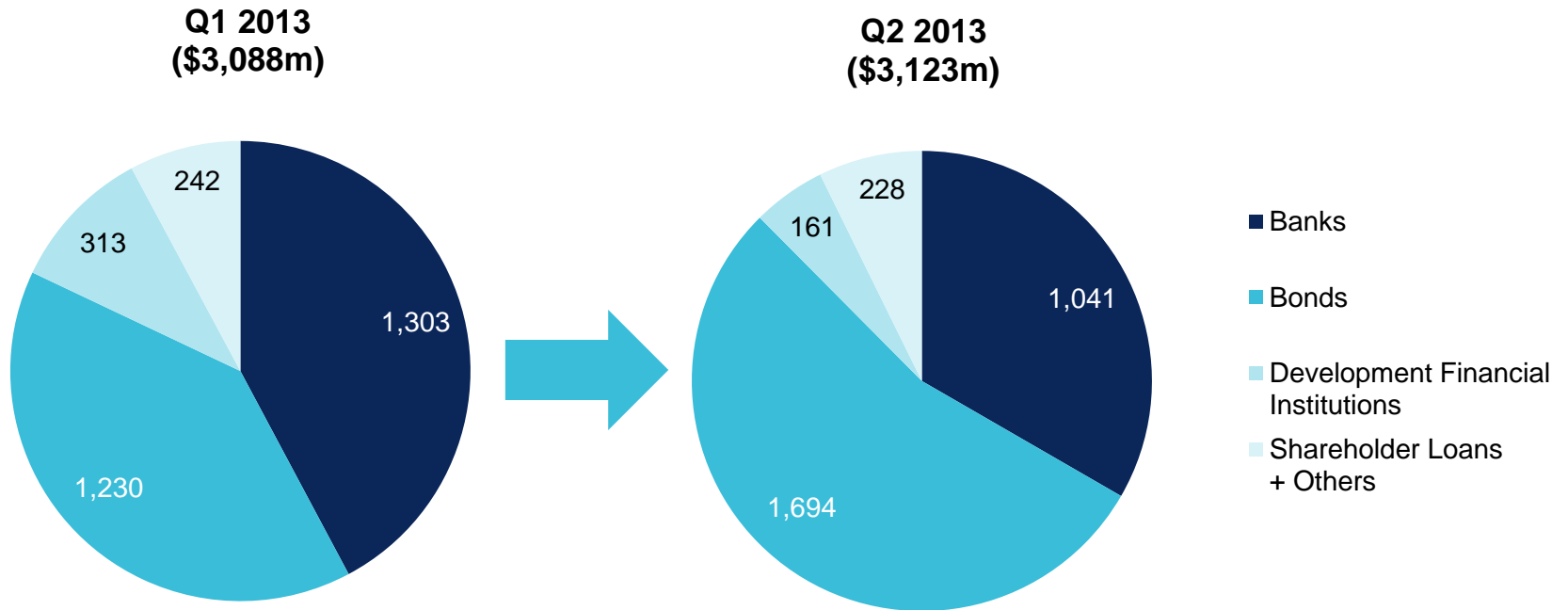
\*\* Local Currency defined as not subject to forex exposure (El Salvador & DRC are dollarized, Chad & Senegal pegged to Euro)

# Limited share of guaranteed debt



Excluding finance leases  
 \* 325m has been pushed down in African operations at the end of Q2

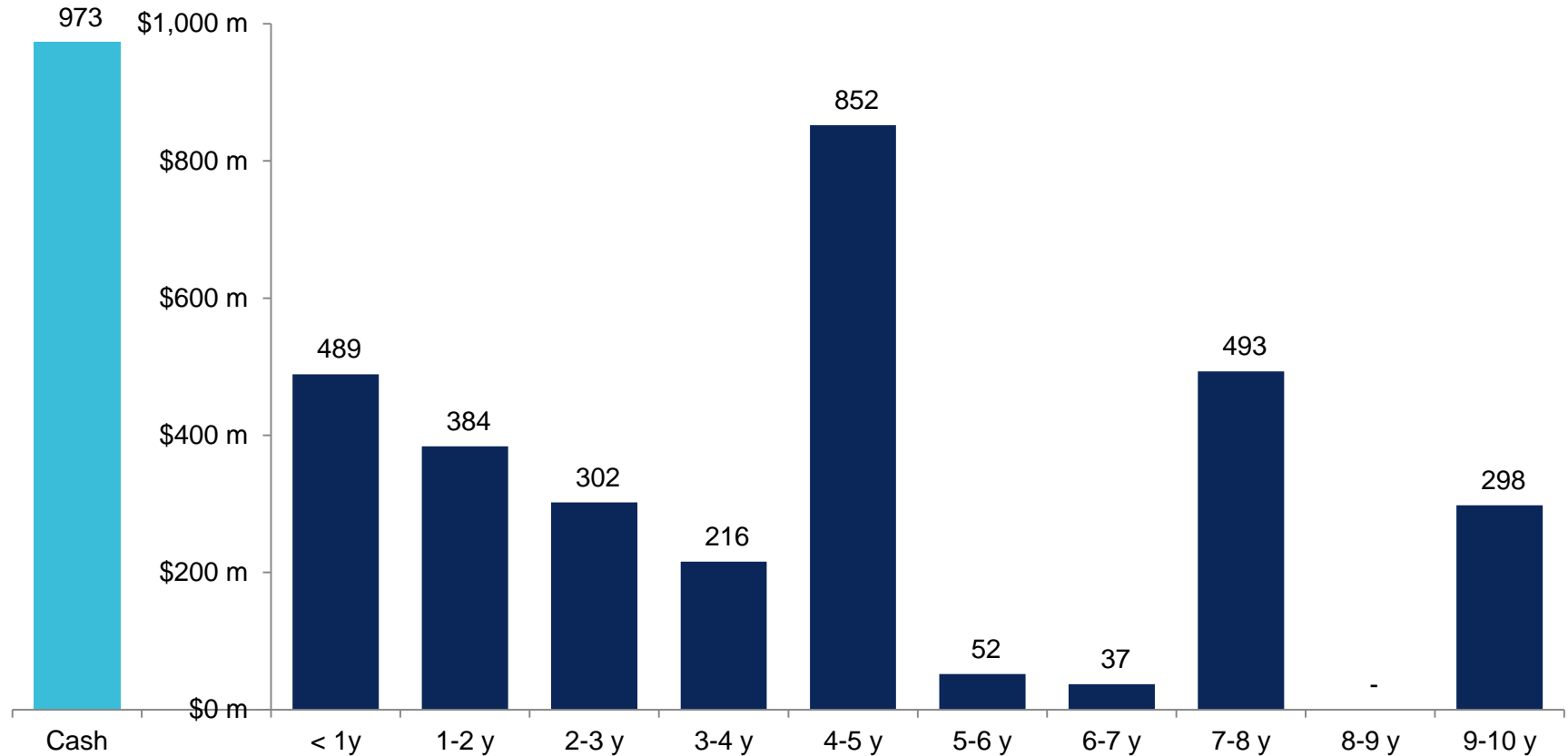
# Diversified debt sourcing



- Public debt (bonds) is now our largest source of funding offering a better balance and improving liquidity

\* Excluding finance leases

# Increasing average maturity



- Average maturity of 4.2 years

*\* Excluding finance leases*

# 2013 Guidance amended



- 2013 Group EBITDA margin expected to be around 40% excluding Online (from above 40%)
- Capex / revenues to peak around 20% not including spectrum or asset acquisitions (unchanged)
- Online division expected to deliver revenue of close to \$100 million and EBITDA losses to be in the range of \$125-150 million (from in excess of \$100 million and EBITDA losses to be in a range of \$125-200 million)
- Guidance excludes \$14 million of one offs booked in H1 2013



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# Concluding remarks

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# Q2 2013 – Growth accelerating, focus on efficiencies



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# Questions & Answers



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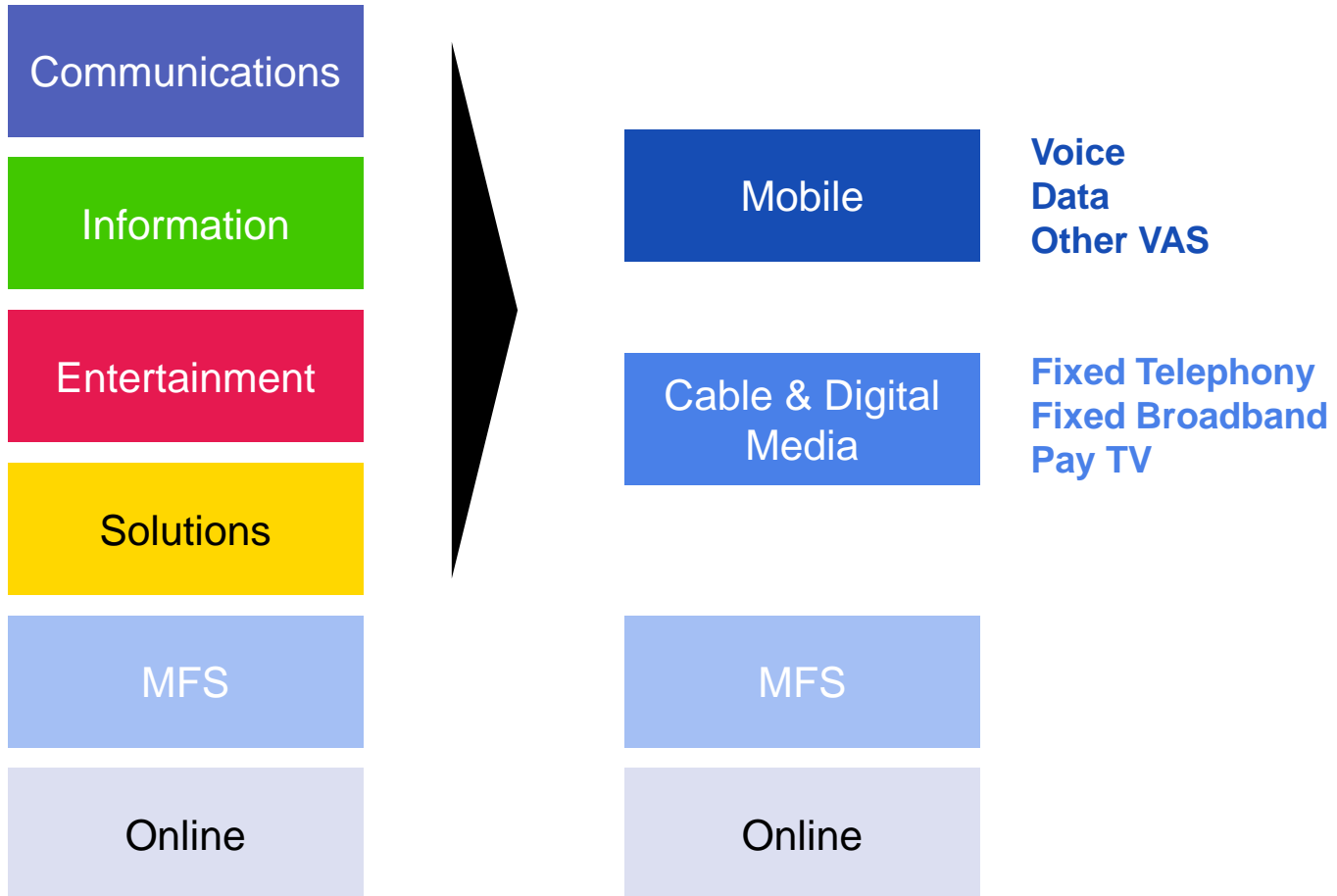
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# Appendix

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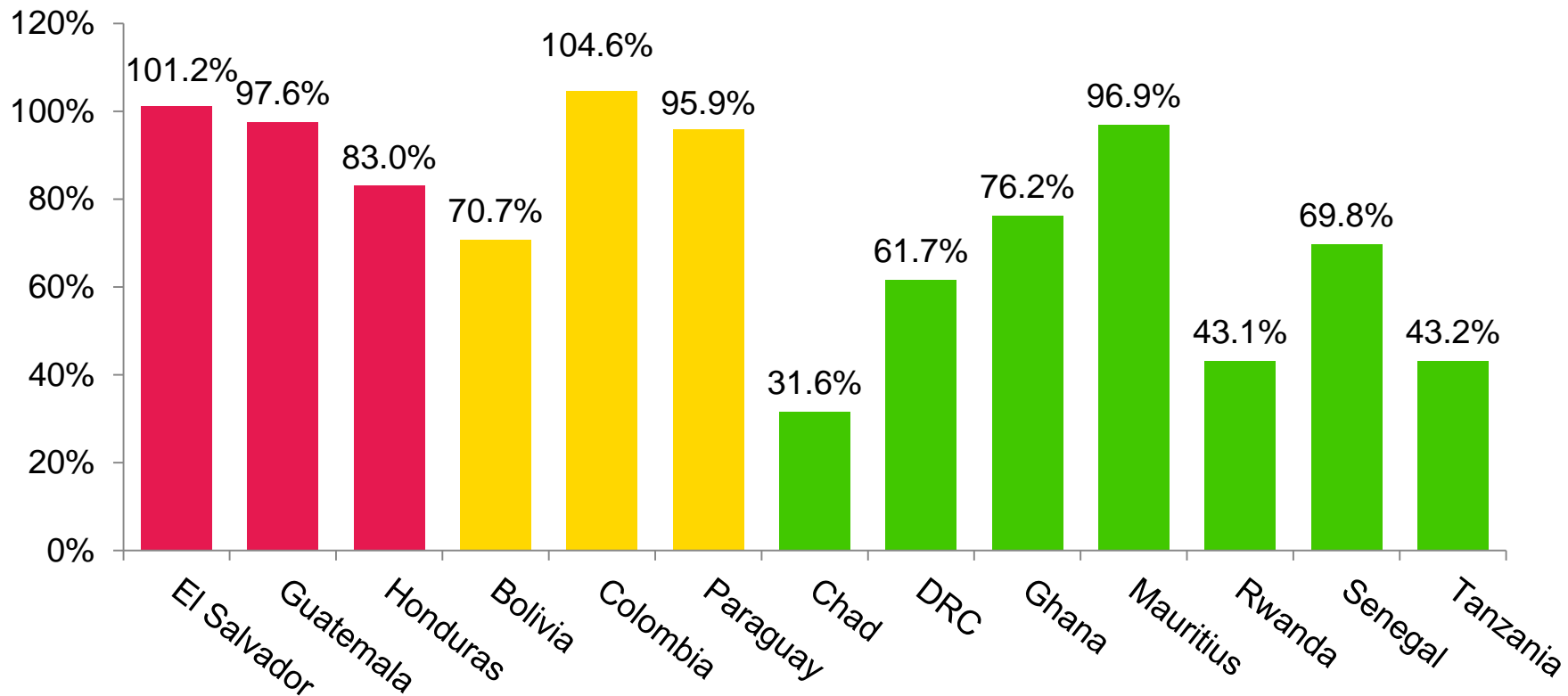
# New reporting structure



# Revenues by regions and by divisions

\$m	Central America	South America	Africa	Online	Millicom
Mobile	365.9	446.2	216.4		1,028.5
Cable & Digital Media	78.5	28.3	0.5		107.3
MFS	0.9	5.6	11.9		18.4
Online				19.8	19.8
Others	25.1	51.9	7.3		84.3
<b>Millicom</b>	<b>470.4</b>	<b>532.0</b>	<b>236.1</b>	<b>19.8</b>	<b>1,258.2</b>

# Mobile Voice- Penetration rates



\* For DRC , only penetration in Kinshasa-BAS Congo area is considered

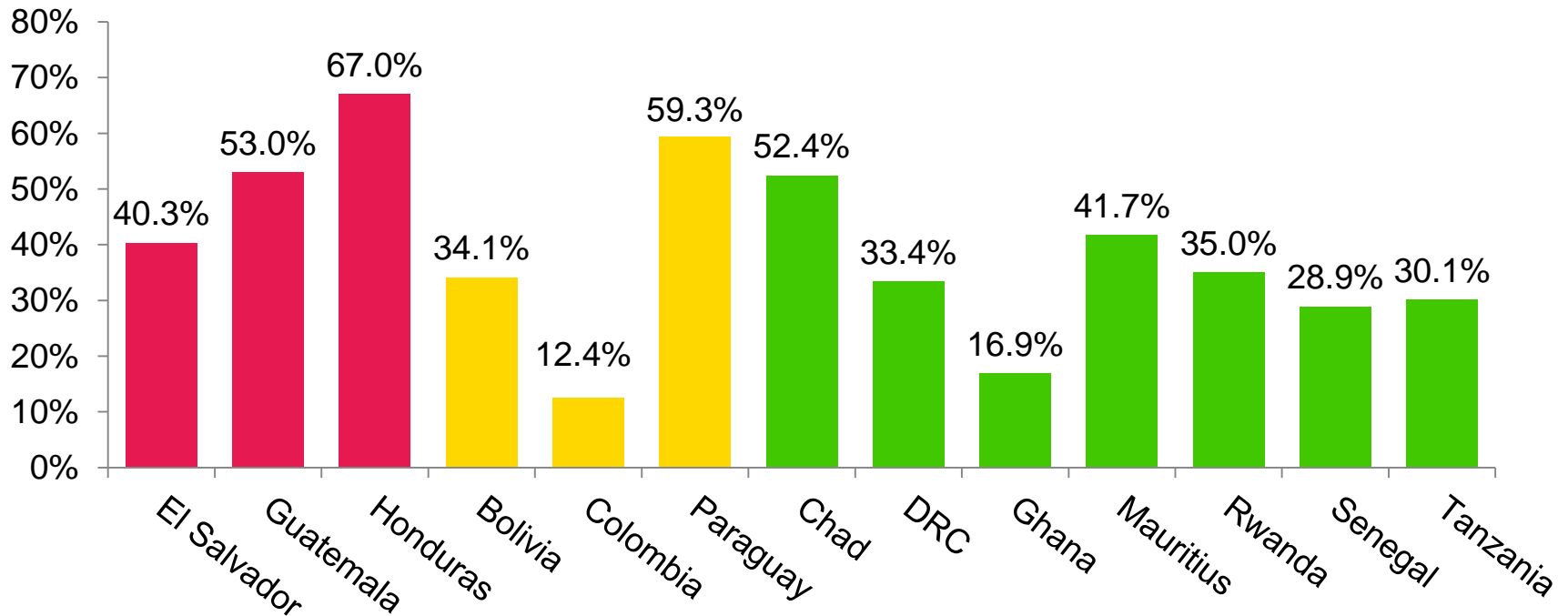
# Mobile Voice-Market shares

**CAM**  
Av. Market Share  
53.7%

**SAM**  
Av. Market Share  
20.1%

**Africa**  
Av. Market Share  
28.3%

**MIC**  
Av. Market Share  
29.5%



# Movements of currencies vs USD YoY

		Closing Rate			Average Rate		
		Q2 13	Q1 13	Change	Q2 13	Q1 13	Change
Guatemala	GTQ	7.83	7.78	1%	7.80	7.84	0%
Honduras	HNL	20.49	20.25	1%	20.37	20.14	1%
Nicaragua	NIO	24.71	24.41	1%	24.56	24.27	1%
Costa Rica	CRC	504.53	504.65	0%	504.46	508.20	-1%
Bolivia	BOB	6.91	6.91	0%	6.91	6.91	0%
Colombia	COP	1,929.00	1,832.20	5%	1,870.37	1,797.52	4%
Paraguay	PYG	4,488.00	4,007.00	12%	4,224.50	4,084.25	3%
Ghana	GHS	1.99	1.94	3%	1.97	1.91	3%
Mauritius	MUR	30.90	30.98	0%	30.91	30.59	1%
Senegal / Chad	XAF	503.48	511.79	-2%	505.15	498.42	1%
Rwanda	RWF	651.07	635.75	2%	639.71	633.40	1%
Tanzania	TZS	1,635.00	1,614.50	1%	1,625.58	1,609.25	1%

For El Salvador and DRC, functional currency is USD



# Market overview – by region

Millicom Regions	Central America	South America	Africa	Online	Total
<b>Market Overview</b>					
Population (m)	28	63	186		277
Mobile Penetration	94.2%	97.7%	54.6%		73.0%
<b>Operational Data</b>					
Total Mobile Customers (m)	15,571	12,873	19,010		47,454
Attri. Customers (m)	11,856	12,873	18,745		43,474
Capex (\$m -excl Corporate)	63	46	42		154
Capex as % of revenues	13.3%	8.6%	18.0%		12.2%
Cellsites (000s)	7,075	6,288	4,785		18,148
Outlets (000s)	135	188	337		660
<b>Key Financials</b>					
Revenues (\$m)	470	532	236	20	1,258
EBITDA (\$m)	214	189	73	-14	463
EBITDA Margin	45.6%	35.5%	31.1%	-72.3%	36.8%



# Market overview – LATAM

Latin America	Central America			South America		
	El Salvador	Guatemala	Honduras	Bolivia	Colombia	Paraguay
Shareholding	100%	55% (p)	66.70%	100%	50% + 1 share	100%
License	20y from 1998	15y from 2003	25y from 1996	20y from 1995	10Y from 2013	5y renewal
Date of Expiry	2018	2018	2021	2015	2023	2016
<b>Market Overview</b>						
Population (m)	6	14	8	10	46	7
GDP per Pop (PPP) \$	7,500	5,100	4,400	4,800	10,200	6,200
Mobile Penetration	101.2%	97.6%	83.0%	70.7%	104.6%	95.9%
Market Position	1 of 5	1 of 3	1 of 3	2 of 3	3 of 3	1 of 4
Market Share	40.3%	53.0%	67.0%	34.1%	12.4%	59.3%
<b>Operational Data</b>						
Total Customers (000s)	2,565	8,254	4,752	2,806	6,137	3,930
Cell Sites	1,185	4,131	1,759	1,142	3,888	1,258
Other Operators	America Movil Telefonica Digicel Red	America Movil Telefonica	America Movil Honducel	Entel Viva	America Movil Telefonica	Personal Vox America Movil
Main commodities exported	Coffee Sugar	Coffee Sugar	Coffee Bananas	Lithium Natural Gas	Coffee Oil	Soy Cassava

# Market overview – Africa

Africa	Chad	DRC	Ghana	Mauritius	Rwanda	Senegal	Tanzania
Shareholding	100%	100%	100%	50% (p)	87.5%	100%	100%
Licence	10 y from 2004	12y from 2012	15y from 2004	15y from 2000*	15y from 2008	16y from 2012	25y from 2007
Date of Expiry	2014	2024	2019	2016	2022	2028	2032
<b>Market Overview</b>							
Population (m)	11	76	25	1	12	13	48
GDP per Pop (PPP) \$	1,900	300	3,100	15,000	1,300	2,000	1,600
Mobile Penetration	31.6%	61.7%	76.2%	96.9%	43.1%	69.8%	43.2%
Market Position	1 of 3	1 of 6***	2/3 of 6	2 of 3	2 of 4	2 of 4	2 of 7
Market Share	52.4%	33.4%	16.9%	41.7%	35.0%	28.9%	30.1%
<b>Operational Data</b>							
Total Customers (000s)	1,958	2,964	3,299	531	1,612	2,681	5,965
Cell Sites**	463	780	820	337	312	621	1,452
Other Operators	Bharti Salam	Vodacom Bharti CCT Standard Africell	MTN Vodacom Bharti Glo Kasapa	Orange MTML	MTN Bharti Rwandatel	Orange Expresso Kirene	Vodacom Bharti Zantel TTLC Mobile Bol Sasatel
Main commodities exported	Petroleum Cotton	Coffee Diamonds	Bauxite Cocoa	Sugar Tea	Coffee Natural Gas	Fish Cotton	Coffee Cashew Nuts

\* Amended and extended by one year in 2006

\*\* for DRC active sites

\*\*\* Only Kinshasa/ Bas Congo area

(p): proportionally consolidated

Source for population and GDP: CIA World Factbook

# Information- Increasing usage & penetration

Latin America	Q1 13	Q2 13	QoQ
<b>Total Data Users* 2G+3G (m)</b>	<b>5.5</b>	<b>6.0</b>	<b>9%</b>
% of total customers (penetration)	19.1%	21.0%	+1.9 pt.
<b>Total data Revenue 2G+3G (US\$ m)</b>	<b>138.1</b>	<b>142.9</b>	<b>3%</b>
<i>of which</i>			
Handsets	99	106	8%
Datacards	39	37	(7%)
<b>Data Revenues 2G+3G as % of total mobile recurring revenues</b>	<b>17.1%</b>	<b>17.6%</b>	<b>+0.5 pt.</b>
Data ARPU 2G+3G			
Handsets (US\$)	8.0	7.7	(4%)
Datacards (US\$)	16.3	15.7	(4%)

*\*To better reflect real consumption of data, from Q3 2011 onwards, a data user is defined as a customer who has used at least 250Kb of capacity over the last 30 days*



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Thank You!

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