



MILLICOM
THE DIGITAL LIFESTYLE



Latin America performance review

| | |
|----|--------------------------|
| 46 | Regional overview |
| 47 | Latin America in figures |
| 48 | Colombia |
| 49 | Guatemala |
| 50 | Paraguay |
| 51 | Honduras |
| 52 | El Salvador |
| 53 | Bolivia |
| 54 | Costa Rica |

Latin America performance review

Regional overview

In 2016, Latin America contributed 86% of Millicom's Group revenue. We are a market leading Telecom provider in Colombia, El Salvador, Honduras, Guatemala, Nicaragua, Costa Rica, Bolivia and Paraguay.

Unlocking digital Latin America

In 2016, we had more than 32 million mobile customers of which 11.8 million are smartphone data users – 2.2 million more than at the end of 2015. We have now launched 4G in all our Latin American markets and our high-ARPU 4G customer base grew four-fold during the year, to more than 3.4 million. Our fiber-optic cables pass more than 8 million homes. Some 3.7 million people subscribe to our MFS services, and with 20 million smartphone subscribers, our smartphone penetration now sits at 62.5%.

Growth of mobile data revenue in LatAm was driven by the increase in the number of smartphone data users, and in particular by the rapid growth of our 4G customer base.

We saw continuing erosion of our Voice and SMS revenues in the region, reflecting the changing patterns of customer usage seen in mobile markets globally. This constrained growth of our total service revenue in LatAm in the year.

Total revenue in LatAm declined by -1.8% in 2016 on an organic basis, to US\$5,352 million. Service revenue declined by -0.2% year-on-year, to US\$4,966 million. The steeper fall in total revenue was due to lower handset sales revenue, mainly reflecting the proportion of lower value handsets in the mix, and fewer direct handset sales.

Delivering on our strategy, mobile data revenue grew organically by 22.7% to US\$1,221 million. Voice and SMS service revenue fell by 15.2% to US\$1,727 million.

We have increased investment in 4G and cable roll-outs and a focused IT transformation. Total cable service revenue grew by 7.4% year-on-year, with fixed B2B revenue increasing by 3.6% and cable home revenue growing by 9.7% organically in the year.

EBITDA in Latin America declined by -2.2% in the year, with the EBITDA margin of 38.5% slightly higher than in 2015.

Capital expenditure decreased by 17% in the full year to US\$867 million, compared to US\$1,045 million in 2015, again mainly reflecting the tighter focus of the investment program on core growth areas of HFC and 4G. Around 47% of this capital expenditure was invested in the fixed network and 39% in the mobile network.

Operating cash flow in Latin America in the full year grew by 3.3% year-on-year to US\$1,197 million.

Over the past year, market conditions have remained challenging in several mobile markets, particularly in Colombia, where macro-economic headwinds and continuing competitive pressures accelerated a decline in revenues. This significantly constrained our growth in the year, but we are holding to our principles of differentiation and customer experience to maintain a competitive position while maintaining price discipline, driving operational and Capex efficiency gains, and improving cash generation.

As a business, we are leaner and more efficient than ever. In the past year we have forged new strategic partnerships with major Digital Lifestyle players, such as Netflix, Deezer and Microsoft to give our customers an even better service across multiple platforms.

We believe Latin America is on the cusp of a digital explosion, which will give us tremendous new opportunities, and to maximize these opportunities, we focus on four key objectives: we invest in our network; we innovate digital services for our customers; we champion digital inclusion and responsibility; and we transform our business and the communities where we operate.



Our operations are leaner and more efficient than ever."

Latin America performance review – continued

Investment

We are building the digital infrastructure, home passes, network and data centers across all our countries. In our mobile markets, we now reach 40% 4G population coverage. At the same time we are also focused on operational leverage, reconfiguring our cost base to make our operations more efficient.

Innovation

Driving digital adoption requires an innovative approach. In El Salvador, for example, we have launched the “**All you can App**”. This is a totally new way of allowing mobile data consumption in a prepaid environment. We know that our customers don't really “buy” or “value” megabytes or “bits”, so we have simply given them unlimited use of the App or Apps of their choice, for a limited time and a fixed price. This is both an innovative approach and innovative pricing.

Innovation helps drive digital demand by enhancing our consumers' access to digital destinations.

Digital inclusion and responsibility

It is not just about digital highways and vehicles and innovative pricing and payment methods. It is also about digitally educating consumers about the benefits of the internet, as well as supporting knowledge building.

For instance, we have installed Telecentros or digital training centers in Paraguay targeted at future internet users. The project saw the deployment of 170 shipping containers, fully equipped with IT services and internet, to rural schools across the country. This has reached thousands of teachers and pupils, who will form a new generation of digitally-savvy users.

As an industry, we need to do more of this. And do more to ensure responsible digital behavior through child online protection efforts. And do more on transparency in data information – so that consumers increasingly trust our industry as the highway towards a digital economy.

Transformation

This immense transformation to a digital future in our societies also demands a transformation of us, the players, who are here to provide the infrastructure upon which digital societies and economies will be built.

There is no digital society or digital future without us operators. For all this, we must not forget that unlocking The Digital Lifestyle™ in Latin America requires a consolidated effort from all sectors; from the government and regulatory bodies to the private sector, digital industry and society itself.

Latin America in figures

| KPI ('000) | FY 2016 | FY 2015 | YOY change % ¹ |
|--------------------------------|---------|---------|---------------------------|
| Mobile customers | 32,004 | 32,585 | (1.8) |
| Of which mobile data customers | 13,719 | 12,038 | 14.0 |
| Of which 4G customers | 3,432 | 856 | 300.9 |
| Total homes passed | 8,119 | 7,632 | 6.4 |
| HFC homes passed | 7,152 | 6,375 | 12.2 |
| Cable – HFC RGU | 3,694 | 3,244 | 13.9 |

| Financial | FY 2016 | FY 2015 | YOY change % ¹ |
|--|---------|---------|---------------------------|
| Mobile ARPU (US\$) | 8.3 | 9.2 | (6.0) |
| Mobile data ARPU (US\$) | 8.2 | 7.9 | 8.8 |
| Residential cable ARPU (US\$) | 26.9 | 27.2 | 6.7 |
| Total revenue (US\$m) | 5,352 | 5,740 | (1.8) |
| Service revenue (US\$m) | 4,966 | 5,237 | (0.2) |
| Of which Mobile data service revenue (US\$m) | 1,221 | 1,035 | 22.7 |
| Of which cable service revenue (US\$m) | 1,572 | 1,578 | 7.4 |
| EBITDA (US\$m) | 2,063 | 2,204 | (2.2) |
| EBITDA margin (%) | 38.5 | 38.4 | 0.2pt |
| OCF ² (US\$m) | 1,197 | 1,158 | 3.3 |

¹ YOY change % represents organic growth. See Alternative Performance Measures (“APMs”) page 197.

² Capex excludes spectrum and license costs.

Latin America performance review – continued

Colombia



Cable revenue increased as we maintained the roll-out of our network.”

In our largest market, Colombia, the economy has been sluggish in 2016, whilst competition has intensified in the mobile market. Despite this, TigoUne has made solid progress.

We continued with our strong competitive position and strengthened our operational efficiencies despite these more difficult market conditions. Our mobile data leadership allowed us to partially offset the drop in mobile legacy service revenues and the aggressive price competition in the pre-paid mobile market.

More than one-third of our customers in Colombia are now mobile data users thanks to growing smartphone penetration, combined with innovative and effective mobile data offers. We have also seen strong growth in our 4G customers and our network now covers more than half the entire population (47 million).

Cable revenue also increased, as we continued the roll-out of our network. Customer connections included a substantial number of existing copper customers migrating to HFC as their homes were passed, as well as gaining new customers.

The growth in the number of double and triple-play customers continued, a momentum fuelled by our partnership with Netflix, offering content to customers on triple-play plans.

Our B2B services support many of the multinationals that use Colombia as their hub for the region.

As a significant employer in the country, we work with the Colombian government on a range of digital and corporate responsibility initiatives, including digital inclusion and smart city projects.

| | FY 2016 | FY 2015 | YOY change % ¹ |
|-------------------------|---------|---------|---------------------------|
| Mobile customers ('000) | 7,764 | 8,926 | (13.0) |
| Total revenue (US\$m) | 1,717 | 1,982 | (3.2) |
| Service revenue (US\$m) | 1,580 | 1,776 | (0.5) |
| EBITDA (US\$m) | 461 | 545 | (5.2) |
| EBITDA margin (%) | 26.9 | 27.5 | (0.6pt) |

¹ YOY change % represents organic growth. See Alternative Performance Measures (“APMs”) page 197.

Supplier capacity building

To promote responsible business practice more widely and to protect our reputation, we demand that our suppliers apply the same high ethical standards in their operations as we do. Following initial assessments of responsible business management of strategic suppliers in Colombia with EcoVadis, TigoUne engaged in 2016 with two suppliers to develop detailed improvement plans to address some concerns raised in the assessment. Both suppliers were able to address these and increase their EcoVadis sustainability performance ratings.



Read more about our responsible supply chain management approach and EcoVadis assessments on [page 78](#)



Latin America performance review – continued

Guatemala



Mobile data growth remained solid, with new 4G services launched during the year.”

Overall, the business delivered solid results in 2016, with mobile data growth and strong coverage expansion in 4G services.

Our operation in Guatemala is leading the way with mobile data usage, reaching revenue growth in this category of 35% ahead of the previous year. The Home business grew by

over 37% ahead of the previous year which, importantly, also contributed to EBITDA growth. We continue to invest in cable and today we have the largest HFC network in the country. In 2016, the launch of Tigo Play and the introduction of our Netflix-based promotion helped to support the multi-screen habits of our customers. The number of homes passed increased by 12.6% in 2016. Incoming international traffic has continued to decline, following a common trend across all the markets and, as a result, service revenues showed a shortfall of -1.7%.

Tigo Guatemala has focused on enhancing customer experience through initiatives such as launching digital self-service channels, on Capex investments to achieve and maintain the best data network and providing easy

and effective ways for customers to connect with our brand, such as new express support centers and Tigo stores.

Our MFS services grew 43.1% focused mainly on payment services and reaching more than 500,000 monthly users. Our B2B team continued to create new services for clients, including enhanced cloud and ICT solutions. The team held its third annual Tigo Business Forum in September 2016 with lively, informed debates regarding m-Commerce development.

Overall, the Company has been able to maintain good profitability and cash generation, with rigorous capital management. It continues to be focused on developing and retaining its talent, also winning a Great Places to Work award.

| | FY 2016 | FY 2015 | YOY change % ¹ |
|-------------------------|---------|---------|---------------------------|
| Mobile customers ('000) | 9,468 | 8,798 | 7.6 |
| Total revenue (US\$m) | 1,284 | 1,306 | (2.2) |
| Service revenue (US\$m) | 1,143 | 1,156 | (1.7) |
| EBITDA (US\$m) | 631 | 651 | (3.7) |
| EBITDA margin (%) | 49.2 | 49.9 | (0.7pt) |

¹ YOY change % represents organic growth. See Alternative Performance Measures (“APMs”) page 197.

Mobile monitoring system for schools

TIGO Guatemala through FUNDACION TIGO, in partnership with the Ministry of Education, has created an online platform to monitor absentee rates of children in specific schools or regions. Teachers are given mobile phones through which they record daily attendance of students. Information is sent to a centralized database that allows for analysis of the data.

The analysis can be accessed by principals, heads of school districts and the Ministry of Education. Through this tool the ministry can follow absenteeism, and can gain a better understanding of why the children are not in class. This helps more effective action to reach the Ministry's school attendance goals. For 2017, the aim is to have 273 schools included in the program, monitoring around 41,000 children's attendance.



Read more about our child online protection and digital inclusion programs [see pages 64, 80-83](#)

GSMA children's use of mobile devices

Research into how children use mobile devices and internet is rare in emerging markets. In 2016, Tigo published results of research conducted with GSMA, the international mobile trade association, on the use of mobile phones by children in Honduras. Results echo findings in Europe and feedback from children confirms some of the concerns of their parents.



- 90% of children obtain their first smartphone between the ages of 8 and 15
- 65% of parents said that keeping in contact with their children and possible emergencies are the main reason they provide their children with phones
- 37% of parents have not discussed with their children rules of usage of their phones, and though parental controls are considered important, they are not widely used (57% do not use parental controls)
- 67% of children make friends on social media with people they do not know in real life, and 43% have public profiles on social media



Read more about our work in child online protection [see pages 64-66](#) and [here](#)

Latin America performance review – continued

Paraguay

Growth and foreign exchange have been volatile due to the country's dependence on soya bean exports and strong commercial ties with its neighboring country Brazil.

We continued to improve our business performance, with 4.6% organic service revenue growth. Continuing 4G momentum, following its launch in April this year, drove strong growth in data usage, more than offsetting the decline in voice and SMS revenues.

The decrease in the total customer base mainly reflected the loss of very low ARPU pre-pay customers acquired during previous promotions, and had no impact on revenue growth.

The cable network build-out continued on track, with network penetration and higher RGU delivering strong cable revenue growth.

EBITDA in Paraguay increased by 3.6% on an organic basis and the EBITDA margin expanded, reflecting a strong focus on execution, both above and below the line. In July, we launched a downloadable App for smartphones to give our customers comprehensive access to our hugely popular Latin American, 24/7 sports channel.

Users of Tigo's Mobile Money wallet have grown 8.7% since last year and subscribers to our app grew at more than 5% per month.

Tigo Business Paraguay's first UPTIME Tier 3 certified data center was awarded "Best Modular Implementation" by Data Center Dynamics (DCD), a specialist data center magazine with a global reach.

As part of our global commitment to empowering women, we signed the GSMA's Connected Women Commitment Initiative in September – the first operator in Latin America to do so. Our goal is to increase the proportion of women using mobile internet and our Tigo Money savings products.



With its new data center, Tigo Business Paraguay will expand into business services such as co-location and cloud solutions to support its business clients"

Investing in success

Millicom is deploying and modernizing both fixed and mobile networks to fulfill the growing demand from Paraguayans to connect to the internet.

In 2016, Tigo Paraguay launched its first 4G services in the country, a new state of the art data center and acquired TV Cable Paraná, a cable platform in Ciudad del Este, Paraguay's second largest city. These investments further extend our cable footprint and grow our customer base across both consumer and business segments.

| | FY 2016 | FY 2015 | YOY change % ¹ |
|----------------------------------|---------|---------|---------------------------|
| MFS revenue growth (decline) (%) | (2.2) | | |
| Mobile customers ('000) | 3,635 | 3,936 | (7.6) |
| Total revenue (US\$m) | 623 | 673 | 1.3 |
| Service revenue (US\$m) | 583 | 610 | 4.6 |
| EBITDA (US\$m) | 289 | 305 | 3.6 |
| EBITDA margin (%) | 46.4 | 45.3 | 1.0pt |

¹ YOY change % represents organic growth. See Alternative Performance Measures ("APMs") page 197.

Program for high potential women

To improve gender diversity among senior management in Paraguay, the country management team created a dedicated leadership program for high potential women in the organization to help build the internal talent pool and empower more women to move to senior roles.

Since 2015, 51 women have participated in the program, which seeks to develop and promote leadership skills. In this program candidates have attended workshops on different topics, such as challenging stereotypes, increasing self-awareness, harnessing leadership skills, and work-life balance.



Read more about our approach to promoting gender diversity across our Group on pages 74-75



Latin America performance review – continued

Honduras



We will continue to invest, grow and collaborate to develop the sector, bring new technology and enhance digital opportunities for our customers and the community.”

Honduras continues to be a market full of opportunities. Tigo is the number one mobile operator and the second largest cable and TV broadband provider in the country. This year Tigo Honduras celebrated its 20th anniversary.

Tigo Star had a 25.6% growth in revenues along with an increase of approximately 15% in its Home Passes. The Smartphone Data User base went up 33.6% and 4G Smartphone Users reached a 784% increase versus last year.

The market is seeing a strong shift in user habits as more consumers migrate to online and on demand content.

The B2B Market has had moderate activity. Some key segments such as Government projects have been impacted by reduced funding or cancellations, despite a positive outlook in macro-economic figures.

Great progress was made in rolling out the fixed network, reaching more new cities and home passes.

Honduras has an active MFS market which has continued to grow revenues as well as wallet and app users. MFS will also support a new agreement with the World Food Program to more efficiently deliver economic aid for more than 116,000 families within the country.

Tigo has been particularly active in important social activities such as child online protection. In October, we hosted First Lady of Honduras Ana Garcia de Hernandez, Plan International, the Lady Lee Foundation, the GSMA, ICMEC and other leading organizations to jointly promote child online protection in a summit that was widely reported on national TV.

Also in October, Tigo volunteers completed their second term of school visits across the country to promote awareness of cyberbullying amongst young students, under the campaign hashtag **#NoAlCyberbullying**.

| | FY 2016 | FY 2015 | YOY change % ¹ |
|-------------------------|---------|---------|---------------------------|
| Mobile customers ('000) | 4,848 | 4,846 | 0.0 |
| Total revenue (US\$m) | 609 | 649 | (2.5) |
| Service revenue (US\$m) | 585 | 617 | (1.3) |
| EBITDA (US\$m) | 256 | 274 | (2.6) |
| EBITDA margin (%) | 42.1 | 42.2 | (0.1pt) |

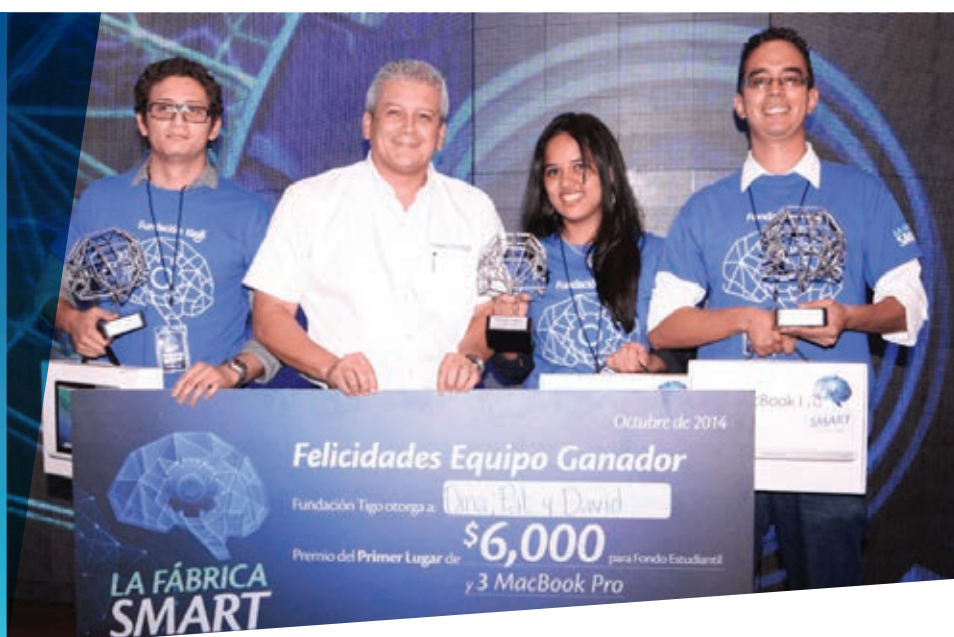
¹ YOY change % represents organic growth. See Alternative Performance Measures (“APMs”) page 197.

La Fábrica Smart

Tigo launched “La Fábrica Smart”, an innovation contest and the first of its kind in Honduras, where university students compete in the development of new technology solutions and services. In its first edition, in 2014, participants were challenged to develop mobile apps related to education, environment, and health.

The winning mobile apps were made available in Google Play and iOS stores.

Now in its third year, contestants in 2016 were challenged to construct drones with the aim of promoting the development of robotics and automation in the country.



Latin America performance review – continued

El Salvador

El Salvador has delivered solid results. The operation has been challenged by weak economic conditions and a regulatory and political landscape that included mandatory signal blocking since April 2016 around prisons and some urban areas.

Alongside the introduction of a number of additional security taxes, we have seen encouraging growth in the number of smartphones and mobile data users, delivering 12.6% on data revenues.

We now have 3.2 million mobile subscribers in the country, 8.6% up compared to 2015.

In our Home business, we have connected 9.3% more homes than we did in 2015. Cable & Digital revenue is up 6.7% compared to 2015. Home revenue is up 7.7% compared to 2015.

We also continue to improve operating efficiency alongside investing in improving the network infrastructure and we announced that 4G will be rolled out to customers in El Salvador during 2017.

| | FY 2016 | FY 2015 | YOY change % ¹ |
|-------------------------|---------|---------|---------------------------|
| Mobile data growth (%) | 12.6 | | |
| Home revenue growth (%) | 7.7 | | |
| Mobile customers ('000) | 3,213 | 2,958 | 8.6 |
| Total revenue (US\$m) | 426 | 450 | (5.3) |
| Service revenue (US\$m) | 400 | 420 | (4.7) |
| EBITDA (US\$m) | 148 | 169 | (12.3) |
| EBITDA margin (%) | 34.7 | 37.5 | (2.8pt) |

¹ YOY change % represents organic growth. See Alternative Performance Measures ("APMs") page 197.

El Salvador's 4G roll out

Tigo El Salvador has begun the roll out of 4G LTE technology around the country.

The new infrastructure investment underlines Tigo's commitment to meet growing demand in El Salvador for mobile data, new Apps and online services.

 [Read more here](#)



Building a better future for home and at school

Tigo El Salvador has taken a lead in developing two ground-breaking employee volunteering programs.

Our "Adopt a School" project consists of rebuilding or refurbishing a school, with Tigo employees undertaking volunteering activities to make the schools operational.

We also signed a new memorandum of understanding with TECHO and SolucionES to benefit the Tiguapa Norte community, by building eight houses and the refurbishing of a digital center. The digital center will serve children and offer them ICT programs and courses. Tigo will contribute to the project both financially and with volunteering activities.

Karla Rivas, Tigo El Salvador Corporate Responsibility Director, says: "The volunteering program has improved the workplace environment, with better integrated, more motivated and happier employees".

Throughout the three months that we ran the program in 2016, 2,075 volunteering hours have been recorded, seven schools were helped and four houses built.



El Salvador has the opportunity to be a strong digital force in Latin America and we want to progress connectivity and enable greater access to the internet."

Latin America performance review – continued

Bolivia

Our operation delivered a strong 2016, with overall service revenues 3% ahead of the previous year.


Mobile Data revenue increased 32.9% on the previous year, driven mainly by the roll-out of our 4G network, with around 43% of smartphone data users already using our 4G services. Mobile Data ARPU increased 19%.

The Home business maintains double digit growth of 31% and has positioned itself as the main cable provider in Bolivia. The B2B Fixed business tripled its customer base, reaching more than 900 customers, delivering revenue growth of 25.6%. Cable & Digital revenue growth was 29%. Tigo Money is proving a huge success and this year we have opened the ecosystem to enable customers to use the service across providers.

EBITDA increased by 9% on an organic basis, reflecting a significant reduction in operating costs as well as strong service revenue growth in our key revenue streams: Data, Fixed and MFS.

Mobile money and banks in partnership

Bolivia has launched new online banking services enabling customers to transfer and receive money from a wider banking community via Tigo Money, simplifying their transactions and saving time.

 [Read more here](#)



The roll-out of 4G in Bolivia is generating significantly increasing data traffic.”

| | FY 2016 | FY 2015 | YOY change % ¹ |
|-------------------------|---------|---------|---------------------------|
| Mobile customers ('000) | 3,076 | 3,121 | (1.4) |
| Total revenue (US\$m) | 542 | 531 | 2.1 |
| Service revenue (US\$m) | 525 | 511 | 2.7 |
| EBITDA (US\$m) | 214 | 197 | 9.0 |
| EBITDA margin (%) | 39.5 | 37.0 | 2.5pt |

¹ YOY change % represents organic growth. See Alternative Performance Measures (“APMs”) page 197.

Digital classrooms to enable children with disabilities to communicate

In Bolivia, as part of our wider program to work with people with disabilities, we have developed a “Digital Classrooms” project. We have opened 20 classrooms specifically designed for children with disabilities to communicate and learn through digital tools.

The room will allow them to accelerate their social integration by having equal access to and benefits of digital technology. Today we have over 2,000 beneficiaries of the Digital Classroom program.

Tigo Bolivia is also leading the way in building inclusive operations, with its customer service employees undertaking training in sign language.



Latin America performance review – continued

Costa Rica



Helping our customers interact easily with the brand and driving efficiencies were key goals in 2016.”

Tigo maintains a solid position as Costa Rica's leading PayTV operator where our DTH product grew by 40% to more than 50,000 subscribers.

Revenue in the business segment grew by 5.4% with EBITDA margins remaining strong at 43%.

We connected 250,000 homes, with 610,000 passed.

This year the focus has been on accelerating digital TV and DTH and continuing to grow broadband penetration, with more customers buying home bundles.

Helping our customers interact easily with the brand and driving efficiencies were key goals in 2016 and new services such as a self-service app and paperless sales processes are continuing to orientate the business in this direction.

Tigo Costa Rica is pioneering an internal poverty assistance program which identifies employees with socio-economic vulnerabilities and creates strategies to assist them. To date 175 people were engaged, and 37 were supported in gaining a formal high school qualification.

| | FY 2016 | FY 2015 | YOY change % ¹ |
|-------------------------|---------|---------|---------------------------|
| Mobile customers ('000) | N/A | N/A | |
| Total revenue (US\$m) | 153 | 151 | 3.1 |
| Service revenue (US\$m) | 151 | 150 | 2.8 |
| EBITDA (US\$m) | 58 | 58 | 1.5 |
| EBITDA margin (%) | 37.7 | 38.3 | (0.6pt) |

¹ YOY change % represents organic growth. See Alternative Performance Measures (“APMs”) page 197.

Promoting diversity

In 2016, Tigo Costa Rica joined a number of leading companies in the country to sign the Declaration of San Jose, in which we commit to ensuring that we have a workspace free of discrimination towards the LGBTI community.

Our human resources department was given a training session by the NGO AED with support from the Canadian Embassy on best practices. A toolkit to help the recruitment process of LGBTI individuals has also been produced and is in use.

Read more about our work on diversity [see pages 74-75](#)



Creador del Cambio Digital

In Costa Rica, Tigo launched the program “Creador del Cambio Digital” (Tigo Digital Changemaker). A program developed jointly with a local financial institution (Coopeservidores) that invites people to present ideas on how digital tools can solve social and environmental challenges.

The winning entrepreneurs have support from the University of Costa Rica to implement their projects.

Read more about our work on social investment [see pages 80-83](#)



Africa performance review

| | |
|----|-------------------|
| 56 | Regional overview |
| 56 | Africa in figures |
| 58 | Tanzania |
| 58 | Chad |
| 59 | Other markets |

Africa performance review

Regional overview

In Africa, we operate in five countries where we capture almost 14% of Millicom's annual revenue. Following the disposal of our Democratic Republic of Congo market in early 2016, these countries are Tanzania, Chad, Ghana, Rwanda and Senegal. We see our role as delivering connectivity and access. Mobile operators are even more important here than in other parts of the world because fixed line penetration is very low.

We serve some 25.4 million customers and our core strategy revolves around the principles of accelerating and growing mobile data, B2B and fintech.

During the course of 2016, Africa has delivered on its strategy to accelerate growth. We remain focused on improving the all-round performance of our African operations, growing service revenue, expanding EBITDA margins, controlling capital expenditure and delivering positive operating cash flow (EBITDA less capital expenditure). African EBITDA of US\$258 million increased by 47%, on revenue of US\$896 million, up 14%.

This strong performance was fueled by an increase in mobile data revenues and usage. We added 1.4m mobile data users in the year, bringing the total to 6.9m.

Our burgeoning B2B service, has also driven growth. We have signed some significant contracts with clients including large corporations, embassies and governments seeking to digitize their services. We have reinvigorated our dedicated B2B routes to market, and expanded our channel capacity in account management and sales agents to talk to B2B customers. We have seen excellent results and a 40% growth year on year. During the year we have also invested in data centers in Senegal and Chad to service Tigo's internal needs and those of external business clients seeking secure robust data services.

MFS was also a major contributor to growth, with the number of subscribers at eight million – up 18.4% on last year.

During the first half of 2016, we focused on transforming the cost base of all the African operations, ensuring that we have an efficient, sustainable operational platform with the right people, the right products and the right channels working effectively to drive revenue.

In previous years, we have made significant investments in the network to grow coverage and improve quality and speed, with a clear focus on the data business. This year, we aimed to capitalize on our investments and focus on maximizing utilization of the network and growing our customer base. Therefore our capital investment was lower in 2016 than in previous years.

Our work empowering people and promoting social and financial inclusion is particularly relevant in Africa. For example, all of Millicom's operations in Africa led the way in committing to the GSMA's Connected Women Commitment Initiative. As part of the commitment, the Africa operations are working to increase the proportion of their female customers using services such as Mobile Money. Tigo Chad has also committed to increase the proportion of female customers using mobile internet.

Africa in figures

| KPI ('000) | FY 2016 | FY 2015 | YOY change % ¹ |
|-------------------|---------|---------|---------------------------|
| Mobile customers | 25,407 | 30,002 | (15.3) |
| Of which: | | | |
| Chad | 3,132 | 2,981 | 5.1 |
| DRC | — | 5,321 | (100.0) |
| Ghana | 3,933 | 4,086 | (3.8) |
| Rwanda | 2,966 | 2,775 | 6.9 |
| Senegal | 3,646 | 3,039 | 20.0 |
| Tanzania | 10,743 | 10,430 | 3.0 |
| Zantel (Tanzania) | 988 | 1,371 | (28.0) |
| MFS customers | 8,078 | 7,560 | 6.9 |

| Financial | FY 2016 | FY 2015 | YOY change % ¹ |
|----------------------------|---------|---------|---------------------------|
| Mobile ARPU (US\$) | 2.5 | 2.7 | (0.5) |
| MFS ARPU (US\$) | 1.1 | 1.2 | 3.4 |
| Total revenue (US\$m) | 896 | 829 | 14.3 |
| Service revenue (US\$m) | 889 | 816 | 15.2 |
| EBITDA (US\$m) | 258 | 184 | 47.2 |
| EBITDA margin (%) | 28.7 | 22.1 | 6.6pt |
| Capex ² (US\$m) | 160 | 218 | (27.2) |

¹ YOY change % represents organic growth. See Alternative Performance Measures ("APMs") page 197.

² Capex excludes spectrum and license costs.

Africa performance review – continued



Child birth registration: Tigo Ghana featured at UN General Assembly

UNICEF estimate that more than 50 million children are born into invisibility each year and that 230 million children under the age of five have not been officially registered. This is despite numerous international treaties calling for the rights of such children to be recognized.

In addition to establishing a child's identity, birth registration acts as an enabler for a multitude of development outcomes including access to healthcare, education and social protection. Mobile technology has an increasingly important role to play in speeding up progress with birth registration and the provision of unique identities to the most underserved, especially in sub-Saharan Africa.

In Tanzania only 13% of children under five years own a birth certificate. That is why in Tanzania, Tigo partnered with The Registration Insolvency and Trusteeship Agency (RITA) and UNICEF to create and develop a mobile birth registration system which aims to scale up birth registration for young children. The application that Tigo developed and deployed is designed to work with even the most basic feature phones.

Since the first launch in the Mbeya region, the program has been extended to four other regions, designed further new android App functionality and has issued birth certificates to over 780,000 children under five years. Plans are underway to reach ten regions in Tanzania.

Following this success, the program has been replicated in other countries and this year Tigo, UNICEF, Ghana and the Births and Deaths Registry were recognized at the United Nations General Assembly. The app was featured in a video and presentation to the audience, which included Ghana's former president, John Dramani Mahama.

 Read more about our work on child protection on pages 64-66

Watch our work on child birth registration [here](#)

Africa performance review – continued

Tanzania

Tanzania is our biggest market where Tigo is the market leader in terms of subscribers. Millicom-owned Zantel is also the leading brand in Zanzibar. Our main focus this year has been to improve the data experience for our customers and to enhance our network, providing faster and better ways of connecting and accessing mobile data.

Tigo has a total of 11.7 million customers. Tigo now has a 4G network in every region of the country, the first operator to do so, giving customers greater speed and online access.

Tigo continued to encourage smartphone penetration, offering attractive promotions for data users such as WhatsApp and YouTube bundles.

Tigo Tanzania is a leader in MFS and in 2016 became the first operator in the world to offer interoperability with all other major operators. Indeed, a recent report by the World Bank named Tanzania as a world leader in Mobile Financial Services and Tigo Tanzania's mobile transfer service was accredited for being a large part of this accomplishment.

Following the acquisition of an 85% stake in Zantel in 2015, our market share has grown strongly in Zanzibar. Our customers have benefited from the roll-out of high-speed 4G services and brand strength has improved along with greater cost efficiencies. It has also delivered a new income stream from wholesale data delivery.



Tigo now has a 4G network in every region of Tanzania.”

Connecting education

As part of our commitment to digital inclusion and enabling a more connected world, Tigo Tanzania donated computers to secondary schools in Masasi, Tandahimba and Sino. These computers will provide students with online access, enabling them to learn more about search tools, technology, and online security.

In addition we supplied vital laboratory equipment to Chato Secondary School in Geita region.

In support of the government's effort to offset the existing countrywide shortage of desks in primary schools, we also donated 1,250 desks countrywide.



Read more about our social investment projects on pages 80-83

Chad

Chad had a good performance this year. Revenue grew by 10.1% year on year. The subscriber base increased slightly on last year by 5% to reach over 3 million subscribers and mobile data continued to experience strong momentum through the extension of 4G to the whole of N'Djamena. EBITDA also grew by 71%.

In 2016, we delivered on our objective of tapping into opportunities in the B2B sector and launched new B2B services. We also opened Chad's first state-of-the-art data center, part of our strategy of continued investment and expansion of infrastructure in the region. To ensure a high quality, safe environment for our people we also moved to a new HQ building in N'Djamena.

This year we also continued to ensure a quality, robust network for all our customers.



in 2016, we opened Chad's first state-of-the-art data center.”



MFS boosts digital trade

In Chad, most people contribute to at least one “Paare” or savings group. To meet the needs of savings groups across the country and especially those living in rural areas, we have designed Tigo Paare.

Tigo Paare helps groups send cash to family members, purchase products and trade digitally. It has quickly become a useful platform for connecting large groups with distant or roaming members.

Tigo Paare has been highly successful and is now supporting over 53,000 groups including farmers, such as Chad's cotton cooperatives, and healthcare mutual funds.

In particular, the solution is supporting women entrepreneurs such as the Women's Association of Fish Sellers through secure membership payment to the association. More than 600 members have benefited from advice and financial training.

Africa performance review – continued

Other markets

Revenue grew 12% in our other markets, Ghana, Rwanda and Senegal, where we continued to focus on growing our customer base, especially data customers to ensure we fully utilize our networks.

We registered more than 645,000 new mobile customers in these markets. We have focused on attracting higher value customers with dedicated services and this has delivered good growth in mobile data users, up 24%.

In Rwanda, we are democratizing access to data and services by cutting data fees to allow roaming for internet users and introducing the option to pay for smartphones in installments.

In Ghana, we pioneered the industry's first product and services in international Buy-Airtime.

Across all the markets our strategy to tap into the high potential B2B market is also delivering good results. In Ghana, for example, we launched roadshows to assist small and medium-sized businesses with their development.

In Senegal, we are supporting the government in its plan to transform the country into a hub of information and communication technologies with another state-of-the-art data center.

Payment solution for agriculture to improve tea farmers' lives

Tigo Rwanda launched the "Tigo payment solution for agriculture" platform increasing the financial and digital inclusion of over 10,000 tea farmers in two tea plantations located in Mulindin and Rusizi district.

The platform simplifies and improves the communication and banking arrangements of the local farmers. Tigo is also supporting the farmers to discover further benefits of internet-enabled devices.



Watch more on the project here



Tigo digital literacy bus

Tigo Senegal organized a "digital bus" which traveled through the country to give people the opportunity to learn how to use the internet. Access to the bus is free and a qualified team advises visitors on how to use the internet and discover the opportunities of the digital world.

A fruit trader in Mbour in the east of the country said: "I thank Tigo for allowing me to open my first Facebook account. The Tigo agent showed me how it worked and helped me to post my first picture. I have used this opportunity to buy a smartphone." More than 25,000 people visited the bus and got connected for free to the internet via Tigo network.