



MILlicom
THE DIGITAL LIFESTYLE

2016 Q3 results

Mauricio Ramos, CEO

Tim Pennington, CFO

25 October 2016

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

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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,

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Key messages

Quarter in brief

1

Q3 in brief

Strong strategy execution

Strategic focus

2

Twofold reconfiguration on revenue and cost

In place and working

3

Mobile data

>20% Latam mobile data growth YoY

4

Cable

Heading to 8m homes passed

5

“Heat”

On track...bringing it on

Outlook

6

2016 Outlook

No change

1 2016 – Q3 in brief

Strong subscriber intake in both mobile data and cable

Mobile



Smartphone users

24,570
thousands

+1,352
Thousands in Q3

4G users in Latam

2,587
thousands

+679
Thousands in Q3

Cable



Total Homes Passed

7,915
thousands

+126
Thousands in Q3

HFC Homes Passed

6,848
thousands

+180
Thousands in Q3

HFC RGUs

3,607
thousands

+136
Thousands in Q3

1 2016 – Q3 in brief

Margin and cash flows continue to improve

Financials




Service revenue	1,466 US\$ million	-0.2% Q3 16 vs Q3 15
Adjusted EBITDA	562 US\$ million	+4.0% Q3 16 vs Q3 15
Margin	36.1%	+1.9ppts Q3 16 vs Q3 15
Equity FCF	130 \$ million	+\$49 million Q3 16 vs Q3 15

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

2 Our strategic journey

Twofold reconfiguration of the business

1 Revenue

-  Legacy voice & sms
-  Mobile data
-  Cable (Home & B2B)

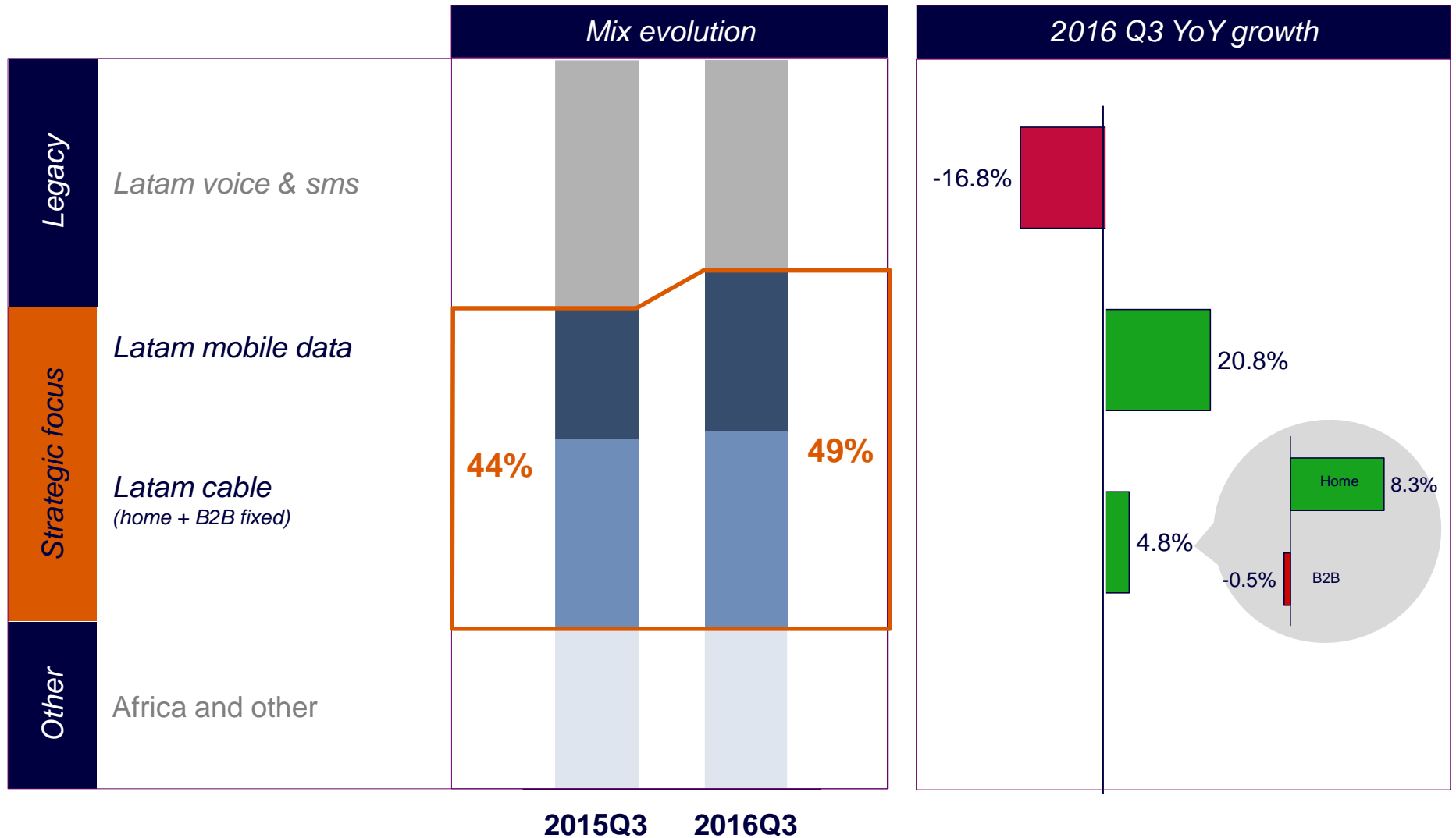
2 Cost structure

-  Synergies
-  Corporate costs
-  Operational leverage
-  Heat transformation and efficiency program

2

Revenue reconfiguration

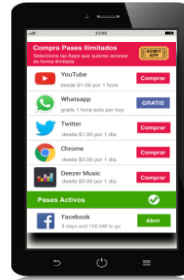
Strategy execution results now visible in mix evolution



3 Monetizing mobile data in Latam



Continued Latam mobile data revenue growth

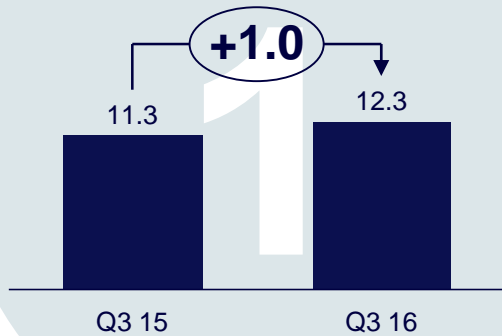


>20%

YoY Latam mobile data growth

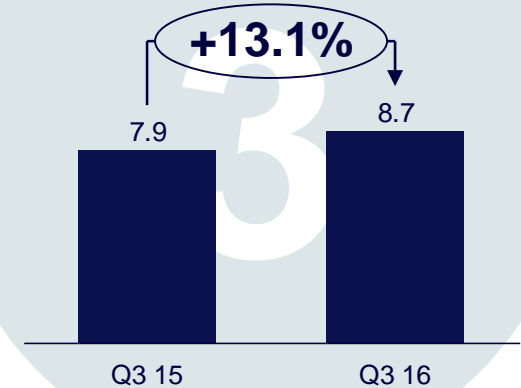
Data users

Latam only, million subscribers



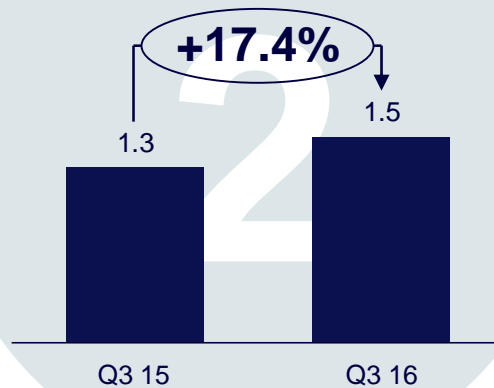
Data ARPU

Latam only, LC growth



Data usage

Latam only, GB/user/month

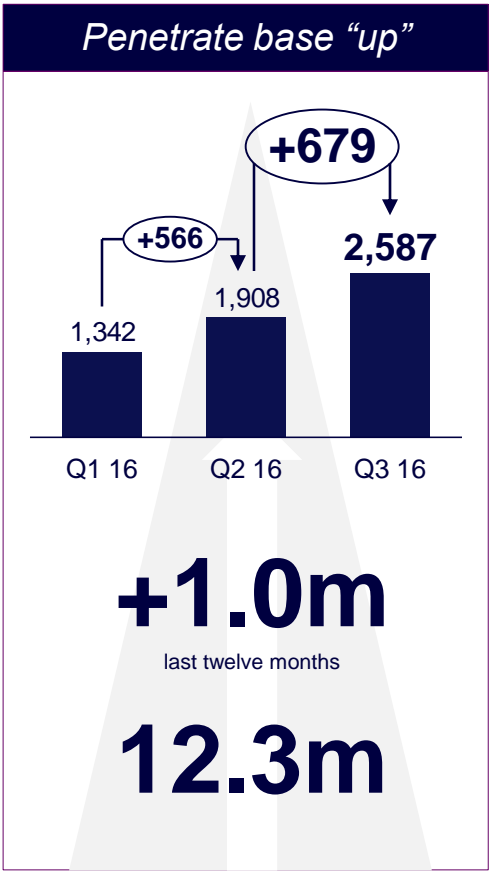


Our strategy to monetize mobile data in Latam



3 LTE subscribers

2 Mobile data users



Grow data "need"

Faster & better
Customers with high demand for data, leading to high level of consumptions with enhanced customer experience at cheaper production cost

+++ ARPU

Develop data appetite
Develop and grow the need for data through innovative products and services

++ ARPU

Maintain price/GB

Disciplined
Pricing discipline into product and offer design – data is our future

Postpaid: data centric bundle
Prepaid: smart pricing

Smart pricing
Develop innovative pricing strategies to preserve ability to price data appropriately

- Zero rated notification
- Zero rated discovery
- In-app purchases
- All you can app

1 *Total mobile base*



Ramping up

1

+671k*HFC Homes built YoY*

2

+186k*HFC Homes connected YoY*

3

+534k*Additional HFC RGUs YoY*

4

+8.3%*Home revenue growth YoY*

5 Reconfiguring the cost structure

All levers contributing to margin progression

Cost structure reconfiguration



Synergies



Corporate costs



Operational leverage



Heat transformation and efficiency program

Program



HEAT
\$200m

41
Initiatives

7
Areas

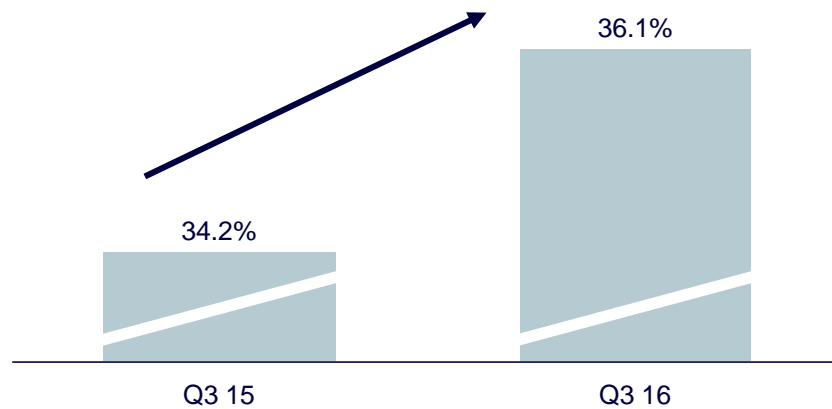
9
Major transformations

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

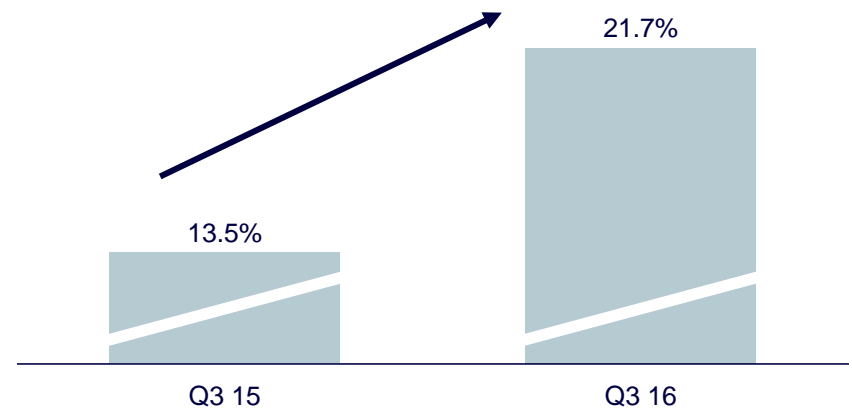
Rethink the way we do business to reconfigure the cost base as we go through the revenue reconversion process

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

Adjusted EBITDA margin, QTD



OCF margin, QTD



In summary

1

We monetize data

2

We build cable

3

We bring our costs down



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Financial review

Tim Pennington
25 October 2016

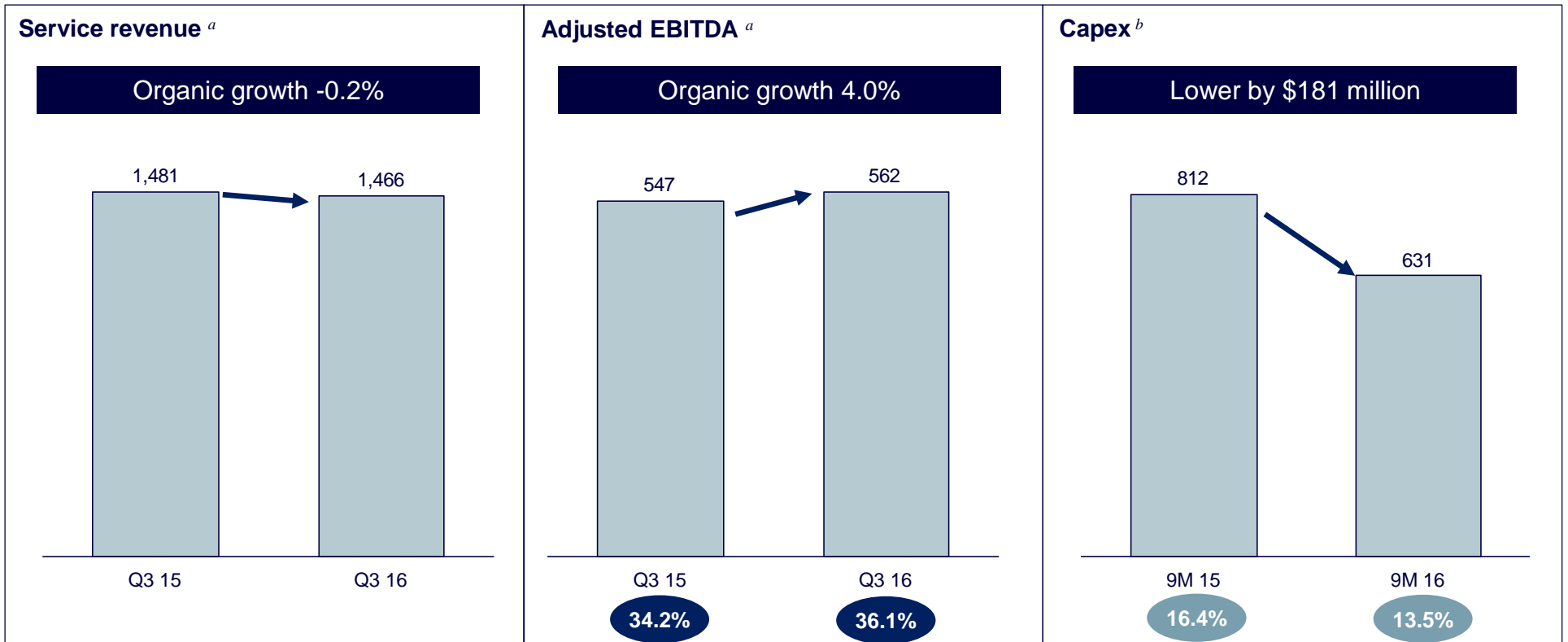
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Key messages

- 1** Revenue transitioning *Data growth, voice decline*
- 2** Cost control *Continued focus*
- 3** Margin delivery *Further improvement*
- 4** Capital focus *Disciplined investment*
- 5** Cash flow strong *Equity FCF up, net debt down*

Key financial metrics

Stronger margins and cashflow



US\$ million

a) Q3 15 numbers FX adjusted and excluding DRC

b) Excluding DRC, spectrum & license costs

Adjusted EBITDA margin

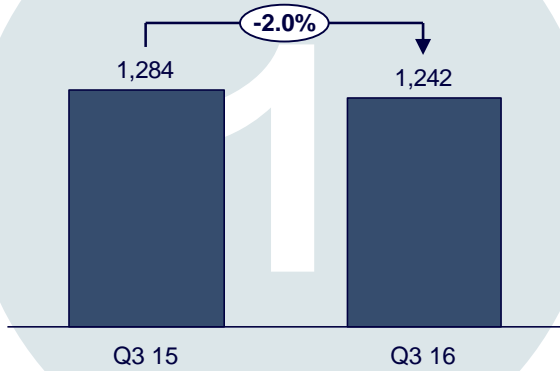
Capex / revenue %

Latin America

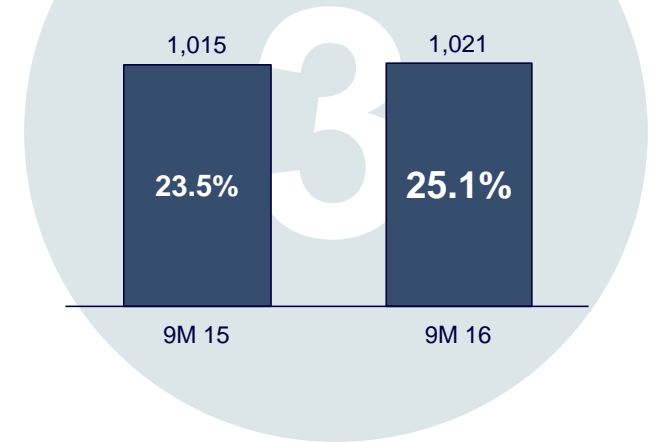
Transforming revenue... protecting margins



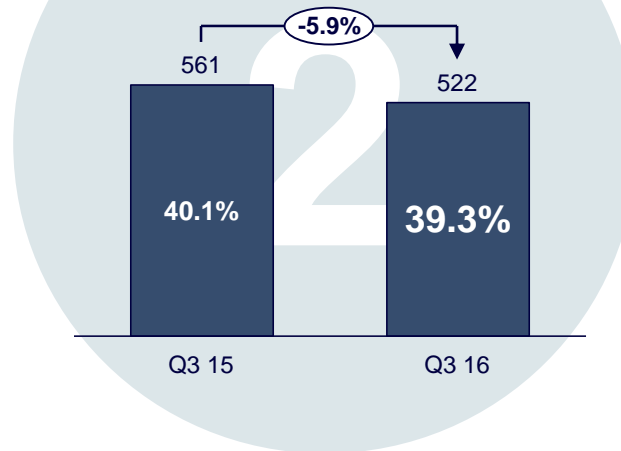
Service revenue
(\$m)



YTD OCF
(EBITDA – Capex)
\$m and margin

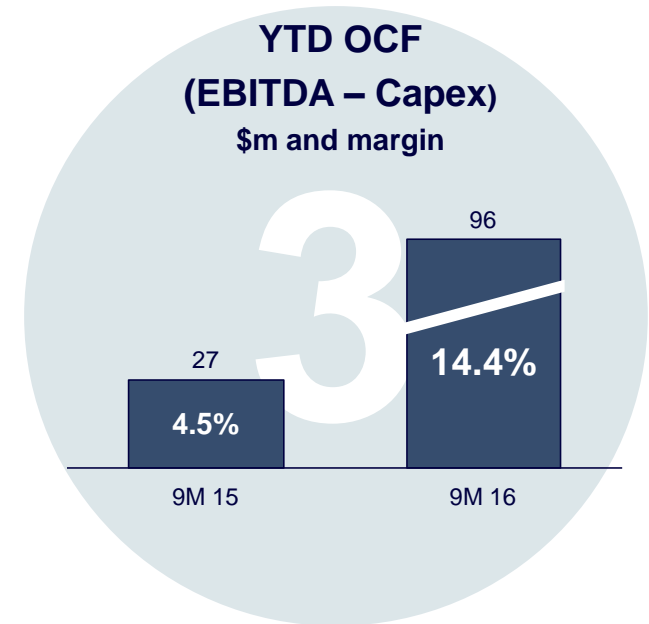
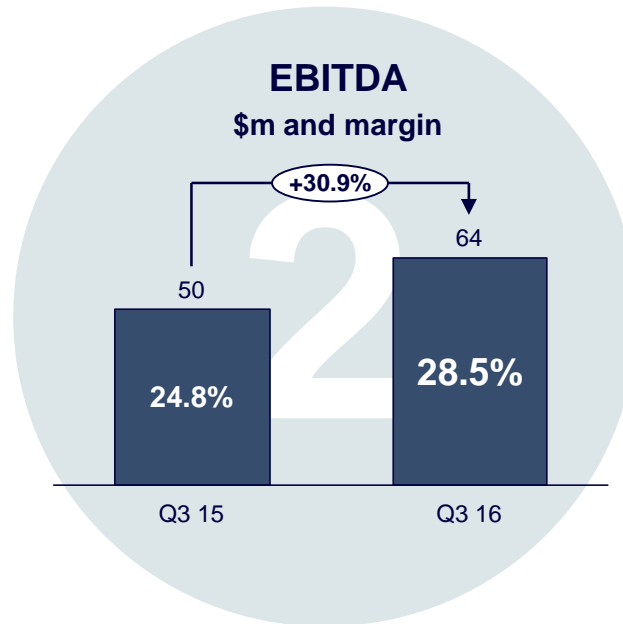
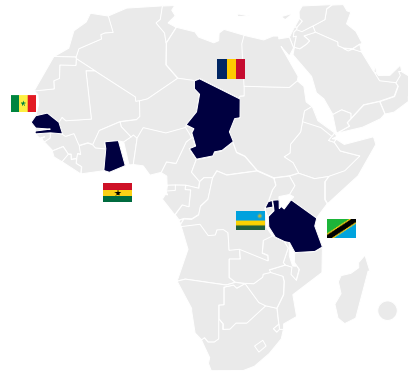
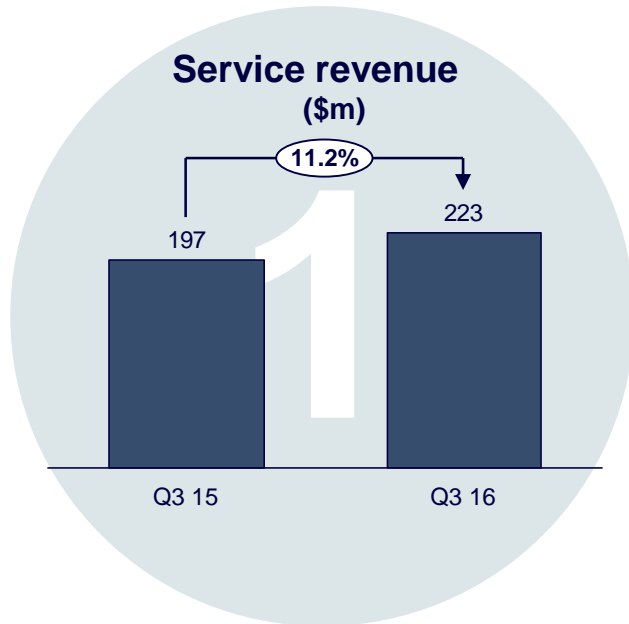


EBITDA
\$m and margin



Q3 15 numbers FX adjusted
Capex excludes spectrum and licenses

Delivering profitable growth and cash flow



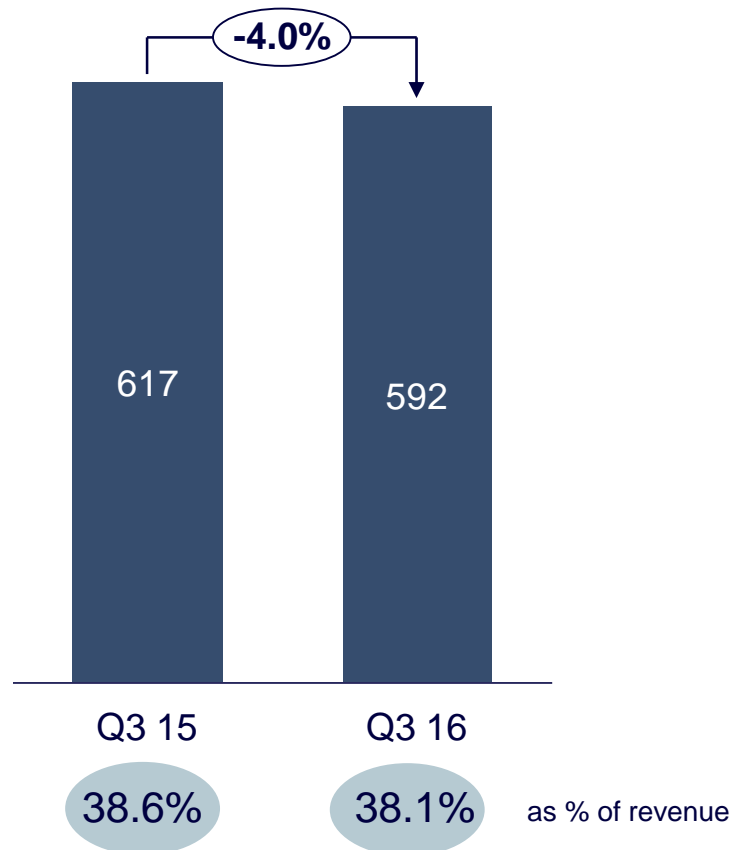
Q3 15 numbers FX adjusted and excluding DRC
Capex excludes spectrum and licenses

Focus on Costs

Total operating costs lower

Opex evolution

US\$ million, Q3 2015 – Q3 2016



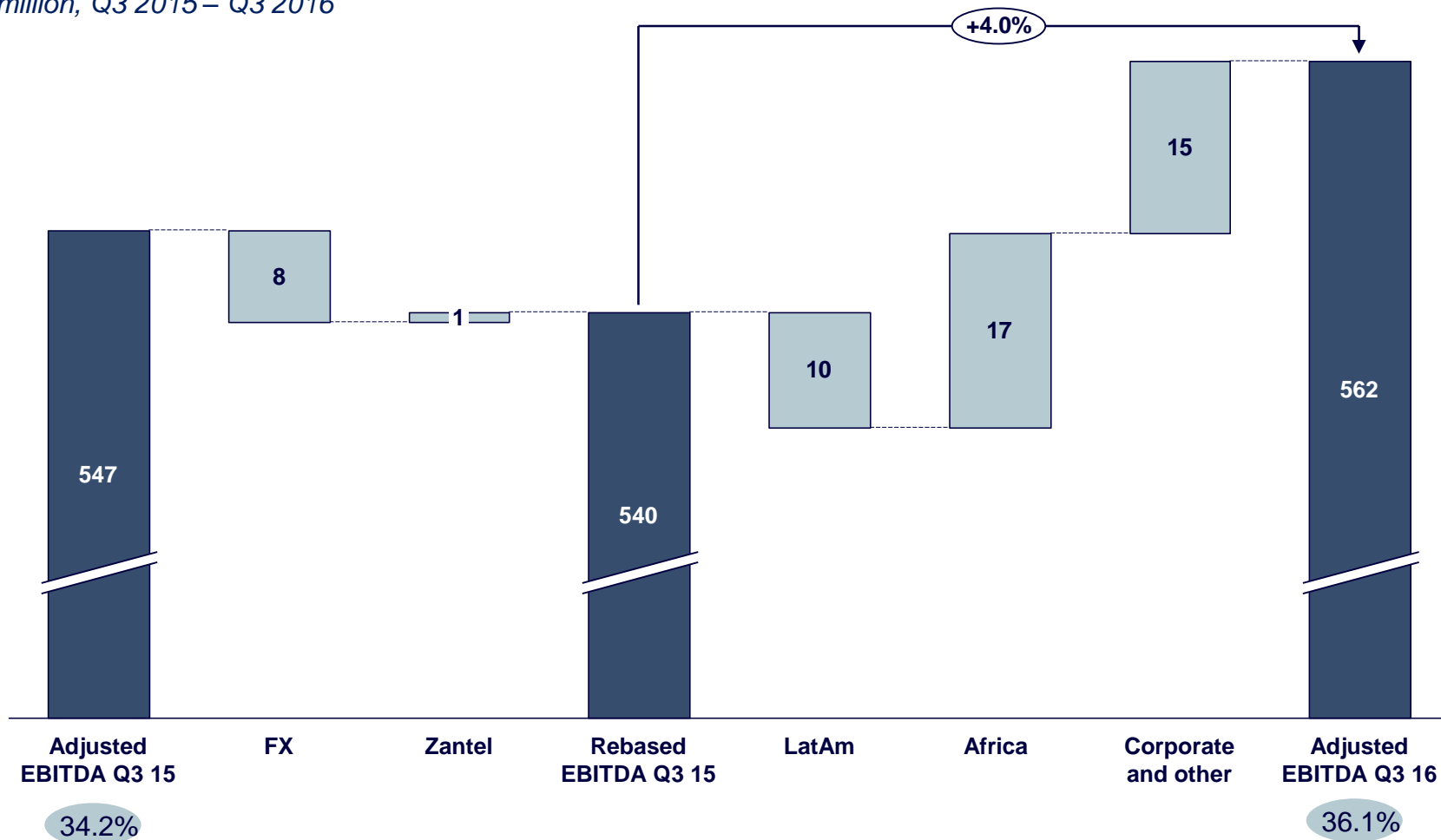
- Operating costs \$25m lower
 - 50 bps better than Q3 15
- Corporate costs down to \$37m
 - \$13m lower than Q3 15
 - \$164m for the LTM

EBITDA

Further margin progression

EBITDA evolution by Region

US\$ million, Q3 2015 – Q3 2016



P&L review

Earnings improvement

US\$ million	Q3 16	Q3 15	% Var	
Revenue	1,555	1,600	(3)	
EBITDA	552	562	(2)	A Higher rates in Colombia
D&A	(325)	(313)	4	
Operating profit	227	241	(6)	B Includes \$11 million gain due to FX
Net Finance Charge	(112)	(103)	9	A
Others	9	(46)	N/M	B
Associates	(7)	(11)	(32)	C
Profit before tax	116	81	43	C Reflects a \$5 million swing due to AIH
Tax	(53)	(38)	38	D Mainly due to Colombia
Minority interests	(43)	(12)	N/M	D
Discontinued ops.	4	(19)	N/M	E Impact of DRC disposal
Net income	24	12	97	E

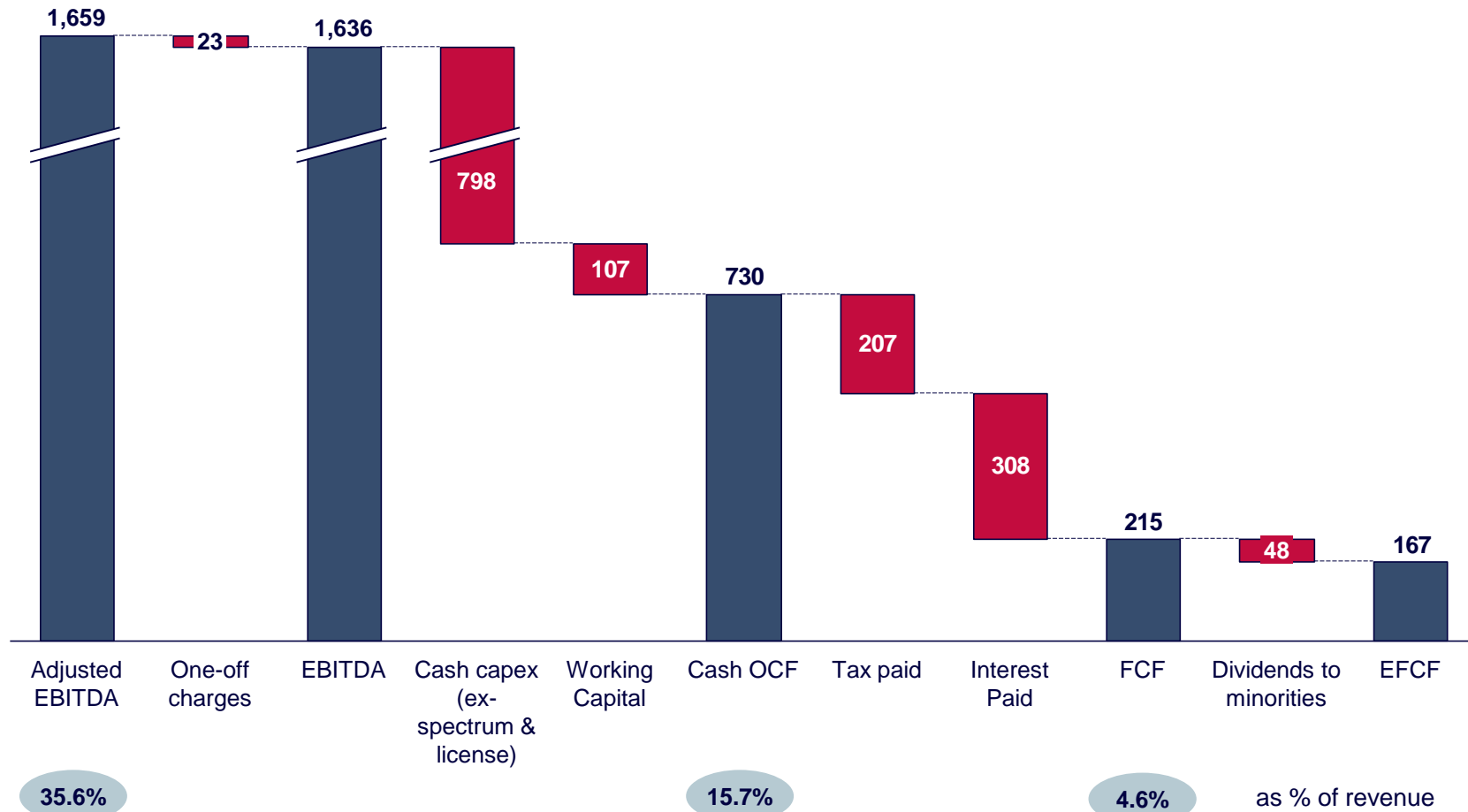
* Adjusted for non-operating items including changes in carrying value of put and call options and similar items classified under 'other non-operating income (expenses)'.

9M cash flow

On track

9M Cash flow

US\$ million

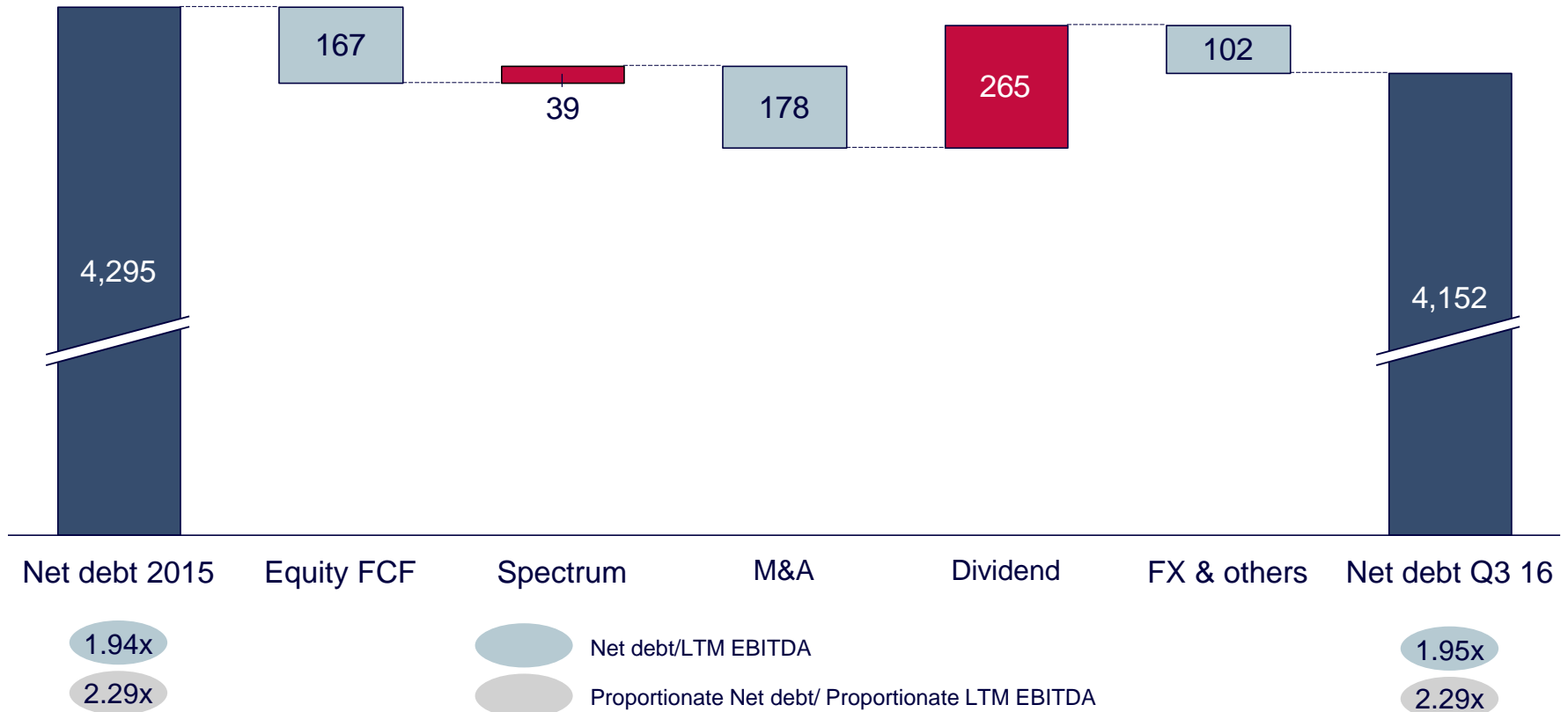


Net debt

Net debt reduced by c. \$143 million

Net debt evolution

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



What we are focusing on

1

Reconfiguring the topline

2

Cost discipline

3

Cash flow generation



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Q&A

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