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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by, and welcome to the Millicom Q4 2019 Results Conference Call. (Operator Instructions) I must advise you that this conference is being recorded today, Tuesday, the 25th of February 2020. I would now like to hand the call over to your host today, Michel Morin. Please go ahead.

Michel Morin - *Millicom International Cellular S.A. - VP of IR*

Hi, everyone, and welcome to our fourth quarter results conference call. As usual, we're referencing some slides which are available on our website.

Please turn to Slide 2, our safe harbor disclosure. We will be making forward-looking statements, and these involve risks and uncertainties, and these could have a material impact on our results.

And then on Slide 3, we define the non-IFRS metrics that we will be referring to throughout the presentation. You can find reconciliation tables in the back of our earnings release as well as on our website.

So with those disclaimers out of the way, I'll turn the call over to our CFO, Tim Pennington. Tim?

Timothy Lincoln Pennington - *Millicom International Cellular S.A. - Senior EVP & CFO*

Thanks, Michel. So I'm going to give you a very quick introduction to the group's financial performance, and then Mauricio will take you through why 2019 was a transformational year.

Okay. So starting on Slide 5 with the Q4 headlines for the group. And be aware, this is the IFRS presentation, treating Guatemala and Honduras as equity associates.



In more detail on Slide 6, this is a summary of the group reported P&L for the full year 2019. And note that the results have been significantly affected by M&A, IFRS 16 and fair value adjustments. Revenue was up almost 10% year-on-year, mostly from acquisitions, whilst operating profit was down, again, mostly because of the swing in other noncash operating items.

Below the line, financial expenses were up on higher debt to fund acquisitions and IFRS 16, and it more than offset -- it was more than offset by a fair value gain arising from the Helios Towers IPO, where we sold some shares, but we still own about 16%. Discontinued operations reflect the sale of Chad, and we ended with EPS of \$1.48 per share.

So with that, let me turn over to Mauricio.

Mauricio Ramos Borrero - *Millicom International Cellular S.A. - President & CEO*

Thank you, Tim, and good day, everyone. I went out for an afternoon run early this January, and my mind started reflecting on all the things we accomplished as a team in 2019. And by the time I finished the run, it was clear that 2019 was a year in which our transformation began to take real shape.

In each of the quadrants on Slide 8, you can see the 4 building blocks of our transformation. I will touch on each of these pillars in the next few slides, but the key message is that we ended the year in a much, much stronger position than we started with, with a solid platform and with a ton of strategic optionality ahead of us.

Let's start with our strategic development and positioning, on Slide 9. We continued to reallocate capital out of Africa. We sold Chad for cash. We listed both HTA and Jumia and took other very key steps to facilitate monetization of our remaining noncore assets in the near future. We're not totally done yet, of course, long are the days in which our execution ability on this front was still to be tested.

Every year, we have made substantial progress reallocating capital. Indeed, and more importantly, we have allocated over \$3 billion in acquisitions to complete our footprint in Central America. 2/3 of this investment went into Panama, a growing, stable and dollar economy, where we bought both the leading cable company and the leading mobile operator. We're now #1 in Panama. The integration is on track, and acquisition is ahead of plan, as Tim will speak to you about in a second.

The remaining capital went to add mobile to our cable businesses in Nicaragua and Costa Rica. And as a result of this, we now have fixed and mobile in all our 9 markets in Latin America, with #1 or #2 positions in all markets. We're very pleased with this very active capital reallocation. It has given us strength in market standing, a contiguous market presence in Central America, a path to fixed mobile convergence in every market and a ramp-up for 5G sometime in the future.

Please turn to Slide 10 to talk about the second building block, our enhanced shareholder liquidity and strong governance. During 2019, we listed our shares on NASDAQ in the U.S. and kept our long-standing listing on NASDAQ Stockholm. And we assisted Kinnevik in exiting their 30-year investment in Millicom. As a result of these 2 events, as we enter into 2020, one, the trading volume of our shares is increasing significantly; two, we're now 1 of only 2 companies in Latin America that has a free float of 100%, with a large base of shareholders, more or less equally divided now between the U.S. and Europe; and three, our governance has strengthened as we're now SOX compliant and trade on 2 major stock exchanges.

Now please turn to Slide 11 for a recap of the key progress we have made operationally. This is the third building block and the one I wish to spend the most time on. Many of you will actually remember this slide. The news is on the right-hand column of this slide, which we have updated to show you where we are in our journey. We are no longer a prepaid mobile voice company. Over 60% of our revenue is now subscription and 40% is Cable. We have overcome our legacy mobile voice problem. Our 4G data-centric networks now cover 70% of the population, and our state-of-the-art Cable network now passes 12 million homes. Because we're now largely a subscription business, not a prepaid one, we have turned customer-centric, not just sales driven, and now our high NPS scores help support our strong brand name recognition. We're also no longer geographically or strategically dispersed. We're effectively all Latin America now, and with clear operational focus on 9 key countries with clear fixed mobile convergence positions in all of them. And as we said from day 1, we're a cash flow focused management team because we're also large owners of Millicom, and we are now at 8% operating cash flow growth this year, and we'll talk more about our cash flow strength and growth in a minute.



Now let's look at some of the points in more detail, beginning on Slide 12, with focus on our 2019 progress. In our Mobile business, we continue to drive 4G adoption across our footprint. We have been adding, as part of our strategy, about 3 million 4G users every year since 2015, when this management team took over. 2019 was actually our strongest year on record, with more than 3.3 million 4G net adds on an organic basis. Yet still less than 40% of our customers are on 4G, so there's still plenty of growth potential as we continue to penetrate our own customer base.

2019 was also significant because we added 1 million net mobile users overall to our base on an organic basis. As I said earlier, our brand has been strengthened, as have been our market positions and market shares. And as a result, our customer intake overall, not just 4G, is strong. Again, we added 1 million mobile users organically this year on an organic basis overall.

And on Slide 13, you can see that we have been making important progress on the postpaid or subscription side of our Mobile business. We highlighted some time ago our focus on this segment. It's time to show you the outcome. This is the third consecutive year since our tenure in which we have grown our postpaid base. We're now consistently adding about 300,000 net adds to our subscriber base on a yearly basis and growing. As a result, our postpaid subscriber base has become now a key driver of the growth in our business. In 2019, we generated more than 20% of our Latin American service revenue from mobile postpaid. And when you add this to our Cable business, our subscription-based business has generated more than 60% of our revenue.

As you can see on Slide 14, in Q4 of 2019, we solved for 2 key spectrum deficiencies in our portfolio and secured valuable spectrum in El Salvador and in Colombia. As a result, we now have ample spectrum and a very good mix of both low- and high-band frequencies in every country we operate in. In both in El Salvador and Colombia, our deficient spectrum positions have historically made it more expensive for us to provide the quality services that our customers expect. So these spectrum acquisitions are not only strategic, but they're also a driver of cost efficiencies for both countries. And as you can imagine, we are, of course, putting the newly acquired spectrum to work for us right away.

And while we're on the topic of spectrum, whereas in Panama we're not spectrum deficient or disadvantaged, we're already in discussions with the government about acquiring AWS spectrum. And we expect it will be awarded sometime in 2020 to those who, like us, applied for it.

Now moving on to Slide 15. The point here is extremely simple. Our residential cable business is delivering just as promised and just as we expected. In 2019, we added more than 900,000 homes passed to the network. We added over 350,000 new customer relationships. And in the middle of a multiyear and sustained cable network build, our cable penetration actually moved higher again in 2019, which, as you know, is key to driving cable profitability.

Bringing all of this together on Slide 16, you can see the key components of our organic growth in 2019. Our prepaid mobile business had a challenging year, as you all know, and declined just a bit less than 1%, largely due to the political turmoil in Bolivia and competition in Paraguay. But our postpaid mobile business is now a strong pillar of growth, as I mentioned before. Our B2B business actually had a good year. It looks flattish in 2019, but that is simply because 2019 was such a great growth year due to some extraordinary contracts. And our Home, or residential cable business, continues to be just on fire, growing 8.4% in 2019. I recollect the days when we told you this was going to happen.

Now please turn to Slide 17 to talk about the fourth and final building block of our transformational year. We spend a lot of time on these quarterly calls talking about our financial and operational KPIs, but there's a lot more to make our performance be what it is. We talk a lot more about these accomplishments in our integrated annual report, which will be published later this year. Please do take a look at that report, and here are some of the key highlights. First and foremost, our 22,000 plus employees and our entire Board is aligned on our strategic purpose. That's my job. We build the digital highways that connect people, improve lives and help develop our communities. This purpose is well-known by all 22,000 employees. It defines what we do, and it inspires us to keep on doing it.

We are building a fundamental digital infrastructure that will allow our development communities to join the digital economy of the 21st century. Building these digital highways is both our business opportunity and our social responsibility. And we are equally excited by both tasks. It is indeed a privilege to drive a business with a purpose that is also its investment opportunity. And as one of the largest employers in our markets, we work very hard to foster a positive workplace that embraces diversity and improves labor relationships in our markets. Over the last couple of years, we have taken our strong corporate culture to the next level, with extensive internal branding around our Sangre Tigo. It is this Tigo lifeblood, the Sangre Tigo, that makes us different, and it helps us attract and retain our great talent.



You can see the fantastic results of these efforts in the Great Place to Work ranking and scores. We are now a top 25 place to work in Latin America, and our scores continue to improve on a yearly basis. Another way we help develop our communities while driving results is by delighting our customers. 2 years ago, we incorporated Net Promoter Score into our incentive compensation plans because we wanted to affect behavior and become a more customer-centric company. We're becoming a subscription company, which by definition is a customer-centric company. Our progress in this area is very impressive, and we plan to continue to expand our NPS system to eventually measure our performance across all our customer touch points and comparatively against our competition.

And finally, we have made more great strides towards advancing our social responsibility agenda. We completed our first G&A assessment, and we issued our first sustainability bond this year. And we have received multiple recognitions for some of our flagship corporate responsibility programs, specifically around child rights and connected women. And again, please do take a look at our integrated report. We are a lot more than just good cash flow. So when you look at 2019, it truly was a transformational year for Millicom, and I want to take a moment to thank the numerous teams that have worked tirelessly to make this happen and to our Board for its continued support.

Now let me show you how this transformation is translating into cash flow, on Slide 18. The left part of this slide has a key message. We continue to invest heavily in our networks and in customer acquisition to drive organic growth. We built almost another 1 million homes passed into the network. We continued to invest in our IT transformation. We continued to significantly expand our 4G mobile network. And we connected 350,000 new cable customers and added over 300,000 postpaid subs. And all of these while keeping a watchful eye on the efficiency and the efficacy of our spend. As I have said often, when we make our capital allocation decisions, we start by making sure that we're fully funding our CapEx plans. In this business, in my view, CapEx comes first. By focusing on the efficacy of our CapEx, by leveraging our increased scale and significantly by driving CapEx synergies from our Cable Onda acquisition, we delivered 8.3% operating cash flow growth on an organic basis in the year -- 8.3% operating cash flow growth on an organic basis this year. And our OCF margin actually grew another 80 basis points to close at an impressive 21.3%, excluding the effects of IFRS 16. IFRS 16 actually makes that number a bit higher.

On Slide 19, you can see how the operating cash flow flowed -- and the pun here is intended -- through to a strong equity free cash flow of almost \$180 million in 2019. I want to make 3 key points on this slide. One, when we took over running this beautiful company, we immediately turned around its equity free cash flow profile. Every year during our tenure we have delivered strong equity free cash flow. Two, our equity free cash flow has been steadily growing. And three, we knowingly and purposely dipped into our free cash flow pocket in 2019 to finance and integrate the strategic and transformational acquisitions we have undertaken. And we do expect that our cash flow growth will resume after 2020, when we complete the integrations and unlock the synergies from the acquisitions that we have made.

So as you look at our 2019 numbers and beyond, make no mistake: we are now stronger operationally and strategically, and our cash flow growth profile is more promising than ever.

With that, let me turn it over to Tim to go over the quarter in detail.

Timothy Lincoln Pennington - *Millicom International Cellular S.A. - Senior EVP & CFO*

Thanks, Mauricio. I'll now go through the key financials for the Latam segment, starting on Slide 21 with Latam service revenue. So in Q4, we saw 14.2% increase in Latam service revenue, reflecting the acquisitions in Panama and Nicaragua. Underlying organic growth was 2.3%, in line with the full year growth rate of 2.2%. Cable was once again the driver of the organic growth, up 8%, and that was offset by a 2.7% decline from Mobile, reflecting weaker prepaid revenues in several markets. The FX impact was a bit more stable in the quarter also.

So breaking this down by country of operation on Slide 22. The main highlight on this slide is that Colombia grew very strongly this quarter, up 6.3%. All our business lines performed well, and this, frankly, is our best performance in more than 2 years. I'll go into more detail on Colombia, Panama, Bolivia and Paraguay in a few slides.

Turning to EBITDA on Slide 23. Overall, we were up almost 23% on a year ago. Again, it's largely M&A, offset by more modest FX drags, plus some positive impacts from IFRS 16. IFRS 16 added 2.6 percentage points to the EBITDA margin, but at 38.5%, that's excluding IFRS 16, we continue to show progression on a year ago.



As you can see on Slide 24, in most markets we made solid progress. Note that the organic growth rates shown here are normalized for IFRS 16 and also other factors like FX. So you're looking at like-for-like growth rates. And on this basis, you can see that most of our operations made progress. In particular, we saw El Salvador posting a second consecutive quarter of positive EBITDA growth. We still have a few challenges, but we're feeling much better about the outlook following the recent spectrum auction results that Mauricio mentioned as well as the upcoming market consolidation.

Now in both Bolivia and Guatemala, they were a little bit more muted than in previous quarters: Bolivia due to the social disruption surrounding presidential elections in November and Guatemala because of higher handset costs and more investment in network and sales and marketing. Honduras posted a large noncash adjustment last year which isn't repeated this year, which is why there is such a big swing there. And in Panama, the growth is flattered by a fairly easy comparison to the transition quarter. We acquired Cable Onda in Q4 last year, if you recall.

And what we'll see on the next slide, which is Slide 25, that we've exceeded our first year targets for Cable Onda. In fact, when we bought Cable Onda, we set out an ambitious target for EBITDA of \$184 million in 2019, and a cash flow target of \$98 million. And I'm happy to report that we've exceeded both targets, and in particular, we're 7% above our cash flow target, exceeding our CapEx targets by finding additional synergies, mostly relating to purchase savings coming from our greater scale.

In Bolivia, which is Slide 26, we did face major challenges in Q4 with the fairly well-publicized disruptions around the presidential election. This had a significant impact on our business. We actually saw a number of weeks of no or limited trading, which has had a material impact on our Q4 numbers. We have, however, seen things settle down. Our business is gradually returning to normal levels. And I think it's worth reflecting at this time that in the last 2 years, our Home business in Bolivia has doubled. We now have more than 0.5 million homes connected. In Mobile, nearly 60% of our customers are 4G smartphone data users. And whilst the revenue growth slowed in the last quarter, the margin is creeping up even as we defend our strong Mobile market position. So we're confident that we're emerging from this period of increased volatility in much better shape.

Now whilst in Paraguay, which is on Slide 27, we are starting to see signs of recovery. GDP growth has turned positive. We've posted mobile gains for 2 consecutive quarters now. And meanwhile, the margin remains robust at 46.8%. Our subscription business is sustaining healthy growth, and -- although we do still have some work to do in Paraguay. And Paraguay does remain an important country for us.

And finally, turning to Colombia on Slide 28, and where we've seen solid trends for some time now, these are beginning to be reflected in the financials. Home continues to be the driver. We saw good growth in HFC customer relations, up now to 1.4 million, and our Home revenue grew mid-single digits. Mobile also did well in the fourth quarter, with solid customer net adds in both prepaid and postpaid, albeit Mobile revenue growth slowed in Q4 because of lower wholesale revenue.

And as you can see from the slide, B2B rebounded strongly in Q4, although not enough to surpass a very strong 2018 performance on a full year basis. So organically, revenue grew 6.3%. And in fact, if I look at the underlying performance, that is, HFC excluding copper; Mobile excluding wholesale revenues, our quarter was every bit as good as that of the competition.

Okay. I now want to turn and look at the full year numbers for our Latam segment, and that's on page -- Slide 29. You can see here, service revenue of \$5.5 billion, up 9%; \$2.4 billion of EBITDA, up nearly 18%, again on the M&A and IFRS 16, whilst CapEx was held at \$1 billion. CapEx control has benefited the cash flow as we'll see in the next couple of slides.

Slide 30 is our usual OCF, that is EBITDA less CapEx bridge to compare 2019 with 2018. Mauricio has talked about this, but I just want to repeat the organic OCF growth of 8.3%. Still not at our target yet, but we're making very good progress in that direction.

And turning to our equity free cash flow on Slide 31. And to recap, equity free cash flow is our term for operating cash flow after tax, interest and minorities. It excludes spectrum and M&A. So in other words, it's our recurring cash flow before shareholder distribution. And again, Mauricio has talked about this, but I just want to make a few additional points. Yes, at \$179 million, this is below recent years. And yes, it's not where we want it to be. But note that this year, there was sizable impacts from M&A costs and financing fees. We had a higher than usual working capital movement, which was impacted by new businesses. And we also had adverse timing differences on CapEx. So in short, we remain completely focused on driving equity free cash flow and confident in the future.



So finally, on Slide 32, we ended the year with \$7.2 billion in net financial obligations. That is \$5.9 billion of financial debt and \$1.4 billion in lease obligations. This translates to a leverage ratio of 2.76x on a consolidated basis and 3.19x on a proportionate basis. Now please note that this is the first quarter that we've started to calculate leverage to include the impact of IFRS 16. And this adds about 0.2x to the calculation. So if we adjust for IFRS 16, we would have had leverage of just over 3x at the year-end, comparable to the prior quarter.

On a pro forma basis, Costa Rica is now expected to close in the near future. We -- that will add a further \$570 million of net debt and take proportionate leverage a little bit higher.

So with that, let me hand back to Mauricio to wrap up.

Mauricio Ramos Borrero - *Millicom International Cellular S.A. - President & CEO*

Thank you, Tim. Let's talk now about the future. Let's start with our outlook on Slide 34. As you know, our investment opportunity is predicated upon young and growing populations in our markets, increasing digital adoption on the back of low broadband penetrations and a growing middle class in economies with continued GDP growth. These are clear and consistent trends over the medium term, even if there may be political unrest or a macro downturn in 1 or 2 of our markets in any given year, like, indeed, we saw in 2019.

And to tap into this opportunity, we have been building state-of-the-art networks, consistently adding customers and revamping organic revenue growth. And in tandem, we control costs to drive operating leverage and improve cash flow generation, as you have seen. This is our simple strategy, and it is working. Even in 2019, with clear challenges in Bolivia and Paraguay, we drove 8.3% operating cash flow growth. And because ours is a strategic long-term vision, we are indeed investing for the mid and long term. We like the momentum we now see in the business. And to keep this midterm and strategic focus, we will move away from providing the very specific guidance for the year, as some of you may have come to expect.

We're doing this while maintaining and reconfirming, and quite bullishly so, our midterm outlook. Our ambition is for service revenue to grow mid-single digits, for EBITDA to grow mid to high single digits and for operating cash flow growth to be about 10%. The key point here is very simply: we remain very committed and very bullish about our outlook and about our midterm guidance.

And that is why, on Slide 35, we are reaffirming the total shareholder remuneration amount we provide to our shareholders, while improving the mechanism we use to do so. The new mechanism has 2 components: one, today we are announcing a \$500 million buyback program that we are planning to execute over the next 3 years. We may actually look to increase this in the future depending on how much faster we can grow our equity free cash flow. And two, we will be proposing a dividend of \$1 per share at our next shareholder assembly. This mix implies a total shareholder remuneration of at least \$800 million over the next 3 years, which is basically the same amount we will distribute if we continue to pay everything out in dividends at a rate of \$2.64 per share.

We think this approach is more shareholder-friendly because it continues to provide our shareholders with an attractive yield, and it is a very high-return investment, as we firmly believe that our equity free cash flow will regain its growth trajectory after the M&A integration period we've just undergone. As you know, members of the management own a significant amount of stock in the company and were partly compensated on total shareholder return. So we wouldn't be making this change if weren't absolutely convinced that this will enhance total shareholder return over the long term.

And on that bullish note, we're excited about our outlook and quite ready for your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from the line of Marcelo Santos.



Marcelo Peev dos Santos - *JP Morgan Chase & Co, Research Division - Senior Analyst*

Could you please discuss a little bit more the current environment in Bolivia? Are we already seeing some kind of normalization going forward? Or is it something that we should expect more in the midterm? And the second question is about the service revenue growth in Latam. I know you don't want to provide a specific guidance. But you could -- could we expect some kind of improvement in 2020 versus 2019 on local currencies? These are the 2 questions.

Mauricio Ramos Borrero - *Millicom International Cellular S.A. - President & CEO*

All right. I'll let Tim figure out how we answer number 2 without backtracking on the notion of no annual guidance, which we think is absolutely the right thing to do, and we'll be happy to talk about that. But in Bolivia, a few bits and pieces, Marcelo -- and thank you for the question -- we did go through a couple of months in the fourth quarter, in which the political situation that you're very familiar with did not allow us to sell or service either customers or the network. So it was pretty difficult for a couple of months.

From an operational point of view, it is getting back to normal. We're back selling. We're back actively servicing the network, and we're back up connecting subscribers. And January, in particular, has been very stable. As you know, looking into the future, the next round of elections are in May. So although things are stable now, I couldn't quite put out a crystal ball that allows me to exactly tell how those elections are going to come out and what the civil unrest may or may not be. And that's part of the reason we want to be very cautious, because these things do pop out one way or another every now and again. So things are back on track, back to normal, but we're not out of the woods yet, and we remain very vigilant as to what may happen on the elections in May and on the run up to those elections.

I do want to point out that despite this hiccup in Bolivia, my personal view is that the country has turned out to be very resilient in these institutions and has been dealt with this institutional crisis in quite a stable manner, and we hope that continues. And I'll hand it over to Tim on the second part of your question.

Timothy Lincoln Pennington - *Millicom International Cellular S.A. - Senior EVP & CFO*

The question was the outlook for service revenue growth in Latam in 2020. And as I said, we want to move away from quarterly guidance and focus on the midterm. And our midterm is to get to mid-single digits on our revenue growth. And we take Q4 2019 as the indicator of what might happen in 2020. We saw, and as I said in my remarks, very, very strong performance from Colombia. We feel that a lot of the actions we've taken over the last 2 years are starting to be seen now in the financial results. So -- and with the 700 spectrum, that should aid our Mobile business. So kind of we remain positive on the outlook in Colombia. Guatemala has always been and remains very strong business. It continues to grow, it was just under 4% in the fourth quarter.

And I mentioned El Salvador, where we've had a tough time over the last few years, and we started to see sequential growth in most of the metrics apart from revenue in El Salvador, but I'm hopeful that we'll start to see that improving in 2020. The opportunities we have in Panama and Nicaragua surrounding the acquisitions, we believe, give us a good outlook. Clearly, it's early days for us. The integration so far is going very well, but it remains early days in terms of just exactly how far we can push that business forward. We'll be looking probably primarily at synergy extraction during 2020.

And Bolivia, as Mauricio was just saying, I mean it ended the year with a relatively muted sort of flatlining on its revenue growth, which did dampen -- it has been a driver for us for a while. And so kind of we're crossing our fingers, but we think we'll start to see Bolivia coming back in 2020 with stronger performance, stronger revenue. And of course, Paraguay, which has dragged us through 2019, we are beginning to see some signs of more rational pricing in that market.

And again, we have made investments and repositioned our business. So look, I don't want to sort of kind of oversell 2020 on the revenue side, I don't want to undersell it. I think we feel we've taken the right moves. And as I said on Q3, we'll continue to focus on maintaining our market share. So there may be markets that we have to move either pricing, investment, et cetera, to preserve that. But generally, we are positive on our outlook.



Mauricio Ramos Borrero - *Millicom International Cellular S.A. - President & CEO*

See, Marcelo, that's actually better color than guidance.

Operator

Next question comes from the line of Fredrik Lithell from Danske Bank.

Fredrik Lithell - *Danske Bank Markets Equity Research - Senior Analyst*

My question, I was just -- coming back to your thoughts for sort of not really providing a 2020 guidance. And if you could sort of more specify sort of the midterm where that is, so we can sort of try and bridge this in a sensible way then? So that's really one part.

And then on the way you will now distribute cash to shareholders, in one part in dividends and also then one part in share buybacks over 3 years, will that be sort of -- the share buyback program, will that be evenly distributed throughout these 3 years? Or is it more an opportunistic situation where you can use it when you feel you have sort of the situation to do so? And how would that work?

Mauricio Ramos Borrero - *Millicom International Cellular S.A. - President & CEO*

Sure. So I'll take the first part of the question, if you will, and then I'll let -- maybe address a little bit of the rationale on the buyback and let Tim walk you through -- I wouldn't call it the mechanics, but perhaps the more -- the inner workings of the buyback.

So listen, on the guidance, we want as a management team to be focused, and our investors to be focused, on long-term opportunity. And we are solidly and bullishly making progress towards that long term. What we've done today is we've put it out there, again, very, very clearly. So our midterm guidance is very robust. It's actually very detailed when you look at it, both on the service revenue growth and the EBITDA growth, and on our commitment to operating cash flow growth. So it's very solid midterm guidance and a very specific guidance.

And it is perfectly consistent with what we deem to be the investment opportunity, which is predicated on digital adoption, growing GDP, growing middle class and low broadband penetration. So there's perfect consistency between the opportunity, the strategy, the long-range plan and, as a result, the midterm guidance, which is very specific. So we're confirming, and bullishly so, that midterm guidance.

The reason why we are moving away, if you will, from the yearly guidance is precisely so we focus on the long term. There are hiccups on a yearly basis that come from either macro or political turmoil or one given competition moment here or there. And those do not move away from the long-term guidance. We want, as a management team, to always be able to make the right calls for the long term. And I'm being very transparent with you. So if in any given quarter we want to more aggressively defend market share, we don't want to be straitjacketed, bound by a quarterly guidance moment. We want to be able to do the right thing for the business in the long term.

Conversely, and this has happened in the past, if you recall 2018, if we have a ton of momentum and in a given quarter we want to drive net acquisitions, we don't want that additional subscriber acquisition CapEx to take away from us doing the right thing, which is investing in the business. So we're doing this for the purposes of having very, very strong flexibility to take the opportunities to grow faster or defend market share for the long term if we need be, and not be straitjacketed in the short term. Quite the opposite: be very, very open to do the right thing for investors in the long term.

Timothy Lincoln Pennington - *Millicom International Cellular S.A. - Senior EVP & CFO*

I think -- and we haven't really defined medium term specifically. But I think most people would view it as 3 to 5 years, and I don't think we would disagree with that period. I think on the buyback, the distribution of cash buybacks, I think this is an important point we want to get across. This



is a long-term program. We don't view ourselves as stock pickers here. We intend to be in the market consistently. And we're not going to back end, front end. We're simply going to continue to be present in the market, buying back stock. That's our view of how these programs are successful. And it's certainly our view of the way we want to proceed with this program.

Fredrik Lithell - *Danske Bank Markets Equity Research - Senior Analyst*

Okay. Can I have a follow-up? Just -- Tim, on the synergies side. You mentioned in Panama, you've done a little bit better there. That's good. And so could you elaborate on now when you have most -- I mean you still have one piece coming in here in Q1, but have you sort of found any new areas where you could tap in and do more of synergy work and maybe on data centers and all that stuff? Is there anything adding to your picture when it comes to synergies? Sorry -- or do you see that your regional plan is fair?

Timothy Lincoln Pennington - *Millicom International Cellular S.A. - Senior EVP & CFO*

Yes, again, thanks for the question. Because -- ironically, the synergies we've captured so far have come out of Cable Onda. And in fact, when we did the deal, we didn't specifically say there'd be synergies in that deal. In fact, we weren't very sure there would be synergies in that deal because we didn't have any market conditions at the moment. But we found them principally through basically better buying. I mean we're just a bigger buyer, and therefore, we've been able to extract real cash synergies out of the procurement side.

Now the Telefónica piece, where we did have a market consolidation in all 3 markets but the big one is Panama, we gave guidance at the time that we expected to be able to extract \$30 million to \$40 million of OpEx savings on a run rate basis, \$3 million to \$5 million in CapEx. And we specified some revenue savings as well. Kind of -- we haven't really made a start on those in the sense of these businesses have only been in our portfolio now for, I don't know, kind of 3 to 6 months or so. And -- but from what we've seen, we remain very confident about extracting those synergies. And I think you will see those coming through in kind of 2020, 2021. Those are the periods we expect to bring those out.

Operator

Our next question comes from the line of Kevin Roe from Roe Equity Research.

Kevin Michael Roe - *Roe Equity Research, LLC - Senior Analyst of Telecommunications Services, Cable and Satellite & President*

On Colombia, you mentioned in the press release, price increase in the Home business in the fourth quarter. Could you share some additional color on that? Was that any different than prior price increases in its magnitude? And any potential impact on churn here in the New Year? And also in Colombia, there -- you mentioned the government contract secured in Q4. Anything else you can share on that, its duration, its materiality for Colombia in the fourth quarter? And Tim, big picture for Latin America for 2020. Are there any new regulatory or tax issues we should be monitoring for the new year?

Mauricio Ramos Borrero - *Millicom International Cellular S.A. - President & CEO*

I'll take the first part of the first, Kevin, and thanks for your question on Colombia. The key difference this time around on the price increases in Colombia is that we didn't lead, we followed, and that's very significant because we're the challenger, not the dominant in our market. And as a result, us following is very significant. And I think that's very relevant. So we believe these will be stickier price increases.

And the second thing I would add, which is less relevant for sure, is that we took the opportunity to reshuffle a little bit our lineup, our programming lineup, and took -- we took away some analog channels. So we didn't see the full benefit of the price increases because we took advantage of the opportunity to reshuffle our analog or take away some analog channels. And as you know, that's always troublesome for consumers. And that's with regards to Colombia. We do see Colombia becoming more rational, and we do see our competitors -- and this is across fixed and mobile -- our competitors focused on return on the capital investments made. It's no longer the cutthroat environment that we saw some 2 or 3 years ago.

Timothy Lincoln Pennington - *Millicom International Cellular S.A. - Senior EVP & CFO*

Yes. I mean it's been followed as well on the Mobile side. We didn't specifically call this out. But basically, we followed moving prices on the entry-level postpaid plans and also one of the most popular prepaid top-ups. Again, prices moved up. So positive signs. I'm not sure we want to sort of get the streamers going just yet, but it's been (technical difficulty).

And in terms of regulatory tax for Latam for 2020, we don't have anything we've got particular concerns about on the horizon. Obviously, we remain vigilant because the governments that -- and the countries we operate remain sort of short of cash, so we remain vigilant. But we don't see -- we don't have visibility on anything at this point in time. And frankly, I'm not expecting anything that would be significant.

Kevin Michael Roe - *Roe Equity Research, LLC - Senior Analyst of Telecommunications Services, Cable and Satellite & President*

That's helpful. And any color on -- yes, the government contract?

Mauricio Ramos Borrero - *Millicom International Cellular S.A. - President & CEO*

Yes, before Tim goes back on that, you may recall me saying, Kevin, at some point over the last 18 months that we should be on the lookout for a number of presidential elections in our market. Those are largely in the rearview mirror now, with the exception of Bolivia, which basically got postponed into 2020. So with the exception of Bolivia, we're more in the clear from political turmoil that usually is around political elections in these countries than we were in 2019.

Timothy Lincoln Pennington - *Millicom International Cellular S.A. - Senior EVP & CFO*

Yes. And on that contract -- the contract that we mentioned in the fourth quarter was another election contract. So it's a one-off. It's sort of done and dusted. But I'll make a couple of observations. One is, these things seem to be repeating. I'm not necessarily suggesting there'll be an election contract in 2020 or 2021, but these are happening regularly.

And secondly -- and then again, this is just internal stuff -- I'm seeing more now B2B requests for big ticket transactions that we're bidding on. I think we're becoming a much more credible player in that market. I think it's -- I think the fact that we have committed to the long-term there, where some of the other big players have not been able to do that, is helping us. So kind of, again, we remain optimistic that this will be an area that we will start to see sustained progression through '20 and '21.

Kevin Michael Roe - *Roe Equity Research, LLC - Senior Analyst of Telecommunications Services, Cable and Satellite & President*

Following on that, Tim -- that's super helpful -- the B2B market in Colombia, how big is the market growing, and what's your current share in your view?

Timothy Lincoln Pennington - *Millicom International Cellular S.A. - Senior EVP & CFO*

How long is a piece of string? I think we should get a consultant's license to answer that question, and I'm not sure I've got the answer off the tip of my head.



Mauricio Ramos Borrero - *Millicom International Cellular S.A. - President & CEO*

You can go back, Kevin, and I'm looking at Michel here, who's getting anxious at my answer, but you can do some pretty (technical difficulty). Yes, you can imagine, you see us figuring out what I'm going to say. You can go back and sort of normalize our B2B business over the last few years, if you can do the math. And you'll soon realize that, yes, 2019, as I said on the call, that showed kind of flattish, but that's because 2019 was great.

And our B2B business there on a normalized basis is actually a net grower, and we believe quite an engine of growth into the future on a normalized basis, meaning any given year may be one way or another. But on a normalized basis, it's a steady grower. And because we have a strong position now in Colombia and we're paid up for the long term there, but also in Panama on B2B and a continuous footprint also in South America, we're getting a lot of traction with the multinationals on the Multilatinas. And those were the big tickets that Tim was referring to.

Operator

Our next question comes from the line of Soomit Datta from New Street Research.

Soomit Kumar Datta - *New Street Research LLP - Founding Partner & Analyst of Latin America*

A couple of questions, please. One, just going back to the buyback. I wonder why not front-end load the buyback to a greater degree. I would imagine you think your shares are fairly inexpensive at this point. Your leverage is projected to fall from the, I think a 3.19x level at the end of 2019. And so it seems kind of, a sort of attractive proposition. I wonder why you're a bit more cautious about doing that, please. Maybe liquidity is a factor. I'm not sure if you've done some work on that, but that would be interesting to get some thoughts on it.

And then just secondly, on Colombia. You're talking about price increases, I think, on fixed, but also on mobile. However, there is a new entrant who, I think, this week, it was confirmed their spectrum position, so they'll be coming into the market. When we saw them in Chile, they took advantage of higher prices and build a business pretty successfully there. So what are your general thoughts on the new entrant in Colombia? And is it a slightly dangerous time to be putting up prices, therefore?

Timothy Lincoln Pennington - *Millicom International Cellular S.A. - Senior EVP & CFO*

I'm not going to hear the end of this, Soomit. I am going to have to -- I've been holding Mauricio back like wild horses and now the floodgates are opened.

Mauricio Ramos Borrero - *Millicom International Cellular S.A. - President & CEO*

Thank you, Soomit. Thank you. You're doing my bidding for me. Listen, on the buyback, I don't think it's news to anybody that we strongly believe, I strongly believe, that our equity free cash flow growth profile is becoming stronger and stronger. As I said, 2019 and 2020 are years in which we use some of that strength to strengthen the business operationally and strategically.

But as the synergies and the good prospects of these acquisitions come through, our equity free cash flow profile and its growth become very, very interesting. And that is the perfect scenario, the perfect moment to actually give more of that equity free cash flow on a per share basis to our shareholders. Hence, we think this is the perfect time for us to launch this buyback program and the reason we are putting it forth. And we're giving ourselves 3 years for it, which we think is sensible. There are no specific, huge constraints, one way or the other. We just like to give ourselves plenty of time to execute, and there are obviously market restrictions that we need to abide by.

Colombia, I think I'll tackle the whole thing on Colombia on your question, Soomit, because I think it's better if we just talk about the spectrum situation in Colombia in a holistic manner. And we may not get a second question -- or a third one actually on Colombia. So there's 2 or 3 elements to Colombia. One, the 700, and the actual spectrum that we got. As we've said to the authorities and then we've said publicly, we're very committed to Colombia.



We've been investing heavily, where it's HFC deployment in over 30 locations, a 4G network that now covers 70% of the population and revamping our IT in Colombia. And the benefits of that you've begun to see. We're growing service revenue at 6% and EBITDA 6%, and we've become the second largest telecom provider and are well on our way to improving our position there. And we've done all this with a severe handicap. We had no low bands. We had a cost disadvantage, which we've quantified to everyone, meaning that we have to put up 30% more sites than our competitors just to cover the same population area. And even then, we were faced with inferior indoor coverage because of the spectrum we had. And we were unable to even serve some key nonurban areas because of the spectrum we had.

In this auction, we bought 2 blocks of 20 megahertz on 700, so that's 40 megahertz altogether, which makes us the largest holder of 700 megahertz spectrum in Colombia. So in a sense, we've reversed our spectrum position in Colombia, and we've solved for the cost disadvantage, for the lack of -- for the inferior indoor penetration and we will have access to new areas. So we're very happy with how we come out of the spectrum situation.

What we're not happy with is with the way the aftermath of the auction was handled, and we've been public about this, because we believe a competitor was given an ex post advantageous situation that was not within the rules of the game. That competitor backed out after the auction on some of its commitments and yet it was allowed to keep the low frequency. They were allowed to return the high frequency bands, and they were allowed to keep the low frequency bands. So they come in with a frequency handicap, but they're yet allowed to change the rules of the game. It is not just who aren't happy with this. It's the entire industry and all the players in the market that believe the rules of the game have been disappointingly changed.

With regards to one coming into the market, we welcome any new competition into the market from a regulatory point of view. You know that in the past, we've hosted a number of MVNO. Many of them have actually not succeeded, but we've been open to do so. And we just -- we look forward to doing what we do best: build network, service our customers and focus on giving service. We have superior networks now, a first-mover advantage on the spectrum, and we look forward to making Colombia quite successful as we have in the past.

Soomit Kumar Datta - *New Street Research LLP - Founding Partner & Analyst of Latin America*

Just a quick follow-up, if that's possible, please. Is there some appeal process you are pursuing with the industry in Colombia? Or is it just a done deal?

Mauricio Ramos Borrero - *Millicom International Cellular S.A. - President & CEO*

So we've got our spectrum. We're ready to rock and roll. We're building. We're happy. As a matter of fact, we've been getting ready for a number of years. So as we speak here, our spectrum has been delivered to us. We're out on the streets building, putting out stuff. So there's nothing holding us back. And as I said, we have first-mover advantage. There is going to be a ton of regulatory issues around the way the things turned out in that auction. So I do believe, and we've been forceful and publicly, that you should expect us to defend your rights, our rights, vis-à-vis the Colombian authorities and the illegal manner in which this auction was changed ex post.

Operator

Our next question comes from the line of Peter Nielsen from ABG.

Peter-Kurt Nielsen - *ABG Sundal Collier Holding ASA, Research Division - Lead Analyst*

Just 2 quick ones left, please. First one on Guatemala. Obviously, you've spoken about Guatemala briefly here today, but also in previous calls, perhaps developing a little differently than originally expected in the near term. How are you seeing Guatemala developing post the merger, et cetera? And then just quickly, could you share any -- discuss a bit how you see the road map for deleveraging going forward, given that you are significantly above your target for leverage and you're maintaining a high level of shareholder distributions? How do you view or how should we view the road map for deleveraging toward that target?



Mauricio Ramos Borrero - *Millicom International Cellular S.A. - President & CEO*

Sure. I'll take the first one and let Tim handle the deleveraging. It's been just about a year actually since the landscape in Guatemala changed. And in the long term, it changed for the better, as you've heard me say a number of times, because the market structure became effectively a very good market structure for investment and a very good market structure for consumers in the long-term, because it's 2 players in a small market, both of which have the wherewithal and the focus to invest for the long term. So it's a great market structure for the long term for consumers and for investments.

But as you can imagine, there are some adjustments that need to happen during the first year, the realignment of the new competitor and some nervousness in our teams in Guatemala around how to protect our market share and protect the market from that possibility. So we've invested heavily throughout this year, both in network and in OpEx, distribution, service levels, et cetera, in Guatemala to make sure that we face the new reality with sustained market share and a growing business. And by far and large, although there's been some nervousness, that's the way it's played out.

If you look at the full year results from Guatemala, not one quarter or the other, Guatemala remains very, very, strong. And there's been a lot more noise than really any change in trend. And in reality, it's a stronger market into the future. As we expected, we are seeing our competitors behave very rationally despite some nervousness here and some hiccups here. And we do expect that it will remain a very good market for continued investment going forward. It remains one of our fastest growing -- I mean the numbers are quite clear -- and most profitable businesses. And that did not change in 2020, and we don't expect it to change into the future.

Timothy Lincoln Pennington - *Millicom International Cellular S.A. - Senior EVP & CFO*

And on the road map for deleveraging, I think, Peter, we said at the time that we have an organic story on deleveraging. We got our work to do last year, next year and probably '21 in terms of getting the synergies out of the acquisitions. But we made a lot of investments in the rest of our business. We expect organic growth. We expect synergies to come through. And I think on top of that, in 2019 we also made a little bit of progress on some of the residual assets, the Helios Towers and the Jumia. Stakes got closer to liquidity through their IPOs. So kind of -- I'm not sure I would expect too much in 2020, but beyond that, we expect to start to see deleveraging taking place.

Operator

Our next question comes from the line of Lena Osterberg from Carnegie.

Lena Osterberg - *Carnegie Investment Bank AB, Research Division - Head of Research of Sweden, Head of Technology Hardware & Equipment and Financial Analyst*

A question then on the equity free cash flow on Slide 31 of presentation. Here, you show that net financial charges, of course, are \$100 million in 2019 due to all the acquisitions and the one-offs relating to those. I was just wondering what is a normalized net financial charge, if we sort of strip out all the one-offs and that. So what should we expect into 2020? And then also on further acquisitions, there are some other assets out for sale. Are you looking to do more? Or is it more the focus on deleveraging and distribution so far in this quarter?

Mauricio Ramos Borrero - *Millicom International Cellular S.A. - President & CEO*

Lena, I was wondering when you were going to ask your question, and I was hoping it was going to be around equity free cash flow. So Michel gets a little anxious when I answer those questions. I'm going to ask Tim to tackle number one.

Timothy Lincoln Pennington - *Millicom International Cellular S.A. - Senior EVP & CFO*

Yes. I mean, Lena, there was a lot of noise in the equity free cash flow in 2019. I think it's sort of kind of easy one to deal with first. We had about \$54 million of one-off charges that we wouldn't typically expect to see. Those are detailed at the back of the earnings release, and that reduced our operating free cash flow. We also saw working capital somewhat higher, in fact, quite significantly higher than we typically have. Part of that is very technical, just to do with the introduction of the balance sheet and the new businesses coming into it.

Other bits of it have been to do with just timings of cash flows. And in fact, we also had a timing difference on our CapEx of around about \$100 million in the year, i.e., cash CapEx was about \$100 million higher than balance sheet CapEx, which again affects our equity free cash flow. And then the final piece of complexity was that in the net financing charges, clearly, we put in place a financing structure for the acquisition for the EBITDA for the cash flow that we didn't actually own when we put the financing in place.

So we carried a much higher level of debt and cash, and also we incurred sort of front-end fees and kind of we had to take out a bridge loan, we did a number of bonds in the period. It's difficult for me to quantify that figure, and Michel will get upset with me if I try to. But suffice it to say, we didn't see underlying that our equity free cash flow was particularly different from previous years. But there was a lot of noise in -- relating to those factors that I've just flagged.

Mauricio Ramos Borrero - *Millicom International Cellular S.A. - President & CEO*

Can you remind me the second question? Oh, sorry, Lena go on.

Lena Osterberg - *Carnegie Investment Bank AB, Research Division - Head of Research of Sweden, Head of Technology Hardware & Equipment and Financial Analyst*

Yes. Just -- yes, you'll probably have some more acquisition-related fees now in Q1. But other than that, is it fair to assume that underlying, as you say, you had roughly flat equity free cash flow year-over-year, adjusting for the one-offs, that that could probably be the leverage in 2020 as well before you start to see the synergies kick in, in 2021?

Timothy Lincoln Pennington - *Millicom International Cellular S.A. - Senior EVP & CFO*

So Lena, I'm not expecting any kind of M&A-related fees coming through into Q1. But let me take this opportunity just to talk about the integration costs. When we did [Camelia], we -- sorry, the Telefónica assets, I mentioned that we expected about \$100 million of integration costs. We will probably see about \$50 million of them during 2020, and that's sort of more or less where our current plan is for this year. So that will be additional, if you like. Part of it will be covered by synergies that we extract in the year, but clearly, run rate synergies will come through probably '21, '22.

Lena Osterberg - *Carnegie Investment Bank AB, Research Division - Head of Research of Sweden, Head of Technology Hardware & Equipment and Financial Analyst*

Okay. Yes -- no, the other question I had was on acquisitions. [I] said some other assets were out for sale at the moment. So I was just wondering if you attempted to have a look at those, or if you've bought enough with the funding.

Mauricio Ramos Borrero - *Millicom International Cellular S.A. - President & CEO*

Okay. All right. We get it. Thank you for being so diplomatic in the way you phrased the question, Lena. It's excellent. Of course, we've been reading the papers, and of course, we've been listening to banker pitches here and there, and everybody has an idea or another. But I want to be super clear to you and everybody here that what we have said in the past remains absolutely true. Our focus remains on integrating the 4 assets that we bought in the last 18 months.

We put in over \$3 billion of capital reallocation into Central America, which, if you look at our market cap, it's over 50% of our market cap. And more importantly, we are liking the synergies that we're driving into the business. We're liking the cash flow profile that these acquisitions beyond our strategic nature is giving us into the future, and it underpins everything that we've talked about today, including our new shareholder remuneration approach. So rest assured that our focus, including our commitment to delivering over time, remains completely consistent with precisely this strategic approach.

Operator

Our next question comes from the line of Stefan Gauffin from DNB.

Stefan Gauffin - *DNB Markets, Research Division - Analyst*

Yes. A couple of -- just trying to understand a little bit more the sort of -- a little bit one-off impacts in the quarter. If you can help us -- if you strip out the new B2B contract in Colombia, what would the service revenue growth have been in the quarter? And secondly, also for Bolivia, just to understand, if you can say what the service revenue growth were in December after the political turmoil ended?

Timothy Lincoln Pennington - *Millicom International Cellular S.A. - Senior EVP & CFO*

I'm not sure I've got the answer to the first question, Stefan. In a sense, we took a view a while ago not to kind of post adjusted numbers one way or the other. And we kind of show the good with the bad. In Q3, we were down because of prior year, we had very good one-offs. This year, we're a little bit up. I guess -- so -- and I -- so as a consequence, I don't really look at the numbers excluding this or excluding that. The thing I would say, and I do think this is quite important, and I said it in the call, if I looked at the underlying numbers for Mobile, kind of Mobile headline for us didn't look fantastic, but all of the impact was to do with the wholesale revenues. And what we mean by this are basically the people that roam on our network, the MVNOs and the wholesale customers. When I look at postpaid and look at prepaid, they were growing every bit as fast as where the competition or the principal competitor was growing. I did the same analysis for HFC because in HFC, we still have got some copper that we saw a little bit of DTH, a little bit of (inaudible), but if I look at the pure HFC growth rates, again, very consistent with sort of market-leading growth there. So yes, we did have a positive momentum this quarter with the election contract. But I still think, underlying, we were -- we are beginning to see very strong momentum now coming out of Colombia.

Mauricio Ramos Borrero - *Millicom International Cellular S.A. - President & CEO*

Stefan, on Bolivia, which I think is important, since it's an important part of our growth, I don't know that Michel, again, will allow me to give you December specific growth numbers for revenue. He's looking at me with a stick in his hand. But I can tell you this. If you look at our mobile customer net adds for the quarter, they are positive, and they are significantly positive. And that's a telling sign of what's going on there.

And if you look at our HFC net customer adds in Bolivia for the quarter, they're also positive. They're not as positive as they were a year ago or the first half of the year, but they're also positive, despite the fact that it was a couple of months in which we couldn't sell or service. So quite clearly, Bolivia is normalizing. And what we see today in the marketplace is a normal economy. It's going back to normal. Our concern or, if you will, our caution is simply because the elections haven't gone through smoothly yet, and that's where we want to keep an eye out for that.

Stefan Gauffin - *DNB Markets, Research Division - Analyst*

Can I just follow up on Colombia? You had a very solid mobile subscriber intake in the quarter. Are there any particular reasons for this? Any extra campaign activity or something?



Mauricio Ramos Borrero - *Millicom International Cellular S.A. - President & CEO*

I -- we've been calling Colombia out for a few quarters now, signaling that we think the economy is getting stronger, that we were going to reap the benefits of all the deployments in capital expenditures that we've been doing. And you also have the continuous investment we've made on service levels, on churn reduction and on the Mobile business, in particular the new product, which is significant. And all of that is trickling into better performance. And on top of that, we simply have an industry that is getting fresh air and growing as a whole. I'm sure you've looked at the results from our competitors, and you will see that they too are growing. And as a result of that, we just have a more stable environment in Colombia.

Timothy Lincoln Pennington - *Millicom International Cellular S.A. - Senior EVP & CFO*

I do think it's beginning to shake out now. Some of the marginal players in the market are either exiting it or kind of not participating significantly in there. And I think we are a long term player. We've been consistently there. We will continue to consistently be there. And I think that shows, and I think that kind of partially will address one of the earlier questions on new entrants there.

Mauricio Ramos Borrero - *Millicom International Cellular S.A. - President & CEO*

If you -- I mean if you look at, we haven't actually said this, but I'm sure you realize, Stefan, that we lost some of the Avantel revenue, and that 6% growth would have been much better had we not lost that revenue. As you know, Avantel declared bankruptcy late last year, and we were basically their tenant. So our results are actually, in reality, affected or would have been better without the loss of that revenue.

Michel Morin - *Millicom International Cellular S.A. - VP of IR*

Jules, last question, please.

Operator

And the last question comes from the line of Johanna Ahlqvist from SEB.

Johanna Ahlqvist - *SEB, Research Division - Analyst*

One question, trying to pinpoint the equity free cash flow a bit. But I'm just wondering what's your view on the CapEx for Latin America in 2020? I guess since you sort of won the Colombian spectrum, just wondering if you see a need to deploy that already in 2020 and that we should expect somewhat higher CapEx run rate for 2020. And my second question relates to Helios and Jumia. I'm just wondering, do you have any sort of lockups on the 2 and when those expire?

Mauricio Ramos Borrero - *Millicom International Cellular S.A. - President & CEO*

Yes. On the CapEx, this is a very good attempt at getting us to give you some guidance for 2020. What I'll do is I'll try to give you some color, Johanna, I think that will be very helpful. And I'll try to do it on a long-term basis rather than on a given specific year, and I think that would be most helpful for you.

We expect that we will remain over our midterm at right around that \$1 billion, \$1.1 billion of CapEx on a yearly basis, all in. But within that, you must understand that Colombia, the 700 MHz in particular, has 2 significant elements to it. One, as we deploy the network, we also get cost savings in the network size because we will be able to reduce the size of the network we would have otherwise had, because the 700 is more efficient. And number two, this spectrum acquisition comes with very long-term payment terms and rollout obligations are diffused over time. And as a result of that, we don't expect that Colombia will drive a spike in our CapEx in 2020.



We believe that we'll remain within that \$1 billion to \$1.1 billion over our midterm guidance. More importantly, we believe this will continue to be increasingly success driven, because it's more focused on the HFC net adds, and it's more focused on capacity rather than coverage, as I've said a number of times. And we do believe that in the medium term, as we said a number of times, our capital intensity will move towards 15% from where it is today at around 70%. So there you go, I'm giving you a ton of color, still within a medium-term outlook, which is the way we manage the business. And on HTA and Jumia, I will pass it on to our Africa expert.

Mohamed Dabbour;CEO, Millicom Africa & Executive Vice President

Technically, I think we're out of the lockup on Jumia, and we're still in one on HTA, the banker's lockup, which I think comes out in April.

Mauricio Ramos Borrero - Millicom International Cellular S.A. - President & CEO

But I think what I said on my remarks is we've moved one step closer towards monetization of what we've clearly said are noncore assets in the long term.

Operator

Thank you very much. Over to you.

Mauricio Ramos Borrero - Millicom International Cellular S.A. - President & CEO

Thank you to all of you for your very, very good questions and for hearing us out today. I won't repeat everything we've said. I hope the tone and the demeanor of this chat gives you an idea that we remain super bullish and super confident on our growing equity free cash flow, and our new total shareholder remuneration program, which we think is an improvement on the prior mechanism. On an operational basis, this year, we haven't said it loudly, but we are at near-records for total subs, postpaid and 4G, and very solid near record HFC net adds. I hope that didn't go unnoticed.

Colombia is very strong on revenue and EBITDA growth. Guatemala remains solid. And Cable Onda, as far as we can see, is ahead of plan on operating cash flow, and we remain very bullish, both defending our fixed leadership and gaining market share on Mobile. So overall, we're pretty bullish, particularly about our equity free cash flow growth into the future, and the strategic moves we've made over the past 18 months, both on the shareholder remuneration now and on the acquisition. So we look forward to what we think is a solid future, and we hope many of you will continue to join us for the ride. Thank you.

Operator

That does conclude today's conference. Thank you to everyone who participated in today's call. You may now all disconnect.



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