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Press Release



Millicom signs agreement to acquire Zanzibar Telecom

Stockholm, June 4, 2015 – Millicom (Stockholmsbörsen: MIC), today announced that it has signed a Share Purchase Agreement to acquire an 85% stake in Zanzibar Telecom (Zantel) from Etisalat Group.

Zantel is the leading mobile telecom operator on the islands of Zanzibar with 2014 gross revenues of \$82 million and 1.7 million subscribers across Zanzibar and mainland Tanzania. It operates 2G and 3G services over 545 network sites, with 57MHz of spectrum¹ and has ownership rights to undersea fibre optic cable capacity. Zantel has an approximate 5% share of the Tanzania mobile market². Millicom intends to retain and continue to operate the Zantel brand, while delivering cash flow growth by leveraging technical and operational efficiencies.

Under the terms of the agreement Millicom will pay the total cash consideration of \$1 dollar and assume total debt obligations of \$74 million. In addition Zantel will have up to \$32 million in net current liabilities at closing. Millicom expects the EBITDA of Zantel to reach \$25 million through a combination of bringing new products and services to the existing customer base and delivering greater efficiencies. The agreement allows for an adjustment to the total consideration if that target is not reached by the end of 2019.

Millicom has arranged with a leading international bank, the provision of a \$100 million 5-year credit facility for Zantel.

The Government of Zanzibar will continue to own the remaining 15% of the shares in Zantel. Millicom is looking forward to working with the Government of Zanzibar as a partner and as a shareholder to continue to develop the exciting opportunities for Zantel and its customers.

Tanzania is Millicom's biggest market in Africa and the acquisition of Zantel is a natural fit for Millicom's strategy, strengthening our overall position in Tanzania and delivering further growth prospects for the Group:

- further leveraging the brand power of Zantel
- delivering technical synergies including procurement and national roaming
- improving network service quality and coverage
- capitalising on the growing demand for mobile data and roll out of 4G coverage
- accessing further bandwidth capacity via the undersea fibre optic cable EASSy

1 Zantel has 850MHz, 900MHz, 1800MHz and 2100MHz spectrum for Zanzibar and mainland Tanzania

2 Source: Tanzania Communications Regulatory Authority, December 2014

- sharing Millicom best practice such as expanding its Mobile Financial Services in Zanzibar to support financial inclusion

The transaction remains subject to regulatory approval by the Tanzanian Communications Regulatory Authority and the Fair Competition Commission.

Ends

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About Millicom

Millicom is a leading telecommunications and media company dedicated to emerging markets in Latin America and Africa. Millicom sets the pace when it comes to providing innovative and customer-centric digital lifestyle services to the world's emerging markets. The Millicom Group employs more than 16,000 people and provides mobile, cable and satellite services to over 56 million customers. Founded in 1990, Millicom International Cellular SA is listed on NASDAQ OMX Stockholm under the symbol MIC. In 2014, Millicom generated revenue of \$6.4 billion and EBITDA of \$2.1 billion.

During its Q1 results in April, Millicom announced that its Africa operations delivered a revenue growth of 16%, up from 13% in the last quarter. In Tanzania Millicom reported strong customer growth in mobile (+508,000) delivering revenue growth of 18% to \$92 million with an EBITDA margin of 36%. LTE has also recently begun roll out in Tanzania. Following this transaction, Millicom will reinforce its market position in Tanzania.

About Zantel

Zantel (Zanzibar Telecom) is the leading data telecommunications brand in Zanzibar and its largest internet provider. Its integrated telecom service provide International Gateway services, Fixed, Mobile and data services through its CDMA, GSM, 3G networks.