Millicom International Cellular S.A. [i]

- Substantial progress made towards our strategic goals
  - Record 2.6 million 4G net adds - 24% growth [ii] in mobile data revenue
  - Fibre network expands by a record 777,000 homes - 8.1 million total homes passed
- Expanded EBITDA margin - strong 23% cash-flow growth - lower net debt - dividend cash-covered
- Agreement reached to sell Tigo Senegal for $129 million, process initiated to sell holding in HTA

Q4 Highlights

- Latam delivered 6.5% cable revenue growth [ii] and 17.5% mobile data revenue growth [ii]
- Service revenue down 0.9% year-on-year [ii] - held back by voice/SMS decline and El Salvador
- Adjusted EBITDA margin strengthened to 35.5%
- Africa achieved 9.1% service revenue growth [ii] with EBITDA margin of 32.4%

Full-Year Performance

- Total revenue of $6.25 billion - service revenue growth [ii] 1.2% year-on-year
- Adjusted EBITDA of $2,225 million, growth [ii] of 4.3%
- Operating Cash Flow up 23% to $1,141 million – Africa delivered positive OCF
- Net debt down by $114 million to $4,181 million
- 2016 Ordinary Dividend proposed at $2.64 per share

Summary of key financial indicators

$m	Q4 2016	Q4 2015	% change	FY 2016	FY 2015	% change
Revenue	1,594	1,636	(2.6%)	6,249	6,572	(4.9%)
Organic growth [ii]	*(2.1%)*	*4.4%*	-	*(0.4%)*	*7.3%*	-
Service revenue	1,484	1,505	(1.4%)	5,855	6,056	(3.3%)
Organic growth [ii]	*(0.9%)*	*6.2%*	-	***1.2%***	*5.8%*	-
Reported EBITDA	536	502	6.9%	2,172	2,188	(0.8%)
Adjusted EBITDA	566	549	3.1%	2,225	2,227	(0.1%)
Organic growth [ii]	*1.4%*	*3.0%*	-	***4.3%***	*9.0%*	-
Adjusted EBITDA margin	35.5%	33.6%	-	35.6%	33.9%	-
Capex	400	446	(10.4%)	1,031	1,258	(18.1%)
OCF (EBITDA – Capex)	136	56	145.4%	1,141	930	22.7%
Net debt	4,181	4,295	(2.6%)			

i The financial information presented in this earnings release is with Guatemala (55% owned) & Honduras (66.7% owned) as if fully consolidated. See page23 for reconciliation with IFRS numbers. The comparative 2015 financial information in this earnings release has been re-presented as a result of the classification of our operations in DRC as discontinued operations (in accordance with IFRS 5)

ii Organic growth represents year-on-year growth in local currency , at constant perimeter, and includes regulatory changes. See page 21 for reconciliation with reported measures. See page 20 for definition of Alternative Performance Measures.

Millicom Chief Executive Mauricio Ramos commented:

"**In 2016 we made substantial progress towards our strategic goal of a two-fold reconfiguration of our business, rapidly growing our mobile data and cable revenue in Latin America, and pushing ahead with major initiatives to enhance our operational efficiency.**

Looking ahead to 2017, we aim to accelerate further the implementation of our strategy in Latin America, targeting to roll out state-of-the-art fibre to more than 1 million additional homes in the year, and to add more than 3 million new 4G mobile data customers."

"In the final quarter of the year mobile data and cable in Latin America together contributed 50% of total group service revenue, compared to 45% in the same period the year before, as we reach a pivotal point in our revenue mix. Cable revenue growth was driven by the addition in the year of 777,000 new fibre homes passed, taking our total cable footprint to over 8.1 million homes, ahead of the target of 8 million we had set at the start of the year.

Growth of mobile data revenue in Latam was driven by the increase in the number of smartphone data users, and in particular by the rapid growth of our 4G customer base. We have now launched 4G in all of our Latam markets and our high-ARPU 4G customer base grew four-fold during the year, to more than 3.4 million.

As expected we saw continuing erosion of our voice and SMS revenues in Latam during the year, reflecting the changing patterns of customer usage seen in mobile markets globally, and this constrained our total service revenue growth in Latam in the year. The effect of declining voice and SMS was exacerbated in Colombia, our largest market, which saw competitive pressures throughout 2016, although easing somewhat at the end of the year. We also experienced very difficult operating conditions in El Salvador.

Service revenue in Latam was therefore down 0.2% in the year, and while EBITDA declined by 2.2% our margin improved slightly to 38.5%, and we generated Operating Cash Flow of $1.2 billion.

Operational efficiencies achieved during the first year of our Project Heat initiatives underpinned our EBITDA margin and higher cash-flow in Latam, delivering a lower operating cost run rate as well as capex and working capital savings during 2016.

Our African business performed well in 2016, exceeding our targets. Service revenue grew by 10.5% and the EBITDA margin improved to 29%, from 22% in 2015. Most importantly, we achieved our target for Africa of positive operating cash flow in 2016, delivering Operating Cash Flow of $97 million.

We have agreed to sell our business in Senegal to Wari Group for $129 million, subject to regulatory approvals. We have also initiated a process to sell our 22% stake in Helios Towers Africa. Both transactions are in line with our aim of focusing our business where we can develop advanced fixed and mobile data services and add material long-term value, while monetising the significant value we have created in other areas.

Overall in 2016 we made substantial strategic progress and delivered service revenue growth, a higher EBITDA margin, and strong cash flow with our OCF margin of 18.3% now close to our 20% medium-term target. This performance gives us a solid base on which to accelerate our strategic execution in 2017 and deliver further revenue, EBITDA and cash flow growth."

2017 Outlook

"For 2017 we expect organic service revenue growth to be in the low single-digit range, and ahead of the growth we achieved in 2016. Whilst we expect robust competition in Colombia to continue, and voice and SMS revenues across Latam to decline further through 2017, the lower weighting of these within our overall mix, combined with further strong growth in our mobile data, home and B2B revenues, allows us to be more confident about our revenue growth outlook in 2017.

We expect to make further progress in configuring our cost base in 2017, driven by both operational leverage and Project Heat initiatives. We therefore expect to deliver organic growth in EBITDA in the mid-to-high single-digit range, and again higher than the growth seen in 2016.

Capex in 2017 is expected to be broadly in line with 2016, and focused on our core growth areas of fibre and 4G network roll-out, with converged IT infrastructure

By growing EBITDA, and targeting our investment programme, we expect to deliver Operating Cash Flow growth in 2017 of around 10%".

Outlook summary

Based on constant currency, at a constant perimeter with Guatemala and Honduras fully consolidated, and on our current assessment of the macroeconomic outlook, we currently expect for 2017:

	Outlook
Service revenue [a]	Low single-digit % organic growth
EBITDA	Mid-to-high single-digit % organic growth
Capital expenditure	In line with 2016
Operating Cash Flow [b]	Growth around 10%

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

[b]*Operating Cash Flow is underlying EBITDA less capex (excluding spectrum and license costs)*

Against our 2015 currency adjusted service revenue of $5.73 billion, full-year service revenue growth in 2016 was 1.4%, and against our 2015 currency adjusted EBITDA of $2.09 billion, full-year adjusted EBITDA growth in 2016 was 4.8%.

2016 Dividend

At the Annual General Meeting on 4 May 2017 the Board will propose payment of an unchanged ordinary dividend of $2.64 per share.

Events subsequent to Year-End

On 7 February we announced the sale of our business in Senegal for $129 million. The transaction is subject to regulatory approval. We have also announced our intention to sell a 22% stake in Helios Towers Africa, one of the leading tower companies in Africa.

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 2015 Annual Report (http://www.millicom.com/investors/reporting-centre). In addition to the information in the 2015 Annual Report and the information provided in this release, please refer to Millicom's press release, dated October 21, 2015, entitled "Millicom reports to authorities potential improper payments on behalf of its Guatemalan joint venture." At this time, Millicom's investigation remains on-going, and Millicom cannot predict the outcome or consequences of this matter.

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 at 14.00 Stockholm / 14.00 Luxembourg / 13.00 London / 08.00 New York, on Wednesday 8 February. Dial-in numbers:

Sweden	+ 46 (0) 8 5033 6574
UK	+ 44 (0) 330 336 9411
US	+ 1 719 325 2213
Luxembourg	+ 352 2786 1395
Access code:	2979432

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

Financial calendar

Millicom will publish Results for 2017 First Quarter on Wednesday 26 April 2017.

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About Millicom

Millicom is a leading telecom and media company dedicated to emerging markets in Latin America and Africa. Millicom sets the pace when it comes to providing innovative and customer-centric digital lifestyle services through its principal brand, Tigo. Millicom employs more than 16,000 people and provides mobile services to more than 57 million customers, with a Cable footprint of more than 8.1 million homes passed. Founded in 1990, Millicom International Cellular SA is headquartered in Luxembourg and listed on NASDAQ OMX Stockholm under the symbol MIC. In 2016, Millicom generated revenue of USD 6.25 billion and Adjusted EBITDA of USD 2.22 billion.

Combined Annual Report

This year we are publishing our first combined annual report that brings together our corporate responsibility and annual reports and is a natural evolution for us. It reflects both the strong social and economic impact of our products and services on our markets, and how we continue to embed responsible business practice within our business processes. Our reporting is also in line with our commitment to transparency which is a key element of building trust with our shareholders and wider stakeholders.

Financial Review

US$m	Q4 16	Q4 15	%	FY 16	FY 15	%
Revenue	**1,594**	**1,636**	**(2.6%)**	**6,249**	**6,572**	**(4.9%)**
Cost of sales	(420)	(473)	(11.2%)	(1,655)	(1,793)	(7.7%)
Gross profit	**1,174**	**1,163**	**0.9%**	**4,594**	**4,778**	**(3.9%)**
Operating expenses	(637)	(661)	(3.6%)	(2,422)	(2,590)	(6.5%)
EBITDA	536	502	6.9%	2,172	2,188	(0.8%)
Depreciation & amortisation	(416)	(311)	34.0%	(1,368)	(1,281)	6.8%
Other operating income / (expenses), net	(40)	(57)	(29.6%)	(43)	(64)	(32.3%)
Operating profit	**81**	**134**	**(39.7%)**	**761**	**843**	**(9.8%)**
Net financial expenses	(130)	(99)	31.8%	(472)	(403)	17.1%
Other non-operating income / (expenses), net	(50)	(411)	(87.8%)	(1)	(624)	(99.8%)
Gains / (losses) from associates, net	(51)	136	N/M	(49)	100	N/M
Profit / (loss) before tax	**(150)**	**(240)**	**(37.4%)**	**239**	**(84)**	**N/M**
Net tax credit (charge)	(66)	(111)	(40.5%)	(251)	(278)	(9.6%)
Profit / (loss) for the period from continuing ops.	**(216)**	**(351)**	**(38.4%)**	**(13)**	**(361)**	**(96.5%)**
Non-controlling interests	73	(39)	N/M	(38)	(115)	(66.7%)
Profit / (loss) from discontinued operations	1	(37)	(101.5%)	19	(83)	N/M
Net profit / (loss) for the period	**(143)**	**(426)**	**(66.5%)**	**(32)**	**(559)**	**(94.3%)**
Adjusted net profit (loss) for the period [i]	**39**	**4**	**N/M**	**73**	**87**	**(16.6%)**
Adjusted earnings per share	0.39	0.04	N/M	0.73	0.87	(16.6%)

[i] *See page 23 for reconciliation of adjustments*

Q4 review

Group total revenue of $1,594 million was 2.6% lower than the same quarter last year as reported, and 2.1% lower on an organic basis (in local currency and at constant perimeter). Service revenue declined by 0.9% in the quarter on an organic basis compared to the same period in 2015.

Handset revenue was around 21% lower than the same period last year, mainly reflecting more handsets now being sold through indirect channels in Colombia, consistent with the trend seen in the previous quarters. Service revenue declined primarily due to the fall in voice and SMS in our Latam markets more than offsetting growth of our mobile data and cable revenues in Latam and our mobile revenue in Africa. Market specific issues in El Salvador also contributed significantly to lower service revenue in the quarter, as did the non-recognition of revenue on the Guatemala surveillance contract recognised in the prior year.

The gross margin improved to 73.6% year-on-year, from 71.1% in the same period in 2015, mainly due to higher margins in Africa as well as lower handset sales in Latam.

Group operating expenses fell by 3.6% year on year, but remained unchanged year-on-year as a proportion of total revenue, at 40.0%. Corporate costs in the quarter were $47 million, $2 million higher than the same period last year, but included around $8 million of one-off provisions relating to contractual claims. Excluding these items, corporate costs in the fourth quarter would have been almost $6 million lower than in the same quarter of 2015.

Depreciation and amortisation increased by $105 million in the quarter to $416 million. This included an increase of around $80 million relating to certain fair value adjustments undertaken following the deconsolidation of Honduras and Guatemala at the end of 2015.

Other operating expenses in the quarter were $40 million, and included a write-down of assets associated with the Guatemala surveillance contract. (The fourth quarter of 2015 had included a substantial impairment in Africa.)

Net financial expenses increased by $31 million year-on-year to $130 million, mainly due to the costs associated with the re-purchase of $300 million of Senior Notes in December, new debt holdings, and higher levels of local currency debt in Colombia, which attracts a higher rate of interest.

Other non-operating expenses in the quarter were $50 million, mainly comprising losses on foreign exchange. The $361 million year-on-year decrease in non-operating expenses mainly reflects the impact in the fourth quarter of 2015 of a non-cash loss on deconsolidation of Guatemala and Honduras.

The loss from associates in the quarter of $51 million was mainly due to the impairment of the value of our investment in LIH, following the latest funding round for GFG, one of LIH's principal assets. (The fourth quarter of 2015 had included the revaluation of our stake in HTA following a funding round.)

A net tax charge of $66 million was reported in the quarter, compared to a charge of $111 million in the fourth quarter of 2015, mainly due to profit mix changes and lower withholding tax on cash repatriation.

The share of losses of non-controlling interests was $73 million, compared to the share of profits of $39 million in the fourth quarter of 2015. This reflected higher losses in Colombia, including the impact of $23 million of restructuring charges, and the non-cash fair value adjustments in Guatemala and Honduras. The $1 million profit from discontinued operations, compared to the loss of $37 million in the same quarter last year, reflected the sale of our business in the DRC in the first quarter of 2016.

FY review

Full year revenue was $6,249 million, down 4.9% on a reported basis but a decrease of only 0.4% in local currency. Service revenue in the full year was $5,855 million, 1.2% higher than in 2015 on an organic basis. The difference between total revenue and service revenue represents handset and equipment sales, which declined by 25% on a reported basis mainly due to the fewer handsets being sold directly in several Latam markets, as well as the lower price mix of handsets sold.

Gross profit was $4,594 million, 3.9% lower than 2015, but the gross margin improved to 73.5% from 72.7% last year, reflecting the lower proportion of handset sales in the revenue mix.

Operating expenses in the full year were $ 2,422 million, 6.5% lower than in 2015 and representing 38.8% of total revenue, compared to 39.4% in the prior year. The main drivers of the reduction in operating expenses included lower corporate costs, operational efficiencies generated by Project Heat in Latam, and tighter cost control in Africa. Corporate costs in the full year fell by $44 million to $165 million, and accounted for 2.6% of total revenue, compared to 3.2% in 2015.

Depreciation and amortisation of $1,368 million was 6.8% higher year-on-year and includes the fair value adjustment relating to the deconsolidation of Guatemala and Honduras. Other operating expenses in the full year of $43 million were $21 million lower than in 2015, with around half of this charge due to the impairment of assets related to the Guatemala surveillance contract.

Operating profit was $761 million, down 9.8% year-on-year, mainly due to lower gross profit and higher depreciation and amortisation more than offsetting the reduction in operating costs.

Net financial expenses were $472 million, $69 million higher than in 2015. Higher levels of local currency debt in Colombia meant that we incurred significantly higher interest charges on our debt held there, and we also incurred one-off costs of $25 million in respect of our tender offer in December 2016 for $300 million of outstanding bonds, and for the early redemption of our Swedish Krone bond due in 2017. Finance lease charges accounted for $66 million of net financial expenses, compared to $80 million in 2015.

The loss of $1 million in respect of other non-operating income for the full year reflected the impact of more stable currencies across our markets, compared to 2015 when we incurred foreign exchange losses over $300 million. 2015 also included a non-cash loss recognised on the deconsolidation of Guatemala and Honduras, partially offset by the non-cash adjustment to the fair value of the put options.

Losses from associates of $49 million included the impairment of the value of our interest in LIH (in 2015 a profit from associates was recorded, mainly due to the revaluation of our stake in HTA following a funding round.).

Profit before tax was $239 million compared to a loss of $84 million in 2015, due to the other non-operating items described above.

The Group net tax charge in 2016 of $251 million was almost 10% lower than 2015, mainly due to profit mix changes and lower withholding tax on cash repatriation The share of profits of non-controlling interests reduced by $77 million, to $38million, again reflecting the restructuring charges in Colombia and fair value adjustments in Guatemala and Honduras mentioned above. The profit of $19 million from discontinued operations reflected the profit on the sale of our business in DRC, for which a loss of $83 million was recorded in 2015.

The net loss for the period was $32 million, compared to a net loss of $559 million in 2015. Adjusted net profit was $73 million ($87 million in 2015). Adjusted earnings per share was $0.73 (2015: $0.87).

The Group's ROIC was 13.1%, after corporate costs, compared to 11.7% in 2015. The ROIC on operations was 16.0% compared to 15.5% in 2015.

Reconciliation from Operating Profit to Adjusted EBITDA

US$m	Q4 16	Q4 15	FY 16	FY 15
Operating Profit as reported (IFRS)	**69**	**134**	**482**	**843**
Impact of full consolidation of Guatemala and Honduras on operating profit	12	0	279	0
Operating Profit per management reporting	**81**	**134**	**761**	**843**
Depreciation and amortisation	416	311	1,368	1,281
Other operating income (expenses), net	40	57	43	64
EBITDA	**536**	**502**	**2,172**	**2,188**
EBITDA margin	33.6%	30.7%	34.8%	33.3%
Restructuring, integration costs and other one-off charges	30	48	53	39
Adjusted EBITDA	**566**	**549**	**2,225**	**2,227**
Adjusted EBITDA margin	35.5%	33.6%	35.6%	33.9%

Q4 review

Adjusted EBITDA reflects the underlying performance of the business, before the impact of one-off items. The main one-off items included in the $30 million adjustment to reported EBITDA in the quarter were $23 million of charges in Colombia related to restructuring, and a provision for one-off contractual claims. The net impact of a number of other, smaller one-off items was broadly neutral.

In the fourth quarter Adjusted EBITDA grew by 1.4% organically to $566 million and the adjusted EBITDA margin improved to 35.5% from 33.6% in the same period last year.

This underlying margin improvement in the quarter reflected the year-on-year impact of the reduction in corporate costs in the quarter and operating efficiencies achieved, partially offset by the more competitive environment in Colombia, and tougher market conditions in El Salvador, relative to the same quarter last year.

FY review

Adjusted EBITDA for the full-year was $2,225 million, representing organic growth of 4.3% year-on-year. The $53 million full-year adjustment principally included charges in respect of restructuring in Colombia, provisions for one-off contractual claims, tax charges and disputes, and charges for de-recognition of the surveillance contract in Guatemala.

Free Cash Flow

US$m	Q4 16	Q4 15	% Change	FY 16	FY 15	% Change
Adjusted EBITDA	**566**	**549**	**3.1%**	**2,225**	**2,227**	**(0.1%)**
Restructuring, integration costs and other one-offs	(30)	(48)	(36.8%)	(53)	(39)	37.3%
EBITDA	**536**	**502**	**6.9%**	**2,172**	**2,188**	**(0.7%)**
Net Cash Capex (excluding spectrum and licenses)	(253)	(319)	(20.8%)	(1,051)	(1,123)	(6.4%)
Change in working capital and other non-cash items	106	168	(36.9%)	(1)	79	(101.3%)
Operating Cash Flow	**390**	**351**	**11.1%**	**1,121**	**1,144**	**(2.1%)**
Taxes paid	(52)	(62)	(16.0%)	(259)	(252)	2.9%
Operating Free Cash Flow	**338**	**289**	**16.9%**	**861**	**892**	**(3.5%)**
Interest paid, net	(119)	(89)	33.9%	(427)	(349)	22.4%
Free Cash Flow	**218**	**200**	**9.4%**	**434**	**543**	**(20.1%)**
Advances for dividends to non-controlling interests	(117)	(89)	31.3%	(165)	(269)	(38.7%)
Equity Free Cash Flow	**102**	**111**	**(8.3%)**	**269**	**274**	**(1.8%)**

Q4 review

Operating cash flow was strong in the quarter, $39 million higher than in the fourth quarter of 2015, driven by higher EBITDA and substantially lower cash capex, partially offset by lower working capital inflows.

Cash capex of $253 million was $66 million lower than in the same period last year, reflecting our improved capital discipline and focusing of our investment spend on the core growth areas of cable and 4G network roll-out and on convergence-ready IT systems. The impact of the reduction in cash capex in the quarter was largely offset by a lower working capital inflow in the quarter.

Cash tax paid in the fourth quarter was $10 million lower than in the same quarter last year, mainly due to a different profit mix across the group. Cash interest paid in the quarter increased by $30 million year-on-year, due to the costs incurred during the re-purchase of the $300 million of 2020 and 2021 Senior Notes (including the premiums paid, as well as the bank charges) and higher interest rates in Colombia.

The $28 million increase in dividends paid to non-controlling interests in the quarter is a function of seasonality of distribution and timing of the payments executed from Colombia, Honduras and Guatemala.

The net result was equity free cash flow $102 million in the quarter, $9 million lower than in the same quarter in 2015.

FY review

Equity free cash flow in 2016 was $269 million, more than covering the proposed Millicom group dividend payment of $265 million. This excludes cash payments in respect of spectrum and licenses of $39 million, including $30 million for 4G spectrum in Paraguay.

Equity free cash flow was broadly flat compared to 2015, but this reflected a combination of slightly higher Adjusted EBITDA, lower cash capex, and a lower level of advances for dividends to non-controlling interests, offset by working capital, which was flat in the year compared to $79 million inflow in 2015, and higher net interest payments, these being mainly due to higher levels of local currency debt, particularly in Colombia, and the one-off costs of the bond tender offer and early redemptions. Cash tax was broadly flat year-on-year.

Net Debt

US$m	Gross Debt	Of which Finance Leases	Cash	Of which Restricted Cash	Net Debt [i]
Latin America	**3,126**	**172**	**682**	**36**	**2,444**
Of which local currency	1,655	172	355	36	1,300
Africa	**416**	**123**	**207**	**120**	**209**
Of which local currency	185	123	180	120	5
Corporate	**1,748**	**0**	**220**	**0**	**1,528**
Group	**5,290**	**295**	**1,109**	**156**	**4,181**
o.w. Guatemala and Honduras	1,390	1	314	11	1,076
Group excluding GT & HN	**3,901**	**295**	**795**	**145**	**3,105**
Proportionate basis	4,276	0	912	151	3,364

i Net debt is Gross debt (including finance leases) less cash, restricted cash, and pledged deposits of $3 million

Gross debt at 31 December 2016, including finance leases, fell by almost $500 million to $5,290 million, from $5,789 million at the end of September 2016. This was due mainly to the repurchase of $300 million of 2020 and 2021 Senior Notes undertaken through a tender offer in December 2016, as well the repayment of around $50 million of debt in Colombia, and the early full redemption of $40 million of Swedish Krona bonds maturing in October 2017.

Around 59% of group gross debt at 31 December 2016 was held in Latin America, with just less than 8% held in Africa and the remaining 33% held at corporate level. Financial lease liabilities of $295 million represented 5.6% of group gross debt, and around 30% of gross debt in Africa. (In 2015 finance leases were $334 million and represented 6.2% of group gross debt.)

At 31 December 2016, 71% of group debt was at fixed rate and 35% was in local currency, compared to 30% at the end of 2015, and in line with our aim of increasing the proportion of total group debt held in local currency, to mitigate the risks of currency volatility. The average maturity of our debt stood at 5.4 years and our average cost of debt excluding finance leases remained flat at 6.5%.

Our cash position at 31 December 2016, excluding restricted cash, stood at $953 million, of which 66% was held in US dollars. The restricted cash balance, principally comprising MFS customer account balances, was $156 million.

Group net debt, including Guatemala and Honduras on a fully consolidated basis, was $4,181 million at the end of December 2016, $114 million lower than at the end of 2015, reflecting stronger cash flows. Net debt / EBITDA, based on the last twelve months EBITDA, was 1.93x at 31 December 2016, compared to 1.97x at the same time last year.

Proportionate net debt the end of 2016, excluding 45% of Guatemala, 33.3% of Honduras and 50% of Colombia, was $3,364 million and proportionate net debt / to EBITDA was 2.15x, compared to 2.29x at the end of December 2015.

Group Business Review

Latin America

Financial & operating data

KPI ('000)	Q4 & FY 2016	Q4 & FY 2015	YOY change
Mobile customers	32,004	32,585	(1.8%)
Of which mobile data customers	13,719	12,038	14.0%
Of which 4G customers	3,432	856	300.9%
Total homes passed	8,119	7,632	6.4%
HFC homes passed	7,152	6,375	12.2%
Cable – HFC revenue generating units	3,694	3,244	13.9%

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

Financial	Q4 2016	Q4 2015	*Organic YOY*	FY 2016	FY 2015	Organic *YOY*
Mobile ARPU (US$)	8.4	9.0	(5.8%)	8.3	9.2	(6.0%)
Mobile data ARPU (US$)	8.3	7.9	5.4%	8.2	7.9	8.8%
Residential cable ARPU	27.5	26.0	5.1%	26.9	27.2	6.7%
Total Revenue (US$m)	1,365	1,415	(3.4%)	5,352	5,740	(1.8%)
Service revenue (US$m)	1,257	1,288	(2.3%)	4,966	5,237	(0.2%)
Of which Mobile data	323	276	17.5%	1,221	1,035	22.7%
Of which Cable service	411	386	6.5%	1,572	1,578	7.4%
EBITDA (US$m)	501	513	(2.1%)	2,063	2,204	(2.2%)
EBITDA margin %	36.7%	36.3%	0.4pt	38.5%	38.4%	0.2pt
Capex[a] (US$m)	326	370	(11.9%)	867	1,045	(17.1%)

Strategy

During 2016 we accelerated implementation of our two-fold reconfiguration strategy in Latin America. On the revenue side, we continued to build out both our cable and 4G mobile networks, monetising these investments as rapidly as possible to offset declining voice and SMS revenues. On the cost side, we pressed ahead with Project Heat, transforming our operational cost base to reflect our changing revenue mix and to enhance operational efficiency. This two-fold reconfiguration will enable us to build strong, sustainable market positions across Latam, allowing us to deliver a superior customer experience and to grow long-term shareholder value.

Market environment

The macroeconomic environment across Latin America was generally more stable towards the end of 2016, when we saw only minor currency movements and some improvement in the broader economic indicators in some markets, in contrast to the conditions prevailing during the same period in the previous year. This meant that the main external factors affecting our performance in 2016 were the fundamental structural changes taking place within our mobile markets, the competitive conditions prevailing in each market, and certain country specific issues, such as security, rather than the general macroeconomic environment.

a Capex excludes spectrum and license costs

Among our markets, competition was most intense in mobile in Colombia, with aggressive price competition and promotional activity seen throughout 2016, although we started to see some price stability towards the end of the year. Competition affected both the pre-pay and post-paid segments and we therefore saw faster declines in voice and SMS revenue and slower growth in data revenue in Colombia compared to most of our other Latam markets. The operating environment in our other markets remained competitive, but broadly stable.

The security situation in El Salvador had a significant impact on the operating conditions we experienced in this market through the year. The government imposed a 5% sales tax at the start of the year, and ordered the shutting down of mobile networks around prisons, many of which are located in urban areas with residential customers. Security factors also held back the speed at which we could build out both our fixed and mobile networks. All of these factors combined to significantly constrain our 2016 service revenues.

Cable

In the fourth quarter we significantly accelerated the roll out of our HFC network, passing 304,000 new homes, almost double the roll-out run rate achieved during the previous three quarters. This acceleration was seen in all of our larger Latam markets.

During the full year in 2016 we passed 777,000 new HFC homes, of which 290,000 were legacy copper homes, so that our net cable footprint increase in the year was 487,000 homes passed. Our HFC networks grew to 7.152 million homes, 12.2% bigger than at the end of 2015 and accounting for 88% of our total cable network, up from 84% at the end of 2015. At the end of 2016 our total cable network passed more than 8.1million homes, ahead of the target of 8 million set at the start of the year.

Market penetration also remained strong and we ended the year with almost 3.7 million HFC RGUs, almost 14% higher than at the end of 2015, with the proportion of our customers taking double and triple play services increasing to 59% of our total base, up from 56% at the end of the previous year. This was reflected in residential cable ARPU, which grew organically by 5.1% year-on-year in the fourth quarter to $27.50.

Mobile

Our mobile markets in Latin America reflected the customer usage trends seen globally over recent years, with declining use of traditional voice and SMS services, and their replacement by a range of data applications. Evidence from other, more mature markets globally suggests that during this transition the decline in voice and SMS revenues initially outweighs the growth of mobile data revenue, putting pressure on total service revenue growth. However typically markets then go through an inflection point, as the revenue mix changes and mobile data growth starts to more than offset the voice and SMS decline, so that total service revenue growth resumes.

Based on the trends seen in 2016, our mobile markets in Latam are getting closer to that inflection point. Mobile data revenue grew by nearly 23% the full year, while voice and SMS revenue fell by 15%. In the fourth quarter mobile data accounted for 40% of total mobile service revenue, compared to 32% in the fourth quarter of 2015, with the share of voice and SMS in the mix correspondingly falling to 51% from 58%.

Across our Latam markets we saw a net loss of 580,000 customers during 2016, which included elimination of substantial numbers of inactive pre-pay subscribers in a number of our markets. However, our mobile data customer base grew by almost 1.7 million, to 13.7 million, which accounted for around 43% of the total base at the end of the year, up from 37% at the end of 2015. Data growth and voice and SMS decline were also reflected in our customer ARPU trends. In the fourth quarter, mobile ARPU overall fell by 5.8% year-on-year on an organic basis, while mobile data ARPU increased by 5.4% year-on-year, to $8.3. Data usage expanded to 1.6 Gb per user per month, from 1.3 Gb last year.

We had launched 4G services in Colombia, Bolivia and Honduras in the second half of 2015 and acquired 856,000 4G customers in those markets by the start of 2016. We launched 4G in Paraguay, Guatemala and El Salvador during the course of 2016 and by the end of the year the total 4G base across all six of our markets had grown around four-fold, to more than 3.4 million customers. By the end of 2016 more than 30% of our traffic was carried on our 4G networks. The expansion of our 4G customer base is a key driver of mobile data growth, with 4G ARPU across Latam as a whole of over $20.

Targeting efficiencies

Project Heat made significant progress during the year, with material opex and capex savings achieved by the 179 initiatives running across five main functional areas. Important areas of efficiency improvements included procurement, logistics, field operations and network services. There improvements underpinned our EBITDA and cash-flow margins in Latam, and delivered one-off working capital gains in the year.

Financials

Q4 summary

Total revenue in Latam declined by 3.4% in the quarter on an organic basis, to $1,365 million and service revenue declined by 2.3% year-on-year, to $1,257 million. This was broadly in line with the performance in the third quarter, with improved quarter-on-quarter performance in the fourth quarter in Colombia, Guatemala and Honduras offset by slower growth in Paraguay and Bolivia and a steep decline in El Salvador.

Voice and SMS service revenue fell by 16.7% year-on-year in the quarter, while mobile data revenue grew by 17.5%. Total cable service revenue grew by 6.5% year-on-year, with residential cable growth of 10.0%.

EBITDA in Latam declined by 2.1% in the quarter but the EBITDA margin was 36.7%, slightly higher than in the fourth quarter last year, reflecting our evolving service revenue mix.

Capital expenditure decreased by almost 12% in the quarter to $326 million, compared to $370 million in the same quarter of 2015, mainly as a result of the more focused investment programme implemented across the group, targeting core growth areas and convergence-driven IT projects.

As a result, our operating cash flow in Latam in the fourth quarter increased by 22% year-on-year to $175 million.

Full-year summary

Total revenue in Latam declined by 1.8% in 2016 on an organic basis, to $5,352 million. Service revenue declined by 0.2% year-on-year, to $4,966 million. The significantly steeper fall in total revenue was due to lower direct handset sales, mainly in Colombia and Paraguay.

Voice and SMS service revenue fell by 15.2% to $1,727 million, while mobile data revenue grew organically by 22.7% to $1,221 million. Total cable service revenue grew by 7.4% year-on-year, with fixed B2B revenue increasing by 2.7% and residential cable revenue growing by 9.7% organically in the year.

EBITDA in Latam declined by 2.2% in the year, with the EBITDA margin of 38.5% slightly higher than in 2015.

Capital expenditure reduced by 17% in the full year to $867 million, compared to $1,045 million in 2015, again mainly reflecting the tighter focus of the investment programme on core growth areas of HFC and 4G and convergence-focused IT capabilities. Around 47% of our capital expenditure was invested in the fixed network and 39% in the mobile network.

Investment in spectrum and licences in Latam was $94 million, of which $39 million was cash payments.

Operating cash flow in Latam in the full year grew by 3.3% year-on-year to $1,197 million, representing an OCF margin of 22.4%.

FOURTH QUARTER REVIEW BY COUNTRY

Colombia

	Q4 2016	Q4 2015	*Organic YOY change*	FY 2016	FY 2015	Organic YOY change
Mobile customers ('000)	7,764	8,926	(13.0%)	7,764	8,926	(13.0%)
Total revenue (US$m)	457	459	(1.1%)	1,717	1,982	(3.2%)
Service revenue (US$m)	408	413	(1.9%)	1,580	1,776	(0.5%)
EBITDA (US$m)	99	107	(7.4%)	461	545	(5.2%)
EBITDA margin %	21.7%	23.2%	(1.5pt)	26.9%	27.5%	(0.6pt)

The mobile market in Colombia remained very competitive during the fourth quarter, although we saw signs of stability towards the end of the quarter, which meant that along with continuing residential cable growth and a resumption of growth in B2B, the rate of decline in total service revenue in Colombia slowed to 1.9% year-on-year, from 2.9% in the previous quarter.

In the mobile market, post-paid revenue was slightly stronger in the quarter, with competition taking the form of seasonal promotional activity and targeted retention offers, with some underlying price increases - the overall post-paid pricing trend across the market in the quarter was upwards.

Pre-pay revenue remained under pressure, reflecting in particular some aggressive competitor activity in the coastal region into the start of the quarter. However this abated towards the end of the period, and our seasonal promotional offers and initiatives to reduce churn of higher-ARPU pre-paid customers were effective, so that our performance in pre-pay through the important Christmas period was stronger.

Mobile data revenue grew by 10% in the quarter and we added 132,000 new 4G customers, taking the total base to over 1 million, with 4G customer ARPU more than double the ARPU of the total base of data users. In the fourth quarter mobile data and mobile voice and SMS both generated similar total service revenue – if current growth trends continue then mobile data service revenue will exceed voice and SMS revenue from early 2017.

The 13% year-on-year decline in the total customer base reflected the loss of price conscious low-ARPU pre-pay customers during the year, and included the effect of a number of major subscriber base clean-up initiatives during the year, including elimination of over 550,000 inactive pre-paid customers in the fourth quarter. Handset sales were broadly flat year-on-year.

Total fixed line revenue grew by 7.1% in the quarter, driven by growth of both residential and B2B. In the residential cable market we accelerated our HFC network build-out, passing 159,000 new homes in the quarter. Around 40,000 of these were existing copper homes passed, so that the total homes passed increased by 119,000 to almost 4.6 million. Residential cable ARPU increased in the quarter, reflecting price increases as well as the higher value RGU mix, with TV and Broadband growth more than offsetting weaker telephony.

Fixed line B2B revenue grew by almost 5.9% in the quarter, reflecting the impact of a number of new government contracts signed at the end of the third quarter.

EBITDA fell by 7.4% year-on-year in the quarter to $99 million, and the EBITDA margin reduced to 21.7% from 23.2% in the same period last year. This mainly reflected restructuring charges of around $23 million taken in the quarter. There was a small year-on-year increase in operating expenses in the quarter, due to an increase in promotional and retention activities, particularly in the higher-ARPU post-paid customer segment, which resulted in improved performance in the quarter.

On 1 January 2017 a new tax regime came into force in Colombia. This includes a general increase in VAT from 16% to 19%. In addition a 4% consumption tax already levied on mobile voice has been applied to mobile data. VAT has been reduced to zero for low-cost smartphones and tablets but increased from 16% to 19% for high-end devices. Corporate income taxes (including surcharges) are expected to reduce to 37% in 2018, from 40% currently. Mobile termination rates were reduced by 38% with effect from 1 January 2017 and the previous regime of asymmetrical rates ended. Further rate cuts are expected in March 2017.

Bolivia

	Q4 2016	Q4 2015	*Organic YOY change*	FY 2016	FY 2015	Organic YOY change
Mobile customers ('000)	3,076	3,121	(1.4%)	3,076	3,121	(1.4%)
Total revenue (US$m)	138	140	(1.4%)	542	531	2.1%
Service revenue (US$m)	134	136	(0.8%)	525	511	2.7%
EBITDA (US$m)	59	53	10.3%	214	197	9.0%
EBITDA margin %	42.5%	38.0%	4.5pt	39.5%	37.0%	2.5pt

Strong growth of mobile data and fixed line revenue in the quarter could not offset the steep decline in voice and SMS revenue, and total service revenue fell by 0.8% in the quarter, compared to growth of 2.0% in the previous quarter. The reconfiguration of our mobile revenue accelerated in Bolivia in the fourth quarter, with the rate of growth of mobile data revenue and the rate of decline in voice and SMS both greater than in the third quarter. As a result, in the fourth quarter mobile data revenue was higher than voice and SMS revenue, the first of our markets where this inflection has occurred.

Mobile data growth was driven by the addition of almost 300,000 smartphone data users in the quarter and by higher data ARPU. Around half of our smartphone data user net additions were new 4G customers, with the 4G base growing to around 840,000 at the end of the quarter.

Our HFC roll-out continued, with another 58,000 homes passed in the quarter, and HFC accounting for around 60% of our total fixed network footprint, compared to around 34% at the end of the fourth quarter of 2015. Our fixed line revenue remains small relative to mobile but is growing rapidly, in both the home and B2B markets.

EBITDA grew by 10.3% year-on-year in the quarter, to $59 million. This was mainly driven by a fall in operating expenses, a significant contributor to which was the non-recurrence of the second annual Christmas bonus for employees legally mandated in 2015. As a result the EBITDA margin in the quarter improved substantially to 42.5%, from 38.0% in the same quarter last year.

Paraguay

	Q4 2016	Q4 2015	*Organic YOY change*	FY 2016	FY 2015	Organic YOY change
Mobile customers ('000)	3,635	3,936	(7.6%)	3,635	3,936	(7.6%)
Total revenue (US$m)	146	159	(7.5%)	623	673	1.3%
Service revenue (US$m)	146	144	2.1%	583	610	4.6%
EBITDA (US$m)	67	71	(4.8%)	289	305	3.6%
EBITDA margin %	45.9%	44.5%	1.4pt	46.4%	45.3%	1.0pt

Paraguay delivered continuing service revenue growth in the quarter, with strong cable and mobile data revenue more than offsetting the continuing decline in mobile voice and SMS. Mobile data growth was driven by growth in the number of smartphone data users, who accounted for more than half of the total customer base at the end of the quarter.

We launched 4G in the first half of the year and saw growth of the base accelerate through the year. At the end of the fourth quarter we had around 280,000 4G users, with ARPU almost three times as high as for data customers overall.

However mobile data revenue growth in the quarter was held back significantly by a regulatory change allowing customers to roll over their unused data balances at the end of a month, rather than losing these. This resulted in a one-off charge of almost $7 million in the quarter and significantly reduced the mobile data growth rate.

The negative net additions of 117,000 in the quarter was due to the elimination of around 150,000 inactive customers from the base, offsetting the addition of around 33,000 net new active customers.

The substantial fall in non-service revenue in the quarter was due to a reassessment of handset instalment payments, which resulted in a reversal of previously recognised handset revenue in the fourth quarter and a subsequent reclassification of some handset revenue to service revenue.

Cable revenues increased by nearly 12% year-on-year, with a good performance in both the B2B and residential sectors, the latter driven by both steady subscriber growth and higher ARPU

The fall in EBITDA in the quarter reflected the impact both of the reversal of the handset revenue and of the data roll-over changes mentioned above. Excluding these two items the underlying EBITDA growth and margin performance in the quarter was in line with the performance reported for the full-year, which saw EBITDA growth of 3.6% and a margin of 46.4% compared to 45.3% in the full year 2015.

Costa Rica

Our fixed line business in Costa Rica saw slightly lower revenue in the fourth quarter, with the loss of a significant B2B wholesale contract more than offsetting ARPU-driven growth in the residential sector. This contract also reduced EBITDA, but the EBITDA margin improved in the quarter, in line with the year-on-year upward trend seen in the previous three quarters.

Guatemala

	Q4 2016	Q4 2015	*Organic YOY change*	FY 2016	FY 2015	Organic YOY change
Mobile customers ('000)	9,468	8,798	7.6%	9,468	8,798	7.6%
Total revenue (US$m)	330	340	(4.7%)	1,284	1,306	(2.2%)
Service revenue (US$m)	290	296	(3.9%)	1,143	1,156	(1.7%)
EBITDA (US$m)	163	154	3.9%	631	651	(3.7%)
EBITDA margin %	49.3%	45.2%	4.1pt	49.2%	49.9%	(0.7pt)

Service revenue in Guatemala fell by 3.9% in the quarter, a slower rate of reduction than reported in the third quarter, and including the impact of our ceasing to recognise revenue from a government surveillance camera contract. Excluding this one-off item, service revenue would have declined by 1.5% in the quarter, with very strong growth in mobile data more than offsetting the fall in voice and SMS revenue and declining incoming international revenue.

We launched 4G at the start of 2016 and by the end of the year had grown the 4G base to almost 1.16 million customers, making up almost 40% of the total base of smartphone data users and generating ARPU substantially more than double that of data ARPU overall.

Our residential cable business in Guatemala remains small in comparison to our mobile business but our HFC network roll-out accelerated rapidly in the fourth quarter, with more new homes passed, new homes connected and a faster rate of RGU growth than in the any of the previous three quarters in 2017.

EBITDA increased by 3.9% year-on-year and the margin improved to 49.3% from 45.2% in the same quarter of 2015. However the year-on-year margin comparison reflects the substantial bad debt provision in respect of the surveillance contract which reduced the EBITDA margin in the fourth quarter by 4.6 percentage points.

Honduras

	Q4 2016	Q4 2015	*Organic YOY change*	FY 2016	FY 2015	Organic YOY change
Mobile customers ('000)	4,848	4,846	0.0%	4,848	4,846	0.0%
Total revenue (US$m)	150	161	(2.4%)	609	649	(2.5%)
Service revenue (US$m)	145	153	(0.7%)	585	617	(1.3%)
EBITDA (US$m)	65	67	2.0%	256	274	(2.6%)
EBITDA margin %	43.6%	41.7%	1.9pt	42.1%	42.2%	(0.1pt)

Service revenue declined by 0.7% on the quarter, driven by lower voice and SMS revenue partially offset by growth of mobile data and cable revenue. The total mobile customer base was unchanged year-on-year but 237,000 smartphone data users were added in the fourth quarter, of which 74,000 were 4G customers.

Voice and SMS usage and ARPU held up better in Honduras than in the other Latam markets but data usage per customer remained below the average for Latam in the fourth quarter, although growing steadily through the year, as the launch of 4G brought greater focus on the data market opportunity.

The cable business remains small relative to the mobile business but saw significant growth in revenue in the quarter, driven mainly by residential cable ARPU growth and the expansion of the B2B customer base.

EBITDA grew by 2.0% organically and the EBITDA margin expanded by 2 percentage points to 43.6%, mainly reflecting lower operating costs in the quarter compared to the same period in 2015.

El Salvador

	Q4 2016	Q4 2015	*Organic YOY change*	FY 2016	FY 2015	Organic YOY change
Mobile customers ('000)	3,213	2,958	8.6%	3,213	2,958	8.6%
Total revenue (US$m)	106	115	(7.4%)	426	450	(5.3%)
Service revenue (US$m)	97	106	(8.7%)	400	420	(4.7%)
EBITDA (US$m)	32	43	(25.6%)	148	169	(12.3%)
EBITDA margin %	29.9%	37.2%	(7.3pt)	34.7%	37.5%	(2.8pt)

Our performance in El Salvador continued to be affected by the impact of the CESC security tax, the regulatory requirement to block mobile signals around the country's prisons - which reduced network overall mobile capacity by around 10% - and the generally difficult operating conditions.

All of these factors contributed to the decline in service revenue and the substantial reduction in EBITDA and the EBITDA margin in the quarter.

In the context of this challenging operating environment the business made progress implementing the reconfiguration strategy. Mobile data growth was driven by the addition of more than 100,000 smartphone data users, including the first 4G customers in El Salvador, following the successful launch of 4G services at the beginning of December.

Africa

Financial & operating data

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

KPI ('000)	Q4 & FY 2016	Q4 & FY 2015	*YOY change*
Mobile customers	25,407	24,681	2.9%
Of which:			
Chad	3,132	2,981	5.1%
Ghana	3,933	4,086	(3.7%)
Rwanda	2,966	2,775	6.9%
Senegal	3,646	3,039	20.0%
Tanzania	10,743	10,430	3.0%
Zantel	988	1,371	(28.0%)
Of which : MFS customers	8,078	6,828	18.3%

Financial	Q4 2016	Q4 2015	*Organic YOY*	FY 2016	FY 2015	Organic *YOY*
Mobile ARPU (US$)	2.5	2.6	(0.1%)	2.5	2.7	(0.5%)
Mobile data ARPU (US$)	1.4	1.4	0.2%	1.4	1.3	12.0%
Total Revenue (US$m)	229	217	7.8%	896	829	9.6%
Service revenue (US$m)	228	214	9.1%	889	816	10.5%
EBITDA (US$m)	74	27	138.0%	258	184	39.2%
EBITDA margin %	32.4%	12.3%	20.1pt	28.7%	22.1%	7.3pt
Capex[a] (US$m)	73	89	(17.5%)	160	218	(27.2%)

Strategic developments

On 7 February we announced the sale of our business in Senegal for $129 million, representing a multiple of 6.3 times 2016 EBITDA. The transaction is subject to regulatory approval. We have also announced our intention to sell a 22% stake in Helios Towers Africa, one of the leading tower companies in Africa, and we are exploring a number of strategic options for our business in Ghana.

In Tanzania, an amendment to the Electronic and Postal Communications Act in the Finance Act of 2016 required all licensed telecoms operators to list their shares on the Dar es Salaam Stock Exchange. We are therefore in the process of preparing Tigo Tanzania for an IPO.

Mobile Operations

We ended the fourth quarter with 25.4 million mobile subscribers in Africa, up 3% year-on-year but down almost 150,000 subscribers in the quarter, mainly due to the impact of SIM electronic registration requirements in Tanzania and Ghana, partially offset by customer net additions in all of our other markets. We added 123,000 mobile data users in the quarter and ended the period with a total of 6.9 million mobile data customers. Smartphone penetration reached 22%, up 1.2 points in the quarter and 6.7 points ahead of the end of 2015. Total ARPU and mobile data ARPU were both broadly flat year-on-year.

a Capex excludes spectrum and license costs

We continued to expand our presence in the B2B market, expanding our range of services and winning contracts in the public sector in several of our markets, as well as with major companies.

MFS

In MFS we reached 8.1 million subscribers, 18.3% up year on year with MFS ARPU broadly flat in the quarter. The number of MFS transactions in the fourth quarter increased by 27.7% year-on-year.

Financials

Q4 summary

Total revenue in Africa in the fourth quarter grew 7.8% on an organic basis to $229 million. Organic service revenue grew 9.1% to $228 million, up from $214 million in Q4 2016, continuing the trends we have seen in earlier quarters in the year.

Mobile continues to grow, up 7.3%, led by resilient voice and SMS growth of 4.0% despite strong competition in Tanzania and Ghana. Mobile data revenue grew by 28.3% on an organic basis, reflecting the growth in the number of mobile data customers. B2B revenue also grew strongly, up by 9.5% in the quarter.

We saw strong growth in EBITDA, up to $74 million or 138% compared to the fourth quarter of 2015 (when we reported one-offs in Africa of $19 million), while the EBITDA margin improved by 20.1 percentage points year-on-year, to 32.4%. This reflected both the growth in service revenue and effective control of operating costs, which fell by 7.2% year-on-year in the quarter.

Capital expenditure in the quarter was $73 million, with investment focused primarily on network expansion. As a result both of our EBITDA growth and capex control across our African businesses, OCF in the region (EBITDA less capital expenditure) was $1.2 million in the quarter, in line with our ambition to deliver OCF breakeven.

Full-year summary

For the full year 2016, revenue in Africa is up 9.6% organically, mainly coming from mobile service revenue which grew by 10.5%. Our subscriber base increased by 2.9% or 725,000 net adds in the year while the mobile data subscriber base grew by 26.3% or 1.4 million users, with smartphone penetration increasing to 22%, from around 15% at the start of the year.

B2B revenue almost doubled, with growth in both public and private sector contracts, driven by our network and data centre investments, local partnerships and expanded distribution channels. MFS subscribers are up 18.3% or 1.3 million new users in the mobile wallet ecosystem.

EBITDA reached $258 million, up 39.2%, while EBITDA margin improved from 22.1% to 28.7%. Capex for the year was $160 million, down $58 million compared to 2015. There were no new investments in spectrum or licenses in Africa during 2016.

As a result of both focus on profitable growth, discipline on cost and expenses and a careful investment program OCF improved from an outflow of $34 million in 2015 to positive $97 million in 2016, a swing of almost $132 million.

Corporate Responsibility (CR) highlights – Q4 2016

Millicom continues to improve its environmental performance, with our B-level rating well-above the industry average on CDP's climate change survey. We also achieved ISO 14001 certification for our corporate offices, and are working towards certification across our data centres and critical sites in all our operations.

Industry leading partnership with UNICEF on prevention of violence against children deepens

Millicom announced we will expand our industry leading partnership with UNICEF to provide further support for prevention of violence against children in El Salvador, Guatemala and Honduras. Under the new agreement, Millicom will support UNICEF by providing technical support and capacity-building for helplines that address violence and crimes against youth. The support includes training and materials for the helplines to be able to address online crimes such as sexting, grooming and cyber-bullying, in addition to the support and advice they provide to young people experiencing violence in the real world.

We also conducted a child rights impact assessment in our operations in El Salvador, using the industry tool we jointly developed with UNICEF. This takes the total number of assessments we conducted across Millicom operations to five.

Stakeholder engagement in key areas of child protection, and privacy and freedom of expression

Building on the success of our previous workshops in six of our operations, in October 2016 we hosted the First Lady of Honduras, the Lady Lee Foundation, UNICEF, GSMA, International Center for Missing and Exploited Children, INHOPE, Plan International and industry peers for a Child Online Protection summit in Honduras. Following this workshop, CONATEL - the telecommunications regulator in Honduras, GSMA and all operators agreed to promote educational campaigns. Additionally, a workgroup was created to discuss the Legal Framework for the planned Law on Cybercrime with the full support of the National Congress and the National Directorate on Children, Adolescence and Family.

In October, we presented at a number of panels at the 6th annual meeting of the inter-governmental Freedom Online Coalition (FOC), which brought together a group of leading stakeholders to discuss the challenges and opportunities around free, open and accessible online channels and platforms for political, social and economic development.

Health, safety and security

Millicom and its subsidiaries maintained no further fatalities or significant losses in Q4 2016. Millicom corporate offices and Tigo Honduras achieved certification in business continuity management (BCM) against the world-leading ISO 22301 standard. Following our internal audit and self-assessments against our internal control manual, areas of physical security, health and safety, and BCM were marked as one the most improved functional areas of control within the business during 2016.

Compliance and anti-corruption programme

Mandatory e-learning courses on the Millicom Code of Conduct and Anti-Bribery and Anti-Corruption (ABAC) Policy continue to be rolled out across all company locations. Following the annual conflict of interest disclosure campaigns and disclosures review, we conducted assessments of each operation's submissions and implemented any mitigating actions where required.

Additional Information

Alternative Performance Measures ('APMs')

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

Definitions, use and reconciliations to the closest IFRS measures are presented in the table below and on the following pages.

APMs	Descriptions
Management reporting	The financial information presented in the front section of this Annual Report 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 cable 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 for smartphone users. Mobile data revenue is included in Service revenue; • Cable revenue is Group revenue related to the provision of cable services such as broadband internet and TV. Cable revenue is included in Service revenue.
Organic growth	Organic growth represents year-on year-growth in local currency (includes regulatory changes) and constant perimeter. See next pages for reconciliation with reported numbers.
Operating profit	Operating profit is profit before taxes before results from associates, other non-operating expenses (such as foreign exchange losses and changes in fair value of derivatives) and net financial expenses.
EBITDA	EBITDA is operating profit excluding impairment losses, depreciation and amortization and gains/losses on the disposal of fixed assets.
Adjusted EBITDA	Adjusted EBITDA is EBITDA excluding one-off items such as restructuring charges, provisions for litigations, tax provisions or settlements being made relating to prior periods and other exceptional items that have materially impacted trading results that we do not expect to be recurring.
Adjusted net profit	Adjusted net profit is net profit adjusted for non-operating items such as foreign exchange gains/losses, changes in fair value of derivatives, early redemption premium for debts and other financing, dilution gains and impairments on investments in associates and similar items classified under 'other non-operating income (expenses)' as well as excluding results from discontinued operations.
Adjusted EPS	Adjusted EPS is computed based on adjusted net profit divided by the number of shares outstanding

Return on Invested Capital	Return on Invested Capital is used to assess the Group's efficiency at allocating the capital under its control to profitable investments.
Net debt	Net debt is Gross debt (including finance leases) less cash, restricted cash and pledged deposits
Capex measures	• Capex is balance sheet capital expenditure excluding spectrum and license costs. • Cash Capex represents the cash spent in relation to capital expenditure, excluding spectrum and licenses
Cash flow measures	• Operating Cash Flow is EBITDA less capex (excluding spectrum and license costs); • 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, interest paid (net) and advances for dividends to non-controlling interests. These measures allow us and third parties to evaluate our liquidity and the cash generated by our operations

Organic growth adjustments

Group Revenue	Q4 16	Q4 15	12M 16	12M 15
Prior period	1,636	1,821	6,572	6,251
Current period	1,594	1,636	6,249	6,572
Reported Growth	(2.6%)	(10.2%)	(4.9%)	5.1%
Local currency growth	(2.1%)	4.4%	(0.4%)	7.3%
Change in Perimeter impact	-	0.5%	-	8.3%
FX impact	(0.4%)	(15.1%)	(4.5%)	(10.5%)

Group Service Revenue	Q4 16	Q4 15	12M 16	12M 15
Prior period	1,505	1,647	6,056	5,775
Current period	1,484	1,505	5,855	6,056
Reported Growth	(1.4%)	(8.6%)	(3.3%)	4.9%
Local currency growth	(0.9%)	6.2%	1.2%	5.8%
Change in Perimeter impact	-	0.5%	-	9.0%
FX impact	(0.5%)	(15.3%)	(4.5%)	(10.0%)

Group EBITDA	Q4 16	Q4 15	12M 16	12M 15
Prior period	549	603	2,227	2,109
Current period	566	549	2,225	2,227
Reported Growth	3.1%	(9.0%)	(0.1%)	5.6%
Local currency growth	1.4%	3.0%	4.3%	9.0%
Change in Perimeter impact	-	-0.5%	-	9.6%
FX impact	1.7%	(11.4%)	(4.4%)	(13.1%)

Adjusted earnings per share

US$m	Q4 16	Q3 16	Q2 16	Q1 16	Q4 15		FY 16	FY 15
Net profit attributable to owners of the company	**(143)**	**24**	**44**	**43**	**(426)**		**(32)**	**(559)**
Basic earnings per share ($)	(1.42)	0.24	0.44	0.42	(4.26)		(0.32)	(5.59)
Adjustments for non-operating items	**182**	**(16)**	**(40)**	**(21)**	**430**		**105**	**646**
Adjusted net profit attributable to owners of the company	**39**	**8**	**4**	**22**	**4**		**73**	**87**
Adjusted basis earnings per share ($)	0.39	0.08	0.04	0.22	0.04		0.73	0.87

Foreign Exchange rates

Average foreign exchange rate (vs. USD)		Q4 16	Q3 16	Var %	Q4 15	Var %
Guatemala	GTQ	7.5	7.6	0.7%	7.6	1.7%
Honduras	HNL	23.3	23.0	(1.6%)	22.2	(5.0%)
Costa Rica	CRC	559.6	556.8	(0.5%)	541.3	(3.4%)
Bolivia	BOB	6.91	6.91	0.0%	6.91	0.0%
Colombia	COP	3,003	2,953	(1.7%)	3,068	2.1%
Paraguay	PYG	5,721	5,554	(3.0%)	5,690	(0.6%)
Ghana	GHS	4.0	3.9	(2.4%)	3.8	(7.0%)
Senegal / Chad	XAF	610.6	594.6	(2.7%)	605.2	(0.9%)
Rwanda	RWF	815.2	798.5	(2.1%)	739.0	(10.3%)
Tanzania	TZS	2,182	2,187	0.2%	2,163	(0.9%)

Closing foreign exchange rate (vs. USD)		Dec-16	Sep-16	Var %	Dec-15	Var %
Guatemala	GTQ	7.5	7.5	0.0%	7.6	1.4%
Honduras	HNL	23.6	23.1	(2.1%)	22.4	(5.2%)
Costa Rica	CRC	561.1	558.8	(0.4%)	544.9	(3.0%)
Bolivia	BOB	6.91	6.91	0.0%	6.91	0.0%
Colombia	COP	3,001	2,880	(4.2%)	3,149	4.7%
Paraguay	PYG	5,767	5,555	(3.8%)	5,807	0.7%
Ghana	GHS	4.2	4.0	(5.8%)	3.8	(10.7%)
Senegal / Chad	XAF	626.1	590.9	(6.0%)	610.0	(2.7%)
Rwanda	RWF	819.8	810.2	(1.2%)	747.4	(9.7%)
Tanzania	TZS	2,181	2,182	0.0%	2,159	(1.0%)

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

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

$ million	Q4 16 (i)	Guatemala and Honduras	JV	Q4 16 IFRS
Revenue	**1,594**	**(475)**		**1,119**
Cost of sales	(420)	91		(330)
Gross profit	**1,174**	**(385)**		**789**
Operating expenses	(637)	164		(473)
EBITDA	**536**	**(220)**		**316**
EBITDA margin	**33.65%**	**46.38%**		**28.24%**
Depreciation & amortisation	(416)	175		(241)
Share of net profit in joint ventures	-	-	12	12
Other operating income (expenses), net	(40)	22		(18)
Operating profit	**81**	**(24)**	**12**	**69**
Net financial expenses	(130)	23		(107)
Other non-operating income (expenses), net	(50)	8		(42)
Gains (losses) from associates	(51)	-		(51)
Profit (loss) before tax	**(150)**	**7**	**12**	**(131)**
Net tax credit (charge)	(66)	(3)		(68)
Profit (loss) for the period	**(216)**	**5**	**12**	**(199)**
Profit (loss) from discontinued operations	1	-		1
Non-controlling interests	73	(17)		56
Net profit (loss) for the period	**(143)**	**(12)**	**12**	**(143)**

$ million	FY 16 (i)	Guatemala and Honduras	JV	FY 16 IFRS
Revenue	**6,249**	**(1,875)**		**4,374**
Cost of sales	(1,655)	376		(1,279)
Gross profit	**4,594**	**(1,498)**		**3,096**
Operating expenses	(2,422)	641		(1,781)
EBITDA	**2,172**	**(858)**		**1,314**
EBITDA margin	**34.76%**	**45.75%**		**30.04%**
Depreciation & amortisation	(1,368)	440		(928)
Share of net profit in joint ventures	-	-	115	115
Other operating income (expenses), net	(43)	24		(20)
Operating profit	**761**	**(394)**	**115**	**482**
Net financial expenses	(472)	100		(372)
Other non-operating income (expenses), net	(1)	11		10
Gains (losses) from associates	(49)	-		(49)
Profit (loss) before tax	**239**	**(283)**	**115**	**71**
Net tax credit (charge)	(251)	72		(180)
Profit (loss) for the period	**(13)**	**(212)**	**115**	**(109)**
Profit (loss) from discontinued operations	19	-		19
Non-controlling interests	(38)	96		58
Net profit (loss) for the period	**(32)**	**(115)**	**115**	**(32)**

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

Consolidated balance sheet (unaudited)

US$ millions	31 December 2016 (i)	IFRS adjustments (ii)	31 December 2016 (i)
ASSETS			
Intangible assets, net	4,618	(3,259)	1,359
Property, plant and equipment, net	4,205	(1,148)	3,057
Investments in joint ventures and associates	331	2,945	3,275
Other non-current assets	281	(11)	270
TOTAL NON-CURRENT ASSETS	**9,434**	**(1,473)**	**7,961**
Inventories, net	82	(20)	62
Trade receivables, net	481	(94)	387
Other current assets	779	(358)	422
Restricted cash	156	(11)	145
Cash and cash equivalents	947	(301)	646
TOTAL CURRENT ASSETS	**2,445**	**(784)**	**1,661**
Assets held for sale	5	0	5
TOTAL ASSETS	**11,884**	**(2,257)**	**9,627**
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company	2,976	191	3,167
Non-controlling interests	1,095	(894)	201
TOTAL EQUITY	**4,071**	**(703)**	**3,368**
Debt and financing	5,147	(1,327)	3,821
Other non-current liabilities	595	78	540
TOTAL NON-CURRENT LIABILITIES	**5,742**	**(1,249)**	**4,361**
Debt and financing	143	(63)	80
Other current liabilities	1,928	(242)	1,818
TOTAL CURRENT LIABILITIES	**2,070**	**(305)**	**1,898**
Liabilities directly associated with assets held for sale	-	-	-
TOTAL LIABILITIES	**7,812**	**(1,554)**	**6,258**
TOTAL EQUITY AND LIABILITIES	**11,884**	**(2,257)**	**9,627**

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

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

Consolidated statement of cash flows (unaudited)

US$ millions	FY 2016 (i)	IFRS adjustments (ii)	FY 2016 IFRS
Profit (loss) before taxes from continuing operations	**239**	**(168)**	**71**
Profit (loss) for the period from discontinued operations	13	0	13
Profit (loss) before taxes	**251**	**(168)**	**83**
Net cash provided by operating activities (incl. discops)	**1,476**	**(598)**	**878**
Net cash used in investing activities (incl. discops)	**(936)**	**385**	**(552)**
Net cash from (used by) financing activities (incl. discops)	**(521)**	**80**	**(441)**
Exchange impact on cash and cash equivalents, net	(8)	(0)	(8)
Net (decrease) increase in cash and cash equivalents	**10**	**(133)**	**(123)**
Cash and cash equivalents at the beginning of the year	937	(168)	769
Cash and cash equivalents at the end of the period	**947**	**(301)**	**646**

(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

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Unaudited Interim Condensed Consolidated Financial Statements

For the three month period and year ended 31 December 2016

8 February 2017

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Unaudited interim condensed consolidated income statement for the year ended 31 December 2016

US$ millions (unaudited)	Notes	Year ended 31 December 2016	Year ended 31 December 2015 (i) (ii)
Revenue	5	4,374	6,572
Cost of sales		(1,279)	(1,793)
Gross profit		**3,096**	**4,778**
Operating expenses		(1,781)	(2,590)
Depreciation and amortisation		(928)	(1,281)
Income from joint ventures, net	14	115	-
Other operating income (expenses), net		(20)	(64)
Operating profit	5	**482**	**843**
Interest expense		(394)	(425)
Interest and other financial income		22	22
Other non-operating (expenses) income, net	6	10	(624)
Income (loss) from associates, net	15	(49)	100
Profit (loss) before taxes from continuing operations		**71**	**(83)**
Charge for taxes, net		(180)	(278)
Loss for the period from continuing operations		**(109)**	**(361)**
Profit (loss) for the period from discontinued operations, net of tax	4	19	(83)
Net loss for the period		**(90)**	**(444)**

Attributable to:			
Owners of the Company		(32)	(559)
Non-controlling interests		(58)	115

Earnings per common share for (loss) profit attributable to the owners of the Company:			
Basic (US$)	7	(0.32)	(5.59)
Diluted (US$)	7	(0.32)	(5.59)

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

(ii) Honduras and Guatemala operations are fully consolidated for the year ended 31 December 2015. The impact of accounting for Honduras and Guatemala under the equity method on the presentation of the 2015 condensed consolidated income statement is shown in note 14.

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

Unaudited interim condensed consolidated income statement for the three month period ended 31 December 2016

US$ millions (unaudited)	Notes	Three months ended 31 December 2016	Three months ended 31 December 2015 (i) (ii)
Revenue	5	1,119	1,636
Cost of sales		(330)	(473)
Gross profit		**789**	**1,163**
Operating expenses		(473)	(661)
Depreciation and amortisation		(241)	(311)
Income from joint ventures, net	14	12	-
Other operating income (expenses), net		(18)	(57)
Operating profit	5	**69**	**134**
Interest expense		(114)	(104)
Interest and other financial income		7	5
Other non-operating (expenses) income, net	6	(42)	(411)
Income (loss) from associates, net	15	(51)	136
Profit before taxes from continuing operations		**(131)**	**(240)**
Charge for taxes, net		(68)	(111)
Loss for the year from continuing operations		**(199)**	**(351)**
Profit (loss) for the period from discontinued operations, net of tax	4	1	(37)
Net loss for the period		**(199)**	**(387)**
Attributable to:			
Owners of the Company		(143)	(426)
Non-controlling interests		(56)	39
Earnings per common share for (loss) profit attributable to the owners of the Company:			
Basic (US$)	7	(1.43)	(4.26)
Diluted (US$)	7	(1.43)	(4.26)

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

(ii) Honduras and Guatemala operations are fully consolidated for the three month period ended 31 December 2015. The impact of accounting for Honduras and Guatemala under the equity method on the presentation of the 2015 interim condensed consolidated income statement is shown in note 14.

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

Unaudited interim condensed consolidated statement of comprehensive income for the year ended 31 December 2016

US$ millions (unaudited)	Year ended 31 December 2016	Year ended 31 December 2015
Net profit (loss) for the period	(90)	(444)
Other comprehensive income (to be reclassified to income statement in subsequent periods), net of tax:		
Exchange differences on translating foreign operations	(14)	(438)
Change in value of cash flow hedges, net of taxes	(3)	(3)
Remeasurements of pension obligations, net of taxes	(2)	-
Total comprehensive income (loss) for the period	**(109)**	**(885)**

Attributable to:		
Owners of the Company	(60)	(897)
Non-controlling interests	(49)	12

Unaudited interim condensed consolidated statement of comprehensive income for the three month period ended 31 December 2016

US$ millions (unaudited)	Three months ended 31 December 2016	Three months ended 31 December 2015
Net profit (loss) for the period	(199)	(387)
Other comprehensive income (to be reclassified to income statement in subsequent periods), net of tax:		
Exchange differences on translating foreign operations	(66)	(25)
Change in value of cash flow hedges, net of taxes	(2)	3
Remeasurements of pension obligations, net of taxes	(2)	-
Total comprehensive income (loss) for the period	**(268)**	**(410)**

Attributable to:		
Owners of the Company	(201)	(446)
Non-controlling interests	(67)	36

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

Unaudited interim condensed consolidated statement of financial position as at 31 December 2016

US$ millions	Notes	31 December 2016	31 December 2015 (i) (audited)
ASSETS			
NON-CURRENT ASSETS			
Intangible assets, net	9	1,359	1,429
Property, plant and equipment, net	8	3,057	3,198
Investments in joint ventures	14	2,945	3,220
Investments in associates	15	331	376
Deferred tax assets		166	188
Derivative financial instruments	13	32	26
Other non-current assets		72	75
TOTAL NON-CURRENT ASSETS		**7,961**	**8,512**
CURRENT ASSETS			
Inventories		62	80
Trade receivables, net		387	398
Amounts due from non-controlling interests, associates and joint ventures	12	17	16
Prepayments and accrued income		171	193
Current income tax assets		101	125
Supplier advances for capital expenditure		23	39
Other current assets		110	109
Restricted cash		145	142
Cash and cash equivalents		646	769
TOTAL CURRENT ASSETS		**1,661**	**1,871**
Assets held for sale	4	5	12
TOTAL ASSETS		**9,627**	**10,395**

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

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

Unaudited interim condensed consolidated statement of financial position as at 31 December 2016 (continued)

US$ millions	Notes	31 December 2016	31 December 2015 (i) (audited)
EQUITY AND LIABILITIES			
EQUITY			
Share capital and premium		638	639
Treasury shares		(123)	(143)
Other reserves		(562)	(531)
Retained profits		3,247	4,071
Loss for the year attributable to equity holders		(32)	(559)
Equity attributable to owners of the Company		**3,167**	**3,477**
Non-controlling interests	3	201	251
TOTAL EQUITY		**3,368**	**3,728**
LIABILITIES			
Non-current liabilities			
Debt and financing	10	3,821	3,789
Derivative financial instruments	13	84	65
Amounts due to associates, joint ventures and joint ventures	12	113	63
Provisions and other non-current liabilities		286	243
Deferred tax liabilities		57	50
Total non-current liabilities		**4,361**	**4,210**
Current liabilities			
Debt and financing	10	80	221
Payables and accruals for capital expenditure		326	285
Other trade payables		297	334
Amounts due to associates, joint ventures and joint ventures	12	273	581
Accrued interest and other expenses		376	425
Current income tax liabilities		68	124
Provisions and other current liabilities		477	487
Total current liabilities		**1,898**	**2,457**
Liabilities directly associated with assets held for sale	4	—	—
TOTAL LIABILITIES		**6,258**	**6,667**
TOTAL EQUITY AND LIABILITIES		**9,627**	**10,395**

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

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

Unaudited interim condensed consolidated statement of cash flows for the year ended 31 December 2016

US$ millions (i)	Notes	31 December 2016	31 December 2015
Cash flows from operating activities (including discontinued operations)			
Profit before taxes from continuing operations		71	(83)
Profit (loss) before taxes from discontinued operations		13	(70)
Profit before taxes		**83**	**(153)**
Adjustments to reconcile to net cash:			
Interest expense		397	442
Interest and other financial income		(22)	(22)
Adjustments for non-cash items:			
Depreciation and amortisation	5	932	1,321
Share of gain from joint ventures, net		(115)	-
Loss on disposal and impairment of assets, net		19	66
Share based compensation		14	19
(Income) loss from associates, net	3	49	(100)
Other non-cash non-operating (income) expenses, net		(22)	622
Changes in working capital:			
Decrease (increase) in trade receivables, prepayments and other current assets		102	162
Decrease (increase) in inventories		19	17
Increase (decrease) in trade and other payables		(109)	(117)
Total changes in working capital		**12**	**62**
Interest (paid)		(357)	(377)
Interest received		19	23
Taxes (paid)	5	(130)	(252)
Net cash provided by operating activities		**878**	**1,651**
Cash flows from investing activities (including discontinued operations):			
Acquisition of subsidiaries, joint ventures and associates, net of cash acquired	3	-	(54)
Dividend received from joint ventures		143	-
Effect of deconsolidation of Guatemala and Honduras subsidiaries	3	-	(168)
Proceeds from disposal of subsidiaries, net of cash disposed	4	147	4
Purchase of intangible assets and licenses	9	(143)	(186)
Proceeds from sale of intangible assets	9	6	4
Purchase of property, plant and equipment	8	(719)	(1,019)
Proceeds from sale of property, plant and equipment	8	6	5
Dividend received from associates		-	6
Net (increase) decrease in restricted cash		-	(17)
Cash (used in) provided by other investing activities, net		8	14
Net cash used in investing activities		**(552)**	**(1,411)**
Cash flows from financing activities (including discontinued operations):			
Acquisition of non-controlling interests	3	-	(39)
Proceeds from other debt and financing	10	713	1,880
Repayment of debt and financing	10	(821)	(1,392)
Advances for, and dividends to non-controlling interests		(68)	(269)
Dividends paid to owners of the Company		(265)	(264)
Cash (used in) provided by other financing activities, net		-	-
Net cash from (used by) financing activities		**(441)**	**(84)**
Exchange impact on cash and cash equivalents, net		(8)	(81)
Net (decrease) increase in cash and cash equivalents		**(123)**	**75**
Cash and cash equivalents at the beginning of the year		769	694
Cash and cash equivalents at the end of the year		**646**	**769**

(i) Honduras and Guatemala operations are shown as fully consolidated for the year ended 31 December 2015. The impact of accounting for Honduras and Guatemala under the equity method on the presentation of the 2015 consolidated statement of cash flows are shown in note 14.

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

Unaudited interim condensed consolidated statements of changes in equity for the years ended 31 December 2016, 31 December 2015 and 31 December 2014

US$ millions	Number of shares (000's)	Number of shares held by the Group (000's)	Share capital	Share premium	Treasury shares	Retained profits (i)	Put option reserve (ii)	Other reserves	Total	Non-controlling interests	Total equity
Balance on 31 December 2014 (audited)	**101,739**	**(1,756)**	**153**	**487**	**(160)**	**4,761**	**(2,512)**	**(389)**	**2,339**	**1,391**	**3,730**
Total comprehensive income for the period	—	—	—	—	—	(559)	—	(338)	(897)	12	(885)
Dividends	—	—	—	—	—	(264)	—	—	(264)	(244)	(508)
Purchase of treasury shares	—	(29)	—	—	(2)	—	—	—	(2)	—	(2)
Share based compensation	—	—	—	—	—	—	—	19	19	—	19
Issuance of shares under share-based payment schemes	—	209	—	(1)	19	—	—	(18)	—	—	—
Change in scope of consolidation (iv) (vi)	—	—	—	—	—	(48)	—	3	(45)	10	(35)
Effect of deconsolidation (v)	—	—	—	—	—	—	—	192	192	(918)	(726)
Put option liability reversal (v)	—	—	—	—	—	(377)	2,512	—	2,135	—	2,135
Balance on 31 December 2015	**101,739**	**(1,574)**	**153**	**486**	**(143)**	**3,513**	**—**	**(531)**	**3,477**	**251**	**3,728**
Total comprehensive income for the period	—	—	—	—	—	(32)	—	(28)	(60)	(49)	(109)
Dividends (iii)	—	—	—	—	—	(265)	—	—	(265)	—	(265)
Purchase of treasury shares	—	(37)	—	—	(3)	—	—	—	(3)	—	(3)
Share based compensation	—	—	—	—	—	—	—	14	14	—	14
Issuance of shares under share-based payment schemes	—	216	—	(1)	23	(1)	—	(17)	4	—	4
Balance on 31 December 2016	**101,739**	**(1,395)**	**153**	**485**	**(123)**	**3,215**	**—**	**(562)**	**3,167**	**201**	**3,368**

(i) *Retained profits — includes profit attributable to equity holders, of which at 31 December 2016 $321 million (2015: $384 million) are not distributable to equity holders.*

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

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

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

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

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

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

Notes to the unaudited interim condensed consolidated statements

1. ORGANIZATION

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

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

On 7 February 2017, the Board of Directors authorised these interim condensed consolidated financial statements for issuance.

2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES

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

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

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

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

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

During the year ended 31 December 2016, Millicom did not make any significant acquisition.

During 2015 Millicom acquired 85% of the shares and control of Zanzibar Telecom Limited, raised its stake in its Rwandan subsidiary from 87.5% to 100% and in one of the UNE subsidiaries (Edatel S.A. E.S.P.) from 80% to 100%. The Group also made other smaller acquisitions for a total consideration of US$20 million.

Acquisition of Zanzibar Telecom Limited on 22 October 2015

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

For the purchase accounting, Millicom determined the fair value of Zantel based on transaction and relative values. The non-controlling interest was measured based on the proportionate share of the fair value of the net assets of Zantel. The purchase accounting was updated and finalised in 2016 when additional information became available regarding fair values of acquired assets and liabilities.

22 October 2015 (US$ millions)	Initial Fair Values 100%	Final Fair Values 100%	Change
Intangible assets (excluding goodwill), net.(i)	36	75	39
Property, plant and equipment, net (ii)	40	32	(8)
Other non-current assets (iii)	1	14	13
Current assets (excluding cash) (iv) (v)	30	41	11
Cash and cash equivalents	5	5	-
Total Assets Acquired	**112**	**167**	**55**
Non-current liabilities	81	77	(4)
Current liabilities	104	103	(1)
Total Liabilities Assumed	**185**	**180**	**(5)**
Fair value of assets acquired and liabilities assumed, net	**(73)**	**(13)**	**60**
Fair value of non-controlling interest in Zantel	(39)	(2)	37
Millicom's interest in the fair value of Zantel	(34)	(11)	23
Acquisition price ($1 dollar)	-	-	-
Goodwill	**34**	**11**	**(23)**

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

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

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

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

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

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

4. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

Discontinued operations – DRC

On 8 February 2016, Millicom announced that it had signed an agreement for the sale of its businesses in the Democratic Republic of Congo (DRC) to Orange S.A. for a total cash consideration of $160 million adjusted for working capital movements and including $10 million of cash hold-back subject to the completion of the disposal of the mobile financial services business (DRC Mobile Cash). The transaction was completed in respect of the mobile business (Oasis S.A.) on 20 April 2016 and includes certain indemnity and warranty clauses as well as other expenses directly linked with the disposal, which have been provided for as of 31 December 2016. The separate disposal of DRC Mobile Cash was completed in September 2016. As a result, $10 million of the cash hold-back was received in October 2016.

In accordance with IFRS 5, the Group's businesses in DRC have been classified as assets held for sale as from 8 February 2016 and their results were classified as discontinued operations. Comparative figures of the income statement have been represented accordingly. Financial information relating to the discontinued operations for the three month period and year ended 31 December 2016 is set out below.

Results from Discontinued Operations (US$ millions)	Year ended 31 December 2016	Year ended 31 December 2015
Revenue	40	158
Cost of sales	(15)	(60)
Operating expenses	(20)	(108)
Depreciation and amortisation	(3)	(40)
Other operating profit income expense, net	-	(2)
Operating profit (loss)	**2**	**(53)**
Interest income (expense), net	(2)	(17)
Profit (loss) before taxes	**1**	**(70)**
Credit (charge) for taxes, net	6	(13)
Results from discontinued operations	**6**	**(83)**
Gross gain on disposal of discontinued operations	32	—
Other expenses linked to the disposal of discontinued operations	(19)	—
Net gain (loss) on disposal of discontinued operations	**13**	**—**
Net profit (loss) from discontinued operations	**19**	**(83)**

Results from Discontinued Operations (US$ millions)	Three months ended 31 December 2016	Three months ended 31 December 2015
Revenue	-	41
Cost of sales	-	(17)
Operating expenses	-	(34)
Depreciation and amortisation	-	(10)
Other operating profit income expense, net	-	-
Operating profit (loss)	**-**	**(20)**
Interest income (expense), net	-	(4)
Profit (loss) before taxes	**-**	**(24)**
Credit (charge) for taxes, net	-	(12)
Results from discontinued operations	**-**	**(37)**
Gross gain on disposal of discontinued operations	1	-
Other expenses linked to the disposal of discontinued operations	-	-
Net gain (loss) on disposal of discontinued operations	**1**	**-**
Net profit (loss) from discontinued operations	**1**	**(37)**

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

Discontinued operations – DRC (Continued)

Cash Flows from Discontinued Operations (US$ millions)	Year ended 31 December 2016	Year ended 31 December 2015
Cash used in operating activities, net	(3)	(20)
Cash used in investing activities, net	(1)	(26)
Cash provided by financing activities, net	-	49
Net cash outflows	(4)	3

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

DRC

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

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

The sale of these operations generated a cash inflow of $147 million, net of $33 million of cash disposed.

Colombia

During 2016, the 4G spectrum in Colombia has been reclassified from “Assets held for sale” to intangible assets as the value of the spectrum will not be recovered through sale, but through use. A depreciation catch-up has been recorded for $11 million. In October 2016, the date on which UNE stopped rendering 4G services, the 4G spectrum was fully depreciated.

5. SEGMENT INFORMATION

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

Revenue, operating profit (loss), EBITDA and other segment information for the three month period and year ended 31 December 2016 and 2015 was as follows:

Year ended 31 December 2016 (US$ millions)	Latin America	Africa	Unallo-cated	Total (a)	Guatemala and Honduras (v) (b)	Eliminations and transfers (c)	Sub-Total (a)+(b)+(c)	Disc Ops (vi)	Total
Revenue..	**5,352**	**896**	**-**	**6,249**	**(1,875)**	**-**	**4,374**	**40**	**4,414**
Operating profit (loss).........................	**848**	**62**	**(150)**	**761**	**(394)**	**115**	**482**	**2**	**484**
Add back:						-			
Depreciation and amortization................	1,173	188	7	1,368	(440)	-	928	3	931
Income (loss) from joint ventures, net.....	-	-	-	-	-	(115)	(115)	-	(115)
Other operating income (expenses), net.	42	7	(6)	43	(24)	-	20	-	20
EBITDA *(i)*...	**2,063**	**258**	**(148)**	**2,172**	**(858)**	**-**	**1,314**	**5**	**1,319**
Capital expenditure *(ii)*	(886)	(159)	(6)	(1,051)					
Changes in working capital and others ...	37	(5)	(33)	(1)					
Taxes paid	(233)	(17)	(9)	(259)					
Operating free cash flow *(iii)*..............	**981**	**77**	**(197)**	**861**					
Total Assets *(iv)*	**10,386**	**1,406**	**1,357**	**11,883**	**(5,589)**	**3,332**	**9,627**		
Total Liabilities...................................	**5,229**	**1,852**	**1,997**	**7,812**	**(1,942)**	**388**	**6,258**		

Year ended 31 December 2015 (US$ millions)	Latin America	Africa	Unallo-cated	Total	Eliminations	Disc Ops (vi)	Total
Revenue..	**5,740**	**829**	**3**	**6,572**	**-**	**158**	**6,730**
Operating profit (loss).........................	**1,109**	**(61)**	**(205)**	**843**	**-**	**(53)**	**791**
Add back:					-		
Depreciation and amortization................	1,087	190	4	1,281	-	40	1,321
Other operating income (expenses), net.	7	54	3	64	-	2	66
EBITDA *(i)*...	**2,204**	**184**	**(199)**	**2,188**	**-**	**(10)**	**2,178**
Capital expenditure *(ii)*	(950)	(181)	8	(1,123)			
Changes in working capital and others ...	18	(16)	77	(79)			
Taxes paid	(230)	(16)	(6)	(252)			
Operating free cash flow *(iii)*..............	**1,041**	**(30)**	**(119)**	**892**			
Total Assets *(iv)*	**10,566**	**1,979**	**2,044**	**14,589**	**(4,226)**	**-**	**10,398**
Total Liabilities...................................	**5,128**	**2,279**	**2,769**	**10,176**	**(3,504)**	**-**	**6,670**

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

(ii) *Excluding spectrum and licenses of $39 million (2015: $47 million).*

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

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

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

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

5. SEGMENT INFORMATION (Continued)

Three month period ended 31 December 2016 (US$ millions)	Latin America	Africa	Unallo-cated	Total (a)	Guatemala and Honduras (v) (b)	Eliminations and transfers (c)	Sub-Total (a)+(b)+(c)	Disc Ops (vi)	Total
Revenue	**1,365**	**229**	**-**	**1,594**	**(475)**	**-**	**1,119**	**-**	**1,119**
Operating profit (loss)	**96**	**18**	**(33)**	**81**	**(24)**	**12**	**69**	**-**	**69**
Add back:								-	
Depreciation and amortization	363	50	2	416	(175)	-	241	-	241
Income (loss) from joint ventures, net	-	-	-	-	-	(12)	(12)	-	(12)
Other operating income (expenses), net	42	6	(8)	40	(22)	-	18	-	18
EBITDA *(i)*	**501**	**74**	**(39)**	**536**	**(220)**	**-**	**316**	**-**	**316**
Capital expenditure *(ii)*	(213)	(39)	(2)	(253)					
Changes in working capital and others	86	1	19	106					
Taxes paid	(42)	(8)	(3)	(52)					
Operating free cash flow *(iii)*	**332**	**29**	**(23)**	**338**					

Three month period ended 31 December 2015 (US$ millions)	Latin America	Africa	Unallo-cated	Total	Eliminations	Disc Ops (vi)	Total
Revenue	**1,415**	**217**	**4**	**1,636**	**-**	**41**	**1,677**
Operating profit (loss)	**245**	**(73)**	**(38)**	**134**	**-**	**(20)**	**114**
Add back:					-		
Depreciation and amortization	266	46	(1)	311	-	10	321
Other operating income (expenses), net	2	53	2	57	-	-	57
EBITDA *(i)*	**513**	**27**	**(37)**	**502**	**-**	**(10)**	**492**
Capital expenditure *(ii)*	(277)	(58)	15	(320)			
Changes in working capital and others	87	(76)	157	168			
Taxes paid	(50)	(7)	(5)	(62)			
Operating free cash flow *(iii)*	**273**	**(115)**	**130**	**288**			

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

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

US$ millions	Year ended 31 December 2016	Year ended 31 December 2015
Change in redemption price / lapse of put options (see note 14)	-	125
Change in fair value / lapse of derivatives (see note 13)	3	32
Change in fair value of call options	-	(71)
Exchange gains (losses), net	16	(304)
Loss on deconsolidation of Honduras and Guatemala, including recycling of foreign currency exchange losses accumulated in equity (see note 14)	-	(391)
Other non-operating income (expenses), net	(8)	(15)
Total	**10**	**(624)**

US$ millions	Three months ended 31 December 2016	Three months ended 31 December 2015
Change in redemption price / lapse of put options (see note 14)	-	44
Change in fair value / lapse of derivatives (see note 13)	6	2
Change in fair value of call options	-	(9)
Exchange gains (losses), net	(47)	(54)
Loss on deconsolidation of Honduras and Guatemala, including recycling of foreign currency exchange losses accumulated in equity (see note 14)	-	(391)
Other non-operating income (expenses), net	(1)	(3)
Total	**(42)**	**(411)**

7. EARNINGS PER COMMON SHARE

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

US$ millions	Year ended 31 December 2016	Year ended 31 December 2015
Basic and Diluted		
Net profit (loss) attributable to owners of the Company from continuing operations	(51)	(476)
Net profit (loss) attributable to owners of the Company from discontinuing operations	19	(83)
Net profit (loss) attributable to owners of the Company used to determine the earnings per share	(32)	(559)
in thousands		
Weighted average number of ordinary shares for basic earnings per share	**100,337**	**100,144**
Potential incremental shares as a result of share options	-	10
Weighted average number of ordinary shares adjusted for the effect of dilution	**100,337**	**100,154**
US$		
Basic		
- EPS from continuing operations attributable to owners of the Company	(0.51)	(4.76)
- EPS from discontinuing operations attributable to owners of the Company	0.19	(0.83)
- EPS for the period attributable to owners of the Company	(0.32)	(5.59)
Diluted		
- EPS from continuing operations attributable to owners of the Company	(0.51)	(4.76)
- EPS from discontinuing operations attributable to owners of the Company	0.19	(0.83)
- EPS for the period attributable to owners of the Company	(0.32)	(5.59)

US$ millions	Three months ended 31 December 2016	Three months ended 31 December 2015
Basic and Diluted		
Net profit (loss) attributable to owners of the Company from continuing operations	(144)	(389)
Net profit (loss) attributable to owners of the Company from discontinuing operations	1	(37)
Net profit (loss) attributable to owners of the Company used to determine the earnings per share	(143)	(426)
in thousands		
Weighted average number of ordinary shares for basic earnings per share	**100,341**	**100,161**
Potential incremental shares as a result of share options	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	**100,341**	**100,161**
US$		
Basic		
- EPS from continuing operations attributable to owners of the Company	(1.44)	(3.89)
- EPS from discontinuing operations attributable to owners of the Company	0.01	(0.37)
- EPS for the period attributable to owners of the Company	(1.43)	(4.26)
Diluted		
- EPS from continuing operations attributable to owners of the Company	(1.44)	(3.89)
- EPS from discontinuing operations attributable to owners of the Company	0.01	(0.37)
- EPS for the period attributable to owners of the Company	(1.43)	(4.26)

8. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2016, Millicom added property, plant and equipment for $683 million (31 December 2015: $1,103 million) and received $6 million in cash from disposal of property, plant and equipment (31 December 2015: $5 million).

9. INTANGIBLE ASSETS

During the year ended 31 December 2016, Millicom added intangible assets of $192 million (31 December 2015: $226 million) and received $6 million of proceeds from disposal of intangible assets (31 December 2015: $4 million).

10. DEBT AND FINANCING

SEK Bonds

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

Following the early and regular tender offers, SEK 186 million (approximately $23 million) and SEK 1.498 billion (approximately $187 million) in aggregate principal amount of the Fixed Rate Notes and the Floating Rate Notes, respectively, have been repaid. Millicom has paid to such noteholders 105.8% and 102.8% of the nominal amount of the Fixed Rate Notes and the Floating Rate Notes, respectively, together with any accrued interest.

After settlement, SEK 64 million (approximately $8 million) in aggregate principal amount of the Fixed Rate Notes (25.6%) and SEK 252 million (approximately $32 million) in aggregate principal amount of the Floating Rate Notes (14.4%) remained outstanding.

On 19 September 2016, the Group has notified holders of both Bonds of the early voluntary redemption of the notes in full. The outstanding notes totaling SEK 316 million (approximately $40 million) of principal were redeemed in October 2016.

The total early redemption fees amounting to $8 million have been recorded under interest expenses. The remaining $1 million of related unamortized costs were also expensed during 2016.

On 21 April 2016, Millicom also completed the placing of a new SEK 2 billion (approximately $250 million) 3-year floating rate bond in the Swedish market. The new bond has a floating rate coupon of 3 months STIBOR +3.3% and will mature on 17 April 2019, with a first call option on 17 April 2018. The bond was issued at 100% of the principal. $2.5 million of withheld and upfront costs are being amortized over the 3 year life of the bond. The covenant is set at 3.0x Net Debt/EBITDA.

Colombia – UNE Bonds

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

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

Bolivia

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

MIC SA Revolving Credit Facility

In June 2014, MIC S.A. entered into a $500 million revolving credit facility with a consortium of banks (the “2014 RCF”) of which $200 million (Facility A) is for a 2-year term and $300 million (Facility B) is for a 3-year term. In May 2015 both facilities were extended for one year. As of 31 December 2016, the facility was committed and fully undrawn.

In the fourth quarter of 2016, Millicom initiated the renegotiation of its Revolving Credit Facility which was partially maturing in June 2017. By year end 2016, having secured over $500 million of commitments from relationship banks through a refinancing process, the Group accelerated the amortization of the upfront costs incurred in relation with the 2014 RCF and totalling then $2 million. On 30 January 2017, the Company announced the closing of a new $ 600 million, 5 years Revolving Credit Facility and notified the lenders in the 2014 RCF of the formal cancellation of the commitments outstanding under the 2014 RCF (none of which were drawn at such date).

10. DEBT AND FINANCING (Continued)

Subject to the terms of the revolving credit facility, the maturity date of all or a portion of the amounts outstanding under the 2017 facility will be due in full in January 2022. Amounts drawn under the revolving credit facility may be used for general corporate and working capital purposes of the Millicom Group, including financing acquisitions, licenses, capital expenditure, and payment of dividends to the extent permitted under the revolving credit facility agreement. Interest on amounts drawn under the revolving credit facility is payable at LIBOR or EURIBOR, as applicable, plus an initial margin of 1.5%, provided that the margin may be reduced or increased if the net leverage ratio of MIC S.A. in respect of the last twelve month (as measured on a quarterly basis) is within a specified range.

US Bonds

In November 2016, MIC S.A. announced an offer to purchase for cash up to $300 million of its 4.750% Senior Notes due 2020 and its 6.625% Senior Notes due 2021 (the ‘Notes’). In December 2016, the Company confirmed that it had accepted to purchase $300 million in aggregate principal amount of the Notes; $158 million and $142 million of principal, respectively. The total early redemption fees amounting to $11 million and $5 million of related unamortized costs have been expensed in December 2016 under interest expenses.

MIC SA Term loan Facility

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

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

US$ millions	As at 31 December 2016	As at 31 December 2015
Due within:		
One year	80	221
One-two years	252	320
Two-three years	518	164
Three-four years	649	262
Four-five years	850	810
After five years	1,552	2,233
Total debt	**3,901**	**4,010**

As at 31 December 2016, the Group's share of total debt and financing secured by either pledged assets, pledged deposits issued to cover letters of credit or guarantees issued was $640 million (31 December 2015: $646 million). Assets pledged by the Group for these debts and financings amounted to $2 million at 31 December 2016 (31 December 2015: $3 million).

Analysis of debt and other financing by maturity

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

	Bank and financing guarantees (i)			
US$ millions	As at 31 December 2016		As at 31 December 2015	
Terms	Outstanding exposure	Theoretical maximum exposure	Outstanding exposure	Theoretical maximum exposure
0-1 year	38	38	100	100
1-3 years	348	348	143	143
3-5 years	250	250	393	393
More than 5 years	4	4	7	7
Total	**640**	**640**	**643**	**643**

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

11. COMMITMENTS AND CONTINGENCIES

Litigation & claims

The Company and its operations are contingently liable with respect to lawsuits and other legal risks that arise in the normal course of business. As of 31 December 2016, the total amount of claims and litigation risks against Millicom and its operations was $406 million, of which $3 million related to its share in joint ventures (31 December 2015: $492 million, of which none related to its share in joint ventures).

As at 31 December 2016, $43 million, of which $1 million related to its share in joint ventures (31 December 2015: $42 million, of which none related to its share in joint ventures), has been provided for litigation and legal risks in the consolidated statement of financial position. While it is not possible to ascertain the ultimate legal and financial liability with respect to these claims and risks, the ultimate outcome is not anticipated to have a material effect on the Group's financial position and operations.

In June 2016, Millicom was served with claims by a third party seeking monetary damages in the amount of $4.6 million and seeking to exert rights as a shareholder of Millicom Tanzania Ltd (Tigo Tanzania). In June 2015, Millicom identified that an incorrect filing related to Tigo Tanzania had been made in the commercial register, causing the register to incorrectly indicate that shares in the local subsidiary were owned by this third party. Millicom remains engaged in legal proceedings regarding this issue. Millicom believes that these claims are entirely without merit and, moreover, maintains that there is no valid basis whatsoever for any third party to claim any interest in Tigo Tanzania or be registered as one of its shareholders. Accordingly Millicom continues to fully consolidate Tigo Tanzania at 100%.

Taxation

At 31 December 2016, the Group estimates potential tax claims amounting to $311 million and tax provisions of $65 million which have been assessed probable and have been recorded (31 December 2015: claims amounting to $369 million and provisions of $86 million). Out of these potential claims and provisions, respectively $96 million and $9 million related to Millicom's share in joint ventures (31 December 2015: claims amounting to $76 million and provisions of $9 million).

Potential improper payments on behalf of the Guatemala joint venture

On 21 October 2015, Millicom reported to law enforcement authorities in the United States and Sweden potential improper payments made on behalf of the Company's joint venture in Guatemala. On 4 May 2016, Millicom received notification from the Swedish Public Prosecutor that its preliminary investigation has been discontinued on jurisdictional grounds. Millicom continues to cooperate with law enforcement authorities in the United States. As at 31 December 2016, the matter is still under investigation and Management has not been able to assess the potential impact on these interim condensed consolidated financial statements of any remedial actions that may need to be taken as a result of the investigations, or penalties that may be imposed by law enforcement authorities. Accordingly, no provision has been recorded as of 31 December 2016.

Capital commitments

At 31 December 2016 the Company, its subsidiaries and joint ventures had fixed commitments to purchase network equipment, land and buildings, other fixed assets and intangible assets of $179 million of which $162 million are due within one year (December 31, 2015: $216 million of which $203 million are due within one year). Out of these commitments, respectively $17 million and $14 million related to Millicom's share in joint ventures. (December 31, 2015: $33 million of which $27 million are due within one year).

12. RELATED PARTY TRANSACTIONS

The following transactions were conducted with related parties during the three month period and the year ended 31 December 2016:

US$ millions (unaudited)	Year ended 31 December 2016	Year ended 31 December 2015
Expenses		
Purchases of goods and services from Kinnevik	7	3
Purchases of goods and services from Miffin	167	148
Purchases of goods and services from EPM	22	17
Lease of towers and related services from Helios	35	36
Other expenses	2	2
Total	**233**	**206**

US$ millions (unaudited)	Year ended 31 December 2016	Year ended 31 December 2015
Income / gains		
Sale of goods and services to EPM	18	19
Sale of goods and services to Miffin	261	253
Other revenue	10	4
Total	**289**	**276**

US$ millions (unaudited)	Three months ended 31 December 2016	Three months ended 31 December 2015
Expenses		
Purchases of goods and services from Kinnevik	(2)	(2)
Purchases of goods and services from Miffin	-	(62)
Purchases of goods and services from EPM	(6)	(17)
Lease of towers and related services from Helios	(8)	(8)
Other expenses	-	1
Total	**(16)**	**(88)**

US$ millions (unaudited)	Three months ended 31 December 2016	Three months ended 31 December 2015
Income / gains		
Sale of goods and services to EPM	5	19
Sale of goods and services to Miffin	70	72
Other income / gains	2	1
Total	**77**	**92**

As at 31 December 2016 the Company had the following balances with related parties:

US$ millions (unaudited)	At 31 December 2016	At 31 December 2015
Liabilities		
Payables to Guatemala joint venture	245	335
Payables to Honduras joint venture (i)	118	225
Finance lease liabilities to tower companies (ii)	85	122
Payables to EPM	3	66
Other accounts payable	20	18
Total	**471**	**766**

(i) Amount payable mainly consist in dividend advances and shareholder loans for which dividend is expected to be declared in 2017.
(ii) Disclosed under "Debt and other financing" in the statement of financial position.

US$ millions (unaudited)	At 31 December 2016	At 31 December 2015
Assets		
Receivables from EPM	4	5
Receivables from Helios Towers	10	7
Other accounts receivable	3	4
Total	**17**	**16**

13. FINANCIAL INSTRUMENTS

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

US$ millions	Carrying Value		Fair Value (i)	
	31 December 2016 (unaudited)	31 December 2015 (audited)	31 December 2016 (unaudited)	31 December 2015 (audited)
Financial liabilities				
Debt and financing...............................	3,901	4,010	4,234	3,872

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

Currency and interest rate swap contracts

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

Interest rate and currency swaps on SEK denominated debt

As described in note 10, the SEK Bonds have been partially redeemed. As a consequence, the Group has modified and extended the related interest rate and currency swaps until at least April 2018.The swaps are accounted for as a cash flow hedge as the timing and amounts of the cash flows under the swap agreements match the cash flows under the new SEK bond. The hedging relationship is highly effective and related fluctuations are recorded through other comprehensive income. At 31 December 2016, the fair values of the swaps amount to a liability of $84 million (31 December 2015: a liability of $65 million).

Interest rate and currency swaps on Euro denominated debt

In June 2013 Millicom entered into interest rate and currency swaps whereby Millicom will sell Euro's and receive USD to hedge against exchange rate fluctuations on an intercompany seven year Euro 134 million principal and related interest financing of its operation in Senegal. At 31 December 2016 the fair value of the swap amounts to an asset of $32 million (31 December 2015: asset of $26 million).

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

No other financial instruments have a significant fair value at 31 December 2016.

14. INVESTMENTS IN JOINT VENTURES

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

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

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

Purchase price allocation for Honduras and Guatemala

The Group has completed the purchase price allocations for both Guatemala and Honduras operations as of 31 December 2015, date of recognition of the Group's investment in both operations as joint ventures. For the purchase accounting, Millicom determined the fair values of these operations based on discounted cash flows.

Guatemala - 31 December 2015 (US$ millions)	Carrying values 55%	Fair Values 55%	Change
Intangible assets (excluding goodwill), net *(i)*.	689	905	216
Property, plant and equipment, net *(ii)*	390	409	19
Other non-current assets	3	3	-
Current assets (excluding cash)	446	446	-
Cash and cash equivalents	87	87	-
Total Assets	**1,615**	**1,850**	**234**
Non-current financial liabilities	557	560	3
Current liabilities	152	152	-
Total Liabilities	**709**	**712**	**3**
Carrying value / Fair value of assets and liabilities, net	**906**	**1,137**	**231**
Fair value of the investment in joint venture	-	2,237	-
Goodwill	**-**	**1,100**	**-**

(i) *Intangible assets increase mainly consists of step-up recognized on the trademark for an amount of $71 million, with indefinite useful life and the customer lists for an amount of $148 million, with estimated remaining useful life of 7 years.*

(ii) *Certain network and civil works assets were adjusted to their fair value for an amount of $19 million.*

Honduras - 31 December 2015 (US$ millions)	Carrying values 66%	Fair Values 66%	Change
Intangible assets (excluding goodwill), net *(i)*.	136	200	64
Property, plant and equipment, net *(ii)*	213	307	94
Other non-current assets	1	1	-
Current assets (excluding cash)	274	274	-
Cash and cash equivalents	9	9	-
Total Assets	**633**	**791**	**158**
Non-current financial liabilities	308	358	51
Current liabilities	109	109	-
Total Liabilities	**417**	**467**	**51**
Fair value of assets and liabilities, net	**216**	**324**	**107**
Fair value of the investment in joint venture	-	983	-
Goodwill	**-**	**660**	**-**

(i) *Intangible assets increase mainly consists of step-up recognized on the customer lists for an amount of $64 million, with estimated remaining useful life between 2 and 10 years.*

(ii) *Certain property, plant and equipment assets were adjusted to their fair value for an amount of $94 million.*

For the year ended 31 December 2016, the additional amortisation related to the assets recognised as part of the purchase price allocation exercise (net of tax) amounts to $22 million for Guatemala and $19 million for Honduras, at Millicom's equity stake which is recorded under the caption 'Income from joint ventures, net.

14. INVESTMENTS IN JOINT VENTURES (Continued)

Financial information

Had the Honduras and Guatemala operations been deconsolidated from 1 January 2015 (opening balance of the comparative period) and accounted for as joint ventures, the Group's key results and cash flows for the year and the three month period ended 31 December 2015 would have been as follows:

Summary of Group Income Statement, financial position and cash flows with Guatemala and Honduras operations as joint ventures (US$ millions)	Year ended 31 December 2016	Year ended 31 December 2015
Revenue	**4,374**	**4,616**
Cost of sales	(1,279)	(1,376)
Gross profit	**3,096**	**3,241**
Operating expenses	(1,781)	(1,987)
Depreciation and amortisation	(928)	(926)
Other operating income (expenses), net	(20)	(63)
Share of profit in Guatemala and Honduras operations	115	151
Operating profit	**482**	**416**
Profit (loss) before taxes	**71**	**(379)**
Charge for taxes, net	(180)	(150)
Loss for the period	**(109)**	**(529)**
Profit (loss) for the period from discontinued operations, net of tax	19	(83)
Non-controlling interests	58	53
Net loss for the year attributable to the owners of Millicom	**(32)**	**(559)**
Total Assets (i)	9,627	10,395
Total Liabilities (i)	6,258	6,667
Net Assets (i)	**3,368**	**3,728**
Net cash from operating activities	878	951
Net cash from (used in) investing activities	(552)	(406)
Net cash from (used in) financing activities	(441)	(285)
Exchange impact on cash and cash equivalents, net	(8)	(82)
Net increase (decrease) in cash and cash equivalents	**(123)**	**178**

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

Summary of Group Income Statement, financial position and cash flows with Guatemala and Honduras operations as joint ventures (US$ millions)	Three months ended 31 December 2016	Three months ended 31 December 2015
Revenue	**1,119**	**1,134**
Cost of sales	(330)	(350)
Gross profit	**789**	**784**
Operating expenses	(473)	(506)
Depreciation and amortisation	(241)	(226)
Other operating income (expenses), net	(18)	(56)
Share of profit in Guatemala and Honduras operations	12	23
Operating profit	**69**	**19**
Profit (loss) before taxes	**(131)**	**(320)**
Charge for taxes, net	(68)	(62)
Loss for the period	**(199)**	**(383)**
Profit (loss) for the period from discontinued operations, net of tax	1	(37)
Non-controlling interests	56	(7)
Net loss for the year attributable to the owners of Millicom	**(143)**	**(426)**

14. INVESTMENTS IN JOINT VENTURES (Continued)

In 2014, our joint venture in Guatemala (55% shareholding) entered into five year contracts with the Guatemalan Government to provide video surveillance to the Civil National Police. The service includes camera lease, connectivity, storage of images, monitoring centers and software with analytics. As at 31 December 2016, no payment has been received under this contract due to government budget restrictions. Management have closely monitored the collectability of amounts owed under these contracts since inception, and have, since 1 July 2016 considered that the accounting criteria regarding probability of cash flowing to the Group are no longer met. Accordingly, all outstanding amounts receivable under the contract of $42 million have been fully impaired, and no revenue has been recognised from the contracts from 1 July 2016. In 2016, a provision for impairment of $24 million was recorded (2015: $18 million). In Q4 2016, an impairment review of the fixed assets bought in the context of this contract has been completed and an impairment of $18 million has been recorded. Millicom accounts for their Guatemalan operations using the equity method. Therefore, the impact of these impairments on the Group results are $ 13 million and $ 10 million, respectively.

15. INVESTMENTS IN ASSOCIATES

Africa Internet Holding GmbH (AIH)

Various shareholder funding rounds were signed in late 2015 and in 2016. Millicom did not participate and therefore retained its initial investment at Euro 70 million. In addition, during June 2016, there was a capital restructuring whereas all investors rolled up into AIH. At 31 December 2016, these transactions have all been duly executed and as a result Millicom's shareholding in AIH was reduced to 10%. This has triggered the recognition of a net dilution gain of $43 million in the Group income statement under 'Income (loss) from associates, net' in the year ended 31 December 2016.

Helios Towers Africa (HTA)

Millicom's shareholding diluted from 28% to 23% as a result of previous committed cash calls and new investors' funding. This has resulted in Millicom recognizing a gain on dilution of $16 million in the year ended 31 December 2016. The gain has been recorded in the Group income statement under 'Income (loss) from associates, net'.

Latin America Internet Holding GmbH (LIH)

During 2016, Millicom's 35% investment in LIH has been impaired by $40 million mainly as a result of the drop in fair value of LIH's investment in Global Fashion Group.

16. IPO – MILLICOM'S OPERATIONS IN TANZANIA

In June 2016, an amendment to the the Electronic and Postal Communications Act ("EPOCA") in the Finance Act 2016 required all licensed telecom operators to sell 25% of the authorised share capital in a public offering on the Dar Es Salaam Stock Exchange by 31 December 2016. As of 31 December 2016, no licensed operator had completed a public offering, including Millicom's licence holding subsidiaries, Millicom Tanzania, Zantel and Telesis. On 13 January 2017, Millicom Tanzania, Zantel and Telesis each received from the Tanzanian Communications Regulatory Authority ("TCRA") a notice of material breach of the licence giving thirty-days to comply. Millicom has signaled its intention for its subsidiaries to comply with the law and list its businesses but will not be in a position to complete public offerings by such time or in the near future. Accordingly, Millicom's businesses in Tanzania may face sanctions from the regulator or other government bodies, which could include financial penalties, or even suspension or cancellation of its licence. Management is currently not able to assess the financial impact on its consolidated financial statements (although the Company deems the suspension or cancellation of the licence is unlikely) and therefore no provision has been recorded as of 31 December 2016.

17. SUBSEQUENT EVENTS

Dividend

On 7 February 2017 Millicom's Board decided to propose to the Annual General Meeting of the Shareholders a dividend distribution of US$2.64 per share to be paid out of Millicom profits for the year ended 31 December 2016 subject to the Board's approval of the 2016 Consolidated Financial Statements of the Group.

17. SUBSEQUENT EVENTS (Continued)

Cable Parana acquisition

On 6 January 2017, after obtaining the necessary regulatory approvals, Tigo Paraguay completed the acquisition of TV Cable Parana for a total consideration of $19 million.

Tigo Senegal and HTA

We have agreed to sell our business in Senegal to Wari Group, subject to regulatory approvals. The transaction represents an enterprise value for Tigo Senegal of $129 million. We have also initiated a process to sell our 22% stake in Helios Towers Africa.