



MILlicom
THE DIGITAL LIFESTYLE

2016 Q2 results

Mauricio Ramos, CEO

Tim Pennington, CFO

21 July 2016

We believe in better. We believe in **tigo**

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.



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CEO review

Mauricio Ramos,
21 July 2016

We believe in better. We believe in **tigo**

Key Messages

Quarter

1

Q2 in a nutshell – *“strong mobile data adoption, slower revenue growth, strong cash flow”*

Strategy update

2

Monetizing data - *“delivering the goods”*

3

Seizing the cable opportunity - *“raising the stakes”*

4

Revenue mix reconfiguration - *“ongoing ... short term slowdown, long term strength”*

5

Cost structure reconfiguration - *“turning up the HEAT”*

Outlook

6

2016 Outlook - *“slower revenue growth, EBITDA on track, stronger cash flow”*

1 2016 – Q2 in a nutshell

Strong smartphone adoption, continued traction in homes passed

Mobile



Mobile subscribers

57,789
thousands

+297
Thousands in Q2

Smartphone users

23,218
thousands

+2,046
Thousands in Q2

Data ARPU

6.1
US\$

+4.0%
Q2 16 vs Q1 16

Cable



Total Homes Passed

7,789
thousands

+74
Thousands in Q2

HFC Homes Passed

6,667
thousands

+161
Thousands in Q2

Home ARPU

26.9
US\$

+4.8%
Q2 16 vs Q2 15

1 2016 – Q2 in a nutshell

Slower revenue growth, solid EBITDA, strong cash flow

Financials

Service revenue

1,469
US\$ million

+2.1%
Q2 16 vs Q2 15

Adjusted EBITDA

560
US\$ million

+4.6%
Q2 16 vs Q2 15

Margin

35.6%

+1.4ppts
Q2 16 vs Q2 15

Equity FCF

107
\$ million

+\$78 million
Q2 16 vs Q2 15

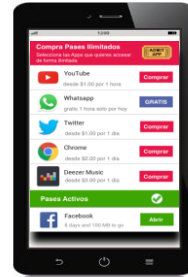
Note: % variation are organic (local currency, same perimeter) except Equity FCF

2

Monetizing data

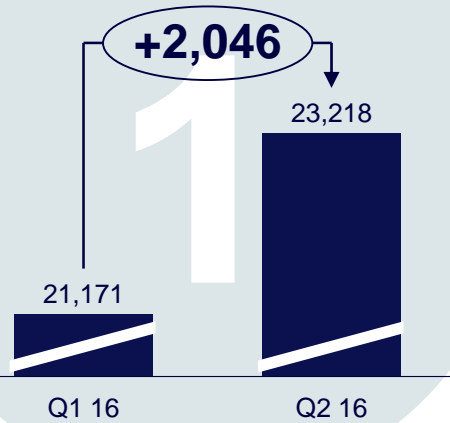


Delivering the goods

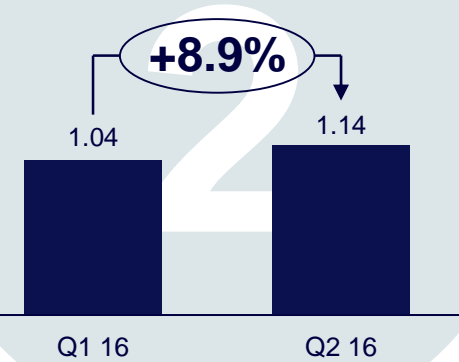


>25%
YoY mobile data growth

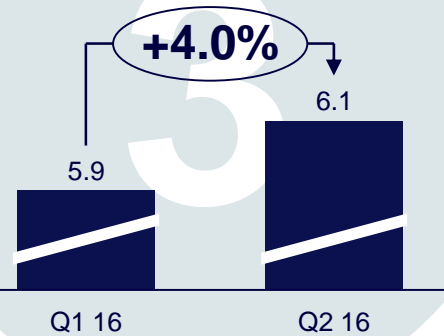
Smartphone users
Thousands



Data usage
GB/user/month



Data ARPU
US\$ constant FX

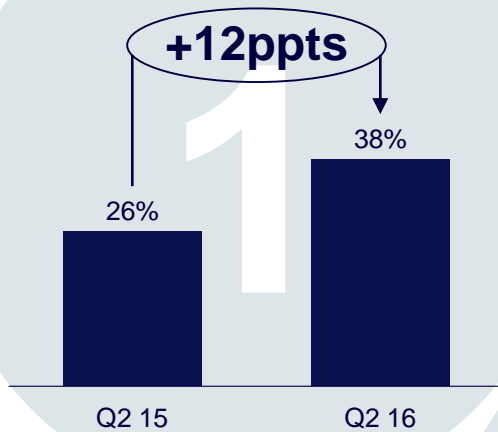




4G strategy execution delivering strong results

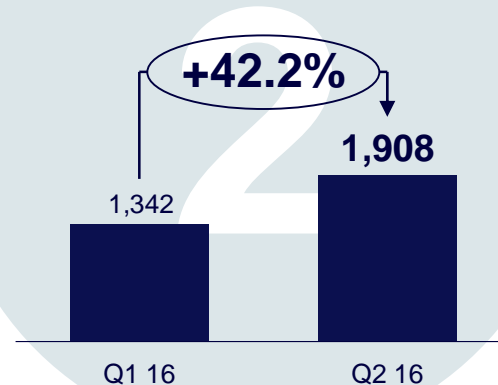
4G coverage

YoY, % of population, Latam



4G smartphone data users

Thousands, Latam footprint



4G smartphone data users

Thousands, Latam footprint



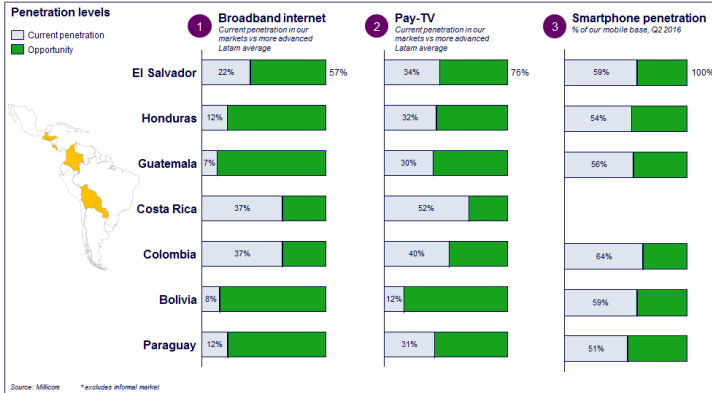
3 Seizing the cable opportunity



Raising the stakes

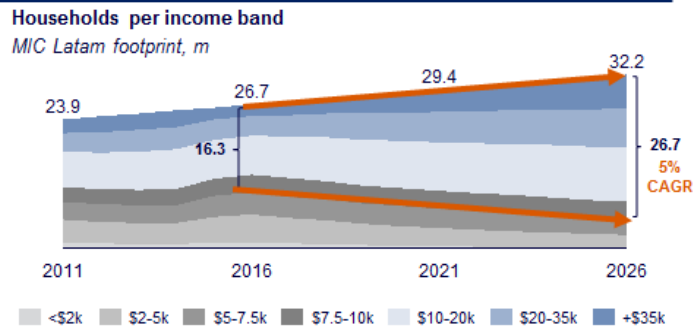
Our opportunity

1 Low penetration



2 Middle class growing at 5% CAGR

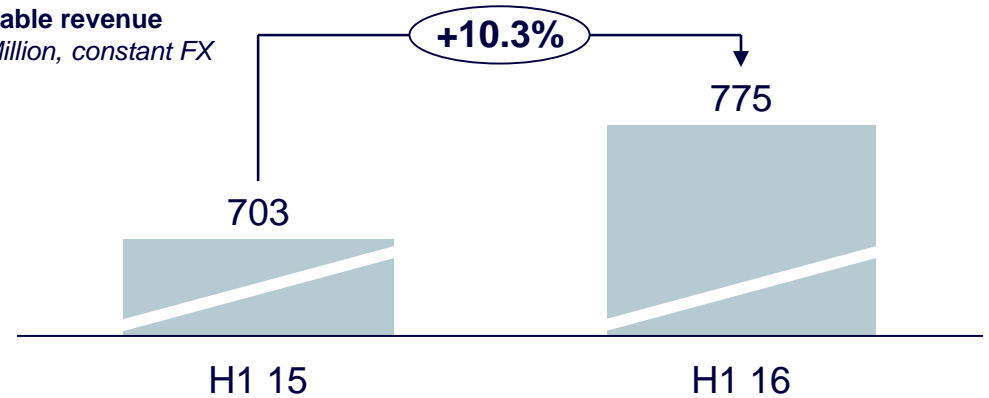
Strong Middle Class growth



Raising the stakes on strong progression

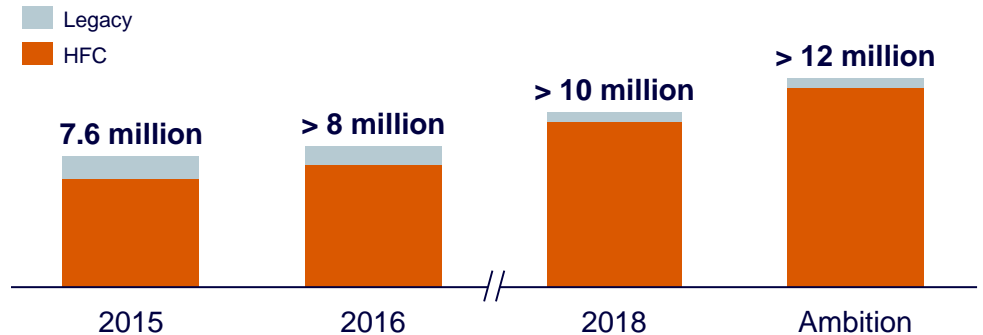
3 Strong progression

Cable revenue
 Million, constant FX



4 Raising our ambition

Homes passed ambition



3 Seizing the cable opportunity

“Triple win” partnerships with “mediation +”

Triple win partnerships



- 1** **Win #1 - Tigo:** ARPU increase, churn reduction, brand perception, increased offering
- 2** **Win #2 - Netflix:** access 32m customers in Latam, through the most extensive distribution network in country (> 700 thousands point of sales and stores)
- 3** **Win #3 - Consumers:** state of the art content and seamless customer experience



Triple win partnerships



Soluciones adecuadas para su negocio



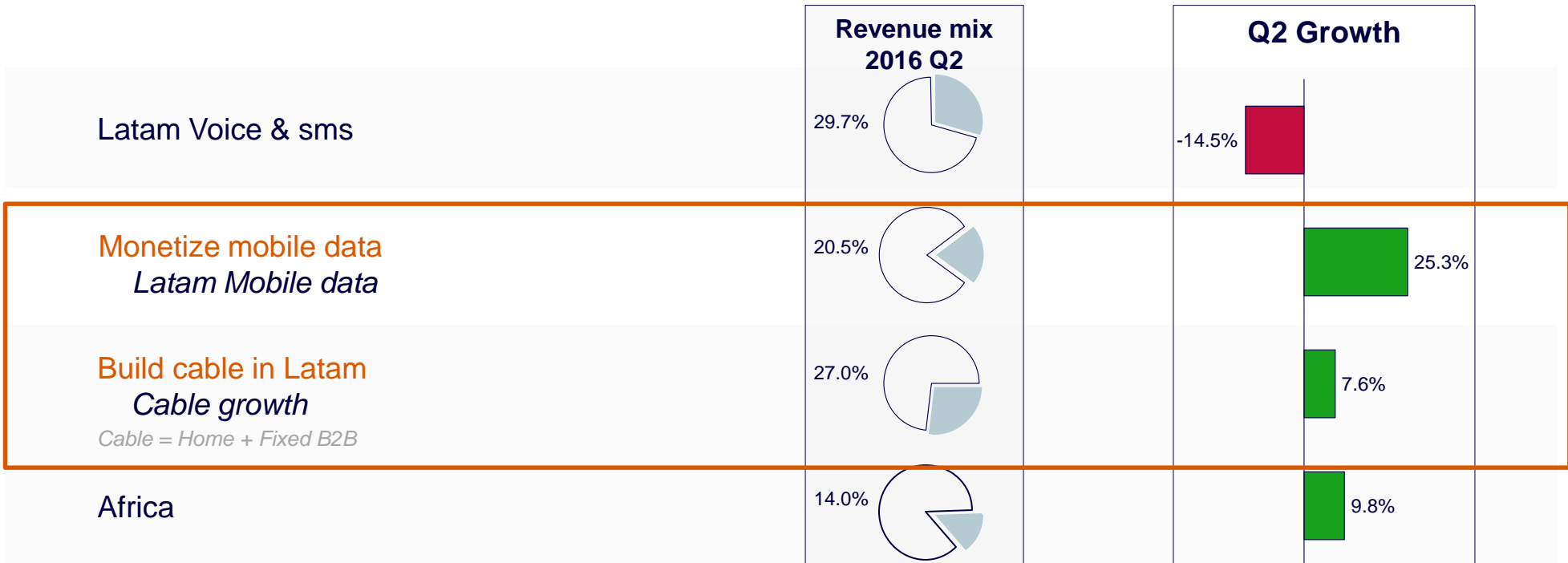
- 1** **Win #1 – Tigo Business:** ARPA increase, churn reduction, revenue sharing, brand perception, top of range product offer
- 2** **Win #2 - Microsoft:** access over 200 thousands actively managed accounts in Latam. Leverage existing infrastructure to instantly access new markets
- 3** **Win #3 – B2B clients:** state of the art solution proposals in cloud services



4

Service revenue reconfiguration

We continue our service revenue reconfiguration



5 Cost structure reconfiguration

We reconfigure our cost base as we transition towards a new revenue mix

1 We action all levers...



Synergies



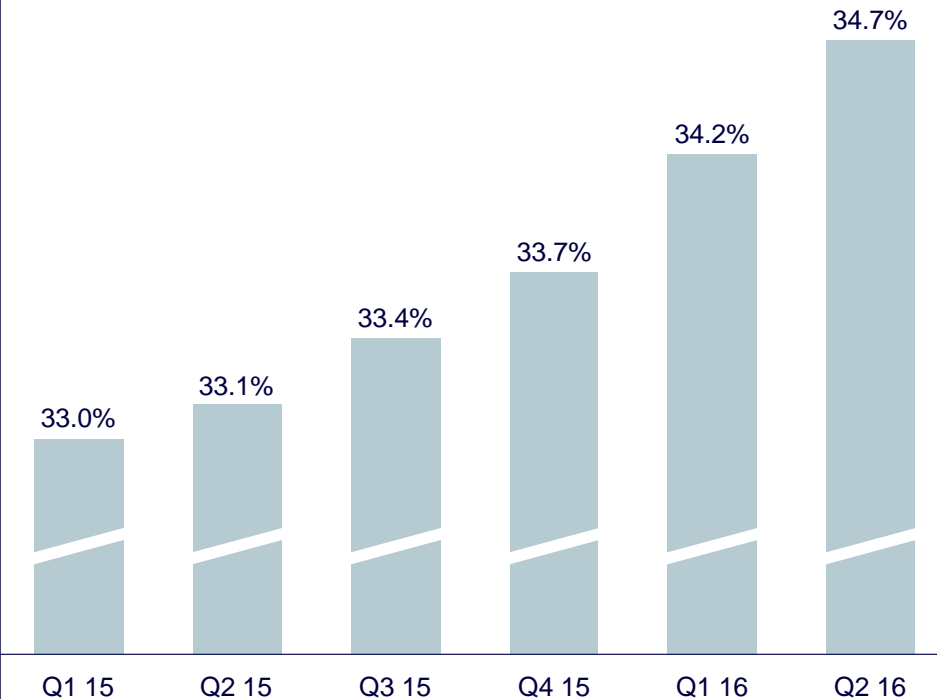
Corporate costs



Operational leverage

2 To drive efficiency up...

Adjusted EBITDA margin,
LTM reported



5 Cost structure reconfiguration

And turn up the HEAT

3and we transform our business



HEAT program

>\$200m

Of recurring savings opportunities identified
(opex / capex / working capital)

41

Initiatives

Across

7

Areas



- 1. T&E value chain
- 2. Supply chain
- 3. Resource sourcing
- 4. Network efficiency
- 5. IT transformation
- 6. Finance
- 7. Commercial value steering

Including

9

Major
transformations

Rethink the way we do business to reconfigure the cost base as we go through the revenue reconversion process

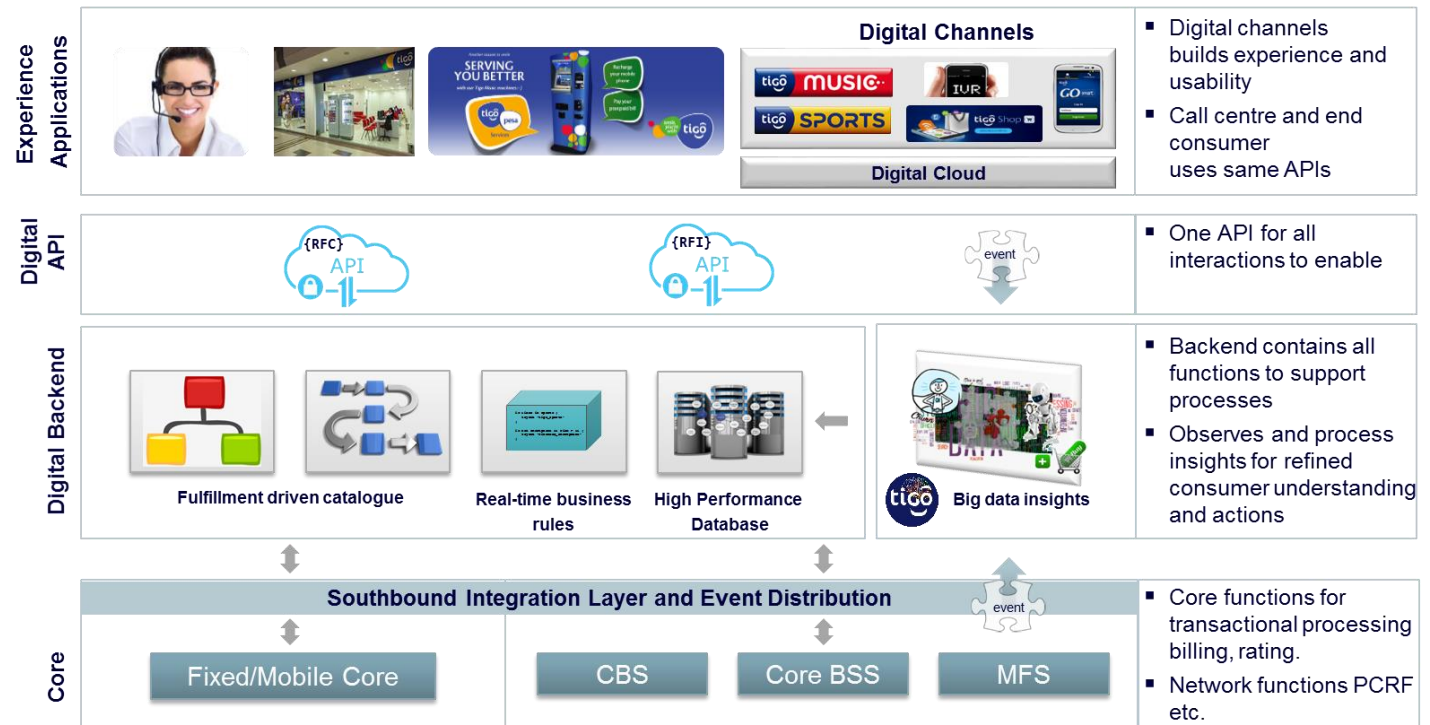
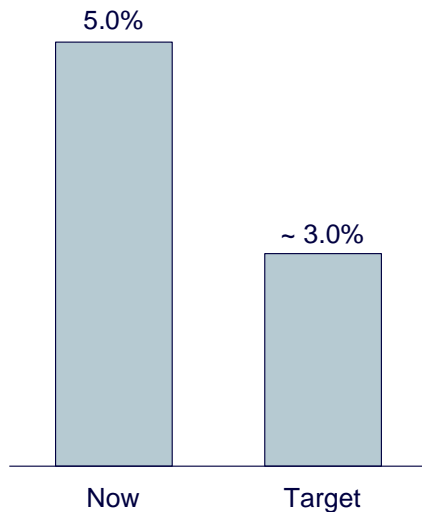
Ex: Managed services, Shared services centers (finance, procurement), IT transformation, Inventory 4PL, etc..

5

IT transformation

Heat program to transform Millicom into an OTT like architecture

IT costs (capex & opex)
% of Latam revenue



6 2016 outlook

Despite challenging macro environment we are confident on our FCF generation

	Initial outlook	Revised outlook
Service revenue (a)	to grow mid single digit	to grow low to mid single digit
Adjusted EBITDA (b)	to grow mid to high single digit	to grow mid to high single digit (unchanged)
Group CAPEX (c)	between \$1.15 and \$1.25 billion	Around \$1.10 billion

Our 2016 outlook is in constant currency, at constant perimeter (with our JVs in Guatemala and Honduras fully consolidated)

a) Service revenue is group revenue excluding telephone & equipment sales

b) Adjusted EBITDA excludes restructuring costs and other one-off items.

c) Capex excludes the impact of spectrum and licenses costs.



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Financial review

Tim Pennington
21 July 2016

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Key Messages

1

Topline headwinds

2

Cost focus ... margin improvement

3

Targeted investment focus ... cash flow strengthening

Macro economic outlook

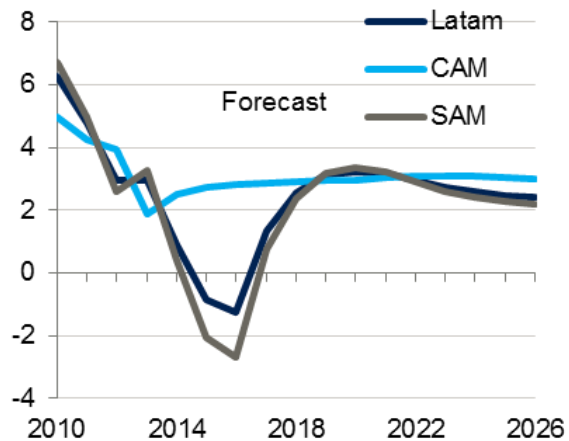
Short term macro headwinds ... long term positive

1

GDP growth to recover in 2017/2018

Latam GDP forecast

YoY growth in %



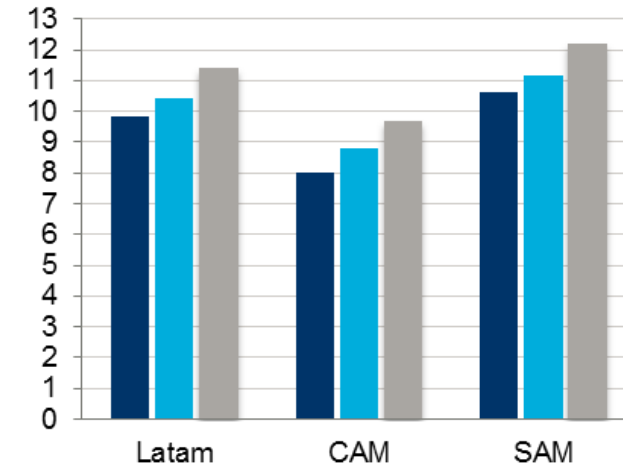
2

GDP per capita to keep growing

Latin America: GDP per capita

'000s US\$

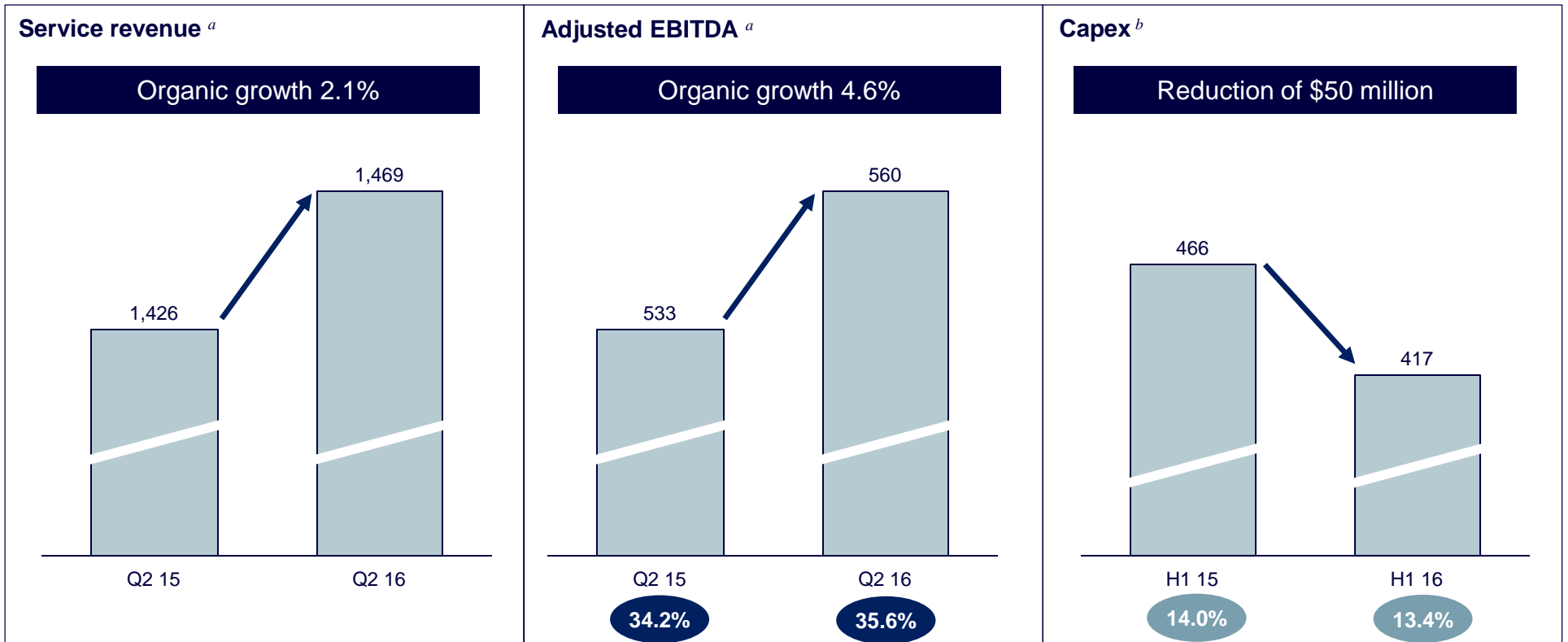
■ 2015 ■ 2021 ■ 2026



Source: Oxford Economics research commissioned by Millicom dated June 2016

Key financial metrics

Slower growth but stronger margins and cashflow



US\$ million

a) Q2 15 numbers FX adjusted and excluding DRC

b) Excluding DRC, spectrum & license costs

Adjusted EBITDA margin

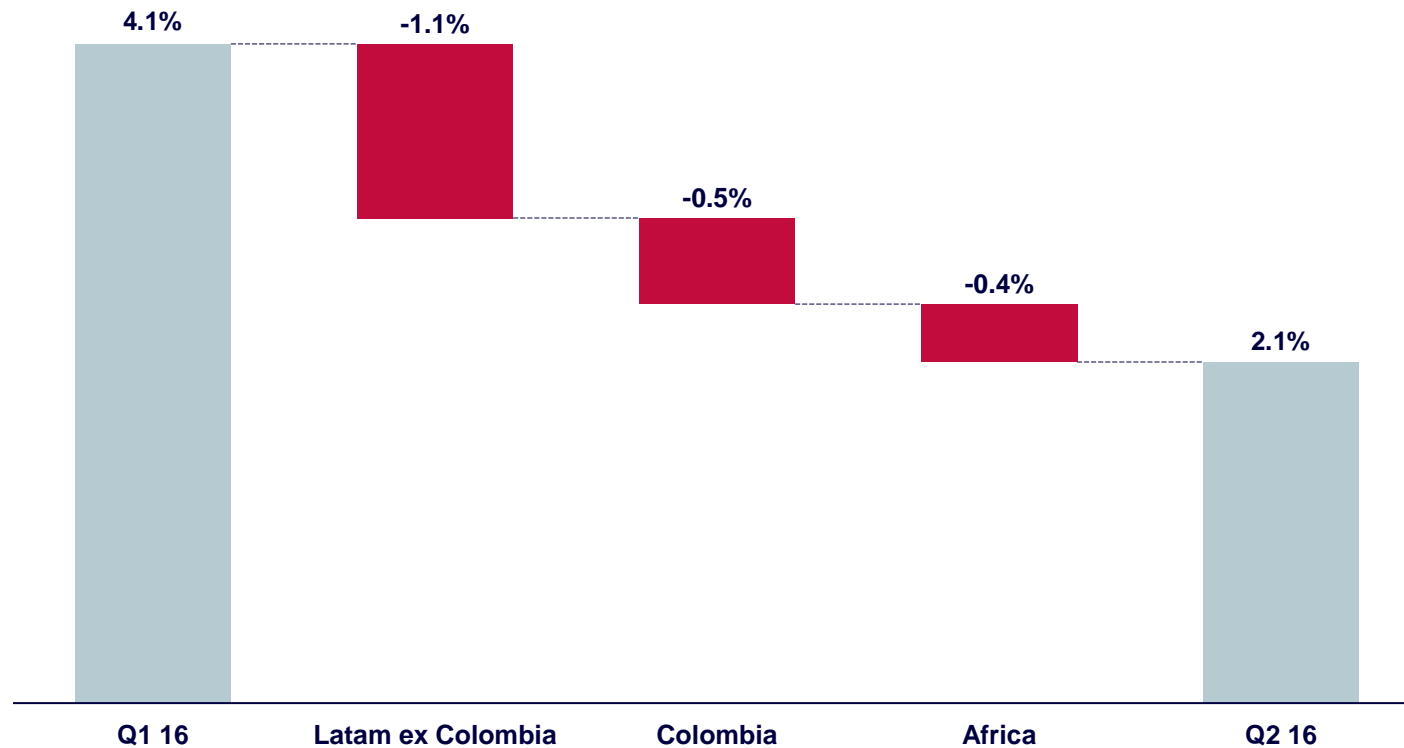
Capex / revenue %

Service revenue

Slower growth in Central America, Colombia and Tanzania

Sequential analysis of the group organic service revenue growth

Q1 16 – Q2 16

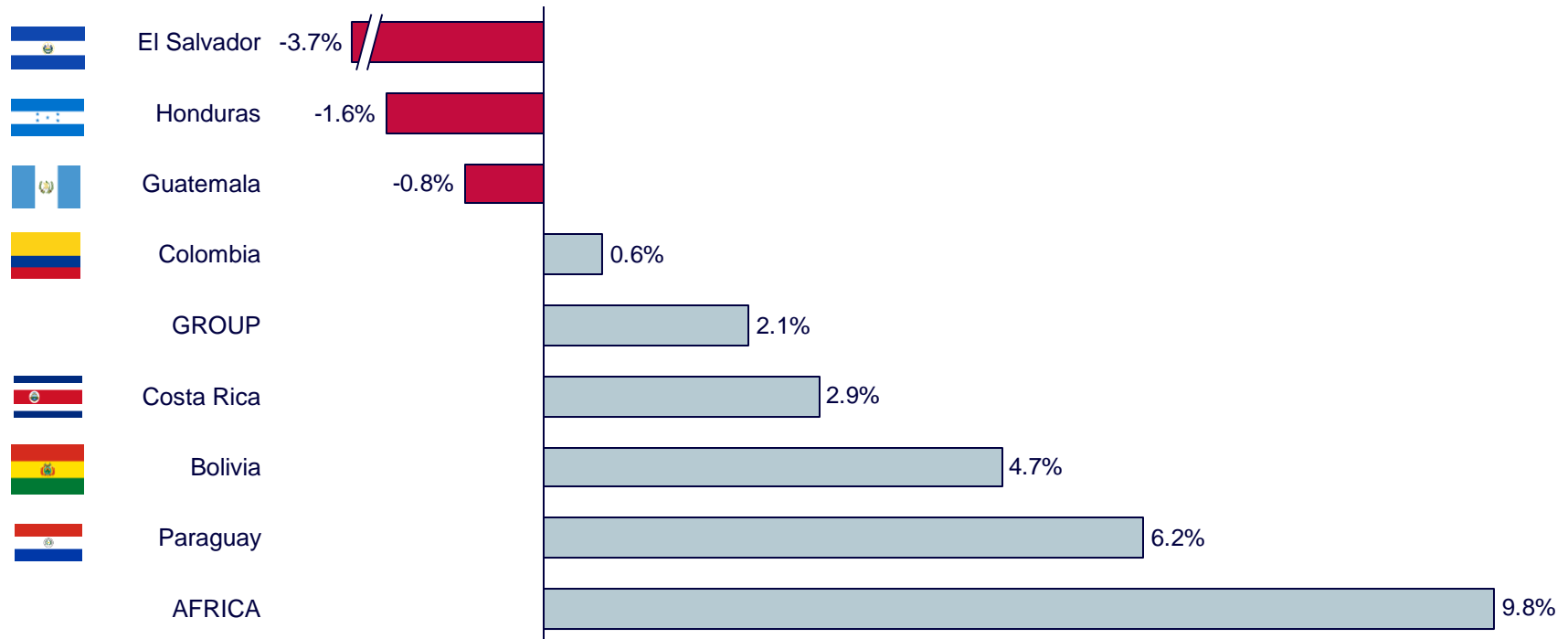


Service revenue

Paraguay, Bolivia and Rest of Africa performing well

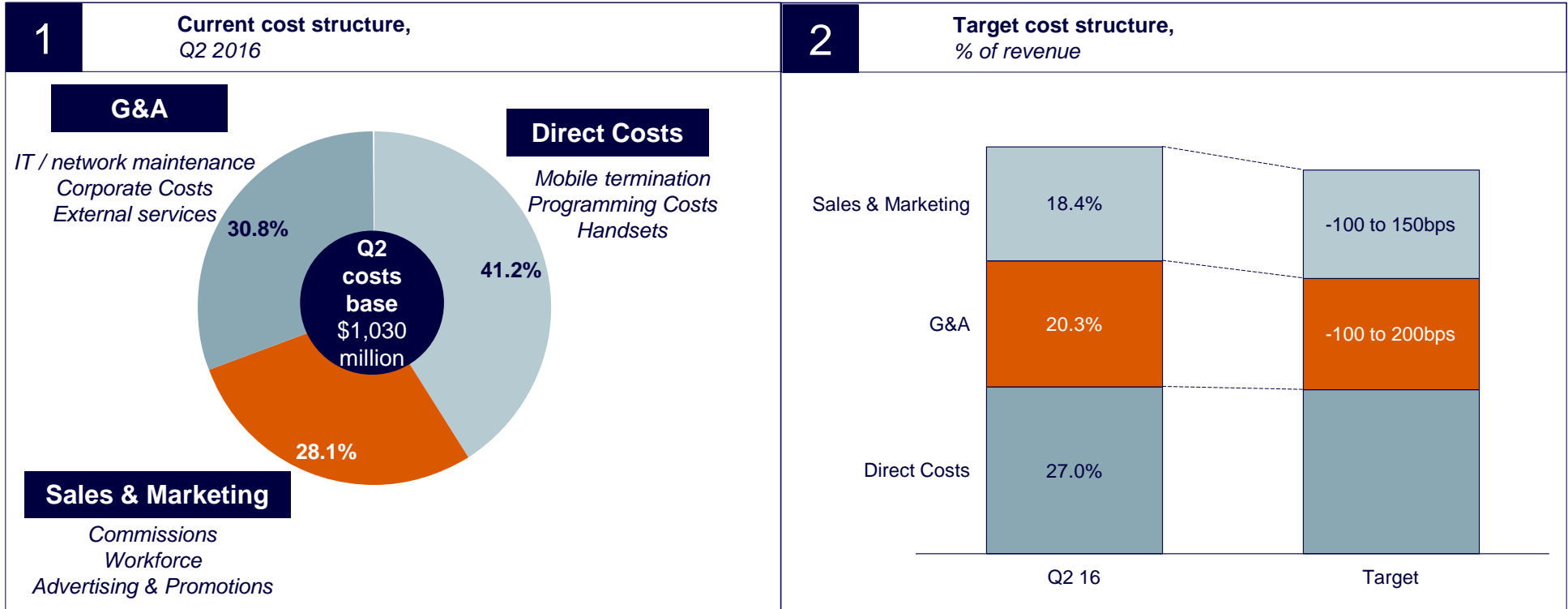
Organic service revenue growth

Q2 15 – Q2 16



Focus on Costs

Project Heat to focus on streamlining costs



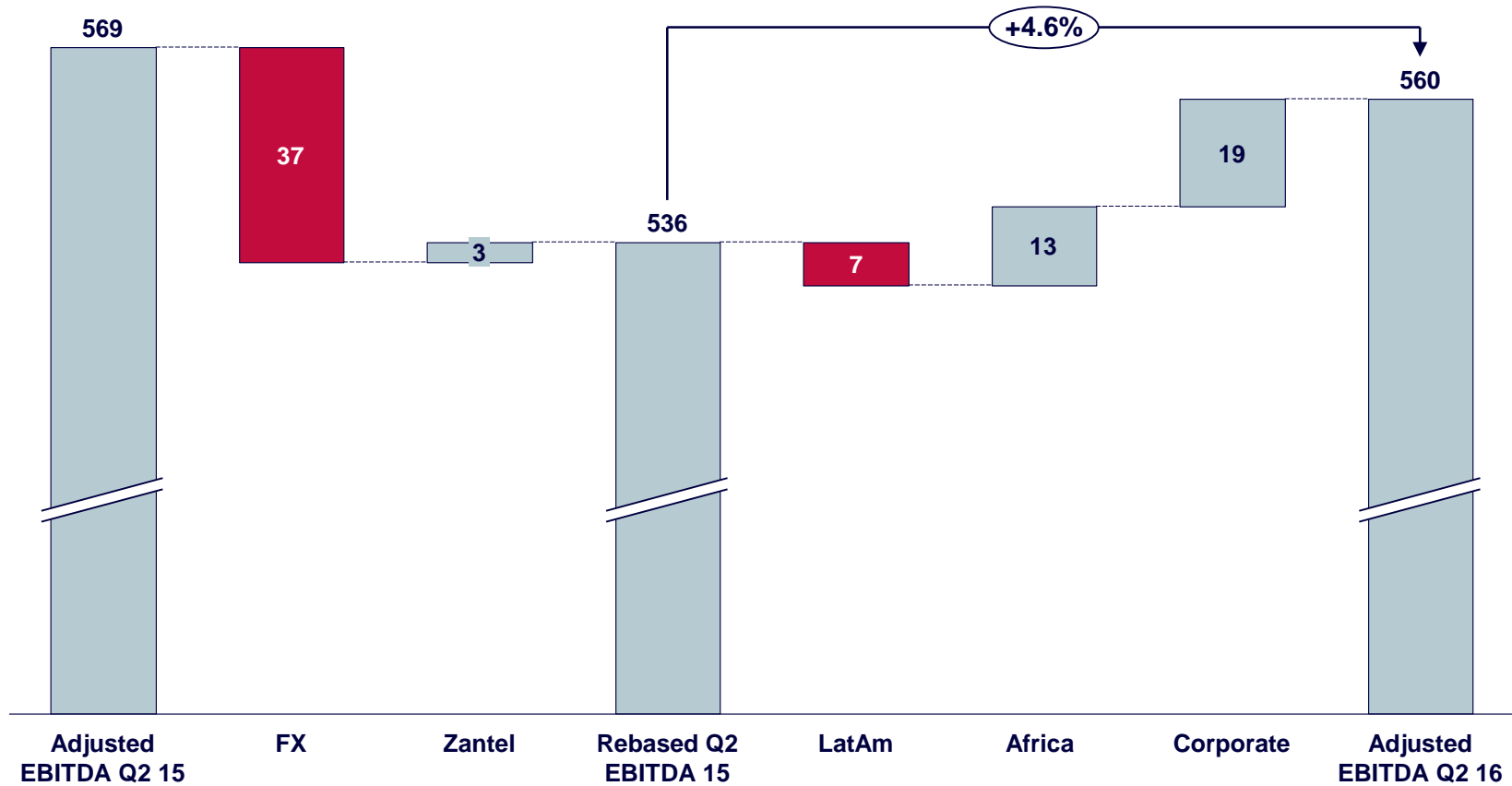
* % of Q2 group revenue

EBITDA

Margin of 35.6%

EBITDA evolution by Region

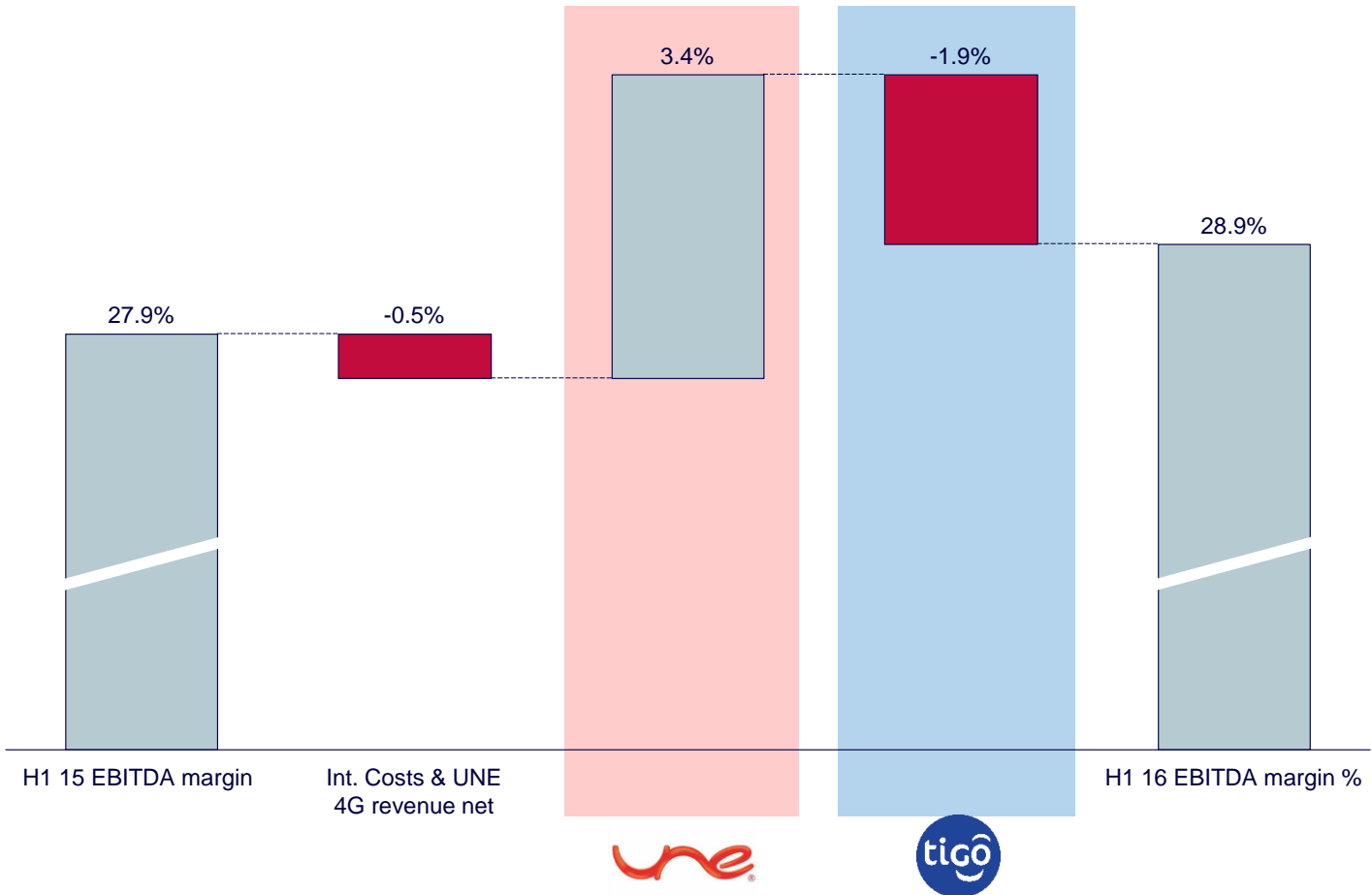
US\$ million, Q2 2015 – Q2 2016



Colombia EBITDA margin

Integration benefits coming through offset by mobile

Colombia EBITDA margin
H1 15 – H1 16

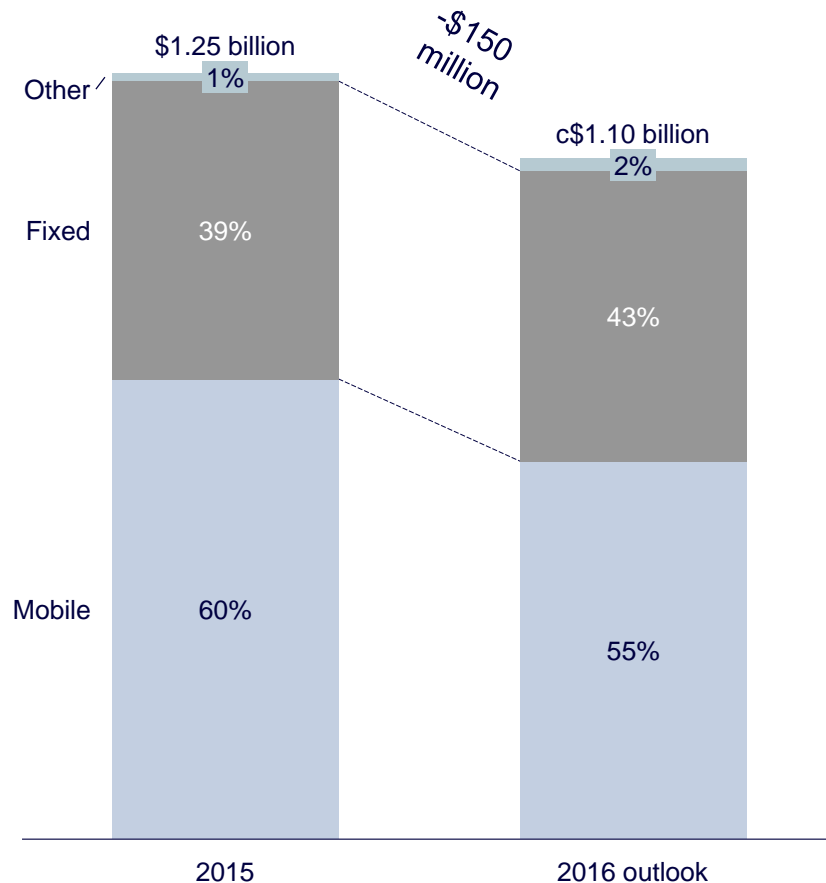


Investment

Capex \$150 million lower than 2015

Capex by nature

2015 restated for DRC, excludes spectrum & license costs



- Higher cable roll out targets – 12m Homes Passed
- 4G network build – above 40% coverage
- IT transformation, converged billing systems

P&L review

One-off interest charges and non-cash gains

US\$ million	Q2 16	Q2 15	% Var
Revenue	1,572	1,666	(6)
EBITDA	542	561	(3)
D&A	(324)	(327)	(1)
Operating profit	214	234	(8)
Net Finance Charge	(123) A	(85)	+45
Others	26 B	(95)	N/M
Associates	20 C	(12)	N/M
Profit before tax	137	42	N/M
Tax	(71)	(91)	(22)
Minority interests	(29)	(36)	(20)
Discontinued ops.	6	(14)	N/M
Net income	44	(99)	N/M
Adjusted EPS *	0.04	0.09	(59)

A Net financial charges up \$38 million

- Tender offer on SEK bond
- Higher rates in Colombia (CPI indexed)
- Higher level of debt

B “Others” \$26 million gain due to FX

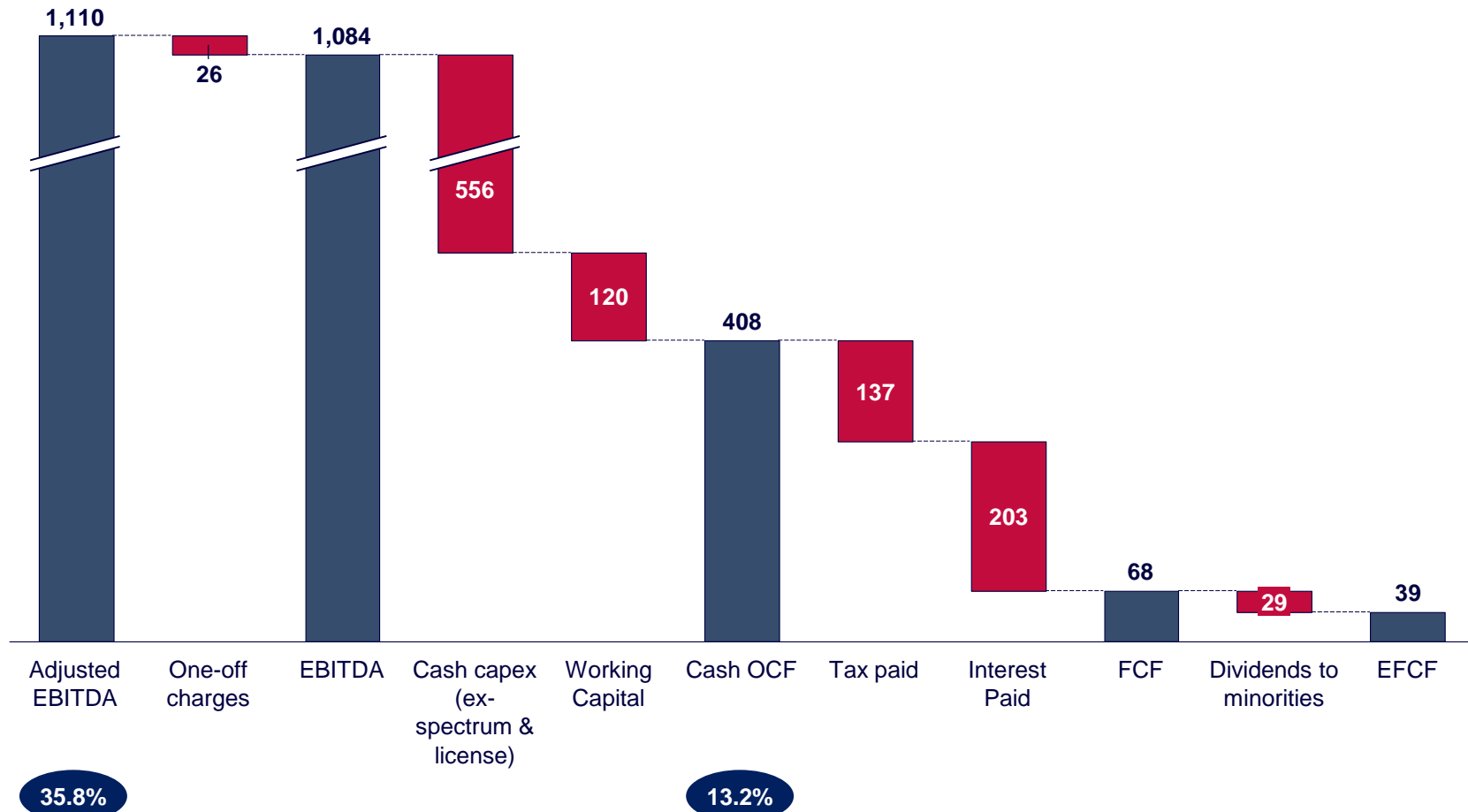
C Associates improving by \$32 million swing due to one-off gain on dilution in HTA and in Africa Internet Group

* Adjusted for non-operating items including changes in carrying value of put and call options and similar items classified under ‘other non-operating income (expenses)’.

H1 cash flow

On track to deliver stronger Equity FCF in 2016

H1 Cash flow
US\$ million

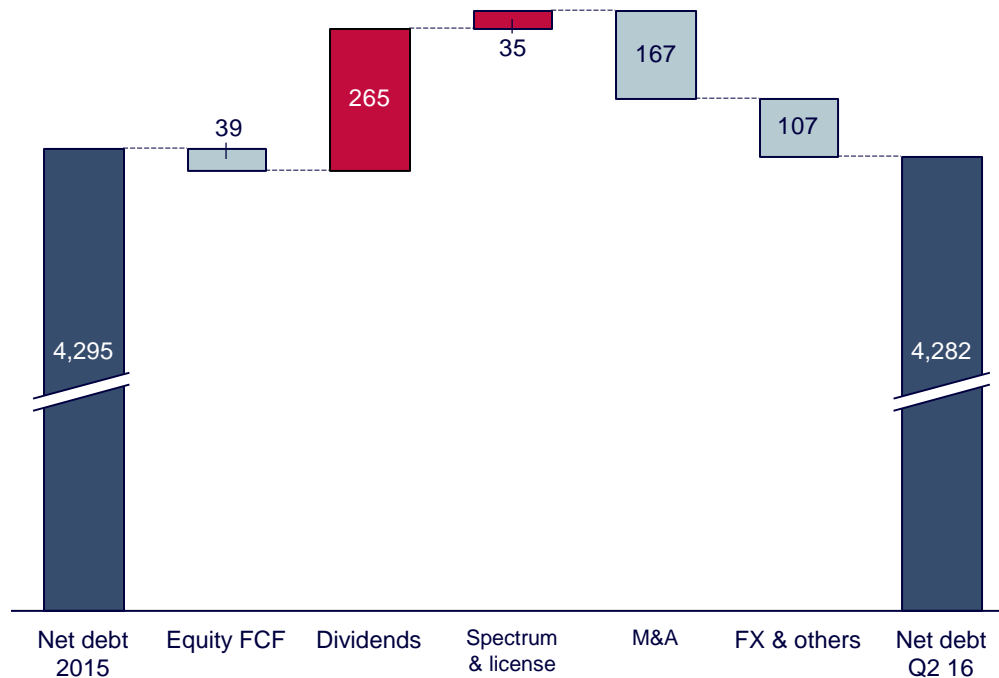


Net debt

Net debt stable post dividend

Net debt evolution

US\$ million, 31 December 2015 – 30 June 2016



- Dividend paid in Q2
- Net proceeds from DRC received
- Spectrum: mainly LTE in Paraguay (\$30 million)
- FX & Others include impact of return of minority shareholder advance
- Net debt / LTM EBITDA of 2.0x
 - Proportionate 2.3x

Conclusion

Our strategy is on track and delivering results

Two fold reconfiguration process: data & cable revenue, long term efficiency drive

Full year outlook revised, confirmed EBITDA and stronger cash generation



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Q&A

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Appendix

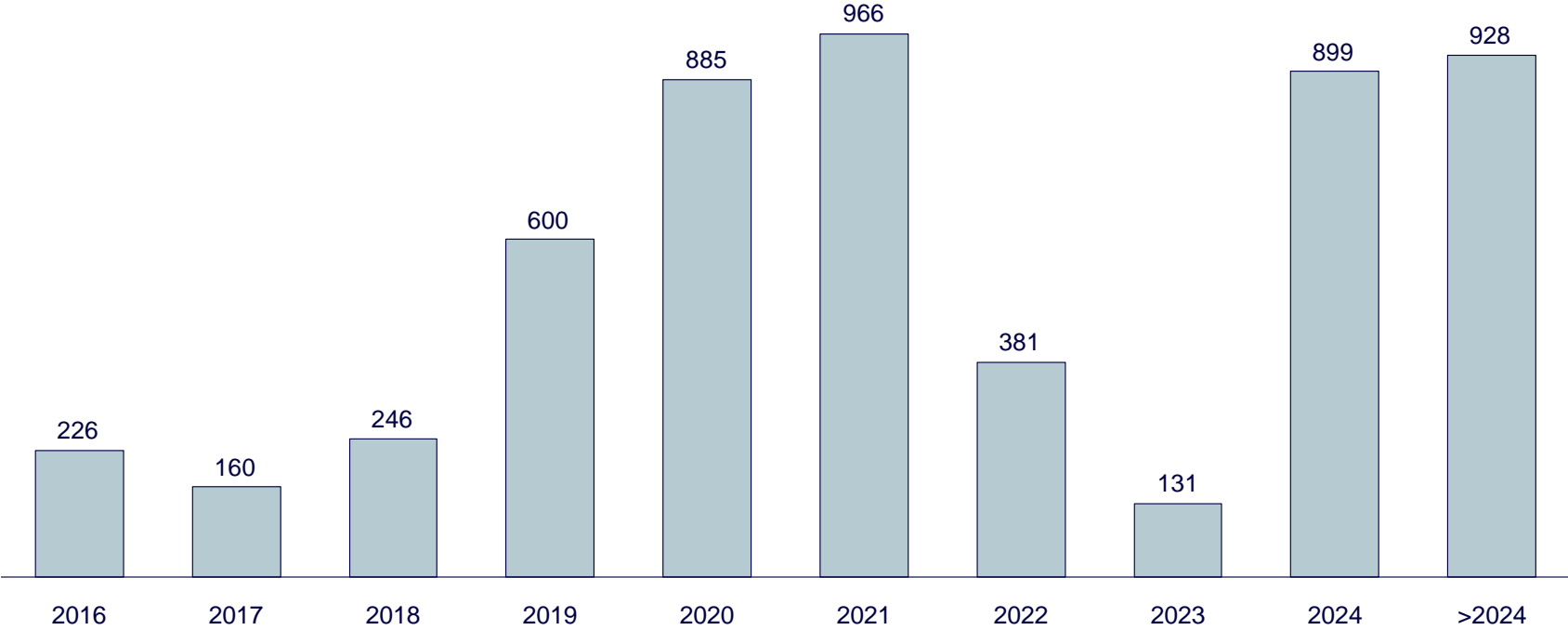
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Debt profile

Long average maturity to debt profile

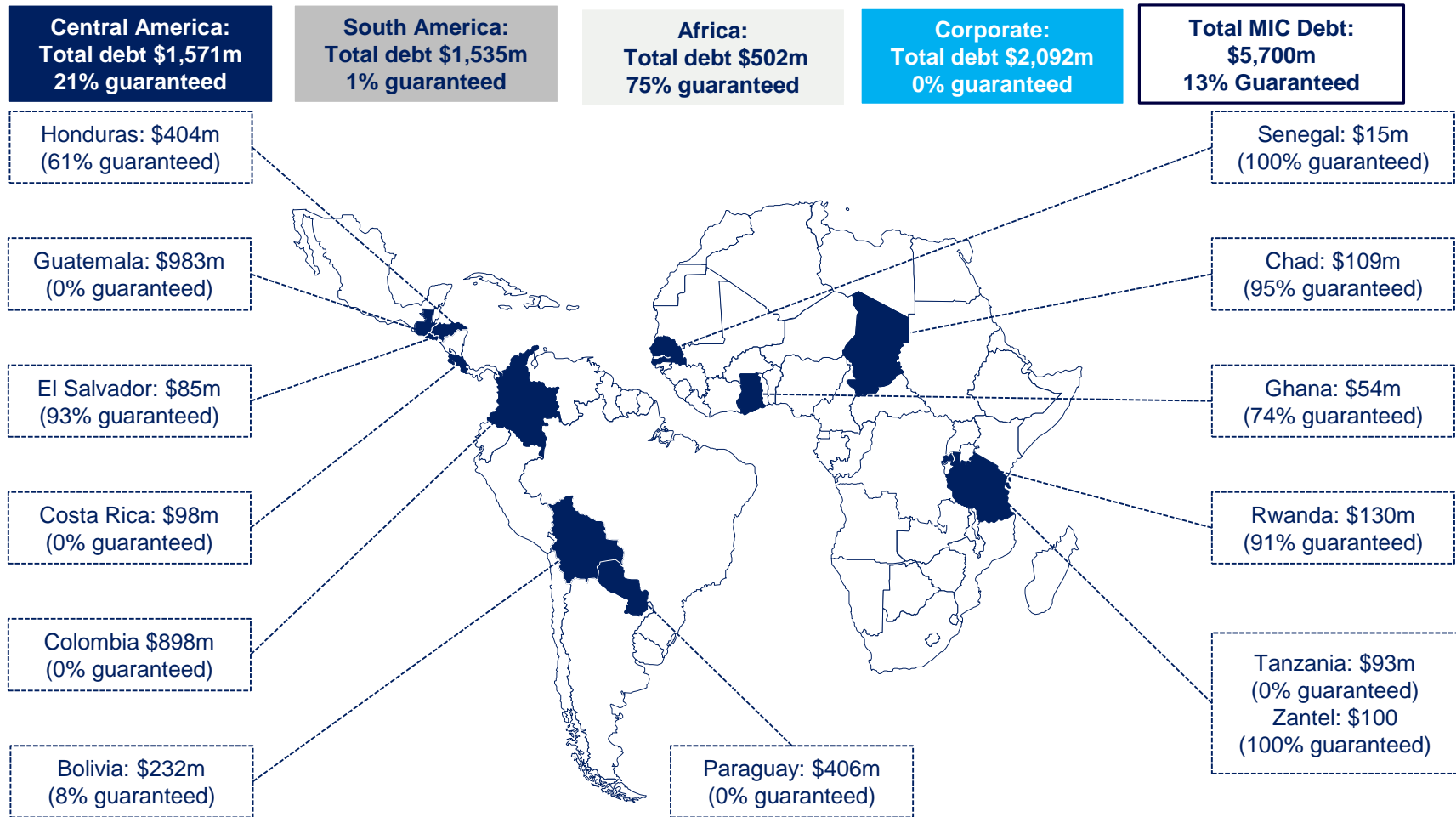
Debt maturity profile ^a
US\$ million

Average life of 6.0 years



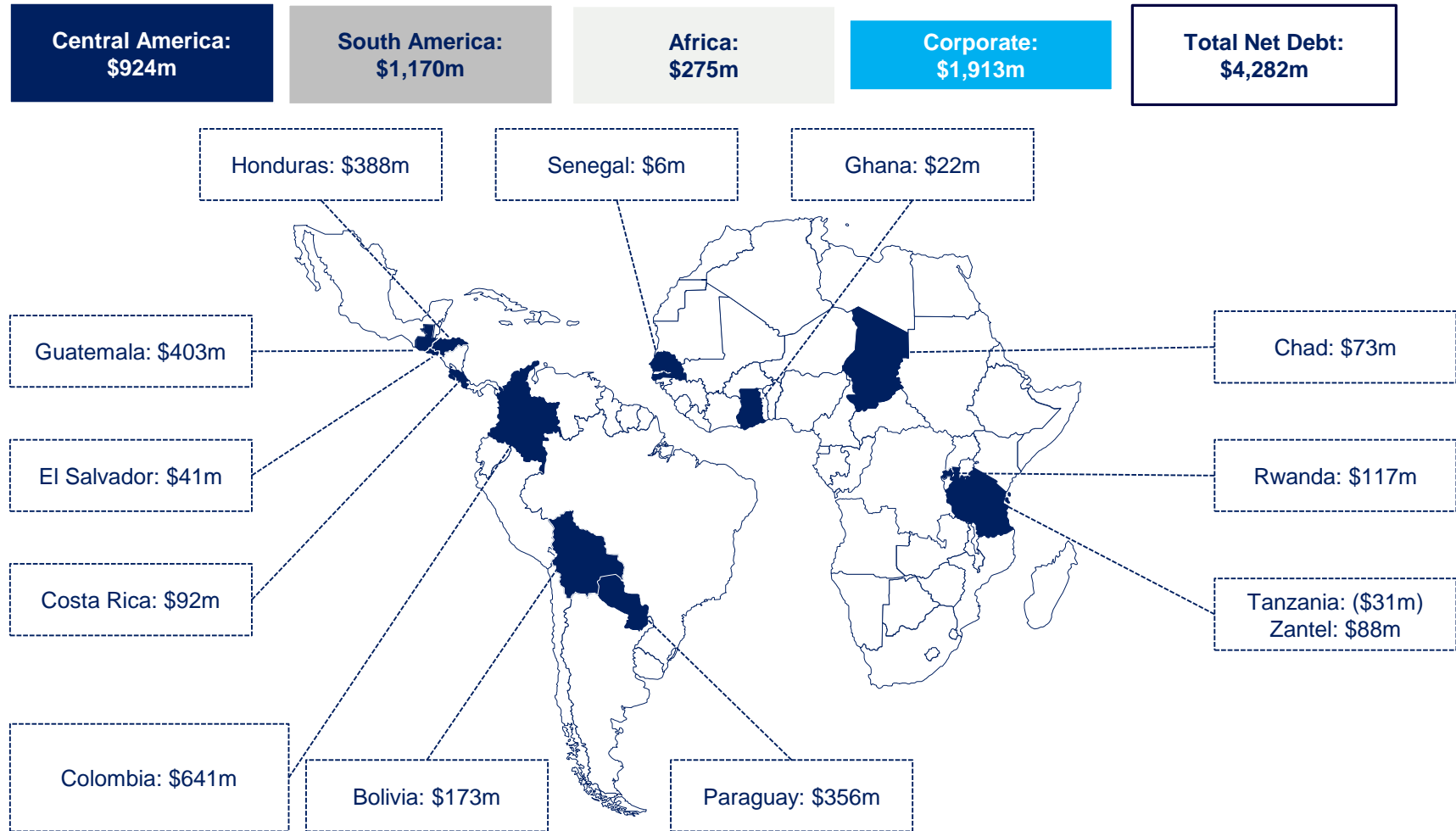
a) excluding financial leases

Gross debt by country



Including finance leases

Net debt by country



Including finance leases;

Currency exposure of the debt

Jun-16	Debt including finance leases			Cash	Net debt		
	US\$	Local	Total		Total	USD	Local
Latin America	1,468	1,639	3,106	1,012	892	1,201	2,094
	47%	53%	100%		43%	57%	100%
Africa	285	217	502	227	255	21	275
	57%	43%	100%		92%	8%	100%
Corporate	2,092	0	2,092	179	1,920	-7	1,913
	100%	0%	100%		100%	-0%	100%
Millicom	3,845	1,856	5,700	1,418	3,067	1,215	4,282
	67%	33%	100%		72%	28%	100%

EI Salvador has USD as functional currency (treated as local.)