



NII Holdings, Inc.

Q2 2019

Earnings Presentation

**August 6, 2019**

## ➤ Use of Non-GAAP financial measures

This presentation includes certain financial information that is calculated and presented on the basis of methodologies that are not in accordance with U.S. Generally Accepted Accounting Principles, or GAAP. Management, as well as certain investors, use these non-GAAP financial measures to evaluate NII Holdings' current and future financial performance. The non-GAAP financial measures included in this presentation do not replace the presentation of NII Holdings' GAAP financial results. These measurements provide supplemental information to assist investors in analyzing NII Holdings' financial position and results of operations. NII Holdings has chosen to provide this information to investors to enable them to perform meaningful comparisons of past, present and future operating results and as a means to emphasize the results of core on-going operations. Reconciliations of the non-GAAP financial measures provided in this presentation to the most directly comparable GAAP measures can be found in the appendix of this presentation and on NII Holdings' Investor Relations link at [nii.com](http://nii.com).

## ➤ Safe harbor statement under private securities litigation reform act of 1995

This presentation includes “forward-looking statements” within the meaning of the securities laws. The statements in this presentation regarding the expected completion, timing and effects of our proposed sale of Nextel Brazil and potential distributions to our stockholders upon liquidation and dissolution, as well as our business and economic outlook, future performance and guidance, as well as other statements that are not historical facts, are forward-looking statements. Forward-looking statements are estimates and projections reflecting management's judgment based on currently available information and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. With respect to these forward-looking statements, management has made assumptions regarding, among other things, the proposed sale of Nextel Brazil; the effects and timing of the proposed transaction; our existing and future costs, expenses, claims and other liabilities, and the impact of these matters on our liquidation and dissolution; the Company's ability to fund the business and meet its business plans; customer growth and retention; pricing; network usage; operating costs; the timing of various events; AI Brazil Holdings' minority ownership in Nextel Brazil; the economic and regulatory environment; and the foreign currency exchange rates that will prevail in 2019. Future performance cannot be assured and actual results may differ materially from those in the forward-looking statements. Some factors that could cause actual results to differ include the risks and uncertainties relating to: the proposed sale of Nextel Brazil, including the occurrence of any event, change or other circumstance that could give rise to the termination of the purchase agreement; the amount of the costs, fees, expenses and charges related to the sale of Nextel Brazil, or the impact of any adjustments to the purchase price; changes in foreign currency exchange rates; the effect the pending sale of Nextel Brazil has on our management team, customer relationships, operating results and business generally, including the ability to retain key employees; the cost and outcome of any legal proceedings that may be instituted against us and others following the announcement of the sale of Nextel Brazil; the timing and amount of cash and other assets available for distribution to our stockholders upon our dissolution and winding up; the impact of liquidity constraints, including the inability to access escrowed funds when expected; the impact of more intense competitive conditions and changes in economic conditions in Brazil; the performance of the Company's network; the Company's ability to provide services that customers want or need; the Company's ability to execute its business plan; and the additional risks and uncertainties that are described in NII Holdings' Annual Report on Form 10-K for the year ended December 31, 2018, as well as in other reports filed from time to time by NII Holdings with the Securities and Exchange Commission.



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## NII Holdings business update

### **Q2 2019 Financial Results**

- Nextel Brazil and Nextel Holdings results are now reported as discontinued operations; therefore the NII consolidated reported results only reflect NII headquarters
- Loss from continuing operations of \$5M and loss from discontinued operations of \$12M
  - Nextel Brazil adjusted OIBDA of \$12M and Capex of \$13M

### **Investments into Nextel Holdings**

- \$18M in Q2 2019 (\$15.3M from NII, \$2.7M from AI Media) and \$23M in July 2019 (solely by NII)
- NII ownership in the partnership increased from 70% to 72.34% at the end of July 2019

### **Cash Overview**

- Ended Q2 2019 with \$101M of total cash
  - \$65M at NII Holdings, \$5M at Nextel Holdings, \$31M at Nextel Brazil
  - Total cash burn was \$22M (\$7M at NII Holdings and \$15M at Nextel Brazil/Nextel Holdings)

### **Nextel Mexico Escrow**

- In June, we completed and filed an amended tax return for our main operating entity in Mexico for 2012 resulting in a \$2.7M escrow release to cover the related tax liability

### **Pending Sale of Nextel Brazil**

- Received stockholder approval on June 27, 2019
- Brazilian regulatory processes progressing; currently expect closing to occur in Q4 2019
- Other than potential impacts from timing of closing and FX rates, no material changes in estimated distributable value to NII stockholders included in the Proxy filed with the SEC on May 6, 2019



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## ➤ Q2 2019 NII Consolidated financial results

	Q2'19	Q1'19	Q2'18	Q2'19 vs.Q1'19	Q2'19 vs.Q1'19
<b>Consolidated Financial Results (in millions of US\$)</b>					
Service and other	\$ -	\$ -	\$ 0	nm	nm
Handset & accsry	-	-	-	nm	nm
<b>Operating revenues</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>nm</b>	<b>nm</b>
Cost of service	-	-	-	nm	nm
Cost of handsets & accsry	-	-	-	nm	nm
General & administrative	4	4	4	8%	2%
Selling & Marketing	-	-	-	nm	nm
<b>Operating expenses</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>8%</b>	<b>2%</b>
<b>Adjusted OIBDA</b>	<b>(4)</b>	<b>(4)</b>	<b>(4)</b>	<b>8%</b>	<b>2%</b>
Transaction/Restructuring Costs	(2)	(4)	(0)	nm	nm
<b>OIBDA</b>	<b>(6)</b>	<b>(8)</b>	<b>(4)</b>	<b>30%</b>	<b>(44%)</b>

nm = not meaningful

# Q2 2019 Nextel Brazil financial results

\*Variances shown on a constant currency basis

	Q2'19	Q1'19	Q2'18	Q2'19 vs. NQ1'19*	Q2'19 vs. NQ2'18*
<b>Brazil Subscriber Results (in thousands)</b>					
Gross Adds	338	371	320	(9%)	6%
Churn	2.6%	2.4%	4.7%	(27bps)	206bps
Net Adds	65	132	(133)	(51%)	149%
<b>Ending Units</b>	<b>3,503</b>	<b>3,438</b>	<b>3,121</b>	<b>2%</b>	<b>12%</b>
<b>Brazil Financial Results (in millions of US\$)</b>					
Service and other	\$ 144	\$ 146	\$ 151	2%	4%
Handset & accsry	1	1	5	15%	(82%)
<b>Operating revenues</b>	<b>145</b>	<b>147</b>	<b>156</b>	<b>3%</b>	<b>1%</b>
Cost of service	59	63	76	(1%)	13%
Cost of handsets & accsry	2	3	5	45%	67%
General & administrative	51	39	57	(37%)	2%
Selling & Marketing	20	18	15	(6%)	(31%)
<b>Operating expenses</b>	<b>133</b>	<b>124</b>	<b>153</b>	<b>(12%)</b>	<b>6%</b>
<b>Adjusted OIBDA</b>	<b>12</b>	<b>23</b>	<b>3</b>	<b>(47%)</b>	<b>521%</b>
Impairments/Restructuring	(3)	(6)	(12)	nm	nm
<b>OIBDA</b>	<b>9</b>	<b>17</b>	<b>(9)</b>	<b>(47%)</b>	<b>201%</b>
CAPEX	13	8	15	(68%)	4%
<b>Adjusted OIBDA - CAPEX</b>	<b>(1)</b>	<b>15</b>	<b>(12)</b>	<b>(109%)</b>	<b>89%</b>
<b>Brazil Metric Results (in US\$ except FX)</b>					
Service ARPU	14	14	15	(0%)	(2%)
Total ARPU	14	14	16	(0%)	(3%)
CCPU	10	10	14	(10%)	16%
CPGA	67	56	48	(24%)	(53%)
Average FX	3.9	3.8	3.6	(4%)	(9%)

nm = not meaningful

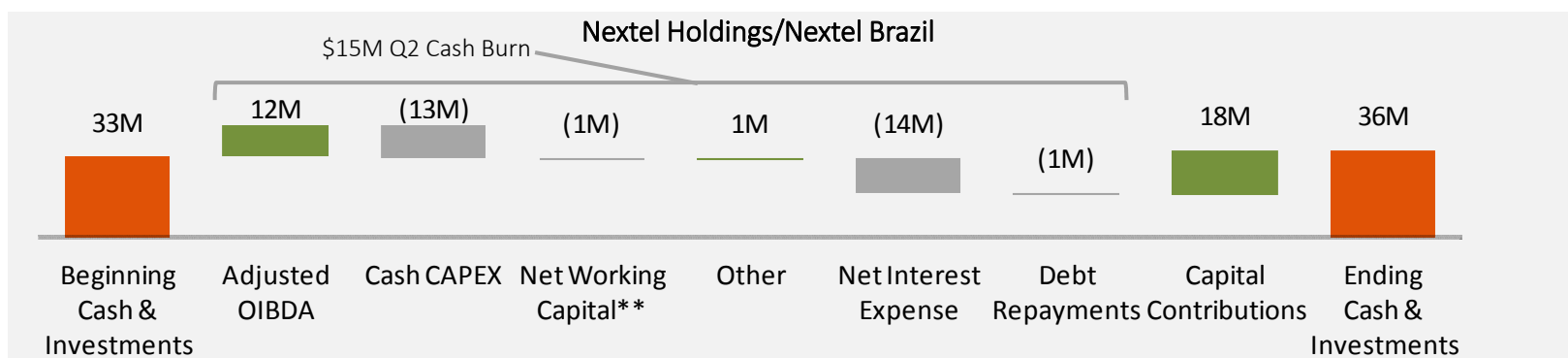
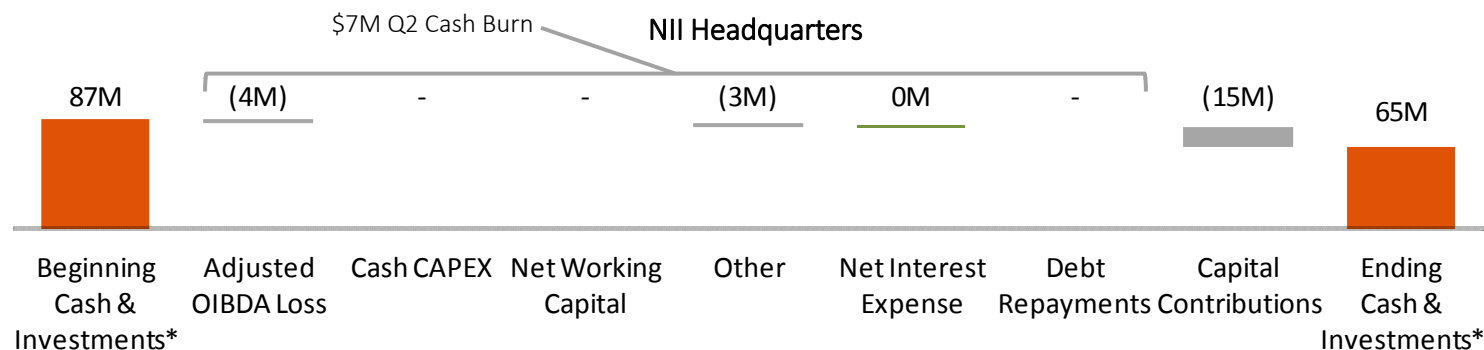
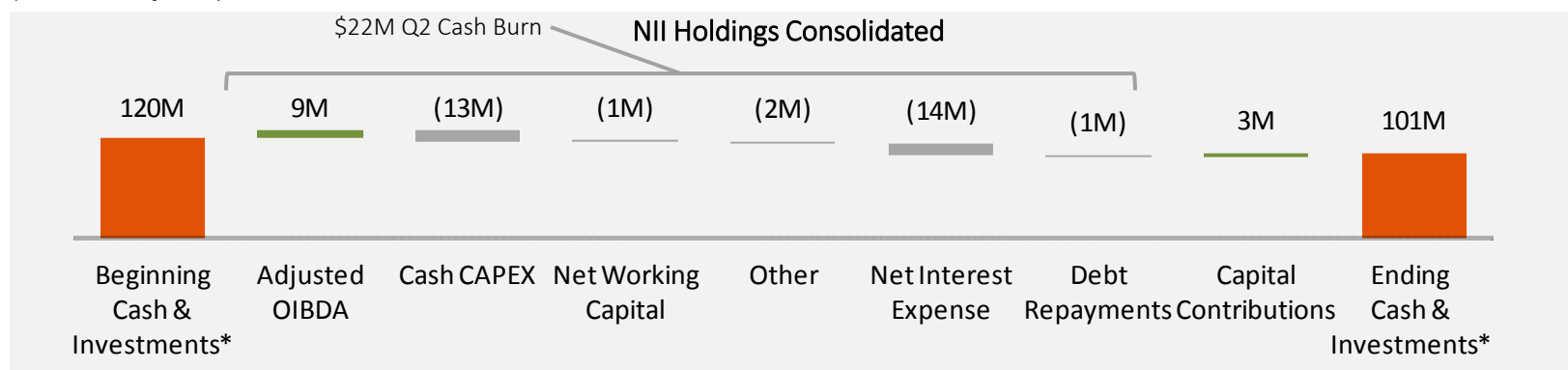


\* Variances shown on a constant currency basis



# Liquidity results for the second quarter of 2019

(in millions of USD)

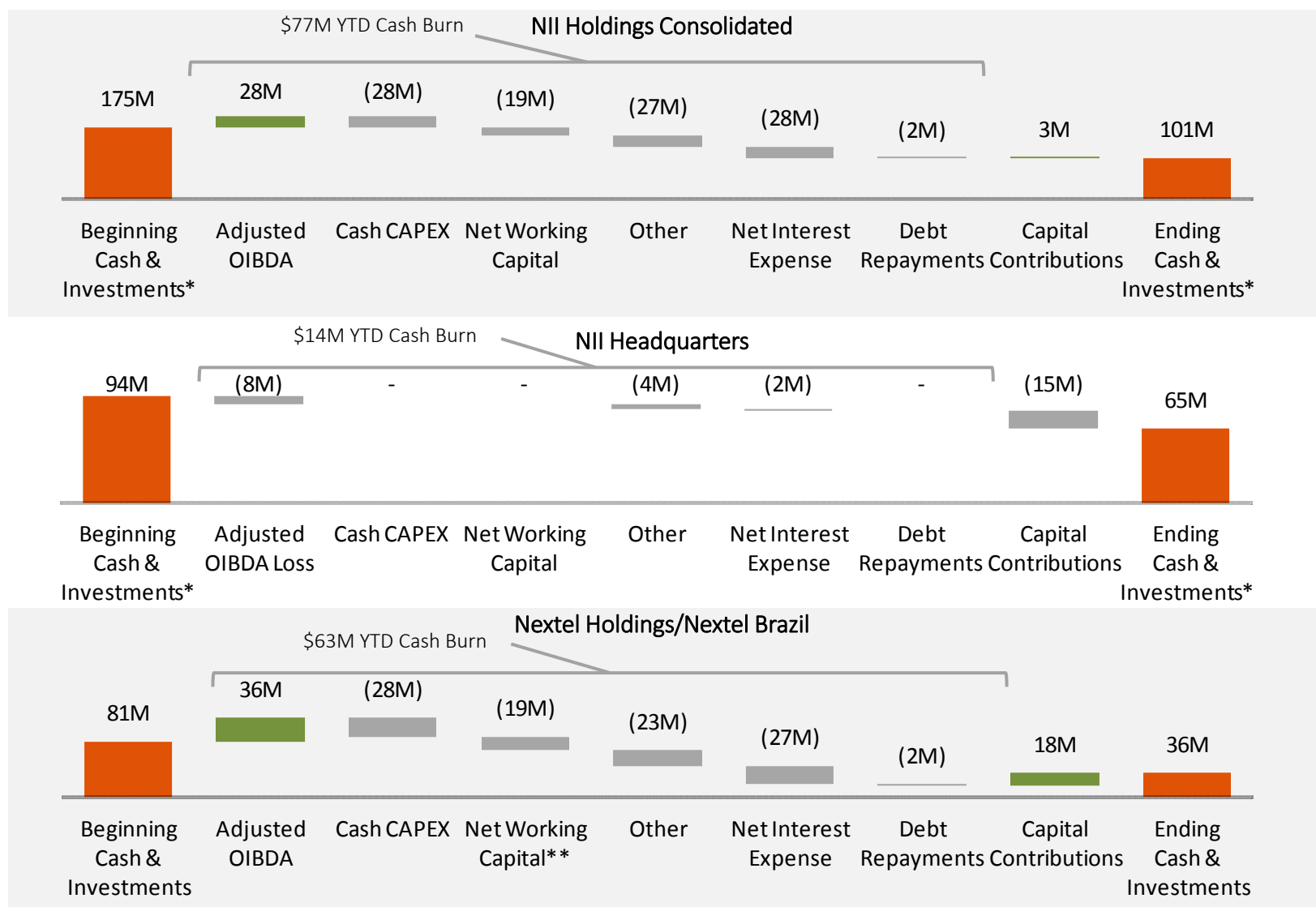


\*Cash balances exclude \$103 million related to the Nextel Mexico escrow

\*\*Net Working Capital reimbursement (as defined in the Stock Purchase Agreement)

# Liquidity results for the first half of 2019

(in millions of USD)



\*Cash balances exclude \$103 million related to the Nextel Mexico escrow

\*\* Net Working Capital reimbursement (as defined in the Stock Purchase Agreement)

## > NII Holdings net debt

**(in millions USD)** **June 30, 2019<sup>(1)</sup>**

NII Holdings Consolidated:	
Gross Debt	704.2
Cash & Short-term Investments	100.8
<b>NII Holdings Consolidated Net Debt</b>	<b>603.4</b>

NII Headquarters Entities:	
Gross Debt	116.8
Cash & Short-term Investments	65.2
<b>NII Headquarters Entities Net Debt</b>	<b>51.6</b>

Nextel Holdings:	
Gross Debt	-
Cash & Short-term Investments	4.7
<b>Nextel Holdings Net Debt</b>	<b>(4.7)</b>

Nextel Brazil:	
Gross Debt	587.4
Cash & Short-term Investments	30.9
<b>Nextel Brazil Net Debt</b>	<b>556.5</b>

Nextel Holdings Consolidated Net Debt (as calculated under the SPA): \$551.8M



Notes:

(1) Debt balances calculated as face value plus accrued interest. Debt balances exclude tower financing and capital lease debt (consistent with the definitions in the stock purchase agreement)



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# ➤ Non-GAAP reconciliations

## NII Holdings, Inc. Reconciliations of Non-GAAP Financial Measures for 2019

The tables below include financial information prepared in accordance with accounting principles generally accepted in the United States, or GAAP, other financial measures referred to as non-GAAP financial measures and certain other financial performance indicators. These non-GAAP and other financial measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with GAAP.

(1) Consolidated operating income before depreciation and amortization, or OIBDA, represents operating income before depreciation and amortization expense. Consolidated adjusted operating income before depreciation and amortization, or adjusted OIBDA, represents consolidated operating income before depreciation expense, amortization expense, material non-cash asset impairments, severance costs associated with publicly announced restructuring plans and other material non-recurring or unusual charges. Consolidated adjusted OIBDA margin represents adjusted OIBDA divided by total operating revenues and consolidated OIBDA margin represents OIBDA divided by total operating revenues. Consolidated OIBDA, consolidated adjusted OIBDA, consolidated OIBDA margin and consolidated adjusted OIBDA margin are not measurements under accounting principles generally accepted in the United States, may not be similar to consolidated OIBDA, consolidated adjusted OIBDA, consolidated OIBDA margin and consolidated adjusted OIBDA margin measures of other companies and should be considered in addition to, but not as substitutes for, the information contained in our statements of operations. We believe that consolidated OIBDA, consolidated adjusted OIBDA, consolidated OIBDA margin and consolidated adjusted OIBDA margin provide useful information to investors because they are indicators of our operating performance, especially in a capital intensive industry such as ours, since they exclude items that are not directly attributable to ongoing business operations. Consolidated OIBDA, consolidated adjusted OIBDA, consolidated OIBDA margin and consolidated adjusted OIBDA margin can be reconciled to our consolidated statements of operations as follows (in thousands, except for margins):

### a. Consolidated

	For the Three Months Ended June 30, 2018	For the Three Months Ended March 31, 2019	For the Three Months Ended June 30, 2019
Consolidated operating loss	\$ (3,920)	\$ (4,400)	\$ (4,551)
Consolidated depreciation	-	-	-
Consolidated amortization	-	-	-
Consolidated operating loss before depreciation and amortization	(3,920)	(4,400)	(4,551)
Asset impairment charges	-	-	-
Restructuring charges	31	-	-
Sale-related transaction costs	-	3,905	1,829
Consolidated adjusted operating loss before depreciation and amortization	<u>\$ (3,889)</u>	<u>\$ (495)</u>	<u>\$ (2,722)</u>
Consolidated adjusted operating loss before depreciation and amortization margin	<u>NM</u>	<u>NM</u>	<u>NM</u>

NM-Not Meaningful

(2) Cost per gross add, or CPGA, is an industry term that is calculated by dividing our selling, marketing and handset and accessory subsidy costs, excluding costs unrelated to initial customer acquisition, by our new subscribers during the period, or gross adds. CPGA is not a measurement under accounting principles generally accepted in the United States, may not be similar to CPGA measures of other companies and should be considered in addition, but not as a substitute for, the information contained in our statements of operations. We believe CPGA is a measure of the relative cost of customer acquisition. CPGA can be calculated and reconciled to our consolidated statements of operations as follows (in thousands, except CPGA):

### a. Nextel Brazil

	For the Three Months Ended June 30, 2018 (a)	For the Three Months Ended March 31, 2019	For the Three Months Ended June 30, 2019
Handset and accessory revenues, net	\$ 5,146	\$ 800	\$ 886
Less: cost of handsets and accessories	7,015	5,081	3,066
Handset subsidy costs	1,869	4,281	2,180
Selling and marketing *	15,495	18,176	20,340
Costs per statement of operations	17,364	22,457	22,520
Less: costs unrelated to initial customer acquisition	(1,971)	(1,608)	83
Customer acquisition costs	<u>\$ 15,393</u>	<u>\$ 20,849</u>	<u>\$ 22,603</u>
<b>Cost per Gross Add</b>	<u>\$ 48</u>	<u>\$ 56</u>	<u>\$ 67</u>

	For the Three Months Ended June 30, 2018 (a)	For the Three Months Ended March 31, 2019	For the Three Months Ended June 30, 2019
Handset and accessory revenues, net	R\$ 18,690	R\$ 3,013	R\$ 3,478
Less: cost of handsets and accessories	25,152	19,230	12,029
Handset subsidy costs	6,462	16,217	8,551
Selling and marketing *	55,159	68,503	79,685
Costs per statement of operations	61,621	84,720	88,236
Less: costs unrelated to initial customer acquisition	(7,048)	(6,135)	309
Customer acquisition costs	<u>R\$ 54,573</u>	<u>R\$ 78,585</u>	<u>R\$ 88,545</u>
<b>Cost per Gross Add</b>	<u>R\$ 171</u>	<u>R\$ 212</u>	<u>R\$ 262</u>

(a) Amounts include the impact of the revision of certain immaterial errors.

## ➤ Non-GAAP reconciliations

(3) Cash cost per handset/user, or CCPU, represents the sum of cost of service, general and administrative expenses and customer retention and other costs divided by average handsets in service during the period and divided by the number of months in the period. CCPU is not a measurement under accounting principles generally accepted in the United States, may not be similar to CCPU measures of other companies and should be considered in addition to, but not as a substitute for, the information contained in our statements of operations. We believe CCPU is a measure of the recurring costs we incur on a monthly basis to provide service to our subscribers. Consolidated CCPU can be reconciled to our consolidated statements of operations as follows (in thousands, except CCPU):

### b. Nextel Brazil

	For the Three Months Ended June 30, 2018 (a)	For the Three Months Ended March 31, 2019	For the Three Months Ended June 30, 2019
Selling, general and administrative expenses .....	\$ 72,194	\$ 57,248	\$ 70,919
Less: selling and marketing expenses * .....	(15,495)	(18,176)	(20,340)
General and administrative expenses .....	56,699	39,072	50,579
Cost of service .....	74,155	61,377	58,141
Customer retention costs and other .....	1,971	1,608	(83)
Total .....	<u>\$ 132,825</u>	<u>\$ 102,057</u>	<u>\$ 108,637</u>
<b>Cash Cost per User</b> .....	<u>\$ 14</u>	<u>\$ 10</u>	<u>\$ 10</u>

	For the Three Months Ended June 30, 2018 (a)	For the Three Months Ended March 31, 2019	For the Three Months Ended June 30, 2019
Selling, general and administrative expenses .....	R\$ 258,923	R\$ 214,850	R\$ 277,794
Less: selling and marketing expenses * .....	(55,159)	(68,503)	(79,685)
General and administrative expenses .....	203,764	146,347	198,109
Cost of service .....	266,473	230,958	227,975
Customer retention costs and other .....	7,048	6,135	(309)
Total .....	<u>R\$ 477,285</u>	<u>R\$ 383,440</u>	<u>R\$ 425,775</u>
<b>Cash Cost per User</b> .....	<u>R\$ 49</u>	<u>R\$ 38</u>	<u>R\$ 41</u>

a) Amounts include the impact of the revision of certain immaterial errors.