Luxembourg, October 23rd, 2018

Cable expansion accelerating

Q3 2018 highlights[i]

- Solid Latam service revenue growth of 4.7% and EBITDA growth of 4.2%
  - Fourth consecutive quarter of positive organic mobile service revenue growth
- Cable growth with Home revenue up 12.5%
  - Double-digit Home growth continues in Bolivia, Guatemala, Paraguay, and Honduras
- Colombia investments driving improving operating and financial performance with EBITDA up 13.7%
- Strong cash flow generation continues - equity free cash flow of $243 million YTD, up 18.9%
- Cable Onda acquisition accelerates our cable expansion and completes our Central America footprint
- US listing on track - NASDAQ stock exchange selected

Group (Underlying[i]) $m	Q3 2018	Q3 2017	% change	9M 2018	9M 2017	% change
Revenue	1,498	1,494	0.3%	4,498	4,423	1.7%
Service Revenue	1,399	1,408	(0.7%)	4,200	4,159	1.0%
Organic growth[1]	*4.2%*	*1.8%*		*4.2%*	*(0.4%)*	
EBITDA	564	553	2.2%	1,670	1,618	3.2%
Organic growth	*2.6%*	*0.5%*		*2.9%*	*1.7%*	
EBITDA Margin	37.7%	37.0%		37.1%	36.6%	
Capex[2]	255	244	4.6%	629	622	1.1%
OCF (EBITDA – Capex)	309	309	0.2%	1,041	996	4.5%

Notes: (1) Organic growth excludes impact of changes in FX rates, consolidation perimeter, and accounting (IFRS 15). See page 17 for full impact of IFRS 15 adoption on our Income Statement. (2) Excludes spectrum as well as finance lease capitalizations from tower sale-leaseback transactions.

Millicom Chief Executive Officer Mauricio Ramos commented:

“Our strategic focus on 4G and cable network deployment continued to deliver solid organic growth in Q3, and this leaves us well on track to meet our goals for the year. I am particularly pleased to see that our Latam Home unit sustained growth of more than 12% for a second consecutive quarter, thanks to impressive growth in developing cable markets such as Bolivia and Guatemala, as well as solid performance in Colombia. It should be increasingly clear for you that our strategy is working in Colombia, and we are starting to see this reflected in revenue and EBITDA growth in the country. Our solid organic growth is also generating healthy cash flow and providing us with the financial capacity that allowed us to capitalize on the opportunity to acquire Cable Onda, the premier cable asset in Latam. This acquisition fits perfectly with our strategy: it accelerates our expansion into cable, it completes our footprint in Central America, and it gives us a strong market leadership position in Panama, a fast-growing, dollarized, and investment grade economy. Subject to closing planned for Q4, I look forward to reporting on the performance of our new operations in Panama in early 2019.”

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[i] *The “underlying” financial information presented in this earnings release is based on Alternative Performance Measures which the Executive Management (Chief Operating Decision Maker) use to 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 2017 financial information in this earnings release has been adjusted for the classification of our operations in Senegal, Ghana and Rwanda as discontinued operations. See page 19 for a reconciliation to the IFRS numbers.*

Subsequent Events

On October 7th, 2018, we announced an agreement to acquire a controlling 80% stake in Cable Onda, the largest cable and fixed telecommunications services provider in Panama, Latin America's fastest-growing economy. The transaction values 100% of Cable Onda at an enterprise value of $1,460 million, we will pay a cash consideration of approximately $1,002 million (subject to customary adjustments) for our 80% stake. The selling shareholders will retain a 20% equity stake in the company. The transaction is subject to customary closing conditions and consent from Cable Onda's bondholders, and it is expected to close in Q4 2018.

In October 2018, we entered into a $1 billion term loan "bridge" facility agreement with a consortium of banks. The bridge matures in October 2019, and can be extended for a period of up to six months. Interest on amounts drawn under the bridge facility is payable at LIBOR plus a variable margin. In addition, on October 16th 2018, we issued $500 million aggregate principal amount of 6.625% Senior Notes due 2026. We intend to use the net proceeds of the above facilities to finance the acquisition of Cable Onda and associated costs.

2018 Outlook

Our Latam operations have performed strongly through the first nine months of 2018. In B2C Mobile, we are on track to meet our full year target of adding 3 million 4G customers, and our post-paid net adds are the strongest since 2015. In Home, we raised our target for HFC Homes Connected to 400,000 net additions from 300,000, and we now also look to add approximately 1.2 million HFC homes passed, up from 1.0 million previously. As a result of this strong commercial and network expansion activity, we continue to expect Latam service revenue growth near the top end of our full year range of 2-4%, and Latam EBITDA growth remains in the 3-6% range. Our Latam Capex outlook is unchanged at approximately 1.0 billion.

2018 Outlook	Initial Outlook	Revised Outlook	YTD
Latam			
Service revenue growth (organic YoY)	*2-4%*	*Top end of 2-4% range*	*4.5%*
EBITDA growth (organic YoY)	*3-6%*	*3-6%*	*3.3%*
Capex	*~$1.0 billion*	*~$1.0 billion*	*$607 million*
HFC homes passed net additions	*1.0 million*	*1.2 million*	*941,000*
HFC homes connected net additions	*300,000*	*400,000*	*313,000*
4G smartphone data user net additions	*3.0 million*	*3.0 million*	*1.7 million*
Africa	FCF positive	FCF positive	$48 million

IFRS 15 - Contracts with customers

The implementation of IFRS 15 has had a modest impact on the Group financials, as shown in the reconciliation table on page 17. In Colombia, implementation of the standard had an impact on how we present the results of wholesale international traffic. Beginning with these Q3 2018 results and effective from January 1st 2018, revenues for a portion of this business are presented on a net basis. This change in presentation had no impact on EBITDA, but it produced a reduction in revenue of $13 million in Q3 2018 and of $70 million year-to-date.

IFRS 16 - Leases

IFRS 16 will be effective from January 1, 2019 and will affect primarily the accounting for operating leases. As of December 31, 2017, Millicom had underlying operating lease commitments of $808 million. We have started the implementation of the new standard and are currently assessing to what extent these commitments will result in the recognition of an asset and a liability for future payments. Although we have not yet completed our analysis, our preliminary assessment is that application of the standard will likely increase our reported EBITDA by 6% to 8%, net debt by 15% to 20%, and the net debt-to-EBITDA ratio will increase by 0.1x to 0.3x. The application of this standard will have no impact on our underlying cash generation.

Quarterly Group Financial Review

Group underlying (US$m)	Q3 2018	Q3 2017	% change	9M 2018	9M 2017	% change
Revenue	**1,498**	**1,494**	**0.3%**	**4,498**	**4,423**	**1.7%**
Cost of sales	(393)	(389)	1.0%	(1,172)	(1,148)	2.1%
Gross profit	**1,106**	**1,105**	**0.0%**	**3,326**	**3,275**	**1.6%**
Operating expenses	(541)	(553)	(2.1%)	(1,656)	(1,656)	(0.0%)
EBITDA	**564**	**553**	**2.2%**	**1,670**	**1,618**	**3.2%**
Depreciation	(239)	(240)	(0.4%)	(720)	(731)	(1.5%)
Amortization	(64)	(83)	(22.2%)	(215)	(240)	(10.5%)
Other operating income (expenses), net	32	20	58.4%	53	20	NM
Operating profit	**293**	**250**	**17.3%**	**788**	**667**	**18.0%**
Net financial expenses	(114)	(133)	(14.8%)	(324)	(367)	(11.6%)
Other non-operating income (expenses), net	(21)	1	NM	(17)	8	NM
Gains (losses) from other JVs and associates, net	(32)	(15)	NM	(100)	(54)	86.7%
Profit (loss) before tax	**126**	**103**	**22.3%**	**347**	**255**	**36.1%**
Net tax credit (charge)	(20)	(66)	(70.2%)	(133)	(190)	(29.8%)
Profit (loss) for the period from continuing ops.	**106**	**37**	**NM**	**214**	**65**	**NM**
Non-controlling interests	(38)	(25)	53.8%	(95)	(65)	45.5%
Profit (loss) from discontinued operations	0	8	(99.1%)	(35)	17	NM
Net profit (loss) for the period	**68**	**21**	**NM**	**84**	**17**	**NM**
Weighted average shares outstanding (millions)	100.81	100.55	0.3%	100.78	100.38	0.4%

Group underlying total revenue of $1,498 million rose 0.3% year-on-year in Q3 2018. On an organic basis, total revenue grew 3.5%, while service revenue grew 4.2% to $1,399 million. Organic service revenue growth in our Latam segment reached 4.7%, while Africa declined 0.2%.

Cost of sales increased 1.0% ($4 million) year-on-year to $393 million. The increase reflects the change in cost classification under IFRS 15, which added $9 million to cost of sales. Excluding the impact of IFRS 15, cost of sales would have declined 1.4%. Operating expenses of $541 million declined 2.1% year on year. Excluding the impact of IFRS 15, opex increased 2.0% year-on-year, the product of a 4.0% decrease in selling and marketing costs and to an 8.4% increase in general and administrative expenses.

At constant FX rates, selling and marketing costs declined 3.0% due to the impact of having hired approximately 1,000 additional sales people to support our Home business in Colombia in early 2017, with the full cost impact reflected in Q3 2017 results. At constant rates, general and administrative expenses increased 9.6%. Of this increase, approximately 6.6 percentage points relates to one-off items, including a credit in both years in Honduras and a one-time gain in corporate expenses in Q3 2017. Of the remaining 3.0 percentage points of increase in general and administrative costs, approximately 0.3 points reflects higher network maintenance costs related to the growth of our networks, and the remaining 2.7 points is the result of higher corporate costs, which includes severance charges related to the reorganization of certain corporate functions in London and Luxembourg.

Reconciliation from Operating Profit to EBITDA

US$m	Q3 2018	Q3 2017	9M 2018	9M 2017
Operating Profit	**211**	**170**	**542**	**453**
Impact of full consolidation of Guatemala and Honduras on operating profit	83	80	245	215
Operating Profit per management reporting	**293**	**250**	**788**	**667**
Depreciation and amortization	303	323	935	971
Other operating (income) / expenses, net	(32)	(20)	(53)	(20)
EBITDA	**564**	**553**	**1,670**	**1,618**
EBITDA margin	*37.7%*	*37.0%*	*37.1%*	*36.6%*

EBITDA of $564 million increased 2.2% in reported dollars and 2.6% organically year-on-year. By region, EBITDA increased 4.0% in Latam and 12.3% in Africa. Group EBITDA margin of 37.7% improved 0.7 percent point year-on-year. Further details are set forth in the Group Business Review section of this earnings release. Depreciation and amortization declined 0.4% and 22.2%, respectively. The lower amortization reflects the effect of having fully amortized certain assets during 2017, including intangibles related to purchase price allocation stemming from the 2015 deconsolidation of Guatemala and Honduras, as well as others related to the 2014 merger with UNE.

Operating profit reached $293 million in Q3 2018, up 17.3% from $250 million in Q3 2017. The $43 million increase in operating profit year-on-year reflects a $19 million reduction in depreciation and amortization expenses, a $12 million improvement in EBITDA, and a $12 million improvement in Other operating items, the latter reflecting a gain on the sale of towers in El Salvador, Paraguay and Colombia.

Loss from other non-operating items reached $21 million, as compared to a gain of $1 million in Q3 2017, due entirely to FX losses. Loss from associates and other joint ventures of $32 million in Q3 2018 compares to a loss of $15 million in Q3 2017. The increase reflects a $17 million loss related to our 50% stake in Tigo Airtel in Ghana.

US$m	Q3 2018	Q3 2017	% change	9M 2018	9M 2017	% change
Interest expense	(80)	(85)	(6.3%)	(241)	(264)	(8.9%)
Finance lease expense	(27)	(13)	NM	(70)	(44)	59.5%
Early redemption charges	(4)	(28)	(85.9%)	(4)	(43)	(90.8%)
Others	(11)	(11)	(1.9%)	(31)	(33)	(5.8%)
Total financial expenses	**(121)**	**(138)**	**(11.9%)**	**(345)**	**(384)**	**(10.0%)**
Interest income	8	4	78.8%	21	17	23.4%
Net financial expenses	**(114)**	**(133)**	**(14.8%)**	**(324)**	**(367)**	**(11.6%)**

Net financial expenses declined 14.8% year-on-year to $114 million mainly due to the impact of early redemptions charges and the accelerated amortization of upfront costs related to our redemption of the 2021 Notes in Q3 2017. To a lesser extent, financial expenses declined due to the reduction in net debt, on average, in Q3 2018 compared to Q3 2017 and to refinancing activity over the past year, which lowered our average interest rate. These factors were partly offset by higher finance lease expenses, which doubled year-on-year due to the impact of tower sale-leaseback transactions.

Tax expense declined 70.2% to $20 million in Q3 2018 from $66 million in Q3 2017 due to lower withholding taxes on cash upstreaming and deferred tax movements. Net profit from continuing operations of $106 million in the quarter increased $69 million from $37 million in Q3 2017 due mainly to the decline in taxes ($46 million), financial expenses ($19 million), amortization ($19 million), which were partly offset by higher Other non-operating expenses ($20 million) and loss from joint ventures and associates ($18 million).

Non-controlling interests increased 53.8% to $38 million due to an improved performance in Colombia, which generated a small profit in Q3 2018 as compared to the net loss reported in Q3 2017. Profit from discontinued operations was nil, compared to a profit of $8 million in Q3 2017, which reflected profits of our operations in Senegal, Ghana and Rwanda for that period.

As a result of the above, net profit of $68 million for the period increased from $21 million in Q3 2017. The weighted average number of shares during the quarter was 100,814,514. As of September 30th 2018, we had 101,739,217 total shares outstanding, including 922,109 held in treasury.

Free Cash Flow

US$m	Q3 2018	Q3 2017	% change	9M 2018	9M 2017	% change
EBITDA from continuing ops	**564**	**553**	**2.2%**	**1,670**	**1,618**	**3.2%**
EBITDA from discontinued operations	0	16	(99.4%)	6	55	(88.8%)
EBITDA (including discontinued ops)	**565**	**569**	**(0.8%)**	**1,676**	**1,674**	**0.1%**
Cash Capex (excluding spectrum and licenses)	(211)	(217)	(2.5%)	(688)	(703)	(2.1%)
Changes in working capital	1	(27)	NM	(99)	(143)	(30.8%)
Other non-cash items (including IFRS 15 impact)	(1)	5	NM	8	18	(56.4%)
Cash flow from operations	**353**	**331**	**6.8%**	**897**	**846**	**6.1%**
Taxes paid	(67)	(70)	(3.9%)	(203)	(177)	14.9%
Operating free cash flow	**286**	**261**	**9.6%**	**694**	**669**	**3.8%**
Finance charges paid, net	(124)	(143)	(13.3%)	(304)	(352)	(13.6%)
Free cash flow	**162**	**118**	**37.5%**	**391**	**318**	**23.0%**
Dividends to non-controlling interests	(69)	(42)	65.1%	(148)	(114)	30.3%
Equity free cash flow	**93**	**76**	**22.5%**	**243**	**204**	**18.9%**

For the nine-month period, cash flow from operations increased 6.1% ($51 million) year-on-year to $897 million, with the increase coming mainly from improved working capital ($44 million) and lower cash Capex ($15 million). Over the past two years, we have implemented numerous cost savings initiatives under our Project Heat, and these have helped lift margins and contain the amount of working capital and capex required to grow our business.

Cash taxes paid increased by $26 million to $203 million, and the increase primarily reflects a $15 million benefit received in 2017 that did not repeat in 2018, as well as $9 million in tax audit settlements in 2018, and a $4 million cash tax repayment in 2017 that did not repeat in 2018.

Net finance charges paid declined $48 million to $304 million due to lower average debt levels and a lower average interest rate on our debt resulting from our debt refinancing activity over the past year. Dividends and advances for dividends to non-controlling interests increased $34 million to $148 million in the nine-month period due to increased dividends paid by our Guatemala joint venture. As a result of the above, equity free cash flow increased 18.9% to $243 million in the nine-month period.

Capital Expenditures

During the quarter, balance sheet capital expenditures (excluding spectrum, license costs and finance lease capitalizations) totaled $255 million, an organic increase of 4.6% ($11 million) year-on-year. Capex in Latam was $246 million, up 7.8% organically ($18 million) year-on-year. Spectrum and license purchases was $9 million in Q3 2018 and $61 million in the nine-month period.

Net Debt

US$m	Gross Debt	Of which Finance Leases	Cash	Of which Restricted Cash	Net Debt[1]
Latin America	**3,736**	**238**	**717**	**48**	**3,019**
Of which local currency	*1,988*	238	*415*	48	1,574
Africa	**268**	**115**	**159**	**112**	**109**
Of which local currency	*173*	115	*155*	112	18
Corporate	**982**	**0**	**363**	**0**	**619**
Of which local currency	*48*	0	*8*	0	40
Group	**5,033**	**353**	**1,247**	**160**	**3,786**
Group - Proportionate basis	*3,902*	*255*	*1,015*	155	2,887
Guatemala and Honduras	*1,389*	*1*	*330*	11	1,059
Group, excluding GT & HN	**3,645**	**352**	**917**	**149**	**2,727**

Note: (1) Net debt is gross debt including finance leases less: cash, restricted cash, and pledged and term deposits of $15 million.

Group net debt, including Guatemala and Honduras, was $3,786 million as of September 30, 2018, a reduction of $195 million compared to $3,981 million as of the end of June 2018. The reduction in net debt stems from cash flow generation and proceeds from the disposal of additional towers.

Net debt-to-EBITDA, based on the last twelve-month EBITDA, improved to 1.70x as of September 30, 2018 from 1.80x as of June 30, 2018. Proportionate net debt as of September 30, 2018, excluding 45% of Guatemala, 33.3% of Honduras, 50% of Colombia, and 15% of Zantel, was $2,887 million, implying a net debt-to-EBITDA ratio of 1.82x, down from 1.95x as of June 30, 2018.

Gross debt including finance leases, decreased by $195 million in the third quarter of 2018 to $5,033 million due to the repayment of our Swedish Kroner bonds. Approximately 74% of group gross debt at September 30, 2018 was in Latam, 5% in Africa, and the remaining 21% at corporate level. Finance lease liabilities decreased to $352 million and represented 7% of group gross debt. As of September 30th 2018, 69% of group gross debt was at fixed rates or swapped for fixed rates, and 44% was in local currency, thereby mitigating our exposure to currencies and rates volatility. Our cost of debt excluding finance leases remained stable at 6.3% whilst the average maturity of our debt increased slightly to 5.4 years. Pro forma for the October 16th 2018 issuance of a $500 million bond due 2026, the average life is 5.6 years.

Our cash position, excluding restricted cash but including pledged and term deposits, declined slightly to $1,087 million compared to $1,097 million in the second quarter of 2018. The restricted cash balance, principally comprising MFS customer account balances, was $160 million.

Group Business Review

The information contained herein can also be accessed electronically in the Financial & Operating Data Excel file published at www.millicom.com/investors alongside this earnings release. We manage our operations and report our results under two segments, Latin America and Africa, and we provide additional information on each of the largest countries within our Latam segment.

Latin America

Business Units

We present our Latam results under three principal business units:

1. B2C Mobile, comprised of mobile services for individuals, including mobile data, mobile voice, and mobile financial services (MFS);
2. B2C Home, comprised of broadband, Pay TV, content, and fixed voice services for residential customers; and,
3. B2B, comprised of both mobile and fixed services to government, corporate, and SME customers.

Market environment

The macro environment in our Latam markets remained broadly stable in Q3 2018, in contrast with the volatility that continues to impact a few other countries in the region. In Colombia, the consumer confidence index has remained positive since April 2018, a reversal from the negative readings that had prevailed since January 2016, and rising oil prices may help brighten the country's fiscal outlook. The currencies in the Latam countries where we operate continue to show resilience in the face of increased volatility, especially in emerging markets. Most of the currencies in our markets depreciated only moderately (1%-3%) toward the end of Q3 2018, and most ended the period about 1%-5% weaker than a year ago.

Competitive intensity remains elevated but stable in many of our markets. In Paraguay, the increased competitive intensity that we reported in Q2 2018 has continued in Q3. In Colombia, we recently introduced three new post-paid plans aimed at simplifying our offer, driving increased usage and ARPU. Our competitors have responded, but it remains too early to tell what the net effect of this new commercial strategy will be on our performance.

Key Performance Indicators

In B2C Mobile, we added 591,000 4G smartphone data users in Latin America during Q3, ending the period at 8.6 million, an increase of 52.4% year-on-year. We ended Q3 2018 with 31.6 million total mobile subscribers, down 0.5% quarter-on-quarter and 0.2% year-on-year. We closed Q3 2018 with 3.1 million postpaid customers, an increase of 59,000 during the quarter and a 7.8% increase year-on-year.

Of our total B2C mobile subscribers, approximately 27% used 4G data services, up from 18% one year ago. Data users consumed an average of 2.6 GB per month in Q3 2018, up from 2.3 GB in Q2 2018 and 1.9 GB in Q3 2017. We continue to focus on monetizing this traffic growth, and ARPU for B2C mobile continues to show signs of stabilization, increasing 1.0% year-on-year. ARPU growth was positive in four of our six Latam markets.

In our Home unit, we ended the quarter with 9.9 million total homes-passed, including 9.4 million on our HFC networks. During the quarter, we added 82,000 HFC homes connected, which have grown 16.0% year-on-year to 2.6 million. The bundle ratio continues to improve, and the number of HFC revenue generating units (RGUs) rose 20.0% year-on-year.

Home ARPU continues to grow modestly in most of our markets, gaining 1.1% year-on-year on average organically and reaching $28.90 in the quarter.

KPI ('000)	Q3 2018	Q3 2017	YOY change
B2C Mobile customers	31,625	31,687	(0.2%)
Of which B2C mobile data customers	15,196	13,914	9.2%
Of which 4G customers	8,570	5,622	52.4%
Of which Postpaid subscribers	3,112	2,886	7.8%
B2C Mobile ARPU ($)[i]	7.5	7.7	1.0%
Total homes passed	9,908	8,759	13.1%
Of which HFC homes passed	9,387	8,107	15.8%
Of which HFC homes connected	2,642	2,277	16.0%
Home – HFC revenue generating units	5,046	4,204	20.0%
Home ARPU ($)[i]	28.9	28.2	1.1%

i) The YOY changes for B2C Mobile and Home ARPU are organic

Financials ($m, unless otherwise stated)	Q3 2018	Q3 2017	Organic YOY [i]
Total Revenue	1,368	1,360	3.8%
Service revenue	1,268	1,275	4.7%
Mobile B2C	730	747	1.0%
Of which B2C mobile data	367	336	12.6%
Home	321	282	12.5%
B2B	206	237	6.5%
EBITDA	525	506	4.2%
EBITDA margin %	38.4%	37.2%	1.2pt
Capex[ii]	246	229	7.8%

i) Organic growth rates exclude the impact of changes in FX and changes related to the new segment cost presentation.
ii) Excludes spectrum, license costs and finance lease capitalizations.

Financials

Total revenue in Latam in Q3 increased by 3.8% year-on-year on an organic basis, to $1,368 million, and service revenue grew by 4.7%. Service revenue growth reached 13.7% in Bolivia, 6.4% in Guatemala, 5.4% in Paraguay, 4.4% in Colombia, and 2.6% in Honduras. In El Salvador, service revenue declined 7.7% as we continue to take measures to improve the quality of our customer base and create a solid foundation for a return to profitable growth in 2019.

By business unit, service revenue growth in B2C Mobile reached 1.0% year-on-year in Q3, as continued growth in data is more than offsetting the ongoing decline in legacy voice and SMS revenue. In Q3 2018, mobile data revenue increased 12.6% year-on-year and generated 50% of our B2C mobile service revenue, up from 45% in Q3 2017.

Home service revenue rose 12.5% organically to $321 million. This marks a second consecutive quarter of growth of more than 12%, as we continue to generate robust double-digit growth in Bolivia, Guatemala, Paraguay and Honduras, as well as improving performance in Colombia, where Home grew 4.6% in the quarter.

B2B service revenue grew 6.5% organically to $206 million, in line with the growth trend year-to-date.

The proportion of our Latam service revenues stemming from subscriptions increased to 58.1% in Q3 2018.

Telephone and equipment sales decreased 8.5% organically in the quarter to $99 million, as we continue to rely increasingly on third party vendors.

EBITDA in Latam reached $525 million, implying organic growth of 4.2%, and the EBITDA margin increased 1.2 percentage points year-on-year to 38.4%. The improved EBITDA margin largely reflects higher margins in Colombia, partially offset by the impact of a one-time gain in Honduras in Q3 2017 and of margin erosion in El Salvador in Q3 2018.

Capex in Latin America totaled $246 million in Q3 2018, an increase of 7.8% year-on-year. Investment in our networks accounted for 83% of Latam capex, while the remaining 17% went towards IT and other investments. Network investment was split approximately 70% fixed and 30% mobile. Customer premise equipment deployed to support the growth of our fixed customer base increased 22% 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, which covered approximately 61% of the population with the addition of 799 points of presence in our markets as of the end of the quarter. For the nine-month period, capex in Latam has totaled $607 million.

THIRD QUARTER 2018 REVIEW BY COUNTRY

Colombia

	Q3 2018	Q3 2017	*YOY change ($ amounts in local FX)*
B2C Mobile customers ('000)	7,753	7,778	(0.3%)
Of which, 4G customers ('000)	2,206	1,658	33.0%
Total Homes connected ('000)	1,661	1,640	1.3%
HFC Homes connected ('000)	1,198	1,097	9.2%
Total revenue (US$m)	418	432	3.2%
Service revenue (US$m)	392	403	4.4%
EBITDA (US$m)	127	108	13.7%
EBITDA margin %	30.4%	25.0%	5.4pt

In Home, we added a record 32,000 households to our HFC network during the quarter, more than offsetting churn on our copper network, such that total homes connected rose for a third consecutive quarter. Total revenue-generating-units (RGUs) expanded almost 5% year-on-year in Q3 2018, while RGUs on our HFC network grew mid-teens.

In B2C mobile, our subscriber base declined by 28,000 during the quarter due to net disconnections in prepaid, as we continued to add postpaid and 4G customers.

Service revenue grew 4.4% organically in the quarter as compared to 6.0% growth reported in Q2 2018, which benefited from a large B2B project related to an election system contract. Revenue in B2C Mobile grew slightly, while Home grew mid-single-digits on a year-on-year basis.

EBITDA rose 13.7% year-on-year organically to $127 million, and the EBITDA margin reached 30.4%, up 5.4 percentage points compared to the 25.0% reported in Q3 2017. The increase in EBITDA reflects our improved profitability in Q3 2018, as well as the impact of the increase in selling and marketing costs that had impacted our EBITDA in Q3 2017. The EBITDA margin also benefited from the adoption of IFRS 15, which added about 1 percentage point to margin.

Paraguay

	Q3 2018	Q3 2017	*YOY change ($ amounts in local FX)*
B2C Mobile customers ('000)	2,955	3,161	(6.5%)
Total Homes connected ('000)	409	354	15.5%
Total revenue (US$m)	171	168	3.9%
Service revenue (US$m)	159	158	5.4%
EBITDA (US$m)	84	79	7.7%
EBITDA margin %	49.4%	47.3%	2.1pt

Competition is intensifying, but we remain focused primarily on the high-value customer segment and on migrating our subscriber base to 4G. As a result, we continue to experience mid-single-digit ARPU growth, which is helping to offset the decline in our B2C mobile customer base. In Home, we continue to upgrade our networks and cross-sell broadband to our large pay TV customer base.

Service revenue growth remained strong at 5.4% in Q3 2018. Growth has decelerated slightly from 6.2% in Q2 2018 due mainly to the impact of a 21% reduction in mobile termination rates in early September, as well as increased competition in mobile. Growth in Home remained solid at almost 20%, while B2B grew double-digits.

EBITDA increased 7.7% year-on-year in Q3 2018, and the margin expanded by 2.1 percentage points to 49.4%. The reduction in mobile termination rates did not have a material impact on our EBITDA, but it also contributed slightly to the increase in the margin percentage.

Bolivia

	Q3 2018	Q3 2017	*YOY change ($ amounts in local FX)*
B2C Mobile customers ('000)	3,399	3,138	8.3%
Total Homes connected ('000)	353	196	80.4%
Total revenue (US$m)	159	141	13.1%
Service revenue (US$m)	155	139	13.7%
EBITDA (US$m)	61	55	11.2%
EBITDA margin %	38.1%	38.9%	(0.8pt)

Our Bolivia operation continued to perform very well in Q3 2018. Homes connected increased by 24,000, representing a slowdown as compared to record net additions in H1 due to net disconnections in DTH, which had benefited from additional demand in H1 prior to the World Cup soccer tournament. In contrast, HFC household net additions remained very strong in Q3 2018 as we continue to expand network coverage and to experience very high initial take-up rates for our service.

In mobile, total subscribers declined 10,000 during the period, mostly due to net disconnections among low-ARPU prepaid customers. Meanwhile, we continued to grow in postpaid, and the mix shift is driving ARPU growth on a sequential basis.

Service revenue growth was robust at 13.7% year-on-year. Growth in Home, which is entirely organic, was more than 80% for a third consecutive quarter, while B2C mobile and B2B both grew low-to-mid single-digits.

EBITDA grew 11.2% year-on-year in Q3 2018, and margin declined by 0.8 percentage point to 38.1%, as we continue to invest to sustain our rapid growth.

El Salvador

	Q3 2018	Q3 2017	*YOY change ($ amounts in local FX)*
B2C Mobile customers ('000)	2,491	3,135	(20.6%)
Total Homes connected ('000)	275	318	(13.5%)
Total revenue (US$m)	98	105	(7.0%)
Service revenue (US$m)	90	100	(7.7%)
EBITDA (US$m)	30	38	(23.0%)
EBITDA margin %	30.2%	36.4%	(6.1pt)

In El Salvador, the market environment remains difficult, and we continued to focus on addressing the operational challenges that began impacting our results earlier in the year. Specifically, we have taken steps to further improve the quality of our customer base, negatively impacting our customer base and revenue generation in Q3 2018. However, we view these measures as critical to laying the foundation to deliver sustainable growth beginning in 2019.

During the quarter, service revenue declined 7.7%, EBITDA declined 23.0% year-on-year, and the EBITDA margin contracted 6.1 percentage points to 30.2%. Approximately half of the decline in EBITDA related to one-off items.

Costa Rica

Service revenue declined 1.4% year-on-year in Q3 2018, a deceleration from 1.0% growth in Q2 2018. The slowdown mainly reflects the impact of mandated changes to our channel lineup which began in Q2 2018, as well as slower growth in our B2B unit, where growth was impacted by the loss of two large customers. EBITDA declined 7.3% year-on-year, and EBITDA margin declined 1.9 percentage points due to the lower revenue base and to the costs associated with the launch of our Tigo Sports channel as well as higher internet connectivity costs due to the recent increase in broadband speeds in the market.

Guatemala

	Q3 2018	Q3 2017	*YOY change ($ Organic growth)*
B2C Mobile customers ('000)	10,574	9,875	7.1%
Total Homes connected ('000)	476	349	36.1%
Total revenue (US$m)	341	333	5.3%
Service revenue (US$m)	300	299	6.4%
EBITDA (US$m)	171	168	4.7%
EBITDA margin %	50.2%	50.5%	(0.3pt)

We added 150,000 total B2C mobile subscribers in Q3 2018, including 198,000 new 4G smartphone data users. In Home, we added 17,000 homes connected in the quarter.

Our Guatemala operations continued to deliver robust financial results in Q3 2018, with local currency service revenue growth of 6.4%, buoyed by growth of more than 3% in B2C mobile, our largest business unit by far in the country. B2B grew mid-to-high single-digits, and Home grew more than 30% year-on-year. EBITDA rose 4.7%, with the margin eroding 0.3 percentage points to a still very strong 50.2%.

Honduras

	Q3 2018	Q3 2017	*YOY change ($ amounts in local FX)*
B2C Mobile customers ('000)	4,454	4,600	(3.2%)
Total Homes connected ('000)	163	143	14.1%
Total revenue (US$m)	144	143	2.7%
Service revenue (US$m)	136	139	2.6%
EBITDA (US$m)	71	75	(3.1%)
EBITDA margin %	49.2%	52.0%	(2.8pt)

In B2C mobile, we disconnected 159,000 subscribers, but we continued to grow in postpaid and in 4G, driving ARPU growth.

In Home, we remained focused on combating high levels of piracy in the market whilst increasing penetration of our existing network and on up-selling our customer base. Homes connected grew 14% year-on-year, and ARPU rose mid-single-digits.

Service revenue growth improved to 2.6% from 0.3% in Q2. Revenue in B2C mobile continues to decline at a low single-digit rate, while growth in Home accelerated to more than 20%, and B2B delivered double-digit revenue growth in Q3.

EBITDA declined 3.1%, and the margin contracted 2.8 percentage point to 49.2%. EBITDA in both periods were positively impacted by one-time gains of $7 million in Q3 2018 and of $11 million in Q3 2017. Excluding these effects, EBITDA would have increased slightly due to the improved revenue performance.

Africa

Financial & operating data

KPI ('000)	Q3 2018	Q3 2017	*YOY change*
B2C Mobile customers	15,584	14,207	9.7%
MFS customers	6,875	5,948	15.6%
B2C Mobile ARPU (US$)[i]	2.6	2.9	(7.7%)

Financial[i]	Q3 2018	Q3 2017	*Organic YOY change[i]*
Total Revenue (US$m)	131	134	(0.4%)
Service revenue (US$m)	130	134	(0.2%)
EBITDA (US$m)	38	34	12.2%
EBITDA margin %	29.0%	25.6%	3.5pt
Capex (US$m)[ii]	8	14	(41.7%)

i) Organic YoY in local currency and constant perimeter to exclude Senegal, Ghana, and Rwanda
ii) Capex excludes spectrum and license costs

Our consolidated Africa operations comprise Tanzania, including Zantel, and Chad. In aggregate, these represented 8.7% of Group revenue and 6.7% of EBITDA in Q3 2018.

During the third quarter, we added 155,000 B2C mobile subscribers in Africa, with Tanzania reporting strong growth, partially offset by net disconnections in Chad. ARPU declined 7.7% in local currency terms, and this reflects mid-single-digit ARPU decline in Tanzania and a double-digit decline in Chad, where we continue to feel the impact of tax increases implemented earlier this year.

Total revenue declined 0.4% and service revenue declined 0.2% year-on-year in Q3 2018. In Tanzania, revenue grew both sequentially and on a year-on-year basis, in contrast with trends in Chad, where revenue remains under pressure due to the weak macro context and higher tax burden.

EBITDA rose 12.2%, and margin expanded 3.5 percentage point year-on-year to 29.0%. Margin in Tanzania improved to a two-year high.

Capital expenditures in Africa totaled $8 million in Q3 2018, and this compares to $14 million in Q3 2017, as we continue to focus on improving asset utilization.

Corporate Responsibility highlights – Q3 2018

Embedding Corporate Responsibility across our supply chain

During Q3 we have been preparing for our second supplier training program set to start in October 2018. This program will include a total of 140 suppliers across Latam, which are chosen based on their level of risk and scores in the EcoVadis CSR Assessment tool. The training will include Compliance, Health & Safety, Fair Labor Practices and Human Rights, Child Rights, Data Protection and Privacy, Environmental Stewardship, and Gender Equality and Diversity. The training will be delivered by Ernst & Young, which will provide over 40 hours of training to suppliers and facilitate the development of corrective action plans if needed.

Millicom's Children's Rights program continues to gain momentum and gather recognition

This quarter, Millicom concluded two significant projects related to Child Rights. Our Child Consultation program engaged over 100 adolescents in Costa Rica, Guatemala, El Salvador and Colombia, to assess how they exercise their rights online. The findings obtained by Millicom will be used to inform our decisions on marketing, products and services geared towards children and adolescents.

In Colombia, we completed the first Latam research project with the EAFIT University of Medellin, on the use of the internet by children and adolescents. This in-depth research, which included 5,175 scientific articles, 161 local regulations, surveys covering over 450 children between the ages of 9-16, and 12 focus groups, was designed to help us tailor our CR strategy to the risks and opportunities for children online. The findings of this research will advance our digital inclusion strategy and define the content of a country-wide educational program on the responsible use of the internet for children, families, teachers and mentors which will be deployed by over 500 volunteers from our Colombia operations.

Health, safety, security and environment

ISO 18001 & 14001 certification reviews for Miami were successfully conducted, with all our corporate offices now externally reviewed and accredited. Health, Safety and Environment Management training and ISO preparation also took place in Zantel Tanzania which will be externally audited in late November.

Unfortunately, there was a contracted service engineer fatality to report in this quarter, as a result of the engineer coming into contact with high voltage overhead power lines whilst installing overhead fiber cabling. A full investigation of the incident is currently underway.

Civil unrest across Nicaragua remains an ongoing concern; however, the intensity of events and government actions appear to have reduced towards the end of the reporting period. This has allowed business to return to a higher degree of continuity. That said, the country risk management status has been increased from Medium to High.

Compliance and anti-corruption programme

During the third quarter of 2018, as part of our 2018 Compliance education and awareness Training Plan, we launched group-wide e-learning on the Millicom Code of Conduct and Anti-Corruption policies. This e-learning module has the purpose of heightening attention to key risk areas such as improper payments, gift and hospitalities, donations, approval and recording of expenses, managing third parties and relationships with government officials. This training also seeks to educate employees on how to identify warning signs of bribery, and provides employees with solid decision-making skills in compliance with our Anti-Corruption policies. In addition, we launched the 2018 annual Conflict of Interest disclosure process across the organization.

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 also useful to management discussions 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 excluding the impact of changes in FX rates, perimeter, and accounting. A reconciliation of organic and reported growth rates can be found on the next page.
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 two operations are relevant in size and are considered as strategic operations for the Group. However, the operating profit does not include the share of income from joint venture in Ghana, due to its smaller size and reduced strategic importance. Ghana is therefore accounted for under the caption "Gains (losses) from other joint ventures and associates, net"
EBITDA	EBITDA is operating profit excluding impairment losses, depreciation and amortization and gains/losses on the disposal of fixed assets.
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		Group Service Revenue		Group EBITDA	
	Q3 2018	Q3 2017	Q3 2018	Q3 2017	Q3 2018	Q2 2017
Prior year period ($million)	1,494	1,520	1,408	1,432	553	544
Current period ($million)	1,511	1,494	1,412	1,408	564	553
Organic growth	2.0%	1.5%	2.7%	1.8%	2.6%	0.5%
Accounting change impact	0.5%	0.0%	(1.1)%	0.0%	1.3%	0.0%
Change in Perimeter impact	0.0%	(3.5)%	0.0%	(3.7)%	0.0%	1.4%
FX impact	(1.3)%	0.3%	(1.3)%	0.2%	(1.7)%	(0.3)%
Reported Growth	1.1%	(1.7)%	0.2%	(1.6)%	2.2%	1.6%

	Group Revenue		Group Service Revenue		Group EBITDA	
	9M 2018	9M 2017	9M 2018	9M 2017	9M 2018	9M 2017
Prior year period ($million)	4,423	4,550	4,159	4,268	1,618	1,609
Current period ($million)	4,569	4,423	4,271	4,159	1,670	1,618
Organic growth	3.0%	(0.9)%	3.8%	(0.4)%	2.9%	1.7%
Accounting change impact	0.5%	0.0%	(1.1)%	0.0%	1.3%	0.0%
Change in Perimeter impact	0.0%	(3.2)%	0.0%	(3.4)%	0.0%	(0.1)%
FX impact	(0.2)%	1.3%	(0.1)%	1.2%	(1.0)%	(1.0)%
Reported Growth	3.3%	(2.8)%	2.7%	(2.6)%	3.2%	0.5%

Foreign Exchange rates

		Average FX rate (vs. USD)					End of period FX rate (vs. USD)				
		Q3 18	Q2 18	QoQ	Q3 17	YoY	Q3 18	Q2 18	QoQ	Q3 17	YoY
Guatemala	GTQ	7.56	7.45	(1.5%)	7.31	(3.4%)	7.70	7.49	(2.8%)	7.34	(4.9%)
Honduras	HNL	24.10	23.88	(0.9%)	23.49	(2.6%)	24.14	24.07	(0.3%)	23.48	(2.8%)
Costa Rica	CRC	572	566	(1.1%)	577	0.8%	582	567	(2.8%)	574	(1.5%)
Bolivia	BOB	6.91	6.91	0.0%	6.91	0.0%	6.91	6.91	0.0%	6.91	0.0%
Colombia	COP	2,952	2,849	(3.6%)	2,977	0.8%	2,972	2,931	(1.4%)	2,937	(1.2%)
Paraguay	PYG	5,792	5,635	(2.8%)	5,607	(3.3%)	5,895	5,703	(3.4%)	5,657	(4.2%)
Ghana	GHS	4.79	4.50	(6.4%)	4.38	(9.2%)	4.91	4.78	(2.7%)	4.39	(11.7%
Chad	XAF	576	565	(1.9%)	566	(1.8%)	586	571	(2.7%)	565	(3.7%)
Tanzania	TZS	2,281	2,271	(0.5%)	2,237	(2.0%)	2,285	2,276	(0.4%)	2,237	(2.1%)

Fully consolidated P&L reconciliation for IFRS 15 implementation (unaudited)

US$m	Q3 2018	Of which IFRS 15 impact	Q3 2018 excl IFRS 15	Q3 2017	YoY change %
Revenue	**1,498**	**(6)**	**1,504**	**1,494**	**0.7%**
Cost of sales	(393)	(9)	(383)	(389)	-1.4%
Gross profit	**1,106**	**(15)**	**1,121**	**1,105**	**1.4%**
Operating expenses	(541)	23	(564)	(553)	2.0%
EBITDA	**564**	**7**	**557**	**553**	**0.9%**
Depreciation	(239)	-	(239)	(240)	-0.4%
Amortization	(64)	-	(64)	(83)	-22.2%
Other operating income (expenses), net	32	-	32	20	58.4%
Operating profit	**293**	**7**	**286**	**250**	**14.4%**
Net financial expenses	(114)	-	(114)	(133)	-14.8%
Other non-operating income (expenses), net	(21)	-	(21)	1	-1961.6%
Gains (losses) from other JV and associates, net	(32)	-	(32)	(15)	116.0%
Profit (loss) before tax	**126**	**7**	**119**	**103**	**15.4%**
Net tax credit (charge)	(20)	(0)	(19)	(66)	-70.9%
Profit (loss) from continuing ops.	**106**	**7**	**100**	**37**	**169.5%**
Non-controlling interests	(38)	(2)	(36)	(25)	43.9%
Profit (loss) from discontinued operations	0	-	0	8	-99.1%
Net profit (loss) for the period	**68**	**4**	**64**	**21**	**212.5%**

US$m	9M 2018	Of which IFRS 15 impact	9M 2018 excl IFRS 15	9M 2017	YoY change %
Revenue	**4,498**	**(63)**	**4,561**	**4,423**	**3.1%**
Cost of sales	(1,172)	10	(1,182)	(1,148)	2.9%
Gross profit	**3,326**	**(53)**	**3,379**	**3,275**	**3.2%**
Operating expenses	(1,656)	62	(1,719)	(1,656)	3.8%
EBITDA	**1,670**	**10**	**1,660**	**1,618**	**2.6%**
Depreciation	(720)	-	(720)	(731)	-1.5%
Amortization	(215)	-	(215)	(240)	-10.5%
Other operating income (expenses), net	53	-	53	20	163.6%
Operating profit	**788**	**10**	**778**	**667**	**16.6%**
Net financial expenses	(324)	-	(324)	(367)	-11.6%
Other non-operating income (expenses), net	(17)	-	(21)	8	-376.1%
Gains (losses) from other JV and associates, net	(100)	-	(100)	(54)	86.7%
Profit (loss) before tax	**347**	**10**	**337**	**255**	**32.4%**
Net tax credit (charge)	(133)	(0)	(133)	(190)	-30.0%
Profit (loss) from continuing ops.	**214**	**9**	**204**	**65**	**214.8%**
Non-controlling interests	(95)	(2)	(92)	(65)	42.2%
Profit (loss) from discontinued operations	(35)	-	(35)	17	-300.5%
Net profit (loss) for the period	**84**	**7**	**77**	**17**	**350.7%**

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	Q3 18 (i)	Guatemala and Honduras	JV	Q3 18 IFRS
Revenue	**1,498**	**(480)**		**1,018**
Cost of sales	(393)	104		(288)
Gross profit	**1,106**	**(375)**		**730**
Operating expenses	(541)	142		(399)
EBITDA	**564**	**(234)**		**331**
EBITDA margin	**37.7%**	**48.7%**		**32.5%**
Depreciation & amortization	(303)	100		(203)
Share of net profit in joint ventures			44	44
Other operating income (expenses), net	32	6		39
Operating profit	**293**	**(127)**	**44**	**211**
Net financial expenses	(114)	21		(93)
Other non-operating income (expenses), net	(21)	7		(14)
Gains (losses) from associates	(32)	-		(32)
Profit (loss) before tax	**126**	**(99)**	**44**	**71**
Net tax credit (charge)	(20)	19		(1)
Profit (loss) for the period	**106**	**(80)**	**44**	**71**
Profit (loss) from discontinued operations	0			0
Non-controlling interests	(38)	36		(2)
Net profit (loss) for the period	**68**	**(44)**	**44**	**68**

$ million	9M 18 (i)	Guatemala and Honduras	JV	9M 18 IFRS
Revenue	**4,498**	**(1,434)**		**3,064**
Cost of sales	(1,172)	308		(864)
Gross profit	**3,326**	**(1,126)**		**2,200**
Operating expenses	(1,656)	442		(1,214)
EBITDA	**1,670**	**(684)**		**986**
EBITDA margin	**37.1%**	**47.7%**		**32.2%**
Depreciation & amortization	(935)	316		(619)
Share of net profit in joint ventures			109	109
Other operating income (expenses), net	53	13		66
Operating profit	**788**	**(355)**	**109**	**542**
Net financial expenses	(324)	66		(258)
Other non-operating income (expenses), net	(17)	23		7
Gains (losses) from associates	(100)	-		(100)
Profit (loss) before tax	**347**	**(265)**	**109**	**191**
Net tax credit (charge)	(133)	63		(71)
Profit (loss) for the period	**214**	**(203)**	**109**	**120**
Profit (loss) from discontinued operations	(35)	-		(35)
Non-controlling interests	(95)	93		(1)
Net profit (loss) for the period	**84**	**(109)**	**109**	**84**

Note: i) Management reporting as if the Honduras and Guatemala businesses continue to be fully consolidated.

Consolidated balance sheet (unaudited)

US$ millions	30 Sept 2018 (i)	IFRS adjustments (ii)	30 Sept 2018 IFRS
ASSETS			
Intangible assets, net	4,194	(2,961)	1,233
Property, plant and equipment, net	3,708	(981)	2,726
Investments in joint ventures and associates	234	2,801	3,035
Other non-current assets	429	(89)	341
TOTAL NON-CURRENT ASSETS	**8,565**	**(1,230)**	**7,335**
Inventories, net	85	(32)	53
Trade receivables, net	375	(76)	299
Other current assets	811	(325)	486
Restricted cash	160	(11)	149
Cash and cash equivalents	1,072	(314)	758
TOTAL CURRENT ASSETS	**2,503**	**(759)**	**1,744**
Assets held for sale	5	0	5
TOTAL ASSETS	**11,073**	**(1,989)**	**9,085**
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company	2,873	42	2,916
Non-controlling interests	761	(579)	182
TOTAL EQUITY	**3,634**	**(537)**	**3,098**
Debt and financing	4,779	(1,274)	3,505
Other non-current liabilities	542	(67)	474
TOTAL NON-CURRENT LIABILITIES	**5,320**	**(1,341)**	**3,979**
Debt and financing	255	(115)	139
Other current liabilities	1,863	4	1,867
TOTAL CURRENT LIABILITIES	**2,117**	**(111)**	**2,007**
Liabilities directly associated with assets held for sale	1	0	1
TOTAL LIABILITIES	**7,439**	**(1,452)**	**5,987**
TOTAL EQUITY AND LIABILITIES	**11,073**	**(1,989)**	**9,085**

Notes: (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	Q3 2018 (i)	IFRS adjustments (ii)	Q3 2018 IFRS
Profit (loss) before taxes from continuing operations	**126**	**(55)**	**71**
Profit (loss) for the period from discontinued operations	0	0	0
Profit (loss) before taxes	**126**	**(55)**	**71**
Net cash provided by operating activities (incl. discops)	**373**	**(168)**	**206**
Net cash used in investing activities (incl. discops)	**(140)**	**140**	**(0)**
Net cash from (used by) financing activities (incl. discops)	**(234)**	**57**	**(177)**
Exchange impact on cash and cash equivalents, net	(8)	1	(6)
Net (decrease) increase in cash and cash equivalents	**(9)**	**31**	**22**
Cash and cash equivalents at the beginning of the period	1,081	(346)	735
Effect of cash in disposal group held for Sale	0	0	0
Cash and cash equivalents at the end of the period	**1,072**	**(314)**	**758**

US$ millions	9M 2018 (i)	IFRS adjustments (ii)	9M 2018 IFRS
Profit (loss) before taxes from continuing operations	**347**	**(156)**	**191**
Profit (loss) for the period from discontinued operations	(35)	0	(35)
Profit (loss) before taxes	**312**	**(156)**	**156**
Net cash provided by operating activities (incl. discops)	**1,079**	**(517)**	**561**
Net cash used in investing activities (incl. discops)	**(541)**	**387**	**(154)**
Net cash from (used by) financing activities (incl. discops)	**(396)**	**131**	**(265)**
Exchange impact on cash and cash equivalents, net	(13)	3	(10)
Net (decrease) increase in cash and cash equivalents	**128**	**4**	**132**
Cash and cash equivalents at the beginning of the period	938	(319)	619
Effect of cash in disposal group held for Sale	6	0	6
Cash and cash equivalents at the end of the period	**1,072**	**(314)**	**758**

Notes: (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.

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 2017 Annual Report (http://www.millicom.com/investors/reporting-centre).

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.

Conference call details

A presentation and conference call to discuss these results will take place on October 24th, 2018 at 2:00 PM (Stockholm/Luxembourg) / 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:

Luxembourg:	**+352 2786-1336**	**Sweden:**	**+46 (0) 8 5033-6574**
UK:	**+44 (0) 330 336 9105**	**US:**	**+1 323 794-2423**

The access code is: 2980751.

A live audio stream, presentation slides, and replay information can be accessed at www.millicom.com.

Financial calendar

Quarterly results	Earnings release	Conference call
Q4 2018	Feb 7, 2019	Feb 8, 2019
Last day for shareholders to add items to the AGM/EGM agenda	Apr 10, 2019	
Q1 2019	Apr 23, 2019	Apr 24, 2019
AGM	May 2, 2019	
Q2 2019	Jul 18, 2019	Jul 19, 2019
Q3 2019	Oct 23, 2019	Oct 24, 2019

For further information, please contact

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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 innovation around The Digital Lifestyle services through its principal brand, Tigo. As of December 31st, 2017, Millicom employed approximately 19,000 people and provided mobile services to approximately 51 million customers, with a cable footprint of more than 9 million homes passed. Founded in 1992, Millicom International Cellular SA is headquartered in Luxembourg, its shares are listed on Nasdaq Stockholm under the symbol MIC_SDB, and the company has announced plans to list its shares in the US in 2019. In 2017, Millicom reported revenues of $6.0 billion and EBITDA of $2.2 billion.

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 22:05 CET on October 23rd, 2018.

Unaudited Interim Condensed Consolidated Financial Statements

For the three and nine month periods ended September 30, 2018 and 2017

October 23, 2018

Unaudited interim condensed consolidated income statements for the nine-month periods ended September 30, 2018 and 2017

$ millions	Notes	Nine months ended September 30, 2018	Nine months ended September 30, 2017 (i)
Revenue	**5**	**3,064**	**3,020**
Cost of sales		(864)	(883)
Gross profit		**2,200**	**2,137**
Operating expenses		(1,214)	(1,190)
Depreciation		(516)	(518)
Amortization		(103)	(115)
Share of profit in the joint ventures in Guatemala and Honduras	14	109	115
Other operating income (expenses), net	4	66	24
Operating profit	**5**	**542**	**453**
Interest and other financial expenses	10	(271)	(310)
Interest and other financial income		13	11
Other non-operating income (expenses), net	6	7	(5)
Share of profit (losses) from other joint ventures and associates, net		(100)	(54)
Profit before taxes from continuing operations		**191**	**95**
Charge for taxes, net		(71)	(125)
Profit (loss) for the period from continuing operations		**120**	**(30)**
Profit (loss) for the period from discontinued operations	4	(35)	17
Net profit (loss) for the period		**86**	**(12)**
Attributable to:			
Owners of the Company		84	17
Non-controlling interests		1	(30)
Earnings per common share for net profit attributable to the owners of the Company:			
Basic ($)	7	0.84	0.17
Diluted ($)	7	0.84	0.17

(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 statements for the three-month periods ended September 30, 2018 and 2017

$ millions	Notes	Three months ended September 30, 2018	Three months ended September 30, 2017 (i)
Revenue	**5**	**1,018**	**1,022**
Cost of sales		(288)	(300)
Gross profit		**730**	**722**
Operating expenses		(399)	(404)
Depreciation		(172)	(173)
Amortization		(31)	(38)
Share of profit in the joint ventures in Guatemala and Honduras	14	44	42
Other operating income (expenses), net	4	39	21
Operating profit	**5**	**211**	**170**
Interest and other financial expenses	10	(98)	(113)
Interest and other financial income		5	2
Other non-operating (expenses) income, net	6	(14)	2
Share of profit (losses) from other joint ventures and associates, net		(32)	(15)
Profit before taxes from continuing operations		**71**	**46**
Charge for taxes, net		(1)	(43)
Profit (loss) for the period from continuing operations		**71**	**3**
Profit (loss) for the period from discontinued operations	4	—	8
Net profit (loss) for the period		**71**	**12**
Attributable to:			
Owners of the Company		68	21
Non-controlling interests		2	(9)
Earnings per common share for net profit attributable to the owners of the Company:			
Basic ($)	7	0.68	0.21
Diluted ($)	7	0.68	0.21

(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 comprehensive income for the nine-month periods ended September 30, 2018 and 2017

$ millions	Nine months ended September 30, 2018	Nine months ended September 30, 2017 (i)
Net profit for the period	86	(12)
Other comprehensive income (to be reclassified to profit and loss in subsequent periods), net of tax:		
Exchange differences on translating foreign operations	(20)	22
Cash flow hedges	—	4
Total comprehensive income for the period	**65**	**13**
Attributable to:		
Owners of the Company	63	37
Non-controlling interests	2	(25)
Total comprehensive income for the period arises from:		
Continuing operations	72	6
Discontinued operations	(7)	6

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

Unaudited interim condensed consolidated statements of comprehensive income for the three-month periods ended September 30, 2018 and 2017

$ millions	Three months ended September 30, 2018	Three months ended September 30, 2017 (i)
Net profit for the period	71	12
Other comprehensive income (to be reclassified to profit and loss in subsequent periods), net of tax:		
Exchange differences on translating foreign operations	(31)	21
Cash flow hedges	—	1
Total comprehensive income for the period	**40**	**33**
Attributable to:		
Owners of the Company	40	34
Non-controlling interests	—	(1)
Total comprehensive income for the period arises from:		
Continuing operations	40	28
Discontinued operations	—	6

(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 financial position as at September 30, 2018 and December 31, 2017

$ millions	Notes	September 30, 2018	December 31, 2017
ASSETS			
NON-CURRENT ASSETS			
Intangible assets, net	9	1,233	1,265
Property, plant and equipment, net	8	2,726	2,880
Investments in joint ventures	14	2,848	2,967
Investments in associates		188	241
Contract costs, net	2	4	—
Deferred tax assets		207	180
Other non-current assets	12	129	113
TOTAL NON-CURRENT ASSETS		**7,335**	**7,647**
CURRENT ASSETS			
Inventories		53	45
Trade receivables, net		299	386
Contract assets, net	2	37	—
Amounts due from non-controlling interests, associates and joint ventures	12	38	37
Prepayments and accrued income		172	145
Current income tax assets		93	99
Supplier advances for capital expenditure		23	18
Other current assets		123	90
Restricted cash		149	145
Cash and cash equivalents		758	619
TOTAL CURRENT ASSETS		**1,744**	**1,585**
Assets held for sale	4	5	233
TOTAL ASSETS		**9,085**	**9,465**

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

Unaudited interim condensed consolidated statements of financial position as at September 30, 2018 and December 31, 2017 (continued)

$ millions	Notes	September 30, 2018	December 31, 2017
EQUITY AND LIABILITIES			
EQUITY			
Share capital and premium		635	637
Treasury shares		(81)	(106)
Other reserves		(498)	(470)
Retained profits		2,776	2,950
Profit for the period/ year attributable to equity holders		84	85
Equity attributable to owners of the Company		**2,916**	**3,096**
Non-controlling interests		182	185
TOTAL EQUITY		**3,098**	**3,282**
LIABILITIES			
Non-current liabilities			
Debt and financing	10	3,505	3,600
Amounts due to non-controlling interests, associates and joint ventures	12	80	124
Provisions and other non-current liabilities		351	335
Deferred tax liabilities		44	56
Total non-current liabilities		**3,979**	**4,116**
Current liabilities			
Debt and financing	10	139	185
Payables and accruals for capital expenditure		237	304
Other trade payables		233	288
Amounts due to non-controlling interests, associates and joint ventures	12	339	296
Accrued interest and other expenses		390	353
Current income tax liabilities		63	81
Contract liabilities	2,13	60	—
Derivative financial instruments	13	—	56
Dividends payable to owners of the Company		133	—
Provisions and other current liabilities		412	425
Total current liabilities		**2,007**	**1,989**
Liabilities directly associated with assets held for sale	4	1	79
TOTAL LIABILITIES		**5,987**	**6,183**
TOTAL EQUITY AND LIABILITIES		**9,085**	**9,465**

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

Unaudited interim condensed consolidated statements of cash flows for the nine-month periods ended September 30, 2018 and 2017

$ millions (i)	Notes	September 30, 2018	September 30, 2017 (i)
Cash flows from operating activities (including discontinued operations)			
Profit (loss) before taxes from continuing operations		191	95
Profit (loss) before taxes from discontinued operations	4	(35)	17
Profit before taxes		**156**	**112**
Adjustments to reconcile to net cash:			
Interest and other financial expenses		274	328
Interest and other financial income		(13)	(12)
Adjustments for non-cash items:			
Depreciation and amortization	5	619	666
Share of profit in Guatemala and Honduras joint ventures		(109)	(116)
Loss (gain) on disposal and impairment of assets, net	4	(26)	(32)
Share based compensation		14	18
(Profit) loss from other joint ventures and associates, net		100	54
Other non-cash non-operating (income) expenses, net		(9)	(1)
Changes in working capital:			
Decrease (increase) in trade receivables, prepayments and other current assets, net		(123)	(36)
(Increase) decrease in inventories		(9)	7
Increase (decrease) in trade and other payables, net		18	(76)
Total changes in working capital		**(115)**	**(105)**
Changes in contract assets, liabilities and costs, net		(8)	-
Interest (paid)		(244)	(277)
Interest received		15	11
Taxes (paid)	5	(93)	(87)
Net cash provided by operating activities		**561**	**558**
Cash flows from investing activities (including discontinued operations):			
Acquisition of subsidiaries, joint ventures and associates, net of cash acquired	3	(3)	(20)
Proceeds from disposal of subsidiaries and associates, net of cash disposed	4	177	-
Purchase of intangible assets and licenses	9	(144)	(109)
Purchase of property, plant and equipment	8	(444)	(465)
Proceeds from sale of property, plant and equipment	8	134	87
Dividends received from joint ventures		181	147
Settlement of derivative financial instruments	13	(63)	-
Cash (used in) provided by other investing activities, net		9	27
Net cash used in investing activities		**(154)**	**(334)**
Cash flows from financing activities (including discontinued operations):			
Proceeds from other debt and financing	10	405	917
Repayment of debt and financing	10	(536)	(605)
Dividends paid to non-controlling interests		(1)	-
Dividends paid to owners of the Company		(133)	(265)
Issuance of loans to joint ventures		-	(16)
Net cash from (used in) financing activities		**(265)**	**30**
Exchange impact on cash and cash equivalents, net		(10)	2
Net (decrease) increase in cash and cash equivalents		**132**	**257**
Cash and cash equivalents at the beginning of the year		619	646
Effect of cash in disposal group held for sale	4	6	(15)
Cash and cash equivalents at the end of the period		**758**	**888**

(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 period ended September 30, 2018, and year ended December 31, 2017

$ 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 31, 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 31, 2017	**101,739**	**(1,195)**	**153**	**484**	**(106)**	**3,035**	**(470)**	**3,096**	**185**	**3,282**
Adjustment on adoption of IFRS 15 and IFRS 9 (net of tax) (iii)	—	—	—	—	—	10	—	—	(4)	—
Total comprehensive income for the period	—	—	—	—	—	84	(21)	63	2	65
Dividends (iv)	—	—	—	—	—	(266)	—	(266)	—	(266)
Dividends to non-controlling interests	—	—	—	—	—	—	—	—	(1)	(1)
Purchase of treasury shares	—	(66)	—	—	(6)	—	—	(6)	—	(6)
Share based compensation	—	—	—	—	—	—	14	14	—	14
Issuance of shares under share-based payment schemes	—	338	—	(2)	29	(5)	(21)	1	—	1
Balance on September 30, 2018	**101,739**	**(922)**	**153**	**483**	**(81)**	**2,859**	**(498)**	**2,916**	**182**	**3,097**

(i) Retained profits — includes profit attributable to equity holders, of which at September 30, 2018, $331 million (2017: $345 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.

(iii) See note 2 for details about changes in accounting policies.

(iv) Dividends — A dividend distribution of $2.64 per share was approved by the Annual General Meeting of shareholders. Half of this dividend has been paid in May 2018. The second half will be paid in November 2018.

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

Notes to the unaudited interim condensed consolidated statements

1. ORGANIZATION

Millicom International Cellular S.A. *(*the "Company" 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 October 22, 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 audited consolidated financial statements for the year ended December 31, 2017. These financial statements are prepared in accordance with consolidation and accounting policies consistent with the 2017 consolidated financial statements, except for the changes described below.

The following changes to standards effective for annual periods starting on January 1, 2018 have been adopted by the Group:

- IFRS 15 "Contracts with customers" 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 adopted the accounting standard on January 1, 2018 using the cumulative catch-up transition method which had an immaterial 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 does not affect the cash flows generated by the Group.

  As a consequence of adopting this Standard:

  1) some revenue is recognized earlier, as a larger portion of the total consideration received in a bundled contract is attributable to the component delivered at contract inception (i.e. typically a subsidized handset). Therefore, this produces a shift from service revenue (which decreases) to the benefit of Telephone and Equipment revenue. This results 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 throughout the subscription period (which is usually between 12 to 36 months). Contract Assets (and liabilities) are reported on a separate line in current assets / liabilities 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) is now 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 results in the recognition of Contract Costs being capitalized under non-current assets on the statement of financial position.
  3) except for the effects further explained below, there were no material changes for the purpose of determining whether the Group acts as principal or an agent in the sale of products.
  4) the presentation of certain amounts in the consolidated statement of financial position has been changed to reflect the terminology of IFRS 15:
     a. Contract assets recognized in relation to service contracts.
     b. Contract costs in relation to capitalised cost incurred to obtain a contract (mainly commissions).
     c. Contract liabilities in relation to service contracts were previously included in trade and other payables

  Management identified some other not material adjustments than the ones explained above.

2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES (Continued)

The Group has adopted the standard using the cumulative catch-up transition method. Hence, the cumulative effect of initially applying the Standard has been recognized as an adjustment to the opening balance of retained earnings as at January 1, 2018 and comparative financial statements have not be restated in accordance with the transitional provisions in IFRS 15. The impact on the opening balance of retained earnings as at January 1, 2018 is summarised in the table set out at the bottom of this section.

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

- Millicom does 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 financing component is adjusted, if material.
- Millicom discloses 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 are not disclosed).
- Millicom applies the practical expedient not to disclose the price allocated to unsatisfied performance obligations, if the consideration from a customer corresponds to the value of the entity's performance obligation to the customer (i.e, if billing = accounting revenue).
- Millicom applies 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.

The revenue recognition accounting policy applied from January 1, 2018 is as follows:

Revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer.

Post-paid connection fees are derived from the payment of a non-refundable / one-time fee charged to customer to connect to the network (e.g. connection / installation fee). Usually, it does not represent a distinct good or service, and therefore does not give rise to a separate performance obligation and revenue is recognised over the minimum contract duration. However, if the fee is paid by a customer to get the right to receive goods or services without having to pay this fee again over his tenure with the Group (e.g. the customer can readily extend his contract without having to pay the same fee again), it is accounted for as a material right and revenue should be recognized over the customer retention period.

Post-paid mobile / cable subscription fees are recognised over the relevant enforceable/subscribed service period (recurring monthly access fees that do not vary based on usage). The service provision is usually considered as a series of distinct services that have the same pattern of transfer to the customer. Remaining unrecognised subscription fees are fully recognised once the customer has been disconnected.

Prepaid scratch / SIM cards are services where customers purchase a specified amount of airtime or other credit in advance. Revenue is recognized as the credit is used. Unused credit is carried in the statement of financial position as a contract liability within other current liabilities. Upon expiration of the validity period, the portion of the contract liability relating to the expiring credit is recognized as revenue, since there is no longer an obligation to provide those services.

Telephone and equipment sales are recognised as revenue once the customer obtains control of the good. That criteria is fulfilled when the customer has the ability to direct the use and obtain substantially all of the remaining benefits from that good.

Revenue from provision of Mobile Financial Services (MFS) is recognized once the primary service has been provided to the customer.

Customer premise equipment (CPE) are provided to customers as a prerequisite to receive the subscribed Home services and shall be returned at the end of the contract duration. Since CPEs provided over the contract term do not provide benefit to the customer on their own, they do not give rise to separate performance obligations and therefore are accounted for as part of the service provided to the customers.

Bundled offers are considered arrangements with multiple deliverables or elements, which can lead to the identification of separate performance obligations. Revenue is recognised in accordance with the transfer of goods or services to customers in an amount that reflects the relative standalone selling price of the performance obligation (e.g. sale of telecom services, revenue over time + sale of handset, revenue at a point in time).

Principal-Agent, some arrangements involve two or more unrelated parties that contribute to providing a specified good or service to a customer. In these instances, the Group determines whether it has promised to provide the specified good or service itself (as a principal) or to arrange for those specified goods or services to be provided by another party (as an agent). In cases the Group determines that it acts as a principal, revenue is recognized in the gross amount, whereas in cases the Group acts as an agent revenue is recognized in the net amount (i.e. provision payment).

2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES (Continued)

Revenue from the sale of cables, fiber, wavelength or capacity contracts, when part of the ordinary activities of the operation, is recognized as recurring revenue. Revenue is recognized when the cable, fiber, wavelength or capacity has been delivered to the customer, based on the amount expected to be received from the customer.

Revenue from operating lease of tower space is recognized over the period of the underlying lease contracts. Finance lease revenue is apportioned between lease of tower space and interest income.

- IFRS 9 "Financial Instruments" 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 Group'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 amortized cost.

The application of IFRS 9 did not have an impact for the Group on classification, measurement and recognition of financial assets and financial liabilities compared to IAS 39, but it has an 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 adopted the standard using the cumulative catch-up transition method. Hence, the cumulative effect of initially applying the Standard has been recognized as an adjustment to the opening balance of retained earnings as at January 1, 2018 and comparative consolidated financial statements have not be restated in accordance with the transitional provisions in IFRS 9. The impact on the opening balance of retained earnings as at January 1, 2018 is summarised in the table set out at the bottom of this section. Additionally, the Group continues 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 amortized cost did not have an impact for the Group.

The Financial Instruments accounting policies applied from January 1, 2018 is as follows:

i) Equity and debt instruments

Classification

From January 1, 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value [either through Other Comprehensive Income (OCI), or through profit or loss], and
- those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES (Continued)

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains / (losses), together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the consolidated income statement.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Other non-operating (expenses) income, net'. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses and impairment expenses are presented as 'Other non-operating (expenses) income, net' in the consolidated income statement.
- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within 'Other non-operating (expenses) income, net' in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. The Group does not hold Equity instruments for trading. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Otherwise, changes in the fair value of financial assets at FVPL are recognised in 'Other non-operating (expenses) income, net' in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

From January 1, 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the trade receivables.

The provision is recognized in the consolidated income statement within Cost of sales.

ii) Derivative financial instruments and hedging activities

The Group has opted to continue applying IAS 39 for hedge accounting. The accounting policy disclosed in the Group consolidated financial statements for the year ended December 31, 2017 remains therefore similar after IFRS 9 implementation.

The application of the following new standards or interpretations applicable on January 1, 2018 did not have an impact for the Group:

- Amendments to IFRS 2, 'Share based payments', on clarifying how to account for certain types of share-based payment transactions.
- Amendments to IFRS 4, 'Insurance contracts' regarding the implementation of IFRS 9, 'Financial instruments'.
- Annual improvements to IFRS Standards 2014–2016.

There are no other significant changes to standards effective for the annual period starting on January 1, 2018.

2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES (Continued)

The application of IFRS 15 and IFRS 9 had the following impact on the Group financial statements as of January 1, 2018:

FINANCIAL POSITION $ millions	As at January 1, 2018 before application	Effect of adoption of IFRS 15	Effect of adoption of IFRS 9	As at January 1, 2018 after application	Reason for the change
ASSETS					
Investment in joint ventures (non-current)	2,967	27	(4)	2,989	*(i)*
Contract costs, net (non-current) **NEW**	—	4	—	4	*(ii)*
Deferred tax asset	180	—	10	191	*(viii)*
Other non-current assets	113	—	(1)	113	*(iii)*
Trade receivables, net (current)	386	—	(47)	339	*(iv)*
Contract assets, net (current) **NEW**	—	29	(1)	28	*(v)*
LIABILITIES					
Contract liabilities (current) **NEW**	—	51	—	51	*(vi)*
Provisions and other current liabilities (current)	425	(46)	—	379	*(vii)*
Deferred tax liability (non-current)	56	7	(1)	60	*(viii)*
EQUITY					
Retained profits	3,035	48	(38)	3,045	*(ix)*
Non-controlling interests	185	—	(4)	181	*(ix)*

(i) *Impact of application of IFRS 15 and IFRS 9 for our joint ventures in Guatemala, Honduras and Ghana.*
(ii) *This mainly represents commissions capitalised and amortized over the average contract term.*
(iii) *Effect of the application of the expected credit losses required by IFRS 9 on amounts due from joint ventures.*
(iv) *Effect of the application of the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.*
(v) *Contract assets mainly represents subsidised handsets as more revenue is recognised upfront while the cash will be received throughout the subscription period (which is usually between 12 to 36 months).*
(vi) *This mainly represents deferred revenue for goods and services not yet delivered to customers that will be recognised when the goods are delivered and the services are provided to customers. The balance also comprises revenue from the billing of subscription fees or 'one-time' fees at the inception of a contract that are deferred and will be recognised over the average customer retention period or the contract term.*
(vii) *Reclassification of deferred revenue to contract liabilities – see previous paragraph.*
(viii) *Tax effects of the above adjustments.*
(ix) *Cumulative catch-up effect.*

In Q3 2018, the Group reconsidered the accounting under IFRS 15 of its wholesale carrier business ($118 million recognized gross under IAS 18 in 2017 for the whole group) to recognize 2018 revenue on a net basis as an agent rather than as a principal under the modified retrospective IFRS 15 transition. The related reclassification between revenue and cost of sales is $29 million and $28 million for the three months period ended March 31, 2018 and for the six months period ended June 30, 2018, respectively ($57 million on a cumulative basis), with no impact on gross profit and cash flows, and impacts the Latin America segment only.

As of January 1, 2018, IFRS 15 implementation had no impact on the statement of cash flows and on EPS.

2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES (Continued)

The following summarises the amount by which each financial statement line item is affected in the current reporting period by the application of IFRS 15 as compared to previous standard and interpretations:

	For the nine month period ended September 30, 2018			
INCOME STATEMENT $ millions	**As reported**	**Without adoption of IFRS 15**	**Effect of Change Higher/(Lower)**	**Reason for the change**
Total revenue	3,064	3,125	(61)	*(i)*
Cost of sales	(864)	(904)	40	*(ii)*
Operating expenses	(1,214)	(1,245)	31	*(ii)*
Share of profit in the joint ventures in Guatemala and Honduras	109	110	(1)	*(iii)*
Tax impact	(71)	(70)	(1)	*(iv)*

	For the three month period ended September 30, 2018			
INCOME STATEMENT $ millions	**As reported**	**Without adoption of IFRS 15**	**Effect of Change Higher/(Lower)**	**Reason for the change**
Total revenue	1,018	1,026	(8)	*(i)*
Cost of sales	(288)	(291)	3	*(ii)*
Operating expenses	(399)	(410)	11	*(ii)*
Share of profit in the joint ventures in Guatemala and Honduras	44	43	1	*(iii)*
Tax impact	(1)	-	(1)	*(iv)*

(i) *Mainly for the shift in the timing of revenue recognition due to the reallocation of revenue from service (over time) to telephone and equipment revenue (point in time). As well as for adjustments on 'principal vs agent' considerations under IFRS 15 (see above).*

(ii) *Mainly for the reallocation of cost for selling devices due to shift from service revenue to telephone and equipment revenue. Also for the capitalisation and amortization of contract costs. Finally for adjustments on 'principal vs agent' considerations under IFRS 15 (see above).*

(iii) *Impact of IFRS 15 in our share of profit in our joint ventures in Guatemala and Honduras.*

(iv) *Tax effects of the above adjustments.*

	As at September 30, 2018			
FINANCIAL POSITION $ millions	**As reported**	**Without adoption of IFRS 15**	**Effect of Change Higher/(Lower)**	**Reason for the change**
ASSETS				
Investment in joint ventures (non-current)	2,849	2,822	25	*(i)*
Contract costs, net (non-current)	4	-	4	*(ii)*
Contract asset, net (current)	37	-	37	*(iii)*
LIABILITIES				
Contract liabilities (current)	59	-	59	*(iv)*
Provisions and other current liabilities (current)	545	599	(54)	*(v)*
Deferred tax liability (non-current)	44	37	7	*(vi)*
EQUITY				
Retained profits	2,776	2,728	48	*(vii)*
Non-controlling interests	182	179	3	*(vii)*

(i) *Impact of application of IFRS 15 for our joint ventures in Guatemala, Honduras and Ghana.*

(ii) *This mainly represents commissions capitalised and amortized over the average contract term.*

(iii) *Contract asset mainly represents subsidised handsets as more revenue is recognised upfront while the cash will be received throughout the subscription period (which are usually between 12 to 36 months). Throughout the period ended September 30, 2018 no material impairment loss has been recognised.*

(iv) *This mainly represents deferred revenue for goods and services not yet delivered to customers that will be recognised when the goods are delivered and the services are provided to customers. The balance also comprises the revenue from the billing of subscription fees or 'one-time' fees at the inception of a contract that are deferred and will be recognised over the average customer retention period or the contract term.*

(v) *Reclassification of deferred revenue to contract liabilities – see previous paragraph.*

(vi) *Tax effects of the above adjustments.*

(vii) *Cumulative catch-up effect and IFRS 15 effect in the current period.*

2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES (Continued)

The following Standard, which is expected to materially affect the Group, will be effective from January 1, 2019:

- IFRS 16 "Leases" will affect primarily the accounting for the Group's operating leases. As of December 31, 2017, the Group had operating lease commitments of US$808 million (please refer to our 2017 Annual Report). The Group is still assessing to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

  This said, the application of this standard will affect the Group's EBITDA, net debt and leverage ratios.

  As part of the IFRS 16 implementation journey, the Group has already taken decisions on the following points:

  - IFRS 16 will be adopted using the modified retrospective approach, with the cumulative effect of adoption being recognised at the date of initial application (IFRS16.C5.b)
  - Short-term leases will not be capitalised (IFRS16.5)
  - Certain categories of low-value leases practical expedients won't be capitalised (IFRS16.5)
  - Non-lease components will be capitalised (IFRS16.15)
  - Intangible assets are out of IFRS 16 scope (IFRS16.4)

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

Acquisitions

During the nine-month period ended September 30, 2018, Millicom did not complete any significant acquisitions. See note 16 ‘Subsequent Events’.

4. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

Discontinued operations – Rwanda

The Group received regulatory approvals on January 23, 2018 and the sale was subsequently completed on January 31, 2018. In accordance with Group practices, the Rwanda operations have been classified as assets held for sale and discontinued operations as from January 23, 2018 (restating the income statement comparative figures). On January 31, 2018, our operations in Rwanda have been deconsolidated and no material loss on disposal was recognized (its carrying value was aligned to its fair value less costs of disposal as of December 31, 2017). However, a loss of $32 million has been recognized in Q1 2018 corresponding to the recycling of foreign currency exchange losses accumulated in equity since the creation of the local operation. This loss has been recognized under ‘Profit (loss) for the year from discontinued operations, net of tax’. The final sale consideration is still subject to adjustment under the terms of the sale and purchase agreement with Airtel. Management does not expect any material deviation from the initial consideration.

Discontinued operations – Senegal

The sale completed on April 27, 2018 and our operations in Senegal have been deconsolidated resulting in a net gain on disposal of $6 million, including the the recycling of foreign currency exchange losses accumulated in equity since the creation of the local operations. This gain has been recognized under ‘Profit (loss) for the year from discontinued operations, net of tax’. The final sale consideration is still subject to adjustment under the terms of the sale and purchase agreement with the consortium. Management does not expect any material deviation from the initial consideration.

In accordance with IFRS 5, the Group’s businesses in Rwanda (Q1 2018), Ghana (Q3 2017) and Senegal (Q1 2017) had 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 three and nine-month periods ended September 30, 2018 and 2017 are set out below. Figures shown below are after inter-company eliminations.

Results from Discontinued Operations ($ millions)	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Revenue	62	248
Cost of sales	(23)	(77)
Operating expenses	(26)	(115)
Other expenses linked to the disposal of discontinued operations	(7)	(2)
Depreciation and amortization	—	(33)
Other operating income (expenses), net	(10)	7
Gross gain/(loss) on disposal of discontinued operations	(28)	—
Operating profit (loss)	**(32)**	**29**
Interest income (expense), net	(3)	(18)
Other non-operating (expenses) income, net	—	6
Profit (loss) before taxes	**(35)**	**17**
Credit (charge) for taxes, net	—	—
Net profit (loss) from discontinued operations	**(35)**	**17**

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

Results from Discontinued Operations ($ millions)	Three months ended September 30, 2018	Three months ended September 30, 2017
Revenue	—	85
Cost of sales	—	(27)
Operating expenses	—	(42)
Other expenses linked to the disposal of discontinued operations	—	—
Depreciation and amortization	—	(10)
Other operating income (expenses), net	—	6
Gross gain/(loss) on disposal of discontinued operations	—	—
Operating profit (loss)	—	**13**
Interest income (expense), net	—	(6)
Other non-operating (expenses) income, net	—	2
Profit (loss) before taxes	—	**8**
Credit (charge) for taxes, net	—	—
Net profit (loss) from discontinued operations	—	**8**

Cash Flows from Discontinued Operations ($ millions)	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Cash from (used in) operating activities, net	(4)	36
Cash from (used in) investing activities, net	(6)	(33)
Cash from (used in) financing activities, net	—	(21)
Net cash inflows/(outflows)	(10)	(17)

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

The following table summarises the nature of the assets and liabilities still reported under assets held for sale and liabilities directly associated with assets held for sale as at September 30, 2018:

Assets and liabilities reclassified as held for sale ($ millions)	As at September 30, 2018	As at December 31, 2017
Senegal operations	—	223
Towers Paraguay	2	7
Towers Colombia	—	1
Towers El Salvador	1	—
Others	2	2
Total assets of held for sale	**5**	**233**
Senegal operations	—	77
Towers Paraguay	1	2
Towers El Salvador	—	—
Total liabilities directly associated with assets held for sale	**1**	**79**
Net assets held for sale / book value	**4**	**154**

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

Rwanda

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

Assets and liabilities reclassified as held for sale – Rwanda ($ millions)	January 31, 2018
Intangible assets, net.	12
Property, plant and equipment, net	53
Other non-current assets	4
Current assets	14
Cash and cash equivalents	2
Total assets of disposal group held for sale	**85**
Non-current financial liabilities	11
Current liabilities	28
Total liabilities of disposal group held for sale	**40**
Net assets / book value	**46**

Senegal

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

Assets and liabilities reclassified as held for sale – Senegal ($ millions)	April 27, 2018
Intangible assets, net	40
Property, plant and equipment, net	126
Other non-current assets	2
Current assets	56
Cash and cash equivalents	3
Total assets of disposal group held for sale	**227**
Non-current financial liabilities	8
Current liabilities	73
Total liabilities of disposal group held for sale	**81**
Net assets held for sale / book value	**146**

Tower Sale and Leasebacks

In 2017 and 2018, the Group announced agreements to sell and leaseback wireless communications towers in Paraguay, Colombia and El Salvador to subsidiaries of American Tower Corporation ("ATC") and SBA Communications whereby Millicom agreed to the cash sale of tower assets and to lease back a dedicated portion of each tower to locate its network equipment. The portions of the assets that will be transferred and that will not be leased back by the Group's operations are classified as assets held for sale as completion of their sale is highly probable.

The table below summarises the main aspects of these deals and impacts on the Group financial statements:

	Paraguay	Colombia	El Salvador
Signature date	April 26, 2017	July 18, 2017	February 6, 2018
Total number of towers expected to be sold	1,410	1,207	811
Total number of towers transferred to September 30, 2018	1,276	833	463
Expected total cash proceeds ($ millions)	125	147	145
Cash proceeds for the year 2017 ($ millions)	75	86	—
Cash proceeds for the year 2018 ($ millions) – as of September 30	41	18	70
Upfront gain on sale recognized for the year 2017 ($ millions)	26	37	—
Upfront gain on sale recognized for the year 2018 ($ millions) – as of September 30	15	9	31

5. SEGMENT INFORMATION

Millicom presents segmental information based on its two geographical regions (Latin America and Africa) and the segment figures below include Honduras and Guatemala as if they are fully consolidated by the Group. This presentation considers both the materiality and strategic importance of these operations for the Group, and it 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. However, given its smaller size and lower strategic importance to the Group, the joint venture in Ghana is not reported as if fully consolidated and is therefore not included in the numbers below. As from January 1, 2018, the Group is including in its segment EBITDA inter-company management fees and share-based incentive compensation paid to local management teams. These items, were previously included in unallocated corporate costs. This change in presentation has no impact on Group level EBITDA (comparable figures for 2017 are re presented accordingly).

Nine-month period ended September 30, 2018 ($ millions) *(viii)*	**Latin America**	**Africa**	**Unallo -cated**	**Guatemala and Honduras (vii)**	**Eliminations and transfers**	**Total**
Mobile revenue	2,411	381	—	(1,103)	—	1,689
Fixed revenue	1,362	9	—	(186)	—	1,185
Other revenue	35	3	—	(3)	—	34
Service revenue *(i)*	**3,807**	**393**	—	**(1,292)**	—	**2,908**
Telephone and equipment revenue *(i)*	297	—	—	(142)	—	156
Total Revenue	**4,104**	**394**	—	**(1,434)**	—	**3,064**
Operating profit (loss)	**747**	**29**	**11**	**(355)**	**109**	**542**
Add back:						
Depreciation and amortization	850	81	4	(316)	—	619
Share of profit in our joint ventures in Guatemala and Honduras	—	—	—	—	(109)	(109)
Other operating income (expenses), net	(45)	(3)	(5)	(13)	—	(66)
EBITDA *(ii)*	**1,553**	**107**	**10**	**(684)**	—	**986**
EBITDA from discontinued operations	—	6	—	—	—	6
EBITDA incl discontinued operations	**1,553**	**113**	**10**	**(684)**	—	**992**
Capital expenditure *(iii)*	(642)	(44)	(2)	158	—	(530)
Changes in working capital and others *(iv)*	(84)	46	(53)	(15)	—	(106)
Taxes paid	(186)	(13)	(5)	109	—	(93)
Operating free cash flow *(v)*	**641**	**102**	**(49)**	**(432)**	—	**263**
Total Assets *(vi)*	**10,291**	**1,064**	**40**	**(5,226)**	**3,237**	**9,085**
Total Liabilities	**5,579**	**915**	**1,266**	**(1,887)**	**435**	**5,987**

Nine-month period ended September 30, 2017 (US$ millions) *(viii)*	**Latin America**	**Africa**	**Unallo -cated**	**Guatemala and Honduras (vii) (b)**	**Eliminations and transfers**	**Total**
Mobile revenue	2,444	375	—	(1,125)	—	1,694
Fixed revenue	1,299	8	—	(157)	—	1,150
Other revenue	29	4	—	(3)	—	30
Service revenue *(i)*	**3,772**	**387**	—	**(1,285)**	—	**2,874**
Telephone and equipment revenue *(i)*	262	1	—	(118)	—	145
Total Revenue	**4,034**	**388**	—	**(1,403)**	—	**3,020**
Operating profit (loss)	**639**	**17**	**12**	**(330)**	**115**	**453**
Add back:						
Depreciation and amortization	885	81	5	(338)	—	633
Share of profit in our joint ventures in Guatemala and Honduras	—	—	—	—	(115)	(115)
Other operating income (expenses), net	(21)	3	(2)	(3)	—	(24)
EBITDA *(ii)*	**1,502**	**101**	**15**	**(671)**	—	**947**
EBITDA from discontinued operations	—	55	—	—	—	55
EBITDA incl discontinued operations	**1,502**	**156**	**15**	**(671)**	—	**1,002**
Capital expenditure *(iii)*	(614)	(86)	(3)	171	—	
Changes in working capital and others *(iv)*	(116)	11	(20)	35	—	(90)
Taxes paid	(170)	(9)	2	89	—	(87)
Operating free cash flow *(v)*	**602**	**73**	**(5)**	**(376)**	—	**292**
Total Assets *(vi)*	**10,148**	**1,386**	**1,276**	**(5,362)**	**3,300**	**9,716**
Total Liabilities	**5,221**	**1,882**	**1,985**	**(1,873)**	**401**	**6,584**

5. SEGMENT INFORMATION (Continued)

Three-month period ended September 30, 2018 ($ millions) *(viii)*	**Latin America**	**Africa**	**Unallo -cated**	**Guatemala and Honduras (vii)**	**Eliminations and transfers**	**Total**
Mobile revenue	800	127	—	(365)	—	562
Fixed revenue	457	3	—	(65)	—	395
Other revenue	12	—	—	(1)	—	11
Service revenue *(i)*	**1,268**	**130**	—	**(432)**	—	**967**
Telephone and equipment revenue *(i)*	99	—	—	(48)	—	51
Total Revenue	**1,368**	**131**	—	**(480)**	—	**1,018**
Operating profit (loss)	**279**	**12**	**2**	**(127)**	**44**	**211**
Add back:						
Depreciation and amortization	275	27	1	(100)	—	203
Share of profit in our joint ventures in Guatemala and Honduras	—	—	—	—	(44)	(44)
Other operating income (expenses), net	(30)	—	(2)	(6)	—	(39)
EBITDA *(ii)*	**525**	**38**	**2**	**(234)**	—	**331**
EBITDA from discontinued operations	—	—	—	—	—	—
EBITDA incl discontinued operations	**525**	**38**	**2**	**(234)**	—	**331**
Capital expenditure *(iii)*	(200)	(10)	(1)	53	—	(158)
Changes in working capital and others *(iv)*	(9)	40	(31)	(1)	—	(1)
Taxes paid	(65)	(2)	(1)	31	—	(36)
Operating free cash flow *(v)*	**251**	**66**	**(31)**	**(150)**	—	**136**

Three-month period ended September 30, 2017 (US$ millions) *(viii)*	**Latin America**	**Africa**	**Unallo -cated**	**Guatemala and Honduras (vii)**	**Eliminations and transfers**	**Total**
Mobile revenue	824	130	—	(379)	—	575
Fixed revenue	441	3	—	(53)	—	391
Other revenue	10	1	—	(1)	—	10
Service revenue *(i)*	**1,275**	**134**	—	**(433)**	—	**975**
Telephone and equipment revenue *(i)*	85	—	—	(39)	—	47
Total Revenue	**1,360**	**134**	—	**(472)**	—	**1,022**
Operating profit (loss)	**236**	**4**	**10**	**(122)**	**42**	**170**
Add back:						
Depreciation and amortization	294	27	2	(112)	—	212
Share of profit in our joint ventures in Guatemala and Honduras	—	—	—	—	(42)	(42)
Other operating income (expenses), net	(25)	3	1	(1)	—	(21)
EBITDA *(ii)*	**506**	**34**	**13**	**(235)**	—	**318**
EBITDA from discontinued operations	—	15	—	—	—	15
EBITDA incl discontinued operations	**506**	**50**	**13**	**(235)**	—	**318**
Capital expenditure *(iii)*	(189)	(25)	(3)	57	—	(160)
Changes in working capital and others *(iv)*	(20)	17	(18)	12	—	(9)
Taxes paid	(64)	(6)	(1)	38	—	(32)
Operating free cash flow *(v)*	**232**	**36**	**(8)**	**(128)**	—	**131**

(i) *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. Revenues from other sources comprises rental, sub-lease rental income and other non recurrent revenues. The Group derives revenue from the transfer of goods and services over time and at a point in time. Refer to table below.*

(ii) *EBITDA is operating profit excluding impairment losses, depreciation and amortization and gains/losses on the disposal of fixed assets. EBITDA is used by the management to monitor the segmental performance and for capital management.*

(iii) *Excluding spectrum and licenses of $60 million (2017: $36 million) and cash received on tower deals of $129 million (2017: $81 million).*

(iv) *'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.*

(v) *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.*

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

5. SEGMENT INFORMATION (Continued)

(vii) Including eliminations for Guatemala and Honduras as reported in the Latin America 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).

Revenue from contracts with customers from continuing operations

		Nine months ended September 30, 2018			Three months ended September 30, 2018		
$ millions	*Timing of revenue recognition*	*Latin America*	*Africa*	*Total Group*	*Latin America*	*Africa*	*Total Group*
Mobile	*Over time*	1,280	301	1,581	423	99	522
Mobile Financial Services	*Point in time*	28	80	108	12	28	40
Fixed	*Over time*	1,176	9	1,185	392	3	395
Other	*Over time*	32	3	34	11	-	11
Service Revenue		**2,515**	**393**	**2,909**	**837**	**130**	**967**
Telephone and equipment	*Point in time*	155	-	156	51	-	51
Revenue from contracts with customers		**2,671**	**394**	**3,064**	**888**	**131**	**1,018**

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

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

$ millions	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Change in fair value of derivatives (see note 13)	(1)	(22)
Exchange gains (losses), net	6	18
Other non-operating income (expenses), net	2	(2)
Total	**7**	**(5)**

$ millions	Three months ended September 30, 2018	Three months ended September 30, 2017
Change in fair value of derivatives (see note 13)	-	(10)
Exchange gains (losses), net	(15)	12
Other non-operating income (expenses), net	-	1
Total	**(15)**	**3**

7. EARNINGS PER COMMON SHARE

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

$ millions	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Basic and Diluted		
Net profit (loss) attributable to owners of the Company from continuing operations	119	-
Net profit (loss) attributable to owners of the Company from discontinuing operations	(35)	17
Net profit (loss) attributable to owners of the Company used to determine the earnings per share	84	17
in thousands		
Weighted average number of ordinary shares for basic and diluted earnings per share	**100,784**	**100,383**
$		
Basic and diluted		
- EPS from continuing operations attributable to owners of the Company	1.18	-
- EPS from discontinuing operations attributable to owners of the Company	(0.34)	0.17
- EPS for the period attributable to owners of the Company	0.84	0.17

$ millions	Three months ended September 30, 2018	Three months ended September 30, 2017
Basic and Diluted		
Net profit (loss) attributable to owners of the Company from continuing operations	68	12
Net profit (loss) attributable to owners of the Company from discontinuing operations	—	8
Net profit (loss) attributable to owners of the Company used to determine the earnings per share	68	21
in thousands		
Weighted average number of ordinary shares for basic and diluted earnings per share	**100,815**	**100,548**
$		
Basic and diluted		
- EPS from continuing operations attributable to owners of the Company	0.68	0.12
- EPS from discontinuing operations attributable to owners of the Company	0.00	0.08
- EPS for the period attributable to owners of the Company	0.68	0.21

8. PROPERTY, PLANT AND EQUIPMENT

During the nine-month period ended September 30, 2018, Millicom added property, plant and equipment for $449 million (September 30, 2017: $449 million) and received $134 million in cash from disposal of property, plant and equipment (September 30, 2017: $87 million).

9. INTANGIBLE ASSETS

During the nine-month period ended September 30, 2018, Millicom added intangible assets of $116 million (September 30, 2017: $78 million) and did not receive any proceeds from disposal of intangible assets (September 30, 2017: $nil).

10. DEBT AND FINANCING

El Salvador

In January 2018, Telemovil El Salvador entered into an amended and restated agreement with Scotiabank to add an additional $50 million variable rate loan, with a 5-year bullet repayment.

In March 2018, Telemovil El Salvador entered into a $100 million variable rate facility with DNB and Nordea with a 5-year bullet repayment. Additional $50 million have been disbursed during this quarter. In addition, Telemovil El Salvador entered into an interest rate swap with Scotiabank to fix interest rates for up to $100 million of the outstanding debt.

Costa Rica

In April 2018, Millicom Cable Costa Rica S.A. entered into a $150 million variable rate loan with Citibank as agent. Simultaneously, the outstanding loan balance of $72 million was repaid in full with the proceeds from such loan.

In June 2018, Millicom Cable Costa Rica S.A. entered into a cross currency swap to hedge part of the principal of the loan against interest rate and currency risks. As of the end of the third quarter, interest rate and currency swap agreements had been made on $35 million of the principal amount and interest rate swaps for an additional $40 million.

Colombia

In March 2018, TigoUne prepaid $34 million equivalent in COP on bank financing debt.

Paraguay

In June 2018, Telecel Paraguay entered into a $15 million fixed rate loan equivalent in Guaranies with Banco Continental.

Bolivia

In April 2018, Telecel Bolivia entered into a $10 million fixed rate loan equivalent in Bolivianos with Banco Bisa.

In April 2018, Telecel Bolivia entered into a $10 million fixed rate loan equivalent in Bolivianos with Banco Mercantil.

MICSA

In January 2018, the Company repaid $25 million of an outstanding debt facility with DNB and Nordea.

In July 2018, the Company issued a COP144,054.5 million /$50 million bilateral facility with IIC (Inter-American Development Bank) for a USD indexed to COP Note. The note bears interest at 9.45% p.a.. This COP Note is used as net investment hedge of the net assets of our operations in Colombia.

In August 2018, the Company redeemed of all of the aggregate principal amount of the outstanding SEK Senior Unsecured Notes due 2019 ($227 million). The early redemption fees amounting to $3 million and $1 million of related unamortized costs have been expensed in August 2018 under interest expenses. As of September 30, 2018, the notes have been fully redeemed.

Rwanda

In January 2018, the Group repaid the remaining $40 million loan with DNB and Nordea.

Senegal

In 2013, a Millicom holding entered into an agreement with a bank, whereby the bank provided loans amounting to EUR134 million to the Senegal operation with a maturity date in 2020. Simultaneously, Millicom deposited the same amount with the bank. In January 2018, this back-to-back agreement has been unwound and all loans reimbursed.

In 2015, the Senegal operation entered into a $24 million ECA facility guaranteed by Millicom of which $13 million remained outstanding at year end 2017 and the remaining amount was fully repaid in February 2018.

10. DEBT AND FINANCING (Continued)

Analysis of debt and other financing by maturity

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

$ millions	As at September 30, 2018	As at December 31, 2017
Due within:		
One year	139	185
One-two years	282	500
Two-three years	254	347
Three-four years	301	431
Four-five years	936	584
After five years	1,733	1,738
Total debt	**3,645**	**3,785**

As at September 30, 2018, 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 $714 million (December 31, 2017: $671 million). Assets pledged by the Group for these debts and financings amounted to $1 million at September 30, 2018 (December 31, 2017: $1 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 September 30, 2018 and December 31, 2017.

	Bank and financing guarantees (i)			
$ millions	**As at September 30, 2018**		**As at December 31, 2017**	
Terms	**Outstanding exposure**	**Theoretical maximum exposure**	**Outstanding exposure**	**Theoretical maximum exposure**
0-1 year	176	176	159	159
1-3 years	312	312	368	368
3-5 years	225	225	144	144
More than 5 years	1	1	—	—
Total	**714**	**714**	**671**	**671**

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

The Group’s interest and other financial expenses comprised the following:

$ millions	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Interest expense on bonds and bank financing	(165)	(191)
Interest expense on finance leases	(70)	(44)
Early redemption charges	(4)	(43)
Other	(32)	(32)
Total	**(271)**	**(310)**

$ millions	Three months ended September 30, 2018	Three months ended September 30, 2017
Interest expense on bonds and bank financing	(55)	(53)
Interest expense on finance leases	(27)	(13)
Early redemption charges	(4)	(28)
Other	(12)	(19)
Total	**(98)**	**(113)**

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 September 30, 2018, the total amount of claims and litigation risks against Millicom and its operations was $539 million, of which $2 million related to its share in joint ventures (December 31, 2017: $438 million, of which $5 million related to its share in joint ventures).

As at September 30, 2018, $23 million has been provided for these risks in the consolidated statement of financial position (December 31, 2017: $29 million). The Group's share of provisions made by the joint ventures was $1 million (December 31, 2017: $2 million. 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.

Improper filling of shareholding in Millicom Tanzania Ltd

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. On July 26, 2018, the Court of Appeal of Tanzania, the country's highest court, reaffirmed in a ruling that Millicom Tanzania Limited (operating as Tigo Tanzania) remains owned and controlled by Millicom. Millicom therefore continues to control and fully consolidate Tigo Tanzania.

Ongoing investigation by the International Commission Against Impunity in Guatemala (CICIG)

On July 14, 2017, the 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 23 and 24, 2017, Guatemala's attorney general and CICIG executed search warrants on the offices of Comcel. As at September 30, 2018, 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 September 30, 2018.

Taxation

At September 30, 2018, the Group estimates potential tax claims amounting to $253 million. Tax risks amounting to $35 million have been assessed as probable and recorded as tax provisions (December 31, 2017: claims amounting to $313 million and provisions of $53 million). Out of these potential claims and provisions, respectively $31 million and $2 million relate to Millicom's share in joint ventures (December 31, 2017: claims amounting to $38 million and provisions of $2 million).

Capital commitments

At September 30, 2018, 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 $172 million of which $157 million are due within one year (December 31, 2017: $194 million of which $182 million are due within one year). Out of these commitments, respectively $44 million and $36 million related to Millicom's share in joint ventures (December 31, 2017: $25 million and $23 million).

12. RELATED PARTY TRANSACTIONS

The following transactions were conducted with related parties during the three and nine-month periods ended September 30, 2018:

$ millions	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Expenses		
Purchases of goods and services from Miffin	(127)	(132)
Purchases of goods and services from EPM	(31)	(15)
Lease of towers and related services from HTA	(21)	(29)
Other expenses	(2)	(3)
Total	**(181)**	**(179)**

$ millions	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Income / gains		
Sale of goods and services to Miffin	205	200
Sale of goods and services to EPM	13	13
Other income / gains	-	4
Total	**218**	**217**

$ millions	Three months ended September 30, 2018	Three months ended September 30, 2017
Expenses		
Purchases of goods and services from Miffin	(49)	(37)
Purchases of goods and services from EPM	(10)	(4)
Lease of towers and related services from HTA	(7)	(10)
Other expenses	-	(1)
Total	**(66)**	**(52)**

$ millions	Three months ended September 30, 2018	Three months ended September 30, 2017
Income / gains		
Sale of goods and services to Miffin	66	68
Sale of goods and services to EPM	5	4
Other income / gains	-	3
Total	**70**	**75**

As at September 30, 2018 the Group had the following balances with related parties:

$ millions	At September 30, 2018	At December 31, 2017
Liabilities		
Payables to Guatemala joint venture (i)	258	273
Payables to Honduras joint venture (i)	153	135
Payables to EPM	2	3
Other accounts payable	5	10
Sub-total	**419**	**421**
Finance lease liabilities to HTA (ii)	100	108
Total	**518**	**529**

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

12. RELATED PARTY TRANSACTIONS (Continued)

$ millions	At September 30, 2018	At December 31, 2017
Assets		
Receivables from Guatemala and Honduras joint ventures	34	25
Receivables from EPM	3	3
Advance payments to Helios Towers Tanzania	1	8
Receivable from TigoAirtel Ghana (i)	39	40
Other accounts receivable	-	1
Total	**77**	**77**

(i) Disclosed under 'Other non-current assets' in the statement of financial position.

13. FINANCIAL INSTRUMENTS

Other than the items disclosed below, the fair values of financial assets and financial liabilities approximate their carrying values as at September 30, 2018 and December 31, 2017:

$ millions	Carrying Value		Fair Value (i)	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Financial liabilities				
Debt and financing	3,645	3,785	3,630	3,971

(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 denominated debt

These swaps matured in April 2018 and were settled against a cash payment of $63 million.

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

No other financial instruments have a significant fair value at September 30, 2018.

14. INVESTMENTS IN JOINT VENTURES

Joint ventures are businesses over which Millicom exercises joint control as decisions over the relevant activities of each, such as the ability to upstream cash from the joint ventures, require unanimous consent of shareholders. At September 30, 2018, the equity accounted net assets of our joint ventures in Guatemala, Honduras and Ghana totaled $3,339 million (December 31, 2017: $3,457 million). These net assets do not necessarily represent statutory reserves available for distribution as these include consolidation adjustments (such as goodwill and identified assets and assumed liabilities recognized as part of the purchase accounting). Out of these reserves, $133 million (December 31, 2017: $123 million) represent statutory reserves that are unavailable to be distributed to owners of the Company. During the nine months ended September 30, 2018, Millicom's joint ventures paid $181 million (September 30, 2017: $147 million for Guatemala and Honduras only) as dividends or dividend advances to the Company. The table below summarises the movements for the year in respect of the material Group's joint ventures carrying values in Guatemala, Honduras and Ghana:

		2018	
$ millions	Guatemala	Honduras	Ghana (i)
Opening balance at January 1, 2018	**2,145**	**726**	**96**
Adjustment on adoption of IFRS 15 and IFRS 9 (net of tax)	18	5	-
Results for the period	98	12	(50)
Capital increase	-	3	-
Dividends declared during the period	(177)	-	-
Currency exchange differences	(13)	(16)	-
Closing balance at September 30, 2018	**2,072**	**730**	**46**

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

15. 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. The Group is currently working on the preliminary steps (e.g., converting Tigo Tanzania into a public limited company) and in discussions with the authorities regarding the timeline for the listing.

16. SUBSEQUENT EVENTS

Cable Onda

On October 7, 2018, the Company signed an agreement to acquire a controlling 80% stake in Cable Onda, the largest cable and fixed telecommunications services provider in Panama for cash consideration of approximately $1,002 million (subject to closing adjustments). The transaction values 100% of Cable Onda at an enterprise value of $1,460 million.. The selling shareholders will retain a 20% equity stake in the company. The transaction is subject to closing conditions (including regulatory approvals) and consent from Cable Onda's bondholders, and it is expected to close before December 31, 2018.

MIC S.A. new financings

On October 16, 2018, the Company issued $500 million aggregate principal amount of 6.625% Senior Notes due 2026. The Notes will bear interest from October 16, 2018 at the annual rate of 6.625%, payable semiannually in arrears on each interest payment date.

In addition, in October 2018, the Company entered into a $1 billion term loan facility agreement with a consortium of banks (the "Bridge Facility"). The Bridge Facility matures in October 2019 (unless extended for a period not exceeding six months). Interest on amounts drawn under the Bridge Facility is payable at LIBOR plus a variable margin.

We intend to use the net proceeds of the above facilities to finance in part the acquisition of Cable Onda and associated costs.