
# LIBERTY LATIN AMERICA

## FY 2019 INVESTOR CALL

February 20, 2020

LIBERTY LATIN AMERICA

# “SAFE HARBOR”

## FORWARD-LOOKING STATEMENT | DEFINED TERMS

### FORWARD-LOOKING STATEMENTS AND DISCLAIMER

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our strategies, priorities, financial performance and guidance, including operational and financial momentum; our customer value propositions; product innovation and bringing new products to our markets; the AT&T Acquisition, including the anticipated consequences and benefits of the transaction and the expected timing of the transaction; new build and upgrade initiatives; the strength of our balance sheet and tenor of our debt; and other information and statements that are not historical fact. These forward-looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those expressed or implied by these statements. These risks and uncertainties include events that are outside of our control, such as hurricanes and other natural disasters, the ability and cost to restore networks in the markets impacted by hurricanes; the continued use by subscribers and potential subscribers of our services and their willingness to upgrade to our more advanced offerings; our ability to meet challenges from competition, to manage rapid technological change or to maintain or increase rates to our subscribers or to pass through increased costs to our subscribers; the effects of changes in laws or regulation; general economic factors; our ability to obtain regulatory approval and satisfy conditions associated with acquisitions and dispositions, including the AT&T acquisition; our ability to successfully acquire and integrate new businesses and realize anticipated efficiencies from acquired businesses; the availability of attractive programming for our video services and the costs associated with such programming; our ability to achieve forecasted financial and operating targets; the outcome of any pending or threatened litigation; the ability of our operating companies to access cash of their respective subsidiaries; the impact of our operating companies' future financial performance, or market conditions generally, on the availability, terms and deployment of capital; fluctuations in currency exchange and interest rates; the ability of suppliers and vendors (including our third-party wireless network provider under our MVNO arrangement) to timely deliver quality products, equipment, software, services and access; our ability to adequately forecast and plan future network requirements including the costs and benefits associated with network expansions; and other factors detailed from time to time in our filings with the Securities and Exchange Commission, including our most recently filed Form 10-K. These forward-looking statements speak only as of the date of this presentation. We expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

### INFORMATION RELATING TO DEFINED TERMS

Please refer to the Appendix at the end of this presentation, as well as our SEC filings, for the definitions of the following terms which may be used herein including: Rebased Growth, Operating Cash Flow (“OCF”), OCF minus P&E Additions, Adjusted Free Cash Flow (“Adjusted FCF”), Revenue Generating Units (“RGUs”), as well as non-GAAP reconciliations, where applicable.

# AGENDA

01 | **EXECUTIVE SUMMARY**

02 | FY 2019 RESULTS

03 | APPENDIX

# LIBERTY LATIN AMERICA | KEY MESSAGES[1]

## GROWTH MOMENTUM INTO 2020

| | |
|---|---|
| 1 | **Record RGU adds** of 283,000, +50% YoY; **fueled by broadband** growth |
| 2 | New propositions drove **significant mobile improvement** with 124,000 adds |
| 3 | **Delivered or exceeded** financial guidance **targets** for FY 2019 |
| 4 | Added / upgraded **>490,000 homes**; increased **LTE coverage to 90%** |
| 5 | Progressing inorganic strategy: **UTS, AT&T[2]** PR & USVI **acquisitions**; Seychelles **disposal** |

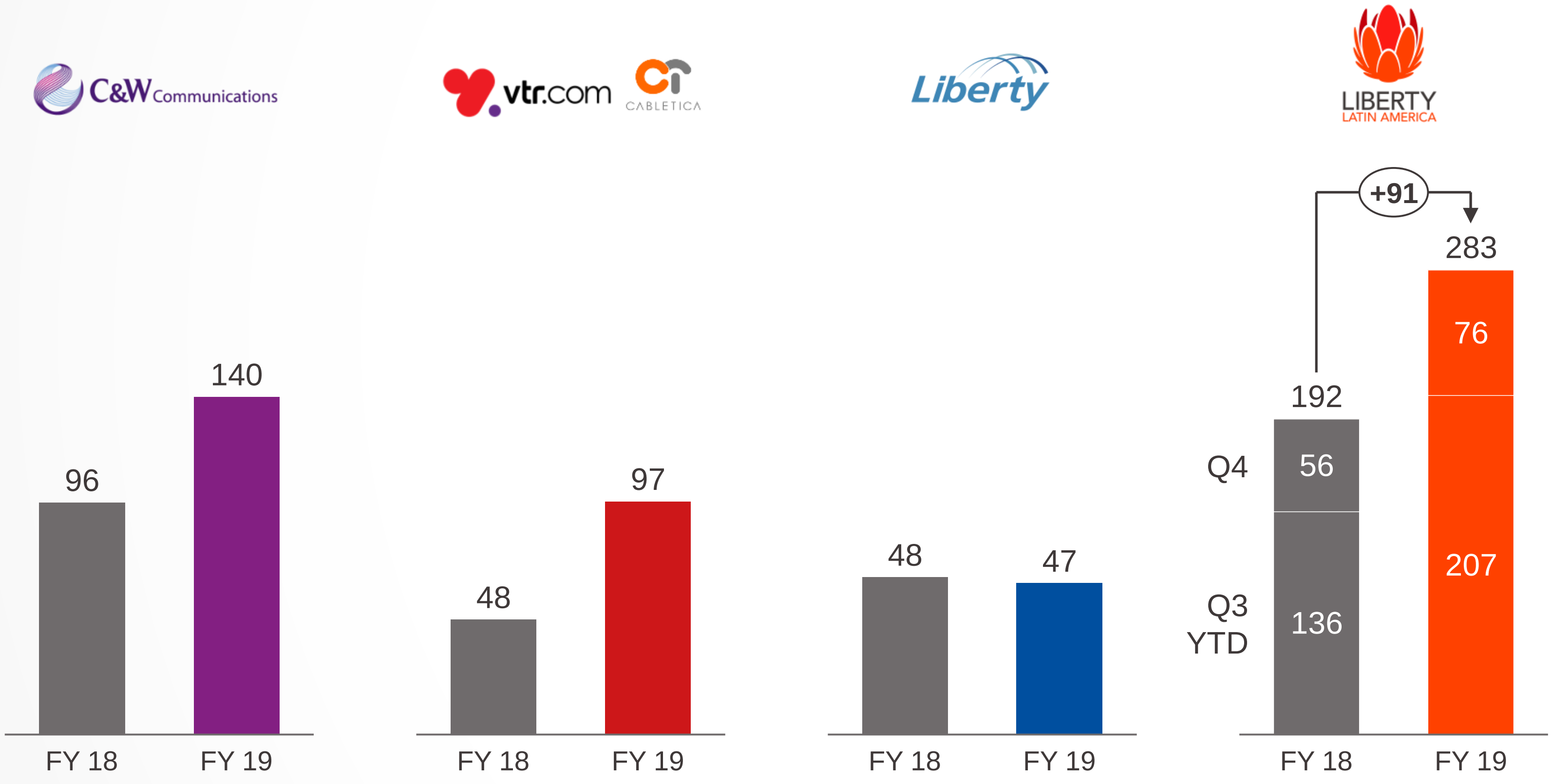

(1) See Appendix for definitions and additional information.
(2) AT&T PR & USVI acquisition is pending and subject to the satisfaction of customary closing conditions.

# FIXED | RECORD RGU ADDITIONS[1]

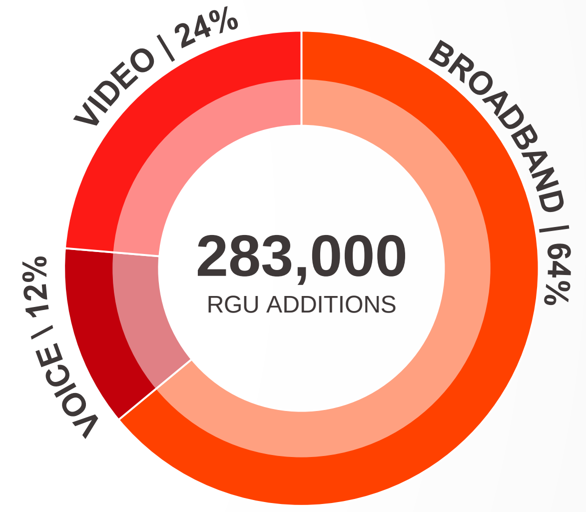
## FY 2019 OPERATING PERFORMANCE DRIVEN BY LEADING NETWORKS

### RGU ADDITIONS BY SEGMENT

FIXED SUBSCRIBER ADDITIONS – IN THOUSANDS




### GROWTH ACROSS ALL OUR PRODUCTS




- Additions driven by solid broadband performance
- Video growth across our footprint

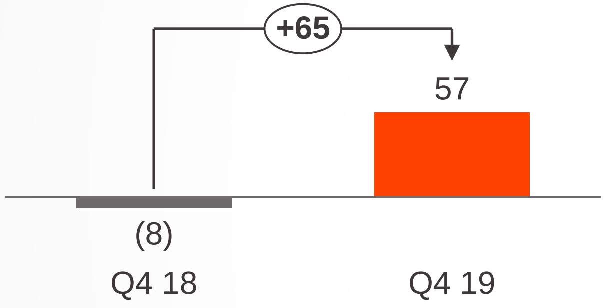
(1) See Appendix for definitions and additional information.

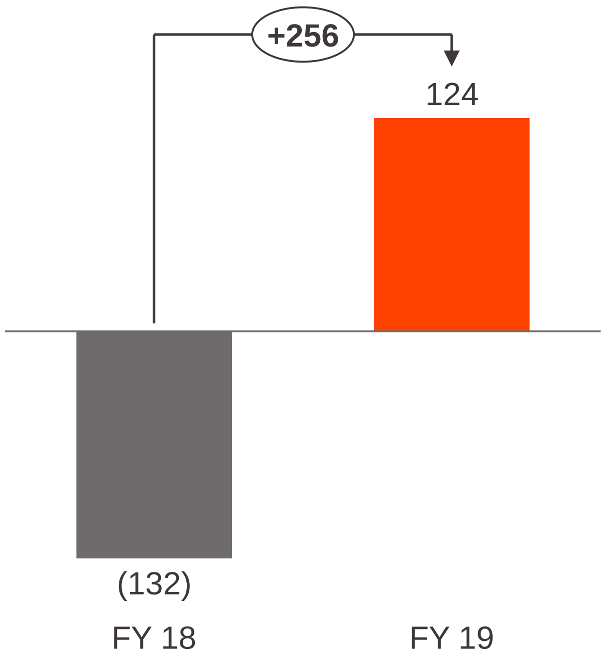
# MOBILE | SPEED LEADERSHIP IN MAJOR MARKETS[1]

## SIGNIFICANT IMPROVEMENT FOLLOWING REVAMPED PROPOSITIONS & NETWORK INVESTMENT

### MOBILE SUBSCRIBER EVOLUTION

MOBILE ADDITIONS – IN THOUSANDS

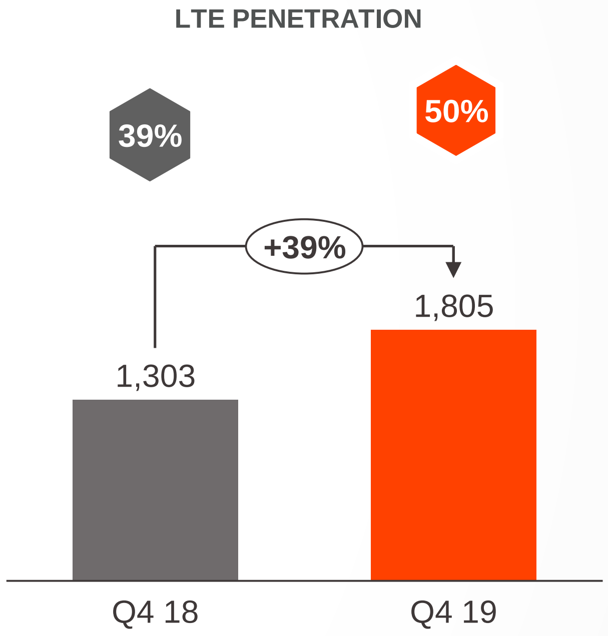



- Jamaica driving improvement at C&W with 139,000 subscriber additions in FY 19
- VTR delivered consistent subscriber growth, with +7% higher additions YoY

### LTE SUBSCRIBER GROWTH

LTE SUBSCRIBERS – IN THOUSANDS




- Expanding LTE subscriber base and increasing penetration

(1) See Appendix for definitions and additional information.

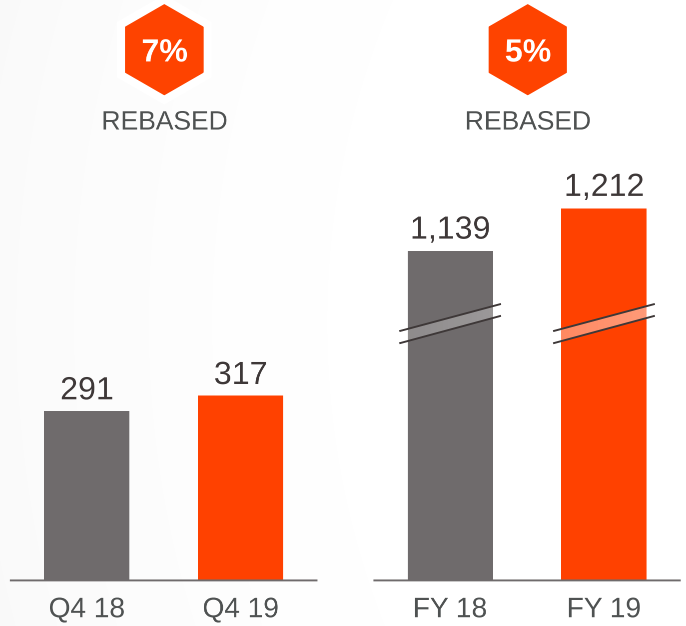
# B2B | LEVERAGING OUR UNIQUE NETWORK[1]

## RELIABLE & EXTENSIVE REGIONAL NETWORK CREATES B2B OPPORTUNITY

LIBERTY LATIN AMERICA

### B2B REVENUE MOMENTUM

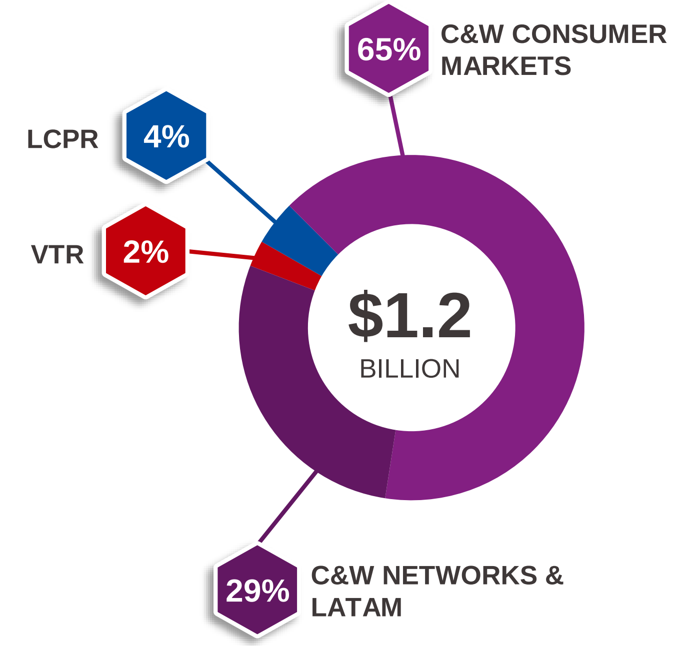
IN USD MILLIONS



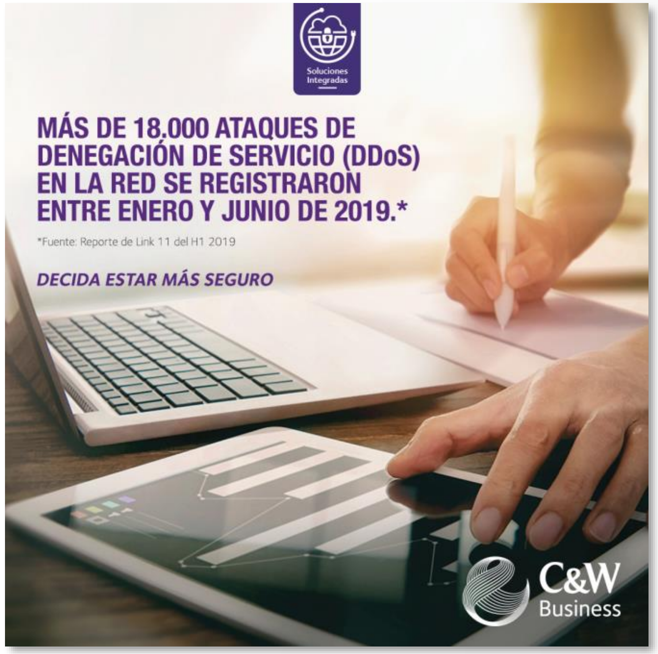

- Managed services a key focus area to drive growth over the medium term
- ~30% of LLA 2019 revenue; growing share of the business YoY

### UNDERWEIGHT IN KEY LLA MARKETS

FY 2019




- C&W markets have significant scale underpinned by strong networks
- Growth opportunity in LCPR and VTR





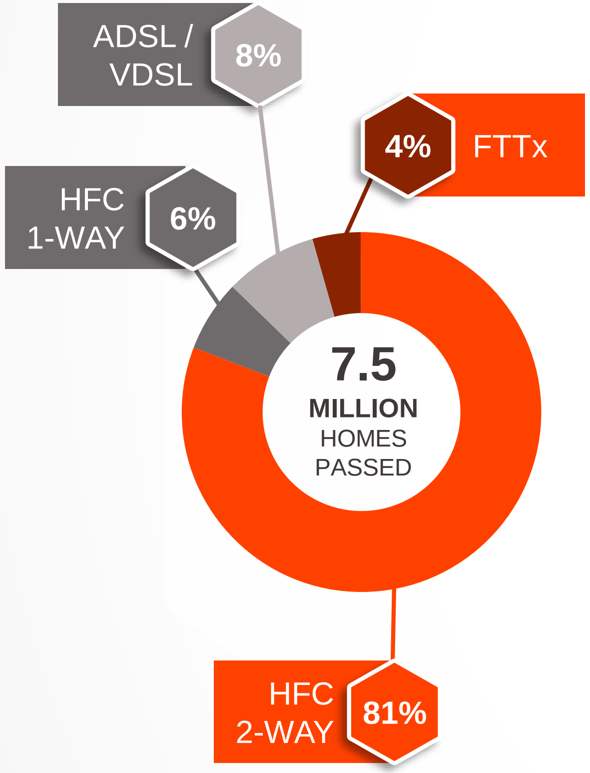
(1) See Appendix for definitions and additional information.

# NETWORKS & INNOVATION | OUR COMPETITIVE ADVANTAGE[1]

## DELIVERING A DIFFERENTIATED CUSTOMER EXPERIENCE

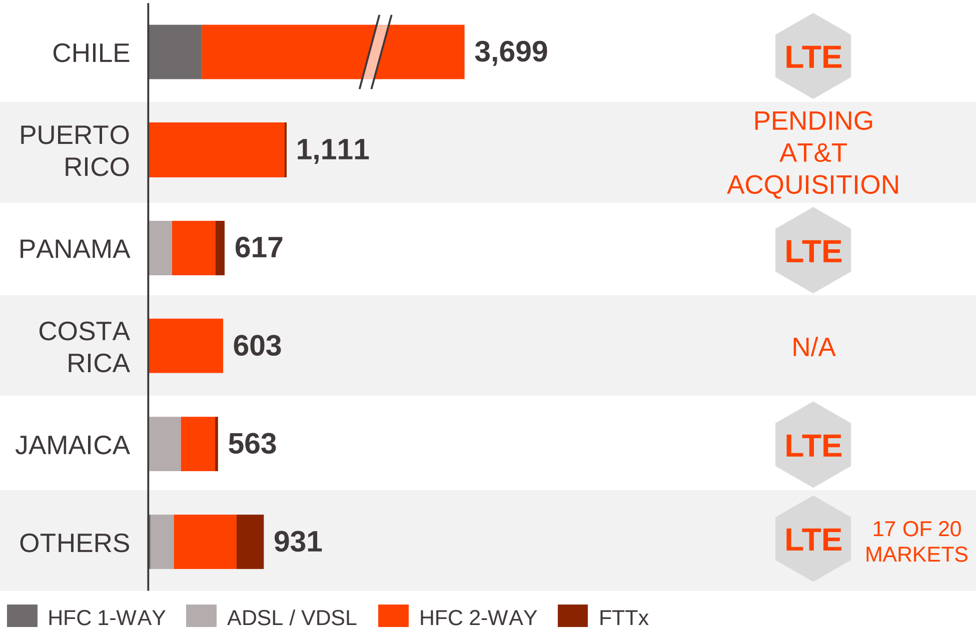
LIBERTY LATIN AMERICA

### DEPLOYING HIGH-SPEED TECHNOLOGY[2]




### EXPANDING OUR FOOTPRINT[3]

HOMES PASSED – IN THOUSANDS




### EXTENDING OUR LTE COVERAGE[4]

| | |
|---|---|
| CHILE | LTE |
| PUERTO RICO | PENDING AT&T ACQUISITION |
| PANAMA | LTE |
| COSTA RICA | N/A |
| JAMAICA | LTE |
| OTHERS | LTE 17 OF 20 MARKETS |

**>490k** HOMES PASSED / UPGRADED IN 2019

**>90%** LTE COVERAGE

### DRIVING INNOVATION


(1) See Appendix for definitions and additional information.
(2) As a percentage of total homes passed. Information as of December 31, 2019. Percentages do not total 100% due to rounding.
(3) Information as of December 31, 2019.
(4) Long Term Evolution standard. In Chile, LTE is provided through a Mobile Virtual Network Operator (MVNO) agreement.
Source: Company Information.

# OUR FOCUS ON OPERATIONS

## LEVERAGING SCALE & EXPERTISE TO DRIVE SUSTAINABLE ORGANIC GROWTH

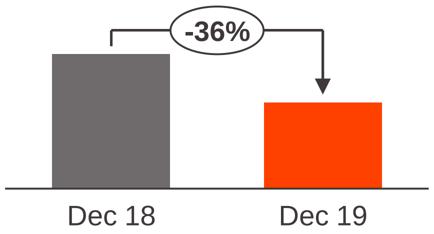
LIBERTY LATIN AMERICA

### PANAMA OPERATIONS CENTER DEVELOPING

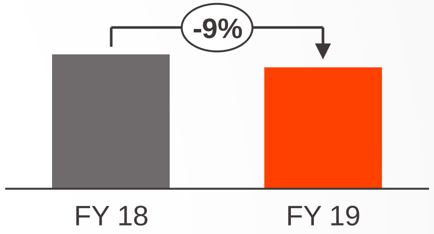
- Opened in July 2019
  - ~200 employees by end of 2020
  - Members of Executive Team relocated
- Central hub for non-customer facing functions:
  - Digital
  - Technology & Innovation
  - Finance
  - Human Resources

### OPERATIONAL IMPROVEMENTS

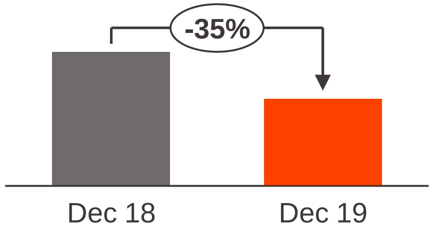
**MEAN TIME TO INSTALL**
(HOURS)



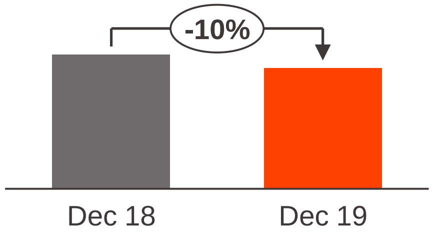

**INSTALL EARLY LIFE FAILURE**
(PERCENTAGE)




**MEAN TIME TO REPAIR**
(HOURS)




**TRUCK ROLLS**
(PER 1,000 RGUS/ MONTH)




- Delivered solid improvements across key operational metrics in all our major markets
- Systematic programs in place to monitor & improve customer impacting processes
- Deployment of digital technologies to enhance customer experience and reduce friction
- Transformation is a multi-year journey

# STRATEGIC VISION | UNLOCKING GROWTH OPPORTUNITIES

## SIGNIFICANT PROGRESS IN 2019, FOUNDATION FOR SUSTAINABLE FCF GROWTH

| STRATEGIC PRIORITIES | 2019 ACHIEVEMENTS | 2020 FOCUS AREAS |
|---|---|---|
| BUILD **OUR** TEAM | COMMON **VISION, PHILOSOPHY** & **PRINCIPLES** ESTABLISHED | **SCALE EXPERTISE** ACROSS THE REGION |
| DRIVE **OUR** PERFORMANCE | RECORD **RGU** GROWTH & **MOBILE** IMPROVEMENT GUIDANCE **MET OR EXCEEDED** | FOOTPRINT **EXPANSION**, **SPEED** LEADERSHIP & PRODUCT **INNOVATION** |
| TRANSFORM **OUR** BUSINESS | DRIVING **EFFICIENCIES** THROUGH SCALABLE MODEL | **PANAMA** OPERATIONS CENTER |
| GROW **OUR** COMPANY WITH M&A | **UTS** ACQUISITION & **SEYCHELLES** DISPOSAL CLOSED **AT&T PR & USVI** ACQUISITION ANNOUNCED | **AT&T** ACQUISITION COMPLETION & EFFECTIVE INTEGRATION |
| STRENGTHEN **OUR** BALANCE SHEET | C&W AND LCPR **REFINANCINGS** | **DISCIPLINED** CAPITAL ALLOCATION |


# AGENDA

01 | EXECUTIVE SUMMARY

**02 | FY 2019 RESULTS**

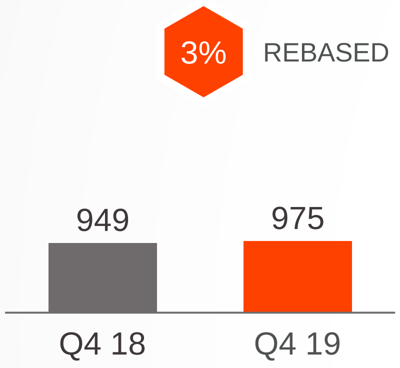
03 | APPENDIX

# Q4 & FY 2019 FINANCIAL RESULTS[1]

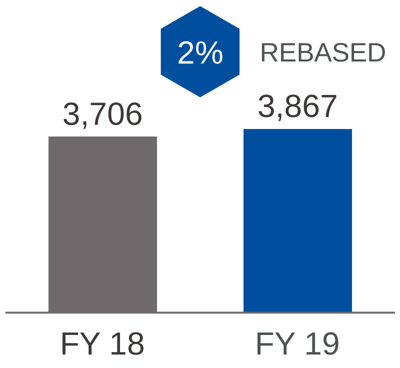
## DELIVERED 2019 GUIDANCE AND EXCEEDED ADJUSTED FCF TARGET

### REVENUE
IN USD MILLIONS

Q4

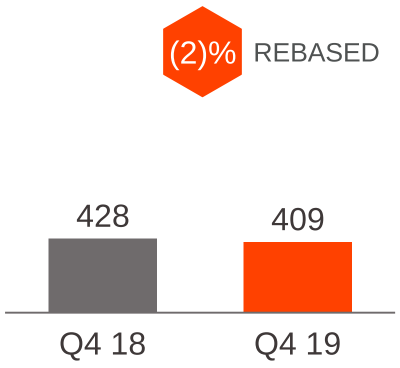



FY

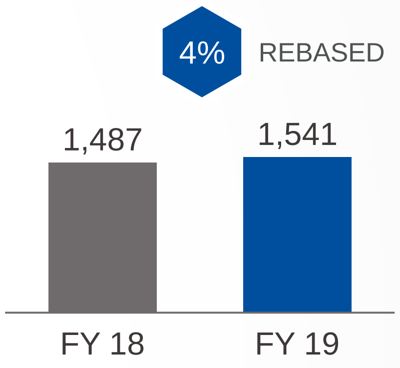



### OCF
IN USD MILLIONS

Q4

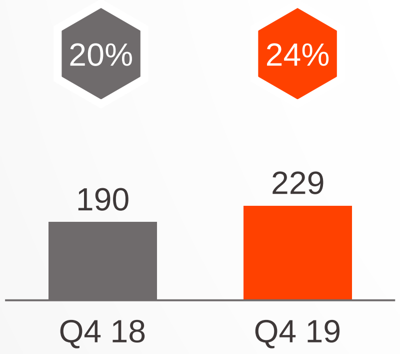



FY

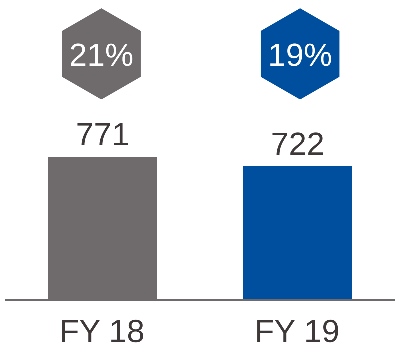



### P&E ADDITIONS
IN USD MILLIONS; AS % OF REVENUE

Q4

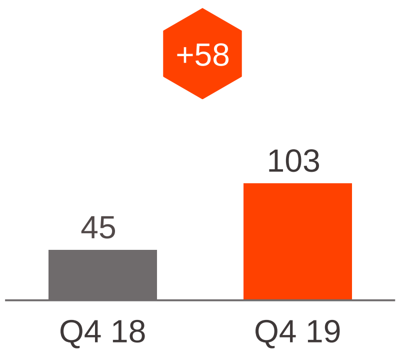



FY

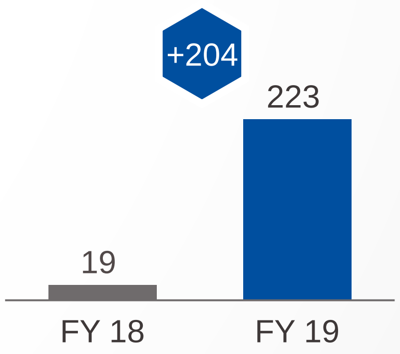



### ADJUSTED FCF
IN USD MILLIONS

Q4




FY




(1) See Appendix for definitions and additional information.

# Q4 & FY 2019 SEGMENT RESULTS(1)

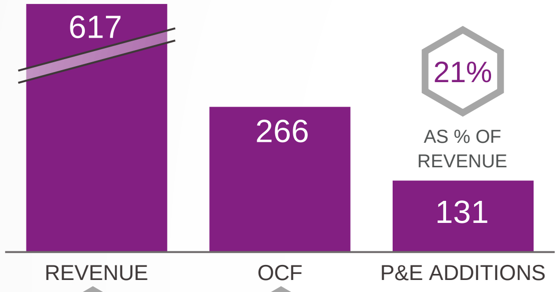
## C&W MOMENTUM, VTR/CT GROWTH AND STRONG LCPR RECOVERY

LIBERTY LATIN AMERICA

### C&W Communications

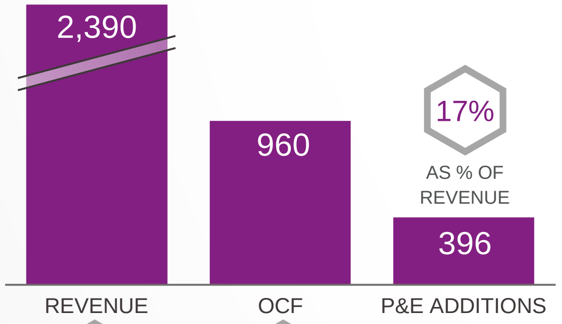
IN USD MILLIONS

#### Q4 2019 RESULTS




REBASED VS PY: REVENUE 3% | OCF 13%

#### FY 2019 RESULTS

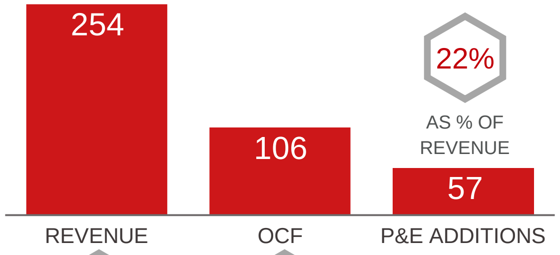



REBASED VS PY: REVENUE (0)% | OCF 4%

### vtr.com / CABLETICA

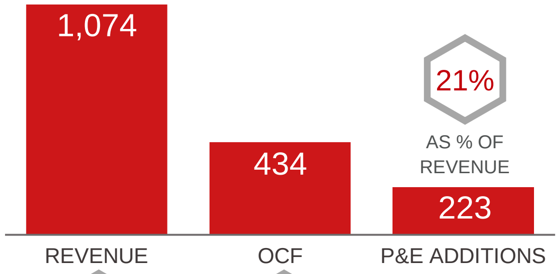
IN USD MILLIONS

#### Q4 2019 RESULTS




REVENUE 1% | OCF 6%

#### FY 2019 RESULTS

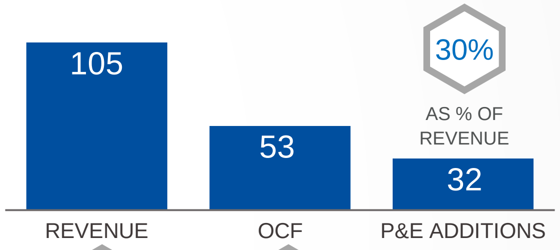



REVENUE 3% | OCF 5%

### Liberty

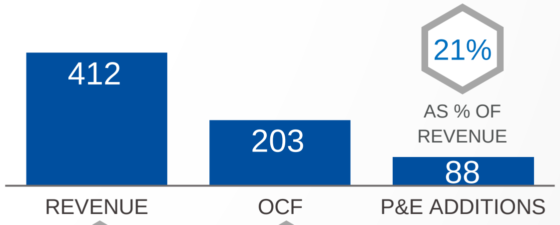
IN USD MILLIONS

#### Q4 2019 RESULTS




REVENUE 9% | OCF (43)%

#### FY 2019 RESULTS




REVENUE 20% | OCF 3%

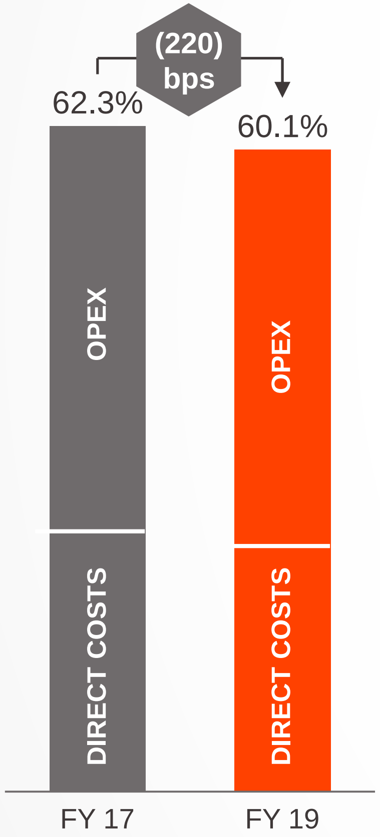
(1) See Appendix for definitions and additional information.

# EXECUTING EFFICIENCY STRATEGY: 2017-2019[(1)]

## OPERATING MODEL TRANSFORMATION UNDERPINS ADJUSTED FCF GROWTH OPPORTUNITY

### DIRECT COSTS[(2)] & OPEX

EXCLUDING SBC[(3)] AS % OF REVENUE




### OCF MARGIN

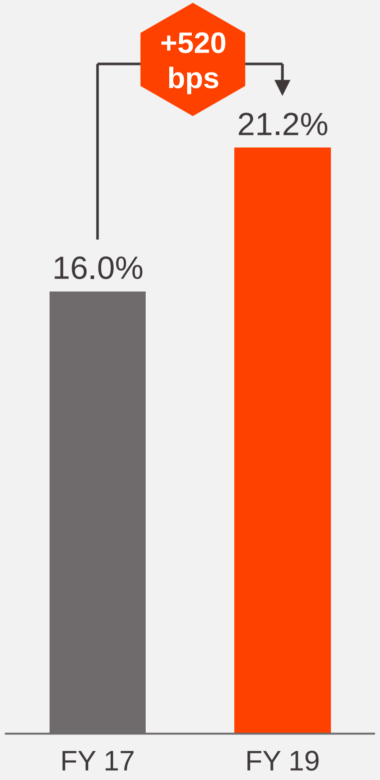
AS % OF REVENUE


### P&E ADDITIONS

AS % OF REVENUE


### OCF MINUS P&E ADDITIONS

AS % OF REVENUE





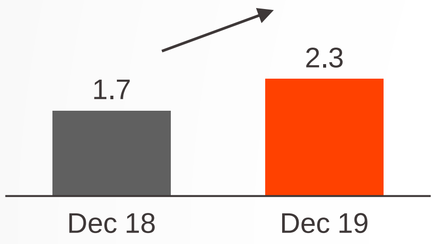
(1) See Appendix for definitions and additional information, including Opex.
(2) Programming & Other Direct Costs.
(3) Excludes share-based compensation of $14 million in 2017 and $58 million in 2019.

# BALANCE SHEET & FINANCIAL GUIDANCE

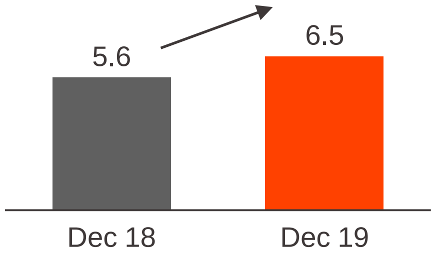
## SECURE FINANCIAL FOUNDATION FOR FURTHER OPERATIONAL EXPANSION

### IMPROVING BALANCE SHEET METRICS(1)

LIQUIDITY(2)
IN USD BILLIONS

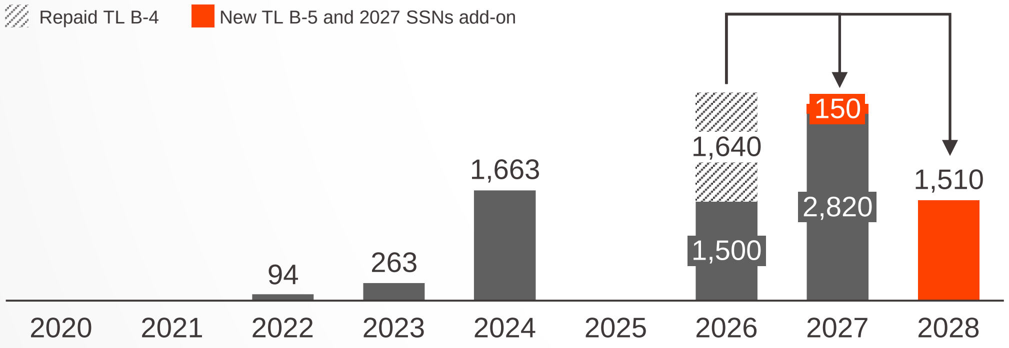



DEBT WEIGHTED AVERAGE LIFE
IN YEARS




### ADJUSTED(3) DEBT MATURITY SCHEDULE(4)

IN USD MILLIONS




### LLA FINANCIAL GUIDANCE

| | | 2019 | 2020 |
|---|---|---|---|
| 1 | OCF | ✓ | LOW TO MID SINGLE DIGIT REBASED GROWTH |
| 2 | P&E ADDITIONS | ✓ | ~18% OF REVENUE |
| 3 | ADJUSTED FCF | ✓ | ~$150 MILLION |

(1) As of December 31, 2018 and December 31, 2019, adjusted for the impacts of the C&W financing activities closed in January 2020.
(2) Liquidity refers to cash and cash equivalents plus the maximum undrawn commitments under subsidiary borrowing facilities, without regard to covenant compliance calculations.
(3) As of December 31, 2019, adjusted for the impacts of the C&W financing activities closed in January 2020.
(4) Excludes vendor financing and finance lease obligations and regional debt facilities.

# CONCLUSIONS(1)

## MULTIPLE LEVERS TO DRIVE VALUE

| | |
|---|---|
| 1 | **Delivering** our **targets;** 2019 guidance met or exceeded |
| 2 | **Innovating** products and services **for** our **customers** |
| 3 | **Driving scale** across LLA and **optimizing** business **practices** |
| 4 | **Completing** acquisition of AT&T assets and **begin integrating** in 2020 |
| 5 | **Allocating** capital **efficiently** for **stakeholder benefit** |


(1) See Appendix for definitions and additional information.

# AGENDA

01 | EXECUTIVE SUMMARY

02 | FY 2019 RESULTS

03 | **APPENDIX**

# DEFINITIONS AND ADDITIONAL INFORMATION

LIBERTY LATIN AMERICA

## HOMES PASSED

Homes, residential multiple dwelling units or commercial units that can be connected to our networks without materially extending the distribution plant, except for DTH homes. Certain of our homes passed counts are based on census data that can change based on either revisions to the data or from new census results. We do not count homes passed for DTH.

## INTERNET (BROADBAND) RGU

A home, residential multiple dwelling unit or commercial unit that receives internet services over our network.

## MOBILE SUBSCRIBERS

Our mobile subscriber count represents the number of active subscriber identification module ("SIM") cards in service rather than services provided. For example, if a mobile subscriber has both a data and voice plan on a smartphone this would equate to one mobile subscriber. Alternatively, a subscriber who has a voice and data plan for a mobile handset and a data plan for a laptop (via a dongle) would be counted as two mobile subscribers. Customers who do not pay a recurring monthly fee are excluded from our mobile telephony subscriber counts after periods of inactivity ranging from 30 to 60 days, based on industry standards within the respective country. In a number of countries, our mobile subscribers receive mobile services pursuant to prepaid contracts.

## OCF MARGIN

Calculated by dividing OCF by total revenue for the applicable period

## OPEX

As used on slide 14, Opex represents the sum of other operating expenses ($690.6 million and $664.7 million for the twelve months ended December 31, 2019 and 2017, respectively) and selling, general and administrative expenses ("SG&A") of ($803.3 million and $710.7 million for the twelve months ended December 31, 2019 and 2017, respectively) both as reflected in the consolidated statements of operations in our Form 10-K, less share-based compensation expense ($57.5 million and $14.2 million for the twelve months ended December 31, 2019 and 2017, respectively).

## REVENUE GENERATING UNIT ("RGU")

RGU is separately a video subscriber, internet subscriber or telephony subscriber. A home, residential multiple dwelling unit, or commercial unit may contain one or more RGUs. For example, if a residential customer in Chile subscribed to our video service, fixed-line telephony service and broadband internet service, the customer would constitute three RGUs. RGUs are generally counted on a unique premises basis such that a given premises does not count as more than one RGU for any given service. On the other hand, if an individual receives one of our services in two premises (e.g., a primary home and a vacation home), that individual will count as two RGUs for that service. Each bundled video, internet or telephony service is counted as a separate RGU regardless of the nature of any bundling discount or promotion. Non-paying subscribers are counted as subscribers during their free promotional service period. Some of these subscribers may choose to disconnect after their free service period. Services offered without charge on a long-term basis (e.g., VIP subscribers or free service to employees) generally are not counted as RGUs. We do not include subscriptions to mobile services in our externally reported RGU counts. In this regard, our RGU counts exclude our separately reported postpaid and prepaid mobile subscribers.

## TELEPHONY RGU

A home, residential multiple dwelling unit or commercial unit that receives voice services over our network. Telephony subscribers exclude mobile telephony subscribers.

## TWO-WAY HOMES PASSED

Homes passed by those sections of our networks that are technologically capable of providing two-way services, including video, internet and telephony services.

## U.S. GAAP

Generally accepted accounting principles in the United States.

## VIDEO RGU

A home, residential multiple dwelling unit or commercial unit that receives our video service over our network primarily via a digital video signal while subscribing to any recurring monthly service that requires the use of encryption-enabling technology. Video subscribers that are not counted on an EBU basis are generally counted on a unique premises basis. For example, a subscriber with one or more set-top boxes that receives our video service in one premises is generally counted as just one subscriber.

# DEFINITIONS AND ADDITIONAL INFORMATION

## INFORMATION ON REBASED GROWTH

For purposes of calculating rebased growth rates on a comparable basis for all businesses that we owned during 2019, we have adjusted our historical revenue and OCF to (i) include the pre-acquisition revenue and OCF of certain entities acquired during 2019 and 2018 in our rebased amounts for the three months and year ended December 31, 2018 to the same extent that the revenue and OCF of such entities are included in our results for the three months and year ended December 31, 2019, (ii) exclude the revenue and OCF of the Seychelles that was disposed of during 2019 from our rebased amounts for the three months and year ended December 31, 2018 to the same extent that the revenue and OCF of the Seychelles is not included in our results for the three months and year ended December 31, 2019 and (iii) reflect the translation of our rebased amounts for the three months and year ended December 31, 2018 at the applicable average foreign currency exchange rates that were used to translate our results for the three months and year ended December 31, 2019. We have included (i) Cabletica in the determination of our rebased revenue and OCF for the year ended December 31, 2018 and (ii) UTS in the determination of our rebased revenue and OCF for the three months and year ended December 31, 2018. We have reflected the revenue and OCF of the acquired entities in our 2018 rebased amounts based on what we believe to be the most reliable information that is currently available to us (generally pre-acquisition financial statements), as adjusted for the estimated effects of (a) any significant differences between U.S. GAAP and local generally accepted accounting principles, (b) any significant effects of acquisition accounting adjustments, (c) any significant differences between our accounting policies and those of the acquired entities and (d) other items we deem appropriate. We do not adjust pre-acquisition periods to eliminate nonrecurring items or to give retroactive effect to any changes in estimates that might be implemented during post-acquisition periods. As we did not own or operate the acquired businesses during the pre-acquisition periods, no assurance can be given that we have identified all adjustments necessary to present their revenue and OCF on a basis that is comparable to the corresponding post-acquisition amounts that are included in our historical results or that the pre-acquisition financial statements we have relied upon do not contain undetected errors. The adjustments reflected in our rebased amounts have not been prepared with a view towards complying with Article 11 of Regulation S-X. In addition, the rebased growth percentages are not necessarily indicative of the revenue and OCF that would have occurred if these transactions had occurred on the dates assumed for purposes of calculating our rebased amounts or the revenue and OCF that will occur in the future. The rebased growth percentages have been presented as a basis for assessing growth rates on a comparable basis, and are not presented as a measure of our pro forma financial performance. The following table provides adjustments made to the revenue and OCF amounts for the three months and year ended December 31, 2018 to derive our rebased growth rates. Due to rounding, certain rebased growth rate percentages may not recalculate. In addition, for purposes of computing rebased growth rates for our C&W and Liberty Puerto Rico segments, we have adjusted the historical revenue and OCF of these segments for the three months and year ended December 31, 2018 for the impact of the April 1, 2019 transfer of a small B2B operation in Puerto Rico from our C&W segment to our Liberty Puerto Rico segment. The amounts in the table below exclude the revenue and OCF of the transferred operation since such amounts eliminate in consolidation. These amounts were $3 million and $1 million, respectively, for the three months ended December 31, 2018 and $8 million and $2 million, respectively, for the year ended December 31, 2018.

| | Revenue | | OCF | |
|---|---|---|---|---|
| | **Three months ended December 31, 2018** | **Year ended December 31, 2018** | **Three months ended December 31, 2018** | **Year ended December 31, 2018** |
| | in millions | | | |
| Acquisitions | $ 34.3 | $ 195.3 | $ 7.6 | $ 52.0 |
| Disposal | (10.0) | (10.0) | (4.7) | (4.7) |
| Foreign currency | (29.3) | (112.8) | (12.2) | (43.9) |
| **Total** | **$ (5.0)** | **$ 72.5** | **$ (9.3)** | **$ 3.4** |

# OPERATING CASH FLOW AND OPERATING CASH FLOW MINUS P&E ADDITIONS DEFINITION AND RECONCILIATIONS

As used herein, OCF has the same meaning as the term "Adjusted OIBDA" that is referenced in our Form 10-K. OCF is the primary measure used by our chief operating decision maker to evaluate segment operating performance. OCF is also a key factor that is used by our internal decision makers to (i) determine how to allocate resources to segments and (ii) evaluate the effectiveness of our management for purposes of incentive compensation plans. As we use the term, OCF is defined as operating income or loss before depreciation and amortization, share-based compensation, provisions and provision releases related to significant litigation and impairment, restructuring and other operating items. Other operating items include (i) gains and losses on the disposition of long-lived assets, (ii) third-party costs directly associated with successful and unsuccessful acquisitions and dispositions, including legal, advisory and due diligence fees, as applicable, and (iii) other acquisition-related items, such as gains and losses on the settlement of contingent consideration. Our internal decision makers believe OCF is a meaningful measure because it represents a transparent view of our recurring operating performance that is unaffected by our capital structure and allows management to (i) readily view operating trends, (ii) perform analytical comparisons and benchmarking between segments and (iii) identify strategies to improve operating performance in the different countries in which we operate. We believe our OCF measure is useful to investors because it is one of the bases for comparing our performance with the performance of other companies in the same or similar industries, although our measure may not be directly comparable to similar measures used by other public companies. OCF should be viewed as a measure of operating performance that is a supplement to, and not a substitute for, operating income or loss, net earnings or loss, cash flow from operating activities and other U.S. GAAP measures of income or cash flows. A reconciliation of our operating income (loss) to total OCF is presented in the following table:

| | Three months ended | | Year ended | | |
|---|---|---|---|---|---|
| | December 31, 2018 | December 31, 2019 | December 31, 2017 | December 31, 2018 | December 31, 2019 |
| | in millions | | in millions | | |
| Operating income (loss) | $ (384.9) | $ 166.7 | $ (162.9) | $ (23.6) | $ 353.8 |
| Share-based compensation expense | 13.0 | 12.3 | 14.2 | 39.8 | 57.5 |
| Depreciation and amortization | 215.1 | 205.7 | 793.7 | 829.8 | 871.0 |
| Impairment, restructuring and other operating items, net | 585.1 | 23.8 | 707.6 | 640.5 | 259.1 |
| **Total OCF** | **$ 428.3** | **$ 408.5** | **$ 1,352.6** | **$ 1,486.5** | **$ 1,541.4** |
| P&E additions | 190.0 | 229.4 | 776.7 | 771.4 | 721.5 |
| **OCF minus P&E additions** | **$ 238.3** | **$ 179.1** | **$ 575.9** | **$ 715.1** | **$ 819.9** |

# ADJUSTED FREE CASH FLOW DEFINITION AND RECONCILIATIONS

We define Adjusted FCF as net cash provided by our operating activities, plus (i) cash payments for third-party costs directly associated with successful and unsuccessful acquisitions and dispositions, (ii) expenses financed by an intermediary, (iii) insurance recoveries related to damaged and destroyed property and equipment, and (iv) certain net interest payments (receipts) incurred or received, including associated derivative instrument payments and receipts, in advance of a significant acquisition, less (a) capital expenditures, (b) distributions to noncontrolling interest owners, (c) principal payments on amounts financed by vendors and intermediaries and (d) principal payments on finance leases. As a result of the pending acquisition of AT&T's operations in Puerto Rico and U.S. Virgin Islands (the AT&T Acquisition), we have changed the way we define adjusted free cash flow effective December 31, 2019 to adjust (i) for pre-acquisition interest incurred on the incremental debt issued in advance of the AT&T Acquisition, (ii) to exclude pre-acquisition interest earned related to the restricted cash associated with the AT&T Acquisition (the "AT&T Acquisition Restricted Cash" that will be used to fund a portion of the AT&T Acquisition) and (iii) the impact of associated pre-acquisition derivative contracts. As the debt was incurred directly as a result of the pending acquisition and will be supported by cash flows of the acquisition from the date of the closing, we believe this results in the most meaningful presentation of our Adjusted FCF. We believe that our presentation of Adjusted FCF provides useful information to our investors because this measure can be used to gauge our ability to service debt and fund new investment opportunities. Adjusted FCF should not be understood to represent our ability to fund discretionary amounts, as we have various mandatory and contractual obligations, including debt repayments, which are not deducted to arrive at this amount. Investors should view Adjusted FCF as a supplement to, and not a substitute for, U.S. GAAP measures of liquidity included in our consolidated statements of cash flows. The following table provides the reconciliation of our net cash provided by operating activities to Adjusted FCF for the indicated periods:

| | **Three months ended December 31,** | | **Year ended December 31,** | |
|---|---|---|---|---|
| | **2018** | **2019** | **2018** | **2019** |
| | in millions | | | |
| Net cash provided by operating activities | $ 208.1 | $ 327.8 | $ 816.8 | $ 918.2 |
| Cash payments for direct acquisition and disposition costs | 9.8 | 3.5 | 12.9 | 4.8 |
| Expenses financed by an intermediary(1) | 52.6 | 36.6 | 171.7 | 129.7 |
| Capital expenditures | (183.4) | (157.1) | (776.4) | (589.1) |
| Recovery on damaged or destroyed property and equipment | 20.7 | — | 20.7 | 33.9 |
| Distributions to noncontrolling interest owners | (2.9) | (35.1) | (22.7) | (37.7) |
| Principal payments on amounts financed by vendors and intermediaries | (58.6) | (68.1) | (196.5) | (224.5) |
| Pre-acquisition net interest payments (receipts)(2) | — | (3.5) | — | (3.5) |
| Principal payments on finance leases | (1.8) | (1.0) | (7.7) | (8.7) |
| **Adjusted FCF** | **$ 44.5** | **$ 103.1** | **$ 18.8** | **$ 223.1** |

(1) For purposes of our consolidated statements of cash flows, expenses, including value-added taxes, financed by an intermediary are treated as hypothetical operating cash outflows and hypothetical financing cash inflows when the expenses are incurred. When we pay the financing intermediary, we record financing cash outflows in our consolidated statements of cash flows. For purposes of our Adjusted FCF definition, we add back the hypothetical operating cash outflow when these financed expenses are incurred and deduct the financing cash outflows when we pay the financing intermediary.

(2) Amount represents interest received on the AT&T Acquisition Restricted Cash.