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THE DIGITAL LIFESTYLE

Millicom's Q2 & H1 2016 Results, 21 July 2016

We believe in better. We believe in tigo

Millicom International Cellular S.A.

Key highlights of Q2 2016 [i]

- Revenue of $1.57 billion - organic service revenue up 2.1% [ii]
  - Reported service revenue 4.1% lower on currency
- Adjusted EBITDA[iii] at $560 million - organic growth of 4.6%
  - Adjusted EBITDA margin at 35.6% - increased by 1.4 percentage points
- Stronger cash generation - equity free cash flow of $107 million
- Project Heat: transformation and efficiency plan targeting $200 million savings
- Strong subscriber growth – 2 million new smartphones users in the quarter
- Cable footprint expansion target increased to 12 million homes passed
- 2016 outlook revised
  - Organic service revenue growth lowered to “low to mid-single digit”
  - Adjusted EBITDA growth unchanged at “mid to high single digit”
  - Capex [iv] lowered to “around $1.10 billion” on efficiencies

Key financial indicators

$m	Q2 2016	Q2 2015	% change	H1 2016	H1 2015	% change
Revenue	1,572	1,666	(5.7%)	3,100	3,336	(7.1%)
Organic growth	*0.5%*	*9.0%*		*1.3%*	*9.3%*	
Service revenue	1,469	1,533	(4.1%)	2,905	3,070	(5.4%)
Organic growth	*2.1%*	*5.3%*		*3.1%*	*5.3%*	
Adjusted EBITDA	560	569	(1.6%)	1,110	1,140	(2.6%)
Adjusted EBITDA margin	*35.6%*	*34.2%*		*35.8%*	*34.2%*	
Capex [iv]	222	280	(20.9%)	417	466	(10.7%)
Net debt	4,282	4,281	0.0%	4,282	4,281	0.0%
Adjusted EPS ($) [v]	0.04	0.09	(59.3%)	0.26	0.47	(45.4%)

- **Latam:** Q2 reported organic revenue decline of 0.7% to $1.35 billion due to lower handset sales whilst organic service revenue grew 0.9% held back by macro headwinds and mobile competitive intensity in Colombia whilst data revenue growth remained strong. The cable rollout accelerated with a further 161,000 new HFC homes passed in the quarter. EBITDA was $514 million including $17 million one-off charges, a margin of 38.1%.
- **Africa:** Q2 reported organic revenue growth of 9.2% to $222 million with service revenue growing 9.8%. All countries reported good growth although we experienced a more difficult environment in Tanzania. We saw the benefit of actions taken last year as EBITDA grew 8.7% organically on Q1 and 23.8% year-on-year to $62 million, a margin of 28.1%.
- **Corporate Costs:** Reduction to $40 million compared to $55 million in Q2 15 and $41 million in Q1 16.

i The financial information presented in this earnings release is with Guatemala (55% owned) & Honduras (66.7% owned) as if fully consolidated. See page 16 for reconciliation with IFRS numbers. The comparative 2015 financial information in this earnings release has been represented 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)
Service revenue is defined as Group revenue excluding telephone & equipment sales
iii Adjusted EBITDA is defined as reported EBITDA excluding restructuring and integration costs and other one-off items – See page 7 for reconciliation
iv Balance sheet capital expenditure, excludes spectrum and license costs
v Basic EPS adjusted for non-operating items see page 15 for reconciliation

CEO's Statement

Luxembourg, 21 July 2016

"Millicom is a company with tremendous potential and our belief in the long-term future of this business has been reaffirmed as we begin to realise growth opportunities across our data and cable revenue streams.

We need to navigate through the on-going sluggish macro-economic conditions. The external environment continues to be very difficult in several markets, which is exacerbating the decline of our legacy voice/SMS business. This left us with revenue weaker than expected; organic service revenue growth of 2.1% to $1,469 million was well below the rate we anticipated at the start of the year so we are revising downwards the revenue outlook for the remainder of the year. However, we are quickly adapting to this more challenging environment as we continue to drive profitability; the Adjusted EBITDA margin was up 1.4 percentage points on last year and now sits above our medium term target of 35%. Cash-flow generation was also robust and we now feel we can deliver the 2016 investment plan with lower capital expenditure than previously indicated.

For Millicom, the important long-term story is about how we are reconfiguring our business towards the growth segments of data and cable. An increasing proportion of revenue is now coming from these segments as SMS and voice revenue is replaced by mobile data revenue, which grew by a quarter with nearly a third of our base now using mobile data. In this context it was pleasing that more than 600,000 new data customers were added in this quarter. This reflects in the adoption of smartphone whose growth continues to be very strong, with the penetration rate of smartphone users increasing by more than ten points year-on-year to 40.2%.

Our Cable business, representing residential Home and Fixed B2B businesses, also very much represents the future for Millicom and already delivers over 27% of service revenue. Most of our Home operations continued to deliver impressive double-digit revenue growth and having accelerated the cable expansion we now pass 7.8 million homes. Our roll out programmes are well tested and so we are revising up our targets and now expect to reach our original goal of 10 million homes passed by 2018, a year early. In light of this achievement, we have set ourselves a new target of 12 million homes passed.

We continue to strengthen our customer proposition to drive demand and loyalty. In the quarter, we announced an exciting partnership with Netflix and together launched a compelling promotional campaign across our Latam footprint.

We are also building the foundations of our B2B business. During the quarter, Tigo Business completed the construction of its first data centre in Paraguay, as well as further facilities in Chad and Senegal. These data centres are a necessary response to the growth in internet traffic that is changing the digital landscape across every one of our markets. Tigo Business also announced last week a partnership with Microsoft which will provide cloud computing benefits to businesses in the Latam region, further extending our product and service offering.

As we move to capture these exciting new areas we must also look at how we run our business. We have been working hard on this, with 41 group initiatives to transform and improve the efficiency of the business under the umbrella of Project Heat. These initiatives will not just reduce costs – though we are targeting $200 million of savings – but also make our business more adaptable to meet challenges ahead.

As we continue to execute our strategic roadmap and stay ahead of the needs of our customers, we also identified the need to add further strength at the leadership level in specific areas. This quarter we are delighted to welcome senior appointments in Operations and Compliance, and I now have the team to deliver on our strategy.

We are building the right platform to drive momentum, accelerate data penetration, expand our cable footprint and grow our B2B business."

Mauricio Ramos
CEO, Millicom

Outlook revised

Our outlook for 2016 has been updated as follows:

Basis	Previous outlook	New outlook
Service revenue [(a)]	To grow mid-single digit	To grow low to mid-single digit
Adjusted EBITDA [(b)]	To grow mid to high-single digit	To grow mid to high-single digit
Capex [(c)]	Between $1.15 and $1.25 billion	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 license 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 results of the quarter will take place at 14.00 Stockholm / 14.00 Luxembourg / 13.00 London / 08.00 New York, on Thursday 21 July 2016. For those unable to attend, Millicom will also provide a conference call. Dial-in numbers: + 46 (0) 850 65 3936, + 352 342 080 8654, + 44 203 427 1905, +1 646 254 3362. Access code: 746296.

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 are available at www.millicom.com.

Significant events of the quarter

Corporate news

4 Apr 2016:	Publication of our 2015 Annual Report and Corporate Responsibility Report
13 Apr 2016:	Nomination Committee proposes José Miguel Garcia Fernandez as new Board director
9 May 2016:	Discontinuation of preliminary investigation by Swedish Prosecutor
17 May 2016:	2016 AGM
10 Jun 2016:	Appointment of HL Rogers as EVP, Chief Ethics and Compliance Officer

Business news

21 Apr 2016:	Completion of sale of DRC
13 Jun 2016:	Millicom partners with Netflix in Latin America
28 Jun 2016:	Millicom is launching two new data centres in Chad and Senegal

Financial news

12 Apr 2016:	Debt refinancing with offer to early purchase 2017 SEK bond
26 Apr 2016:	Millicom Q1 2016 results
28 Apr 2016:	Success of tender offers on 2017 SEK bond
26 May 2016:	Publication of prospectus & application for listing of new SEK bond
26 May 2016:	Tigo UNE bond issuance

Subsequent events

13 Jul 2016: Partnership with Microsoft to provide cloud services to eight markets in Latin America

Agenda

25 Oct 2016: Q3 16 results

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Risks and uncertainty factors

Millicom operates in a dynamic industry characterized by rapid evolution in technology, consumer demand, and business opportunities. Combined with a focus on emerging markets, the Group has a proactive approach to identifying, understanding, assessing, monitoring and acting on balancing risks and opportunities. For a description of risks and Millicom's approach to risk management, refer to the 2015 Annual Report (http://www.millicom.com/media/4562100/full-annual-report-millicom-2015.pdf). In addition to the information in the 2015 Annual Report and the information provided in this release, please refer to Millicom's press release, dated 21 October 2015, entitled "Millicom reports to authorities potential improper payments on behalf of its Guatemalan joint venture." At this time, Millicom's investigation remains on-going, and Millicom cannot predict the outcome or consequences of this matter.

Millicom is a leading telecom and media company dedicated to emerging markets in Latin America and Africa. Millicom sets the pace when it comes to providing innovative and customer-centric digital lifestyle services to the world's emerging markets. The Millicom Group employs more than 16,000 people and provides mobile services to over 57 million customers. Founded in 1990, Millicom International Cellular SA is headquartered in Luxembourg and listed on NASDAQ OMX Stockholm under the symbol MIC. In 2015, Millicom generated revenue of USD 6.7 billion and EBITDA of USD 2.2 billion.

This press release may contain certain "forward-looking statements" with respect to Millicom's expectations and plans, strategy, management's objectives, future performance, costs, revenue, earnings and other trend information. It is important to note that Millicom's actual results in the future could differ materially from those anticipated in forward-looking statements depending on various important factors, including those included in this release. All forward-looking statements in this press release are based on information available to Millicom on the date hereof. All written or oral forward-looking statements attributable to Millicom International Cellular S.A., and Millicom International Cellular S.A. employees or representatives acting on Millicom's behalf are expressly qualified in their entirety by the factors referred to above. Millicom does not intend to update these forward-looking statements.

Financial review

US$m	Q2 16	Q2 15	%	H1 16	H1 15	%
Revenue	**1,572**	**1,666**	**(6)**	**3,100**	**3,336**	**(7)**
Cost of sales	(424)	(452)	(6)	(824)	(899)	(8)
Gross profit	**1,148**	**1,214**	**(5)**	**2,276**	**2,437**	**(7)**
Operating expenses	(606)	(653)	(7)	(1,192)	(1,312)	(9)
Depreciation & amortisation	(324)	(327)	(1)	(627)	(657)	(5)
Other operating income (expenses), net	(4)	-	N/M	(4)	1	N/M
Operating profit	**214**	**234**	**(8)**	**453**	**469**	**(3)**
Net financial expenses	(123)	(85)	45	(230)	(202)	14
Other non-operating income (expenses), net	26	(95)	N/M	41	(167)	N/M
Gains (losses) from associates	20	(12)	N/M	9	(25)	N/M
Profit (loss) before tax	**137**	**42**	**N/M**	**273**	**75**	**N/M**
Net tax credit (charge)	(71)	(91)	(22)	(133)	(129)	3
Profit (loss) for the period from continuing operations	**66**	**(49)**	**N/M**	**140**	**(54)**	**N/M**
Non-controlling interests	(29)	(36)	(20)	(68)	(64)	7
Profit (loss) from discontinued operations	6	(14)	N/M	14	(27)	N/M
Net profit (loss) for the period	**44**	**(99)**	**N/M**	**86**	**(145)**	**N/M**
Adjusted net profit (loss) for the period [a]	**4**	**9**	**(59)**	**26**	**47**	**(45)**

Q2 2016 review

Group revenue was $1.57 billion and showed organic growth of 0.5% (with Latam declining 0.7% and Africa increasing by 9.2%). The impact of macroeconomic headwinds on our business was stronger than in the previous quarter and more noticeable in Colombia and Central America. In addition, the Latam performance was affected by the further decline of handset sales in Colombia. Organic service revenue growth was below the outlook for 2016 (mid-single digit growth) at 2.1%, reflecting continued pricing competition in the Colombian mobile market, a slowdown in our fixed B2B growth and more intense competition in Tanzania. Currency headwinds reduced but the impact on revenue compared to the same period last year was still significant at 7.0%.

A continuation of a provision for bad debt in Guatemala diluted the Group gross margin by 0.5 percentage point but despite this the overall margin improved by 0.2% year-on-year to 73.0% mostly driven by a lower dilution from handset sales than a year ago.

Operating expenses decreased by 7.1% compared to Q2 2015 driven by lower corporate costs and the currency impact on our cost base as well as the efficiency initiatives implemented in Africa. As a percentage of sales, operating expenses reduced by 0.6 percentage points to 38.6%.

Depreciation and amortisation was $324 million, 1.0% lower than last year and $21 million higher than the previous quarter mainly due to an $11 million one-off effect in Colombia.

Net financial expenses at $123 million were $38 million higher than in Q2 2015 mainly due to the increase in our gross debt, the fees linked to the tender offer on the 2017 SEK bond as well as higher interest costs in Colombia on the variable rate debt. Other net non-operating income of $26 million was largely composed of foreign exchange gains. Net gains from associates of $20 million, up $32 million year-on-year, were mainly composed by $28 million gain on dilution at Helios Towers Africa and Africa Internet Group offsetting negative operating results at both associates.

Tax charges at $71 million were down $20 million compared to last year reflecting change in the profit mix and higher deferred tax charges last year. Share of profits attributable to non-controlling interests were down $7 million to $29 million due to higher net losses in Colombia. Net profit improved by $145 million year-on-year to $44 million including $6 million profits from discontinued operations, which includes the provisional gain on sale of DRC.

a Reported net profit adjusted for non-operating items see page 15 for reconciliation

Reconciliation from Operating Profit to Adjusted EBITDA

US$m	Q2 16	Q2 15	H1 16	H1 15
Operating Profit as reported (IFRS)	**129**	**234**	**270**	**469**
Impact of full consolidation of Guatemala and Honduras on operating profit	85	N/A	183	N/A
Operating Profit per management reporting	**214**	**234**	**453**	**469**
Depreciation and amortisation	324	327	627	657
Other operating income (expenses), net	4	-	4	(1)
EBITDA	**542**	**561**	**1,084**	**1,125**
EBITDA margin	*34.5%*	*33.6%*	*35.0%*	*33.7%*
Restructuring, integration costs and other one-offs	19	8	27	15
Adjusted EBITDA	**560**	**569**	**1,110**	**1,140**
Adjusted EBITDA margin	*35.6%*	*34.2%*	*35.8%*	*34.2%*

Q2 Adjusted EBITDA was $560 million excluding $19 million of one-off costs mainly resulting from a bad debt provision on a contract in Guatemala and a provision for taxes. The 1.4% year-on-year margin increase was driven by an improvement in the business mix, lower corporate costs and an improved margin from the Africa region.

Free Cash Flow

US$m	Q2 16	Q2 15	*% reported Change*	H1 16	H1 15	*% reported Change*
Adjusted EBITDA	**560**	**569**	**(2)**	**1,110**	**1,140**	**(3)**
Restructuring, integration costs and other one-offs	(19)	(8)	124	(27)	(15)	76
EBITDA	**542**	**561**	**(3)**	**1,084**	**1,125**	**(4)**
Net Cash Capex (excluding spectrum and licenses)	(214)	(240)	(11)	(556)	(474)	17
Change in working capital and other non-cash items	3	(29)	N/M	(120)	(155)	(23)
Operating cash flow	**331**	**292**	**13**	**408**	**496**	**(18)**
Taxes paid, net	(99)	(94)	5	(137)	(144)	(5)
Operating free cash flow	**233**	**198**	**17**	**271**	**352**	**(23)**
Interest paid, net	(111)	(99)	13	(203)	(173)	18
Free cash flow	**121**	**99**	**22**	**68**	**179**	**(62)**
Advances and dividends to non-controlling interests	(15)	(71)	(79)	(29)	(96)	(70)
Equity free cash flow	**107**	**28**	**N/M**	**39**	**83**	**(54)**

Quarterly review

Operating cash flow improved by 13% to $331 million as lower EBITDA was more than offset by lower capex. Change in working capital was not significant in the quarter.

Net taxes paid at $99 million were $5 million higher than last year on change in profit mix. Net interest paid was up $12 million on Q2 2015 mainly on the higher level of debt, higher interest from the variable rate debt in Colombia and a new bond issuance in Sweden. This resulted in positive free cash flow of $233 million. With lower dividends paid to non-controlling interests, equity free cash flow was $107 million compared to $28 million in Q2 last year.

Capital expenditure

Balance sheet capital expenditure (excluding spectrum and license costs) for the second quarter of 2016 was $222 million of which $197 million was in Latin America and $24 million was in Africa.

Latam focused 32% of its investments on fixed network of which 64% required for customer installations and 31% invested in various network footprint expansions. Additionally, 34% of the investments were focused on mobile network investments with 63% dedicated to 3G and 4G access and the balance to transmission and core networks. In addition, Latam invested 11% of its spending in IT transformation (billing, service delivery and IT infrastructure). Investments in Africa were focused mainly on mobile network expansions.

Net Debt

US$m	Gross Debt	Cash	Net Debt *
Latin America	**3,106**	**1,012**	**2,094**
Of which local currency	*1,639*	*439*	*1,199*
Africa	**502**	**227**	**275**
Of which local currency	*217*	*196*	*21*
Corporate	**2,092**	**179**	**1,913**
Group	**5,700**	**1,418**	**4,282**
Of which Guatemala and Honduras	*1,388*	*597*	*790*
Group excluding GT & HN	**4,312**	**821**	**3,492**
Proportionate basis	*4,574*	*1,011*	*3,563*

** Net debt: Gross debt (including finance leases) less cash, restricted cash and pledged deposits*

At 30 June 2016, Group gross debt increased to $5.70 billion (+$0.3 billion from end of March 2016) up on Colombia's bond issue (proceeds will be used later in the year in part to redeem an existing bond), El Salvador and Millicom debt issuances. Around 70% of group debt was in fixed rates and 33% was in local currency (or pegged to local currency). The Group continues to evaluate opportunities to align the currency of its assets and liabilities in the operational entities, market conditions permitting. Our cash position as of end of June was almost $1.4 billion Part of the debt raised in Q2 will be used to repay debt maturing in Q3 and Q4. Despite paying the Group dividend in the quarter, net debt reduced to $4.3 billion (from $4.4 billion in Q1) as we received the cash proceeds from the disposal of the DRC business and Guatemala benefited from the return of advances made in the prior year from both shareholders. As of end of June, Guatemala's cash position reached close to $0.6 billion as a consequence of our decision to revise the leverage targets for that business.

The average maturity of our debt stood at 6 years (further extended from 5.8 years as a result of the bond issuance in Colombia which featured tranches of 8, 10 and 20 years placed in the local market). Our average cost of debt was 6.3% (excluding finance leases), up from 6.2% as at the start of the year 2016. This is due to increased share of local currency debt which is typically at variable rates and in Colombia largely indexed over local inflation (CPI rate) which has been rising.

Overall net debt / EBITDA, based on the last twelve months EBITDA, was 1.99x at 30 June 2016 (down from 2.04x at end of March). Proportionate net debt to EBITDA was 2.34x (2.36x at end of March).

Quarterly operating review

All numbers are in US$ and growth rates 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)

Revenue by business unit and by region

US$m	Total		Latin America		Africa	
	Q2 16	*YOY growth (%)*	Q2 16	*YOY growth (%)*	Q2 16	*YOY growth (%)*
Mobile	1,003	*(0.9)*	819	*(2.4)*	185	*7.2*
Cable	402	*7.7*	396	*7.6*	6	*111.9*
MFS	34	*23.8*	9	*3.5*	25	*33.1*
Other	30	5.8	24	7.2	5	(12.8)
Service revenue	**1,469**	***2.1***	**1,248**	***0.9***	**221**	***9.8***
T&E *	102	(17.8)	101	(17.5)	2	(34.4)
Total revenue	**1,572**	***0.5***	**1,349**	***(0.7)***	**222**	***9.2***

** Telephone and equipment ("T&E") sales and other revenue*

Mobile

Mobile revenue declined by 0.9% (+1.0% in Q1 16) with the mobile customer base increasing organically by 4.9% or 2.6 million net additions in the last year to reach 57.8 million subscribers at the end of June (including Zantel which has 1.2 million customers). Sequentially, the mobile customer base increased by just under 300,000. In Latam, we gained 127,000 subscribers this quarter largely from Colombia and Guatemala. In Africa, we gained 171,000 subscribers mainly from Tanzania and Senegal. During Q2 we sold more than 1.2 million smartphones as we continue to see customers adopting the Digital Lifestyle ™. Smartphone data users jumped by 880,000 compared to the previous quarter and data penetration (excluding Zantel) improved by 0.9 percentage points compared to the previous quarter to 31.6%.

Year-on-year communications revenue (voice and SMS) declined 10.5% organically with Africa up 4.1% and Latam declining by 14.5% on mobile termination rate cuts, SMS volume decline and price competition.

Mobile data continues to show a healthy growth, with revenue up 25.9% led by higher usage as data ARPU growth accelerated again this quarter to 12.1%.

Cable

Cable revenue grew at 7.7%, with Home growing 8.5% and fixed B2B 6.9%. UNE service revenue grew 4.0% with Home growing 4.8% and B2B growing 5.3%. Total revenue generating units ("RGUs") increased by 41,000 from Q1 2016 to 5.46 million with the growth coming primarily from pay TV offers. Focusing on HFC technology only, the growth in RGUs was 110,000.

Our cable footprint expanded by a net 74,000 to 7.8 million homes passed with 161,000 additions via HFC technology offsetting the downsizing of UNE's copper footprint. The number of RGUs per household (HFC) increased to 1.75x from 1.62x a year ago. Nearly 59% of our households were double or triple play, around 4 percentage points more than one year ago. The ARPU per Home Connected in Q2 was $26.9, up 4.8% year-on-year in local currency.

Mobile Financial Services (MFS)

The customer base expanded by 480,000, after a contraction in the previous quarter, thanks to a successful commercial campaign in Tanzania. MFS revenue continues to accelerate for the second consecutive quarter and increased by 23.8% year-on-year. This was driven by higher volume (customer base up 14% year-on-year) and a solid improvement in ARPU (+8%) as Paraguay started to benefit from easier basis of comparison. Transactions this quarter were up 9.9% year-on-year (excluding self top-up).

Telephone & equipment (T&E)

T&E revenue declined by 17.8% driven by our mobile operation in Colombia declining 35.1% as the business experienced lower volume and continued pressure on average selling price.

Q2 16 - Latin America

		Q2 2016	Q2 2015	Organic % change[a]
KPIs ('000)	Mobile customers	32,616	31,650	3.1
	MFS customers	3,244	3,432	(5.5)
	Cable RGUs [(b)]	5,465	5,239	4.3
ARPU ($)	Mobile	8.3	9.4	(6.3)
	MFS	0.9	0.9	4.3
	Residential cable	26.9	28.5	4.8
Financials (US$m)	Revenue	1,349	1,464	(0.7)
	EBITDA	514	564	(2.8)
	Capex[c]	197	236	(16.6)

Latam organic revenue decreased by 0.7% to $1.35 billion with growth in Paraguay and Bolivia offset by increased weakness in Colombia and El Salvador. Despite some improvement since year end, currency weaknesses of the Colombian peso (15% year-on-year devaluation) and the Paraguayan guarani (11%) continued to significantly affect reported revenue which were 7.9% lower than Q2 2015. Foreign exchange movements represented a revenue translation reduction of $105 million, or 7%. EBITDA was $514 million after $17 million of one off charges (provision for bad debt in Guatemala and tax provisions). Adjusting for one-off charges, Latam EBITDA margin was 39.4%.

Colombia

Revenue at $434 million declined 18.6% in US dollars but was down 3.6% organically. We saw materially lower handset sales (down 35.1% on last year), weakness in the mobile market and a decline of our international wholesale traffic business. Excluding telephone and equipment sales, organic service revenue was up 0.6%. Tigo Mobile service revenue declined 4.3% year-on-year due to lower voice and SMS revenue (down 22.5%) driven by increased competitive pressure in postpaid and lower mobile termination rates partially offset by mobile data growth (up 17.0%). UNE Home revenue grew 3.8% as we continued our HFC roll-out by adding 79,000 new homes (89,000 in the previous quarter) and continued to overbuild copper lines. UNE Fixed B2B grew 4.8% with a similar momentum than the last quarter with good trend on the SME segment and some delays in signing new large corporate and government contracts.

EBITDA for the quarter was $123 million with no integration costs in the quarter ($10 million in Q2 15) but including a $2.6 million one-off cost tax provision. The EBITDA margin increased by 0.4 percentage points in Q2 to 28.4%. Capex was $81 million, down 16%.

Guatemala

Q2 organic revenue was stable at $322 million with service revenue down 0.8%. The 40.0% mobile data growth was offset by the continued decline in SMS volume and international revenue. Cable revenue was up 13.9%, a slower growth than the previous quarter, as a large public contract was fully recognised last year in Q2 whilst only partially in Q1 2015. EBITDA at $157 million was down 5.6% year-on-year due to an $8 million provision for bad debt on a public contract. We are currently working with the Government to return this contract to normal payment terms but we have no assurances this will be achieved. Excluding this provision EBITDA would have been down 1.0%.

Paraguay

Revenue of $162 million was up 6.4% on an organic basis but down 4.7% on a reported basis due to currency depreciation. Organic service revenue was 6.2% higher. The recovery of the local economy initiated in Q1 continued this quarter with our mobile revenue increasing by 3.0% and MFS stabilizing with the ARPU growth offsetting lower volumes. Cable grew by 16.4% mostly driven by the increase of the customer base. After several quarters of decline, the EBITDA margin has improved to 46.6% (+1.6 percentage points compared to Q2 15).

a % change is at year-on-year change at constant FX except for KPIs.
b HFC
c Capex excludes spectrum and license costs

Honduras

Organic revenue declined in Q2 by 2.2% to $154 million whilst organic service revenue was 1.6% lower. Mobile revenue declined 2.9% with mobile data growth of 11.2% more than offset by a 7.5% decline in voice and SMS as a consequence of pricing competition and a 20% termination rate cut. Cable grew by 10.7% driven by a better penetration of our footprint as ARPU was stable. The EBITDA margin was down 6.2 percentage point year-on-year to 36.3% largely due to a $7 million one-off cost. Excluding this one-off, the EBITDA margin was down 1.9 percentage points to 40.6%.

Bolivia

Q2 revenue grew by 3.4% to $133 million with service revenue up 4.7%. Mobile revenue was up 1.8% (data up 29% offsetting the 13% voice and SMS decline) and Cable up 27%. EBITDA increased to $50 million, a margin of 37.8%, up 1.4 percentage points year-on-year.

El Salvador

The macro-economic background remained very challenging in Q2 as the continued rise in violence and crime impacted our capacity to run our commercial operations normally leading to a revenue decline of 5.2% year-on-year (service revenue fell 3.7%). Mobile revenue declined 8.8% partially due to restrictions on network availability near prisons, the impact of the CESC tax on mobile minutes and 27% mobile termination rate cut in November. Mobile data growth continued to slow down to 14.6% compared to the previous quarters. Cable revenue increased by 9.7% on higher volume and stronger ARPU. Q2 EBITDA was down 9.1% at $38 million, with a margin at 35.5%, as additional taxes could not be passed to our customers.

Costa Rica

Revenue was up 3.3% to $38 million with stable RGUs year-on-year. The EBITDA margin was 35%, down from 39% a year earlier on higher programming costs.

Q2 16 – Africa

		Q2 2016	Q2 2015	Organic % change[a]
KPIs ('000)	Mobile customers	25,172	22,294	12.9
	MFS customers	7,457	5,961	25.1
ARPU ($)	Mobile	2.5	3.2	(19.1)
	MFS	1.2	1.2	7.4
Financials (US$m)	Revenue	222	202	9.2
	EBITDA	62	52	23.8
	Capex[b]	24	44	(45.0)

Organic revenue increased by 9.2% to $222 million and despite unfavourable currency movements resulted in reported revenue growing 10.2% as Zantel was not consolidated before Q4 2015. Organic mobile service revenue was up 7.2% to $185 million; voice and SMS grew 4.1% with data up 33.8%. MFS revenue at $25 million was up 33.1% with good momentum in most countries.

This quarter, our customer base grew by 171,000 with Tanzania up 157,000 and Senegal up 129,000. The data penetration rate increased by 1.8 points compared to the last quarter to 24.7%. EBITDA at $62 million grew 23.8% organically and 26.5% adjusted.

Tanzania

Revenue in local currency was slightly softer than the last quarter on the impact of tax, regulation and increased competition. Voice revenue was flat whilst SMS revenue was negative as competition was more intense on more segments of the market. MFS continues to grow strongly reflecting higher customer base (21% growth year-on-year at the end of June) and usage. The EBITDA margin in Q2 at 33.8% was down 1.5 percentage points driven by commercial investments.

Chad

The macro-economic conditions remain challenging but the business is responding very well. The top line recovery started 6 months ago continued whilst EBITDA in Q2 improved strongly on a reduction of the level of bad debt compared to the same period last year.

Rest of Africa

Our other African markets continued to experience good service revenue momentum growing 14% organically. Similarly to the previous quarter, the momentum was strong in Ghana and Senegal. Combined, Senegal, Ghana, Rwanda and Zantel reported an EBITDA of $20 million representing a margin of 21%.

a % change is at year-on-year change at constant FX except for KPIs.
b Capex excludes spectrum and license costs

Corporate Responsibility (CR)

In June, Millicom signed the Organisation of American States' '2030 ICT Alliance for the Americas', an initiative aimed at expanding connectivity to vulnerable populations in the Latin America region. Our commitment includes developing sustainable digital education programs; delivering educational programs on child online protection; and connecting 2,100 public institutions by the year 2030 across our footprint.

Updated risk assessments for supply chain and freedom of expression

Millicom commissioned BSR to carry out a comprehensive assessment of material corporate responsibility risks within our procurement spend areas in Q2. Based on the results, a third supplier self-assessment campaign was initiated with suppliers in the indirect spend area, using EcoVadis. The results will also be used to prioritise corrective action plans for suppliers and will inform next revisions of related policies and processes.

In Q2, we began pilots of different capacity building and training models for key suppliers. Tigo El Salvador and local CSR organisation FUNDEMAS joined forces to train strategic suppliers in our anti-corruption policies and CR strategy. Tigo Paraguay started a half-year quality management programme with selected strategic suppliers. TigoUne in turn hosted a session with more than 50 of its strategic suppliers to present our CR strategy and 2015 non-financial results.

We also carried out a periodic update assessment for risks relating to privacy and freedom of expression with Verisk/Maplecroft database.

Rolling out of internal training on Child Online Protection and promoting diversity

The Tigo Sales School (TSS) training for our sales force on Child Online Protection (COP) has started in Tigo Costa Rica, developed in collaboration with the NGO Paniamor. The training will be integrated in the TSS curriculum and rolled out to other operations in Latin America this year.

We also held internal training and knowledge sharing sessions on child online protection with our partners UNICEF and ICMEC in Latin America and East Africa.

Our EVP of External Affairs, Rachel Samrén, spoke at the Women Deliver 2016 conference about the business case for the ICT industry in promoting women in the workplace and seeing women as the great customer opportunity for our sector. In June, Tigo Costa Rica signed a charter against discrimination of LGBTI community and to support an inclusive workplace.

Health, safety and security

We are further embedding emergency planning and response into our operational business continuity management plans by rolling out an integrated services model for our fleet, facilities, security and wider health and safety management. All operations have completed a self-assessment of our corporate security management approach against our internal control manual requirements. Based on initial results, many of our operations are well on their way towards achieving OHSAS 18001 certification, with a view of aligning with ISO 45011 standard in the future. In Q2, all our corporate offices achieved OHSAS 18001 certification.

Compliance and anti-corruption programme

During June 2016, Millicom concluded the previously disclosed external review of its compliance program. The review identified opportunities to further enhance the program and did not identify any matters requiring further investigation.

New 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. Completion of the e-learning is now a requirement for bonus eligibility.

In Q2, we begun implementing a new compliance dashboard to measure the status and maturity of the Compliance Framework. We are in the process of digitalising the key compliance processes to enhance the efficiency of the controls.

Annual conflict of interest disclosure campaign was completed in Q2, requiring employees of the corporate offices to declare any potential, perceived or existing conflicts. 90% of target employees completed the disclosure and a review of potential risks of conflicts of interest and actions to mitigate them is in progress. Our 2016 target is to have all employees complete the conflict of interest declaration

Additional information

Reconciliation of Basic EPS to Adjusted EPS [a,b]

US$m	Q2 16	Q2 15
Net profit (loss) attributable to owners of the company	**44**	**(99)**
Basic earnings per share ($)	0.44	(0.99)
Adjustment from non-operating items*	**(40)**	**108**
Adjusted net profit (loss) attributable to owners of the company	**4**	**9**
Adjusted basis earnings per share ($)	0.04	0.09

** Adjusted for non-operating items including changes in carrying value of put and call options and similar items classified under 'other non-operating income (expenses) as well as excluding results from discontinued operations.*

Closing foreign exchange rate (vs. USD)		Jun-16	Mar-16	Var %	Jun-15	Var %
Guatemala	GTQ	7.64	7.71	1	7.62	(0)
Honduras	HNL	22.87	22.72	(1)	21.98	(4)
Costa Rica	CRC	554	542	(2)	541	(2)
Bolivia	BOB	6.91	6.91	0	6.91	0
Colombia	COP	2,916	3,022	4	2,585	(11)
Paraguay	PYG	5,589	5,629	1	5,184	(7)
Ghana	GHS	3.93	3.84	(2)	4.34	10
Senegal / Chad	XAF	598	579	(3)	592	(1)
Rwanda	RWF	783	768	(2)	720	(8)
Tanzania	TZS	2,190	2,187	(0)	1,975	(10)

Currency Movements

Average foreign exchange rate (vs. USD)		Q2 16	Q1 16	Var %	Q2 15	Var %
Guatemala	GTQ	7.68	7.68	0	7.67	(0)
Honduras	HNL	22.75	22.61	(1)	22.00	(3)
Costa Rica	CRC	546	543	(1)	540	(1)
Bolivia	BOB	6.91	6.91	0	6.91	0
Colombia	COP	2,965	3,191	8	2,521	(15)
Paraguay	PYG	5,624	5,773	3	5,029	(11)
Ghana	GHS	3.85	3.84	(0)	3.98	3
Senegal / Chad	XAF	586	601	3	598	2
Rwanda	RWF	776	758	(2)	713	(8)
Tanzania	TZS	2,189	2,178	(1)	1,899	(13)

a With Guatemala (55% owned) & Honduras (66.6% owned) as if fully consolidated.
b 2016 and comparative financial information exclude the figures of our operations in DRC as a result of their classification as discontinued operations (in accordance with IFRS 5)

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	Q2 16 (i)	Guatemala and Honduras	JV	Q2 16 IFRS
Revenue	**1,572**	**(472)**		**1,100**
Cost of sales	(424)	101		(323)
Gross profit	**1,148**	**(371)**		**777**
Operating expenses	(606)	165		(441)
EBITDA	**542**	**(206)**		**336**
EBITDA margin	**34.5%**	**(43.6%)**		**30.5%**
Depreciation & amortisation	(324)	88		(236)
Share of net profit in joint ventures	0	0	31	31
Other operating income (expenses), net	(4)	1		(3)
Operating profit	**214**	**(116)**	**31**	**129**
Net financial expenses	(123)	28		(95)
Other non-operating income (expenses), net	26	1		28
Gains (losses) from associates	20	0		20
Profit (loss) before tax	**137**	**(86)**	**31**	**82**
Net tax credit (charge)	(71)	21		(50)
Profit (loss) for the quarter	**66**	**(65)**	**31**	**32**
Profit (loss) from discontinued operations	6	0		6
Non-controlling interests	(29)	34		5
Net profit (loss) for the quarter	**44**	**(31)**	**31**	**44**

$ million	H1 16 (i)	Guatemala and Honduras	JV	H1 16 IFRS
Revenue	**3,100**	**(944)**		**2,156**
Cost of sales	(824)	195		(629)
Gross profit	**2,276**	**(749)**		**1,527**
Operating expenses	(1,192)	322		(870)
EBITDA	**1,084**	**(427)**		**657**
EBITDA margin	**35.0%**	**45.2%**		**30.5%**
Depreciation & amortisation	(627)	175		(452)
Share of net profit in joint ventures	0	0	68	68
Other operating income (expenses), net	(4)	1		(3)
Operating profit	**453**	**(251)**	**68**	**270**
Net financial expenses	(230)	54		(176)
Other non-operating income (expenses), net	41	5		46
Gains (losses) from associates	9	(0)		9
Profit (loss) before tax	**273**	**(192)**	**68**	**149**
Net tax credit (charge)	(133)	49		(84)
Profit (loss) for the quarter	**140**	**(142)**	**68**	**66**
Profit (loss) from discontinued operations	14	(0)		14
Non-controlling interests	(68)	74		6
Net profit (loss) for the quarter	**86**	**(68)**	**68**	**86**

Consolidated statement of cash flows (unaudited)

US$ millions	H1 2016 (i)	IFRS adjustments (ii)	H1 2016 IFRS
Profit before taxes from continuing operations	**273**	**124**	**149**
Profit before taxes for the period from discontinued operations	8	-	8
Profit before taxes	**281**	**124**	**157**
Net cash provided by operating activities (incl. discops)	**631**	**232**	**399**
Net cash used in investing activities (incl. discops)	**(455)**	**(122)**	**(333)**
Net cash from (used by) financing activities (incl. discops)	**162**	**311**	**(149)**
Exchange impact on cash and cash equivalents, net	(2)	(1)	(1)
Net (decrease) increase in cash and cash equivalents	**336**	**420**	**(84)**
Cash and cash equivalents at the beginning of the period	937	168	769
Effect of cash in disposal group held for sale	(1)	-	(1)
Cash and cash equivalents at the end of the period	**1,272**	**588**	**684**

Consolidated balance sheet (unaudited)

US$ millions	30 June 2016 (i)	IFRS adjustments (ii)	30 June 2016 (IFRS)
ASSETS			
Intangible assets, net	4,771	3,358	1,413
Property, plant and equipment, net	4,100	1,030	3,070
Investments in joint ventures and associates	396	(3,095)	3,491
Other non-current assets	306	4	301
TOTAL NON-CURRENT ASSETS	**9,573**	**1,297**	**8,276**
Inventories, net	113	36	77
Trade receivables, net	486	96	390
Other current assets	722	224	498
Restricted cash	141	8	132
Cash and cash equivalents	1,272	588	684
TOTAL CURRENT ASSETS	**2,735**	**953**	**1,781**
Assets held for sale	16	-	16
TOTAL ASSETS	**12,324**	**2,251**	**10,073**
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company	3,139	(196)	3,335
Non-controlling interests	1,109	849	260
TOTAL EQUITY	**4,248**	**653**	**3,595**
Debt and financing	5,404	1,358	4,046
Other non-current liabilities	504	104	399
TOTAL NON-CURRENT LIABILITIES	**5,908**	**1,462**	**4,445**
Debt and financing	296	30	266
Other current liabilities	1,861	105	1,756
TOTAL CURRENT LIABILITIES	**2,157**	**135**	**2,022**
Liabilities directly associated with assets held for sale	11	-	11
TOTAL LIABILITIES	**8,076**	**1,597**	**6,478**
TOTAL EQUITY AND LIABILITIES	**12,324**	**2,251**	**10,073**

(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

Q2 16 Operating and Financial Highlights

	Total Latin America			Africa			Other			Group		
	Q2 16	Q2 15	% change[1]	Q2 16	Q2 15	% change [1]	Q2 16	Q2 15	% change [1]	Q2 16	Q2 15	% change [1]
Mobile customers (000s)	32,616	31,650	3%	25,172	22,294	13%				57,789	53,944	7%
Mobile ARPU ($)	8.3	9.4	(6%)	2.5	3.2	(19%)				5.8	6.9	(10%)
Cable & Digital RGUs (000s)	5,465	5,239	4%							5,465	5,239	4%
Residential cable ARPU ($)	26.9	28.5	5%							26.9	28.5	5%
MFS customers	3,244	3,432	(5%)	7,457	5,961	25%				10,702	9,394	14%
MFS ARPU ($)	0.9	0.9	4%	1.2	1.2	7%				1.1	1.1	8%
P&L												
Mobile	819	886	(2%)	185	174	7%				1,003	1,060	(1%)
Cable & Digital Media	396	412	8%	6	1	N/M				402	412	8%
MFS	9	10	3%	25	21	33%				34	31	24%
Other revenue	125	157	(12%)	7	7	(17%)				132	164	(12%)
Revenue	**1,349**	**1,464**	**(8%)**	**222**	**202**	**10%**	**0**	**0**	**N/M**	**1,572**	**1,666**	**(6%)**
EBITDA	**514**	**564**	**(9%)**	**62**	**52**	**21%**	**(35)**	**(55)**	**(35.2%)**	**542**	**561**	**(3%)**
EBITDA margin	38.1%	38.5%		28.1%	25.5%		-	-		34.5%	33.6%	
Operating Profit / (loss)	**237**	**289**	**(18%)**	**13**	**3**	**N/M**	**(36)**	**(59)**	**(38.9%)**	**214**	**234**	**(8%)**
% of revenue	17.5%	19.7%		5.9%	1.4%		-	-		13.6%	14.0%	
Cash flow												
Capex (excluding spectrum)	197	236	(17%)	24	44	(45%)	0	0	N/M	222	280	(21%)
% of revenue	14.6%	16.1%		10.8%	21.6%		-	-		14.1%	16.8%	
EBITDA – Capex	317	327	(3%)	39	8	N/M	(36)	(55)	(34%)	320	281	14%
% of revenue	23.5%	22.4%		17.3%	3.9%		-	-		20.4%	16.8%	
Balance sheet												
Net debt	2,089	2,105	(1%)	276	223	24%	1,917	1,929	(1%)	4,282	4,257	1%
								Net debt / LTM EBITDA		1.99x	1.89x	

[1] % change is reported change excluding ARPUs

MILLICOM
THE DIGITAL LIFESTYLE

Unaudited Interim Condensed Consolidated Financial Statements

For the three and six month periods ended 30 June 2016

21 July 2016

We believe in better. We believe in tigo

Unaudited interim condensed consolidated income statement for the six month period ended 30 June 2016

US$ millions (unaudited)	Notes	Six months ended 30 June 2016	Six months ended 30 June 2015 (i) (ii) (iii)
Revenue	5	2,156	3,336
Cost of sales		(629)	(899)
Gross profit		**1,527**	**2,437**
Operating expenses		(870)	(1,312)
Depreciation and amortisation		(452)	(657)
Income from joint ventures, net	14	68	-
Other operating income (expenses), net		(3)	1
Operating profit	5	**270**	**469**
Interest expense		(183)	(214)
Interest and other financial income		7	12
Other non-operating (expenses) income, net	6	46	(167)
Income (loss) from associates, net	3	9	(25)
Profit before taxes from continuing operations		**149**	**75**
Charge for taxes, net		(84)	(129)
Profit (loss) for the period from continuing operations		**66**	**(54)**
Profit (loss) for the period from discontinued operations, net of tax	4	14	(27)
Net profit (loss) for the period		**80**	**(81)**

Attributable to:			
Owners of the Company		86	(145)
Non-controlling interests		(6)	64

Earnings per common share for (loss) profit attributable to the owners of the Company:			
Basic (US$)	7	0.86	(1.45)
Diluted (US$)	7	0.86	(1.45)

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

(ii) Honduras and Guatemala operations are shown as fully consolidated for the six month period ended 30 June 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.

(iii) Presentation of the income statement from cost of sales to operating profit has been amended compared to the income statement reported for the period ended 30 June 2015 (see note 2).

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 June 2016

US$ millions (unaudited)	Notes	Three months ended 30 June 2016	Three months ended 30 June 2015 (i) (ii) (iii)
Revenue	5	1,100	1,666
Cost of sales		(323)	(452)
Gross profit		**777**	**1,214**
Operating expenses		(441)	(653)
Depreciation and amortisation		(236)	(327)
Income from joint ventures, net	14	31	-
Other operating income (expenses), net		(3)	-
Operating profit	5	**129**	**234**
Interest expense		(98)	(93)
Interest and other financial income		3	8
Other non-operating (expenses) income, net	6	28	(95)
Income (loss) from associates, net	3	20	(12)
Profit before taxes from continuing operations		**82**	**42**
Charge for taxes, net		(50)	(91)
Profit (loss) for the period from continuing operations		**32**	**(49)**
Profit (loss) for the period from discontinued operations, net of tax	4	6	(14)
Net profit (loss) for the period		**39**	**(63)**

Attributable to:			
Owners of the Company		44	(99)
Non-controlling interests		(5)	36

Earnings per common share for (loss) profit attributable to the owners of the Company:			
Basic (US$)	7	0.44	(0.99)
Diluted (US$)	7	0.44	(0.99)

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

(ii) Honduras and Guatemala operations are shown as fully consolidated for the six month period ended 30 June 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.

(iii) Presentation of the income statement from cost of sales to operating profit has been amended compared to the income statement reported for the period ended 30 June 2015 (see note 2).

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 six month period ended 30 June 2016

US$ millions (unaudited)	Six months ended 30 June 2016	Six months ended 30 June 2015
Net profit (loss) for the period	80	(81)
Other comprehensive income (to be reclassified to profit and loss in subsequent periods), net of tax:		
Exchange differences on translating foreign operations	47	(193)
Cash flow hedges	(3)	(3)
Total comprehensive income (loss) for the period	**124**	**(277)**

Attributable to:		
Owners of the Company	114	(294)
Non-controlling interests	10	17

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

US$ millions (unaudited)	Three months ended 30 June 2016	Three months ended 30 June 2015
Net profit (loss) for the period	39	(63)
Other comprehensive income (to be reclassified to profit and loss in subsequent periods), net of tax:		
Exchange differences on translating foreign operations	17	(70)
Cash flow hedges	(3)	4
Total comprehensive income (loss) for the period	**53**	**(129)**

Attributable to:		
Owners of the Company	48	(164)
Non-controlling interests	5	35

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 June 2016

US$ millions	Notes	30 June 2016	31 December 2015 (i) (audited)
ASSETS			
NON-CURRENT ASSETS			
Intangible assets, net	9	1,413	1,432
Property, plant and equipment, net	8	3,070	3,193
Investments in joint ventures	14, 15	3,095	3,220
Investments in associates	3	396	377
Deferred tax assets		200	191
Derivative financial instruments	13	26	26
Other non-current assets		75	75
TOTAL NON-CURRENT ASSETS		**8,276**	**8,513**
CURRENT ASSETS			
Inventories		77	80
Trade receivables, net		390	398
Amounts due from non-controlling interests, associates, joint ventures and joint venture partners	12	12	16
Prepayments and accrued income		224	193
Current income tax assets		123	125
Supplier advances for capital expenditure		26	39
Other current assets		114	109
Restricted cash		132	142
Cash and cash equivalents		684	769
TOTAL CURRENT ASSETS		**1,781**	**1,871**
Assets held for sale	4	16	12
TOTAL ASSETS		**10,073**	**10,396**

(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 June 2016 (continued)

US$ millions	Notes	30 June 2016	31 December 2015 (i) (audited)
EQUITY AND LIABILITIES			
EQUITY			
Share capital and premium		638	639
Treasury shares		(126)	(143)
Other reserves		(513)	(531)
Retained profits		3,250	4,071
Profit (loss) for the period/year attributable to equity holders		86	(559)
Equity attributable to owners of the Company		**3,335**	**3,477**
Non-controlling interests	3	260	251
TOTAL EQUITY		**3,595**	**3,728**
LIABILITIES			
Non-current liabilities			
Debt and financing	10	4,046	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		268	241
Deferred tax liabilities		60	50
Total non-current liabilities		**4,445**	**4,208**
Current liabilities			
Debt and financing	10	266	221
Payables and accruals for capital expenditure		220	285
Other trade payables		238	334
Amounts due to associates, joint ventures and joint venture partners	12	328	581
Accrued interest and other expenses		419	425
Current income tax liabilities		79	124
Provisions and other current liabilities		473	490
Total current liabilities		**2,022**	**2,460**
Liabilities directly associated with assets held for sale	4	11	—
TOTAL LIABILITIES		**6,478**	**6,668**
TOTAL EQUITY AND LIABILITIES		**10,073**	**10,396**

(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 six month period ended 30 June 2016

US$ millions (i)	Notes	30 June 2016	30 June 2015
Cash flows from operating activities (including discontinued operations)			
Profit before taxes from continuing operations		149	75
Profit (loss) before taxes from discontinued operations		8	(26)
Profit before taxes		**157**	**49**
Adjustments to reconcile to net cash:			
Interest expense		185	222
Interest and other financial income		(7)	(12)
Adjustments for non-cash items:			
Depreciation and amortisation	5	456	677
Share of (gain) loss from joint ventures, net		(68)	-
Loss (gain) on disposal and impairment of assets, net		(6)	(1)
Share based compensation		7	13
(Income) loss from associates, net	3	(9)	25
Other non-cash non-operating (income) expenses, net		(46)	167
Changes in working capital:			
Decrease (increase) in trade receivables, prepayments and other current assets		(35)	42
(Increase) decrease in inventories		7	(42)
Increase (decrease) in trade and other payables		(28)	(181)
Total changes in working capital		**(57)**	**(181)**
Interest (paid)		(166)	(190)
Interest received		7	13
Taxes (paid)	5	(55)	(144)
Net cash provided by operating activities		**399**	**638**
Cash flows from investing activities (including discontinued operations):			
Acquisition of subsidiaries, joint ventures and associates, net of cash acquired	3	-	(33)
Proceeds from disposal of subsidiaries, net of cash disposed		137	3
Purchase of intangible assets and licenses	9	(99)	(51)
Proceeds from sale of intangible assets	9	4	1
Purchase of property, plant and equipment	8	(377)	(446)
Proceeds from sale of property, plant and equipment	8	1	7
Dividend received from associates		-	6
Net (increase) decrease in restricted cash		-	10
Cash (used in) provided by other investing activities, net		-	(2)
Net cash used in investing activities		**(333)**	**(505)**
Cash flows from financing activities (including discontinued operations):			
Acquisition of non-controlling interests	3	-	(24)
Proceeds from other debt and financing	10	580	1,007
Repayment of debt and financing	10	(282)	(720)
Advances for, and dividends to non-controlling interests		(7)	(96)
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		-	(2)
Net cash from (used by) financing activities		**(149)**	**(99)**
Exchange impact on cash and cash equivalents, net		(1)	(47)
Net (decrease) increase in cash and cash equivalents		**(84)**	**(13)**
Cash and cash equivalents at the beginning of the year		769	694
Effect of cash in disposal group held for sale	4	(1)	-
Cash and cash equivalents at the end of the period		**684**	**681**

(i) Cash flows from operating activities, investing activities and financing activities relating to Guatemala and Honduras operations in 2015 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 June 2016, 31 December 2015 and 30 June 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 year	—	—	—	—	—	(145)	—	(149)	(294)	17	(277)
Dividends (iii)	—	—	—	—	—	(264)	—	—	(264)	(171)	(435)
Purchase of treasury shares	—	(29)	—	—	(2)	—	—	—	(2)	—	(2)
Share based compensation	—	—	—	—	—	—	—	13	13	—	13
Issuance of shares under share-based payment schemes	—	203	—	(1)	18	—	—	(17)	—	—	—
Change in scope of consolidation (iv)	—	—	—	—	—	(41)	—	(3)	(44)	24	(20)
Balance on 30 June 2015	**101,739**	**(1,582)**	**153**	**486**	**(144)**	**4,311**	**(2,512)**	**(545)**	**1,748**	**1,261**	**3,009**
Total comprehensive income for the year	—	—	—	—	—	(414)	—	(189)	(603)	(5)	(608)
Dividends	—	—	—	—	—	—	—	—	—	(73)	(73)
Share based compensation	—	—	—	—	—	—	—	6	6	—	6
Issuance of shares under share-based payment schemes	—	8	—	—	1	—	—	(1)	—	—	—
Change in scope of consolidation (iv) (vi)	—	—	—	—	—	(7)	—	6	(1)	(14)	(15)
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 year	—	—	—	—	—	86	—	28	114	10	124
Dividends (iii)	—	—	—	—	—	(265)	—	—	(265)	—	(265)
Purchase of treasury shares	—	(35)	—	—	(2)	—	—	—	(2)	—	(2)
Share based compensation	—	—	—	—	—	—	—	7	7	—	7
Issuance of shares under share-based payment schemes	—	211	—	(1)	19	2	—	(17)	3	—	3
Balance on 30 June 2016	**101,739**	**(1,398)**	**153**	**485**	**(126)**	**3,336**	**—**	**(513)**	**3,335**	**260**	**3,595**

(i) *Retained profits — includes profit attributable to equity holders, of which at 30 June 2016 $347 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 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

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 June 2015 (see note 14).

On 20 July 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’.

2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES (Continued)

Millicom voluntarily changed the presentation of the income statement from function to nature of costs compared to the income statement for the period ended 30 June 2015. This was done to align the presentation of income statement with other external releases made by the Group. A reconciliation to the former presentation of the income statement for the three month and six month periods ended 30 June 2015 is shown below.

Six month period ended 30 June 2015			
US$ millions	Former presentation (i)	Reclassifications	New presentation (i)
Revenue	3,336	-	3,336
Cost of Sales	(1,380)	481	(899)
Gross profit	**1,956**	**481**	**2,437**
Sales and Marketing	(625)	625	-
General and Administrative expenses	(810)	810	-
Operating expenses	(52)	(1,260)	(1,312)
Depreciation and amortisation	-	(657)	(657)
Other operating income (expenses), net	-	1	1
Operating profit	**469**	**-**	**469**

Three month period ended 30 June 2015			
US$ millions	Former presentation (i)	Reclassifications	New presentation (i)
Revenue	1,666	-	1,666
Cost of Sales	(694)	242	(452)
Gross profit	**972**	**242**	**1,214**
Sales and Marketing	(311)	311	-
General and Administrative expenses	(404)	404	-
Operating expenses	(23)	(630)	(653)
Depreciation and amortisation	-	(327)	(327)
Other operating income (expenses), net	-	-	-
Operating profit	**234**	**-**	**234**

(i) Represented for discontinued operations (see note 4).

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

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

During the six month period ended 30 June 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 H2 2016. 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 June 2016 in respect of the final price adjustment.

22 October 2015 (US$ millions)	Initial Fair Values 100%	Updated Fair Values 100%	Change
Intangible assets (excluding goodwill), net.(i)	36	76	40
Property, plant and equipment, net (ii)	40	27	(13)
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**	**166**	**54**
Non-current financial liabilities	81	75	(6)
Current liabilities	104	106	2
Total Liabilities Assumed	**185**	**181**	**(5)**
Fair value of assets acquired and liabilities assumed, net	**(73)**	**(15)**	**58**
Fair value of non-controlling interest in Zantel	(39)	(2)	37
Millicom's interest in the fair value of Zantel	(34)	(13)	21
Acquisition price ($1 dollar)	-	-	-
Provisional Goodwill	**34**	**13**	**(21)**

(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 $15 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.

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

Africa Internet Holding GmbH (AIH)

Various shareholder funding rounds were signed in late 2015 and in the first six months of 2016. Millicom did not participate and therefore retained its investment at Euro 70 million. In addition, during June 2016, there was a capital restructuring whereas all investors rolled up into one single holding company holding 100% of the shares of AIH. At 30 June 2016, these transactions have been duly executed, at the exception of the roll-up which has been registered in July 2016, and as a result Millicom's shareholding in AIH reduced to 12% (and will further reduce to 10% once the roll-up is registered). The latter has triggered the recognition of a net dilution gain of $28 million in the Group income statement under 'Income (loss) from associates, net'.

Helios Towers Africa (HTA)

Millicom's shareholding diluted from 28.2% to 23.6% as a result of previous committed cash calls. This has resulted in Millicom recognizing a gain on dilution of $13 million in June 2016. The gain has been recorded in the Group income statement under 'Income (loss) from associates, net'.

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. The transaction has been completed in respect of 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 June 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 six month periods ended 30 June 2016 is set out below.

Results from Discontinued Operations (US$ millions)	Six months ended 30 June 2016	Six months ended 30 June 2015
Revenue	39	77
Cost of sales	(14)	(30)
Operating expenses	(19)	(46)
Depreciation and amortisation	(3)	(20)
Operating profit (loss)	**3**	**(19)**
Interest income (expense), net	(2)	(7)
Profit (loss) before taxes	**1**	**(26)**
Credit (charge) for taxes, net	6	(1)
Results from discontinued operations	**7**	**—**
Gross gain on disposal of discontinued operations	21	—
Other expenses linked to the disposal of discontinued operations	(14)	—
Net gain (loss) on disposal of discontinued operations	**7**	**—**
Net profit (loss) from discontinued operations	**14**	**(27)**

Results from Discontinued Operations (US$ millions)	Three months ended 30 June 2016	Three months ended 30 June 2015
Revenue	1	38
Cost of sales	(1)	(15)
Operating expenses	(1)	(23)
Depreciation and amortisation	-	(10)
Operating profit (loss)	**(1)**	**(10)**
Interest income (expense), net	-	(3)
Profit (loss) before taxes	**(1)**	**(13)**
Credit (charge) for taxes, net	-	(1)
Results from discontinued operations	**(1)**	**—**
Gross gain on disposal of discontinued operations	21	—
Other expenses linked to the disposal of discontinued operations	(14)	—
Net gain (loss) on disposal of discontinued operations	**7**	**—**
Net profit (loss) from discontinued operations	**6**	**(14)**

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

Discontinued operations – DRC (Continued)

Cash Flows from Discontinued Operations (US$ millions)	Six months ended 30 June 2016	Six months ended 30 June 2015
Cash used in operating activities, net	(3)	(18)
Cash used in investing activities, net	(2)	(15)
Cash provided by financing activities, net	-	28
Net cash inflows/(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 $137 million, net of $33 million of cash disposed.

The sales' agreement also includes the separate disposal of DRC Mobile Cash, which is expected to be completed in Q3 2016. As of 30 June 2016, DRC Mobile Cash assets and liabilities amounting to $11 million and $9 million, respectively, are classified as assets and liabilities reclassified as held for sale.

During the period ending 30 June 2016, the 4G spectrum in Colombia has been reclassified from "Assets held for sale" to intangible assets as the value of the license will not be recovered through sale, but through use. A depreciation catch-up has been recorded for $11 million. At 30 June 2016, the carrying amount of the 4G spectrum amounts to $4 million and will be depreciated over the remaining duration of the spectrum.

5. SEGMENT INFORMATION

Since 2016, Millicom presents segmental information based on its two geographical regions (Latin America and Africa) 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 six month periods ended 30 June 2016 and 2015 was as follows:

Six month period ended 30 June 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..	**2,657**	**443**	**-**	**3,100**	**(944)**	**-**	**2,156**	**39**	**2,195**
Operating profit (loss).........................	**510**	**23**	**(80)**	**453**	**(251)**	**68**	**270**	**3**	**273**
Add back:									
Depreciation and amortization................	528	96	3	627	(174)	-	452	3	456
Income (loss) from joint ventures, net.....	-	-	-	-	-	(68)	(68)	-	(68)
Other operating income (expenses), net.	2	-	2	4	(1)	-	3	-	3
EBITDA *(i)*...	**1,040**	**119**	**(75)**	**1,084**	**(426)**	**-**	**657**	**6**	**663**
Capital expenditure *(ii)*	(476)	(76)	(4)	(556)					
Changes in working capital and others...	(63)	(13)	(44)	(120)					
Taxes paid	(125)	(6)	(6)	(137)					
Operating free cash flow *(iii)*	**376**	**24**	**(129)**	**271**					
Total Assets *(iv)*	**10,570**	**1,671**	**1,587**	**12,324**	**(5,628)**	**3,377**	**10,073**		
Total Liabilities...................................	**5,237**	**2,046**	**2,297**	**8,076**	**(1,880)**	**282**	**6,478**		

Six month period ended 30 June 2015 (US$ millions)	**Latin America**	**Africa**	**Unallo-cated**	**Total**	**Eliminations**	**Disc Ops (vi)**	**Total**
Revenue..	**2,925**	**411**	-	**3,336**	**-**	**77**	**3,413**
Operating profit (loss).........................	**581**	**7**	**(119)**	**469**	**-**	**(19)**	**450**
Add back:					-		
Depreciation and amortization................	552	101	4	657	-	20	677
Other operating income (expenses), net.	(5)	-	4	(1)	-	-	(1)
EBITDA *(i)*...	**1,128**	**108**	**(111)**	**1,125**	-	**1**	**1,126**
Capital expenditure (ii)	(396)	(76)	(2)	(474)			
Changes in working capital and others...	(89)	7	(73)	(155)			
Taxes paid	(135)	(8)	(1)	(144)			
Operating free cash flow *(iii)*	**508**	**31**	**(187)**	**351**			
Total Assets *(iv)*	**10,961**	**1,611**	**1,889**	**14,461**	**(1,792)**		**12,669**
Total Liabilities...................................	**4,750**	**2,040**	**4,641**	**11,431**	**(1,792)**		**9,639**

(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 June 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	**1,349**	**222**	**-**	**1,572**	**(472)**	**-**	**1,100**	**1**	**1,101**
Operating profit (loss)	**237**	**13**	**(36)**	**214**	**(116)**	**31**	**129**	**(1)**	**128**
Add back:									
Depreciation and amortization	274	49	-	324	(88)	-	236	-	236
Income (loss) from joint ventures, net	-	-	-	-	-	(31)	(31)	-	(31)
Other operating income (expenses), net.	4	-	-	4	-	-	3	-	3
EBITDA *(i)*	**515**	**62**	**(36)**	**542**	**(204)**	**-**	**336**	**(1)**	**335**
Capital expenditure *(ii)*	(161)	(51)	-	(214)					
Changes in working capital and others	10	(11)	4	3					
Taxes paid	(95)	(3)	(1)	(99)					
Operating free cash flow *(iii)*	**269**	**(3)**	**(34)**	**233**					

Three month period ended 30 June 2015 (US$ millions)	Latin America	Africa	Unallo-cated	Total	Eliminations	Disc Ops (vi)	Total
Revenue	**1,464**	**202**	-	**1,666**	**-**	**38**	**1,704**
Operating profit (loss)	**289**	**3**	**(58)**	**234**	**-**	**(10)**	**223**
Add back:					-		
Depreciation and amortization	277	49	1	327	-	10	337
Other operating income (expenses), net.	(1)	-	2	-	-	-	-
EBITDA *(i)*	**564**	**52**	**(55)**	**561**	-	-	**561**
Capital expenditure (ii)	(213)	(28)	1	(240)			
Changes in working capital and others	6	7	(41)	(29)			
Taxes paid	(90)	(4)	-	(94)			
Operating free cash flow *(iii)*	**267**	**27**	**(95)**	**198**			

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

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

US$ millions	Six months ended 30 June 2016	Six months ended 30 June 2015
Change in fair value / lapse of derivatives (see note 13)	—	27
Change in fair value of call options	—	(40)
Exchange gains (losses), net	55	(142)
Other non-operating income (expenses), net	(9)	(12)
Total	**46**	**(167)**

US$ millions	Three months ended 30 June 2016	Three months ended 30 June 2015
Change in redemption price / lapse of put options (see note 14)	—	1
Change in fair value / lapse of derivatives (see note 13)	6	(9)
Change in fair value of call options	—	(40)
Exchange gains (losses), net	21	(45)
Other non-operating income (expenses), net	1	(2)
Total	**28**	**(95)**

7. EARNINGS PER COMMON SHARE

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

US$ millions	Six months ended 30 June 2016	Six months ended 30 June 2015
Basic and Diluted		
Net profit (loss) attributable to owners of the Company from continuing operations	72	(118)
Net profit (loss) attributable to owners of the Company from discontinuing operations	14	(27)
Net profit (loss) attributable to owners of the Company used to determine the earnings per share	86	(145)
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	—	21
Weighted average number of ordinary shares adjusted for the effect of dilution	**100,333**	**100,148**
US$		
Basic		
- EPS from continuing operations attributable to owners of the Company	0.72	(1.18)
- EPS from discontinuing operations attributable to owners of the Company	0.14	(0.27)
- EPS for the period attributable to owners of the Company	0.86	(1.45)
Diluted		
- EPS from continuing operations attributable to owners of the Company	0.72	(1.18)
- EPS from discontinuing operations attributable to owners of the Company	0.14	(0.27)
- EPS for the period attributable to owners of the Company	0.86	(1.45)

US$ millions	Three months ended 30 June 2016	Three months ended 30 June 2015
Basic and Diluted		
Net profit (loss) attributable to owners of the Company from continuing operations	38	(85)
Net profit (loss) attributable to owners of the Company from discontinuing operations	6	(14)
Net profit (loss) attributable to owners of the Company used to determine the earnings per share	44	(99)
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	—	12
Weighted average number of ordinary shares adjusted for the effect of dilution	**100,336**	**100,154**
US$		
Basic		
- EPS from continuing operations attributable to owners of the Company	0.38	(0.85)
- EPS from discontinuing operations attributable to owners of the Company	0.06	(0.14)
- EPS for the period attributable to owners of the Company	0.44	(0.99)
Diluted		
- EPS from continuing operations attributable to owners of the Company	0.38	(0.85)
- EPS from discontinuing operations attributable to owners of the Company	0.06	(0.14)
- EPS for the period attributable to owners of the Company	0.44	(0.99)

8. PROPERTY, PLANT AND EQUIPMENT

During the six month period ended 30 June 2016, Millicom added property, plant and equipment for $250 million (30 June 2015: $427 million) and received $1 million in cash from disposal of property, plant and equipment (30 June 2015: $7 million).

9. INTANGIBLE ASSETS

During the six month period ended 30 June 2016, Millicom added intangible assets of $114 million (30 June 2015: $53 million) and received $4 million of proceeds from disposal of intangible assets (30 June 2015: $1 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.

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 and paid 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.

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 June 2016, the facility was committed and drawn for an amount of $50 million.

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

US$ millions	As at 30 June 2016	As at 31 December 2015
Due within:		
One year	266	221
One-two years	169	320
Two-three years	481	164
Three-four years	840	262
Four-five years	214	810
After five years	2,342	2,233
Total debt	**4,312**	**4,010**

10. DEBT AND FINANCING (Continued)

As at 30 June 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 $729 million (31 December 2015: $653 million). Assets pledged by the Group for these debts and financings amounted to $3 million at 30 June 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 June 2016 and 31 December 2015.

	Bank and financing guarantees (i)			
US$ millions	As at 30 June 2016		As at 31 December 2015	
Terms	Outstanding exposure	Theoretical maximum exposure	Outstanding exposure	Theoretical maximum exposure
0-1 year	99	99	100	100
1-3 years	251	251	143	143
3-5 years	369	369	393	393
More than 5 years	6	6	7	7
Total	**725**	**725**	**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 June 2016, the total amount of claims against Millicom and its operations was $522 million (31 December 2015: $492 million), of which $1 million against the Group's joint ventures (31 December 2015: $ nil).

$34 million (31 December 2015: $42 million), of which $1 million (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 Tigo Tanzania. As previously disclosed, in June 2015, Millicom identified that an incorrect filing related to one of its African operations (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 June 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.

Taxation

At 30 June 2016, the Group estimates potential tax claims amounting to $303 million and tax provisions of $71 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 $121 million and $15 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 June 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.

11. COMMITMENTS AND CONTINGENCIES (Continued)

Completion of Compliance Program Review

During June 2016, Millicom concluded the previously disclosed external review of its compliance program. The review identified opportunities to further enhance the program and did not identify any matters requiring further investigation.

Capital commitments

As at 30 June 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 $351 million of which $327 million are due within one year (31 December 2015: $326 million of which $309 million are due within one year). Out of these commitments, $75 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 six and three month periods ended 30 June 2016:

US$ millions (unaudited)	Six months ended 30 June 2016	Six months ended 30 June 2015
Expenses		
Purchases of goods and services from Kinnevik	3	1
Purchases of goods and services from Miffin	91	62
Purchases of goods and services from EPM	10	—
Lease of towers and related services (Helios)	16	19
Other expenses	1	1
Total	**121**	**83**

US$ millions (unaudited)	Six months ended 30 June 2016	Six months ended 30 June 2015
Income / gains		
Sale of goods and services to EPM	8	—
Sale of goods and services to Miffin	95	113
Other revenue related to Helios Towers Tanzania	2	2
Other income / gains	3	—
Total	**108**	**115**

US$ millions (unaudited)	Three months ended 30 June 2016	Three months ended 30 June 2015
Expenses		
Purchases of goods and services from Kinnevik	2	—
Purchases of goods and services from Miffin	53	9
Purchases of goods and services from EPM	6	—
Lease of towers and related services (Helios)	5	4
Other expenses	—	1
Total	**66**	**14**

US$ millions (unaudited)	Three months ended 30 June 2016	Three months ended 30 June 2015
Income / gains		
Sale of goods and services to EPM	5	—
Sale of goods and services to Miffin	31	60
Other revenue related to Helios Towers Tanzania	1	1
Other income / gains	3	—
Total	**40**	**61**

12. RELATED PARTY TRANSACTIONS (Continued)

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

US$ millions (unaudited)	At 30 June 2016	At 31 December 2015
Liabilities		
Payables to Guatemala joint venture (i)	3	335
Payables to Honduras joint venture (ii)	255	225
Finance lease liabilities to tower companies (ii)	84	122
Payables to EPM	64	66
Other accounts payable	9	18
Total	**415**	**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 Q3.
(iii) Disclosed under "Debt and other financing" in the statement of financial position.

US$ millions (unaudited)	At 30 June 2016	At 31 December 2015
Assets		
Receivables from EPM	4	5
Loan to Helios Towers Tanzania	6	7
Other accounts receivable	2	4
Total	**12**	**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 June 2016 and 31 December 2015:

US$ millions	Carrying Value		Fair Value (i)	
	30 June 2016 (unaudited)	31 December 2015 (audited)	30 June 2016 (unaudited)	31 December 2015 (audited)
Financial liabilities				
Debt and financing	4,312	4,010	4,522	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 June 2016, the fair values of the swaps amount to a liability of $68 million (31 December 2015: a liability of $65 million).

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

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 June 2016 the fair value of the swap amounts to an asset of $26 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 June 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 and Guatemala 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.

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 six and three month periods ended 30 June 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)	Six months ended 30 June 2016	Six months ended 30 June 2015
Revenue	**2,156**	**2,368**
Cost of sales	(629)	(701)
Gross profit	**1,527**	**1,667**
Operating expenses	(870)	(1,016)
Depreciation and amortisation	(453)	(474)
Other operating income (expenses), net	(3)	1
Share of profit in Guatemala and Honduras operations	68	83
Operating profit	**270**	**261**
Profit (loss) before taxes	**149**	**(69)**
Charge for taxes, net	(84)	(74)
Profit (loss) for the period	**66**	**(143)**
Profit (loss) for the period from discontinued operations, net of tax	14	(27)
Non-controlling interests	6	25
Net profit (loss) for the year attributable to the owners of Millicom	**86**	**(145)**
Total Assets (i)	10,073	10,363
Total Liabilities (i)	6,478	6,672
Net Assets (i)	**3,595**	**3,691**
Net cash from operating activities	399	315
Net cash from (used in) investing activities	(333)	(153)
Net cash from (used in) financing activities	(149)	(192)
Exchange impact on cash and cash equivalents, net	(1)	(45)
Net increase (decrease) in cash and cash equivalents	**(84)**	**(75)**

(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 June 2016	Three months ended 30 June 2015
Revenue	**1,100**	**1,181**
Cost of sales	(323)	(354)
Gross profit	**777**	**827**
Operating expenses	(441)	(505)
Depreciation and amortisation	(236)	(234)
Other operating income (expenses), net	(3)	—
Share of profit in Guatemala and Honduras operations	31	45
Operating profit	**129**	**133**
Profit (loss) before taxes	**82**	**(33)**
Charge for taxes, net	(50)	(61)
Profit (loss) for the period	**32**	**(94)**
Profit (loss) for the period from discontinued operations, net of tax	6	(14)
Non-controlling interests	5	9
Net profit (loss) for the year attributable to the owners of Millicom	**44**	**(99)**

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. During 2016, these contracts generated $ 16 million of accounts receivable (2015: $26 million). As at 30 June 2016, no payment has been received under this contract due to government budget restrictions. A provision for impairment of these receivables has been made in 2015 and 2016 leaving an outstanding receivable of $8 million ($4.4 million at 55%).

15. SUBSEQUENT EVENTS

There are no significant subsequent events.

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