Luxembourg, February 6th, 2018

Strong finish to 2017, accelerating into 2018

Q4 2017 and FY2017 highlights[i]

- Latam organic service revenue growth improved to 3.1%, up 73 bps QoQ
  - Growth led by Bolivia at 9.1%, Paraguay at 8.9% and El Salvador at 5.4%
- Latam EBITDA up 9.0% on improved growth and efficiency gains
- Equity Free Cash Flow up 39.2% to $356 million in 2017
- Accelerated 4G and HFC network buildout and exceeded our full year targets
  - Expanded 4G network to cover 56% of the population and added record 3.5 million 4G customers
  - Added record 1.3 million HFC homes passed and record 253,000 HFC homes connected
- Completed sale of operations in Rwanda
- Signed sale-leaseback for approximately 800 towers in El Salvador for up to $145 million
- Dividend recommended of $2.64 per share

$m (excluding Senegal and Ghana from all periods)	Q4 2017	Q4 2016	% change	FY 2017	FY 2016	% change
Revenue	1,558	1,526	2.1%	6,024	5,979	0.8%
Organic growth	*1.3%*	*-2.6%*		*-0.4%*	*-1.1%*	
Service Revenue	1,456	1,417	2.8%	5,659	5,591	1.2%
Organic growth	*2.0%*	*-1.5%*		*0.2%*	*0.5%*	
EBITDA	561	520	7.9%	2,190	2,114	3.6%
Organic growth	*6.9%*	*4.1%*		*2.2%*	*1.8%*	
EBITDA Margin	36.0%	34.1%	190bps	36.4%	35.4%	100bps
Capex*	384	384	0.0%	993	988	0.5%
OCF (EBITDA – Capex)	177	136	30.3%	1,197	1,126	6.2%

*Excludes spectrum and finance lease capitalizations from tower sale and leaseback transactions

Millicom Chief Executive Officer Mauricio Ramos commented:

Growth returned to our Latam markets during the second half of 2017, thanks largely to our strategic focus on building digital highways and accelerating the transition from legacy voice and SMS to high-speed data services, both in mobile and fixed.

In Latam, our mobile business is growing again, and it is encouraging to see Q4 growth of more than 3% in Paraguay and Bolivia, countries where the transition from voice to data is more advanced. Meanwhile, the investments we are making in our HFC networks are driving steady mid-to-high single-digit growth in Home and B2B, and we see a large opportunity for Millicom in these areas.

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[i] *The financial information presented in this earnings release is based on Alternative Performance Measures determined by the way in which the Executive Management (Chief Operating Decision Maker) manage the performance and resource allocation of the Group. It includes Guatemala (55% owned) & Honduras (66.67% owned) as if fully consolidated. With the exception of balance sheet items, the comparative 2016 financial information in this earnings release has been adjusted for the classification of our operations in Senegal and Ghana as discontinued operations. At December 31st, 2017, Senegal is classified as an asset held for sale on our balance sheet. Our operations in Ghana have been merged with Airtel on October 12th, 2017 and are accounted for as a joint venture since that date. IFRS Revenue was $1,069 million in Q4 2017; see page 19 for reconciliation with IFRS numbers.*

In Africa, we delivered on our commitment to generate positive free cash flow from the region in 2017. We also disposed of our operation in Rwanda, and we completed a merger in Ghana, consistent with our strategy to focus on the Latam region.

Over the last several months, we also monetized tower portfolios in Paraguay, Colombia and El Salvador, and we reduced our stake in BIMA. As a result of these transactions and of our organic cash flow growth, we reduced our leverage and improved our return on capital in 2017.

We enter 2018 with positive momentum in our largest markets and with the financial strength to support our long-term growth plans and create shareholder value. I expect that 2018 will be an even better and more exciting year for Millicom.

Outlook

For our Latam segment, we expect 2018 service revenue growth of 2-4% and EBITDA growth of 3-6% year-on-year in constant currency, and capital expenditures for the region of approximately $1 billion. In our B2C mobile unit, we expect to add 3 million new 4G data customers and to end the year with over 10 million. In our Home business, we anticipate adding 1 million new HFC homes passed to reach 10 million total homes, and we expect to connect an incremental 300,000 HFC homes to our network. For Africa, we expect the region will continue to produce positive equity free cash flow.

2017 dividend

At the Annual General Meeting on May 4th, 2018, the Board will recommend payment of an unchanged ordinary dividend of $2.64 per share to be paid in two equal instalments in May and November 2018.

Subsequent events

On January 31st, 2018, we completed our previously announced agreement to sell our operations in Rwanda. In 2017, our business in Rwanda generated EBITDA of $14 million from revenue of $57 million. In 2016, our business in the country produced EBITDA of $15 million on revenue of $64 million. The business generated negative equity free cash flow in both years.

On February 6th, 2018, we entered into a sale-leaseback agreement with SBA Communications related to a portfolio of approximately 800 towers in El Salvador. As a result of the transaction, Millicom expects to receive cash proceeds of around $145 million.

Conference call details

A presentation and conference call to discuss these results will take place on 7 February 2018 at 2:00 PM (Stockholm) / 1:00 PM (London) / 8:00 AM (New York). Please dial in 5-10 minutes before the scheduled start time to register your attendance. Dial-in numbers for the call are as follows:

Sweden:	**+46 (0)8 5065 3942**	**UK:**	**+44 (0) 330 336 9411**
US:	**+1 646 828 8156**	**Luxembourg:**	**+352 2787 0187**

The access code is: 6814351
A live audio stream and slides of the analyst presentation can also be accessed at www.millicom.com.

Financial calendar

Quarterly results	Earnings release	Conference call
Q1 2018	Apr 24	Apr 25
Q2 2018	Jul 19	Jul 20
Q3 2018	Oct 23	Oct 24

Apr 12 – Last day for shareholders to add items to the AGM/EGM agenda
May 4 – AGM / EGM (Location: Luxembourg)

For further information, please contact

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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 in various geographic locations, 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, please refer to the 2016 Annual Report (http://www.millicom.com/investors/reporting-centre).

In addition to the information in the 2016 Annual Report and the information provided in this release, please refer to Millicom's press release, dated October 21st, 2015, entitled "Millicom reports to authorities potential improper payments on behalf of its Guatemalan joint venture." At this time, Millicom cannot predict the outcome or consequences of this matter.

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.

About Millicom

Millicom is a leading provider of cable and mobile services dedicated to emerging markets in Latin America and Africa. Millicom sets the pace when it comes to providing high-speed broadband and innovative digital lifestyle services through its principal brand, Tigo. As of December 31st, 2017, Millicom employed more than 18,000 people and provided mobile services to approximately 51 million customers, with a Cable footprint of more than 9 million homes passed. Founded in 1990, Millicom International Cellular SA is headquartered in Luxembourg and listed on NASDAQ Stockholm under the symbol MIC. In 2017, Millicom reported revenues of $6.0 billion and EBITDA of USD 2.2 billion.

Quarterly Group Financial Review [i]

US$m	Q4 2017	Q4 2016	% change	FY 2017	FY 2016	% change
Revenue	**1,558**	**1,526**	**2.1%**	**6,024**	**5,979**	**0.8%**
Cost of sales	(422)	(398)	5.9%	(1,580)	(1,564)	1.0%
Gross profit	**1,136**	**1,128**	**0.8%**	**4,445**	**4,415**	**0.7%**
Operating expenses	(575)	(608)	(5.4%)	(2,255)	(2,301)	(2.0%)
EBITDA	**561**	**520**	**7.9%**	**2,190**	**2,114**	**3.6%**
Depreciation	(250)	(255)	(1.8%)	(993)	(980)	1.3%
Amortization	(75)	(87)	(14.1%)	(317)	(336)	(5.8%)
Other operating income (expenses), net	19	(36)	NM	39	(38)	NM
Operating profit	**256**	**143**	**79.2%**	**919**	**759**	**21.1%**
Net financial expenses	(101)	(125)	(19.5%)	(471)	(456)	3.4%
Other non-operating income (expenses), net	(2)	(45)	(95.2%)	6	2	NM
Gains (losses) from associates, net	(32)	(51)	(37.6%)	(85)	(49)	74.0%
Profit (loss) before tax	**121**	**(78)**	**NM**	**368**	**256**	**43.7%**
Net tax credit (charge)	(63)	(75)	(17.1%)	(252)	(251)	0.7%
Profit (loss) for the period from continuing ops.	**59**	**(154)**	**NM**	**116**	**6**	**NM**
Non-controlling interests	(36)	36	NM	(102)	(38)	NM
Profit (loss) from discontinued operations	46	(11)	NM	71	1	NM
Net profit (loss) for the period	**69**	**(129)**	**NM**	**85**	**(32)**	**NM**
Adjusted net profit (loss) for the period [ii]	30	50	(40.6%)	108	91	18.8%
Weighted average shares outstanding (millions)	100.55	100.34	0.2%	100.38	100.34	0.0%
Adjusted earnings per share ($)	0.30	0.50	(40.8%)	1.08	0.91	18.3%

i excluding Senegal and Ghana, showed as discontinued operations

ii see page 17 for reconciliation of adjustments

Total revenue of $1,558 million rose 2.1% year-on-year. On an organic basis, to reflect local currency and at a constant perimeter, the total revenue growth rate was 1.3%, and service revenue grew 2.0%, as growth of 3.1% in Latam was partially offset by a decline of 6.3% in Africa. For the full year 2017, total revenue growth was 0.8% whilst organic service revenue was stable, gaining 0.2% year-on-year.

Operating expenses declined 5.4% year on year, reflecting a 13.7% reduction in general and administrative expenses and lower corporate costs, which declined 9.2% from year ago levels, partially offset by a 2.1% increase in sales and marketing costs to support our growth initiatives. For the full year 2017, total operating expenses declined 2.0% year-on-year, which reflects a 7.2% reduction in general and administrative expenses, partially offset by a 3.8% increase in sales and marketing costs.

Depreciation declined 1.8% year-on-year to $250 million in Q4 2017, while amortization declined 14.1% to $75 million. Amortization in Q4 2016 included accelerated spectrum license amortization related to the decommissioning of the UNE fixed wireless service.

Other operating income of $19 million improved when compared to a loss of $36 million in Q4 2016 due mostly to gains on the sale of tower assets in Colombia.

Operating profit reached $256 million in Q4 2017, up 79.2% or $113 million year-on-year on lower operating costs and the swing in Other operating income mentioned above. For the full year 2017, operating profit rose 21.1% year-on-year to $919 million.

Net financial expenses declined 19.5% year-on-year to $101 million, due to lower net debt and to a lower average interest rate on our debt, a result of our debt refinancing activity over the past year. Net financial expense in Q4 2016 was impacted by $15 million of debt management charges. Finance lease expense increased 55.0% year-on-year in Q4 2017 as a result of tower sale and leasebacks. The table below details the key components of our net financial expenses.

US$m	Q4 2017	Q4 2016	% change	FY 2017	FY 2016	% change
Interest expense	(80)	(98)	(18.1%)	(344)	(365)	(5.6%)
Finance lease expense	(23)	(15)	55.0%	(70)	(54)	30.8%
Debt management charges	-	(15)	(100.0%)	(43)	(25)	73.6%
Others	(5)	(6)	(17.3%)	(38)	(36)	3.6%
Total financial expenses	**(107)**	**(133)**	**(19.4%)**	**(495)**	**(479)**	**3.3%**
Interest income	6	8	(19.1%)	24	23	1.2%
Net financial expenses	**(101)**	**(125)**	**(19.4%)**	**(471)**	**(450)**	**4.7%**

Other non-operating loss of $2 million in Q4 2017 compares to a loss of $45 million. The year-on-year variation stems mostly from a significant reduction in foreign exchange losses.

Loss from associates of $32 million in Q4 2017 compares to a loss of $51 million in Q4 2016. This reflect an impairment charge to fully write-off our stake in LIH, a holding company with investments in various online businesses based in Latam. This was partially offset by gains related to the sale of a portion of our stake in BIMA, a micro insurance provider.

Tax expenses declined to $63 million in Q4 2017 from $75 million due to changes in the profit mix and deferred tax movements. Overall the tax charge for the full year was in line with that of 2016. The tax charge as a proportion of pre-tax profit was 68%, which reflects a 23% tax on our Latam profits and 21% related to withholding tax, with the balance made up largely of charges or losses to pre-tax profits without any associated tax impact.

The Net profit for the period was $59 million compared to a loss of $154 million in the same quarter last year largely on higher Operating profit and one-off gains in the current quarter and one-off charges in the prior year. After charges to non-controlling interests of $36 million and Profits from discontinued operations the Net profit totaled $69 million in Q4 2017, compared to a net loss of $129 million in Q4 2016, representing Adjusted Earnings per Share of 30 cents and $1.08 for the full year.

Reconciliation from Operating Profit to EBITDA

US$m	Q4 2017	Q4 2016	FY 2017	FY 2016
Operating Profit as reported (IFRS)	**182**	**84**	**629**	**481**
Impact of full consolidation of Guatemala and Honduras on operating profit	74	59	290	279
Operating Profit per management reporting	**256**	**143**	**919**	**759**
Depreciation and amortization	325	341	1,310	1,317
Other operating (income) / expenses, net	(19)	36	(39)	38
EBITDA	**561**	**520**	**2,190**	**2,114**
EBITDA margin	*36.0%*	*34.1%*	*36.4%*	*35.4%*

EBITDA totaled $561 million in Q4 2017, up 7.9% year-on-year in US dollars and 6.9% on an organic basis, in constant currency and excluding Senegal and Ghana, which are both accounted for as discontinued operations. For the full year 2017, EBITDA reached $2,190 million, an increase of $76 million or 3.6% year-on-year in US dollars and of 2.2% organically.

Free Cash Flow

US$m	Q4 2017	Q4 2016	% change	FY 2017	FY 2016	% change
EBITDA (excluding discontinued ops)	**561**	**520**	**7.9%**	**2,190**	**2,114**	**3.6%**
EBITDA from discontinued operations	13	16	(19.8%)	58	62	(5.7%)
EBITDA (including discontinued ops)	**574**	**536**	**7.1%**	**2,248**	**2,176**	**3.3%**
Cash Capex (excluding spectrum and licenses)	(252)	(253)	(0.3%)	(955)	(1,053)	(9.4%)
Change in working capital and other non-cash items	56	106	(47.5%)	(69)	2	NM
Cash flow from operations	**378**	**390**	**(3.0%)**	**1,224**	**1,125**	**8.8%**
Taxes paid	(79)	(68)	15.0%	(255)	(276)	(7.3%)
Operating free cash flow	**299**	**321**	**(6.8%)**	**969**	**850**	**14.0%**
Finance charges, net	(97)	(119)	(18.3%)	(449)	(429)	4.7%
Free cash flow	**202**	**202**	**(0.1%)**	**520**	**421**	**23.6%**
Advances for dividends to non-controlling interests	(50)	(117)	(57.3%)	(164)	(165)	(0.7%)
Equity free cash flow	**152**	**85**	**78.7%**	**356**	**256**	**39.2%**

For the full year 2017, cash capex totaled $955 million, down $98 million or 9.4% year-on-year from $1,053 million in 2016. The decline mostly reflects timing differences, as our investing activity remains broadly stable. Cash used for working capital reached $69 million in 2017, down from positive $2 million in 2016, and reflects the impact of our faster revenue growth rate. In spite of this, cash flow from operations increased by $99 million, or 8.8% year-on-year, to $1.22 billion.

Taxes paid rose 15.0% in Q4 but declined 7.3% to $255 million for the full year 2017. Timing differences explain the decline, as a portion of the taxes paid in the early part of the year relate to the tax return of the prior fiscal year.

Net finance charges rose 4.7% year-on-year to $449 million in 2017 mostly due to expenses related to our debt management activities. During Q4 2017, net finance charges declined 18.3% year-on-year in Q4 to $97 million.

Free cash flow increased by $99 million to $520 million, and advances for dividends to non-controlling interests remained stable at $164 million in 2017. As a result, equity free cash flow increased by $100 million to $356 million in 2017, an increase of 39.2% year-on-year, as compared to $256 million in 2016, covering the proposed 2017 dividend.

Capital Expenditures

Balance sheet capital expenditures (excluding spectrum, license costs and finance lease capitalizations) reached $384 million in the fourth quarter 2017, flat year-on-year. For the full year, capex totaled $993 million in 2017, up 0.5% from $988 in 2016 on an organic basis.

By region, capex was approximately $907 million in Latam, $81 million in Africa, and $6 million at corporate during the year. Although our total capex was relatively stable, we increased capex in Latam by 4.6% year-on-year in 2017, whereas we reduced spending in Africa by 31% over the same period. There were also meaningful changes within the Latam region, as we increased capex in Bolivia by 46% to accelerate our HFC network deployment, and this was partially offset by lower capex in other countries where we achieved significant milestones in our 4G mobile network coverage. Not included in our capex are spectrum purchases of $40 million for the full year 2017, down from $94 million in 2016, mostly due to the impact of spectrum auctions in Paraguay and more significant renewal activity for our existing licenses during 2016. In Q4 2017, we also capitalized $127 million in financial leases related to our tower sale and leaseback transactions in Paraguay and Colombia.

Return on Capital

The Group's return on invested capital ("ROIC") was 16.2% in 2017, compared to 13.1% in 2016. The ROIC improvement was underpinned by operating efficiencies mainly in Latam, as well as the impact of the tower sales in Colombia and Paraguay and the disposal of Senegal and Ghana.

Net Debt

US$m	Gross Debt	Of which Finance Leases	Cash	Of which Restricted Cash	Net Debt [i]
Latin America	**3,576**	**229**	**804**	**41**	**2,772**
Of which local currency	*1,867*	*229*	*436*	*41*	*1,431*
Africa	**336**	**136**	**153**	**116**	**184**
Of which local currency	*197*	*136*	*145*	*116*	*52*
Corporate	1,255	0	141	0	1,115
Group	**5,168**	**365**	**1,097**	**157**	**4,071**
Group - Proportionate basis	*4,011*	*270*	*852*	*152*	*3,159*
Guatemala and Honduras	1,383	1	331	12	1,052
Group excluding GT & HN	**3,785**	**364**	**766**	**145**	**3,019**

[i] *Net debt is gross debt including finance leases less: cash, restricted cash, and pledged and term deposits of $2 million.*

Gross debt as of 31 December 2017, including finance leases, decreased to $5,168 million from $5,639 million at the end of Q3 2017, driven by the final redemption of the 2021 Notes on 15 October 2017 ($473 million).

Approximately 69% of group gross debt at 31 December 2017 was held in Latam, 7% in Africa, and the remaining 24% at the corporate level, a marked reduction from 33% at year-end 2016. Finance lease liabilities of $365 million represented 7% of group gross debt. Finance lease liabilities increased by $47 million in the quarter and close to $70 million year-on-year (net of amortizations) as we transferred part of the towers sold in Colombia for cash consideration of $86 million in the fourth quarter and renegotiated our contract with HTA in Tanzania.

As of 31 December 2017, 67% of group gross debt was at fixed rates, and 40% was in local currency, in line with our targets and in order to mitigate our exposure to currency volatility. The average maturity of our debt stood at 5.4 years, and our average cost of debt excluding finance leases remained stable at 6.2%, despite the increase of the local currency share of our debt.

Our cash position at the close of the year, excluding restricted cash but including pledged and term deposits, stood at $940 million, largely driven by surplus cash in Guatemala and Colombia. The restricted cash balance, principally comprising MFS customer account balances, was $157 million.

Group net debt, including Guatemala and Honduras on a fully consolidated basis, was $4,071 million at the end of December 2017, down from $4,274 million as of end of September. The decline in net debt reflects cash flow generation, as well as the first tranche of asset transfers as part of our previously announced towers sale in Colombia. Net debt-to-EBITDA, based on the last twelve-month EBITDA, was 1.86x at 31 December 2017, compared to 1.99x in September 2017. Proportionate net debt as of December 2017, excluding 45% of Guatemala, 33.3% of Honduras, 50% of Colombia, and 15% of Zantel, was $3,159 million and proportionate Net debt-to-EBITDA was 2.02x, down from 2.15x at the end of September 2017.

Group Business Review

Business Units

We present our results grouped under three business units:

1. B2C Mobile, comprised of mobile services for individuals, including Mobile Financial Services (MFS);
2. Home, comprised of broadband internet, Pay TV, and fixed voice services for residential customers; and,
3. B2B, comprised of mobile and fixed services to government and corporate customers.

The information contained herein can also be accessed electronically in the Financial & Operating Data Excel file published at www.millicom.com/investors alongside this Results Statement.

Latin America

Financial & operating data

KPI ('000)	Q4 2017	Q4 2016	YOY change
B2C Mobile customers	31,911	30,882	3.3%
Of which B2C mobile data customers	15,093	13,085	15.3%
Of which 4G customers	6,902	3,432	101.1%
B2C Mobile ARPU (US$)[i]	7.8	8.0	(2.9%)
Total homes passed	9,076	8,119	11.8%
Of which HFC homes passed	8,446	7,152	18.1%
Of which HFC homes connected	2,329	2,075	12.2%
Home – HFC revenue generating units	4,367	3,694	18.2%
Home ARPU (US$)[i]	28.3	27.5	1.9%

Financial (US$m, unless otherwise stated)	Q4 2017	Q4 2016	Organic YOY [i]
Total Revenue	1,407	1,365	2.1%
Service revenue	1,307	1,257	3.1%
Mobile B2C	760	750	0.2%
Of which B2C mobile data	355	295	18.9%
Home	289	267	7.1%
B2B	247	231	6.4%
EBITDA	552	501	9.0%
EBITDA margin %	39.2%	36.7%	2.5pt
Capex[ii]	359	326	10.0%

i) YoY change expressed in organic local currency terms and at constant perimeter.
ii) Exclude spectrum, license costs and finance lease capitalizations

Market environment

The macro-economic environment in our Latin America markets remained largely stable in Q4 2017. The currencies in the countries where we operate fluctuated within a narrow range of -1% and +1% during the quarter. On a year-on-year basis, the largest currency movements were in Guatemala and Costa Rica, with the average exchange rates for the Quetzal in Guatemala gaining 2%, and the Colon in Costa Rica losing 2%. Buoyed by continued strength in remittances, the Guatemalan Quetzal has traded at or near 10-year highs throughout 2017 compared to the US dollar. In our South American countries, economic activity in Q4 2017 was generally robust in Paraguay and Bolivia, and remained somewhat softer in Colombia.

Key Performance Indicators

In our B2C Mobile unit, we added a record 1.3 million 4G smartphone data users in Latin America during Q4 2017 and 3.5 million during 2017, exceeding our target of 3.0 million for the year. We ended Q4 2017 with 31.9 million mobile subscribers, representing an increase of 3.3% year-on-year, as we continue to focus on attracting and retaining higher-value customers in many of our markets.

Of our B2C mobile subscribers, 47% used data services in Q4 2017, up from 42% in Q4 2016, and 22% used 4G data services in Q4 2017, up from 11%. ARPU for B2C mobile continues to show signs of stabilization, averaging $7.80 per month during Q4 2017 and ranging from $7.70 to $7.80 throughout 2017. As reported in our Q2 2017 earnings release, we typically experience an increase in ARPU when our customers upgrade to 4G, and our experience to date suggests that 4G data users tend to increase their data consumption and generate rising levels of ARPU over time.

In our Home unit, we ended the quarter with 9.1 million homes passed, including 8.4 million on our HFC networks, adding 317,000 and 339,000, respectively. During the quarter, we connected 54,000 net new homes, including 52,000 on our HFC networks. Over the past year, we have increased the number of HFC homes passed by 18.1%, the number of HFC homes connected by 12.2%, and the number of HFC revenue generating units (RGUs) by 18.2%. Home ARPU continues to grow, gaining 1.9% year-on-year organically in the quarter.

Financials

Total revenue in Latam in Q4 increased by 2.1% year-on-year on an organic basis, to $1,407 million, and service revenue gained 3.1%, marking a fourth consecutive quarterly improvement.

By country, service revenue was particularly robust in Bolivia and Paraguay, with each growing about 9%, and in El Salvador, which gained more than 5% year-on-year. Year-on-year growth remained slightly negative in Colombia and Honduras, but both countries reported improved growth on a sequential basis.

By business line, service revenue in our B2C Mobile unit rose 0.2% year-on-year to reach $760 million in Q4 2017, marking the first positive growth rate since Q3 2015, despite the ongoing drag from regulatory headwinds which have impacted results in Colombia throughout 2017. B2C Mobile service revenue growth for the quarter was positive in Bolivia, El Salvador, Guatemala, and Paraguay. The broad-based improvement in mobile revenue trends reflects some moderation in the rate of decline of voice and SMS, and the growing contribution from data, which grew 18.9% year-on-year and now represents 47% of our B2C mobile service revenue.

Home service revenue rose 7.1% organically to $289 million. The organic growth rate slowed from 8.8% in Q3, mostly due to slower growth caused by a difficult comparison in Colombia, by far our largest market for B2C Home services, where Q4 2016 benefited from steep price increases which did not repeat in Q4 2017. We continue to experience robust double-digit growth in our Home segment in Bolivia, Guatemala, Honduras, and Paraguay.

B2B service revenue grew by 6.4% organically to $247 million, an improvement from 5.7% growth reported in Q3 due to slightly faster growth in both mobile and fixed services.

As our Home, B2B, and B2C Postpaid businesses expands, so too does the proportion of our Latam service revenues stemming from subscriptions, which reached 58.2% in Q4 2017, up from 56.1% in Q4 2016.

Telephone and equipment sales decreased 8.8% in the quarter to $101 million, as we rely increasingly on third party vendors.

EBITDA in Latam grew 9.0% organically in the quarter, improving sharply from 2.5% growth in Q3 due to easier comparisons in Colombia, El Salvador and Paraguay. The EBITDA margin reached 39.2%, up 250 basis points from 36.7% in Q4 2016, mostly stemming from margin improvement in Colombia and Paraguay.

Capex in Latin America totaled $359 million in Q4 2017, up from $326 million in Q4 2016. For the full year 2017, capex for the region was $907 million, up 5% from $867 million in 2016, equivalent to 16.7% of revenue. Investment in our networks accounted for 88% of Latam capex, while the remaining 12% went towards IT and Other. Network investment was split approximately 63% fixed and 37% mobile. Customer premise equipment deployed to support the growth of our fixed customer base increased 39% year-on-year and accounted for more than 25% of our total capex in the region. Within mobile, the bulk of our capital investment remains focused on adding coverage and capacity to our 4G networks.

FOURTH QUARTER 2017 REVIEW BY COUNTRY

Colombia

	Q4 2017	Q4 2016	*Organic YOY change*
B2C Mobile customers ('000)	7,851	7,530	4.3%
Of which, 4G customers ('000)	2,016	1,017	98.2%
Total Homes connected ('000)	1,633	1,641	(0.5%)
HFC Homes connected ('000)	1,108	1,015	9.2%
Total revenue (US$m)	447	457	(3.3%)
Service revenue (US$m)	411	408	(0.2%)
EBITDA (US$m)	117	99	16.1%
EBITDA margin %	26.2%	21.7%	4.5pt

We added 11,000 customers to our HFC network during Q4 to reach 1.11 million homes connected at the end of 2017, an increase of 9.2% year-on-year, up from growth of 7.9% in Q3 2017 and of 4.0% in Q4 2016. The bundling ratio for our HFC customers continues to increase sequentially as it has since early 2015, and HFC RGU growth reached almost 15% in Q4 2017, the fastest quarterly growth rate recorded in 2017.

On the mobile front, we added 357,000 4G smartphone data users in the quarter and one million in the full year, almost doubling our 4G customer base during the year. 4G data users represented 26% of our total B2C mobile subscriber base in Colombia as of Q4 2017, up from 14% as of Q4 2016.

Service revenue declined 0.2% in Q4 2017, representing a slight deterioration compared to positive growth of 0.3% in Q3, mostly due to a more difficult comparison in our Home unit, which had benefited from a steep price increase in Q4 2016. Our year-on-year growth rates continue to be impacted by the reduction in regulated tariffs implemented during H1 and which have reduced our Q4 2017 service revenue by approximately 250 basis points. Encouragingly, B2C mobile service revenue grew for a second consecutive quarter, and our B2B unit continues to grow at mid-single-digit rates.

EBITDA increased 16.1% year-on-year to $117 million in Q4 2017. The growth rate benefited from the fact that our Q4 2016 results included approximately $23 million of restructuring costs. Excluding this effect, EBITDA would have declined approximately 5.9% organically year-on-year, marking an improvement as compared to declines of 11.3% in Q3 and of 7.7% in Q2 2017.

Bolivia

	Q4 2017	Q4 2016	*Organic YOY change*
B2C Mobile customers ('000)	3,303	2,951	11.9%
Total Homes connected ('000)	231	125	83.8%
Total revenue (US$m)	148	138	7.2%
Service revenue (US$m)	147	134	9.1%
EBITDA (US$m)	59	59	1.1%
EBITDA margin %	40.1%	42.5%	-2.4pt

In Bolivia, we closed a record year on a very strong note. We connected 29,000 homes to our HFC network, a new quarterly record. During the year, we doubled the number of homes-passed and tripled the number of homes connected to our HFC network.

During the fourth quarter, we also enjoyed a record customer intake in B2C mobile, adding 166,000 total subscribers and the same number of 4G smartphone data users.

Service revenue grew 9.1% in Q4 2017, a strong acceleration from 6.1% in Q3 2017, with all three business lines posting faster growth in Q4 than Q3. B2C mobile grew more than 3%, our best performance in more than two years, while Home grew more than 60%.

EBITDA rose 1.1% year-on-year in Q4 2017 and margin declined 240 basis points to 40.1%, due to a difficult comparison as the prior year benefited from a significant reversal in respect of employment costs.

Paraguay

	Q4 2017	Q4 2016	*Organic YOY change*
B2C Mobile customers ('000)	3,167	3,357	(5.7%)
Total Homes connected ('000)	368	299	23.0%
Total revenue (US$m)	171	146	14.9%
Service revenue (US$m)	162	146	8.9%
EBITDA (US$m)	81	67	18.3%
EBITDA margin %	47.2%	45.9%	1.3pt

In our B2C Mobile unit, we continue to drive ARPU growth by focusing on our higher-value customers, pricing discipline and data monetization. Our total subscriber base remained essentially flat during Q4 2017, but we added 140,000 4G smartphone data users. As a result, our B2C Mobile ARPU grew more than 10% year-on-year and is the second-highest after Bolivia among our Latam mobile markets.

On the Home front, we continue to integrate and upgrade the network of Cable Parana which we acquired in early 2017. We connected 14,000 additional homes during Q4, and we continue to focus on upselling to drive ARPU expansion.

Service revenue growth accelerated to 8.9% in Q4 2017, an improvement from 6.5% in Q3 2017. B2C mobile service revenue grew more than 3%, accelerating from less than 1% in Q3. Home growth accelerated slightly and remains above 20% year-on-year, and B2B continues to grow double-digits despite slowing slightly in Q4.

EBITDA increased 18.3% year-on-year in the fourth quarter, and the margin expanded 130 basis points to 47.2%. The improved profitability year-on-year reflects both stronger revenue generation and cost control in 2017, as well as a number of one-off items, factors that impaired both our revenue and profitability in Q4 2016.

Guatemala

	Q4 2017	Q4 2016	*Organic YOY change*
B2C Mobile customers ('000)	10,169	9,272	9.7%
Total Homes connected ('000)	361	323	11.6%
Total revenue (US$m)	349	330	3.2%
Service revenue (US$m)	307	290	3.4%
EBITDA (US$m)	171	163	2.5%
EBITDA margin %	49.0%	49.3%	(0.3pt)

We added 293,000 total B2C mobile subscribers in Q4 2017, including 324,000 new 4G smartphone data users.

In Home, we remain focused primarily on integrating and upgrading our existing network infrastructure to deliver faster and more reliable service and drive ARPU expansion. That said, we have increased the number of HFC homes-passed by 9%, and the number of HFC homes-connected is up almost 6% year-on-year. Our DTH service is also performing well, such that total homes connected grew 11.6% year-on-year in Q4.

Service revenue grew 3.4% year-on-year in Q4, stable relative to 3.5% in Q3. By business unit, year-on-year service revenue growth was approximately 1% in B2C mobile, almost 10% in B2B, and almost 25% in Home. Revenue rose in all three business lines on a sequential basis compared to Q3.

EBITDA increased by 2.5%, and the margin contracted 30 basis points year-on-year to 49.0% in Q4 2017. For the full year, service revenue was flat, and EBITDA increased 1.7% organically. We continue to reduce costs to protect margins, which expanded 90 basis points to 50.1% on a full year basis.

Honduras

	Q4 2017	Q4 2016	*Organic YOY change*
B2C Mobile customers ('000)	4,625	4,660	(0.8%)
Total Homes connected ('000)	150	129	16.9%
Total revenue (US$m)	147	150	(0.5%)
Service revenue (US$m)	143	145	(0.1%)
EBITDA (US$m)	64	65	(1.4%)
EBITDA margin %	43.2%	43.6%	(0.4pt)

We added a record 144,000 4G smartphone data users in Q4 2017, up from the previous quarterly record of 128,000 in Q3 2017. The mix shift toward higher-value and postpaid customers is having a favorable impact on ARPU, which remains down year-on-year but has been stable throughout 2017.

In our Home unit, we expanded our HFC network by 46% year-on-year in terms of homes-passed, and we increased the number of HFC homes connected by 22% and the total number of homes connected by 17%. Home ARPU continues to grow, but the rate of growth has moderated to approximately 3% year-on-year in Q4 2017.

Service revenue declined 0.1% year-on-year in Q4 2017, in line with levels seen throughout 2017. Revenue rose sequentially compared to Q3 in all three of our business lines, even though some revenue was lost due to the large public demonstrations in December.

EBITDA declined 1.4% in the fourth quarter, and the margin contracted 40 basis points to 43.2%, mostly due to the lower revenue generation partially as a result of the period of public demonstrations. On the cost side, operational efficiencies were reinvested into a high single-digit increase in sales and marketing expenses.

El Salvador

	Q4 2017	Q4 2016	*Organic YOY change*
B2C Mobile customers ('000)	2,796	3,111	(10.1%)
Total Homes connected ('000)	312	331	(5.8%)
Total revenue (US$m)	110	106	3.5%
Service revenue (US$m)	103	97	5.4%
EBITDA (US$m)	45	32	41.2%
EBITDA margin %	40.8%	29.9%	10.9pt

We added 147,000 4G smartphone data users to our network during the quarter, and we disconnected a net 340,000 total B2C mobile subscribers as we continue to focus on the higher-value segment. This changing subscriber mix is beginning to produce better ARPU, which expanded by almost 3% year-on-year in Q4 2017.

In Home, our current focus remains on upselling and cross-selling, which is driving healthy growth in both RGUs and ARPU.

Service revenue rose 5.4% year-on-year in Q4 2017, a sharp improvement from 0.3% growth in Q3, due to a combination of improving revenue trends in all three business lines and the benefit of an easier comparison against the weak results in Q4 2016.

EBITDA grew 41.2% in the fourth quarter, and the margin expanded more than 10 percentage points year-on-year to 40.8%. EBITDA in Q4 2017 included a recurring net benefit of approximately $3 million resulting primarily from the renegotiation of a long-term contract for site rentals. Revenue and profitability in Q4 2016 had been negatively impacted by the obligation to shut down approximately 10% of our network around prisons.

Costa Rica

Service revenue rose 6.7% year-on-year in the fourth quarter 2017, our strongest performance in almost two years, due to improved growth our Home business and a strong acceleration in B2B. EBITDA rose 1.3% year-on-year, and margins declined 250 basis points to 38.8%. For the full year, service revenue grew 3.2%, and EBITDA expanded 3.7%.

Africa

Financial & operating data

KPI (ex. Senegal and Ghana[i]) **('000)**	**Q4 2017**	**Q4 2016**	***YOY change***
B2C Mobile customers	17,467	17,642	(1.0%)
MFS customers	7,961	7,000	13.7%
B2C Mobile ARPU (US$)[ii]	2.7	2.9	(6.0%)

Financial (ex Senegal and Ghana[i])	**Q4 2017**	**Q4 2016**	***Organic YOY change[ii]***
Total Revenue (US$m)	150	161	(6.2%)
Service revenue (US$m)	150	161	(6.3%)
EBITDA (US$m)	49	58	(15.9%)
EBITDA margin %	32.4%	36.0%	(3.6pt)
Capex (US$m)[iii]	23	57	(60.2%)

i) As reclassified as discontinued operations
ii) Organic YoY in local currency and constant perimeter
iii) Capex excludes spectrum and license costs

At the beginning of Q4 2017, we finalized an agreement with Airtel to merge our operations in Ghana, and now report Ghana as a joint venture beginning in Q4 2017 and so no longer consolidated in these numbers. At the end of Q4 2017, we announced an agreement for the sale of operations in Rwanda, which was completed on January 31st, 2018.

For Q4 2017, our consolidated Africa operations comprise Tanzania, including Zantel, Rwanda and Chad which in aggregate represent less than 10% of Group revenue and EBITDA. From Q1 2018, Africa will include only Tanzania and Chad.

During the fourth quarter, we added 356,000 net B2C mobile subscribers in Africa, driven by large gains in Tanzania and Chad.

Operating conditions remain challenging in our African region, and service revenue declined 6.3% organically in Q4 2017. By country, Tanzania continued to show signs of steady recovery since touching a low point in Q2 2017, and service revenue growth reached almost 10% in Q4, but this was offset mostly by a sharp contraction in Chad and a more modest decline in Rwanda.

EBITDA margin declined 360 basis points to 32.4% in Q4 2017, and EBITDA declined 15.9% year-on-year, due to the decline in revenue. On a sequential basis, margin continued to recover from the Q2 2017 low thanks to improved profitability in Tanzania.

Capital expenditures in Africa were focused mainly on our mobile business and totaled $23 million in Q4 and $81 million for the full year 2017. This compares to capex of $118 million in 2016, excluding our discontinued operations.

Corporate Responsibility highlights – Q4 2017

Embedding Corporate Responsibility across our supply chain

We closed our first Supplier Training Program in December, 121 suppliers having taken the course. Over the 6-month program, key suppliers in our Latin American operations were provided with tools and knowledge on how to incorporate and accelerate the adoption of key sustainability concepts like Anti-Bribery and Anti-Corruption, eco-efficiency, children's rights and diversity in their core practices.

Feedback from the suppliers has been overwhelmingly positive, with many thanking us for taking this initiative not only to improve their performance but to better understand Millicom's own Corporate Responsibility strategy and principles. Planning is underway for the second phase of this program in 2018.

Millicom's children's rights program continues to gain momentum and gather recognition

We closed out the year by having most of our operations in Latam blocking access to Child Sexual Abuse Content (CSAC) webpages. In 2018, a new DNS server management system will block access to CSAC, making it a safer and more reliable method.

We have finalized a new three-year agreement with UNICEF in which we are committing to fund projects in Latam that directly deal with violence prevention among youth. We will also continue to support the implementation of Child Rights and Business Principles in the Telecommunications Industry, broaden our work in assessing our impacts on Child Rights and better understand how we can reduce the negative impacts and enhance positive impacts.

Health, safety and security

Q4 2017 was a particularly busy period for the Integrated Services & Corporate Security teams across the operating entities. We focused on several key areas of health, safety and security management: upgrading the Enablon risk management tool, internal controls and the ISO certification for Paraguay as well as the external verification of our data production.

Throughout October, we upgraded our incident management tool to create a more detailed and accurate approach to recording and developing trend analysis from accident and incident events reported. There was a total of 208 events (6 Business Continuity Management, 150 Security and 52 Health and Safety) reported during the quarter and 1 fatality involving an outsourced service provider in a road traffic accident.

The success of our ISO program continued with Paraguay obtaining a full suite of standards: OHSAS 18001 (Safety), 14001 (Environment) and 22301 (Business Continuity) thus meeting the requirements set by the IFC. Paraguay now joins Tigo Tanzania, Honduras, Colombia, Bolivia, Chad and the Millicom Group in obtaining their certifications. Another success in Q4 was our approach to corporate governance and internal controls. Earlier in the year, a conscious decision was made to extend the scope of our risk management to areas outside of those considered critical and high-risk.

Compliance and anti-corruption programme

In Q4 2017, we finalized the annual group-wide compliance training for employees covering the Code of Conduct, Anti-Corruption Principles and other key risk areas. We ran workshops for procurement staff from our operations on the new due diligence platform to ensure local accountability for the enhanced process. In November, we had the Global Compliance Awareness Week with the hashtag #integritystartswithyou. During this week, we used multiple communication channels including video messages from members of the Millicom Board and the Executive Committee, daily risk themes on posters and intranet platforms and blog messages from Global Compliance. We also ran a Millicom Ethics Line campaign with focus on the "Speak up!" theme. The Compliance Policies were finalized and approved by the Executive Committee members. In one significant change to our policies, we moved to a no-give and no-receive gifts business. Implementation in the heart of gift-giving season went seamlessly.

Additional Information

Alternative Performance Measures ('APMs')

In the front section of this Release, APMs are used to provide readers with additional financial information that is regularly reviewed by management and used to make decisions about operating matters. These measures are usually used for internal performance reporting and in defining director and management remuneration. They are useful in connection with discussion with the investment analyst community. However, this additional information presented is not uniformly defined by all companies including those in the Group's industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies. Additionally, certain information presented is derived from amounts calculated in accordance with IFRS but is not itself an expressly permitted GAAP measure. Such measures should not be viewed in isolation or as an alternative to the equivalent GAAP measure. Definitions, use and reconciliations to the closest IFRS measures are presented in the table below and on the following pages.

APMs	
Management reporting	The financial information presented in the front section of this Release is with Guatemala (55% owned) and Honduras (66.7% owned) as if fully consolidated, while the Group equity accounts those operations in the IFRS consolidated financial statements. See next pages for reconciliation with IFRS numbers.
Service, mobile data and home revenue	• Service revenue is Group revenue related to the provision of ongoing services such as monthly subscription fees, airtime and data usage fees, interconnection fees, roaming fees, mobile finance service commissions and fees from other telecommunications services such as data services, short message services and other value-added services excluding telephone and equipment sales; • Mobile data revenue is Group revenue related to the provision of data. Mobile data revenue is included in Service revenue; • Home revenue is Group revenue related to the provision of residential services such as broadband internet and TV. Home revenue is included in Service revenue.
Organic growth	Organic growth represents year-on year-growth in local currency and constant perimeter. See next pages for reconciliation with reported numbers.
Operating profit	Operating profit is profit before taxes before results from associates, other non-operating expenses (such as foreign exchange losses and changes in fair value of derivatives) and net financial expenses. Operating profit includes our share of profit from joint ventures in Guatemala and Honduras, as these 2 operations are considered as strategic investments for the Group. However, the operating profit does not include the share of income from joint venture in Ghana, which is therefore accounted for under the caption "Share of profit from other joint ventures and associates"
EBITDA	EBITDA is operating profit excluding impairment losses, depreciation and amortization and gains/losses on the disposal of fixed assets.
Adjusted net profit	Adjusted net profit is net profit adjusted for exceptional or non-operating items such as gain on tower sales, foreign exchange gains / losses and changes in fair value of derivatives attributable to the owners of the Company, early redemption premium for debts and other financing, dilution gains and impairments on investments in associates and similar items classified under 'other non-operating income (expenses)' as well as excluding results from discontinued operations.
Adjusted EPS	Adjusted EPS is computed based on adjusted net profit divided by the number of shares outstanding
Return on Invested Capital	Return on Invested Capital is used to assess the Group's efficiency at allocating the capital under its control to profitable investments.
Net debt	Net debt is Gross debt (including finance leases) less cash, restricted cash and pledged deposits
Capex measures	• Capex is balance sheet capital expenditure excluding spectrum and license costs and finance lease capitalizations from tower sale and leaseback transactions. • Cash Capex represents the cash spent in relation to capital expenditure, excluding spectrum and licenses costs and finance lease capitalizations from tower sale and leaseback transactions.
Cash flow measures	• Operating Cash Flow (OCF) is EBITDA less capex (excluding spectrum and license costs and finance lease capitalizations from tower sale and leaseback transactions); • Operating Free Cash Flow is Operating Cash Flow less change in working capital and other non-cash items and taxes paid; • Equity Free Cash Flow is Operating Cash Flow less taxes paid, finance charges paid (net) and advances for dividends to non-controlling interests. These measures allow us and third parties to evaluate our liquidity and the cash generated by our operations

Organic growth adjustments

Group Revenue	Q4 2017	Q4 2016	YTD 2017	YTD 2016
Prior period	1,526	1,636	5,979	6,572
Current period	1,558	1,526	6,024	5,979
Reported Growth	2.1%	(6.7)%	0.8%	(9.0)%
Local currency growth	1.3%	(2.6)%	(0.4)%	(1.1)%
Change in Perimeter impact	0.0%	(3.8)%	0.0%	(2.8)%
FX impact	0.8%	(0.3)%	1.1%	(5.1)%

Group Service Revenue	Q4 2017	Q4 2016	YTD 2017	YTD 2016
Prior period	1,417	1,505	5,591	6,056
Current period	1,456	1,417	5,659	5,591
Reported Growth	2.8%	(5.9)%	1.2%	(7.7)%
Local currency growth	2.0%	(1.5)%	0.2%	0.5%
Change in Perimeter impact	0.0%	(4.0)%	0.0%	(3.0)%
FX impact	0.8%	(0.4)%	1.0%	(5.2)%

Group EBITDA	Q4 2017	Q4 2016	YTD 2017	YTD 2016
Prior period	520	502	2,114	2,188
Current period	561	520	2,190	2,114
Reported Growth	7.9%	3.6%	3.6%	(3.4)%
Local currency growth	6.9%	4.1%	2.2%	1.8%
Change in Perimeter impact	0.0%	(0.2)%	0.0%	(0.6)%
FX impact	1.0%	(0.2)%	1.4%	(4.6)%

Adjusted earnings per share

US$m	Q4 17	Q4 16	FY 17	FY 16
Net profit (loss) attributable to owners of the company	**69**	**(129)**	**85**	**(32)**
Basic earnings per share ($)	0.69	(1.29)	0.85	(0.32)
Adjustments for non-operating items	**(39)**	**179**	**23**	**123**
Adjusted net profit attributable to owners of the company	**30**	**50**	**108**	**91**
Adjusted basic earnings per share ($)	0.30	0.50	1.08	0.91

Net profit attributable to the owners of the company totaled $69 million in Q4 2017, and adjusted net profit was $30 million. The $39 million in adjustments for non-operating items includes gains on asset sales totaling $122 million, partially offset by $77 million in asset impairments, mostly related to our investment in LIH, and by a $17 million purchase price adjustment in Guatemala and Honduras.

As of December 31ST, 2017 we had 101,739,217 total shares outstanding, including 1,194,846 held in treasury.

Foreign Exchange rates

Average foreign exchange rate (vs. USD)		Q4 17	Q3 17	Var %	Q4 16	Var %
Guatemala	GTQ	7.34	7.31	0%	7.52	2%
Honduras	HNL	23.60	23.49	0%	23.34	-1%
Costa Rica	CRC	572	577	1%	560	-2%
Bolivia	BOB	6.91	6.91	0%	6.91	0%
Colombia	COP	2,985	2,977	0%	3,003	1%
Paraguay	PYG	5,638	5,607	-1%	5,721	1%
Ghana	GHS	4.44	4.38	-1%	4.04	-10%
Rwanda	RWF	842	834	-1%	815	-3%
Senegal / Chad	XAF	570	566	-1%	611	7%
Tanzania	TZS	2,241	2,237	0%	2,182	-3%

Closing foreign exchange rate (vs. USD)		Q4 17	Q3 17	Var %	Q4 16	Var %
Guatemala	GTQ	7.34	7.34	0%	7.52	2%
Honduras	HNL	23.67	23.48	-1%	23.59	0%
Costa Rica	CRC	573	574	0%	561	-2%
Bolivia	BOB	6.91	6.91	0%	6.91	0%
Colombia	COP	2,984	2,937	-2%	3,001	1%
Paraguay	PYG	5,590	5,657	1%	5,767	3%
Ghana	GHS	4.42	4.39	-1%	4.20	-5%
Rwanda	RWF	845	838	-1%	820	-3%
Senegal / Chad	XAF	558	565	1%	626	12%
Tanzania	TZS	2,245	2,237	0%	2,181	-3%

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	Q4 17 (i)	Guatemala and Honduras	JV	Q4 17 IFRS
Revenue	**1,558**	**(489)**		**1,069**
Cost of sales	(422)	96		(325)
Gross profit	**1,136**	**(392)**		**744**
Operating expenses	(575)	166		(408)
EBITDA	**561**	**(226)**		**335**
EBITDA margin	**36.0%**	**46.2%**		**31.4%**
Depreciation & amortization	(325)	112		(213)
Share of net profit in joint ventures			26	26
Other operating income (expenses), net	19	14		33
Operating profit	**256**	**(100)**	**26**	**182**
Net financial expenses	(101)	18		(83)
Other non-operating income (expenses), net	(2)	3		1
Gains (losses) from associates	(32)	-		(32)
Profit (loss) before tax	**121**	**(79)**	**26**	**68**
Net tax credit (charge)	(63)	30		(33)
Profit (loss) for the period	**59**	**(49)**	**26**	**35**
Profit (loss) from discontinued operations	46			46
Non-controlling interests	(36)	24		(12)
Net profit (loss) for the period	**69**	**(26)**	**26**	**69**

$ million	FY 17 (i)	Guatemala and Honduras	JV	FY 17 IFRS
Revenue	**6,024**	**(1,892)**		**4,133**
Cost of sales	(1,580)	362		(1,218)
Gross profit	**4,445**	**(1,530)**		**2,915**
Operating expenses	(2,255)	631		(1,623)
EBITDA	**2,190**	**(899)**		**1,291**
EBITDA margin	**36.4%**	**47.5%**		**31.2%**
Depreciation & amortization	(1,310)	450		(861)
Share of net profit in joint ventures			142	142
Other operating income (expenses), net	39	18		57
Operating profit	**919**	**(431)**	**142**	**629**
Net financial expenses	(471)	86		(385)
Other non-operating income (expenses), net	6	(10)		(4)
Gains (losses) from associates	(85)	-		(85)
Profit (loss) before tax	**368**	**(355)**	**142**	**155**
Net tax credit (charge)	(252)	95		(158)
Profit (loss) for the year	**116**	**(260)**	**142**	**(3)**
Profit (loss) from discontinued operations	71	-		71
Non-controlling interests	(102)	119		17
Net profit (loss) for the year	**85**	**(142)**	**142**	**85**

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

Consolidated balance sheet (unaudited)

US$ millions	31 Dec 2017 (i)	IFRS adjustments (ii)	31 Dec 2017 IFRS
ASSETS			
Intangible assets, net	4,313	(3,047)	1,265
Property, plant and equipment, net	3,971	(1,090)	2,880
Investments in joint ventures and associates	337	2,871	3,208
Other non-current assets	411	(118)	293
TOTAL NON-CURRENT ASSETS	**9,031**	**(1,384)**	**7,647**
Inventories, net	75	(30)	45
Trade receivables, net	487	(101)	386
Other current assets	635	(245)	389
Restricted cash	157	(12)	145
Cash and cash equivalents	938	(319)	619
TOTAL CURRENT ASSETS	**2,292**	**(707)**	**1,585**
Assets held for sale	233	0	233
TOTAL ASSETS	**11,556**	**(2,091)**	**9,465**
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company	2,905	191	3,096
Non-controlling interests	964	(778)	185
TOTAL EQUITY	**3,869**	**(587)**	**3,282**
Debt and financing	4,903	(1,303)	3,600
Other non-current liabilities	547	(31)	515
TOTAL NON-CURRENT LIABILITIES	**5,450**	**(1,335)**	**4,116**
Debt and financing	265	(80)	185
Other current liabilities	1,893	(89)	1,804
TOTAL CURRENT LIABILITIES	**2,158**	**(169)**	**1,989**
Liabilities directly associated with assets held for sale	79	0	79
TOTAL LIABILITIES	**7,687**	**(1,504)**	**6,183**
TOTAL EQUITY AND LIABILITIES	**11,556**	**(2,091)**	**9,465**

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

(ii) IFRS adjustments result from the deconsolidation of the Guatemala and Honduras businesses and their reclassification as joint venture since December 31st, 2015.

Consolidated statement of cash flows (unaudited)

US$ millions	Q4 2017 (i)	IFRS adjustments (ii)	Q4 2017 IFRS
Profit (loss) before taxes from continuing operations	**121**	**(53)**	**68**
Profit (loss) for the period from discontinued operations	46	0	46
Profit (loss) before taxes	**167**	**(53)**	**114**
Net cash provided by operating activities (incl. discops)	**454**	**(192)**	**262**
Net cash used in investing activities (incl. discops)	**(162)**	**129**	**(34)**
Net cash from (used by) financing activities (incl. discops)	**(572)**	**77**	**(495)**
Exchange impact on cash and cash equivalents, net	0	1	1
Net (decrease) increase in cash and cash equivalents	**(280)**	**15**	**(265)**
Cash and cash equivalents at the beginning of the period	1,222	(334)	888
Effect of cash in disposal group held for Sale	(4)	0	(4)
Cash and cash equivalents at the end of the period	**938**	**(319)**	**619**

US$ millions	FY 2017 (i)	IFRS adjustments (ii)	FY 2017 IFRS
Profit (loss) before taxes from continuing operations	**368**	**(213)**	**155**
Profit (loss) for the period from discontinued operations	71	0	71
Profit (loss) before taxes	**439**	**(213)**	**226**
Net cash provided by operating activities (incl. discops)	**1,475**	**(655)**	**820**
Net cash used in investing activities (incl. discops)	**(828)**	**460**	**(367)**
Net cash from (used by) financing activities (incl. discops)	**(642)**	**178**	**(464)**
Exchange impact on cash and cash equivalents, net	5	(2)	4
Net (decrease) increase in cash and cash equivalents	**10**	**(18)**	**(8)**
Cash and cash equivalents at the beginning of the year	947	(301)	646
Effect of cash in disposal group held for Sale	(19)	0	(19)
Cash and cash equivalents at the end of the year	**938**	**(319)**	**619**

(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 since December 31st, 2015.

This information was, prior to this release, inside information and is information that Millicom is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 22:10 CET on February 6th, 2018.

Unaudited Interim Condensed Consolidated Financial Statements

For the three month period and year ended December 31st, 2017

6 February 2018

Unaudited interim condensed consolidated income statement for the year ended December 31st, 2017

US$ millions (unaudited)	Notes	Year ended December 31st, 2017	Year ended December 31st, 2016 (i)
Revenue	5	**4,133**	**4,105**
Cost of sales		(1,218)	(1,187)
Gross profit		**2,915**	**2,918**
Operating expenses		(1,623)	(1,661)
Depreciation		(711)	(698)
Amortisation		(150)	(178)
Share of profit in our joint ventures in Guatemala and Honduras	14	142	115
Other operating income (expenses), net	16	57	(15)
Operating profit	5	**629**	**481**
Interest expense	10	(401)	(377)
Interest and other financial income		16	21
Other non-operating (expenses) income, net	6	(4)	13
Income (loss) from other joint ventures and associates, net	15	(85)	(49)
Profit before taxes from continuing operations		**155**	**88**
Charge for taxes, net		(158)	(179)
Profit (loss) for the period from continuing operations		**(3)**	**(91)**
Profit for the period from discontinued operations, net of tax	4	71	1
Net profit (loss) for the period		**68**	**(90)**
Attributable to:			
Owners of the Company		85	(32)
Non-controlling interests		(17)	(58)
Earnings per common share for profit attributable to the owners of the Company:			
Basic (US$)	7	0.85	(0.32)
Diluted (US$)	7	0.85	(0.32)

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

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 December 31st, 2017

US$ millions (unaudited)	Notes	Three months ended December 31st, 2017	Three months ended December 31st, 2016 (i) (ii)
Revenue	**5**	**1,069**	**1,051**
Cost of sales		(325)	(307)
Gross profit		**744**	**743**
Operating expenses		(408)	(443)
Depreciation		(181)	(181)
Amortisation		(32)	(46)
Share of profit in our joint ventures in Guatemala and Honduras	14	26	26
Other operating income (expenses), net	16	33	(14)
Operating profit	**5**	**182**	**84**
Interest expense	10	(87)	(109)
Interest and other financial income		4	7
Other non-operating (expenses) income, net	6	1	(37)
Income (loss) from other joint ventures and associates, net	15	(32)	(51)
Profit (loss) before taxes from continuing operations		**68**	**(106)**
Charge for taxes, net		(33)	(68)
Profit (loss) for the period from continuing operations		**35**	**(174)**
Profit (loss) for the period from discontinued operations, net of tax	4	46	(11)
Net profit (loss) for the period		**81**	**(185)**
Attributable to:			
Owners of the Company		69	(129)
Non-controlling interests		12	(56)
Earnings per common share for (loss) profit attributable to the owners of the Company:			
Basic (US$)	7	0.69	(1.29)
Diluted (US$)	7	0.69	(1.29)

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

(ii) The interim condensed consolidated income statement for the three-month period ended December 31st, 2016 has been restated as a result of the completion of the fair value measurements of our investments in Guatemala and Honduras joint ventures (see note 14).

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

Unaudited interim condensed consolidated statement of comprehensive income for the year and for the three-month period ended December 31st, 2017

US$ millions (unaudited)	Year ended December 31st, 2017	Year ended December 31st, 2016
Net profit (loss) for the year	68	(90)
Other comprehensive income (to be reclassified to profit and loss in subsequent periods), net of tax:		
Exchange differences on translating foreign operations	85	(14)
Cash flow hedges	4	(3)
Other comprehensive income (not to be reclassified to profit and loss in subsequent periods), net of tax:		
Remeasurements of pension obligations, net of taxes	(2)	(2)
Total comprehensive income for the year	**156**	**(109)**
Attributable to:		
Owners of the Company	171	(60)
Non-controlling interests	(15)	(49)
Total comprehensive income for the year arises from:		
Continuing operations	96	(108)
Discontinued operations	60	(1)

US$ millions (unaudited)	Three months ended December 31st, 2017	Three months ended December 31st, 2016 (i)
Net profit for the period	81	(185)
Other comprehensive income (to be reclassified to profit and loss in subsequent periods), net of tax:		
Exchange differences on translating foreign operations	63	(66)
Cash flow hedges	—	(2)
Other comprehensive income (not to be reclassified to profit and loss in subsequent periods), net of tax:		
Remeasurements of pension obligations, net of taxes	(2)	(2)
Total comprehensive income for the period	**142**	**(255)**
Attributable to:		
Owners of the Company	131	(188)
Non-controlling interests	11	(67)
Total comprehensive income for the period arises from:		
Continuing operations	97	(248)
Discontinued operations	45	(7)

(i) The interim condensed consolidated statement of comprehensive income for the three month period ended December 31st, 2016 has been restated as a result of the completion of the fair value measurements of our investments in Guatemala and Honduras joint ventures (see note 14).

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 December 31st, 2017

US$ millions	Notes	December 31st, 2017	December 31st, 2016 (audited)
ASSETS			
NON-CURRENT ASSETS			
Intangible assets, net	9	1,265	1,359
Property, plant and equipment, net	8	2,880	3,057
Investments in joint ventures	14	2,967	2,945
Investments in associates	15	241	331
Deferred tax assets		180	166
Derivative financial instruments	13	—	32
Other non-current assets	12	113	72
TOTAL NON-CURRENT ASSETS		**7,647**	**7,961**
CURRENT ASSETS			
Inventories		45	62
Trade receivables, net		386	387
Amounts due from non-controlling interests, associates and joint ventures	12	37	17
Prepayments and accrued income		145	171
Current income tax assets		99	101
Supplier advances for capital expenditure		18	23
Other current assets		90	110
Restricted cash		145	145
Cash and cash equivalents		619	646
TOTAL CURRENT ASSETS		**1,585**	**1,661**
Assets held for sale	4	233	5
TOTAL ASSETS		**9,465**	**9,627**

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 December 31st, 2017 (continued)

US$ millions	Notes	December 31st, 2017	December 31st, 2016 (audited)
EQUITY AND LIABILITIES			
EQUITY			
Share capital and premium		637	638
Treasury shares		(106)	(123)
Other reserves		(470)	(562)
Retained profits		2,950	3,247
Profit (loss) for the year attributable to equity holders		85	(32)
Equity attributable to owners of the Company		**3,096**	**3,167**
Non-controlling interests		185	201
TOTAL EQUITY		**3,282**	**3,368**
LIABILITIES			
Non-current liabilities			
Debt and financing	10	3,600	3,821
Derivative financial instruments	13	—	84
Amounts due to non-controlling interests, associates and joint ventures	12	124	113
Provisions and other non-current liabilities		335	286
Deferred tax liabilities		56	57
Total non-current liabilities		**4,116**	**4,361**
Current liabilities			
Debt and financing	10	185	80
Payables and accruals for capital expenditure		304	326
Other trade payables		288	297
Amounts due to non-controlling interests, associates and joint ventures	12	296	273
Accrued interest and other expenses		353	376
Current income tax liabilities		81	68
Derivative financial instruments	13	56	—
Provisions and other current liabilities		425	477
Total current liabilities		**1,989**	**1,898**
Liabilities directly associated with assets held for sale	4	79	—
TOTAL LIABILITIES		**6,183**	**6,258**
TOTAL EQUITY AND LIABILITIES		**9,465**	**9,627**

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 year ended December 31st, 2017

US$ millions (i)	Notes	December 31st, 2017	December 31st, 2016 (i)
Cash flows from operating activities (including discontinued operations)			
Profit before taxes from continuing operations		155	88
Profit before taxes from discontinued operations		71	(5)
Profit before taxes		**226**	**83**
Adjustments to reconcile to net cash:			
Interest expense		416	397
Interest and other financial income		(16)	(22)
Adjustments for non-cash items:			
Depreciation and amortization	5	879	932
Share of profit in our joint ventures in Guatemala and Honduras		(142)	(115)
Loss (gain) on disposal and impairment of assets, net	4	(99)	19
Share based compensation		24	14
(Income) loss from other joint ventures and associates, net	15	85	49
Other non-cash non-operating (income) expenses, net		(2)	(22)
Changes in working capital:			
Decrease (increase) in trade receivables, prepayments and other current assets		6	102
(Increase) decrease in inventories		16	19
Increase (decrease) in trade and other payables		(83)	(109)
Total changes in working capital		**(61)**	**12**
Interest (paid)		(372)	(357)
Interest received		16	19
Taxes (paid)	5	(132)	(130)
Net cash provided by operating activities		**820**	**878**
Cash flows from investing activities (including discontinued operations):			
Acquisition of subsidiaries, joint ventures and associates, net of cash acquired	3	(22)	-
Proceeds from disposal of subsidiaries and associates, net of cash disposed		22	147
Purchase of intangible assets and licenses	9	(133)	(143)
Proceeds from sale of intangible assets	9	4	6
Purchase of property, plant and equipment	8	(650)	(719)
Proceeds from sale of property, plant and equipment	8	179	6
Dividend received from joint ventures		203	143
Cash (used in) provided by other investing activities, net	13	31	8
Net cash used in investing activities		**(367)**	**(552)**
Cash flows from financing activities (including discontinued operations):			
Proceeds from other debt and financing	10	996	713
Repayment of debt and financing	10	(1,195)	(821)
Advances for, and dividends to non-controlling interests		-	(68)
Dividends paid to owners of the Company		(265)	(265)
Net cash from (used by) financing activities		**(464)**	**(441)**
Exchange impact on cash and cash equivalents, net		4	(8)
Net (decrease) increase in cash and cash equivalents		**(8)**	**(123)**
Cash and cash equivalents at the beginning of the year		646	769
Effect of cash in disposal group held for sale	4	(19)	—
Cash and cash equivalents at the end of the year		**619**	**646**

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

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 December 31st, 2017, December 31st, 2016 and December 31st, 2016

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)	Other reserves	Total	Non-controlling interests	Total equity
Balance on December 31st, 2015	**101,739**	**(1,574)**	**153**	**486**	**(143)**	**3,513**	**(531)**	**3,477**	**251**	**3,728**
Total comprehensive income for the period	—	—	—	—	—	(32)	(28)	(60)	(49)	(109)
Dividends	—	—	—	—	—	(265)	—	(265)	—	(265)
Purchase of treasury shares	—	(37)	—	—	(3)	—	—	(3)	—	(3)
Share based compensation	—	—	—	—	—	—	14	14	—	14
Issuance of shares under share-based payment schemes	—	216	—	(1)	23	(1)	(17)	4	—	4
Balance on December 31st, 2016	**101,739**	**(1,395)**	**153**	**485**	**(123)**	**3,215**	**(562)**	**3,167**	**201**	**3,368**
Total comprehensive income for the period	—	—	—	—	—	85	87	171	(15)	156
Dividends (ii)	—	—	—	—	—	(265)	—	(265)	—	(265)
Purchase of treasury shares	—	(32)	—	—	(3)	—	—	(3)	—	(3)
Share based compensation	—	—	—	—	—	—	24	24	—	24
Issuance of shares under share-based payment schemes	—	233	—	(1)	21	1	(18)	1	—	1
Balance on December 31st, 2017	**101,739**	**(1,195)**	**153**	**484**	**(106)**	**3,035**	**(470)**	**3,096**	**185**	**3,282**

(i) Retained profits — includes profit attributable to equity holders, of which at December 31st, 2017, $345 million (2016: $321 million) are not distributable to equity holders.

(ii) Dividends — A dividend distribution of $2.64 per share was approved by the Annual General Meeting of shareholders and distributed in May 2017.

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

Notes to the unaudited interim condensed consolidated statements

1. ORGANIZATION

Millicom International Cellular S.A. *(*the “Company” or “MIC SA”*)*, 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, Pay-TV in Latin America and Africa.

On February 6th, 2018, 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 interim condensed 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 December 31st, 2016. These financial statements are prepared in accordance with consolidation and accounting policies consistent with the 2016 consolidated financial statements.

The following changes to standards effective for annual periods starting on January 1st, 2017 have not been applied by the Group as they have not yet been endorsed by the European Union. Millicom intends to adopt these changes as soon as they are endorsed. However, their adoption will not have a significant impact for the Group:

- IAS Amendments to IAS 7, ‘Statement of cash flows’ on disclosure initiative. These amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports;
- Amendments to IAS 12, ‘Income taxes’ on Recognition of deferred tax assets for unrealised losses.

There are no other significant changes to standards effective for annual periods starting on January 1st, 2017.

The following Standards are effective as from January 1st, 2018:

- IFRS 15 establishes a five-step model related to revenue recognition from contracts with customers. Under IFRS 15, revenue is recognized at amounts that reflect the consideration that an entity expects to be entitled to in exchange for transferring goods or services to a customer. The Group will adopt the accounting standard on 1 January 2018 and identified a limited impact on its Group financial statements. IFRS 15 mainly affects the timing of recognition of revenue as it introduces more differences between the billing and the recognition of the revenue. However, it will not affect the cash flows generated by the Group.

  As a consequence of adopting this Standard in 2018:

  1) some revenue will be recognized earlier, as a larger portion of the total consideration received in a bundled contract will be attributable to the component delivered at contract inception (i.e. typically a subsidized handset). Therefore, this will produce a shift from service revenue (which will decrease) to the benefit of Telephone and Equipment revenue. This will result in the recognition of a Contract Asset on the statement of financial position as more revenue is recognized upfront while the cash will be received along the subscription period (which is usually between 12 to 36 months). Contract Assets (and liabilities) will be reported on a separate line in current assets even if their realization period is longer than 12 months. This is because they are realized / settled as part of the normal operating cycle of our core business.
  2) the cost incurred to obtain a contract (mainly commissions) will be capitalized in the statement of financial position and amortized over either the average customer retention period or the contract term, depending on the circumstances. This will result in the recognition of Contract Costs being capitalized under non-current assets on the statement of financial position.
  3) there will be no material changes for the purpose of determining whether the Group acts as principal or an agent in the sale of products.

  Management identified some other adjustments that are much less meaningful than the adjustments explained above.

2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES (Continued)

The Group will adopt the standard using the cumulative catch-up transition method. Hence, the cumulative effect of initially applying the Standard will be recognized as an adjustment to the opening balance of retained earnings as at January 1st, 2018 and comparatives will not be restated. The Group expects an increase of approximately $50 million on the retained earnings as of January 1st, 2018 (approximately 2% of total equity). The expected impact has been determined based on outstanding contracts as of September 30th, 2017 and are therefore estimates. The cumulative effect that will be recorded on January 1st, 2018 will be based on December 31st, 2017 figures.

Additionally, the Group has decided to take some of the practical expedients foreseen in the Standard, such as:

- Millicom will not adjust the transaction price for the means of a financing component whenever the period between the transfer of a promised good or service to a customer and the associated payment is one year or less; when the period is more than one year the significant financing component will be adjusted, if material.
- Millicom will disclose in the Group Financial Statements the transaction price allocated to unsatisfied performance obligations only for contracts that have an original expected duration of more than one year (e.g. unsatisfied performance obligations for contracts that have an original duration of one year or less will not be disclosed).
- Millicom will apply the practical expedient not to disclose the price allocated to unsatisfied performance obligations, if the consideration from a customer directly corresponds to the value to the customer of the entity's performance to date (i.e, if billing = accounting revenue).
- Millicom will apply the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that Millicom otherwise would have recognized is one year or less.

- IFRS 9: IFRS 9 addresses the classification, measurement and recognition, and impairments of financial assets and financial liabilities as well as hedge accounting. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value, and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. A final standard on hedging (excluding macro-hedging) has been issued in November 2013 which aligns hedge accounting more closely with risk management and allows to continue hedge accounting under IAS 39. IFRS 9 also clarifies the accounting for certain modifications and exchanges of financial liabilities measured at amortised cost.

  The application of IFRS 9 will not have an impact for the Group on classification, measurement and recognition of financial assets and financial liabilities compared to current rules, but it will have a limited impact on impairment of trade receivables and contracts assets (IFRS 15) as well as on amounts due from joint ventures and related parties – with the application of the expected credit loss model instead of the current incurred loss model. Similarly to IFRS 15 adoption, the Group will adopt the standard using the cumulative catch-up transition method and will therefore not restate comparative periods. Hence, the cumulative effect of initially applying the Standard will be recognized as an adjustment to the opening balance of retained earnings as at January 1st, 2018 and comparatives will not be restated. The Group expects a decrease of approximately $20 million on the retained earnings as of January 1st, 2018. Additionally, the Group will continue applying IAS 39 rules with respect to hedge accounting. Finally, the clarification introduced by IFRS 9 on the accounting for certain modifications and exchanges of financial liabilities measured at amortised cost will have no impact for the Group.

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

Acquisitions

During the year ended December 31st, 2017, Tigo Paraguay completed the acquisition of TV Cable Parana for a total consideration of approximately $18 million, net of cash acquired. The purchase accounting was finalised in March 2017. The purchase price has been mainly allocated to a customer list ($14 million) and to other tangible and intangible fixed assets ($3 million). As a result, the final goodwill amounted to $1 million.

During 2016 Millicom did not complete any significant acquisitions.

Disposals – Rwanda

On December 19th, 2017, Millicom announced that it has signed an agreement for the sale of its Rwanda operations to subsidiaries of Bharti Airtel Limited. The total consideration of the transaction is approximately 6x 2017 adjusted EBITDA, payable over two years, consisting of a mix of cash, vendor loan note and earn out. The transaction was subject to regulatory approvals whose obtention remained uncertain as of December 31st, 2017 and, as a consequence, operations had not been classified as assets held for sale and discontinued operations as of year-end. Necessary approvals have been obtained mid-January.

4. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

Discontinued operations – Ghana merger

On March 3rd, 2017, Millicom and Airtel have signed a Combination Agreement, whereby both investors decided to combine their respective subsidiaries in Ghana, namely Tigo Ghana Limited and Airtel Ghana Limited under an existing company - Bharti Airtel Ghana Holdings B.V. (the 'JV') both Millicom and Airtel owning each 50%. Necessary regulatory approvals were received on September 28th, 2017. As a result, our operations in Ghana have been classified as assets held for sale and discontinued operations as from that date. As part of the transaction, Millicom, to a certain extent, and Bharti granted to the government of Ghana an option to acquire a 25% stake in the newly combined entity for a period of 2 years. The transaction completed on October 12th, 2017. See note 14 for further details.

Discontinued operations – Senegal

On February 2nd, 2017, Millicom announced that it had agreed to sell its Senegal business to Wari Group, a financial services company, for a cash consideration of $129 million, subject to regulatory approvals and customary closing conditions. The Senegal business was accounted for as a discontinued operation since that date. However, on July 28th, 2017, Millicom exercised its right to terminate that agreement and subsequently agreed to sell its Senegal business to a consortium consisting of NJJ, Sofima (managed by the Axian Group) and Teylium Group, subject to customary closing conditions and regulatory approvals.

While the transaction is still subject to regulatory approval at December 31st, 2017, Millicom believe there is still a high probability that the sale will be completed. Management have concluded that, given the conditions and circumstances, the operations in Senegal should remain classified as discontinued operations and assets held for sale.

Discontinued operations – DRC

On February 8th, 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. The transaction was completed in respect of the mobile business (Oasis S.A.) on April 20th, 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 December 31st, 2017. The separate disposal of DRC Mobile Cash was completed in September 2016. The sale of these operations generated a cash inflow of $147 million, net of $33 million of cash disposed.

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

In accordance with IFRS 5, the Group's businesses in DRC, Senegal and Ghana have been classified as assets held for sale 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 years ended ended December 31st, 2017 and 2016 is set out below. Figures shown below are after intercompany eliminations.

Results from Discontinued Operations (US$ millions)	Year ended December 31st, 2017	Year ended December 31st, 2016
Revenue	242	309
Cost of sales	(81)	(106)
Operating expenses	(103)	(141)
Depreciation and amortisation	(18)	(54)
Other operating income (expenses), net	7	(5)
Gross gain on disposal of discontinued operations	39	32
Other expenses linked to the disposal of discontinued operations	(7)	(19)
Operating profit	**79**	**16**
Interest income (expense), net	(15)	(18)
Other non-operating (expenses) income, net	6	(3)
Profit before taxes	**71**	**(5)**
Credit (charge) for taxes, net	—	5
Net profit from discontinued operations	**71**	**1**

Results from Discontinued Operations (US$ millions)	Three months ended December 31st, 2017	Three months ended December 31st, 2016
Revenue	37	68
Cost of sales	(14)	(22)
Operating expenses	(11)	(30)
Depreciation and amortisation	—	(14)
Other operating income (expenses), net	—	(4)
Gross gain on disposal of discontinued operations	39	1
Other expenses linked to the disposal of discontinued operations	(5)	—
Operating profit	**46**	**(1)**
Interest income (expense), net	(1)	(5)
Other non-operating (expenses) income, net	1	(5)
Profit before taxes	**46**	**(11)**
Credit (charge) for taxes, net	—	—
Net profit from discontinued operations	**46**	**(11)**

Cash Flows from Discontinued Operations (US$ millions)	Year ended December 31st, 2017	Year ended December 31st, 2016
Cash from (used in) operating activities, net	26	10
Cash from (used in) investing activities, net	(33)	(53)
Cash from (used in) financing activities, net	(22)	18
Net cash inflows/(outflows)	(29)	(25)

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

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

The following table summarises the nature of the assets and liabilities reported under assets held for sale and liabilities directly associated with assets held for sale as at December 31st, 2017:

Assets and liabilities reclassified as held for sale (US$ millions)	**As at December 31st, 2017**	**As at December 31st, 2016**
Senegal operations	223	—
Towers Paraguay	7	—
Towers Colombia	1	—
Other	2	5
Total assets of held for sale	**233**	**5**
Senegal operations	77	—
Towers Paraguay	2	—
Total liabilities directly associated with assets held for sale	**79**	**—**
Net assets held for sale / book value	**154**	**5**

Ghana

The assets and liabilities deconsolidated on the date of the merger were as follows:

Assets and liabilities reclassified as held for sale – Ghana (US$ millions)	**October 12th, 2017**
Intangible assets, net.	12
Property, plant and equipment, net	77
Current assets	29
Cash and cash equivalents	8
Total assets of disposal group held for sale	**126**
Non-current financial liabilities	51
Current liabilities	50
Total liabilities of disposal group held for sale	**102**
Net assets / book value	**24**

Senegal

The assets and liabilities were transferred to assets held for sale in relation to our operations in Senegal as at February 7th, 2017. The following assets and liabilities are classified as assets held for sale as at December 31st, 2017:

Assets and liabilities reclassified as held for sale – Senegal (US$ millions)	**December 31st, 2017**
Intangible assets, net.	50
Property, plant and equipment, net	124
Other non-current assets	1
Current assets	37
Cash and cash equivalents	11
Total assets of disposal group held for sale	**223**
Non-current financial liabilities	17
Current liabilities	60
Total liabilities of disposal group held for sale	**77**
Net assets held for sale / book value	**148**

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

Tower Sale and Leaseback - Paraguay

On April 26th, 2017, the Group announced an agreement to sell and leaseback approximately 1,400 wireless communications towers in Paraguay to a subsidiary of American Tower Corporation ("ATC") whereby Millicom agreed the sale of tower assets and to lease back a dedicated portion of each tower to locate its network equipment in exchange for cash. As a result of this transaction, our operation in Paraguay will receive approximately Gs700 billion (equivalent to $125 million) in cash. The portions of the assets that will be transferred and that will not be leased back by our operation in Paraguay are classified as assets held for sale as completion of their sale is highly probable.

The first closing of 836 towers occurred in August 2017 and ATC paid Gs426 billion (approximately $76 million). This triggered the recognition of an upfront gain on sale of $26 million under 'Other operating income (expenses), net'. The financial lease liability recognised in respect of the lease back of a portion of these towers amount to $20 million. An additional closing has occured early January 2018.

Tower Sale and Leaseback - Colombia

On July 18th, 2017, the Group announced that its subsidiary Colombia Móvil S.A. E.S.P ("Tigo") agreed to sell approximately 1,200 wireless communications towers to a subsidiary of ATC in Colombia. As a result of the transaction, Tigo will receive approximately COP 448 billion, equivalent to US$147 million, in cash.

The first closing of 696 towers occurred in December 2017 and ATC paid COP 258 billion (approximately $85 million). This triggered the recognition of an upfront gain on sale of $37 million under 'Other operating income (expenses), net'. The financial lease liability recognised in respect of the lease back of a portion of these towers amount to $7 million. The next closing is expected to occur early 2018.

5. SEGMENT INFORMATION

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 internally reported information to make decisions about operating matters. Honduras and Guatemala are shown under the Latin America segment. Our joint venture in Ghana is not reported as if fully consolidated. Revenue, operating profit (loss), EBITDA and other segment information for the years and three month periods ended December 31st, 2017 and 2016 were as follows:

Year ended December 31st, 2017 (US$ millions)	**Latin America**	**Africa**	**Unallo -cated**	**Total (a)**	**Guatemala and Honduras (vi) (b)**	**Eliminations and transfers (c)**	**Sub-Total (a)+(b)+(c)**	**Disc Ops (vii)**	**Total**
Revenue	**5,441**	**582**	**—**	**6,024**	**(1,892)**	**—**	**4,133**	**242**	**4,375**
Operating profit (loss)	**1,025**	**44**	**(150)**	**919**	**(431)**	**142**	**629**	**79**	**709**
Add back:									
Depreciation and amortization	1,174	129	6	1,310	(450)	—	861	18	878
Share of profit in our joint ventures in Guatemala and Honduras	—	—	—	—	—	(142)	(142)	—	(142)
Other operating income (expenses), net	(49)	—	10	(39)	(18)	—	(57)	(39)	(96)
EBITDA *(i)*	**2,151**	**174**	**(134)**	**2,190**	**(899)**	**—**	**1,291**	**58**	**1,349**
EBITDA from discontinued operations	—	58	—	58					
EBITDA incl discontinued operations	**2,151**	**232**	**(134)**	**2,248**					
Capital expenditure *(ii)*	(855)	(99)	(1)	(955)					
Changes in working capital and others (iii)	(59)	(7)	(2)	(69)					
Taxes paid	(239)	(18)	1	(256)					
Operating free cash flow *(iv)*	**998**	**108**	**(136)**	**969**					
Total Assets *(v)*	**10,411**	**1,298**	**782**	**11,556**	**(5,400)**	**3,309**	**9,465**		
Total Liabilities	**5,484**	**1,673**	**1,465**	**7,687**	**(1,941)**	**439**	**6,183**		

Year ended December 31st, 2016 (US$ millions)	**Latin America**	**Africa**	**Unallo -cated**	**Total (a)**	**Guatemala and Honduras (vi) (b)**	**Eliminations and transfers (c)**	**Sub-Total (a)+(b)+(c)**	**Disc Ops (vii)**	**Total**
Revenue	**5,352**	**626**	**—**	**5,979**	**(1,875)**	**—**	**4,105**	**309**	**4,414**
Operating profit (loss)	**848**	**60**	**(150)**	**759**	**(394)**	**115**	**481**	**16**	**497**
Add back:									
Depreciation and amortization	1,173	137	7	1,317	(440)	—	877	54	931
Share of profit in our joint ventures in Guatemala and Honduras	—	—	—	—	—	(115)	(115)	—	(115)
Other operating income (expenses), net	42	3	(6)	39	(24)	—	15	(9)	6
EBITDA *(i)*	**2,063**	**200**	**(148)**	**2,114**	**(858)**	**—**	**1,257**	**62**	**1,319**
EBITDA from discontinued operations	—	62	—	62					
EBITDA incl discontinued operations	**2,063**	**262**	**(148)**	**2,176**					
Capital expenditure *(ii)*	(886)	(161)	(6)	(1,053)					
Changes in working capital and others *(iii)*	37	(2)	(33)	2					
Taxes paid	(233)	(33)	(9)	(275)					
Operating free cash flow *(iv)*	**981**	**66**	**(197)**	**850**					
Total Assets *(v)*	**10,386**	**1,406**	**1,357**	**11,883**	**(5,589)**	**3,332**	**9,627**		
Total Liabilities	**5,229**	**1,852**	**1,997**	**7,812**	**(1,942)**	**388**	**6,258**		

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

(ii) *Excluding spectrum and licenses of $53 million (2016: $39 million) and cash received on tower deals of $167 million (2016: nil).*

(iii) *'Changes in working capital and others' include changes in working capital as stated in the cash flow statement as well as share based payments expense.*

(iv) *Operating Free Cash Flow is EBITDA less capex (excluding spectrum and license costs) less change in working capital, other non-cash items (share-based payment expense) and taxes paid.*

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

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

(vii) *See note 4. DRC, Senegal and Ghana operations were part of the Africa segment.*

(viii) *Restated as a result of the completion of the fair value measurements of our investments in Guatemala and Honduras joint ventures and of the classification of our operations in Senegal as discontinued operations (see notes 4 and 14)*

5. SEGMENT INFORMATION (Continued)

Three-month period ended December 31st, 2017 (US$ millions)	Latin America	Africa	Unallo-cated	Total (a)	Guatemala and Honduras (vi) (b)	Eliminations and transfers (c)	Sub-Total (a)+(b)+(c)	Disc Ops (vii)	Total
Revenue	**1,407**	**150**	**—**	**1,558**	**(489)**	**—**	**1,069**	**37**	**1,106**
Operating profit (loss)	**292**	**18**	**(54)**	**256**	**(100)**	**26**	**182**	**46**	**228**
Add back:									
Depreciation and amortization	289	33	2	325	(112)	—	213	—	213
Share of profit in our joint ventures in Guatemala and Honduras	—	—	—	—	—	(26)	(26)	—	(26)
Other operating income (expenses), net	(28)	(3)	11	(19)	(14)	—	(33)	(33)	(66)
EBITDA *(i)*	**552**	**49**	**(41)**	**561**	**(226)**	**—**	**335**	**13**	**348**
EBITDA from discontinued operations	—	13	—	13					
EBITDA incl discontinued operations	**552**	**62**	**(41)**	**574**					
Capital expenditure *(ii)*	(241)	(13)	2	(252)					
Changes in working capital and others (iii)	62	(17)	12	56					
Taxes paid	(69)	(8)	(1)	(79)					
Operating free cash flow *(iv)*	**306**	**22**	**(28)**	**299**					

Three—month period ended December 31st, 2016 (US$ millions) (viii)	Latin America	Africa	Unallo-cated	Total (a)	Guatemala and Honduras (vi) (b)	Eliminations and transfers (c)	Sub-Total (a)+(b)+(c)	Disc Ops (vii)	Total
Revenue	**1,365**	**161**	**—**	**1,526**	**(475)**	**—**	**1,051**	**69**	**1,119**
Operating profit (loss)	**156**	**20**	**(33)**	**143**	**(84)**	**26**	**84**	**(1)**	**83**
Add back:									
Depreciation and amortization	303	36	2	341	(115)	—	227	14	241
Share of profit in our joint ventures in Guatemala and Honduras	—	—	—	—	—	(26)	(26)	—	(26)
Other operating income (expenses), net	42	3	(8)	36	(22)	—	14	3	18
EBITDA *(i)*	**501**	**58**	**(39)**	**520**	**(220)**	**—**	**300**	**16**	**316**
EBITDA from discontinued operations	—	16	—	16					
EBITDA incl discontinued operations	**501**	**74**	**(39)**	**536**					
Capital expenditure *(ii)*	(213)	(38)	(2)	(253)					
Changes in working capital and others *(iii)*	86	1	19	106					
Taxes paid	(42)	(24)	(3)	(68)					
Operating free cash flow *(iv)*	**332**	**12**	**(23)**	**321**					

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

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

US$ millions	Year ended December 31st, 2017	Year ended December 31st, 2016
Change in fair value of derivatives (see note 13)	(22)	3
Exchange gains (losses), net	18	19
Other non-operating income (expenses), net	(1)	(8)
Total	**(4)**	**13**

US$ millions	Three months ended December 31st, 2017	Three months ended December 31st, 2016
Change in fair value of derivatives (see note 13)	—	6
Exchange gains (losses), net	(1)	(42)
Other non-operating income (expenses), net	1	(1)
Total	**1**	**(37)**

7. EARNINGS PER COMMON SHARE

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

US$ millions	Year ended December 31st, 2017	Year ended December 31st, 2016
Basic and Diluted		
Net profit (loss) attributable to owners of the Company from continuing operations	14	(33)
Net profit attributable to owners of the Company from discontinuing operations	71	1
Net profit (loss) attributable to owners of the Company used to determine the earnings per share	85	(32)
in thousands		
Weighted average number of ordinary shares for basic earnings per share	**100,384**	**100,337**
Potential incremental shares	—	—
Weighted average number of ordinary shares adjusted for the effect of dilution	**100,384**	**100,337**
US$		
Basic		
- EPS from continuing operations attributable to owners of the Company	0.14	(0.33)
- EPS from discontinuing operations attributable to owners of the Company	0.71	0.01
- EPS for the period attributable to owners of the Company	0.85	(0.32)
Diluted		
- EPS from continuing operations attributable to owners of the Company	0.14	(0.33)
- EPS from discontinuing operations attributable to owners of the Company	0.71	0.01
- EPS for the period attributable to owners of the Company	0.85	(0.32)

US$ millions	Three months ended December 31st, 2017	Three months ended December 31st, 2016
Basic and Diluted		
Net profit (loss) attributable to owners of the Company from continuing operations	23	(118)
Net profit (loss) attributable to owners of the Company from discontinuing operations	46	(11)
Net profit (loss) attributable to owners of the Company used to determine the earnings per share	69	(129)
in thousands		
Weighted average number of ordinary shares for basic earnings per share	**100,550**	**100,341**
Potential incremental shares	—	—
Weighted average number of ordinary shares adjusted for the effect of dilution	**100,550**	**100,341**
US$		
Basic		
- EPS from continuing operations attributable to owners of the Company	0.23	(1.18)
- EPS from discontinuing operations attributable to owners of the Company	0.46	(0.11)
- EPS for the period attributable to owners of the Company	0.69	(1.29)
Diluted		
- EPS from continuing operations attributable to owners of the Company	0.23	(1.18)
- EPS from discontinuing operations attributable to owners of the Company	0.46	(0.11)
- EPS for the period attributable to owners of the Company	0.69	(1.29)

8. PROPERTY, PLANT AND EQUIPMENT

During the year ended December 31st, 2017, Millicom added property, plant and equipment for $824 million (December 31st, 2016: $683 million) and received $179 million in cash from disposal of property, plant and equipment (December 31st, 2016: $6 million).

9. INTANGIBLE ASSETS

During the year ended December 31st, 2017, Millicom added intangible assets of $130 million (December 31st, 2016: $192 million) and received $4 million of proceeds from disposal of intangible assets (December 31st, 2016: $6 million).

10. DEBT AND FINANCING

USD 6.625% Senior Notes

On September 11th, 2017, the Group made a tender offer for the outstanding 6.625% Senior Notes due 2021. On September 20th, 2017, MIC S.A. repurchased $186 million in principal amount in the tender offer using the proceeds of the issue of the 5.125% Notes – see below. Also on September 11th, 2017, the Group delivered a redemption notice for the 6.625% Senior Notes. MIC S.A. redeemed the remaining $473 million in principal amount on October 15th, 2017. The total early redemption fees amounting to $22 million and $6 million of related unamortized costs have been expensed in September 2017 under interest expenses. At December 31st, 2017, there are no Notes outstanding.

USD 5.125% Senior Notes

On September 20th, 2017, MIC S.A. issued a $500 million, ten-year bond with an interest rate of 5.125% at an issue price of 100% (the "5.125% Notes") and will mature in 2028. Withheld costs of issuance of US$7 million are amortized over the seven-year life of the notes (effective interest rate is 5.24%).

USD 4.75% Senior Notes

In June 2017, the Company announced the redemption of all of the aggregate principal amount of the outstanding 4.750% Senior Notes due 2020 ($341 million). The early redemption fees amounting to $8 million and $7 million of related unamortized costs have been expensed in June 2017 under interest expenses. At December 31st, 2017, there are no Notes outstanding.

Colombia

In June 2017, Colombia Movil completed a $300 million syndicated loan. The loan, denominated in US dollars, which carries an interest rate of 250 basis points over LIBOR will be repaid in three tranches of $100 million in June and December 2021 for the two first tranches, and in June 2022 for the last tranche. Proceeds have been used to repay an inter-company loan from Millicom, which used the funds to reduce holding company debt (see above) and for general corporate purposes.

Paraguay

On July 4th, 2017, our Paraguayan subsidiary signed a five-year loan agreement with the IPS (Instituto de Prevision Social) and the Inter-American Development Bank for a total amount of PYG 367,000 million (approximately US$66 million). The loan, denominated in local currency carries a 9.75% interest rate and start amortizing in the fourth quarter of 2019.

Bolivia

On October 12th, 2017, Tigo Bolivia placed approximately US$80 million of local currency debt in three tranches, with an average term of 6.6 years and an average interest rate of 4.66%.

MIC SA Revolving Credit Facility

On January 30th, 2017, the Company announced the closing of a new $600 million, 5 years Revolving Credit Facility ("RCF") and notified the lenders in the 2014 RCF of the formal cancellation of the commitments outstanding under the 2014 RCF (none of which were drawn at such date). Interest on amounts drawn under the revolving credit facility is payable at LIBOR or EURIBOR, as applicable, plus an initial margin of 1.5%. As of December 31st, 2017, the committed facility was fully undrawn.

10. DEBT AND FINANCING (Continued)

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

US$ millions	As at December 31st, 2017	As at December 31st, 2016
Due within:		
One year	185	80
One-two years	500	252
Two-three years	347	518
Three-four years	431	649
Four-five years	584	850
After five years	1,738	1,552
Total debt	**3,785**	**3,901**

As at December 31st, 2017, 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 $671 million (December 31st, 2016: $643 million). Assets pledged by the Group for these debts and financings amounted to $1 million at December 31st, 2017 (December 31st, 2016: $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 December 31st, 2017 and December 31st, 2016.

	Bank and financing guarantees (i)			
US$ millions	As at December 31st, 2017		As at December 31st, 2016	
Terms	Outstanding exposure	Theoretical maximum exposure	Outstanding exposure	Theoretical maximum exposure
0-1 year	159	159	38	38
1-3 years	368	368	348	348
3-5 years	144	144	250	250
More than 5 years	—	—	4	4
Total	**671**	**671**	**640**	**640**

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

The Group’s interest expense comprised the following:

US$ millions	Year ended December 31st, 2017	Year ended December 31st, 2016
Interest expense on bonds and bank financing	(246)	(262)
Interest expense on finance leases	(70)	(54)
Early redemption charges	(43)	(25)
Others	(42)	(36)
Total	**(401)**	**(377)**

US$ millions	Three months ended December 31st, 2017	Three months ended December 31st, 2016
Interest expense on bonds and bank financing	(53)	(74)
Interest expense on finance leases	(22)	(15)
Early redemption charges	—	(16)
Others	(12)	(5)
Total	**(87)**	**(109)**

11. COMMITMENTS AND CONTINGENCIES

Litigation & claims

The Company and its operations are contingently liable with respect to lawsuits, legal, regulatory, commercial and other legal risks that arise in the normal course of business. As of December 31st, 2017, the total amount of claims and litigation risks against Millicom and its operations was $438 million, of which $5 million related to its share in joint ventures (December 31st, 2016: $406 million, of which $3 million related to its share in joint ventures).

As at December 31st, 2017, $29 million, of which $2 million related to its share in joint ventures (December 31st, 2016: $43 million, of which $1 million related to its share in joint ventures), has been provided for these risks in the consolidated statement of financial position. While it is not possible to ascertain the ultimate legal and financial liability with respect to these claims and risks, the ultimate outcome is not anticipated to have a material effect on the Group's financial position and operations.

In June 2016, Millicom was served with claims by a third party seeking to exert rights as a shareholder of Millicom Tanzania Ltd (Tigo Tanzania). In June 2015, Millicom identified that an incorrect filing related to 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. 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. Millicom continues to fully consolidate Tigo Tanzania and no provision has been recorded in relation of this claim.

On July 14th, 2017, the International Commission Against Impunity in Guatemala (CICIG), disclosed an ongoing investigation into alleged illegal campaign financing that includes a competitor of Comcel, our Guatemalan joint venture. The CICIG further indicated that the investigation would include Comcel. On November 23rd and 24th, 2017, Guatemala's attorney general and CICIG executed search warrants on the offices of Comcel. As at December 31st, 2017, 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. Accordingly, no provision has been recorded as of December 31st, 2017.

Taxation

At December 31st, 2017, the Group estimates potential tax claims amounting to $313 million and tax provisions of $53 million which have been assessed as probable and have been recorded (December 31st, 2016: claims amounting to $311 million and provisions of $65 million). Out of these potential claims and provisions, respectively $38 million and $2 million relate to Millicom's share in joint ventures (December 31st, 2016: claims amounting to $96 million and provisions of $9 million).

Potential improper payments on behalf of the Guatemala joint venture

On October 21st, 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 May 4th, 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 December 31st, 2017, 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. Accordingly, no provision has been recorded as of December 31st, 2017.

Capital commitments

At December 31st, 2017, the Company and its subsidiaries and joint ventures had fixed commitments to purchase network equipment, land and buildings, other fixed assets and intangible assets of $194 million of which $182 million are due within one year (December 31st, 2016: $179 million of which $162 million are due within one year). Out of these commitments, respectively $25 million and $23 million related to Millicom's share in joint ventures. (December 31st, 2016: $17 million and $14 million).

12. RELATED PARTY TRANSACTIONS

The following transactions were conducted with related parties during the year and three-month periods ended December 31st, 2017:

US$ millions (unaudited)	Year ended December 31st, 2017	Year ended December 31st, 2016
Expenses		
Purchases of goods and services from Miffin	(181)	(167)
Purchases of goods and services from EPM	(36)	(22)
Lease of towers and related services from Helios	(28)	(35)
Other expenses	(4)	(9)
Total	**(250)**	**(233)**

US$ millions (unaudited)	Year ended December 31st, 2017	Year ended December 31st, 2016
Income / gains		
Sale of goods and services to EPM	18	18
Sale of goods and services to Miffin	277	261
Other income / gains	1	10
Total	**295**	**289**

US$ millions (unaudited)	Three months ended December 31st, 2017	Three months ended December 31st, 2016
Expenses		
Purchases of goods and services from Miffin	(49)	-
Purchases of goods and services from EPM	(26)	(6)
Lease of towers and related services from Helios	—	(8)
Other expenses	(1)	(2)
Total	**(76)**	**(16)**

US$ millions (unaudited)	Three months ended December 31st, 2017	Three months ended December 31st, 2016
Income / gains		
Sale of goods and services to EPM	5	5
Sale of goods and services to Miffin	77	70
Other income / gains	(3)	2
Total	**79**	**77**

12. RELATED PARTY TRANSACTIONS (Continued)

As at December 31st, 2017 the Company had the following balances with related parties:

US$ millions (unaudited)	At December 31st, 2017	At December 31st, 2016
Liabilities		
Payables to Guatemala joint venture (i)	273	245
Payables to Honduras joint venture (i)	135	118
Finance lease liabilities to Helios (ii)	108	85
Payables to EPM	3	3
Other accounts payable	10	20
Total	**529**	**471**

(i) Amount payable mainly consist in dividend advances for which dividend is expected to be declared in 2018 and/or shareholder loans.
(ii) Disclosed under "Debt and other financing" in the statement of financial position.

US$ millions (unaudited)	At December 31st, 2017	At December 31st, 2016
Assets		
Receivables from Guatemala and Honduras joint ventures	25	—
Receivables from EPM	3	4
Receivables from Helios Towers	8	10
Receivable from TigoAirtel Ghana	40	—
Other accounts receivable	1	3
Total	**77**	**17**

13. FINANCIAL INSTRUMENTS

Other than the items disclosed below, the fair values of financial assets and financial liabilities approximate their carrying values as at December 31st, 2017 and December 31st, 2016:

US$ millions	Carrying Value		Fair Value (i)	
	December 31st, 2017 (unaudited)	December 31st, 2016 (audited)	December 31st, 2017 (unaudited)	December 31st, 2016 (audited)
Financial liabilities				
Debt and financing	3,785	3,901	3,971	4,234

(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

Interest rate and currency swaps on SEK denominated debt

These 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 SEK bond. Their maturity date is April 2018 but might be extended. The hedging relationship is highly effective and related fluctuations are recorded through other comprehensive income. At December 31st, 2017, the fair values of the swaps amount to a liability of $56 million (December 31st, 2016: a liability of $84 million).

Interest rate and currency swaps on Euro denominated debt

In June 2013 Millicom entered into interest rate and currency swaps whereby Millicom will sell Euro's and receive USD to hedge against exchange rate fluctuations on an intercompany seven-year Euro 134 million principal and related interest financing of its operation in Senegal. The outstanding 2020 Notes were repaid in August 2017 (see note 10) and as a result these swaps have been settled. The year-to-date revaluation of the swap resulted in a $22 million loss. The Group finally received $10 million in cash on settlement date. The above hedge was 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 December 31st, 2017.

14. INVESTMENTS IN JOINT VENTURES

The table below summarises the movements for the year in respect of the material Group's joint ventures carrying values in Guatemala and Honduras:

	2017		
US$ millions	**Guatemala**	**Honduras**	**Ghana (i)**
Opening balance at January 1st, 2017	**2,180**	**765**	**—**
Change in scope	—	—	102
Results for the period	127	16	(6)
Dividends declared during the period	(168)	(46)	—
Currency exchange differences	7	(6)	—
Closing balance at December 31st, 2017	**2,145**	**726**	**96**

(i) The Group share of loss from our joint venture in Ghana is disclosed under 'Income (loss) from other joint ventures and associates, net' in the income statement.

AirtelTigo Ghana

On October 12th, 2017, both parties announced the completion of the transaction to combine their respective operations in Ghana as disclosed in note 4. As consideration received, each party owns 50% of the equity capital and voting rights of the JV, and Millicom owns a $40 million loan against Tigo Ghana (the "Millicom Note"), which shall rank in priority to all other obligations of the Group owed to its shareholders. The Millicom Note bears interest. The Millicom Note bears interest and is classified under 'other non-current assets' in the statement of financial position.

Decisions about the relevant activities require the unanimous consent of the parties sharing control. Therefore, this agreement results in Millicom and Airtel having joint control over the new combined entity, which is a joint venture. Millicom therefore uses the equity method to account for its investment in the combined entity since October 12th, 2017.

On the same date, each investor agreed and committed to fund the operations of the JV in accordance with the approved Business Plan on an equal basis and on the same terms. In this regard, both parties have agreed, to provide, on an equal basis a committed credit facility in the total aggregate amount of $50 million, with Millicom providing a commitment of $25 million and Airtel providing the same. The credit facility would bear interest and would be subordinated to the Millicom Note.

As a consequence, on that date, Millicom deconsolidated its investments in Ghana operations and accounted for its investment in the combined entity under the equity method, initially at fair value of $102 million, resulting in a gain on the deconsolidation of these operations amounting to US$118 million, excluding recycling of foreign currency exchange losses accumulated in equity of US$79 million and costs of disposal. The net gain of US$36 million has been recognized under 'Profit (loss) for the year from discontinued operations, net of tax'. Fair value has been determined using valuation techniques such as discounted cash flows and comparable transaction multiples. As of December 31st, 2017, Millicom determined the fair value of the option granted to the government to be immaterial. As of December 31st, 2017, the purchase price allocation is still provisional.

14. INVESTMENTS IN JOINT VENTURES (Continued)

Purchase price allocation for Honduras and Guatemala

In the fourth quarter of 2016, the Group completed the measurement at fair value of identifiable assets and liabilities for both Guatemala and Honduras operations as of December 31st, 2015, the date of recognition of the Group's investment in both operations as joint ventures. This impacted the "Income (loss) from joint ventures". On December 31st, 2016, the purchase accounting was therefore still provisional. In accordance with IFRS, adjustments to provisional amounts that are made during the measurement period are recognised as if the purchase accounting had been completed at the date of change of control i.e. December 31st, 2015. As a result, the Group has restated the comparative financial information for the three months period ended December 31st, 2016. The income statement for the year already included these adjustments and was therefore not restated.

Three months ended December 31st, 2016			
US$ millions	**As reported**	**Adjustments**	**As adjusted**
Interim condensed consolidated income statement:			
Share of profit in our joint ventures in Guatemala and Honduras	12	14	26
Operating profit	69	14	83
Loss before taxes from continuing operations	(131)	14	(117)
Loss for the period from continuing operations	(199)	14	(185)
Net loss for the period	(199)	14	(185)
Attributable to:			
Owners of the Company	(143)	14	(129)
Earnings per common share for (loss) profit attributable to the owners of the Company:			
Basic (in US$)	(1.43)	0.14	(1.29)
Diluted (in US$)	(1.43)	0.14	(1.29)
Interim condensed consolidated statement of comprehensive income:			
Total comprehensive income (loss) for the period	(268)	14	(254)
Attributable to:			
Owners of the Company	(201)	14	(188)

15. INVESTMENTS IN ASSOCIATES

Milvik AB ('BIMA')

On December 19th, 2017, Millicom announced that it sold a portion of its ownership stake in BIMA (from 20.4% to 12.0% - on a fully diluted basis) to Kinnevik and a new investor. The transaction also sees the new investor contributing $97 million in the micro-insurance business. As a result of the transaction, Millicom received $24 million in cash, from Kinnevik and the new investor, and recognized a gain on disposal of $21 million. In addition, and as a consequence of the subsequent capital increase made by the new investor, the Group recognized a gain on dilution of $11 million. Both gains have been recorded under the caption 'Income (loss) from other joint ventures and associates, net' in the income statement. Both transactions were carried out at the same fair value on an arm's length basis.

Helios Towers Africa (HTA)

On February 8th, 2017, Millicom announced that it initiated a process to sell its 22% stake in HTA. At December 31st, 2017, this process is still ongoing.

MKC Brilliant Holding GmbH (LIH)

In April 2017, LIH completed the disposal of its shareholding in Easy Taxi to Cabify. As a result, and ultimately, LIH received cash and shares in Cabify. The transaction resulted in Millicom recognizing a loss of $11 million (Millicom's share). Additionally, as a result of the annual impairment test conducted in 2017, Management decided to fully impair the remaining carrying value of its investment in LIH for US$48 million. These losses are recorded under the caption 'Income (loss) from other joint ventures and associates, net'.

16. IMPAIRMENT OF NON-FINANCIAL ASSETS

As a result of the annual impairment testing, management concluded that the Rwanda cash generating unit (CGU), part of the Africa segment, should be impaired. Hence, in accordance with IAS 36, an impairment loss of $8 million has been allocated to reduce the carrying amount of the fixed assets of our operations in Rwanda (there was no goodwill remaining) pro rata on the basis of the carrying amount of each asset to the extent the carrying amount of each asset was not below the highest of its fair value less costs to sell, its value in use and zero. Management has determined that the impairment loss should be allocated, for most of it, to intangible assets. In addition, the Group recorded an impairment of $7 million on a minor investment held in Guatemala. The impairments have been classified within the caption "other operating expenses, net". At December 31st, 2017, the carrying values of the CGUs correspond to its fair value less costs of disposal (level 1).

Sensitivity analysis was performed on key assumptions within the impairment tests. The sensitivity analysis determined that sufficient margin exists from realistic changes to the assumptions that would not impact the overall results of the testing.

No impairment losses were recorded on goodwill for the year ended December 31st, 2016.

17. IPO – MILLICOM'S OPERATIONS IN TANZANIA

In June 2016, an amendment to the Electronic and Postal Communications Act ("EPOCA") in the Finance Act 2016 required all Tanzanian licensed telecom operators to sell 25% of the authorised share capital in a public offering on the Dar Es Salaam Stock Exchange by December 31st, 2016. As of December 31st, 2017, only one company had completed a public offering. Early 2017, Tigo Tanzania, Zantel and Telesis each received from the Tanzanian Communications Regulatory Authority ("TCRA") a notice of material breach of the license giving thirty-days to comply. Millicom has signaled its intention for its subsidiaries to comply with the law and list its businesses but did not complete the public offerings by such time and will not be able to do so until the incorrect filing related to Tigo Tanzania made in the commercial register are corrected (see Note 11). Accordingly, Millicom's businesses in Tanzania may face sanctions from the regulator or other government bodies, which could include financial penalties, or even suspension or cancellation of its license although to-date there has been no notification from the TCRA of any indication or intention to proceed with sanctions. Management is currently not able to assess the financial impact on its consolidated financial statements (although the Company deems the suspension or cancellation of the license to be unlikely) and therefore no provision has been recorded as of December 31st, 2017.

18. SUBSEQUENT EVENTS

Dividend

On 6 February 2018, Millicom's Board decided to propose to the Annual General Meeting of the Shareholders a dividend distribution of US$2.64 per share to be paid in two equal instalments in May and November 2018, out of Millicom profits for the year ended December 31st, 2017 subject to the Board's approval of the 2017 Consolidated Financial Statements of the Group.

Africa disposals

On January 31st, 2018, the Group announced that it has completed the transaction announced on December 19th, 2017 for the sale of its Rwanda operation to subsidiaries of Bharti Airtel Limited.

Tower sale and lease back – El Salvador

On February 6th, 2018, we entered into a sale-leaseback agreement with SBA Communications related to a portfolio of approximately 800 towers in El Salvador. As a result of the transaction, Millicom expects to receive cash proceeds of around $145 million.