

How we are doing in Africa...

Our Africa operations deliver around 10% of Millicom's Group revenue. We are continuing to accelerate and monetize mobile data, while growing our B2B and Mobile Financial Services capabilities.

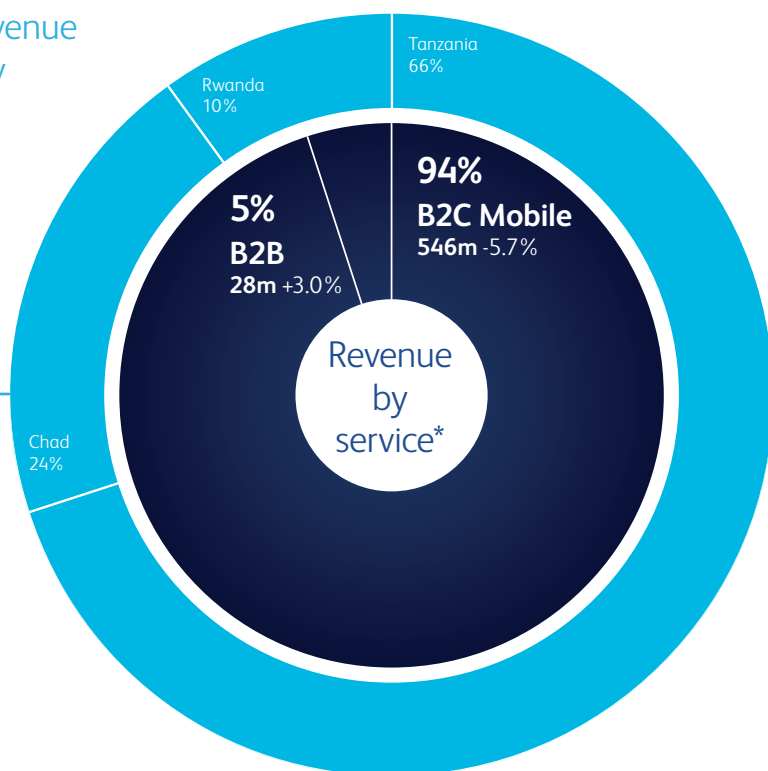
580

Service Revenue
Organic growth -5.5%

173

EBITDA
Organic growth -12.1%

Service revenue by country



Revenue and EBITDA organic growth represents year-over-year growth in local currency at constant perimeter. See Additional information on pages 157 to 160.

*Other Service Revenue non-allocated to the Business Units includes revenues from towers rental.



Since 1995, Tigo Tanzania's commitment has been to ensure everybody can enjoy the benefits of mobile technology. We currently cover 80% of the population

Our markets and goals

While business in Africa continues to be extremely challenging in parts, we have seen growth in revenue driven by data, B2B and MFS.

One of our goals is to continue focusing on the High Value Segment, retaining and growing our existing customer base which accounts for 50% of our revenues. We have deployed our efforts on increasing data and MFS penetration in this segment.

We are also focusing on the youth market (who account for more than 40% of the population in the region) with the launch of dedicated value propositions targeting young people in Chad as well as social packs across our markets.

Increasing mobile data connections and smartphone adoption will help us continue executing our strategy to monetize data and strengthen our MFS and B2B services.

Our revenue from voice over the past year has been flat or in decline, especially driven by a decline in net revenues in Chad and competitive pressures in Rwanda, but this has been mostly offset by the diversification of our offering.

MFS continues to offer opportunities for growth as we continue to optimize our agent network across our markets and develop the ecosystem. With an active subscriber penetration greater than 45% of our base, MFS also helps us to retain subscribers and uplift their ARPU through access to a wider range of services.

Mobile data revenues continue to show year-over-year growth driven by an increase in data penetration and smartphone adoption. We also saw a substantial increase in our 4G subscriber base driving higher data usage and ARPU.

Our B2B services are also gaining traction and our growing reputation as an innovative and reliable information and communications technology provider has enabled us to make significant inroads within the corporate sector as well the public sector. We have strengthened our position with the launch of innovative solutions, the rapid development of our direct and indirect sales channels as well as investments in fiber networks and datacenters to provide future proof services to businesses in Africa.

A major milestone has been the delivery of positive equity free cash-flow for the first time. Most of our operations are now self-funding as our strategy maintains momentum.

We continue to operate in Tanzania and Chad and we have a joint venture in Ghana with Bharti Airtel. In 2017, we discontinued our operations in Senegal and we signed an agreement to sell our operations in Rwanda.

In Chad, pressure on revenue was increased following the introduction of an 18% tax on revenue, forcing us to raise our prices. While our customer numbers increased and their spending went up, our net revenues fell.

The introduction of stricter controls around customer identity in Tanzania, our biggest market, has also had an impact on subscriber numbers as compared to 2016. The process is now electronic and since its introduction, sales of SIM cards have fallen by a quarter, although in Q4 this was offset by churn reduction, recovering growth prospects for 2018.

Nevertheless, after a challenging first semester Tanzania delivered a stronger performance in the second half of the year, following a number of commercial actions, and improved customer experience that increased ARPU and accelerated growth in data, MFS and B2B.

Our results

The number of B2C mobile customers at the year end was above 17 million, while operating cash flow increased 16% to US\$93 million with an EBITDA of US\$173 million – a fall of 12.1%.



Our turnaround plan in Tanzania had positive impact on revenue growth.”

Mohamed Dabbour,
Head of Africa

Africa performance review – continued



Tigo Korosho: an innovative solution for rural farmers to access financial services

Tigo Tanzania launched Tigo Korosho, the first of its kind mobile money payment system specifically for cashew nut farmers, and has entered into a contract with 40 cashew nut Agricultural Marketing Cooperative Unions (AMCOs) to have their payments for the 2017/2018 season transacted directly via the innovative Tigo Korosho service.

Tigo Korosho offers farmers the reliability of receiving their payments on time whenever expected, security of receiving their payments directly into their mobile accounts thus eliminating the hassle of traveling and risk of carrying cash, and the efficiency of being able to receive and access their cash from anywhere in the country, enabling them to conduct transactions through their mobile phone.

So far payments worth TZS 90m (US\$755,000) have already been disbursed to 10 AMCOs, giving the farmers added convenience, security, efficiency and proximity for them to access their money from our Tigo brand's wide and secure network of Tigo Pesa agents.

This project aims to effectively address the long-standing issues of delayed payments to cashew nut farmers as well as the issue of access to financial services for rural communities.

The Tigo brand is a major contributor to national economies as a top tax payer and as a major investor in infrastructure, goods and services

Mobile

B2C Mobile accounts for 94% of our African service revenue which this year is down 5.5% at US\$580 million, as the number of customers dipped slightly to a total of just over 17 million. This was largely as a result of taxation in Chad and competitive pressures in Rwanda.

B2C ARPU slightly declined by 4.4% to US\$2.6.

MFS revenues have grown 11.5%, with Tanzania as our biggest growth contributor, driven mainly by increased ARPU and transactions as a result of improved customer engagement and partnerships.

Efforts to increase mobile adoption and effectively monetize traffic yielded a 14.4% year on year growth in data revenues while mobile data penetration increased to 31%. Smartphone penetration increased to slightly over 20%. 4G subscribers reached 0.3m.



Our impact in accelerating financial inclusion continues to be significant.”

Mohamed Dabbour,
Head of Africa



We are proud to contribute to the digital transformation of Africa”

Mohamed Dabbour,
Head of Africa

B2B

Our enterprise division, focused on meeting the needs of all business segments within our footprint, continues to deliver growth, up 3% this year with revenues of about US\$28 million.

Over the past two years, Tigo Business has transformed from a pure value challenger to a world-class solutions provider now recognized for its high quality of service and future proof technologies. In 2017, Tigo Business secured landmark, multinational deals by delivering the only state of the art datacenter facilities in Chad, Ghana and Tanzania. Tigo Business now serves almost 130,000 business customers in Africa.

People

Our succession planning has helped us through several leadership changes this year and allowed us to promote from within in the majority of cases. We now have a stable and strong cadre of leaders throughout all our operations.

Training was a key focus throughout the year. Almost all staff were involved in a range of opportunities from sustainability to anti-bribery and corruption training to modules on compliance, diversity and change management.

Corporate responsibility

We feel a powerful responsibility to support all the communities in which we work. When countries do well, so does Tigo. We are committed to improving social, digital and financial inclusion across our footprint and invest in a large number of diverse corporate responsibility projects.

This year our partnership with Reach for Change celebrates five years of driving locally-led development of youngsters in Africa. Since 2012, the partnership has supported 194 young social entrepreneurs who are bringing innovative solutions to improve communities and who have in turn improved the lives of nearly 900,000 children in Africa.



To mark the event, we have created a [special 5th anniversary social impact report](#)

Information and communications technology training for women in Chad

It is essential for Millicom to increase the participation of women in the growing mobile economy and to unlock significant commercial and socio-economic opportunities for them through access to mobile internet and mobile financial services.

That's why Millicom is taking concrete actions to accelerate digital and financial inclusion for women and help them advance.

In Chad, Tigo partnered with the Women's association liaison unit (CELIAF) to train women in the use of digital technologies.

The goal is to familiarize the 16,000 members of the CELIAF with information and communications technology tools through 'train the trainers' sessions taking place across the country.

CELIAF members are also receiving training on Tigo products and services via Tigo Sales School, giving them an opportunity to become sales agents and sell Tigo products in their communities.



The Tigo brand is transforming the lives of young generations through Internet connectivity and supporting improvements to their learning environments