Millicom International Cellular S.A.[i]

Q3 Highlights

- Total revenue of $1.6 billion; organic service revenue down 0.2% year-on-year [ii]
- Adjusted EBITDA [iii] of $562 million; organic growth of 4.0% [ii]
- EBITDA margin focus and capex discipline delivered improved cash flow margins
- Latin America businesses delivered further strong growth in cable and mobile data:
    - HFC network expanded by 180,000 homes passed; total cable homes passed of 7.915 million
    - Added 679,000 4G users; total of 12.3 million mobile data customers;
    - Almost 50% of Group service revenue now generated by cable and Latam mobile data.
- Africa businesses delivered 11.2% organic service revenue growth [i] with an EBITDA margin of 28.5%

Key financial indicators

$m	Q3 2016	Q3 2015	% change
Revenue	**1,555**	1,600	(2.8%)
Organic growth	*(2.0%)*	*(7.2%)*	
Service revenue	**1,466**	1,481	(1.0%)
Organic growth	*(0.2%)*	*5.8%*	
Adjusted EBITDA	**562**	547	2.7%
Organic growth	*4.0%*	*7.6%*	
Adjusted EBITDA margin	*36.1%*	*34.2%*	
Capex [iv]	**214**	346	(38.1%)
Net debt	**4,152**	4,268	(2.7%)

Millicom Chief Executive Mauricio Ramos commented:

"Our absolute strategic focus is a two-fold reconfiguration of our business. Firstly, we are driving rapid growth in mobile data and expanding the cable footprint, to reconfigure our revenue mix towards these high growth segments as voice and SMS revenues weaken further. Second, we are reconfiguring the cost structure of the business, by enhancing our operational efficiency.

In the third quarter we made further progress in this transformation. In cable we built 180 thousand HFC homes, converting 54 thousand copper homes and adding 126 thousand new homes. Our total footprint is now close to our year-end target of 8.0 million homes passed and penetration of homes passed remain firmly on track. In mobile we drove smartphone penetration deeper into the customer base, expanded our 4G networks and added 679 thousand 4G users in Latam, delivering the superior experience and higher value services that our customers want. Mobile data customers increased to 33.2% of our total mobile base and data ARPU continued to grow in the quarter.

Market conditions remain very challenging in several mobile markets, particularly in Colombia, our largest market, where macro-economic headwinds and continuing competitive pressures accelerated the decline in voice and SMS revenues. This significantly constrained our growth in the quarter but we are holding our price discipline, driving operational and capex efficiency gains and improving cash generation. Reflecting these changes our adjusted EBITDA margin improved to 36.1%."

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[i] The financial information presented in this earnings release is with Guatemala (55% owned) & Honduras (66.7% owned) as if fully consolidated. See page 17 for reconciliation with IFRS numbers. The comparative 2015 financial information in this earnings release has been re-presented as a result of the classification of our operations in DRC as discontinued operations (in accordance with IFRS 5).
ii Organic growth represents year-on year-growth in local currency (includes regulatory changes) and constant perimeter; service revenue is defined as Group revenue excluding telephone & equipment sales
iii Adjusted EBITDA is defined as reported EBITDA excl. restructuring and integration costs and other one-off items. See page 4 for reconciliation
iv Balance sheet capital expenditure, excludes spectrum and license costs

Outlook

No change to Outlook for Full Year 2016:

Basis	Outlook
Service revenue [a]	To grow low to mid-single digit
Adjusted EBITDA [b]	To grow mid to high-single digit
Capex [c]	Around $1.10 billion

[a] *Service revenue is Group revenue excluding telephone and equipment sales*

[b] *Adjusted EBITDA excludes restructuring and integration costs and other one-off items*

[c] *Capex excludes the impact of spectrum and licence costs*

The outlook for 2016 is based on constant currency, at a constant perimeter with Guatemala and Honduras fully consolidated and on our current assessment of the emerging markets macroeconomic outlook.

Conference call details

A presentation and conference call to discuss these results will take place at 13.00 Stockholm / 13.00 Luxembourg / 12.00 London / 07.00 New York, on Tuesday 25 October. Dial-in numbers:

Sweden	+ 46 (0) 8 5033 6575
UK	+ 44 (0) 203 043 2002
US	+ 1 719 457 1036
Luxembourg	+ 352 2786 1395
Access code:	132288

A live audio stream of the analyst presentation can also be accessed at www.millicom.com. Please dial in / log on 10 minutes prior to the start of the conference call to allow time for registration. Slides to accompany the conference call will be available at www.millicom.com

Financial calendar

Millicom will publish Results for 2016 Fourth Quarter and Full Year on Wednesday 8 February 2017.

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Financial review

US$m	Q3 16	Q3 15	%	9M 16	9M 15	%
Revenue	**1,555**	**1,600**	**(2.8)**	**4,655**	**4,936**	**(5.7)**
Cost of sales	(411)	(421)	(2.3)	(1,235)	(1,320)	(6.5)
Gross profit	**1,144**	**1,179**	**(3.0)**	**3,420**	**3,616**	**(5.4)**
Operating expenses	(592)	(617)	(4.0)	(1,784)	(1,929)	(7.5)
Depreciation & amortisation	(325)	(313)	4.0	(952)	(970)	(1.8)
Other operating income / (expenses), net	0	(8)	n.m	(3)	(7)	(53.1)
Operating profit	**227**	**241**	**(6.0)**	**680**	**709**	**(4.2)**
Net financial expenses	(112)	(103)	9.0	(342)	(304)	12.3
Other non-operating income / (expenses), net	9	(46)	>(100.0)	49	(213)	>(100.0)
Gains / (losses) from associates	(7)	(11)	(31.6)	2	(35)	>(100.0)
Profit before tax	**116**	**81**	**42.8**	**389**	**157**	**>100.0**
Net tax credit (charge)	(53)	(38)	38.3	(185)	(167)	10.8
Profit for the period from continuing operations	**63**	**43**	**46.8**	**204**	**(11)**	**>(100.0)**
Non-controlling interests	(43)	(12)	>100.0	(111)	(76)	46.4
Profit / (loss) from discontinued operations	4	(19)	>(100.0)	18	(46)	>(100.0)
Net profit for the period	**24**	**12**	**96.9**	**111**	**(133)**	**>(100.0)**

Q3 review

Total group revenue of $1,555 million was 2.8% lower than the same quarter last year as reported, but 2.0% lower on an organic basis (in local currency and at constant perimeter). Service revenue declined by 0.2% in the quarter on an organic basis compared to the same period in 2015. If the impact of the de-recognition of a government contract in Guatemala is included, service revenue would have grown by 0.3% organically.

Handset revenue was significantly lower than the same period last year, mainly reflecting the market in Colombia. Service revenue declined slightly in the quarter on an organic basis, due to the fall in voice and SMS revenue in our Latam markets which more than offset the continued growth in mobile data and cable revenues in Latam and the growth in mobile service revenue in our African businesses.

The gross margin was flat year-on-year. Operating expenses fell by 4.7% organically and operating expenses overall as a proportion of total revenue reduced to 38.1%, from 38.6% in the third quarter of last year. This is in line with recent trends and reflects efficiency initiatives in place across the group. Corporate costs fell by 20.9% year-on-year in the quarter, to $37 million, representing less than 2.4% of total group revenue compared to 3.1% in the same quarter of 2015.

Depreciation and amortisation increased by $12 million year-on-year, due to higher licenses.

Net financial expenses in the quarter increased by 9.0% year-on-year to $112 million, mainly due to higher gross debt, and the higher rate of inflation in Colombia where a large proportion of our debt bears interest linked to inflation.

Other non-operating income in the quarter was $9 million, primarily gains on foreign exchange. In the same quarter of 2015 we recorded substantial losses on foreign exchange, partially offset by the net change in the value of the put and call options in respect of Guatemala and Honduras that expired at the end of 2015.

The $4m year-on-year reduction in losses from associates in the quarter was mainly due to the $14 million dilution gain recognised on our investment in AIH, which more than offset the $10 million loss recorded for our investments in Helios Towers Africa, which was not held as an associate in the third quarter last year.

The net tax charge in the quarter was $53 million, compared to $38 million in the same period last year. This mainly reflects the increase in profit before tax, a changing country mix of pre-tax profit, and further withholding tax payments.

Profit for the period reported from continuing operations therefore increased by 46.8% to $63 million, compared to $43 million in the third quarter of 2015.

Share of profits in the quarter attributable to non-controlling interests increased to $43 million from $12 million in the third quarter of 2015, mainly due to the elimination of net losses in Colombia, partially offset by lower net profits in Guatemala. The results from discontinued operations relate to our business in DRC which was sold in April 2016.

Net profit for the period increased by $12 million to $24 million.

Reconciliation from Operating Profit to Adjusted EBITDA

US$m	Q3 16	Q3 15	9M 16	9M 15
Operating Profit as reported (IFRS)	**143**	**241**	**413**	**709**
Impact of full consolidation of Guatemala and Honduras on operating profit	84	0	267	0
Operating Profit per management reporting	**227**	**241**	**680**	**709**
Depreciation and amortisation	325	313	952	970
Other operating income (expenses), net	(0)	8	3	7
EBITDA	**552**	**562**	**1,636**	**1,687**
EBITDA margin	35.5%	35.1%	35.1%	34.2%
Restructuring, integration costs and other one-offs	10	(15)	23	(8)
Adjusted EBITDA	**562**	**547**	**1,659**	**1,679**
Adjusted EBITDA margin	36.1%	34.2%	35.6%	34.0%

Q3 review

Adjusted EBITDA reflects the underlying performance of the business, before the impact of one-off items. In the third quarter adjusted EBITDA grew by 4.0% organically to $562 million and the adjusted EBITDA margin improved to 36.1% from 34.2% in the same period last year.

This margin improvement in the quarter reflected the impact of the reduction in corporate costs in the quarter and efficiencies achieved across the business in areas such as marketing and external services costs, partially offset by the reduction in revenue in the quarter.

The main one-off item included in the adjustment to reported EBITDA in Q3 2016 was the removal of a bad debt charge relating to a government surveillance contract in Guatemala. The Group stopped recognising the revenue in Q3 and fully provided for the contract.

The year-on-year growth in adjusted EBITDA reflects the underlying growth on a like-for-like basis, excluding the impact of one-off items reported in the third quarter of 2015 as well as in Q3 2016. The adjustment to reported EBITDA in Q3 2015 included the removal of the revenue booked in respect of the government surveillance contract in Guatemala in the quarter and the removal of a one-off gain on finalisaton of the purchasing accounting in the quarter relating to the UNE merger.

In respect of comparing a like-for-like perimeter, adjusted EBITDA in Q3 2015 excludes the impact of the DRC business which was sold in April 2016 and adjusted EBITDA in Q3 2016 excludes the impact of Zantel, acquired in October 2015.

Free Cash Flow

US$m	Q3 16	Q3 15	% Change	9M 16	9M 15	% Change
Adjusted EBITDA	**562**	**547**	**3%**	**1,659**	**1,679**	**(1%)**
Restructuring, integration costs and other one-offs	(10)	15	nm	(23)	8	nm
EBITDA	**552**	**562**	**(2%)**	**1,636**	**1,687**	**(3%)**
Net Cash Capex (excluding spectrum and licenses)	(242)	(330)	(27%)	(798)	(804)	(1%)
Change in working capital and other non-cash items	14	66	(79)%	(107)	(89)	20%
Operating Cash Flow	**324**	**298**	**9%**	**730**	**793**	**(8%)**
Taxes paid	(70)	(46)	53%	(207)	(190)	9%
Operating Free Cash Flow	**253**	**252**	**1%**	**523**	**603**	**(13%)**
Interest paid, net	(104)	(87)	20%	(308)	(260)	18%
Free Cash Flow	**149**	**165**	**(10%)**	**215**	**343**	**(37%)**
Advances for dividends to non-controlling interests	(19)	(84)	(77%)	(48)	(180)	(73%)
Equity Free Cash Flow	**130**	**81**	**61%**	**167**	**163**	**2%**

Q3 review

Operating cash flow was strong in the quarter, leading to increased equity free cash flow of $130 million, up by 61% compared to Q3 2015.

Cash capital expenditure in the quarter, excluding spectrum and license costs, was $242 million, 27% lower than in the same period last year, reflecting further focusing of our investments as well as timing. Balance sheet capital expenditure was $214 million of which $178 million was in Latam and $35 million in Africa. Capital expenditure in the year to date was $631 million, compared to $812 million for the same period in 2015.

Total cash expenditure on spectrum and licenses in the quarter was $2 million, incurred in Colombia.

Operating cash flow grew by 9% to $324 million, with the $10 million decrease in reported EBITDA and lower working capital inflows more than offset by cash capex $88 million lower.

Cash tax increased by $24 million year-on-year, to $70 million, due to advanced payments for 2016 and higher withholding tax compared to the third quarter of 2015.

The $17 million increase in cash net interest paid, to $104 million, reflects the higher level of gross debt as well as higher interest payable in Colombia due to the major proportion of our debt there bearing interest linked to inflation.

The reduction of $65 million in cash advances for dividends to non-controlling interests reflects the normalisation of the dividend payment structure in respect of Guatemala.

Net Debt

US$m	Gross Debt	Cash	Net Debt [i]
Latin America	**3,210**	**1,165**	**2,046**
Of which local currency	1,730	438 [ii]	1,291
Africa	**488**	**217**	**272**
Of which local currency	206	198 [iii]	7
Corporate	**2,090**	**256**	**1,824**
Group	**5,789**	**1,637**	**4,152**
o.w. Guatemala and Honduras	1,397	676	721
Group excluding GT & HN	**4,392**	**961**	**3,431**
Proportionate basis	4,739	1,224	3,515

i Net debt is Gross debt (including finance leases) less cash, restricted cash and pledged deposits

ii. of which $33 million of MFS and other restricted cash

iii or which $118 million of MFS and other restricted cash

Gross debt at 30 September 2016 (including finance leases) increased to $5,789 million from $5,700 million at the end of June 2016, mainly due to the issuance of a new local currency bond in Bolivia, equivalent to around $75m.

As of September 30, 2016, 70% of group debt was at fixed rate and 33% was in local currency. The average maturity of our debt stood at 6 years and our average cost of debt (excluding finance leases) was 6.5%, up from 6.3% in the previous quarter as a result of the higher rate of inflation in Colombia, where a large proportion of the debt bears interest linked to inflation.

Our cash position as of end of September stood at $1,637 million, of which 70% was in USD. The cash position excluding restricted cash stood at $1,497 million.

Overall net debt / EBITDA, based on the last twelve months EBITDA, was 1.95x at 30 September 2016, compared to 1.99x at the end of June 2016. Proportionate net debt to EBITDA was 2.30x, compared to 2.34x at the end of June 2016.

Group Business Review

Latin America

Financial & operating data

All numbers are organic stated in local currency and constant perimeter. Further details are provided in the Financial & Operational Data excel file on our website (www.millicom.com/investors)

KPI ('000)	Q3 2016	Q3 2015	YOY change
Mobile customers	**32,118**	31,682	1.4%
Of which mobile data customers	**12,318**	11,321	8.8%
Of which 4G customers	**2,587**	612	>100%
Total homes passed	**7,915**	7,499	5.6%
HFC homes passed	**6,848**	6,177	10.9%
Cable – HFC RGU	**3,607**	3,073	17.4%

Financial	Q3 2016	Q3 2015	*Organic YOY change*
Mobile ARPU (US$)	**8.3**	9.1	(7.1%)
Mobile data ARPU (US$)	**8.7**	7.9	13.1%
Residential cable ARPU (US$)	**26.8**	26.0	3.7%
Total Revenue (US$m)	**1,330**	1,400	(3.8%)
Service revenue (US$m)	**1,242**	1,284	(2.0%)
Of which Mobile data service revenue	**317**	266	20.8%
Of which Cable service revenue	**397**	385	4.8%
EBITDA (US$m)	**522**	561	(5.9%)
EBITDA margin %	**39.3%**	40.1%	(0.8pts)
Capex[a] (US$m)	**178**	280	(36.3%)

Strategic focus

Millicom is undertaking a major reconfiguration of its operations in Latin America, to enable us to build a strong, sustainable digital telecoms business in the region, capable of delivering a superior experience for customers and growing long-term value for shareholders. This means building out both our cable and 4G mobile networks and monetising these investments as rapidly as possible, seizing the opportunity we see across consumer and business markets by delivering the data services that customers now demand.

Market environment

This strategy is being implemented during a period in which a number of our Latam markets are experiencing weaker macro-economic conditions and increased competitive intensity, in particular Colombia, and these factors combined held back our top line growth. This trend was evident through the first half and has continued into the third quarter, when the strong sustained growth in our fixed and mobile data service revenue in Latam could not offset the accelerated decline in traditional voice and SMS revenues in these markets.

a Capex excludes spectrum and license costs

In our largest market, Colombia, the steep fall in the value of the currency seen through 2015 has now stabilised, but the impact of this is still being felt in the real economy, and is affecting the price conscious pre-pay mobile voice and SMS market in particular. Pressure on these revenues was exacerbated by aggressive price competition in the pre-paid mobile market and we experienced an accelerated decline in our voice and SMS service revenue. Mobile data and cable home revenue growth remained strong.

We saw a better performance in our other two South American markets, Bolivia and Paraguay, with good growth in both mobile and fixed revenues. Our two largest markets in Central America, Guatemala and Honduras, saw slightly weaker economic conditions, with increased competition and specific market factors holding back our growth and margins in both countries.

The security situation in El Salvador and its consequences for the mobile industry, including the 5% CESC tax on sales, continues to create a challenging business environment. The industry is working constructively with the authorities to mitigate the impact of the various specific legal measures imposed on all the mobile operators, but we are unlikely to see an improvement in business performance in the short term. Our fixed business in Costa Rica continued to perform in line with expectations in the third quarter.

Cable

Our cable build out in Latam remains well on track. The total HFC homes passed in the third quarter increased by 180,000, maintaining our recent roll-out run-rate, and including conversion of 54,000 copper homes. The cable network comprised a total of 7.915 million homes passed at the end of the quarter, already very close to our year-end target of 8 million.

The increase in the HFC homes passed was significantly higher than the total homes passed, reflecting the rolling out of HFC over areas served by our legacy copper networks. This is an important component of our strategy, as these are areas where we have existing customers whom we can retain by migrating them onto our new network, and to whom we can therefore offer higher value packages, generating higher ARPU. At the end of the quarter our HFC network passed 6.848 million homes, 671,000 more than at the same time last year.

Penetration rates in the quarter remained on track and at the end of the quarter the number of residential HFC RGUs was 534,000 higher than at the same time in 2015, with the ratio of RGUs per HFC home connected continuing to grow in line with recent trends, reflecting the increasing penetration of double and triple-play packages bought by households. Residential cable ARPU grew by 3.7% organically in the quarter.

Mobile

Our mobile markets in Latam are well penetrated and our opportunity therefore is predominantly to enhance the value of our customer base. Latam mobile customers comprise broadly three groups, and our strategy is to grow ARPU and reduce churn by actively stepping our customers up into a higher value group.

The first group comprises customers who do not own a smartphone and therefore do not use data. These are voice and SMS only customers, with the lowest ARPU and highest churn. These customers tend to have lower incomes and be the most price conscious, and are therefore vulnerable to the intense price-based competition. It is the revenue generated from this group that has been declining steeply, leading to the lower mobile service revenue growth reported in the third quarter.

The second group are those customers who are smartphone users. We added 375,000 smartphone customers in the third quarter, taking the total smartphone base at the end of the third quarter to 19.3 million. Clearly our commercial objective increase these customers' data use and drive ARPU, and this is reflected in the 13.1% organic increase in mobile data ARPU in the quarter.

The third group are 4G customers, whose demand for data is highest, which is reflected in their high ARPU. At the end of the third quarter we had a total of 2.6 million 4G smartphone data users, a more than four-fold increase from the same time last year. Our commercial strategy is closely aligned with our 4G network build out, to ensure that we acquire 4G customers and monetise the network investment as rapidly as possible.

At the end of the third quarter the number of mobile data users had grown by 1.0 million to 12.3 million. Mobile data usage in the quarter was 17.4% higher than in Q3 2015 and mobile data ARPU grew by 13.1% organically year-on-year.

Financials

Total revenue in Latam declined by 3.8% in the quarter on an organic basis to $1,330 million. Service revenue declined by 2.0% year-on-year on an organic basis, to $1,242 million. This reflected the continuing trend across all of our markets of declining voice and SMS revenues, partially offset by further good growth of our mobile data and cable revenues.

The steeper fall in total revenue in the quarter was due to lower handset sales revenue, in line with recent quarters, mainly reflecting a combination of a lower value handset sales mix and fewer handsets being sold directly. Voice and SMS service revenue fell by 16.8% in the quarter but mobile data revenue grew by 20.8%. Total cable service revenue grew by 4.8% year-on-year. Fixed B2B revenue decreased by 0.5%, reflecting the macroeconomic environment, but cable home revenue grew by 8.3% year-on-year.

The evolving revenue breakdown across our Latam operations in the third quarter reflects solid progress in reconfiguring our business in the face of the challenging business environment. This is reflected in our mobile data and fixed revenue streams combined in Latam accounting for around 49% of group service revenues in the third quarter, up from c.44% in the same period last year. This compares to the 29% of group service revenues accounted for by Latam voice and SMS in the quarter, down from 34% in the third quarter of 2015.

EBITDA in Latam declined by 5.9% and the EBITDA margin was 39.3%, reflecting one-off items as well as the fall in gross margin due to revenue mix.

Capital expenditure decreased by 36.3% in the quarter to $178 million, compared to $280 million in the same quarter last year, partly due to timing issues around the investment programmes and partly reflecting a tighter investment focus across the group.

Around 41% of capital expenditure in Latam was invested in the fixed network and 31% in the mobile network. Just over half of the investment in the fixed network was required for customer installations, with around 40% invested in network expansion and upgrades. More than 75% of mobile network investment was dedicated to access, with the remainder comprising modernization, transmission and core networks. In addition, 14% of capital expenditure in Latam focused on IT transformation, including service delivery, IT infrastructure, business intelligence and data warehousing.

As a result, the operating cash flow in Latam (OCF, defined as EBITDA less capital expenditure) increased by 22% to $344 million, and the Latam OCF margin grew to 25.9% from 20.1% in the third quarter of 2015.

Targeting efficiencies

As our revenue mix continues to evolve we are also implementing a wide range of initiatives to enhance the operational efficiency of our Latam businesses. We are re-thinking the way we operate, in order to reconfigure the cost base to reflect the new revenue mix and to capture the synergies available as telecoms technologies converge. Grouping these more than forty different initiatives together under the banner of Project Heat, our multi-year objective is to achieve at least $200 million of business efficiencies in Latam, delivered as a combination of opex, capex and working capital savings. All Heat programme initiatives remained well on track in the third quarter

REVIEW BY COUNTRY

Colombia

	Q3 2016	Q3 2015	*Organic YOY change*
Mobile customers ('000)	**8,573**	8,675	-1.2%
Total revenue (US$m)	**428**	465	-6.6%
Service revenue (US$m)	**402**	419	-2.9%
EBITDA (US$m)	**122**	144 [i]	-14.4% [i]
EBITDA margin %	**28.5%**	30.9% [i]	-2.4pt [i]

i includes impact of one-off credit in respect of finalisation of purchasing accounting related to the UNE merger

Competition in mobile remained intense in Colombia during the quarter, with aggressive competitor pricing in voice and SMS, particularly in prepaid, exacerbating the structural decline in revenue generated from these services. This was reflected in significantly lower voice and SMS revenue and higher customer churn in this mainly prepaid segment of the mobile market. We saw a net loss of 455,000 customers in the quarter but this included the impact of a clean-up of the pre-paid base, eliminating around 200,000 inactive customers.

However our reconfiguration strategy in Colombia remained firmly on track with one third of our customer base now mobile data users. This was driven by the continuing growth of smartphone penetration, and these customers responding to innovative and effective mobile data product offerings. At the highest value end of the market we saw strong growth in 4G customers and ARPU, with our 4G network now covering more than 50% of the population, and our market share in data and 4G higher than our overall market share.

Cable revenue continued to grow in the quarter, as we maintained 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 customers new to TigoUne. The growth in the number of double and triple-play customers continued, and we aim to keep up this momentum, including starting to offer Netflix in October to customers on triple-play plans. B2B revenue was flat in the quarter, reflecting the recent macro-economic environment, but we won several new contracts at the end of the period, that will contribute revenue from the fourth quarter.

Service revenue overall in Colombia declined by 2.9% year-on-year on an organic basis, reflecting the steep decline in voice and SMS revenue, which more than offset the continuing growth in mobile data and cable revenue. Tigo service revenue declined by 7.8% organically while UNE service revenue grew by 4.4%.

Total revenue declined by 6.6% organically, due to lower handset sales as a result both of regulatory changes in 2014 which disrupted the previous sales model, as well as the currency-driven handset price inflation which drove a lower value handset sales mix.

EBITDA fell by 14.4% in the quarter to $122 million and the EBITDA margin was 28.5%. However the decline in reported EBITDA included the impact in Q3 2015 of the finalisation of the purchasing accounting relating to the UNE merger. Excluding this one-off item the EBITDA margin in Q3 2015 would have been 27.4% with the underlying EBITDA margin in Q3 2016 therefore indicating a 1.1pt improvement.

Bolivia

	Q3 2016	Q3 2015	*Organic YOY change*
Mobile customers ('000)	**3,031**	3,090	-1.9%
Total revenue (US$m)	**135**	133	1.8%
Service revenue (US$m)	**131**	128	2.0%
EBITDA (US$m)	**52**	49	6.3%
EBITDA margin %	**38.4%**	36.7%	1.6pt

We saw a solid quarter in Bolivia. Service revenue grew 2.0% organically, with successful retention initiatives leading to lower churn, and entry-level post-paid promotions focusing on on-net calls improving voice usage and ARPU. . The roll out of the 4G network continued to plan and started to generate significant 4G data traffic with around 50% of smartphone data users already using 4G services. The HFC network roll out continued and cable service revenues grew strongly, in both the residential and B2B markets.

EBITDA increased by 6.3% on an organic basis and the EBITDA margin grew to 38.4%, reflecting a significant reduction in operating costs as well as service revenue growth.

Paraguay

	Q3 2016	Q3 2015	*Organic YOY change*
Mobile customers ('000)	**3,752**	3,910	-4.0%
Total revenue (US$m)	**162**	166	1.9%
Service revenue (US$m)	**150**	152	3.3%
EBITDA (US$m)	**77**	77	4.5%
EBITDA margin %	**47.3%**	46.1%	1.2pt

Paraguay continued to improve in the quarter, with 3.3% organic service revenue growth. Continuing 4G momentum following its launch in April this year drove strong growth in data usage and ARPU, more than offsetting the decline in voice and SMS revenues. The decrease in the total base mainly reflected the loss of very low ARPU pre-pay customers acquired during previous promotions, and had no impact to 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 4.5% on an organic basis and the EBITDA margin expanded to 47.3%, reflecting service revenue growth as well as the revenue mix and lower operating costs.

Guatemala

	Q3 2016	Q3 2015	*Organic YOY change*
Mobile customers ('000)	**9,116**	8,411	8.4%
Total revenue (US$m)	**312**	326	-5.4%
Service revenue (US$m)	**279**	289	-4.8%
EBITDA (US$m)	**150** [i]	167 [i]	-11.5% [i]
EBITDA margin %	**48.1%** [i]	51.4% [i]	-3.3pt [i]

i includes impact of one-off items in respect of the government surveillance contract

Our service revenue in Guatemala fell by 4.8% including the one-off impact of discontinuing the recognition of revenue related to a government surveillance camera contract. Excluding this one-off item service revenue would have declined by 2.4% reflecting lower incoming international revenue, and an increase in competitor promotional activity in voice and SMS. Mobile data growth remained solid and cable revenue was strong, with a positive response to the introduction of our Netflix-based promotion in the quarter delivering higher HFC RGUs.

EBITDA fell by 11.5% to $150 million and the EBITDA margin decreased to 48.1% in the quarter. Excluding the impact of the one-off item the EBITDA margin would have been 50.6%.

Honduras

	Q3 2016	Q3 2015	*Organic YOY change*
Mobile customers ('000)	**4,668**	4,738	-1.5%
Total revenue (US$m)	**149**	160	-3.3%
Service revenue (US$m)	**144**	153	-2.5%
EBITDA (US$m)	**68**	68	4.2%
EBITDA margin %	**45.9%**	42.6%	3.3pt

Service revenue fell by 2.5%. Higher smartphone penetration was slower to translate into data usage and service revenue growth, which was more than offset by lower voice and SMS revenues. A number of promotions were launched in the quarter to drive data uptake in the smartphone user base.

EBITDA was broadly flat compared to the same period last year and the EBITDA margin increased to 45.9%, reflecting the revenue mix in the quarter.

El Salvador

	Q3 2016	Q3 2015	*Organic YOY change*
Mobile customers ('000)	**2,977**	2,859	4.1%
Total revenue (US$m)	**105**	111	-5.5%
Service revenue (US$m)	**100**	105	-4.8%
EBITDA (US$m)	**37**	42	-11.0%
EBITDA margin %	**35.6%**	37.8%	-2.2pt

Our performance in El Salvador continues to be severely hampered by the regulatory environment, including the 5% CESC tax, and the general operational environment, which inhibits commercial activity and network roll-outs. Service revenue fell by 4.8% and EBITDA by 11.0%. Mobile signals have been blocked around a number of prisons, also affecting the urban areas in which these are facilities located and new taxes have eroded both revenue and margins. Fixed and mobile network build outs have been slowed due to the challenging operational conditions pertaining in the market, but we did see encouraging growth in smartphone and mobile data users, translating into mobile data revenue growth.

Costa Rica

Our cable business in Costa Rica continued to perform well in the quarter, with service revenue growing by 4.7% to $38 million. Revenue growth in the business market in particular was strong. EBITDA grew 13.8% to $15 million and the EBITDA margin increased to 37.9% from 34.7% in the third quarter of last year.

Africa

Financial & operating data

All numbers are organic stated in local currency and constant perimeter. Further details are provided in the Financial & Operational Data excel file on our website (www.millicom.com/investors)

KPI ('000)	Q3 2016	Q3 2015	*YOY change*
Mobile customers	**25,547**	22,635	12.9%
Of which:			
Chad	**2,974**	2,866	3.8%
Ghana	**4,043**	4,049	-0.1%
Rwanda	**2,927**	2,695	8.6%
Senegal	**3,555**	3,043	16.8%
Tanzania	**11,040**	9,982	10.6%
Zantel	**1,009**	-	-
MFS customers	**8,041**	6,393	25.8%

Financial	Q3 2016	Q3 2015	*Organic YOY change*
Mobile ARPU (US$)	**2.5**	2.5	-0.3%
MFS ARPU (US$)	**1.1**	1.1	-0.2%
Total Revenue (US$m)	**225**	201	10.0%
Service revenue (US$m)	**223**	197	11.2%
EBITDA (US$m)	**64**	50	30.9%
EBITDA margin %	**28.5%**	24.8%	4.8pt
Capex [a] (US$m)	**35**	61	-44.62%

a Excludes spectrum & license costs

Strategic focus

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 OCF (EBITDA less capital expenditure). We continue to target OCF break-even for full year 2016.

Mobile Operations

We delivered strong growth of customer numbers in the quarter, with net additions of 375,000. Customer growth was strongest in Tanzania and Senegal, while Zantel and Chad carried out customer base clean-ups. The total customer base at the end of the quarter stood at 25.5 million customers, 12.9% higher than at the same point last year, including the impact of the acquisition of Zantel.

We added 593,000 mobile data users in the quarter and ended the period with a total of 6.8 million mobile data customers.

MFS

In MFS we reached 8.0 million subscribers, 25.8% up year on year with MFS ARPU broadly flat in the quarter. The number of MFS transactions increased by 25.5% year-on-year.

Financials

Total revenue in Africa in the third quarter grew 10.0% on an organic basis to $225 million. Organic service revenue grew 11.2% to $223 million, up from $197 million in Q3 2015, reflecting the growth of the customer base.

Mobile data revenue grew by 35.4% on an organic basis, reflecting the growth in the number of mobile data customers as well as data ARPU growth. B2B revenue also grew strongly, more than doubling in the quarter.

Notable B2B contract wins included major hotel groups, foreign embassies and governments seeking to digitise their services.

We saw strong growth in EBITDA, up 30.9% organically to $64 million, and the EBITDA margin improved by 3.7pts year-on-year to 28.5%, compared to 24.8% in the third quarter last year. This reflected both the growth in service revenue and effective control of operating costs. Operating costs in Africa in the quarter fell by 5.6% year-on-year on an organic basis.

Capital expenditure booked for the quarter was $35 million, compared to the third quarter of last year, with investment focused primarily on network expansions. This year-on-year fall in capital expenditure partly reflected timing of investment programmes as well as tighter focus.

As a results of EBITDA growth and capex control in our Africa businesses, OCF in the region (EBITDA less capital expenditure) was $29 million in the quarter, 12.93% of total revenue.

Corporate Responsibility (CR) highlights – Q3 2016

Millicom's application to join the United Nations Global Compact (UNGC) as a global signatory was accepted in Q3 2016. Millicom joins its operations in Colombia, El Salvador, Guatemala and Paraguay, who are already members of local UNGC chapters, formally linking our CEO level commitment and pledge to operate responsibly and aligning our work to the UNGC's 10 Principles in the areas of human rights, environment, ethics and anti-corruption; that are already broadly addressed through our CR strategy.

In September, Millicom hosted an investor call with Oxford Economics, a leader in macro-economic forecasting, to share the results of the recently completed in-depth study of the macro-economic fundamentals of Millicom's Latin American markets.

Technology to promote women's and child's inclusion

In Q3, Millicom became the first mobile operator to have all of its African operations make a pledge and set targets to reduce the gender divide in the adoption of mobile money and internet services. The targets for the year 2020 are set within the GSMA's Connected Women Commitment initiative. In September, Tigo Paraguay became the first Latin American operator to lead the initiative, which also represents an important growth opportunity for the company.

Millicom's efforts to promote birth registration through technology in Ghana and Tanzania were recognized at the 71st annual session of the United Nations (UN) General Assembly in September. The mobile application app in Ghana, which was demonstrated at the 'Every Woman Every Child' event, is expected to see over 670,800 new births registered by the end of May 2017, one year into the launch, increasing Ghana's birth registration rate to 75 percent, from the previous 65 percent.

Promoting social development in Central America and Africa

In September Millicom sponsored the Central America Donor's Forum, an important event bringing together NGOs, governments, private sector and donors committed to social development of the Central American region. In his keynote address Millicom CEO Mauricio Ramos's focused on the importance of multi-stakeholder partnerships that leverage the strengths of each player to promote sustainable change.

In Africa, Millicom and Reach for Change jointly published a report on the social impact of the Tigo Digital Changemakers Award program, a partnership to support innovative social entrepreneurs improving communities and lives of children. Over the past three years, the Award has provided mentoring and funded 131 African social entrepreneurs whose work has benefitted hundreds of thousands of children in the region. The report is available to download from our web-site Millicom.com.

Health, safety and security

Following the self-assessment of our corporate security management approach in operations in Q2, results confirmed that all operations have major business continuity management (BCM) controls implemented, with good progress towards implementation of the ISO 22301 BCM standard. Our Honduras operations qualified for this standard at the end of Q3. A number of our countries were affected by natural disasters in Q3, including a major volcanic eruption in Costa Rica and significant earthquakes in Nicaragua and Tanzania. No large-scale disruption was caused to our services, with damage to some of our buildings in Tanzania being the most significant issue.

In Q3 we completed rolling out an integrated services model for our fleet, facilities, security and wider health and safety management in Africa, which is currently being adopted across Latin America.

Compliance and anti-corruption programme

Mandatory e-learning courses on the Millicom Code of Conduct and Anti-Bribery and Anti-Corruption (ABAC) Policy continue to be rolled out across all company locations. Following the annual conflict of interest disclosure campaign completed in Q2, a review of disclosures is ongoing as we conduct assessments of each operation's submissions.

Additional information

Closing foreign exchange rate (vs. USD)		Sep-16	Jun-16	Var %	Sep-15	Var %
Guatemala	GTQ	7.5	7.6	1.6	7.7	2.1
Honduras	HNL	23.1	22.9	(1.0)	22.1	(4.6)
Costa Rica	CRC	558.8	554.2	(0.8)	541.0	(3.3)
Bolivia	BOB	6.91	6.91	0.0	6.91	0.0
Colombia	COP	2,880	2,916	1.2	3,122	7.8
Paraguay	PYG	5,555	5,589	0.6	5,636	1.4
Ghana	GHS	4.0	3.9	(1.2)	3.7	(6.5)
Senegal / Chad	XAF	590.9	597.9	1.2	587.0	(0.7)
Rwanda	RWF	810.2	783.3	(3.4)	730.5	(10.9)
Tanzania	TZS	2,182	2,190	0.4	2,153	(1.3)

Currency Movements

Average foreign exchange rate (vs. USD)		Q3 16	Q2 16	Var %	Q3 15	Var %
Guatemala	GTQ	7.6	7.7	1.4	7.7	1.2
Honduras	HNL	23.0	22.7	(1.0)	22.0	(4.4)
Costa Rica	CRC	556.8	546.2	(1.9)	541.1	(2.9)
Bolivia	BOB	6.91	6.91	0.0	6.91	0.0
Colombia	COP	2,953	2,965	0.4	2,919	(1.2)
Paraguay	PYG	5,554	5,624	1.3	5,343	(3.9)
Ghana	GHS	3.9	3.8	(2.6)	3.9	(2.3)
Senegal / Chad	XAF	594.6	586.0	(1.5)	591.1	(0.6)
Rwanda	RWF	798.5	775.9	(2.9)	725.0	(10.1)
Tanzania	TZS	2,187	2,189	0.1	2,099	(4.2)

P&L reconciliation with Guatemala and Honduras as if fully consolidated vs. IFRS (unaudited)

As previously noted, the table reconciles the Management reporting numbers which include Guatemala and Honduras on a 100% consolidation basis with the IFRS numbers which account for these businesses as joint ventures using the equity method.

$ million	QTD Q3 16 (i)	Guatemala and Honduras	JV	QTD Q3 16 IFRS
Revenue	**1,555**	**(456)**		**1,099**
Cost of sales	(411)	91		(320)
Gross profit	**1,144**	**(365)**		**779**
Operating expenses	(592)	154		(438)
EBITDA	**552**	**(211)**		**341**
EBITDA margin	**35.5%**	**46.2%**		**31.0%**
Depreciation & amortisation	(325)	91		(235)
Share of net profit in joint ventures	0	0	36	36
Other operating income (expenses), net	0	1		1
Operating profit	**227**	**(119)**	**36**	**143**
Net financial expenses	(112)	22		(90)
Other non-operating income (expenses), net	9	(2)		6
Gains (losses) from associates	(7)	0		(7)
Profit (loss) before tax	**116**	**(99)**	**36**	**52**
Net tax credit (charge)	(53)	25		(27)
Profit (loss) for the quarter	**63**	**(74)**	**36**	**25**
Profit (loss) from discontinued operations	4	0		4
Non-controlling interests	(43)	39		(4)
Net profit (loss) for the quarter	**24**	**(36)**	**36**	**24**

$ million	YTD Q3 16 (i)	Guatemala and Honduras	JV	YTD Q3 16 IFRS
Revenue	**4,655**	**(1,399)**		**3,255**
Cost of sales	(1,235)	286		(949)
Gross profit	**3,420**	**(1,113)**		**2,306**
Operating expenses	(1,784)	476		(1,308)
EBITDA	**1,636**	**(637)**		**998**
EBITDA margin	**35.1%**	**45.5%**		**30.7%**
Depreciation & amortisation	(952)	265		(687)
Share of net profit in joint ventures	0	0	103	103
Other operating income (expenses), net	(3)	2		(1)
Operating profit	**680**	**(370)**	**103**	**413**
Net financial expenses	(342)	76		(265)
Other non-operating income (expenses), net	49	3		52
Gains (losses) from associates	2	0		2
Profit (loss) before tax	**389**	**(291)**	**103**	**201**
Net tax credit (charge)	(185)	74		(111)
Profit (loss) for the quarter	**204**	**(216)**	**103**	**90**
Profit (loss) from discontinued operations	18	0		18
Non-controlling interests	(111)	113		2
Net profit (loss) for the quarter	**111**	**(103)**	**103**	**111**

(i) Management reporting as if the Honduran and Guatemalan businesses continue to be fully consolidated.

Consolidated balance sheet (unaudited)

US$ millions	30 September 2016 (i)	IFRS adjustments (ii)	30 September 2016 (IFRS)
ASSETS			
Intangible assets, net	4,709	(3,327)	1,381
Property, plant and equipment, net	4,091	(1,029)	3,062
Investments in joint ventures and associates	391	2,952	3,343
Other non-current assets	310	(5)	305
TOTAL NON-CURRENT ASSETS	**9,501**	**(1,410)**	**8,091**
Inventories, net	91	(20)	71
Trade receivables, net	494	(91)	403
Other current assets	672	(156)	516
Restricted cash	150	(10)	140
Cash and cash equivalents	1,481	(665)	816
TOTAL CURRENT ASSETS	**2,889**	**(943)**	**1,947**
Assets held for sale	7	-	7
TOTAL ASSETS	**12,397**	**(2,353)**	**10,044**
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company	3,172	196	3,367
Non-controlling interests	1,072	(805)	268
TOTAL EQUITY	**4,244**	**(609)**	**3,635**
Debt and financing	5,502	(1,363)	4,139
Other non-current liabilities	532	(107)	425
TOTAL NON-CURRENT LIABILITIES	**6,034**	**(1,470)**	**4,563**
Debt and financing	288	(34)	253
Other current liabilities	1,832	(239)	1,593
TOTAL CURRENT LIABILITIES	**2,119**	**(273)**	**1,846**
Liabilities directly associated with assets held for sale	-	-	-
TOTAL LIABILITIES	**8,153**	**(1,744)**	**6,409**
TOTAL EQUITY AND LIABILITIES	**12,397**	**(2,353)**	**10,044**

(i) Management reporting as if the Honduran and Guatemalan businesses continue to be fully consolidated.

(ii) IFRS adjustments result from the deconsolidation of the Guatemala and Honduras businesses and their reclassification as joint venture

Consolidated statement of cash flows (unaudited)

US$ millions	YTD 2016 (i)	IFRS adjustments (ii)	YTD 2016 IFRS
Profit (loss) before taxes from continuing operations	389	(188)	201
Profit (loss) for the period from discontinued operations	12	0	12
Profit (loss) before taxes	**401**	**(188)**	**214**
Net cash provided by operating activities (incl. discops)	**1,020**	**(371)**	**649**
Net cash used in investing activities (incl. discops)	**(699)**	**177**	**(521)**
Net cash from (used by) financing activities (incl. discops)	**219**	**(303)**	**(84)**
Exchange impact on cash and cash equivalents, net	4	(0)	3
Net (decrease) increase in cash and cash equivalents	**545**	**(497)**	**47**
Cash and cash equivalents at the beginning of the year	937	(168)	769
Cash and cash equivalents at the end of the period	**1,481**	**(665)**	**816**

(i) Management reporting as if the Honduran and Guatemalan businesses continue to be fully consolidated

(ii) IFRS adjustments result from the deconsolidation of the Guatemala and Honduras businesses and their reclassification as joint ventures

Unaudited Interim Condensed Consolidated Financial Statements

For the three and nine month periods ended 30 September 2016

25 October 2016

We believe in better. We believe in tigo

Unaudited interim condensed consolidated income statement for the nine month period ended 30 September 2016

US$ millions (unaudited)	Notes	Nine months ended 30 September 2016	Nine months ended 30 September 2015 (i) (ii)
Revenue	5	3,255	4,936
Cost of sales		(949)	(1,320)
Gross profit		**2,306**	**3,616**
Operating expenses		(1,308)	(1,929)
Depreciation and amortisation		(687)	(970)
Income from joint ventures, net	14	103	-
Other operating income (expenses), net		(1)	(7)
Operating profit	5	**413**	**709**
Interest expense		(280)	(321)
Interest and other financial income		15	17
Other non-operating (expenses) income, net	6	52	(213)
Income (loss) from associates, net	15	2	(35)
Profit before taxes from continuing operations		**201**	**157**
Charge for taxes, net		(111)	(167)
Profit (loss) for the period from continuing operations		**90**	**(11)**
Profit (loss) for the period from discontinued operations, net of tax	4	18	(46)
Net profit (loss) for the period		**109**	**(57)**

Attributable to:			
Owners of the Company		111	(133)
Non-controlling interests		(2)	76

Earnings per common share for (loss) profit attributable to the owners of the Company:			
Basic (US$)	7	1.10	(1.33)
Diluted (US$)	7	1.10	(1.33)

(i) Re-presented for discontinued operations (see note 4).

(ii) Honduras and Guatemala operations are shown as fully consolidated for the nine month period ended 30 September 2015. The impact of accounting for Honduras and Guatemala under the equity method on the presentation of the 2015 interim condensed consolidated income statement is shown in note 14.

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements

Unaudited interim condensed consolidated income statement for the three month period ended 30 September 2016

US$ millions (unaudited)	Notes	Three months ended 30 September 2016	Three months ended 30 September 2015 (i) (ii)
Revenue	5	1,099	1,600
Cost of sales		(320)	(421)
Gross profit		**779**	**1,179**
Operating expenses		(438)	(617)
Depreciation and amortisation		(235)	(313)
Income from joint ventures, net	14	36	-
Other operating income (expenses), net		1	(8)
Operating profit	5	**143**	**241**
Interest expense		(98)	(107)
Interest and other financial income		8	4
Other non-operating (expenses) income, net	6	6	(46)
Income (loss) from associates, net	15	(7)	(11)
Profit before taxes from continuing operations		**52**	**81**
Charge for taxes, net		(27)	(38)
Profit (loss) for the period from continuing operations		**25**	**43**
Profit (loss) for the period from discontinued operations, net of tax	4	4	(19)
Net profit (loss) for the period		**29**	**24**
Attributable to:			
Owners of the Company		24	12
Non-controlling interests		4	12
Earnings per common share for (loss) profit attributable to the owners of the Company:			
Basic (US$)	7	0.24	0.12
Diluted (US$)	7	0.24	0.12

(i) Re-presented for discontinued operations (see note 4).

(ii) Honduras and Guatemala operations are shown as fully consolidated for the three month period ended 30 September 2015. The impact of accounting for Honduras and Guatemala under the equity method on the presentation of the 2015 interim condensed consolidated income statement is shown in note 14.

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements

Unaudited interim condensed consolidated statement of comprehensive income for the nine month period ended 30 September 2016

US$ millions (unaudited)	Nine months ended 30 September 2016	Nine months ended 30 September 2015
Net profit (loss) for the period	109	(57)
Other comprehensive income (to be reclassified to profit and loss in subsequent periods), net of tax:		
Exchange differences on translating foreign operations	52	(413)
Change in value of cash flow hedges	(1)	(6)
Total comprehensive income (loss) for the period	**159**	**(476)**

Attributable to:		
Owners of the Company	141	(452)
Non-controlling interests	18	(24)

Unaudited interim condensed consolidated statement of comprehensive income for the three month period ended 30 September 2016

US$ millions (unaudited)	Three months ended 30 September 2016	Three months ended 30 September 2015
Net profit (loss) for the period	29	24
Other comprehensive income (to be reclassified to profit and loss in subsequent periods), net of tax:		
Exchange differences on translating foreign operations	5	(221)
Change in value of cash flow hedges	2	(3)
Total comprehensive income (loss) for the period	**36**	**(199)**

Attributable to:		
Owners of the Company	27	(243)
Non-controlling interests	9	44

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements

Unaudited interim condensed consolidated statement of financial position as at 30 September 2016

US$ millions	Notes	30 September 2016	31 December 2015 (i) (audited)
ASSETS			
NON-CURRENT ASSETS			
Intangible assets, net	9	1,381	1,429
Property, plant and equipment, net	8	3,062	3,198
Investments in joint ventures	14	2,952	3,220
Investments in associates	15	391	376
Deferred tax assets		202	191
Derivative financial instruments	13	24	26
Other non-current assets		79	75
TOTAL NON-CURRENT ASSETS		**8,091**	**8,515**
CURRENT ASSETS			
Inventories		71	80
Trade receivables, net		403	398
Amounts due from non-controlling interests, associates, joint ventures and joint venture partners	12	16	16
Prepayments and accrued income		206	193
Current income tax assets		159	125
Supplier advances for capital expenditure		29	39
Other current assets		106	109
Restricted cash		140	142
Cash and cash equivalents		816	769
TOTAL CURRENT ASSETS		**1,947**	**1,871**
Assets held for sale	4	7	12
TOTAL ASSETS		**10,044**	**10,398**

(i) The consolidated statement of financial position at 31 December 2015 has been restated as a result of Zantel's purchase accounting (see note 3).

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements

Unaudited interim condensed consolidated statement of financial position as at 30 September 2016 (continued)

US$ millions	Notes	30 September 2016	31 December 2015 (i) (audited)
EQUITY AND LIABILITIES			
EQUITY			
Share capital and premium		638	639
Treasury shares		(126)	(143)
Other reserves		(504)	(531)
Retained profits		3,249	4,071
Profit (loss) for the period/year attributable to equity holders		111	(559)
Equity attributable to owners of the Company		**3,367**	**3,477**
Non-controlling interests	3	268	251
TOTAL EQUITY		**3,635**	**3,728**
LIABILITIES			
Non-current liabilities			
Debt and financing	10	4,139	3,789
Derivative financial instruments	13	68	65
Amounts due to associates, joint ventures and joint venture partners	12	3	63
Provisions and other non-current liabilities		286	243
Deferred tax liabilities		68	50
Total non-current liabilities		**4,563**	**4,210**
Current liabilities			
Debt and financing	10	253	221
Payables and accruals for capital expenditure		210	285
Other trade payables		224	334
Amounts due to associates, joint ventures and joint venture partners	12	163	581
Accrued interest and other expenses		449	425
Current income tax liabilities		94	124
Provisions and other current liabilities		454	490
Total current liabilities		**1,846**	**2,460**
Liabilities directly associated with assets held for sale	4	—	—
TOTAL LIABILITIES		**6,409**	**6,670**
TOTAL EQUITY AND LIABILITIES		**10,044**	**10,398**

(i) The consolidated statement of financial position at 31 December 2015 has been restated as a result of Zantel's purchase accounting (see note 3).

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements

Unaudited interim condensed consolidated statement of cash flows for the nine month period ended 30 September 2016

US$ millions (i)	Notes	30 September 2016	30 September 2015
Cash flows from operating activities (including discontinued operations)			
Profit before taxes from continuing operations		201	156
Profit (loss) before taxes from discontinued operations		12	(45)
Profit before taxes		**214**	**111**
Adjustments to reconcile to net cash:			
Interest expense		283	334
Interest and other financial income		(15)	(17)
Adjustments for non-cash items:			
Depreciation and amortisation	5	691	1,000
Share of (gain) loss from joint ventures, net		(103)	-
Loss (gain) on disposal and impairment of assets, net		(11)	8
Share based compensation		12	18
(Income) loss from associates, net	3	(2)	35
Other non-cash non-operating (income) expenses, net		(52)	214
Changes in working capital:			
Decrease (increase) in trade receivables, prepayments and other current assets		43	89
(Increase) decrease in inventories		11	(3)
Increase (decrease) in trade and other payables		(100)	(206)
Total changes in working capital		**(46)**	**(120)**
Interest (paid)		(241)	(281)
Interest received		14	18
Taxes (paid)	5	(93)	(190)
Net cash provided by operating activities		**649**	**1,131**
Cash flows from investing activities (including discontinued operations):			
Acquisition of subsidiaries, joint ventures and associates, net of cash acquired	3	-	(51)
Proceeds from disposal of subsidiaries, net of cash disposed	4	140	4
Purchase of intangible assets and licenses	9	(133)	(107)
Proceeds from sale of intangible assets	9	4	2
Purchase of property, plant and equipment	8	(535)	(722)
Proceeds from sale of property, plant and equipment	8	3	4
Dividend received from associates		-	6
Net (increase) decrease in restricted cash		-	3
Cash (used in) provided by other investing activities, net		(1)	(7)
Net cash used in investing activities		**(521)**	**(869)**
Cash flows from financing activities (including discontinued operations):			
Acquisition of non-controlling interests	3	-	(39)
Proceeds from other debt and financing	10	715	1,579
Repayment of debt and financing	10	(352)	(1,242)
Advances for, and dividends to non-controlling interests		(7)	(180)
Dividends paid to owners of the Company		(265)	(264)
Repayments of loans from joint ventures	12	(175)	-
Cash (used in) provided by other financing activities, net		-	(13)
Net cash from (used by) financing activities		**(84)**	**(159)**
Exchange impact on cash and cash equivalents, net		3	(73)
Net (decrease) increase in cash and cash equivalents		**47**	**30**
Cash and cash equivalents at the beginning of the year		769	694
Cash and cash equivalents at the end of the period		**816**	**724**

(i) Honduras and Guatemala operations are shown as fully consolidated for the nine month period ended 30 September 2015. The impact of accounting for Honduras and Guatemala under the equity method on the presentation of the 2015 consolidated statement of cash flows are shown in note 14.

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements

Unaudited interim condensed consolidated statements of changes in equity for the periods ended 30 September 2016, 31 December 2015 and 30 September 2015

US$ millions	Number of shares (000's)	Number of shares held by the Group (000's)	Share capital	Share premium	Treasury shares	Retained profits (i)	Put option reserve (ii)	Other reserves	Total	Non-controlling interests	Total equity
Balance on 31 December 2014 (audited)	**101,739**	**(1,756)**	**153**	**487**	**(160)**	**4,761**	**(2,512)**	**(389)**	**2,339**	**1,391**	**3,730**
Total comprehensive income for the period	—	—	—	—	—	(133)	—	(319)	(452)	(24)	(476)
Dividends	—	—	—	—	—	(264)	—	—	(264)	(173)	(437)
Purchase of treasury shares	—	(29)	—	—	(2)	—	—	—	(2)	—	(2)
Share based compensation	—	—	—	—	—	—	—	18	18	—	18
Issuance of shares under share-based payment schemes	—	203	—	(1)	18	—	—	(17)	—	—	—
Change in scope of consolidation (iv)	—	—	—	—	—	(47)	—	2	(44)	16	(28)
Balance on 30 September 2015	**101,739**	**(1,582)**	**153**	**486**	**(144)**	**4,316**	**(2,512)**	**(705)**	**1,595**	**1,210**	**2,804**
Total comprehensive income for the period	—	—	—	—	—	(426)	—	(19)	(445)	36	(409)
Dividends	—	—	—	—	—	—	—	—	—	(71)	(71)
Share based compensation	—	—	—	—	—	—	—	1	1	—	1
Issuance of shares under share-based payment schemes	—	8	—	—	1	—	—	(1)	—	—	—
Change in scope of consolidation (iv) (vi)	—	—	—	—	—	—	—	1	1	(6)	(5)
Effect of deconsolidation (v)	—	—	—	—	—	—	—	192	192	(918)	(726)
Put option liability reversal	—	—	—	—	—	(377)	2,512	—	2,135	—	2,135
Balance on 31 December 2015 (vi) (audited)	**101,739**	**(1,574)**	**153**	**486**	**(143)**	**3,513**	**—**	**(531)**	**3,477**	**251**	**3,728**
Total comprehensive income for the period	—	—	—	—	—	111	—	30	141	18	159
Dividends (iii)	—	—	—	—	—	(265)	—	—	(265)	—	(265)
Purchase of treasury shares	—	(35)	—	—	(2)	—	—	—	(2)	—	(2)
Share based compensation	—	—	—	—	—	—	—	12	12	—	12
Issuance of shares under share-based payment schemes	—	211	—	(1)	19	2	—	(17)	3	—	3
Balance on 30 September 2016	**101,739**	**(1,398)**	**153**	**485**	**(126)**	**3,360**	**—**	**(504)**	**3,367**	**268**	**3,635**

(i) *Retained profits — includes profit attributable to equity holders, of which at 30 September 2016 $334 million (2015: $384 million) are not distributable to equity holders.*

(ii) *Put option reserve — see note 14.*

(iii) *Dividends — A dividend distribution of $2.64 per share was approved by the Annual General Meeting of shareholders and distributed in May 2016.*

(iv) *Change in scope of consolidation – see note 3.*

(v) *Effect of deconsolidation of Honduras and Guatemala – see note 14.*

(vi) *The consolidated statement of financial position at 30 September 2015 has been restated as a result of Zantel's purchase accounting (see note 3).*

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements

Notes to the unaudited interim condensed consolidated statements

1. ORGANIZATION

Millicom International Cellular S.A. *(*the "Company"*)*, a Luxembourg Société Anonyme, and its subsidiaries, joint ventures and associates (the "Group" or "Millicom") is an international telecommunications and media company providing digital lifestyle services in emerging markets, through mobile and fixed telephony, cable, broadband and investments in online businesses in Latin America and Africa.

On 31 December 2015, Millicom deconsolidated its operations in Guatemala and Honduras which are, since that date and for accounting purposes, under joint control. The income statements of those operations were fully consolidated for the comparative periods ended 30 September 2015 (see note 14).

On 24 October 2016, the Board of Directors authorised these interim condensed consolidated financial statements for issuance.

2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES

These interim condensed consolidated financial statements of the Group are unaudited. They are presented in US dollars and have been prepared in accordance with International Accounting Standard ("IAS") 34 'Interim Financial Reporting' as adopted by the European Union. In the opinion of management, these unaudited condensed interim consolidated financial statements reflect all adjustments that are necessary for a proper presentation of the results for interim periods. Millicom's operations are not affected by significant seasonal or cyclical patterns

These unaudited interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2015. These financial statements are prepared in accordance with consolidation and accounting policies consistent with the 2015 consolidated financial statements.

The following changes to standards effective for annual periods starting on 1 January 2016 did not have a significant impact on Millicom:

- Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative. These amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports;
- Annual improvements 2014. These set of amendments impact 4 standards: IFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal, IFRS 7, 'Financial instruments: Disclosures', IAS 19, 'Employee benefits' regarding discount rates, IAS 34, 'Interim financial reporting' regarding disclosure of information;
- Amendments to IAS 38 and IAS 16: clarification of acceptable methods of depreciation and amortisation issued by the IASB in July 2014 and applicable as of 1 January 2016;
- Amendments to IFRS 11: accounting for acquisitions of interests in joint operations issued by the IASB in May 2014 and applicable as of 1 January 2016;
- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures'.

3. ACQUISITION OF SUBSIDIARIES, JOINT VENTURES, ASSOCIATES AND NON-CONTROLLING INTERESTS

During the nine month period ended 30 September 2016, Millicom did not make any significant acquisition.

During the nine month period ended 30 September 2015, Millicom raised its stake in its Rwandan subsidiary from 87.5% to 100%. The Group also made other small acquisitions.

Acquisition of Zanzibar Telecom Limited on 22 October 2015

On 4 June 2015 Millicom's fully owned Swedish subsidiary Millicom International Ventures AB entered into an agreement to purchase 85% of Zanzibar Telecom Limited ("Zantel"). The agreed purchase consideration was $1 subject to final price adjustment and included a shareholder loan. In addition Millicom assumed Zantel's debt obligations. The transaction completed on 22 October 2015 after receipt of regulatory approvals. A final price adjustment, per the terms of the agreement, is expected to occur in 2017. The deal also includes a reverse earn-out mechanism based on Zantel's achievement of EBITDA targets for the period from 2017 to 2019. No amounts have been recognised under this mechanism.

For the purchase accounting, Millicom determined the fair value of Zantel based on transaction and relative values. The non-controlling interest was measured based on the proportionate share of the fair value of the net assets of Zantel. The purchase accounting was updated when additional information became available regarding fair values of acquired assets and liabilities, but remains provisional at 30 September 2016 in respect of the final price adjustment.

22 October 2015 (US$ millions)	Initial Fair Values 100%	Provisional Updated Fair Values 100%	Change
Intangible assets (excluding goodwill), net.(i)	36	75	39
Property, plant and equipment, net (ii)	40	32	(8)
Other non-current assets (iii)	1	17	16
Current assets (excluding cash) (iv) (v)	30	41	11
Cash and cash equivalents	5	5	-
Total Assets Acquired	**112**	**170**	**58**
Non-current financial liabilities	81	77	(4)
Current liabilities	104	106	2
Total Liabilities Assumed	**185**	**183**	**(2)**
Fair value of assets acquired and liabilities assumed, net	**(73)**	**(13)**	**60**
Fair value of non-controlling interest in Zantel	(39)	(2)	37
Millicom's interest in the fair value of Zantel	(34)	(11)	23
Acquisition price ($1 dollar)	-	-	-
Provisional Goodwill	**34**	**11**	**(23)**

(i) *Intangible assets not previously recognized are a trademark for an amount of $10 million, with indefinite useful life, a customer list for an amount of $13 million, with estimated useful life of 4 years, telecommunication spectrum licenses for an amount of $23 million, with estimated useful life of 10 years and favourable contracts for $2 million. Certain IRUs were also written down to their fair values for an amount of $9 million.*

(ii) *Certain network and civil works assets were adjusted down to their fair value for an amount of $10 million. Certain land values were also stepped up to their fair value for an amount of $2 million.*

(iii) *The change in other non-current assets mainly corresponds to the step up at fair value of Zantel's 9% investment in the West Indian Ocean Cable Company Limited ('WIOCC'), a telecommunications carriers' carrier.*

(iv) *Current assets includes indemnification assets at fair value for an amount of $11 million.*

(v) *The fair value of trade receivables acquired was $19 million.*

The update of the purchase price allocation resulted in an impact on net income of less than $(1) million for the year ended 31 December 2015, which has been considered as immaterial and will not trigger a restatement of the prior year income statement. The goodwill, which comprises the fair value of the assembled work force and expected synergies from the acquisition, is not tax deductible.

4. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

Discontinued operations – DRC

On 8 February 2016, Millicom announced that it had signed an agreement for the sale of its businesses in the Democratic Republic of Congo (DRC) to Orange S.A. for a total cash consideration of $160 million adjusted for working capital movements and including $10 million of cash hold-back subject to the completion of the disposal of the mobile financial services business (DRC Mobile Cash). The transaction has been completed in respect of the mobile business (Oasis S.A). on 20 April 2016 and includes certain indemnity and warranty clauses as well as other expenses directly linked with the disposal, which have been provided for as of 30 September 2016. The separate disposal of DRC Mobile Cash has been completed in September 2016. As a result, $2.5 million of the cash hold-back has been received at 30 September 2016 and the remaining $7.5 million in October 2016.

In accordance with IFRS 5, the Group's businesses in DRC have been classified as assets held for sale as from 8 February 2016 and their results were classified as discontinued operations. Comparative figures of the income statement have been represented accordingly. Financial information relating to the discontinued operations for the three and nine month periods ended 30 September 2016 is set out below.

Results from Discontinued Operations (US$ millions)	Nine months ended 30 September 2016	Nine months ended 30 September 2015
Revenue	40	117
Cost of sales	(15)	(43)
Operating expenses	(20)	(74)
Depreciation and amortisation	(3)	(30)
Other operating profit income expense, net	-	(2)
Operating profit (loss)	**2**	**(32)**
Interest income (expense), net	(2)	(13)
Profit (loss) before taxes	**1**	**(45)**
Credit (charge) for taxes, net	6	(1)
Results from discontinued operations	**6**	**(46)**
Gross gain on disposal of discontinued operations	30	-
Other expenses linked to the disposal of discontinued operations	(18)	-
Net gain (loss) on disposal of discontinued operations	**12**	**-**
Net profit (loss) from discontinued operations	**18**	**(46)**

Results from Discontinued Operations (US$ millions)	Three months ended 30 September 2016	Three months ended 30 September 2015
Revenue	1	40
Cost of sales	(1)	(13)
Operating expenses	(1)	(28)
Depreciation and amortisation	-	(10)
Other operating profit income expense, net	-	(2)
Operating profit (loss)	**(1)**	**(13)**
Interest income (expense), net	-	(6)
Profit (loss) before taxes	**(1)**	**(19)**
Credit (charge) for taxes, net	-	-
Results from discontinued operations	**(1)**	**(19)**
Gross gain on disposal of discontinued operations	9	-
Other expenses linked to the disposal of discontinued operations	(4)	-
Net gain (loss) on disposal of discontinued operations	**5**	**-**
Net profit (loss) from discontinued operations	**4**	**(19)**

4. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE (Continued)

Discontinued operations – DRC (Continued)

Cash Flows from Discontinued Operations (US$ millions)	Nine months ended 30 September 2016	Nine months ended 30 September 2015
Cash used in operating activities, net	6	(24)
Cash used in investing activities, net	(11)	(18)
Cash provided by financing activities, net	-	37
Net cash outflows	(5)	(5)

Assets Held for Sale and liabilities directly associated with assets held for sale

The following assets and liabilities were held for sale in relation to Oasis S.A. as at the date of disposal:

Assets and liabilities reclassified as held for sale – Oasis S.A. (US$ millions)	20 April 2016
Intangible assets, net.	58
Property, plant and equipment, net	133
Other non-current assets	11
Current assets	42
Cash and cash equivalents	33
Total assets of disposal group held for sale	**277**
Non-current financial liabilities	44
Current liabilities	84
Total liabilities of disposal group held for sale	**128**
Net assets	**149**

The sale of Oasis S.A. generated a cash inflow of $139.5 million (excluding the remaining $7.5 million cash hold-back receivable at 30 September 2016), net of $33 million of cash disposed.

In H1 2016, the 4G spectrum in Colombia has been reclassified from “Assets held for sale” to intangible assets as the value of the spectrum will not be recovered through sale, but through use. A depreciation catch-up has been recorded for $11 million. At 30 September 2016, the carrying amount of the 4G spectrum amounts to $1 million and will be depreciated over the remaining duration of the spectrum (i.e. October 2016).

5. SEGMENT INFORMATION

Since 2016, Millicom presents segmental information based on its two geographical regions (Latin America and Africa – previously three regions) and the figures below include Honduras and Guatemala as if they are fully consolidated by the Group as this reflects the way management reviews and uses internal reporting to make decisions about operating matters. Honduras and Guatemala are shown under the Latin America segment. Comparative figures have been represented accordingly.

Revenue, operating profit (loss), EBITDA and other segment information for the three and nine month periods ended 30 September 2016 and 2015 was as follows:

Nine month period ended 30 September 2016 (US$ millions)	Latin America	Africa	Unallo -cated	Total (a)	Guatemala and Honduras (v) (b)	Eliminations and transfers (c)	Sub-Total (a)+(b)+(c)	Disc Ops (vi)	Total
Revenue	**3,988**	**667**	**-**	**4,655**	**(1,399)**	**-**	**3,255**	**40**	**3,295**
Operating profit (loss)	**753**	**44**	**(117)**	**680**	**(370)**	**103**	**413**	**2**	**415**
Add back:									
Depreciation and amortization	809	138	5	952	(265)	-	687	3	690
Income (loss) from joint ventures, net	-	-	-	-	-	(103)	(103)	-	(103)
Other operating income (expenses), net	-	1	2	3	(2)	-	1	-	1
EBITDA *(i)*	**1,562**	**183**	**(110)**	**1,636**	**(637)**	**-**	**998**	**5**	**1,003**
Capital expenditure *(ii)*	(673)	(120)	(4)	(798)					
Changes in working capital and others	(49)	(6)	(53)	(107)					
Taxes paid	(191)	(9)	(7)	(207)					
Operating free cash flow *(iii)*	**649**	**48**	**(173)**	**523**					
Total Assets *(iv)*	**10,442**	**1,521**	**1,916**	**12,397**	**(5,423)**	**3,070**	**10,044**		
Total Liabilities	**5,206**	**2,099**	**2,330**	**8,153**	**(1,863)**	**119**	**6,409**		

Nine month period ended 30 September 2015 (US$ millions)	Latin America	Africa	Unallo-cated	Total	Eliminations	Disc Ops (vi)	Total
Revenue	**4,325**	**612**	**-**	**4,936**	**-**	**117**	**5,054**
Operating profit (loss)	**864**	**12**	**(167)**	**709**	**-**	**(32)**	**677**
Add back:					-		
Depreciation and amortization	821	144	5	970	-	30	1,000
Other operating income (expenses), net	5	1	2	7	-	2	9
EBITDA *(i)*	**1,690**	**157**	**(160)**	**1,687**	**-**	**-**	**1,687**
Capital expenditure *(ii)*	(673)	(123)	(8)	(804)			
Changes in working capital and others	(69)	60	(81)	(89)			
Taxes paid	(180)	(9)	(1)	(190)			
Operating free cash flow *(iii)*	**768**	**85**	**(250)**	**603**			
Total Assets *(iv)*	**10,705**	**1,643**	**1,671**	**14,019**	**(1,702)**		**12,317**
Total Liabilities	**4,714**	**2,097**	**4,403**	**11,214**	**(1,702)**		**9,513**

(i) *EBITDA is used by the management to monitor the segmental performance and for capital management. EBITDA is defined in the Annual Report 2015.*

(ii) *Excluding spectrum and licenses of $35 million (2015: $nil million).*

(iii) *Operating free cash flow by segment includes share-based compensation as a cash transaction.*

(iv) *Segment assets include goodwill and other intangible assets.*

(v) *Including eliminations for Guatemala and Honduras as reported in the Latin America segment.*

(vi) *See note 4. DRC operations were part of the Africa segment.*

5. SEGMENT INFORMATION (Continued)

Three month period ended 30 September 2016 (US$ millions)	Latin America	Africa	Unallo-cated	Total (a)	Guatemala and Honduras (v) (b)	Eliminations and transfers (c)	Sub-Total (a)+(b)+(c)	Disc Ops (vi)	Total
Revenue	**1,330**	**225**	**-**	**1,555**	**(456)**	**-**	**1,099**	**1**	**1,100**
Operating profit (loss)	**243**	**21**	**(37)**	**227**	**(119)**	**36**	**143**	**(1)**	**142**
Add back:									
Depreciation and amortization	281	42	2	325	(91)	-	235	-	235
Income (loss) from joint ventures, net	-	-	-	-	-	(36)	(36)	-	(36)
Other operating income (expenses), net	(2)	1	1	-	(1)	-	(1)	-	(1)
EBITDA *(i)*	**522**	**64**	**(34)**	**552**	**(211)**	**-**	**341**	**(1)**	**340**
Capital expenditure *(ii)*	(197)	(44)	-	(242)					
Changes in working capital and others	14	7	(9)	14					
Taxes paid	(66)	(3)	(1)	(70)					
Operating free cash flow *(iii)*	**273**	**24**	**(43)**	**253**					

Three month period ended 30 September 2015 (US$ millions)	Latin America	Africa	Unallo-cated	Total	Eliminations	Disc Ops (vi)	Total
Revenue	**1,400**	**201**	**-**	**1,600**	**-**	**40**	**1,641**
Operating profit (loss)	**283**	**5**	**(48)**	**241**	**-**	**(13)**	**227**
Add back:					-		
Depreciation and amortization	269	43	1	313	-	10	323
Other operating income (expenses), net	8	2	(2)	8	-	2	10
EBITDA *(i)*	**561**	**50**	**(49)**	**562**	**-**	**(2)**	**560**
Capital expenditure *(ii)*	(277)	(47)	(6)	(330)			
Changes in working capital and others	18	52	(5)	66			
Taxes paid	(45)	(1)	-	(46)			
Operating free cash flow *(iii)*	**257**	**54**	**(60)**	**252**			

6. OTHER NON-OPERATING (EXPENSES) INCOME, NET

The Group's other non-operating (expenses) income, net comprised the following:

US$ millions	Nine months ended 30 September 2016	Nine months ended 30 September 2015
Change in redemption price / lapse of put options (see note 14)	-	81
Change in fair value / lapse of derivatives (see note 13)	(3)	30
Change in fair value of call options	-	(62)
Exchange gains (losses), net	63	(250)
Other non-operating income (expenses), net	(8)	(12)
Total	**52**	**(213)**

US$ millions	Three months ended 30 September 2016	Three months ended 30 September 2015
Change in redemption price / lapse of put options (see note 14)	-	81
Change in fair value / lapse of derivatives (see note 13)	(3)	3
Change in fair value of call options	-	(22)
Exchange gains (losses), net	8	(108)
Other non-operating income (expenses), net	1	-
Total	**6**	**(46)**

7. EARNINGS PER COMMON SHARE

Earnings per common share (EPS) attributable to owners of the Company are comprised as follows:

US$ millions	Nine months ended 30 September 2016	Nine months ended 30 September 2015
Basic and Diluted		
Net profit (loss) attributable to owners of the Company from continuing operations	92	(87)
Net profit (loss) attributable to owners of the Company from discontinuing operations	18	(46)
Net profit (loss) attributable to owners of the Company used to determine the earnings per share	111	(133)
in thousands		
Weighted average number of ordinary shares for basic earnings per share	**100,333**	**100,127**
Potential incremental shares as a result of share options	-	14
Weighted average number of ordinary shares adjusted for the effect of dilution	**100,333**	**100,141**
US$		
Basic		
- EPS from continuing operations attributable to owners of the Company	0.92	(0.87)
- EPS from discontinuing operations attributable to owners of the Company	0.18	(0.46)
- EPS for the period attributable to owners of the Company	1.10	(1.33)
Diluted		
- EPS from continuing operations attributable to owners of the Company	0.92	(0.87)
- EPS from discontinuing operations attributable to owners of the Company	0.18	(0.46)
- EPS for the period attributable to owners of the Company	1.10	(1.33)

US$ millions	Three months ended 30 September 2016	Three months ended 30 September 2015
Basic and Diluted		
Net profit (loss) attributable to owners of the Company from continuing operations	21	31
Net profit (loss) attributable to owners of the Company from discontinuing operations	4	(19)
Net profit (loss) attributable to owners of the Company used to determine the earnings per share	24	12
in thousands		
Weighted average number of ordinary shares for basic earnings per share	**100,336**	**100,142**
Potential incremental shares as a result of share options	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	**100,336**	**100,142**
US$		
Basic		
- EPS from continuing operations attributable to owners of the Company	0.20	0.31
- EPS from discontinuing operations attributable to owners of the Company	0.04	(0.19)
- EPS for the period attributable to owners of the Company	0.24	0.12
Diluted		
- EPS from continuing operations attributable to owners of the Company	0.20	0.31
- EPS from discontinuing operations attributable to owners of the Company	0.04	(0.19)
- EPS for the period attributable to owners of the Company	0.24	0.12

8. PROPERTY, PLANT AND EQUIPMENT

During the nine month period ended 30 September 2016, Millicom added property, plant and equipment for $393 million (30 September 2015: $706 million) and received $3 million in cash from disposal of property, plant and equipment (30 September 2015: $4 million).

9. INTANGIBLE ASSETS

During the nine month period ended 30 September 2016, Millicom added intangible assets of $141 million (30 September 2015: $124 million) and received $4 million of proceeds from disposal of intangible assets (30 September 2015: $2 million).

10. DEBT AND FINANCING

SEK Bonds

On 12 April 2016, Millicom offered to purchase for cash any and all of its SEK 250 million (approximately $31 million) 5.125% Senior Unsecured Fixed Rate Notes due 2017 (the "Fixed Rate Notes") and its SEK 1.75 billion (approximately $219 million) STIBOR +3.500% Senior Unsecured Floating Rate Notes due 2017 (the "Floating Rate Notes", and together with the Fixed Rate Notes, the "Notes").

Following the early and regular tender offers, SEK 186 million (approximately $23 million) and SEK 1.498 billion (approximately $187 million) in aggregate principal amount of the Fixed Rate Notes and the Floating Rate Notes, respectively, have been repaid. Millicom has paid to such noteholders 105.8% and 102.8% of the nominal amount of the Fixed Rate Notes and the Floating Rate Notes, respectively, together with any accrued interest. The early redemption fees amounting to $7 million have been recorded under interest expenses. After settlement, SEK 64 million (approximately $8 million) in aggregate principal amount of the Fixed Rate Notes (25.6%) and SEK 252 million (approximately $32 million) in aggregate principal amount of the Floating Rate Notes (14.4%) remain outstanding. $1 million of related unamortized costs were expensed during 2016.

On 21 April 2016, Millicom also completed the placing of a new SEK 2 billion (approximately $250 million) 3-year floating rate bond in the Swedish market. The new bond has a floating rate coupon of 3 months STIBOR +3.3% and will mature on 17 April 2019, with a first call option on 17 April 2018. The bond was issued at 100% of the principal. $2.5 million of withheld and upfront costs are being amortized over the 3 year life of the bond.

On 19 September 2016, the Group has notified holders of its SEK 250,000,000 5.125% Senior Unsecured Fixed Rate Notes due 2017 and its SEK 1,750,000,000 STIBOR +3.500% Senior Unsecured Floating Rate Notes due 2017 of the early voluntary redemption of the notes in full. The outstanding notes totaling SEK 316 million (approximately $40 million) of principal will be redeemed on 24 October 2016. The redemption price will be an amount equal to the outstanding principal of the notes plus accrued but unpaid interest thereon and the applicable premium. The redemption premium is assessed at $1.4 million and has been accrued for as at 30 September 2016.

Colombia – UNE Bonds

In May 2016, UNE issued a COP 540 billion bond (approximately $176 million) consisting of three tranches (approximately $52 million, $83 million and $41 million respectively). Interest rates are either fixed or variable depending on the tranche. Tranche A bears fixed interest at 9.35%, while Tranche B and C bear variable interest, based on CPI, (respective margins of CPI+4.15% and CPI+4.89%), in Colombian peso.

UNE will apply the proceeds to finance its investment plan and repay one bond (COP150 billion tranche). Tranches A, B and C will mature in May 2024, May 2026 and May 2036, respectively.

El Salvador

On 15 April 2016, Telemovil El Salvador, S.A. de C.V. entered into a Senior Unsecured Term Loan Facility of $50 million maturing in April 2021 and bearing variable interest at LIBOR+3.0% per annum. This Facility is guaranteed by the Company.

On 6 June 2016, Telemovil El Salvador, S.A. de C.V. entered into a $30 million Credit Facility for general corporate purposes maturing in June 2021 and bearing variable interest rate at LIBOR + 2.25% per annum. The Facility is repayable over different yearly installments until maturity and is guaranteed by the Company.

Bolivia

On 11 August 2016, our operation in Bolivia issued a new bond for a total amount of Bs 522 million consisting of two tranches (approximately $50 million and $25 million, respectively). Tranche A and B bear fixed interest at 3.95% and 4.30%, and will mature in June 2024 and June 2029, respectively.

MIC SA Revolving Credit Facility

In June 2014, MIC S.A. entered into a $500 million revolving credit facility with a consortium of banks, including each Initial Purchaser, of which $200 million (Facility A) is for a 2-year term and $300 million (Facility B) is for a 3-year term. In May 2015 both facilities were extended for one year. As of 30 September 2016, the facility was committed and undrawn.

10. DEBT AND FINANCING (Continued)

MIC SA Term loan Facility

In July 2016, MIC S.A. entered into a $50 million term loan facility agreement, for which half will be repaid in 2018 and half in 2019. The facility bears variable interest rate at 6 month LIBOR + 2.25% per annum.

The total amount of debt and financing is repayable as follows:

US$ millions	As at 30 September 2016	As at 31 December 2015
Due within:		
One year	253	221
One-two years	216	320
Two-three years	510	164
Three-four years	823	262
Four-five years	237	810
After five years	2,353	2,233
Total debt	**4,392**	**4,010**

As at 30 September 2016, the Group's share of total debt and financing secured by either pledged assets, pledged deposits issued to cover letters of credit or guarantees issued was $719 million (31 December 2015: $646 million). Assets pledged by the Group for these debts and financings amounted to $3 million at 30 September 2016 (31 December 2015: $3 million).

Analysis of debt and other financing by maturity

The table below describes the outstanding and maximum exposure under these guarantees and the remaining terms of the guarantees as at 30 September 2016 and 31 December 2015.

	Bank and financing guarantees (i)			
US$ millions	As at 30 September 2016		As at 31 December 2015	
Terms	Outstanding exposure	Theoretical maximum exposure	Outstanding exposure	Theoretical maximum exposure
0-1 year	98	98	100	100
1-3 years	251	251	143	143
3-5 years	361	361	393	393
More than 5 years	6	6	7	7
Total	**716**	**716**	**643**	**643**

(i) If non-payment by the obligor, the guarantee ensures payment of outstanding amounts by the Group's guarantor.

11. COMMITMENTS AND CONTINGENCIES

Litigation & claims

At 30 September 2016, the total amount of claims against Millicom and its operations was $341 million (31 December 2015: $492 million), of which $ nil against the Group’s joint ventures (31 December 2015: $ nil).

$36 million (31 December 2015: $42 million), of which $ nil (31 December 2015: $ nil) against the Group’s joint ventures, has been assessed probable and provided for litigation risks.

In June 2016, Millicom was served with claims by a third party seeking monetary damages in the amount of US$4.6 million and seeking to exert rights as a shareholder of Millicom Tanzania Ltd (Tigo Tanzania). As previously disclosed, in June 2015, Millicom identified that an incorrect filing related Tigo Tanzania had been made in the commercial register, causing the register to incorrectly indicate that shares in the local subsidiary were owned by this third party. Millicom remains engaged in legal proceedings regarding this issue, which at 30 September 2016 are before the Tanzanian Court of Appeals. Millicom believes that these claims are entirely without merit and, moreover, maintains that there is no valid basis whatsoever for any third party to claim any interest in Tigo Tanzania or be registered as one of its shareholders.

11. COMMITMENTS AND CONTINGENCIES (Continued)

Taxation

At 30 September 2016, the Group estimates potential tax claims amounting to $310 million and tax provisions of $62 million which have been assessed probable and have been recorded (31 December 2015: claims amounting to $300 million and provisions of $92 million). Out of these potential claims and provisions, respectively $124 million and $13 million related to Millicom's joint ventures (31 December 2015: claims amounting to $95 million and provisions of $13 million).

Potential improper payments on behalf of the Guatemala joint venture

On 21 October 2015, Millicom reported to law enforcement authorities in the United States and Sweden potential improper payments made on behalf of the Company's joint venture in Guatemala. On 4 May 2016, Millicom received notification from the Swedish Public Prosecutor that its preliminary investigation has been discontinued on jurisdictional grounds. Millicom continues to cooperate with law enforcement authorities in the United States. As at 30 September 2016, the matter is still under investigation and Management has not been able to assess the potential impact on these interim condensed consolidated financial statements of any remedial actions that may need to be taken as a result of the investigations, or penalties that may be imposed by law enforcement authorities.

Capital commitments

As at 30 September 2016, the Company and its subsidiaries and joint ventures have fixed commitments to purchase network equipment and other fixed and intangible assets from a number of suppliers for $350 million of which $314 million are due within one year (31 December 2015: $326 million of which $309 million were due within one year). Out of these commitments, $78 million related to Millicom's joint ventures (31 December 2015: $59 million).

12. RELATED PARTY TRANSACTIONS

The following transactions were conducted with related parties during the nine and three month periods ended 30 September 2016:

US$ millions (unaudited)	Nine months ended 30 September 2016	Nine months ended 30 September 2015
Expenses		
Purchases of goods and services from Kinnevik	(6)	(1)
Purchases of goods and services from Miffin	(167)	(86)
Purchases of goods and services from EPM	(17)	-
Lease of towers and related services from Helios	(27)	(28)
Other expenses	(1)	(3)
Total	**(218)**	**(118)**

US$ millions (unaudited)	Nine months ended 30 September 2016	Nine months ended 30 September 2015
Income / gains		
Sale of goods and services to EPM	13	-
Sale of goods and services to Miffin	192	180
Other income / gains	8	3
Total	**213**	**183**

US$ millions (unaudited)	Three months ended 30 September 2016	Three months ended 30 September 2015
Expenses		
Purchases of goods and services from Kinnevik	(3)	-
Purchases of goods and services from Miffin	(76)	(24)
Purchases of goods and services from EPM	(7)	-
Lease of towers and related services from Helios	(11)	(9)
Other expenses	-	(1)
Total	**(97)**	**(34)**

12. RELATED PARTY TRANSACTIONS (Continued)

US$ millions (unaudited)	Three months ended 30 September 2016	Three months ended 30 September 2015
Income / gains		
Sale of goods and services to EPM	5	-
Sale of goods and services to Miffin	97	68
Other income / gains	6	1
Total	**108**	**69**

As at 30 September 2016 the Company had the following balances with related parties:

US$ millions (unaudited)	At 30 September 2016	At 31 December 2015
Liabilities		
Payables to Guatemala joint venture (i)	4	335
Payables to Honduras joint venture (ii)	102	225
Finance lease liabilities to tower companies (iii)	82	122
Payables to EPM	55	66
Other accounts payable	2	18
Total	**245**	**766**

(i) Decrease compared to 31 December 2015 is due to the combination of dividends declaration in April 2016 and repayment of shareholder loans in May 2016.
(ii) Amount payable mainly consist in dividend advances. Dividend is expected to be declared in 2017.
(iii) Disclosed under "Debt and other financing" in the statement of financial position.

US$ millions (unaudited)	At 30 September 2016	At 31 December 2015
Assets		
Receivables from EPM	4	5
Receivables from Helios Towers	11	7
Other accounts receivable	1	4
Total	**16**	**16**

13. FINANCIAL INSTRUMENTS

Other than the items disclosed below, the fair values of financial assets and financial liabilities approximate their carrying values as at 30 September 2016 and 31 December 2015:

US$ millions	Carrying Value		Fair Value (i)	
	30 September 2016 (unaudited)	31 December 2015 (audited)	30 September 2016 (unaudited)	31 December 2015 (audited)
Financial liabilities				
Debt and financing	4,392	4,010	4,660	3,872

(i) Fair values are measured with reference to Level 1 (for listed bonds) or 2.

Currency and interest rate swap contracts

Interest rate and currency swaps on SEK and EUR denominated debt are measured with reference to Level 2 of the fair value hierarchy

<u>Interest rate and currency swaps on SEK denominated debt</u>

As described in note 10, the SEK Bonds have been partially redeemed. As a consequence, the Group has modified and extended the related interest rate and currency swaps until at least April 2018.The swaps are accounted for as a cash flow hedge as the timing and amounts of the cash flows under the swap agreements match the cash flows under the new SEK bond. The hedging relationship is highly effective and related fluctuations are recorded through other comprehensive income. At 30 September 2016, the fair values of the swaps amount to a liability of $68 million (31 December 2015: a liability of $65 million).

MILLICOM THE DIGITAL LIFESTYLE

13. FINANCIAL INSTRUMENTS (Continued)

Interest rate and currency swaps on Euro denominated debt

In June 2013 Millicom entered into interest rate and currency swaps whereby Millicom will sell Euro's and receive USD to hedge against exchange rate fluctuations on an intercompany seven year Euro 134 million principal and related interest financing of its operation in Senegal. At 30 September 2016 the fair value of the swap amounts to an asset of $24 million (31 December 2015: asset of $26 million).

The above hedge is considered ineffective, with fluctuations in the fair value of the hedge recorded through profit and loss.

No other financial instruments have a significant fair value at 30 September 2016.

14. INVESTMENTS IN JOINT VENTURES

As disclosed in the Group's consolidated financial statements as at and for the year ended 31 December 2015, Millicom's respective unconditional call options to acquire the remaining 33.3% and 45% of the Honduran (Celtel) and Guatemala (Comcel) businesses respectively expired unexercised on 31 December 2015, and accordingly both businesses were deconsolidated from 31 December 2015.

At the same time the conditional put options Millicom provided to the other shareholders also lapsed.

As a consequence, on 31 December 2015, Millicom deconsolidated its investments in Comcel and Celtel and accounted for them under the equity method, initially at fair value. As from 31 December 2015 onwards, Millicom therefore jointly controls Comcel and Celtel and accounts for its investments in Comcel and Celtel under the equity method and thus reports its share of the net income of each of these businesses in the income statement in the caption "Income (loss) from joint ventures" starting 1 January 2016. The allocation of assets and liabilities remains provisional as of 30 September 2016.

Had the Honduras and Guatemala operations been deconsolidated from 1 January 2015 (opening balance of the comparative period) and accounted for as joint ventures, the Group's key results and cash flows for the nine and three month periods ended 30 September 2015 would have been as follows:

Summary of Group Income Statement, financial position and cash flows with Guatemala and Honduras operations as joint ventures (US$ millions)	Nine months ended 30 September 2016	Nine months ended 30 September 2015
Revenue	**3,255**	**3,482**
Cost of sales	(949)	(1,025)
Gross profit	**2,306**	**2,457**
Operating expenses	(1,308)	(1,481)
Depreciation and amortisation	(687)	(700)
Other operating income (expenses), net	(1)	(7)
Share of profit in Guatemala and Honduras operations	103	128
Operating profit	**413**	**397**
Profit (loss) before taxes	**201**	**(58)**
Charge for taxes, net	(111)	(87)
Profit (loss) for the period	**90**	**(146)**
Profit (loss) for the period from discontinued operations, net of tax	18	(46)
Non-controlling interests	2	59
Net profit (loss) for the year attributable to the owners of Millicom	**111**	**(133)**
Total Assets (i)	10,044	10,363
Total Liabilities (i)	6,409	6,672
Net Assets (i)	**3,635**	**3,691**
Net cash from operating activities	649	648
Net cash from (used in) investing activities	(521)	(238)
Net cash from (used in) financing activities	(84)	(340)
Exchange impact on cash and cash equivalents, net	3	(78)
Net increase (decrease) in cash and cash equivalents	**47**	**(8)**

(i) Comparative figures are the ones as at 31 December 2015.

14. INVESTMENTS IN JOINT VENTURES (Continued)

Summary of Group Income Statement, financial position and cash flows with Guatemala and Honduras operations as joint ventures (US$ millions)	Three months ended 30 September 2016	Three months ended 30 September 2015
Revenue	**1,099**	**1,114**
Cost of sales	(320)	(324)
Gross profit	**779**	**790**
Operating expenses	(438)	(464)
Depreciation and amortisation	(235)	(227)
Other operating income (expenses), net	1	(8)
Share of profit in Guatemala and Honduras operations	36	45
Operating profit	**143**	**136**
Profit (loss) before taxes	**52**	**11**
Charge for taxes, net	(27)	(14)
Profit (loss) for the period	**25**	**(3)**
Profit (loss) for the period from discontinued operations, net of tax	4	(19)
Non-controlling interests	(4)	34
Net profit (loss) for the year attributable to the owners of Millicom	**24**	**12**

In 2014, our joint venture in Guatemala (55% shareholding) entered into five years contracts with the Guatemala Government to provide video surveillance to the Civil National Police. The service includes camera lease, connectivity, storage of images, monitoring centers and software with analytics. As at 30 September 2016, no payment has been received under this contract due to government budget restrictions. Management have closely monitored the collectability of amounts owed under these contracts since inception, and as a result of discussions with the Guatemalan government about payment, have, since 1 July 2016 considered that the accounting criteria regarding probability of cash flowing to the Group are no longer met. Accordingly, all outstanding amounts receivable under the contract of $42 million have been impaired, and no revenue has been recognised from the contracts from 1 July 2016.

15. INVESTMENTS IN ASSOCIATES

Africa Internet Holding GmbH (AIH)

Various shareholder funding rounds were signed in late 2015 and in the first nine months of 2016. Millicom did not participate and therefore retained its initial investment at Euro 70 million. In addition, during June 2016, there was a capital restructuring whereas all investors rolled up into AIH. At 30 September 2016, these transactions have all been duly executed and as a result Millicom's shareholding in AIH reduced to 10%. This has triggered the recognition of a net dilution gain of $43 million in the Group income statement under 'Income (loss) from associates, net' in the nine month period ended 30 September 2016 ($14 million in the three month period ended 30 September 2016).

Helios Towers Africa (HTA)

Millicom's shareholding diluted from 28% to 23% as a result of previous committed cash calls and new investors' funding. This has resulted in Millicom recognizing a gain on dilution of $16 million in the nine month period ended 30 September 2016 ($2 million in the three month period ended 30 September 2016). The gain has been recorded in the Group income statement under 'Income (loss) from associates, net'.

16. OTHER INFORMATION – MIC TANZANIA

The amendments to the Electronic and Postal Communications Act, 2010 (the "Act") introduced by the Finance Act, 2016 voted on 1 July 2016, requires all licensees under the Act, to sell 25% of their share capital to Tanzanian citizens and list those shares on the Dar es Salaam Stock Exchange before the end of year 2016. Millicom initiated the process to ensure compliance of this legal requirement. Millicom appointed Standard Bank as its advisor for this transaction and is in the process of appointing its legal advisors.

17. SUBSEQUENT EVENTS

There are no significant subsequent events.

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