MILLICOM
THE DIGITAL LIFESTYLE

Luxembourg, April 24th, 2018

# Kicking off 2018 with accelerating momentum

**Q1 2018 highlights**[i]

- Latam organic service revenue growth improved to 3.9%, up 5.2 percentage points
  - Broad-based improvement across countries and business lines – growth positive in every country
  - Mobile recovery continues, with growth of 0.9%, with mobile data up 17.7%
  - Home revenue growing steadily, up 7.6%
- Strong commercial performance consistent with our full year KPI targets
  - Added 241,000 HFC homes-passed and a record 91,000 HFC homes-connected (+44% YoY)
  - Added 643,000 4G customers (+64% YoY), a record for a Q1
- Fourth consecutive quarter of positive Latam EBITDA growth

| Group ($m) | Q1 2018 | Q1 2017 | % change |
|---|---|---|---|
| Revenue | 1,516 | 1,459 | 3.9% |
| Service Revenue | 1,422 | 1,375 | 3.4% |
| *Organic[1] growth* | *3.6%* | *(1.7%)* | *5.4ppts* |
| EBITDA | 554 | 542 | 2.3% |
| *Organic growth* | *1.5%* | *(0.6%)* | *2.1ppts* |
| EBITDA Margin | 36.5% | 37.1% | (0.6pt) |
| Capex[2] | 157 | 148 | 6.1% |
| OCF (EBITDA – Capex) | 397 | 393 | 0.9% |

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

**Millicom Chief Executive Officer Mauricio Ramos commented:**

The strong momentum we saw in the second half of 2017 has continued into Q1 of 2018, and we are on track with our guidance. Over the past three years, we have significantly transformed the company, starting with our clear and simple strategy to focus our resources on deploying high-speed data networks in Latin America. We are now beginning to reap benefits in the form of faster and more predictable revenue growth, improved cash flow and returns, and a stronger balance sheet.

In Latam, revenue growth in our mobile business improved to almost 1%, with Guatemala leading the way at more than 4%, an impressive turnaround from the 5% drop that we reported in Q1 2017 in that country. Meanwhile, our Home and B2B businesses continue to grow steadily, and we connected a record number of new homes during the quarter, as we move closer toward our plan to pass 15 million homes in the medium term.

[i] *The financial information presented in this earnings release is based on Alternative Performance Measures determined by the way in which the Executive Management (Chief Operating Decision Maker) manage the performance and resource allocation of the Group. It includes Guatemala (55% owned) & Honduras (66.67% owned) as if fully consolidated. With the exception of balance sheet items, the comparative 2017 financial information in this earnings release has been adjusted for the classification of our operations in Senegal, Ghana and Rwanda as discontinued operations. At March 31st, 2018, Senegal is classified as an asset held for sale on our balance sheet. Our operations in Ghana have been merged with Airtel on October 12th, 2017 and are accounted for as a joint venture since that date. Our operations in Rwanda have been disposed of on January 31st, 2018. IFRS Revenue was $1,042 million in Q1 2018; see page 18 for reconciliation with IFRS numbers.*

### Subsequent events

On April 19th 2018, the President of Senegal issued an approval decree in respect of the proposed sale by Millicom of its Tigo operation in Senegal to a consortium consisting of NJJ, Sofima (a telecom investment vehicle managed by the Axian Group) and Teyliom Group.

On April 23rd 2018, the U.S. Justice Department informed Millicom that it is closing its investigation into Millicom. In October 2015, Millicom voluntarily reported to the U.S. Department of Justice potential improper payments made on behalf of the company's joint venture in Guatemala and, since then, has cooperated fully with the Justice Department's investigation.

### Quarterly Group Financial Review[1]

| US$m | Q1 2018 | Q1 2017 | % change |
|---|---|---|---|
| **Revenue** | **1,516** | **1,459** | **3.9%** |
| Cost of sales | (405) | (374) | 8.2% |
| **Gross profit** | **1,111** | **1,085** | **2.5%** |
| Operating expenses | (557) | (543) | 2.6% |
| **EBITDA** | **554** | **542** | **2.3%** |
| Depreciation | (240) | (244) | (1.5%) |
| Amortization | (76) | (78) | (2.8%) |
| Other operating income (expenses), net | 0 | 1 | (42.5%) |
| **Operating profit** | **238** | **220** | **8.1%** |
| Net financial expenses | (103) | (113) | (8.9%) |
| Other non-operating income (expenses), net | 25 | 24 | 5.8% |
| Gains (losses) from other JVs and associates, net | (20) | (14) | 39.0% |
| **Profit (loss) before tax** | **140** | **116** | **20.6%** |
| Net tax credit (charge) | (53) | (63) | (16.6%) |
| **Profit (loss) for the period from continuing ops.** | **87** | **53** | **64.9%** |
| Non-controlling interests | (38) | (32) | 17.9% |
| Profit (loss) from discontinued operations | (32) | 3 | NM |
| **Net profit (loss) for the period** | **17** | **24** | **(27.9%)** |
| Weighted average shares outstanding (millions) | **100.7** | **100.4** | **0.2%** |

*Note: (1) Excluding Senegal, Ghana and Rwanda, showed as discontinued operations*

Total revenue of $1,516 million rose 4.0% year-on-year. On an organic basis, excluding the impact of changes in accounting rules, consolidation perimeter, and foreign exchange rates, total revenue grew 2.9%, while service revenue grew 3.6% to $1,422 million. Organic service revenue growth in Latam reached 3.9%, while Africa grew 1.7%.

Cost of sales increased 8.2% year-on-year to $405 million. The increase is mostly due to the impact of IFRS 15, which contributed an $17 million to the cost of sales. Excluding the impact of IFRS 15, cost of sales would have increased by 3.5%, as detailed on page 17.

Operating expenses of $557 million increased 2.6% year on year. The increase in costs largely reflects increased selling and marketing costs to support growth in our South American markets, as well as the impact of a difficult comparison due to a one-time benefit which lowered general and administrative costs in our Paraguay operations in Q1 of 2017.

Depreciation and amortization declined 1.5% and 2.8%, respectively, as reported. The lower amortization largely reflects the effect of having fully amortized certain intangible assets during 2017, whereas the reduction in depreciation reflects lower depreciation in Colombia, where some assets related to our copper plant have been fully depreciated, as well as a $2 million charge taken in Q1 2017 related to the early termination of the Guatemala surveillance contract.

Operating profit reached $238 million in Q1 2018, up $18 million year-on-year, or 7.3% organically. The increase in operating profit reflects the $12 million increase in EBITDA, the $5 million reduction in depreciation and amortization expenses, and a $1 million improvement in other operating items, which benefited in Q1 2018 from a gain on the sale of towers in Paraguay, offset by small asset impairments.

**Reconciliation from Operating Profit to EBITDA**

| US$m | Q1 2018 | Q1 2017 |
|---|---|---|
| **Operating Profit as reported (IFRS)** | **160** | **156** |
| Impact of full consolidation of Guatemala and Honduras on operating profit | 77 | 64 |
| **Operating Profit per management reporting** | **238** | **220** |
| Depreciation and amortization | 317 | 322 |
| Other operating (income) / expenses, net | (0) | (1) |
| **EBITDA** | **554** | **542** |
| *EBITDA margin* | *36.5%* | *37.1%* |

EBITDA of $554 million increased 2.3% in reported dollars and 1.5% organically year-on-year. Organically, EBITDA increased 1.3% in Latam and 2.2% in Africa. Our Latam service revenue and EBITDA were impacted by one-time items in the first quarter of both 2018 and 2017, as detailed in the Latin America section of this release beginning on page 6. Group EBITDA margin declined 0.6 percentage point to 36.5%, while underlying margin excluding these items improved by approximately 0.1 percentage point.

The implementation of IFRS 15 ("Contracts with customers") had a negligible impact on our financials. As shown in the reconciliation table on page 17, the implementation of IFRS 15 reduced total revenue by $1.3 million (-0.1%), service revenue by $18.9 million (-1.3%), and EBITDA by $0.4 million (-0.1%), as compared to what our results would have been if we had continued to follow the IAS 18 standard in use until year-end 2017. In order to aid comparisons with the prior year, the organic growth figures discussed throughout this report exclude the impact of this accounting change implemented as of January 1st, 2018.

Net financial expense declined 8.9% year-on-year to $103 million, due to lower average net debt levels during the period and to the lower average interest rate on our debt, a result of our debt refinancing activity over the past year. Finance lease expense increased 25.6% year-on-year in Q1 2018 due to progress in executing the previously-announced tower sale-leaseback transactions. The table below details the components of our net financial expenses.

| US$m | Q1 2018 | Q1 2017 | % change |
|---|---|---|---|
| Interest expense | (79) | (93) | (14.4%) |
| Finance lease expense | (20) | (16) | 25.6% |
| Others | (10) | (10) | (4.7%) |
| **Total financial expenses** | **(110)** | **(119)** | **(8.2%)** |
| Interest income | 6 | 6 | 5.4% |
| **Net financial expenses** | **(103)** | **(113)** | **(8.9%)** |

Income from other non-operating items remained largely unchanged at $25 million and mostly reflects FX gains. Loss from associates and other joint ventures of $20 million in Q1 2018 compares to a loss of $14 million in Q1 2017. The increase reflects losses in Ghana, which was booked as a discontinued operation for the Q1 2017 period.

Tax expenses declined to $53 million in Q1 2018 from $63 million in Q1 2017 due to lower withholding taxes caused by timing differences in cash repatriation from some countries.

Net profit from continuing operations rose 64.9% to $87 million. Non-controlling interests increased 17.9% to $38 million due to improved profitability in all our operations with minority partners. Loss from discontinued operations reached $32 million, compared to a gain of $3 million in Q1 2017, due to accumulated FX losses previously recognized in equity in respect of the disposal of Rwanda. As a result, net profit for the period totaled $17 million, compared to a profit of $24 million in Q1 2017.

As of March 31st, 2018, we had 101,739,217 total shares outstanding, including 973,281 held in treasury.

**Free Cash Flow**

| US$m | Q1 2018 | Q1 2017 | % change |
|---|---|---|---|
| **EBITDA (excluding discontinued ops)** | **554** | **542** | **2.3%** |
| EBITDA from discontinued operations | 12 | 20 | (37.5%) |
| **EBITDA (including discontinued ops)** | **566** | **561** | **0.9%** |
| Cash Capex (excluding spectrum and licenses) | (267) | (277) | (3.9%) |
| Changes in working capital | (94) | (76) | 24.6% |
| Other non-cash items (including IFRS 15 impact) | 8 | 6 | 41.7% |
| **Cash flow from operations** | **213** | **214** | **(0.2%)** |
| Taxes paid | (38) | (33) | 16.2% |
| **Operating free cash flow** | **175** | **181** | **(3.2%)** |
| Finance charges paid, net | (127) | (126) | 0.5% |
| **Free cash flow** | **49** | **55** | **(11.7%)** |
| Advances for dividends to non-controlling interests | (4) | (6) | (38.1%) |
| **Equity free cash flow** | **45** | **49** | **(8.5%)** |

Cash capex reached $267 million in Q1 2018, down $10 million or 3.9% year-on-year from $277 million in Q1 2017. The decline reflects timing differences with respect to cash payments, as our investing activity has increased slightly year-on-year.

Cash used for working capital increased $18 million or 24.6% to $94 million and reflects typical volatility in Q1 as well as the impact of faster growth in our subscription-based lines of business. As a result, cash flow from operations was flat at $213 million.

Taxes paid rose 16.2% to $38 million in Q1 2018. The increase reflects timing of withholding taxes on dividends.

Net finance charges paid were flat year-on-year at $127 million in Q1 2018. This includes an $8 million coupon payment on the 2028 bonds, which we did not have in Q1 2017. Advances for dividends to non-controlling interests were broadly stable at $4 million. As a result, equity free cash flow declined $4 million or 8.5% year-on-year to $45 million in Q1 2018.

### Capital Expenditures

Balance sheet capital expenditures (excluding spectrum, license costs and finance lease capitalizations) reached $157 million in Q1 2018, up 6.1% year-on-year. Capex in Latam was approximately $151 million, an increase of 14.3%. Not included in our capex are spectrum and license purchases, which totaled $50 million in Q1 2018, up from only $1 million in Q1 2017 due to license renewals in El Salvador and the recently-completed 700MHz spectrum auction in Paraguay.

### Net Debt

| US$m | Gross Debt | Of which Finance Leases | Cash | Of which Restricted Cash | Net Debt[1] |
|---|---|---|---|---|---|
| **Latin America** | **3,702** | **249** | **852** | **40** | **2,850** |
| *Of which local currency* | *1,979* | 249 | *461* | 40 | 1,517 |
| **Africa** | **279** | **119** | **149** | **113** | **130** |
| *Of which local currency* | *180* | 119 | *142* | 113 | 39 |
| Corporate | 1,226 | 0 | 107 | 0 | 1,119 |
| **Group** | **5,208** | **368** | **1,108** | **153** | **4,100** |
| *Group - Proportionate basis* | *4,034* | *264* | *860* | *148* | *3,174* |
| Guatemala and Honduras | 1,387 | 1 | 389 | 12 | 998 |
| **Group, excluding GT & HN** | **3,821** | **367** | **719** | **142** | **3,102** |

*Note: (1) Net debt is gross debt including finance leases less: cash, restricted cash, and pledged and term deposits of $2 million.*

Gross debt including finance leases, increased by $40 million in the first quarter of 2018 to $5,208 million. About 71% of group gross debt at March 31st 2018 was in Latam, 5% in Africa, and the remaining 24% at the corporate level. Finance lease liabilities remained stable at $368 million and represented 7% of group gross debt.

During Q1 2018, we swapped $100 million from variable rates to fixed rates in El Salvador to hedge for interest rate risk. As of March 31st 2018, 69% of group gross debt was at fixed rates or swapped for fixed rates, and 41% was in local currency, thereby mitigating our exposure to currencies and rates volatility. Our cost of debt excluding finance leases was stable at 6.2%. The average maturity of our debt stood at 5.2 years, down marginally from year-end 2017.

Our cash position, excluding restricted cash but including pledged and term deposits, increased to $957 million from $940 million at year-end 2017. The restricted cash balance, principally comprising MFS customer account balances, was $153 million.

Group net debt, including Guatemala and Honduras, was $4,100 million as of the end of March 2018, an increase of $29 million from $4,071 million as of end 2017. Net debt-to-EBITDA, based on the last twelve-month EBITDA, was stable at 1.87x at March 31st 2018 (1.86x on December 31st 2017). Proportionate net debt as of March 2018, excluding 45% of Guatemala, 33.3% of Honduras, 50% of Colombia, and 15% of Zantel, was $3,174 million, implying a net debt-to-EBITDA ratio of 2.03x (stable again versus year-end 2017 at 2.02x).

## Group Business Review

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

### *Segment Information*

We manage our operations and report our results under two segments, Latam and Africa, and we provide additional information on each of the largest countries within our Latam segment. Beginning in Q1 2018, we are including in our segment EBITDA certain cost items that were previously booked as corporate costs. Specifically, the items now included are incentive compensation paid to local management teams and the inter-company management fees paid by local operating companies to the holding. This change in presentation has no impact on group level EBITDA nor the presentation of the country EBITDA shown below.

In order to facilitate comparisons of Q1 2018 results with prior periods, we re-present below the Q1 2017 segment EBITDA to conform with this new segment EBITDA reporting.

| Latam EBITDA | Q1 2017 | Q2 2017 | Q3 2017 | Q4 2017 | FY2017 |
|---|---|---|---|---|---|
| EBITDA reported in 2017 | 538 | 522 | 539 | 552 | 2,151 |
| Allocation of corporate costs | (32) | (31) | (32) | (32) | (126) |
| Re-presented EBITDA | 506 | 491 | 507 | 520 | 2,024 |
| Re-presented EBITDA margin % | 38.1% | 36.5% | 37.3% | 37.0% | 37.2% |

| Africa EBITDA | Q1 2017 | Q2 2017 | Q3 2017 | Q4 2017 | FY2017 |
|---|---|---|---|---|---|
| Reported in 2017 | 53 | 47 | 42 | 49 | 173 |
| Change in perimeter[1] | (13) | (11) | (3) | (5) | (15) |
| Allocation of corporate costs | (4) | (5) | (5) | (5) | (18) |
| Re-presented EBITDA | 36 | 31 | 34 | 39 | 141 |
| Re-presented EBITDA % | 28.0% | 24.5% | 27.5% | 28.7% | 27.2% |

*Note: (1) Full year does not tie with sum of the four quarters as Ghana was included in H1 but not in FY results.*

## Latin America

### *Business Units*

We manage our Latam operations and present our results grouped under three business units:

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

### *Market environment*

The macro-economic environment in our Latin America markets remained stable again in Q1 2018, and third-party economic forecasts call for GDP growth ranging from 2% to 4% in our Latam markets in 2018.

The average FX rate for the currencies in the countries where we operate fluctuated within a narrow range of -1% and +1% during the quarter, with the exception of Colombia, where the COP appreciated by 3% during the quarter and by

2% year-on-year. When measured using end-of-quarter FX rates, the COP appreciated by 7% during Q1, as much of the appreciation occurred toward the end of Q1. However, as of the end of Q1 2018, the economic environment in Colombia remained somewhat sluggish, despite some recent improvements in the consumer confidence index.

Competition remains intense in most of our mobile markets, and it is most acute in Colombia, especially for mobile data pricing.

**Financial & operating data**

| KPI ('000) | Q1 2018 | Q1 2017 | YOY change |
|---|---|---|---|
| B2C Mobile customers | 31,873 | 31,324 | 1.8% |
| *Of which B2C mobile data customers* | 15,243 | 13,042 | 16.9% |
| *Of which 4G customers* | 7,545 | 3,824 | 97.3% |
| *Of which Postpaid subscribers* | 3,015 | 2,837 | 6.3% |
| B2C Mobile ARPU ($)[i] | 7.6 | 7.7 | (1.7%) |
| Total homes passed | 9,284 | 8,404 | 10.5% |
| *Of which HFC homes passed* | 8,687 | 7,522 | 15.5% |
| *Of which HFC homes connected* | 2,420 | 2,138 | 13.2% |
| Home – HFC revenue generating units | 4,578 | 3,808 | 20.2% |
| Home ARPU ($)[i] | 29.0 | 28.5 | 0.5% |

| Financial ($m, unless otherwise stated) | Q1 2018 | Q1 2017 | Organic YOY [i] |
|---|---|---|---|
| Total Revenue | 1,382 | 1,329 | 3.0% |
| Service revenue | 1,288 | 1,246 | 3.9% |
| Mobile B2C | 736 | 735 | 0.9% |
| *Of which B2C mobile data* | 353 | 302 | 17.7% |
| Home | 302 | 277 | 7.6% |
| B2B | 240 | 224 | 8.9% |
| EBITDA[ii] | 514 | 506 | 1.3% |
| EBITDA margin % | 37.2% | 38.1% | (0.8pt) |
| Capex[iii] | 151 | 132 | 14.3% |

*i) Organic growth rates exclude the impact of changes in FX and changes related to the new segment cost presentation.*
*ii) EBITDA and EBITDA margin reflect new corporate cost allocation and segment reporting presentation, as detailed on page 6.*
*iii) Excludes spectrum, license costs and finance lease capitalizations.*

**Key Performance Indicators**

In our B2C Mobile unit, we added a record 643,000 4G smartphone data users in Latin America during Q1 2018, an increase of 64% year-on-year. We ended Q1 2018 with 31.9 million mobile subscribers, almost flat quarter-on-quarter and up 1.8% year-on-year, as we continue to focus on higher-value and postpaid customers. We closed Q1 2018 with 3.0 million postpaid customers, an increase of 6.3% year-on-year.

Of our total B2C mobile subscribers, 48% used data services in Q1 2018, up from 42% in Q1 2017, and 24% used 4G data services, up from 12% a year ago. Monthly ARPU for B2C mobile continues to show signs of stabilization, averaging $7.60 in Q1, down 1.7% organically but within the range of $7.60 to $7.80 seen throughout 2017.

In our Home unit, we ended the quarter with 9.3 million total homes-passed, including 8.7 million on our HFC networks, adding 208,000 and 241,000, respectively. During the quarter, we connected a record 91,000 homes to our HFC networks. Over the past year, we've increased HFC homes connected by 13.2% and the number of HFC revenue generating units (RGUs) by 20.2%. Home ARPU continues to grow modestly but steadily, gaining 0.5% year-on-year organically in the quarter.

**Financials**

Total revenue in Latam in Q1 increased by 3.0% year-on-year on an organic basis, to $1,382 million, and service revenue gained 3.9%, marking a fifth consecutive quarterly improvement.

By country, organic service revenue growth was positive in every Latam country and reached 7.8% in Paraguay, 6.5% in Bolivia, and 5.7% in Guatemala. Excluding a one-time $6 million adjustment to deferred revenue, Bolivia would have grown approximately 11%. Growth continues to lag in Honduras and Colombia, but we are seeing improvement in both countries.

By business line, service revenue growth in our B2C Mobile unit improved to 0.9% year-on-year, up from 0.2% in Q4 2017, driven by continued strong growth in data consumption, along with a moderating rate of decline in legacy voice and SMS revenue. In Q1 2018, mobile data generated 48% of our B2C mobile service revenue, up from 41% in Q1 2017. We continue to experience healthier subscriber and revenue growth in postpaid, but trends in prepaid improved noticeably in most countries during the quarter.

Home service revenue rose to $302 million, a 7.6% organic growth rate consistent with recent experience throughout 2017. We continue to generate robust double-digit organic revenue growth in our Home segment in Bolivia, Guatemala, Paraguay and Honduras. Growth was negative in Colombia, primarily due to our legacy copper network, where customer churn remains high, even as we continue to invest in our HFC network to expand its reach and to replace the copper network.

B2B service revenue grew by 8.9% organically to $240 million, an improvement from 6.4% growth reported in Q4 due mostly to stronger growth in Colombia, which benefited from new contracts related to electoral systems for both the Congress and Presidential elections.

As our Home, B2B, and B2C Postpaid businesses expands, so too does the proportion of our Latam service revenues stemming from subscriptions, which reached 58.5% in Q1 2018, up from 57.0% in Q1 2017.

Telephone and equipment sales decreased 9.6% organically in the quarter to $94 million, as we rely increasingly on third party vendors.

EBITDA in Latam grew 1.3% organically in the quarter to $514 million. In Q1 2018, EBITDA was negatively impacted by the $6 million one-time item discussed above in Bolivia, while Q1 2017 EBITDA benefited from a $7 million provision reversal in Paraguay. Excluding these items, Latam EBITDA would have grown 3.7%. The EBITDA margin reached 37.2%, down 0.9 percentage point from 38.1% in Q1 2017, mostly due to these items, as well as lower profitability in Colombia, where we continue to execute on our growth plans. Margin compression in Colombia also reflects the impact of regulatory changes implemented during 2017, as discussed on page 10.

Capex in Latin America totaled $151 million, up 14.3% from $132 million in Q1 2017. Investment in our networks accounted for 92% of Latam capex, while the remaining 8% went towards IT and Other. Network investment was split approximately 73% fixed and 27% mobile. Customer premise equipment deployed to support the growth of our fixed customer base increased 15% year-on-year and accounted for more than 40% of our total capex in the region. Within mobile, the bulk of our capital investment remains focused on adding coverage and capacity to our 4G networks.

## FIRST QUARTER 2018 REVIEW BY COUNTRY

### Guatemala

| | Q1 2018 | Q1 2017 | *Organic YOY change* |
|---|---|---|---|
| B2C Mobile customers ('000) | 10,301 | 9,491 | 8.5% |
| Total Homes connected ('000) | 384 | 336 | 14.3% |
| Total revenue (US$m) | 335 | 320 | 4.0% |
| Service revenue (US$m) | 297 | 286 | 5.7% |
| EBITDA (US$m) | 174 | 161 | 8.4% |
| EBITDA margin % | 52.1% | 50.2% | 1.9ppts |

We added 133,000 total B2C mobile subscribers in Q1 2018, including 159,000 new 4G smartphone data users. In Home, we continue to experience strong demand for our services, adding 23,000 homes connected, implying 14% growth year-on-year, and increasing total RGUs by 19%. Home ARPU remains below our regional average and continues to grow mid-single-digits.

Service revenue growth accelerated to 5.7% in Q1 2018, a significant improvement from 3.4% in Q4 2017, as growth in our B2C mobile unit improved to more than 4%. B2B grew mid-single-digits, while growth in the smaller Home unit remained above 20% during the quarter.

EBITDA rose 8.4%, and the margin expanded by 1.9 percentage points year-on-year to 52.1%. Margin expansion reflects operating leverage as well as a 2.7% reduction in total operating expenses, as we continue to focus on improving operational efficiency.

### Paraguay

| | Q1 2018 | Q1 2017 | *Organic YOY change* |
|---|---|---|---|
| B2C Mobile customers ('000) | 3,091 | 3,293 | (6.1%) |
| Total Homes connected ('000) | 387 | 320 | 21.2% |
| Total revenue (US$m) | 173 | 159 | 6.5% |
| Service revenue (US$m) | 160 | 149 | 7.8% |
| EBITDA (US$m) | 87 | 82 | 4.0% |
| EBITDA margin % | 50.4% | 51.3% | (0.9ppt) |

The mobile market remains very competitive, and we continue to focus our efforts on higher-value customers, pricing discipline, and data monetization to drive ARPU growth. Our B2C subscriber base declined 77,000 during Q1 2018, but we added 54,000 4G smartphone data users. As a result, our B2C Mobile ARPU once again expanded by about 10% year-on-year.

In Home, we remain focused on upgrading and integrating our networks. This is driving strong demand for our services, and we added 19,000 homes-connected during the quarter, and total RGUs increased 22% year-on-year.

Service revenue growth remains robust, reaching 7.8% in Q1 2018, a slowdown from 8.9% in Q4 2017 due to the relatively easier comparisons that prevailed in Q4 2017. B2C mobile service revenue sustained growth of more than 3% for a second consecutive quarter, Home grew in the high-teens, while growth in the smaller B2B unit hit almost 10%.

EBITDA increased 4.0% year-on-year in Q1 2018, and the margin contracted by 0.9 percentage point to 50.4%. EBITDA in Q1 2017 included a $7 million one-time benefit. Excluding this item, EBITDA would have grown approximately 14%.

**Colombia**

| | Q1 2018 | Q1 2017 | *Organic YOY change* |
|---|---|---|---|
| B2C Mobile customers ('000) | 7,836 | 7,555 | 3.7% |
| Of which, 4G customers ('000) | 2,221 | 1,030 | 115.7% |
| Total Homes connected ('000) | 1,638 | 1,624 | 0.8% |
| HFC Homes connected ('000) | 1,135 | 1,043 | 8.9% |
| Total revenue (US$m) | 446 | 430 | 1.5% |
| Service revenue (US$m) | 423 | 405 | 2.2% |
| EBITDA (US$m) | 122 | 130 | (8.5%) |
| EBITDA margin % | 27.3% | 30.2% | (3.0ppts) |

We added 27,000 customers to our HFC network during the quarter, driving almost 9% customer growth and 18% RGU growth year-on-year. Our B2C mobile subscriber base remained almost flat, but we added 205,000 4G smartphone data users in the quarter, lifting 4G penetration to more than 28% of our base, more than double last year's level.

Service revenue grew 2.2% in Q1 2018, an improvement of 2.4 percentage points as compared to the decline of 0.2% reported in Q4 2017. Revenue in our B2C mobile unit declined by less than 1% year-on-year, a significant improvement from levels experienced throughout most of 2016 and 2017, as we begin to lap the impact of regulated tariff reductions implemented during H1 2017.

Our B2B unit experienced robust low-teen growth driven by a government contract to support the upcoming elections and by strength in the SME client category. However, strong B2B performance was offset by a decline in revenue in our Home unit, where we continue to experience high churn among customers on our legacy copper network, which is offsetting steady customer growth on our HFC network.

EBITDA declined 8.5% year-on-year to $122 million in Q1 2018. The decline reflects a significant step-up in our commercial activities over the past year in both our mobile and fixed services, as well as the ongoing impact from changes in regulation implemented during H1 2017. Excluding the impact of regulation, service revenue would have grown approximately 3.4% and EBITDA would have declined about 5.9% year-on-year organically. Further, and specific to this quarter, we saw increased G&A costs in respect of the contract to provide the communications infrastructure connecting the voting stations for the upcoming congressional and presidential elections.

**Bolivia**

| | Q1 2018 | Q1 2017 | *Organic YOY change* |
|---|---|---|---|
| B2C Mobile customers ('000) | 3,396 | 2,993 | 13.5% |
| Total Homes connected ('000) | 268 | 137 | 96.3% |
| Total revenue (US$m) | 142 | 134 | 5.9% |
| Service revenue (US$m) | 137 | 132 | 6.5% |
| EBITDA (US$m) | 50 | 52 | (5.3%) |
| EBITDA margin % | 35.0% | 39.2% | (4.2ppts) |

In Bolivia, the strong momentum we experienced in 2017 has continued into early 2018. In Q1 2018, we connected 31,000 homes to our HFC network, yet another quarterly record. We also performed well in mobile, adding 93,000 B2C subscribers and 137,000 4G smartphone data users.

Service revenue grew 6.5% in Q1 2018, a slowdown from 9.1% in Q4 2017 explained by a one-off $6 million accounting adjustment to deferred revenue. Excluding this effect, growth would have been approximately 10.8%, driven by low single-digit growth in B2C mobile and more than 80% growth in Home.

EBITDA declined 5.3% year-on-year in Q1 2018, impacted by the $6 million item discussed previously. Excluding this effect, EBITDA growth would have been approximately 5.7%. The margin erosion year-on-year reflects the one-time items, as well as the impact of investments we have been making to accelerate revenue growth.

**Honduras**

| | Q1 2018 | Q1 2017 | *Organic YOY change* |
|---|---|---|---|
| B2C Mobile customers ('000) | 4,654 | 4,737 | (1.7%) |
| Total Homes connected ('000) | 159 | 134 | 18.7% |
| Total revenue (US$m) | 145 | 147 | 0.1% |
| Service revenue (US$m) | 138 | 141 | 0.0% |
| EBITDA (US$m) | 61 | 63 | (0.8%) |
| EBITDA margin % | 42.5% | 43.2% | (0.6ppt) |

In B2C mobile, we added 29,000 total subscribers and 30,000 4G smartphone data users in Q1 2018. Most of the subscriber growth is coming from postpaid, and the mix shift toward higher-value customers is largely offsetting the drag from the decline in legacy voice and SMS revenue.

In our Home unit, after a period of rapid network expansion in 2017, focus is now on increasing penetration, and Homes connected increased 18.7% year-on-year in Q1.

Service revenue was flat year-on-year in Q1 2018, but marking an improvement from the modest declines reported throughout 2017. Revenue in B2C mobile declined low single-digit, but this was offset by mid-teen growth in Home and low single-digit growth in B2B, where competition remains intense.

EBITDA declined 0.8% in Q1 2018, and the margin contracted 0.6 percentage point to 42.5%. The margin erosion in Honduras largely reflects the decline in our legacy mobile voice business as well as the impact of investments we are making to accelerate growth in mobile data and Home.

**El Salvador**

| | Q1 2018 | Q1 2017 | *Organic YOY change* |
|---|---|---|---|
| B2C Mobile customers (‘000) | 2,595 | 3,255 | (20.3%) |
| Total Homes connected (‘000) | 300 | 318 | (5.7%) |
| Total revenue (US$m) | 104 | 102 | 1.5% |
| Service revenue (US$m) | 96 | 96 | 2.1% |
| EBITDA (US$m) | 37 | 34 | 9.3% |
| EBITDA margin % | 35.7% | 33.3% | 2.4ppts |

We added 58,000 4G smartphone data users to our network during the quarter, and we disconnected a net 201,000 total B2C mobile subscribers, as we continue to focus on the higher-value segment. This changing subscriber mix is driving healthy ARPU growth.

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

Service revenue rose 2.1% year-on-year in Q1 2018, as mid-to-high single-digit growth in Home and B2B was offset by flat growth in B2C mobile.

EBITDA grew 9.3% in Q1 2018, and the margin expanded 2.4 percentage points year-on-year to 35.7%. The improved margin largely reflects the recurring benefit from the renegotiation of a long-term contract for site rentals.

**Costa Rica**

Service revenue rose 3.4% year-on-year in Q1 2018, as we continue to experience strong growth in B2B and low single-digit growth in Home, driven by low single-digit growth in both homes connected and ARPU. EBITDA rose 7.0% year-on-year, and EBITDA margins increased 0.9 percentage point to 38.4%, fueled by lower cost of sales and operating leverage, as well as the effect of having delayed some advertising campaigns relative to Q1 2017.

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**Africa**

**Financial & operating data**

| KPI (‘000) | Q1 2018 | Q1 2017 | *YOY change* |
|---|---|---|---|
| B2C Mobile customers | 14,878 | 14,511 | 2.5% |
| MFS customers | 6,664 | 6,004 | 11.0% |
| B2C Mobile ARPU (US$)[i] | 2.8 | 2.7 | (0.2%) |

| Financial[i] | Q1 2018 | Q1 2017 | *Organic YOY change[i]* |
|---|---|---|---|
| Total Revenue (US$m) | 134 | 129 | 1.6% |
| Service revenue (US$m) | 134 | 129 | 1.7% |
| EBITDA (US$m)[ii] | 37 | 36 | 2.2% |
| EBITDA margin % | 27.4% | 27.9% | (0.5ppt) |
| Capex (US$m)[ii] | 5 | 15 | (67.6%) |

*i) Organic YoY in local currency and constant perimeter to exclude Senegal, Ghana, and Rwanda*
*ii) Reflects new corporate cost allocation and segment reporting presentation, as detailed on page 6.*
*iii) Capex excludes spectrum and license costs*

In December 2017, we announced an agreement for the sale of our operations in Rwanda, which was completed on January 31st, 2018. Accordingly, beginning in Q1 2018, Rwanda results are no longer included in our Africa segment results, and we re-present Q1 2017 figures to exclude Rwanda. As such, for Q1 2018, our consolidated Africa operations comprise Tanzania, including Zantel, and Chad. In aggregate, these represented 8.9% of Group revenue and 7.5% of Group EBITDA in Q1 2018.

During the first quarter, we added 247,000 B2C mobile subscribers in Africa, with both countries reporting gains. ARPU was stable for a third consecutive quarter.

Service revenue growth returned to positive territory for the first time since Q4 2016, reaching 1.7% year-on-year. Tanzania delivered a third consecutive quarter of high-single-digit growth, but this was offset mostly by a double-digit contraction in Chad, where an excise tax increase went into effect at the end of Q1 2017.

EBITDA rose 2.2% and margins compressed 0.5 percentage point year-on-year to 27.4%. The margin erosion reflects growth investments in Tanzania as well as the direct impact of the heavier tax burden in Chad.

Capital expenditures in Africa totaled $5 million in Q1 2018, and this compares to capex of $15 million in Q1 2017, with both periods adjusted to exclude our discontinued operations.

## Corporate Responsibility highlights – Q1 2018

### Embedding Corporate Responsibility across our supply chain

We are currently planning the roll-out of our supplier training program for 2018 on corporate responsibility priorities and expectations, based on the lessons learned from the 2017 program, and insights and feedback from our local operations.

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

As part of our ongoing focus on Child Rights we are designing a Child Consultation Project for Latam. This project aims to break the paradigm of tailoring social programs based on adult-centric points of view. It will support our current due diligence processes which assess the positive and negative impacts of child online activities connected to our products, services and business relationships, and generate required action plans to prevent or mitigate harm and enhance opportunities.

As an added strength, this project will go beyond the company's current strategy focused on Child Online Protection and also focus on how technology and digital tools help children exercise their rights.

### Health, safety and security

Our focus during Q1 has been to establish the building blocks for the quality of system information. Systematic and in-depth reviews have been completed with AirtelTigo in Ghana and their compliance to legal requirements as part of the merger program and three central American countries (Costa Rica, El Salvador & Guatemala) in preparation for their external ISO certification audits in Q2 & Q3.

Sixty-eight events were reported for the quarter (3 Business Continuity Management, 11 Security and 54 Health and Safety). The events ranged from civil unrest in Honduras and Bolivia, several serious fires, a tower collapse, road traffic accidents, violent assaults and mental health. We are reviewing these events to assess root causes, lessons learned and opportunities to strengthen our health and safety practices.

In addition to the event reporting and management we have a clear objective during 2018 with addressing our Occupational Health matters and review sickness absence reporting, understand and evaluate the underlying key issues through trend analysis to support our Human Resources department.

### Compliance and anti-corruption program

During the first quarter of the year we published our new and updated suite of Compliance policies on the Millicom external website and prepared the group-wide communication campaign on the policies. We updated our internal control framework in accordance with the new/updated policies and started the preparation for the annual employee training. In order to strengthen and clarify risks and controls around third-party management, we published a standalone procedure on interactions with government and other public officials. We strengthened capacity and capabilities with two additional senior Compliance Officers for the Africa operations.

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## Additional Information

### *Alternative Performance Measures ('APMs')*

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

| APMs | |
|---|---|
| Management reporting | The financial information presented in the front section of this Release is with Guatemala (55% owned) and Honduras (66.7% owned) as if fully consolidated, while the Group equity accounts those operations in the IFRS consolidated financial statements. See next pages for reconciliation with IFRS numbers. |
| Service, mobile data and home revenue | Service revenue is Group revenue related to the provision of ongoing services such as monthly subscription fees, airtime and data usage fees, interconnection fees, roaming fees, mobile finance service commissions and fees from other telecommunications services such as data services, short message services and other value-added services excluding telephone and equipment sales;<br>Mobile data revenue is Group revenue related to the provision of data. Mobile data revenue is included in Service revenue;<br>Home revenue is Group revenue related to the provision of residential services such as broadband internet and TV. Home revenue is included in Service revenue. |
| Organic growth | Organic growth represents year-on year-growth excluding the impact of changes in FX rates, perimeter, and accounting. A reconciliation of organic and reported growth rates can be found on the next page. |
| Operating profit | Operating profit is profit before taxes before results from associates, other non-operating expenses (such as foreign exchange losses and changes in fair value of derivatives) and net financial expenses. Operating profit includes our share of profit from joint ventures in Guatemala and Honduras, as these two operations are relevant in size and are considered as strategic operations for the Group. However, the operating profit does not include the share of income from joint venture in Ghana, due to its smaller size and reduced strategic importance. Ghana is therefore accounted for under the caption "Gains (losses) from other joint ventures and associates, net" |
| EBITDA | EBITDA is operating profit excluding impairment losses, depreciation and amortization and gains/losses on the disposal of fixed assets. |
| Return on Invested Capital | Return on Invested Capital is used to assess the Group's efficiency at allocating the capital under its control to profitable investments. |
| Net debt | Net debt is Gross debt (including finance leases) less cash, restricted cash and pledged deposits |
| Capex measures | Capex is balance sheet capital expenditure excluding spectrum and license costs and finance lease capitalizations from tower sale and leaseback transactions.<br>Cash Capex represents the cash spent in relation to capital expenditure, excluding spectrum and licenses costs and finance lease capitalizations from tower sale and leaseback transactions. |
| Cash flow measures | Operating Cash Flow (OCF) is EBITDA less capex (excluding spectrum and license costs and finance lease capitalizations from tower sale and leaseback transactions);<br>Operating Free Cash Flow is Operating Cash Flow less change in working capital and other non-cash items and taxes paid;<br>Equity Free Cash Flow is Operating Cash Flow less taxes paid, finance charges paid (net) and advances for dividends to non-controlling interests.<br>These measures allow us and third parties to evaluate our liquidity and the cash generated by our operations. |

***Organic growth adjustments***

| | Group Revenue | | Group Service Revenue | | Group EBITDA | |
|---|---|---|---|---|---|---|
| | Q1 2018 | Q1 2017 | Q1 2018 | Q1 2017 | Q1 2018 | Q1 2017 |
| Prior year period ($million) | 1,459 | 1,499 | 1,375 | 1,408 | 542 | 539 |
| Current period ($million) | 1,516 | 1,459 | 1,422 | 1,375 | 554 | 542 |
| Reported Growth | 3.9% | (2.7%) | 3.4% | (2.3%) | 2.3% | 0.4% |
| Organic growth | 2.9% | (2.3%) | 3.6% | (1.7%) | 1.5% | (0.6%) |
| Accounting change impact | (0.1%) | NA | (1.3%) | NA | (0.1%) | NA |
| Change in Perimeter impact | 0.0% | (3.4%) | 0.0% | (3.6%) | 0.0% | (2.0%) |
| FX impact | 1.2% | 3.0% | 1.1% | 3.0% | 0.9% | 3.1% |

***Foreign Exchange rates***

| | | Average FX rate (vs. USD) | | | | | End of period FX rate (vs. USD) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Q1 18 | Q4 17 | QoQ | Q1 17 | YoY | Q1 18 | Q4 17 | QoQ | Q1 17 | YoY |
| Guatemala | GTQ | 7.37 | 7.36 | (0%) | 7.43 | 7.37 | 7.40 | 7.34 | (1%) | 7.34 | (1%) |
| Honduras | HNL | 23.68 | 23.58 | (0%) | 23.62 | 23.68 | 23.72 | 23.67 | (0%) | 23.58 | (1%) |
| Costa Rica | CRC | 569 | 571 | 0% | 565 | 569 | 566 | 573 | 1% | 567 | 0% |
| Bolivia | BOB | 6.91 | 6.91 | (0%) | 6.91 | 6.91 | 6.91 | 6.91 | 0% | 6.91 | 0% |
| Colombia | COP | 2,866 | 2,961 | 3% | 2,928 | 2,866 | 2,780 | 2,984 | 7% | 2,880 | 3% |
| Paraguay | PYG | 5,578 | 5,626 | 1% | 5,662 | 5,578 | 5,548 | 5,590 | 1% | 5,638 | 2% |
| Ghana | GHS | 4.42 | 4.36 | (1%) | 4.32 | 4.42 | 4.40 | 4.42 | 0% | 4.32 | (2%) |
| Chad | XAF | 553 | 588 | 6% | 619 | 553 | 554 | 558 | 1% | 826 | 33% |
| Tanzania | TZS | 2,248 | 2,233 | (1%) | 2,220 | 2,248 | 2,256 | 2,245 | (0%) | 2,233 | (1%) |

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

| US$m | Q1 2018 | IFRS 15 impact | Q1 2018 excl IFRS 15 | Q1 2017 | YoY change % |
|---|---|---|---|---|---|
| **Revenue** | **1,516** | **1** | **1,517** | **1,459** | **4.0%** |
| Cost of sales | (405) | 17 | (387) | (374) | 3.5% |
| **Gross profit** | **1,111** | **19** | **1,130** | **1,085** | **4.2%** |
| Operating expenses | (557) | (18) | (576) | (543) | 6.0% |
| **EBITDA** | **554** | **0** | **554** | **542** | **2.4%** |
| Depreciation | (240) | 0 | (240) | (244) | (1.5%) |
| Amortization | (76) | 0 | (76) | (78) | (2.8%) |
| Other operating income (expenses), net | 0 | 0 | 0 | 1 | (42.5%) |
| **Operating profit** | **238** | **0** | **238** | **220** | **8.3%** |
| Net financial expenses | (103) | 0 | (103) | (113) | (8.9%) |
| Other non-operating income (expenses), net | 25 | 0 | 25 | 24 | 5.8% |
| Gains (losses) from other joint ventures and associates, net | (20) | 0 | (20) | (14) | 39.0% |
| **Profit (loss) before tax** | **140** | **0** | **140** | **116** | **20.9%** |
| Net tax credit (charge) | (53) | 0 | (53) | (63) | (16.6%) |
| **Profit (loss) for the period from continuing ops.** | **87** | **0** | **88** | **53** | **65.6%** |
| Non-controlling interests | (38) | (1) | (39) | (32) | 20.7% |
| Profit (loss) from discontinued operations | (32) | 0 | (32) | 3 | NM |
| **Net profit (loss) for the period** | **17** | **(1)** | **17** | **24** | **(30.1%)** |
| Weighted average shares outstanding (millions) | 100.7 | 0 | 100.7 | 100.4 | 0.2% |

***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 | Q1 18 (i) | Guatemala and Honduras | JV | Q1 18 IFRS |
|---|---|---|---|---|
| **Revenue** | **1,516** | **(474)** | | **1,042** |
| Cost of sales | (405) | 98 | | (307) |
| **Gross profit** | **1,111** | **(376)** | | **736** |
| Operating expenses | (557) | 149 | | (409) |
| **EBITDA** | **554** | **(227)** | | **327** |
| **EBITDA margin** | **36.5%** | **47.9%** | | **31.4%** |
| Depreciation & amortization | (317) | 110 | | (207) |
| Share of net profit in joint ventures | | | 39 | 39 |
| Other operating income (expenses), net | 0 | 2 | | 2 |
| **Operating profit** | **238** | **(116)** | **39** | **160** |
| Net financial expenses | (103) | 22 | | (81) |
| Other non-operating income (expenses), net | 25 | 2 | | 27 |
| Gains (losses) from associates | (20) | - | | (20) |
| **Profit (loss) before tax** | **140** | **(91)** | **39** | **87** |
| Net tax credit (charge) | (53) | 20 | | (33) |
| **Profit (loss) for the period** | **87** | **(72)** | **39** | **54** |
| Profit (loss) from discontinued operations | (32) | - | | (32) |
| Non-controlling interests | (38) | 33 | | (4) |
| **Net profit (loss) for the period** | **17** | **(39)** | **39** | **17** |

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

***Consolidated balance sheet (unaudited)***

| US$ millions | 31 Mar 2018 (i) | IFRS adjustments (ii) | 31 Mar 2018 IFRS |
|---|---|---|---|
| **ASSETS** | | | |
| Intangible assets, net | 4,313 | (3,010) | 1,304 |
| Property, plant and equipment, net | 3,905 | (1,052) | 2,853 |
| Investments in joint ventures and associates | 318 | 2,928 | 3,247 |
| Other non-current assets | 453 | (124) | 329 |
| **TOTAL NON-CURRENT ASSETS** | **8,989** | **(1,257)** | **7,732** |
| Inventories, net | 85 | (35) | 50 |
| Trade receivables, net | 466 | (106) | 360 |
| Other current assets | 784 | (300) | 484 |
| Restricted cash | 153 | (12) | 142 |
| Cash and cash equivalents | 953 | (376) | 576 |
| **TOTAL CURRENT ASSETS** | **2,441** | **(829)** | **1,612** |
| Assets held for sale | 258 | 0 | 258 |
| **TOTAL ASSETS** | **11,688** | **(2,087)** | **9,601** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| Equity attributable to owners of the Company | 3,154 | 42 | 3,196 |
| Non-controlling interests | 874 | (677) | 197 |
| **TOTAL EQUITY** | **4,028** | **(635)** | **3,393** |
| Debt and financing | 4,991 | (1,295) | 3,697 |
| Other non-current liabilities | 577 | (18) | 560 |
| **TOTAL NON-CURRENT LIABILITIES** | **5,569** | **(1,312)** | **4,257** |
| Debt and financing | 216 | (92) | 124 |
| Other current liabilities | 1,786 | (47) | 1,739 |
| **TOTAL CURRENT LIABILITIES** | **2,002** | **(139)** | **1,863** |
| Liabilities directly associated with assets held for sale | 89 | 0 | 89 |
| **TOTAL LIABILITIES** | **7,660** | **(1,451)** | **6,209** |
| **TOTAL EQUITY AND LIABILITIES** | **11,688** | **(2,087)** | **9,601** |

*Notes: (i) Management reporting as if the Honduran and Guatemalan businesses continue to be fully consolidated. (ii) IFRS adjustments result from the deconsolidation of the Guatemala and Honduras businesses and their reclassification as joint venture since December 31st, 2015.*

***Consolidated statement of cash flows (unaudited)***

| US$ millions | Q1 2018 (i) | IFRS adjustments (ii) | Q1 2018 IFRS |
|---|---|---|---|
| **Profit (loss) before taxes from continuing operations** | **140** | **(53)** | **87** |
| Profit (loss) for the period from discontinued operations | (32) | 0 | (32) |
| **Profit (loss) before taxes** | **108** | **(53)** | **55** |
| **Net cash provided by operating activities (incl. discops)** | **315** | **(148)** | **167** |
| **Net cash used in investing activities (incl. discops)** | **(281)** | **90** | **(191)** |
| **Net cash from (used by) financing activities (incl. discops)** | **(29)** | **(1)** | **(31)** |
| Exchange impact on cash and cash equivalents, net | 7 | 1 | 8 |
| **Net (decrease) increase in cash and cash equivalents** | **12** | **(58)** | **(46)** |
| Cash and cash equivalents at the beginning of the period | 938 | (319) | 619 |
| Effect of cash in disposal group held for Sale | 3 | 0 | 3 |
| **Cash and cash equivalents at the end of the period** | **953** | **(376)** | **576** |

*Notes: (i) Management reporting as if the Honduran and Guatemalan businesses continue to be fully consolidated. (ii) IFRS adjustments result from the deconsolidation of the Guatemala and Honduras businesses and their reclassification as joint ventures since December 31st, 2015.*

### Conference call details

A presentation and conference call to discuss these results will take place on April 25th, 2018 at 2:00 PM (Stockholm) / 1:00 PM (London) / 8:00 AM (New York). Please dial in 5-10 minutes before the scheduled start time to register your attendance. Dial-in numbers for the call are as follows:

| | | | |
|---|---|---|---|
| **Sweden:** | **+46 (0) 8 5065 3942** | **UK:** | **+44 (0) 330 336 9411** |
| **US:** | **+1 646 828 8143** | **Luxembourg:** | **+352 2787 0187** |

**The access code is: 6273539**
A live audio stream, presentation slides, and replay information can be accessed at www.millicom.com.

### Financial calendar

May 4 – AGM / EGM (Location: Luxembourg)

| Quarterly results | Earnings release | Conference call |
|---|---|---|
| Q2 2018 | Jul 19 | Jul 20 |
| Q3 2018 | Oct 23 | Oct 24 |

### For further information, please contact

| **Press:** | **Investors:** |
|---|---|
| Vivian Kobeh, Corporate Communications Director<br>+1 305 476 7352 / +1 305 302 2858<br>press@millicom.com | Michel Morin, VP Investor Relations<br>+352 277 59094<br>investors@millicom.com<br><br>Mauricio Pinzon, Investor Relations Manager<br>Tel: +44 20 3249 2460<br>investors@millicom.com |

### Risks and uncertainty factors

Millicom operates in a dynamic industry characterized by rapid evolution in technology, consumer demand, and business opportunities. Combined with a focus on emerging markets in various geographic locations, the Group has a proactive approach to identifying, understanding, assessing, monitoring and acting on balancing risks and opportunities. For a description of risks and Millicom's approach to risk management, please refer to the 2017 Annual Report (http://www.millicom.com/investors/reporting-centre).

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

**About Millicom**

Millicom is a leading provider of cable and mobile services dedicated to emerging markets in Latin America and Africa. Millicom sets the pace when it comes to providing high-speed broadband and innovation around The Digital Lifestyle services through its principal brand, Tigo. As of December 31st, 2017, Millicom employed approximately 19,000 people and provided mobile services to approximately 51 million customers, with a cable footprint of more than 9 million homes passed. Founded in 1992, Millicom International Cellular SA is headquartered in Luxembourg and listed on Nasdaq Stockholm under the symbol MIC_SDB. In 2017, Millicom reported revenues of $6.0 billion and EBITDA of $2.2 billion.

*This information was, prior to this release, inside information and is information that Millicom is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 22:05 CET on April 24th, 2018.*

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# Unaudited Interim Condensed Consolidated Financial Statements

**For the three month period ended March 31, 2018**

April 24, 2018

## Unaudited interim condensed consolidated income statement for the three-month period ended March 31, 2018

| $ millions (unaudited) | Notes | Three months ended March 31, 2018 | Three months ended March 31, 2017 (i) |
|---|---|---|---|
| **Revenue** | **5** | **1,042** | **997** |
| Cost of sales | | (307) | (287) |
| **Gross profit** | | **736** | **710** |
| Operating expenses | | (409) | (385) |
| Depreciation | | (171) | (170) |
| Amortisation | | (36) | (38) |
| Share of profit in our joint ventures in Guatemala and Honduras | 14 | 39 | 38 |
| Other operating income (expenses), net | 16 | 2 | 2 |
| **Operating profit** | 5 | **160** | **156** |
| Interest expense | 10 | (85) | (94) |
| Interest and other financial income | | 3 | 5 |
| Other non-operating (expenses) income, net | 6 | 27 | 10 |
| Income (loss) from other joint ventures and associates, net | 15 | (20) | (14) |
| **Profit before taxes from continuing operations** | | **87** | **63** |
| Charge for taxes, net | | (33) | (42) |
| **Profit (loss) for the period from continuing operations** | | **54** | **21** |
| Profit (loss) for the period from discontinued operations, net of tax | 4 | (32) | 3 |
| **Net profit (loss) for the period** | | **22** | **24** |
| **Attributable to:** | | | |
| Owners of the Company | | 17 | 24 |
| Non-controlling interests | | 4 | — |
| **Earnings per common share for profit attributable to the owners of the Company:** | | | |
| **Basic ($)** | 7 | 0.17 | 0.24 |
| **Diluted ($)** | 7 | 0.17 | 0.24 |

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

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

## Unaudited interim condensed consolidated statement of comprehensive income for the three-month period ended March 31, 2018

| $ millions (unaudited) | Three months ended March 31, 2018 | Three months ended March 31, 2017 |
|---|---|---|
| Net profit for the period | 22 | 24 |
| **Other comprehensive income (to be reclassified to profit and loss in subsequent periods), net of tax:** | | |
| Exchange differences on translating foreign operations | 73 | 26 |
| Cash flow hedges | (1) | 2 |
| **Total comprehensive income for the period** | **94** | **52** |
| | | |
| **Attributable to:** | | |
| Owners of the Company | 78 | 45 |
| Non-controlling interests | 15 | 6 |
| | | |
| **Total comprehensive income for the period arises from:** | | |
| Continuing operations | 96 | 54 |
| Discontinued operations | (2) | (2) |

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 March 31, 2018

| $ millions | Notes | March 31, 2018 | December 31, 2017 (audited) |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Intangible assets, net | 9 | 1,304 | 1,265 |
| Property, plant and equipment, net | 8 | 2,853 | 2,880 |
| Investments in joint ventures | 14 | 3,020 | 2,967 |
| Investments in associates | 15 | 227 | 241 |
| Contract costs, net | 2 | 4 | — |
| Deferred tax assets | | 195 | 180 |
| Other non-current assets | 12 | 130 | 113 |
| **TOTAL NON-CURRENT ASSETS** | | **7,732** | **7,647** |
| | | | |
| **CURRENT ASSETS** | | | |
| Inventories | | 50 | 45 |
| Trade receivables, net | | 360 | 386 |
| Contract assets, net | 2 | 30 | — |
| Amounts due from non-controlling interests, associates and joint ventures | 12 | 36 | 37 |
| Prepayments and accrued income | | 191 | 145 |
| Current income tax assets | | 94 | 99 |
| Supplier advances for capital expenditure | | 18 | 18 |
| Other current assets | | 114 | 90 |
| Restricted cash | | 142 | 145 |
| Cash and cash equivalents | | 576 | 619 |
| **TOTAL CURRENT ASSETS** | | **1,612** | **1,585** |
| Assets held for sale | 4 | 258 | 233 |
| **TOTAL ASSETS** | | **9,601** | **9,465** |

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 March 31, 2018 (continued)

| $ millions | Notes | March 31, 2018 | December 31, 2017 (audited) |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| Share capital and premium | | 635 | 637 |
| Treasury shares | | (86) | (106) |
| Other reserves | | (422) | (470) |
| Retained profits | | 3,051 | 2,950 |
| Profit for the period/ year attributable to equity holders | | 17 | 85 |
| **Equity attributable to owners of the Company** | | **3,196** | **3,096** |
| Non-controlling interests | | 197 | 185 |
| **TOTAL EQUITY** | | **3,393** | **3,282** |
| | | | |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Debt and financing | 10 | 3,697 | 3,600 |
| Derivative financial instruments | 13 | 1 | — |
| Amounts due to non-controlling interests, associates and joint ventures | 12 | 139 | 124 |
| Provisions and other non-current liabilities | | 357 | 335 |
| Deferred tax liabilities | | 63 | 56 |
| **Total non-current liabilities** | | **4,257** | **4,116** |
| | | | |
| **Current liabilities** | | | |
| Debt and financing | 10 | 124 | 185 |
| Payables and accruals for capital expenditure | | 197 | 304 |
| Other trade payables | | 250 | 288 |
| Amounts due to non-controlling interests, associates and joint ventures | 12 | 305 | 296 |
| Accrued interest and other expenses | | 375 | 353 |
| Current income tax liabilities | | 86 | 81 |
| Contract liabilities | 2, 13 | 68 | — |
| Derivative financial instruments | 13 | 60 | 56 |
| Provisions and other current liabilities | | 396 | 425 |
| **Total current liabilities** | | **1,863** | **1,989** |
| Liabilities directly associated with assets held for sale | 4 | 89 | 79 |
| **TOTAL LIABILITIES** | | **6,209** | **6,183** |
| **TOTAL EQUITY AND LIABILITIES** | | **9,601** | **9,465** |

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 period ended March 31, 2018

| $ millions (i) | Notes | March 31, 2018 | March 31, 2017 (i) |
|---|---|---|---|
| **Cash flows from operating activities (including discontinued operations)** | | | |
| Profit before taxes from continuing operations | | 87 | 63 |
| Profit before taxes from discontinued operations | 4 | (32) | 3 |
| **Profit before taxes** | | **55** | **65** |
| **Adjustments to reconcile to net cash:** | | | |
| Interest expense | | 87 | 100 |
| Interest and other financial income | | (3) | (5) |
| **Adjustments for non-cash items:** | | | |
| Depreciation and amortization | 5 | 207 | 221 |
| Share of profit in Guatemala and Honduras, joint ventures | | (39) | (38) |
| Loss (gain) on disposal and impairment of assets, net | 4 | 41 | (2) |
| Share based compensation | | 7 | 6 |
| (Income) loss from other joint ventures and associates, net | 15 | 20 | 14 |
| Other non-cash non-operating (income) expenses, net | | (28) | (11) |
| **Changes in working capital:** | | | |
| Decrease (increase) in trade receivables, prepayments and other current assets | | (92) | (21) |
| (Increase) decrease in inventories | | (4) | (15) |
| Increase (decrease) in trade and other payables | | 19 | (16) |
| **Total changes in working capital** | | **(76)** | **(52)** |
| Changes in contract assets, liabilities and costs, net | | (1) | — |
| Interest (paid) | | (88) | (93) |
| Interest received | | 1 | 4 |
| Taxes (paid) | 5 | (14) | (10) |
| **Net cash provided by operating activities** | | **167** | **198** |
| **Cash flows from investing activities (including discontinued operations):** | | | |
| Acquisition of subsidiaries, joint ventures and associates, net of cash acquired | 3 | — | (18) |
| Proceeds from disposal of subsidiaries and associates, net of cash disposed | 4 | 26 | — |
| Purchase of intangible assets and licenses | 9 | (105) | (53) |
| Proceeds from sale of intangible assets | 9 | — | 1 |
| Purchase of property, plant and equipment | 8 | (151) | (163) |
| Proceeds from sale of property, plant and equipment | 8 | 12 | 1 |
| Dividend received from joint ventures | | 22 | 12 |
| Cash (used in) provided by other investing activities, net | 13 | 5 | 1 |
| **Net cash used in investing activities** | | **(191)** | **(220)** |
| **Cash flows from financing activities (including discontinued operations):** | | | |
| Proceeds from other debt and financing | 10 | 100 | — |
| Repayment of debt and financing | 10 | (130) | (16) |
| **Net cash from (used by) financing activities** | | **(31)** | **(16)** |
| Exchange impact on cash and cash equivalents, net | | 8 | 4 |
| **Net (decrease) increase in cash and cash equivalents** | | **(46)** | **(34)** |
| Cash and cash equivalents at the beginning of the year | | 619 | 646 |
| Effect of cash in disposal group held for sale | 4 | 3 | (7) |
| **Cash and cash equivalents at the end of the period** | | **576** | **605** |

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

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

## Unaudited interim condensed consolidated statements of changes in equity for the period and years ended March 31, 2018, December 31, 2017 and December 31, 2016

| $ millions | Number of shares (000's) | Number of shares held by the Group (000's) | Share capital | Share premium | Treasury shares | Retained profits (i) | Other reserves | Total | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance on December 31, 2016** | **101,739** | **(1,395)** | **153** | **485** | **(123)** | **3,215** | **(562)** | **3,167** | **201** | **3,368** |
| Total comprehensive income for the period | — | — | — | — | — | 85 | 87 | 171 | (15) | 156 |
| Dividends (ii) | — | — | — | — | — | (265) | — | (265) | — | (265) |
| Purchase of treasury shares | — | (32) | — | — | (3) | — | — | (3) | — | (3) |
| Share based compensation | — | — | — | — | — | — | 24 | 24 | — | 24 |
| Issuance of shares under share-based payment schemes | — | 233 | — | (1) | 21 | 1 | (18) | 1 | — | 1 |
| **Balance on December 31, 2017** | **101,739** | **(1,195)** | **153** | **484** | **(106)** | **3,035** | **(470)** | **3,096** | **185** | **3,282** |
| Adjustment on adoption of IFRS 15 and IFRS 9 (net of tax) (iii) | — | — | — | — | — | 19 | — | 19 | (4) | 15 |
| Total comprehensive income for the period | — | — | — | — | — | 17 | 61 | 78 | 15 | 94 |
| Purchase of treasury shares | — | (60) | — | — | (5) | — | — | (5) | — | (5) |
| Share based compensation | — | — | — | — | — | — | 7 | 7 | — | 7 |
| Issuance of shares under share-based payment schemes | — | 281 | — | (1) | 25 | (4) | (20) | — | — | — |
| **Balance on March 31, 2018** | **101,739** | **(973)** | **153** | **483** | **(86)** | **3,068** | **(422)** | **3,196** | **197** | **3,393** |

*(i) Retained profits — includes profit attributable to equity holders, of which at March 31, 2018, $335 million (2017: $345 million) are not distributable to equity holders.*

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

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

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

# Notes to the unaudited interim condensed consolidated statements

## 1. ORGANIZATION

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

On April 24, 2018, the Board of Directors authorised these interim condensed consolidated financial statements for issuance.

## 2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES

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

These unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2017. These financial statements are prepared in accordance with consolidation and accounting policies consistent with the 2017 consolidated financial statements, except for the changes described below.

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

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

  As a consequence of adopting this Standard:

  1) some revenue is recognized earlier, as a larger portion of the total consideration received in a bundled contract is attributable to the component delivered at contract inception (i.e. typically a subsidized handset). Therefore, this produces a shift from service revenue (which decreases) to the benefit of Telephone and Equipment revenue. This results in the recognition of a Contract Asset on the statement of financial position, as more revenue is recognized upfront, while the cash will be received along the subscription period (which is usually between 12 to 36 months). Contract Assets (and liabilities) are reported on a separate line in current assets/liabilities even if their realization period is longer than 12 months. This is because they are realized / settled as part of the normal operating cycle of our core business.

  2) the cost incurred to obtain a contract (mainly commissions) is now capitalized in the statement of financial position and amortized over either the average customer retention period or the contract term, depending on the circumstances. This results in the recognition of Contract Costs being capitalized under non-current assets on the statement of financial position.

  3) there is no material changes for the purpose of determining whether the Group acts as principal or an agent in the sale of products.

  4) the presentation of certain amounts in the balance sheet has been changed to reflect the terminology of IFRS 15:

     a. Contract assets recognized in relation to service contracts.

     b. Contract costs in relation to capitalised cost incurred to obtain a contract (mainly commissions).

     c. Contract liabilities in relation to service contracts were previously included in trade and other payables

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

**2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES (Continued)**

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

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

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

Revenue recognition accounting policy applied from January 1, 2018 should now read as follows:

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

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

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

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

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

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

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

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

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

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

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

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

The application of IFRS 9 did not have an impact for the Group on classification, measurement and recognition of financial assets and financial liabilities compared to IAS 39, but it has a limited impact on impairment of trade receivables and contracts assets (IFRS 15) as well as on amounts due from joint ventures and related parties – with the application of the expected credit loss model instead of the current incurred loss model. Similarly to IFRS 15 adoption, the Group adopted the standard using the cumulative catch-up transition method and therefore not restated comparative periods. Hence, the cumulative effect of initially applying the Standard has been recognized as an adjustment to the opening balance of retained earnings as at January 1, 2018 and comparatives have not be restated in accordance with the transitional provisions in IFRS 9. The impact on the opening balance of retained earnings as at January 1, 2018 is summarised in the table set out at the bottom of this section. Additionally, the Group continues applying IAS 39 rules with respect to hedge accounting. Finally, the clarification introduced by IFRS 9 on the accounting for certain modifications and exchanges of financial liabilities measured at amortised cost did not have an impact for the Group.

Financial Instruments accounting policies applied from January 1, 2018 should now read as follows:

i) Equity and debt instruments

*Classification*

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

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

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

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

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

*Measurement*

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

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

*Debt instruments*

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

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

*Equity instruments*

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

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

*Impairment*

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

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

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

ii) Derivative financial instruments and hedging activities

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

The application of the following new standards or interpretations did not have an impact for the Group:

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

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

**2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES (Continued)**

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

| FINANCIAL POSITION<br>$ millions | As at January 1, 2018 before application | Effect of adoption of IFRS 15 | Effect of adoption of IFRS 9 | As at January 1, 2018 after application | Reason for the change |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Investment in joint ventures (non-current)....................... | 2,967 | 27 | (3) | 2,991 | *(i)* |
| Contract costs, net (non-current) **NEW**............................ | — | 4 | — | 4 | *(ii)* |
| Deferred tax asset ............................................................ | 180 | — | 8 | 188 | *(viii)* |
| Other non-current assets ................................................ | 113 | — | (1) | 112 | *(iii)* |
| Trade receivables, net (current) ...................................... | 386 | — | (35) | 351 | *(iv)* |
| Contract asset, net (current) **NEW** .................................. | — | 29 | (1) | 28 | *(v)* |
| **LIABILITIES** | | | | | |
| Contract liabilities (current) **NEW** .................................... | — | 51 | — | 51 | *(vi)* |
| Provisions and other current liabilities (current) .............. | 425 | (46) | — | 379 | *(vii)* |
| Deferred tax liability (non-current) .................................. | 56 | 7 | — | 63 | *(viii)* |
| **EQUITY** | | | | | |
| Retained profits................................................................ | 3,035 | 48 | (29) | 3,054 | *(ix)* |
| Non-controlling interests ................................................ | 185 | 1 | (5) | 181 | (ix) |

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

As of January 1, 2018, there is no impact on the statement of cash flows and on the EPS.

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

| INCOME STATEMENT<br>$ millions | For the three month period ended March 31, 2018 | | | |
|---|---|---|---|---|
| | As reported | Without adoption of IFRS 15 | Effect of Change Higher/(Lower) | Reason for the change |
| Revenue................................................................................ | 1,042 | 1,040 | 2 | *(i)* |
| Cost of sales.......................................................................... | (307) | (298) | (10) | *(ii)* |
| Operating expenses............................................................... | (409) | (418) | 10 | *(ii)* |
| Share of profit in Guatemala and Honduras, joint ventures .... | 39 | 40 | (1) | *(iii)* |

*(i)* *Mainly for the shifting in the timing of revenue recognition due to the reallocation of revenue from service (over time) to telephone and equipment revenue (point in time).*
*(ii)* *Mainly for the reallocation of cost for selling devices due to shift from service revenue to telephone and equipment revenue.. Also for the capitalisation and amortisation of contract costs.*
*(iii)* *Impact of IFRS 15 in our share of profit in our joint ventures in Guatemala and Honduras.*

## 2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES (Continued)

| | As at March 31, 2018 | | | |
|---|---|---|---|---|
| **FINANCIAL POSITION<br>$ millions** | **As reported** | **Without adoption of IFRS 15** | **Effect of Change Higher/(Lower)** | **Reason for the change** |
| **ASSETS** | | | | |
| Investment in joint ventures (non-current) | 3,020 | 2,994 | 25 | *(iv)* |
| Contract costs, net (non-current) | 4 | — | 4 | *(v)* |
| Contract asset, net (current) | 30 | — | 30 | *(vi)* |
| **LIABILITIES** | | | | |
| Contract liabilities (current) | 68 | — | 68 | *(vii)* |
| Provisions and other current liabilities (current) | 396 | 450 | (64) | *(viii)* |
| Deferred tax liability (non-current) | 63 | 56 | 7 | *(ix)* |
| **EQUITY** | | | | |
| Retained profits | 3,051 | 3,002 | 47 | *(x)* |
| Non-controlling interests | 197 | 196 | 1 | *(x)* |

*(iv)* *Impact of application of IFRS 15 for our joint ventures in Guatemala, Honduras and Ghana.*
*(v)* *This mainly represents commissions capitalised and amortised over the average contract term.*
*(vi)* *Contract asset mainly represents subsidised handsets as more revenue is recognised upfront while the cash will be received along the subscription period (which are usually between 12 to 36 months). Throughout the period ended March 31, 2018 no material impairment loss has been recognised.*
*(vii)* *This mainly represents deferred revenue for goods and services not yet delivered to customers that will be recognised upon the goods are delivered and the services are provided to customers. The balance also comprises the revenue from the billing of subscription fees or 'one-time' fees at the inception of a contract that are deferred and will be recognised over the average customer retention period or the contract term.*
*(viii)* *Reclassification of deferred revenue to contract liabilities – see previous paragraph.*
*(ix)* *Tax effects of the above adjustments.*
*(x)* *Cumulative catch-up effect and IFRS 15 effect in the current period.*

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

- IFRS 16 "Leases" will affect primarily the accounting for the Group's operating leases. As of December 31, 2017, the Group had operating lease commitments of $808 million. The Group is still assessing to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows. This said, the application of this standard will affect the Group's EBITDA, net debt and leverage ratios.

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

  - IFRS 16 will be adopted using the modified retrospective approach,with the cumulative effect of adoption being recognised at the date of initial application (IFRS16.C5.b)
  - Non-lease components will be capitalised (IFRS16.15)
  - Intangible assets are out of IFRS 16 scope (IFRS16.4)

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

***Acquisitions***

During the three month period ended March 31, 2018, Millicom did not complete any significant acquisitions.

## 4. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

***Discontinued operations – Rwanda***

On December 19, 2017, Millicom announced that it has signed an agreement for the sale of its Rwanda operations to subsidiaries of Bharti Airtel Limited. The total consideration of the transaction is approximately 6x 2017 adjusted EBITDA of the Rwandan operation, payable over two years, consisting of a mix of cash, vendor loan note and earn out.

The Group received regulatory approvals on January 23, 2018 and the sale was subsequently completed on January 31, 2018. In accordance with Group practices, the Rwanda operation have been classified as assets held for sale and discontinued operations as from January 23, 2018. On January 31, 2018, our operations in Rwanda have been deconsolidated and no material loss on disposal was recognized (its carrying value was aligned to its fair value less costs of disposal as of December 31, 2017). However, a loss of $32 million has been recognized in Q1 2018 corresponding to the recycling of foreign currency exchange losses accumulated in equity since the creation of the Group. This loss has been recognized under ‘Profit (loss) for the year from discontinued operations, net of tax’. The final sale consideration is still subject to final agreement with Airtel.

***Discontinued operations – Senegal***

On July 28, 2017, Millicom announced that it had agreed to sell its Senegal business to a consortium consisting of NJJ, Sofima (managed by the Axian Group) and Teylium Group, subject to customary closing conditions and regulatory approvals. On April 19, 2018, the President of Senegal issued an approval decree in respect of the proposed sale by Millicom of its Tigo operation in Senegal to a consortium consisting of NJJ, Sofima (a telecom investment vehicle managed by the Axian Group) and Teyliom Group. Finally, in accordance with IFRS 5, a value adjustment of $10 million has been recorded as of March 31, 2018 on our assets in Senegal as their carrying value exceeded their fair value less cost of disposal.

In accordance with IFRS 5, the Group’s businesses in Rwanda, Ghana and Senegal have been classified as assets held for sale and their results were classified as discontinued operations. Comparative figures of the income statement have been represented accordingly. Financial information relating to the discontinued operations for the three-month periods ended March 31, 2018 and 2017 is set out below. Figures shown below are after inter-company eliminations.

| **Results from Discontinued Operations ($ millions)** | **Three months ended March 31, 2018** | **Three months ended March 31, 2017** |
|---|---|---|
| Revenue | 48 | 80 |
| Cost of sales | (16) | (24) |
| Operating expenses | (20) | (36) |
| Depreciation and amortisation | — | (12) |
| Other operating income (expenses), net | (10) | 1 |
| Gross gain/(loss) on disposal of discontinued operations | (32) | — |
| Other expenses linked to the disposal of discontinued operations | — | — |
| **Operating profit (loss)** | **(30)** | **8** |
| Interest income (expense), net | (2) | (6) |
| **Profit (loss) before taxes** | **(32)** | **3** |
| Credit (charge) for taxes, net | — | — |
| **Net profit (loss) from discontinued operations** | **(32)** | **3** |

| **Cash Flows from Discontinued Operations ($ millions)** | **Three months ended March 31, 2018** | **Three months ended March 31, 2017** |
|---|---|---|
| Cash from (used in) operating activities, net | (2) | 1 |
| Cash from (used in) investing activities, net | (4) | (10) |
| Cash from (used in) financing activities, net | — | (4) |
| Net cash inflows/(outflows) | (7) | (13) |

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

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

The following table summarises the nature of the assets and liabilities reported under assets held for sale and liabilities directly associated with assets held for sale as at March 31, 2018:

| Assets and liabilities reclassified as held for sale ($ millions) | As at March 31, 2018 | As at December 31, 2017 |
|---|---|---|
| Senegal operations | 236 | 223 |
| Towers Paraguay | 6 | 7 |
| Towers Colombia | 1 | 1 |
| Towers El Salvador | 12 | — |
| Others | 3 | 2 |
| **Total assets of held for sale** | **258** | **233** |
| Senegal operations | 87 | 77 |
| Towers Paraguay | 1 | 2 |
| Towers El Salvador | 1 | — |
| **Total liabilities directly associated with assets held for sale** | **89** | **79** |
| **Net assets held for sale / book value** | **169** | **154** |

*Rwanda*

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

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

*Senegal*

The assets and liabilities that were transferred to assets held for sale in relation to our operations in Senegal are as follows:

| Assets and liabilities reclassified as held for sale – Senegal ($ millions) | March 31, 2018 |
|---|---|
| Intangible assets, net | 40 |
| Property, plant and equipment, net | 127 |
| Other non-current assets | 2 |
| Current assets | 61 |
| Cash and cash equivalents | 6 |
| **Total assets of disposal group held for sale** | **236** |
| Non-current financial liabilities | 9 |
| Current liabilities | 78 |
| **Total liabilities of disposal group held for sale** | **86** |
| **Net assets held for sale / book value** | **150** |

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

***Tower Sale and Leasebacks***

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

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

| | Paraguay | Colombia | El Salvador |
|---|---|---|---|
| Signature date | April 26, 2017 | July 18, 2017 | February 6, 2018 |
| Total number of towers expected to be sold | 1,410 | 1,207 | 811 |
| Total number of towers transferred so far | 957 | 696 | — |
| Expected total cash proceeds ($ millions) | 125 | 147 | 145 |
| Cash proceeds for the year 2017 ($ millions) | 76 | 85 | — |
| Cash proceeds for the year 2018 ($ millions) – as of March 31 | 11 | — | — |
| Upfront gain on sale recognized for the year 2017 ($ millions) | 26 | 37 | — |
| Upfront gain on sale recognized for the year 2018 ($ millions) – as of March 31 | 4 | — | — |

## 5. SEGMENT INFORMATION

Millicom presents segmental information based on its two geographical regions (Latin America and Africa) and the figures below include Honduras and Guatemala as if they are fully consolidated by the Group. This presentation considers both the materiality and strategic importance of these operations for the Group, and it reflects the way management reviews and uses internally reported information to make decisions about operating matters. Honduras and Guatemala are shown under the Latin America segment. However, given its smaller size and lack of materiality and strategic importance to the Group, our joint venture in Ghana is not reported as if fully consolidated and is therefore not included in the numbers below. As from March 31, 2018, the Group is including in its segment EBITDA inter-company management fees and incentive compensation paid to local management teams. These items, were previously included in unallocated corporate costs. This change in presentation has no impact on Group level EBITDA. Revenue, operating profit (loss), EBITDA and other segment information for the three month periods ended March 31, 2018 and 2017 were as follows:

| **Three-month period ended March 31, 2018 ($ millions) *(ix)*** | **Latin America** | **Africa** | **Unallo -cated** | **Total (a)** | **Guatemala and Honduras (vii) (b)** | **Eliminatio ns and transfers (c)** | **Sub-Total (a)+(b)+(c)** | **Disc Ops (viii)** | **Total** |
|---|---|---|---|---|---|---|---|---|---|
| Service revenue *(i)* | 1,288 | 134 | — | 1,422 | (430) | — | 992 | 48 | 1,041 |
| Telephone and equipment revenue *(i)* | 94 | — | — | 94 | (44) | — | 50 | — | 50 |
| **Total Revenue** | **1,382** | **134** | — | **1,516** | **(474)** | — | **1,042** | **48** | **1,090** |
| **Operating profit (loss)** | **229** | **8** | **1** | **238** | **(116)** | **39** | **160** | **(30)** | **130** |
| *Add back:* | | | | | | | | | |
| Depreciation and amortization | 288 | 27 | 1 | 317 | (110) | — | 207 | — | 207 |
| Share of profit in our joint ventures in Guatemala and Honduras | — | — | — | — | — | (39) | (39) | — | (39) |
| Other operating income (expenses), net | (3) | 2 | — | — | (2) | — | (2) | 43 | 41 |
| **EBITDA *(ii)*** | **514** | **37** | **3** | **554** | **(227)** | — | **327** | **12** | **339** |
| EBITDA from discontinued operations | — | 12 | — | 12 | | | | | |
| **EBITDA incl discontinued operations** | **514** | **49** | **3** | **566** | | | | | |
| Capital expenditure *(iii)* | (245) | (21) | — | (267) | | | | | |
| Changes in working capital and others (iv) | (66) | 5 | (25) | (86) | | | | | |
| Taxes paid | (36) | (2) | — | (38) | | | | | |
| **Operating free cash flow *(v)*** | **164** | **31** | **(20)** | **175** | | | | | |
| **Total Assets *(vi)*** | **10,699** | **1,421** | **568** | **11,688** | **(5,569)** | **3,382** | **9,601** | | |
| **Total Liabilities** | **5,658** | **1,583** | **1,419** | **7,660** | **(1,905)** | **453** | **6,209** | | |

| **Three-month period ended March 31, 2017 (US$ millions) *(ix)*** | **Latin America** | **Africa** | **Unallo -cated** | **Total (a)** | **Guatemala and Honduras (vii) (b)** | **Eliminatio ns and transfers (c)** | **Sub-Total (a)+(b)+(c)** | **Disc Ops (viii)** | **Total** |
|---|---|---|---|---|---|---|---|---|---|
| Service revenue *(i)* | 1,246 | 128 | — | 1,374 | (421) | — | 953 | 80 | 1,032 |
| Telephone and equipment revenue *(i)* | 84 | — | — | 84 | (40) | — | 44 | — | 44 |
| **Total Revenue** | **1,329** | **128** | — | **1,459** | **(462)** | — | **997** | **80** | **1,076** |
| **Operating profit (loss)** | **211** | **10** | **(1)** | **220** | **(102)** | **38** | **156** | **8** | **164** |
| *Add back:* | | | | | | | | | |
| Depreciation and amortization | 294 | 26 | 2 | 322 | (114) | — | 209 | 12 | 221 |
| Share of profit in our joint ventures in Guatemala and Honduras | — | — | — | — | — | (38) | (38) | — | (38) |
| Other operating income (expenses), net | 1 | (1) | (1) | (1) | (1) | — | (2) | (1) | (2) |
| **EBITDA *(ii)*** | **506** | **36** | **(1)** | **542** | **(216)** | — | **325** | **20** | **345** |
| EBITDA from discontinued operations | — | 20 | — | 20 | | | | | |
| **EBITDA incl discontinued operations** | **506** | **56** | **(1)** | **561** | | | | | |
| Capital expenditure *(iii)* | (249) | (28) | (1) | (277) | | | | | |
| Changes in working capital and others (iv) | (67) | (10) | 6 | (71) | | | | | |
| Taxes paid | (35) | (2) | 4 | (33) | | | | | |
| **Operating free cash flow *(v)*** | **156** | **16** | **8** | **180** | | | | | |
| **Total Assets *(vi)*** | **10,353** | **1,373** | **1,511** | **11,830** | **(5,542)** | **3,366** | **9,654** | | |
| **Total Liabilities** | **5,444** | **1,827** | **2,010** | **7,874** | **(2,190)** | **546** | **6,230** | | |

## 5. SEGMENT INFORMATION (Continued)

*(i)* *Service revenue is Group revenue related to the provision of ongoing services such as monthly subscription fees, airtime and data usage fees, interconnection fees, roaming fees, mobile finance service commissions and fees from other telecommunications services such as data services, short message services and other value-added services excluding telephone and equipment sales. Revenues from other sources comprises rental, sub-lease rental income and other non recurrent revenues. The Group derives revenue from the transfer of goods and services over time and at a point in time as follows:*

*Revenue from contracts with customers from continuing operations*

| ***$ millions*** | ***Timing of revenue recognition*** | ***Three months ended March 31, 2018*** |
|---|---|---|
| *Mobile* | *Over time* | *530* |
| *Home* | *Over time* | *416* |
| *Mobile Financial Services* | *Point in time* | *34* |
| *Other* | *Over time* | *11* |
| ***Service Revenue*** | | *992* |
| *Telephone and equipment* | *Point in time* | *50* |
| ***Revenue from contracts with customers*** | | ***1,042*** |

*(ii)* *EBITDA is used by the management to monitor the segmental performance and for capital management. EBITDA is defined in the Group's 2017 Annual Report.*

*(iii)* *Excluding spectrum and licenses of $48 million (2017: $nil) and cash received on tower deals of $11 million (2017: nil).*

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

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

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

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

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

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

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

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

| **$ millions** | **Three months ended March 31, 2018** | **Three months ended March 31, 2017** |
|---|---|---|
| Change in fair value of derivatives (see note 13) | — | (2) |
| Exchange gains (losses), net | 27 | 16 |
| Other non-operating income (expenses), net | 1 | (3) |
| **Total** | **27** | **10** |

## 7. EARNINGS PER COMMON SHARE

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

| $ millions | Three months ended March 31, 2018 | Three months ended March 31, 2017 |
|---|---|---|
| **Basic and Diluted** | | |
| Net profit (loss) attributable to owners of the Company from continuing operations | 50 | 23 |
| Net profit (loss) attributable to owners of the Company from discontinuing operations | (32) | 1 |
| Net profit (loss) attributable to owners of the Company used to determine the earnings per share | 17 | 24 |
| **in thousands** | | |
| **Weighted average number of ordinary shares for basic earnings per share** | **100,744** | **100,380** |
| Potential incremental shares | — | — |
| **Weighted average number of ordinary shares adjusted for the effect of dilution** | **100,744** | **100,380** |
| **$** | | |
| **Basic** | | |
| - EPS from continuing operations attributable to owners of the Company | 0.49 | 0.23 |
| - EPS from discontinuing operations attributable to owners of the Company | (0.32) | 0.01 |
| - EPS for the period attributable to owners of the Company | 0.17 | 0.24 |
| **Diluted** | | |
| - EPS from continuing operations attributable to owners of the Company | 0.49 | 0.23 |
| - EPS from discontinuing operations attributable to owners of the Company | (0.32) | 0.01 |
| - EPS for the period attributable to owners of the Company | 0.17 | 0.24 |

## 8. PROPERTY, PLANT AND EQUIPMENT

During the three-month period ended March 31, 2018, Millicom added property, plant and equipment for $151 million (March 31, 2017: $163 million) and received $12 million in cash from disposal of property, plant and equipment (March 31, 2017: $1 million).

## 9. INTANGIBLE ASSETS

During the three-month period ended March 31, 2018, Millicom added intangible assets of $105 million (March 31, 2017: $53 million) and did not received proceeds from disposal of intangible assets (March 31, 2017: $1 million).

## 10. DEBT AND FINANCING

***El Salvador***

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

In March 2018,Telemovil El Salvador entered into a $100 million variable rate facility with DNB and Nordea with a 5-year bullet repayment. $50 million remain undisbursed as of March 31, 2018. In addition, Telemovil El Salvador entered into a swap with Scotiabank to fix rates for up to $100 million of the outstanding debt

***Colombia***

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

***MICSA***

In Januray 2018, MIC SA repaid $25 million of an outstanding debt facility with DNB and Nordea.

***Rwanda***

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

## 10. DEBT AND FINANCING (Continued)

***Senegal***

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

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

***Analysis of debt and other financing by maturity***

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

| $ millions | As at March 31, 2018 | As at December 31, 2017 |
|---|---|---|
| Due within: | | |
| One year | 125 | 185 |
| One-two years | 552 | 500 |
| Two-three years | 334 | 347 |
| Three-four years | 220 | 431 |
| Four-five years | 743 | 584 |
| After five years | 1,848 | 1,738 |
| **Total debt** | **3,821** | **3,785** |

As at March 31, 2018, the Group's share of total debt and financing secured by either pledged assets, pledged deposits issued to cover letters of credit or guarantees issued was $706 million (December 31, 2017: $671 million). Assets pledged by the Group for these debts and financings amounted to $1 million at March 31, 2018 (December 31, 2017: $1 million).

***Analysis of debt and other financing by maturity***

The table below describes the outstanding and maximum exposure under these guarantees and the remaining terms of the guarantees as at March 31, 2018 and December 31, 2017.

| | Bank and financing guarantees (i) | | | |
|---|---|---|---|---|
| **$ millions** | **As at March 31, 2018** | | **As at December 31, 2017** | |
| **Terms** | **Outstanding exposure** | **Theoretical maximum exposure** | **Outstanding exposure** | **Theoretical maximum exposure** |
| 0-1 year | 131 | 131 | 159 | 159 |
| 1-3 years | 389 | 389 | 368 | 368 |
| 3-5 years | 186 | 186 | 144 | 144 |
| More than 5 years | — | — | — | — |
| **Total** | **706** | **706** | **671** | **671** |

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

The Group's interest expense comprised the following:

| $ millions | Three months ended March 31, 2018 | Three months ended March 31, 2017 |
|---|---|---|
| Interest expense on bonds and bank financing | (56) | (70) |
| Interest expense on finance leases | (20) | (16) |
| Others | (8) | (8) |
| **Total** | **(85)** | **(94)** |

## 11. COMMITMENTS AND CONTINGENCIES

***Litigation & claims***

The Company and its operations are contingently liable with respect to lawsuits, legal, regulatory, commercial and other legal risks that arise in the normal course of business. As of March 31, 2018, the total amount of claims and litigation risks against Millicom and its operations was $465 million, of which $5 million related to its share in joint ventures (December 31, 2017: $438 million, of which $5 million related to its share in joint ventures).

As at March 31, 2018, $29 million, of which $2 million related to its share in joint ventures (December 31, 2017: $29 million, of which $2 million related to its share in joint ventures), has been provided for these risks in the consolidated statement of financial position. While it is not possible to ascertain the ultimate legal and financial liability with respect to these claims and risks, the ultimate outcome is not anticipated to have a material effect on the Group's financial position and operations.

***Improper filling of shareholding in Millicom Tanzania Ltd***

In June 2016, Millicom was served with claims by a third party seeking to exert rights as a shareholder of Millicom Tanzania Ltd (Tigo Tanzania). In June 2015, Millicom identified that an incorrect filing related to Tigo Tanzania had been made in the commercial register, causing the register to incorrectly indicate that shares in the local subsidiary were owned by this third party. 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 nor to be registered as one of its shareholders. Millicom continues to operate and fully consolidate Tigo Tanzania, and no provision has been recorded in relation to this claim.

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

On July 14, 2017, the CICIG, disclosed an ongoing investigation into alleged illegal campaign financing that includes a competitor of Comcel, our Guatemalan joint venture. The CICIG further indicated that the investigation would include Comcel. On November 23 and 24, 2017, Guatemala's attorney general and CICIG executed search warrants on the offices of Comcel. As at March 31, 2018, the matter is still under investigation, and Management has not been able to assess the potential impact on these interim condensed consolidated financial statements of any remedial actions that may need to be taken as a result of the investigations, or penalties that may be imposed by law enforcement authorities. Accordingly, no provision has been recorded as of March 31, 2018.

***Taxation***

At March 31, 2018, the Group estimates potential tax claims amounting to $362 million and tax provisions of $51 million which have been assessed as probable and have been recorded (December 31, 2017: claims amounting to $313 million and provisions of $53 million). Out of these potential claims and provisions, respectively $43 million and $2 million relate to Millicom's share in joint ventures (December 31, 2017: claims amounting to $38 million and provisions of $2 million).

***Potential improper payments on behalf of the Guatemala joint venture***

On October 21, 2015, Millicom reported to law enforcement authorities in the United States and Sweden potential improper payments made on behalf of the Company's joint venture in Guatemala. On May 4, 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 March 31, 2018, the matter is still under investigation and Management has not been able to assess the potential impact on these interim condensed consolidated financial statements of any remedial actions that may need to be taken as a result of the investigations, or penalties that may be imposed by law enforcement authorities. Accordingly, no provision has been recorded as of March 31, 2018.

***Capital commitments***

At March 31, 2018, the Company and its subsidiaries and joint ventures had fixed commitments to purchase network equipment, land and buildings, other fixed assets and intangible assets of $194 million of which $182 million are due within one year (December 31, 2017: $194 million of which $182 million are due within one year). Out of these commitments, respectively $25 million and $23 million related to Millicom's share in joint ventures (December 31, 2017: $25 million and $23 million).

## 12. RELATED PARTY TRANSACTIONS

The following transactions were conducted with related parties during the three-month period ended March 31, 2018:

| $ millions (unaudited) | Three months ended March 31, 2018 | Three months ended March 31, 2017 |
|---|---|---|
| **Expenses** | | |
| Purchases of goods and services from Miffin | (41) | (50) |
| Purchases of goods and services from EPM | (10) | (5) |
| Lease of towers and related services from HTA | (7) | (3) |
| Other expenses | — | (2) |
| **Total** | **(58)** | **(60)** |

| $ millions (unaudited) | Three months ended March 31, 2018 | Three months ended March 31, 2017 |
|---|---|---|
| **Income / gains** | | |
| Sale of goods and services to Miffin | 68 | 66 |
| Sale of goods and services to EPM | 4 | 4 |
| Other income / gains | 1 | 1 |
| **Total** | **73** | **71** |

As at March 31, 2018 the Group had the following balances with related parties:

| $ millions (unaudited) | At March 31, 2018 | At December 31, 2017 |
|---|---|---|
| **Liabilities** | | |
| Payables to Guatemala joint venture (i) | 285 | 273 |
| Payables to Honduras joint venture (i) | 142 | 135 |
| Payables to EPM | 3 | 3 |
| Other accounts payable | 14 | 10 |
| **Sub-total** | **444** | **421** |
| Finance lease liabilities to Helios (ii) | 106 | 108 |
| **Total** | **550** | **529** |

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

| $ millions (unaudited) | At March 31, 2018 | At December 31, 2017 |
|---|---|---|
| **Assets** | | |
| Receivables from Guatemala and Honduras joint ventures | 25 | 25 |
| Receivables from EPM | 4 | 3 |
| Advance payments to Helios Towers Tanzania | 7 | 8 |
| Receivable from TigoAirtel Ghana (i) | 39 | 40 |
| Other accounts receivable | — | 1 |
| **Total** | **75** | **77** |

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

## 13. FINANCIAL INSTRUMENTS

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

| $ millions | Carrying Value | | Fair Value (i) | |
|---|---|---|---|---|
| | March 31, 2018 (unaudited) | December 31, 2017 (audited) | March 31, 2018 (unaudited) | December 31, 2017 (audited) |
| **Financial liabilities** | | | | |
| Debt and financing | 3,821 | 3,785 | 3,927 | 3,971 |

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

***Currency and interest rate swap contracts***

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

Interest rate and currency swaps on SEK denominated debt

These swaps are accounted for as a cash flow hedge as the timing and amounts of the cash flows under the swap agreements match the cash flows under the SEK bond. Their maturity date is April 2018 but might be extended. The hedging relationship is highly effective and related fluctuations are recorded through other comprehensive income. At March 31, 2018, the fair values of the swaps amount to a liability of $60 million (December 31, 2017: a liability of $56 million). These swaps were unwound against a cash settlement of $63 million at their maturity in April 2018.

No other financial instruments have a significant fair value at March 31, 2018.

## 14. INVESTMENTS IN JOINT VENTURES

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

| | 2018 | | |
|---|---|---|---|
| $ millions | Guatemala | Honduras | Ghana (i) |
| **Opening balance at January 1, 2018** | **2,145** | **726** | **96** |
| Adjustment on adoption of IFRS 15 and IFRS 9 (net of tax) | 18 | 5 | — |
| Results for the period | 36 | 2 | (5) |
| Dividends declared during the period | — | — | — |
| Currency exchange differences | (2) | (2) | — |
| **Closing balance at March 31, 2018** | **2,196** | **732** | **91** |

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

## 15. IPO – MILLICOM'S OPERATIONS IN TANZANIA

In June 2016, an amendment to the Electronic and Postal Communications Act ("EPOCA") in the Finance Act 2016 required all Tanzanian licensed telecom operators to sell 25% of the authorised share capital in a public offering on the Dar Es Salaam Stock Exchange by December 31, 2016. As of March 31, 2018, only one company had completed a public offering. Early 2017, Tigo Tanzania, Zantel and Telesis each received from the Tanzanian Communications Regulatory Authority ("TCRA") a notice of material breach of the license giving thirty-days to comply. Millicom has signaled its intention for its subsidiaries to comply with the law and list its businesses but did not complete the public offerings by such time and will not be able to do so until the incorrect filing related to Tigo Tanzania made in the commercial register are corrected (see Note 11). Accordingly, Millicom's businesses in Tanzania may face sanctions from the regulator or other government bodies, which could include financial penalties, or even suspension or cancellation of its license although to-date there has been no notification from the TCRA of any indication or intention to proceed with sanctions. Management is currently not able to assess the financial impact on its consolidated financial statements (although the Company deems the suspension or cancellation of the license to be unlikely) and therefore no provision has been recorded as of March 31, 2018.

## 16. SUBSEQUENT EVENTS

***Senegal***

On April 19, 2018, the President of Senegal issued an approval decree in respect of the proposed sale by Millicom of its Tigo operation in Senegal to a consortium consisting of NJJ, Sofima (a telecom investment vehicle managed by the Axian Group) and Teyliom Group.

***Potential improper payments on behalf of the Guatemala joint venture***

As disclosed in note 11, in October 2015, Millicom voluntarily reported to the U.S. Department of Justice potential improper payments made on behalf of the company's joint venture in Guatemala and, since then, has cooperated fully with the Justice Department's investigation. On April 23, 2018, the Justice Department informed Millicom that it is closing its investigation.