

Luxembourg, July 19<sup>th</sup>, 2018

## Growth accelerated in Q2

### Q2 2018 highlights<sup>i</sup>

- Latam service revenue growth accelerated to 5.5% from 3.9% in Q1
  - Now expect growth near the top end of our full year 2018 outlook range of 2-4%
  - Mobile recovery continues, with growth of 2.1%, up from 0.9% in Q1
  - Home revenue growth accelerated to 12.6% from 7.6% in Q1
- Colombia revenue growth accelerated to 5.8% from 2.2% in Q1
- Record H1 HFC homes connected – raising full year 2018 guidance to 400k from 300k net additions
- Latam EBITDA growth of 4.4%, up from 1.4% in Q1
- Robust cash flow growth with equity free cash flow up 32.6% in Q2 and 15.7% in H1
- Preparing for an additional listing on a U.S. Stock Exchange next year

Group (\$m)	Q2 2018	Q2 2017	% change	H1 2018	H1 2017	% change
Revenue	1,541	1,470	4.8%	3,057	2,929	4.4%
Service Revenue	1,437	1,376	4.4%	2,859	2,751	3.9%
Organic growth <sup>1</sup>	5.3%	(1.4%)		4.5%	(1.6%)	
EBITDA	551	524	5.2%	1,105	1,066	3.7%
Organic growth	4.6%	(1.1%)		3.0%	(0.9%)	
EBITDA Margin	35.8%	35.7%		36.2%	36.4%	
Capex <sup>2</sup>	217	230	(5.8%)	374	378	(1.1%)
OCF (EBITDA – Capex)	335	294	13.8%	731	687	6.4%

Notes: (1) Organic growth excludes impact from changes in FX rates, consolidation perimeter, and accounting (IFRS 15). See page 19 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 investments we have been making are now delivering faster and more predictable organic revenue growth. In Latam, mobile revenue growth improved to more than 2%, with Bolivia leading the way with more than 6%. Home accelerated to nearly 13%, thanks to a big improvement in Colombia, where total homes connected passed an inflection point earlier this year and are now growing at an accelerating rate.

Clearly, our strategy is working, and with growth back on track, we continue to sharpen our focus on costs, and operational efficiency improvements are driving cash flow growth in many areas. We still have work to do on this front, and we have already identified opportunities to further improve operating leverage.

<sup>i</sup> 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. Our operations in Ghana have been merged with Airtel on October 12<sup>th</sup>, 2017 and are accounted for as a joint venture since that date. Our operations in Rwanda and Senegal were disposed of on January 31<sup>st</sup> and April 27<sup>th</sup>, 2018, respectively. IFRS Revenue was \$1,061 million in Q2 2018; see page 19 for reconciliation with IFRS numbers.

## Subsequent Events

On July 19<sup>th</sup> 2018, we announced that we exercised our option to redeem our SEK 2,000,000,000 Senior Unsecured Floating Rate Notes due 2019 at a price equal to 101.45% plus accrued and unpaid interest. The Redemption Date will be August 9<sup>th</sup> 2018, and the Record Date will be August 2<sup>nd</sup> 2018.

We are announcing today plans to register with the U.S. Securities and Exchange Commission and to list our common shares on a U.S. stock exchange, while also maintaining our current listing on Nasdaq Stockholm, where our shares currently trade in the form of Swedish Depository Receipts.

## 2018 Outlook

We are reiterating our 2018 outlook, and we now expect Latam service revenue growth near the top end of our full year 2018 outlook range of 2-4%. We also expect to add 400,000 HFC homes connected, up from 300,000 previously, including approximately 52,000 homes related to an acquisition.

2018 Outlook	Previous	Revised
<b>Latam</b>		
<i>Service revenue growth (organic YoY)</i>	2-4%	<b>Near top end of 2-4% range</b>
<i>EBITDA growth (organic YoY)</i>	3-6%	3-6%
<i>Capex</i>	Approximately \$1.0 billion	Approximately \$1.0 billion
<i>HFC homes passed net additions</i>	1.0 million	1.0 million
<i>HFC homes connected net additions</i>	300,000	<b>400,000*</b>
<i>4G smartphone data user net additions</i>	1.0 million	1.0 million
<b>Africa</b>	Free cash flow positive	Free cash flow positive

\*Includes approximately 52,000 homes added as a result of an acquisition in Guatemala.

## IFRS 15

The implementation of IFRS 15 ("Contracts with customers") had a negligible impact on our Q2 2018 financials, similar to the effect in Q1 2018. As shown in the reconciliation table on page 19, implementation of the new standard increased total revenue by \$2 million and EBITDA by \$3 million, and it reduced service revenue by \$19 million (-1.3%) 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 1<sup>st</sup>, 2018.

### Quarterly Group Financial Review

Group total revenue of \$1,541 million rose 4.8% year-on-year. On an organic basis, excluding the impact of changes in accounting rules, consolidation perimeter, and foreign exchange rates, total revenue grew 4.2%, while service revenue grew 5.3% to \$1,437 million. Organic service revenue growth in Latam reached 5.5%, while Africa grew 3.1%.

Cost of sales increased 12.2% (\$47 million) year-on-year to \$432 million. The increase is partly due to a change in cost classification under IFRS 15, which added \$21 million to cost of sales. Excluding the impact of IFRS 15, cost of sales would have increased by 6.7%. This underlying rate of growth is faster than the 4.8% growth in revenue due mostly to additional charges to bad debt taken in El Salvador.

Operating expenses of \$558 million declined 0.5% year on year. Excluding the impact of IFRS 15, opex increased 3.3% year-on-year, due to a 4.2% increase in selling and marketing costs to support our growth initiatives and to a 2.4% in general and administrative expenses mostly due to higher network maintenance costs associated with our ongoing network expansion in Latam. FX also explains about one-third of the increase in general and administrative costs year-on-year.

Depreciation and amortization declined 2.6% and 5.7%, respectively. The lower amortization largely reflects the effect of having fully amortized certain intangible assets during 2017, whereas the reduction in depreciation stems largely from Colombia, where some assets related to our copper network in Colombia have been fully depreciated.

Operating profit reached \$256 million in Q2 2018, up 30.0% from \$197 million in Q2 2017. The \$59 million increase in operating profit year-on-year reflects a \$27 million improvement in EBITDA, an \$11 million reduction in depreciation and amortization expenses, and a \$20 million improvement in other operating items, the latter reflecting a gain on the sale of towers in Paraguay and Colombia.

US\$m	Q2 2018	Q2 2017	% change	H1 2018	H1 2017	% change
<b>Revenue</b>	<b>1,541</b>	<b>1,470</b>	<b>4.8%</b>	<b>3,057</b>	<b>2,929</b>	<b>4.4%</b>
Cost of sales	(432)	(385)	12.2%	(837)	(759)	10.2%
<b>Gross profit</b>	<b>1,109</b>	<b>1,085</b>	<b>2.2%</b>	<b>2,220</b>	<b>2,169</b>	<b>2.4%</b>
Operating expenses	(558)	(561)	(0.5%)	(1,115)	(1,104)	1.0%
<b>EBITDA</b>	<b>551</b>	<b>524</b>	<b>5.2%</b>	<b>1,105</b>	<b>1,066</b>	<b>3.7%</b>
Depreciation	(241)	(247)	(2.6%)	(481)	(491)	(2.0%)
Amortization	(74)	(78)	(5.7%)	(150)	(157)	(4.3%)
Other operating income (expenses), net	20	(1)	NM	20	(0)	NM
<b>Operating profit</b>	<b>256</b>	<b>197</b>	<b>30.0%</b>	<b>494</b>	<b>417</b>	<b>18.5%</b>
Net financial expenses	(107)	(120)	(10.5%)	(211)	(234)	(9.7%)
Other non-operating income (expenses), net	(20)	(17)	18.1%	5	7	(26.7%)
Gains (losses) from other JVs and associates, net	(48)	(25)	96.3%	(68)	(39)	75.3%
<b>Profit (loss) before tax</b>	<b>80</b>	<b>35</b>	<b>127.2%</b>	<b>221</b>	<b>152</b>	<b>45.5%</b>
Net tax credit (charge)	(61)	(60)	0.6%	(113)	(124)	(8.2%)
<b>Profit (loss) for the period from continuing ops.</b>	<b>20</b>	<b>(25)</b>	<b>NM</b>	<b>107</b>	<b>28</b>	<b>NM</b>
Non-controlling interests	(19)	(9)	NM	(56)	(40)	40.3%
Profit (loss) from discontinued operations	(2)	6	NM	(35)	9	NM
<b>Net profit (loss) for the period</b>	<b>(1)</b>	<b>(27)</b>	<b>(95.4%)</b>	<b>16</b>	<b>(3)</b>	<b>NM</b>
Weighted average shares outstanding (millions)	100.79	100.54	0.2%	100.76	100.38	0.4%

Loss from other non-operating items reached \$20 million, a slight increase from \$17 million in Q2 2017, due to higher FX losses. Loss from associates and other joint ventures of \$48 million in Q2 2018 compares to a loss of \$25 million in Q2 2017. The increase reflects a \$29 million loss related to our 50% stake in Tigo Airtel in Ghana. Of this \$29 million, \$14 million relates to a purchase price depreciation adjustment, including a retroactive adjustment related to earlier periods of approximately \$10 million.

Net financial expenses declined 10.5% year-on-year to \$107 million, due to the impact of early redemptions charges in Q2 2017, and due to refinancing activity over the past year, which lowered our average interest rate. This was partly offset by higher finance lease expenses, which increased by 59.4% year-on-year mainly due to tower sale-leaseback transactions. The following table details the components of our net financial expenses.

US\$m	Q2 2018	Q2 2017	% change	H1 2018	H1 2017	% change
Interest expense	(81)	(86)	(5.3%)	(160)	(178)	(10.1%)
Finance lease expense	(23)	(15)	59.4%	(44)	(31)	41.8%
Early redemption charges	-	(15)	(100.0%)	-	(15)	(100.0%)
Others	(10)	(12)	(13.4%)	(20)	(22)	(9.3%)
<b>Total financial expenses</b>	<b>(115)</b>	<b>(127)</b>	<b>(9.7%)</b>	<b>(224)</b>	<b>(246)</b>	<b>(9.0%)</b>
Interest income	7	7	3.6%	13	13	4.4%
<b>Net financial expenses</b>	<b>(107)</b>	<b>(120)</b>	<b>(10.5%)</b>	<b>(211)</b>	<b>(234)</b>	<b>(9.7%)</b>

Tax expense was almost flat at \$61 million in Q2 2018 from \$60 million in Q2 2017. Net profit from continuing operations of \$20 million in the quarter compares with net loss of \$25 million in Q2 2017. Non-controlling interests more than doubled to \$19 million due to lower net losses in Colombia. Loss from discontinued operations of \$2 million in Q2 2018 compares to a profit of \$6 million in Q2 2017 and reflects the net gain on disposal of our Senegal operation, which we disposed of on April 27, 2018.

As a result, net loss of \$1 million for the period compared to a loss of \$27 million in Q2 2017.

The weighted average number of shares during the quarter was 100.79 million, and as of June 30<sup>th</sup> 2018, we had 101,739,217 total shares outstanding, including 925,862 held in treasury.

#### Reconciliation from Operating Profit to EBITDA

US\$m	Q2 2018	Q2 2017	H1 2018	H1 2017
<b>Operating Profit</b>	<b>171</b>	<b>127</b>	<b>331</b>	<b>283</b>
Impact of full consolidation of Guatemala and Honduras on operating profit	86	70	163	134
<b>Operating Profit per management reporting</b>	<b>256</b>	<b>197</b>	<b>494</b>	<b>417</b>
Depreciation and amortization	315	326	631	648
Other operating (income) / expenses, net	(20)	1	(20)	0
<b>EBITDA</b>	<b>551</b>	<b>524</b>	<b>1,105</b>	<b>1,066</b>
<i>EBITDA margin</i>	<i>35.8%</i>	<i>35.7%</i>	<i>36.2%</i>	<i>36.4%</i>

EBITDA of \$551 million increased 5.2% in reported dollars and 4.6% organically year-on-year. Organically, EBITDA increased 4.4% in Latam and 5.0% in Africa. Group EBITDA margin of 35.8% improved 0.1 percent point year-on-year. Further details are set out in the Group Business Review section of this earnings release.

## Free Cash Flow

US\$m	Q2 2018	Q2 2017	% change	H1 2018	H1 2017	% change
<b>EBITDA from continuing ops</b>	<b>551</b>	<b>524</b>	<b>5.2%</b>	<b>1,105</b>	<b>1,066</b>	<b>3.7%</b>
EBITDA from discontinued operations	(6)	21	NM	6	40	(84.9%)
<b>EBITDA (including discontinued ops)</b>	<b>545</b>	<b>545</b>	<b>0.1%</b>	<b>1,111</b>	<b>1,106</b>	<b>0.5%</b>
Cash Capex (excluding spectrum and licenses)	(210)	(209)	0.4%	(476)	(486)	(2.0%)
Changes in working capital	(6)	(41)	(86.5%)	(100)	(116)	(13.6%)
Other non-cash items (including IFRS 15 impact)	1	6	(91.1%)	9	12	(28.6%)
<b>Cash flow from operations</b>	<b>331</b>	<b>302</b>	<b>9.6%</b>	<b>544</b>	<b>516</b>	<b>5.3%</b>
Taxes paid	(97)	(74)	31.8%	(135)	(107)	27.0%
<b>Operating free cash flow</b>	<b>233</b>	<b>228</b>	<b>2.4%</b>	<b>408</b>	<b>410</b>	<b>(0.3%)</b>
Finance charges paid, net	(53)	(83)	(36.1%)	(180)	(208)	(13.9%)
<b>Free cash flow</b>	<b>180</b>	<b>145</b>	<b>24.3%</b>	<b>229</b>	<b>201</b>	<b>13.7%</b>
Advances for dividends to non-controlling interests	(76)	(66)	14.5%	(79)	(72)	10.2%
<b>Equity free cash flow</b>	<b>105</b>	<b>79</b>	<b>32.6%</b>	<b>149</b>	<b>129</b>	<b>15.7%</b>

For the first half of 2018, cash flow from operations increased 5.3% (\$28 million) to \$544 million, with the increase coming mainly from a combination of higher EBITDA (\$5 million) and lower cash used for capex (\$10 million) and for working capital (\$16 million). Over the past two years, we have implemented numerous cost savings initiatives under our Project Heat, and these have helped lift margins and to contain the amount of working capital and capex required to grow our business.

Cash taxes paid increased by \$28 million to \$135 million in H1 2018, and the increase largely reflects timing differences, namely taxes paid in 2018 related to higher levels of profitability in fiscal year 2017, and to tax audit settlements. Net finance charges paid declined \$28 million to \$180 million due to lower average debt levels and a lower average interest rate on our debt resulting from our debt refinancing activity over the past year. Advances for dividends to non-controlling interests increased \$7 million to \$79 million in H1 2018.

As a result, equity free cash flow increased 15.7% to \$149 million in H1 2018.

## Capital Expenditures

During the quarter, balance sheet capital expenditures (excluding spectrum, license costs and finance lease capitalizations) reached \$217 million, down 5.8% (\$13 million) year-on-year. Capex in Latam was \$209 million, flat year-on-year. Spectrum and license purchases totaled only \$1 million in Q2 2018, down from \$5 million in Q2 2017.

## Net Debt

US\$m	Gross Debt	Of which Finance Leases	Cash	Of which Restricted Cash	Net Debt <sup>1</sup>
<b>Latin America</b>	<b>3,738</b>	<b>246</b>	<b>823</b>	<b>44</b>	<b>2,915</b>
<i>Of which local currency</i>	<i>1,972</i>	<i>246</i>	<i>428</i>	<i>44</i>	<i>1,544</i>
<b>Africa</b>	<b>285</b>	<b>130</b>	<b>161</b>	<b>114</b>	<b>124</b>
<i>Of which local currency</i>	<i>175</i>	<i>130</i>	<i>157</i>	<i>114</i>	<i>19</i>
Corporate	<b>1,205</b>	<b>0</b>	<b>264</b>	<b>0</b>	<b>942</b>
<b>Group</b>	<b>5,228</b>	<b>376</b>	<b>1,247</b>	<b>158</b>	<b>3,981</b>
<i>Group - Proportionate basis</i>	<i>4,076</i>	<i>263</i>	<i>992</i>	<i>153</i>	<i>3,084</i>
Guatemala and Honduras	<i>1,382</i>	<i>1</i>	<i>362</i>	<i>10</i>	<i>1,020</i>
<b>Group, excluding GT &amp; HN</b>	<b>3,846</b>	<b>376</b>	<b>885</b>	<b>147</b>	<b>2,960</b>

Note: (1) Net debt is gross debt including finance leases less: cash, restricted cash, and pledged and term deposits of \$9 million.

Group net debt, including Guatemala and Honduras, was \$3,981 million as of June 30, 2018, a reduction of \$119 million compared to \$4,100 million as of the end of March 2018. The reduction in net debt stems from cash flow generation, proceeds from the disposal of the Senegal operation and of some additional towers, partly offset by payment of the first installment of the dividend approved at the May AGM, as well as the unwinding of a maturing SEK/USD cross-currency swap which resulted in cash outflow of \$63 million.

Net debt-to-EBITDA, based on the last twelve-month EBITDA, improved to 1.80x as of June 30, 2018 from 1.87x as of March 31<sup>st</sup> 2018. Proportionate net debt as of June 30<sup>th</sup> 2018, excluding 45% of Guatemala, 33.3% of Honduras, 50% of Colombia, and 15% of Zantel, was \$3,086 million, implying a net debt-to-EBITDA ratio of 1.95x, down from 2.03x as of March 31<sup>st</sup> 2018.

Gross debt including finance leases, increased marginally by \$20 million in the second quarter of 2018 to \$5,228 million. Approximately 72% of group gross debt at June 30<sup>th</sup> 2018 was in Latam, 5% in Africa, and the remaining 23% at corporate level. Finance lease liabilities increased slightly to \$376 million and represented 7% of group gross debt. As of June 30<sup>th</sup> 2018, 70% 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 increased marginally to 6.3% whilst the average maturity of our debt remained stable at 5.1 years.

Our cash position, excluding restricted cash but including pledged and term deposits, increased to \$1,097 million from \$957 million in the first quarter of 2018. The restricted cash balance, principally comprising MFS customer account balances, was \$150 million.

In the second quarter, we obtained consent from our 2025 and 2028 bondholders to designate restricted and unrestricted subsidiaries; a construct that would give the group additional flexibility to structure external growth transactions.

## 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](http://www.millicom.com/investors) alongside this earnings release. 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.

### Latin America

#### Business Units

We present our Latam results under three principal business units:

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

#### Market environment

The macroeconomic environment in our Latam markets was stable in Q2 2018, in contrast with the sharp increase in volatility experienced elsewhere in the region, namely in Argentina, Brazil, and Mexico. In Colombia, presidential elections had no visible impact on market volatility, and the country's consumer confidence index turned positive in April and continued to improve in May, reaching levels not seen since December 2015. In our other Latam markets, economic activity remained healthy in Paraguay and Bolivia, and stable in Guatemala, Honduras, and in El Salvador.

The currencies in the Latam countries where we operate have proven relatively resilient in the context of the increased volatility which in recent months has impacted other Latam currencies. The average FX rate of the currencies where we operate fluctuated within a narrow range of -1% and +1% during the quarter, and four of the six Latam currencies have appreciated year-on-year.

Competitive intensity remains elevated but stable in the majority of our markets. In Paraguay, competitive pressure has increased over the past year, as the relatively healthy macro backdrop may be attracting increased levels of competitor investment.

#### Financial & operating data

KPI ('000)	Q2 2018	Q2 2017	YOY change
B2C Mobile customers	31,790	31,699	0.3%
<i>Of which B2C mobile data customers</i>	15,140	13,427	12.8%
<i>Of which 4G customers</i>	7,979	4,734	68.5%
<i>Of which Postpaid subscribers</i>	3,053	2,897	5.4%
B2C Mobile ARPU (\$)¹	7.6	7.6	1.0%
Total homes passed	9,639	8,595	12.1%
<i>Of which HFC homes passed</i>	9,076	7,850	15.6%
<i>Of which HFC homes connected</i>	2,560	2,207	16.0%
Home – HFC revenue generating units	4,843	3,983	21.6%
Home ARPU (\$)¹	29.6	28.4	2.2%

Financial (\$m, unless otherwise stated)	Q2 2018	Q2 2017	Organic YOY <sup>i</sup>
Total Revenue	1,412	1,345	4.3%
Service revenue	1,308	1,251	5.5%
Mobile B2C	738	735	2.1%
<i>Of which B2C mobile data</i>	366	320	16.2%
Home	319	279	12.6%
B2B	239	228	7.1%
EBITDA <sup>ii</sup>	514	491	4.4%
EBITDA margin %	36.4%	36.5%	(0.1pt)
Capex <sup>iii</sup>	209	210	(0.0%)

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 **Error! Bookmark not defined.**

iii) Excludes spectrum, license costs and finance lease capitalizations.

### Key Performance Indicators

In B2C Mobile, we added 434,000 4G smartphone data users in Latin America during Q2 2018. Strong organic performance was partly offset by a customer base clean-up. We ended Q2 2018 with 31.8 million total mobile subscribers, down 0.3% quarter-on-quarter and up 0.3% year-on-year. We closed Q2 2018 with 3.1 million postpaid customers, an increase of 37,000 in Q2 and of 5.4% year-on-year.

Of our total B2C mobile subscribers, approximately 50% used data services in Q2 2018, up from 45% in Q2 2017, and 25% used 4G data services, up from 15% a year ago. Data users consumed an average of 2.3 GB per month in Q2 2018, up from 1.8 GB in Q2 2017. Average consumption varies meaningfully from country to country and ranged from less than 2 GB in one country to more than 3 GB in another.

Monthly ARPU for B2C mobile continues to show signs of stabilization, averaging \$7.60 in Q2, flat quarter-on-quarter but up 1.0% year-on-year, and ARPU growth was positive in three of our six Latam markets.

In our Home unit, we ended the quarter with 9.6 million total homes-passed, including 9.1 million on our HFC networks. During the quarter, we added 140,000 HFC homes connected, including approximately 52,000 related to an acquisition in Guatemala, implying organic net additions of about 88,000 during the quarter, similar to the record level achieved in Q1 2018. Over the past year, we have increased HFC homes connected by 16.0%, and the number of HFC revenue generating units (RGUs) has grown by 21.6%, driven by broadband internet, where growth had been accelerating over the past two years and reached more than 25% in Q2 2018.

The number of Pay TV subscribers on our HFC network also continues to grow, and growth has accelerated from 5% in 2016 to 10% in 2017 and almost 15% in Q2 2018, although the recent spike may reflect a temporary boost related to the soccer World Cup. Our DTH platform is also growing rapidly, and we now have more than 450,000 DTH customers, an increase of 35% year-on-year, with strong growth in Guatemala, Bolivia and Paraguay.

Home ARPU continues to grow modestly in most of our markets, gaining 2.2% year-on-year on average organically and reaching \$29.60 in the quarter.



## Financials

Total revenue in Latam in Q2 increased by 4.3% year-on-year on an organic basis, to \$1,412 million, and service revenue grew by 5.5%, marking a sixth consecutive quarterly improvement. A large electoral system contract in Colombia contributed approximately 0.9 percentage point to Latam service revenue growth in the quarter.

By country, organic service revenue growth reached 15.7% in Bolivia, 6.4% in Guatemala, 6.2% in Paraguay, and 5.8% in Colombia. Growth continues to improve gradually in Honduras, reaching 0.3% in Q2, our best performance in more than two years. In contrast, Q2 performance in El Salvador was disappointing, with service revenue declining 3.6% year-on-year.

By revenue category, service revenue growth in B2C Mobile improved to 2.1% year-on-year in Q2, up from 0.9% in Q1, driven by continued strong growth in data consumption, along with a moderating rate of decline in legacy voice and SMS revenue. In Q2 2018, mobile data revenue increased 16.2% year-on-year and generated 50% of our B2C mobile service revenue, up from 44% in Q2 2017.

Home service revenue rose to \$319 million, as growth accelerated to 12.6% in Q2 2018 from 7.6% in Q1. We continue to generate robust double-digit growth in Bolivia, Guatemala, Paraguay and Honduras, but the acceleration stems mostly from Colombia, where Home grew at its fastest rate since Q4 2016. The acquisition of Cable DX in Guatemala added approximately 0.6 percentage point to Latam Home growth in Q2 2018.

B2B service revenue grew by 7.1% organically to \$239 million, a slight deceleration from 8.9% growth in Q1 2018 but within the range of growth rates seen over the past year. Growth remained particularly robust in Colombia, where we completed work on a contract related to electoral systems.

The proportion of our Latam service revenues stemming from subscriptions increased to 59.0% in Q2, up from 58.5% in Q1 2018 and 57.5% in Q2 2017.

Telephone and equipment sales decreased 11.1% organically in the quarter to \$104 million, as we continue to rely increasingly on third party vendors.

EBITDA in Latam reached \$514 million, implying organic growth of 4.4%, an improvement from 1.3% growth in Q1 driven largely by improved growth and profitability in Colombia, as well as robust growth in Bolivia, partially offset by weakness in El Salvador. The EBITDA margin was stable at 36.4%, down 0.1% year-on-year.

Capex in Latin America totaled \$209 million in Q2 2018 and was flat year-on-year. Investment in our networks accounted for 88% of Latam capex, while the remaining 12% went towards IT and Other. Network investment was split approximately 71% fixed and 29% mobile. Customer premise equipment deployed to support the growth of our fixed customer base increased 23% year-on-year and accounted for more than 32% of our total capex in the region. Within mobile, the bulk of our capital investment remains focused on adding coverage and capacity to our 4G networks, which covered approximately 60% of the population with an addition of 786 points of presence in our markets as of the end of the quarter. Our fixed fiber network has now reached 110,000 kilometers in Latin America.

## SECOND QUARTER 2018 REVIEW BY COUNTRY

### Guatemala

	Q2 2018	Q2 2017	YOY change (\$ Organic growth)
B2C Mobile customers ('000)	10,424	9,720	7.2%
Total Homes connected ('000)	459	341	34.5%
Total revenue (US\$m)	339	325	5.6%
Service revenue (US\$m)	298	291	6.4%
EBITDA (US\$m)	172	165	5.7%
EBITDA margin %	50.6%	50.6%	0.0pt

We added 122,000 total B2C mobile subscribers in Q2 2018, including 154,000 new 4G smartphone data users. In Home, we added 75,000 homes connected, including approximately 52,000 related to Cable DX, which we acquired in Q2.

Once again, our Guatemala operations delivered robust results in Q2 2018, with local currency service revenue growth reaching 6.4%, up from 5.7% growth reported in Q1 2018 and a significant improvement compared to a decline of 2.5% in Q2 2017. Cable DX contributed approximately \$1.2 million in revenue and 0.4 percentage points of growth in Q2.

For a second consecutive quarter, we sustained growth of more than 4% in B2C mobile, while B2B grew mid-single-digits, and Home grew more than 25% year-on-year. EBITDA rose 5.7%, and the margin was stable at 50.6%.

### Paraguay

	Q2 2018	Q2 2017	YOY change (\$ amounts in local FX)
B2C Mobile customers ('000)	3,016	3,217	(6.2%)
Total Homes connected ('000)	397	331	20.2%
Total revenue (US\$m)	172	165	4.4%
Service revenue (US\$m)	159	153	6.2%
EBITDA (US\$m)	83	77	8.1%
EBITDA margin %	48.4%	46.5%	1.9pt

Competition in the Paraguay mobile market has intensified over the past year, and we have been focusing primarily on the high-value customer segment and on migrating our subscriber base to 4G. As a result, our mobile subscriber base has been declining over the past year, but this is being offset by mid-to-high single-digit ARPU growth.

In Home, we continue to upgrade our networks and cross-sell broadband to our large pay TV customer base. We are also in the process of migrating our UHF subscribers onto our DTH platform, as we prepare to discontinue the UHF service and return the spectrum to the government.

Service revenue growth remained strong at 6.2% in Q2 2018, although a slight deceleration from the 7.8% growth rate reported in Q1 2018, due to moderating ARPU growth in B2C mobile and to slower growth in B2B, where growth rates sometimes vary meaningfully from quarter to quarter. Home growth remained robust at more than 20%. EBITDA increased 8.1% year-on-year in Q2 2018, and the margin expanded by 1.9 percentage points to 48.4% on continued cost control and operating leverage.

## Colombia

	Q2 2018	Q2 2017	YOY change (\$ amounts in local FX)
B2C Mobile customers ('000)	7,781	7,764	0.2%
Of which, 4G customers ('000)	2,116	1,408	50.2%
Total Homes connected ('000)	1,646	1,623	1.5%
HFC Homes connected ('000)	1,166	1,071	8.9%
Total revenue (US\$m)	461	430	3.4%
Service revenue (US\$m)	433	396	5.8%
EBITDA (US\$m)	127	114	6.9%
EBITDA margin %	27.5%	26.6%	0.9pt

In Home, we added a record 31,000 households to our HFC network during the quarter, more than offsetting churn on our copper network, such that total homes connected rose for a second consecutive quarter. Year-on-year growth in total homes connected has been improving steadily in recent years, turning positive 0.8% in Q1 2018 and reaching 1.5% in Q2, a meaningful improvement from a decline of 1.9% in Q2 2017.

The improving customer trend is also visible in revenue-generating-units (RGUs), which expanded by more than 5% year-on-year in Q2 2018, compared to a decline of almost 1% in Q2 2017. RGUs on our HFC network are growing almost 20%, driven mostly by robust growth in broadband internet, but growth in Pay TV customers on our HFC network is also solid, having accelerated from 1% in 2016 to 4% in 2017 and 7% in Q2 2018.

In B2C mobile, our subscriber base declined by 55,000 during the quarter due almost entirely to net disconnections in prepaid. During the quarter, we added approximately 111,000 4G subscribers on an organic basis, but this was more than offset by a clean-up of our 4G customer base.

Service revenue grew 5.8% in Q2 2018, an improvement of 3.6 percentage points compared to 2.2% growth in Q1. Revenue in B2C mobile grew low single-digits, the strongest growth rate in more than two years, as the impact of regulated tariff reductions implemented during H1 2017 continues to diminish. Home performed well, achieving positive mid-single-digit growth in Q2 compared to negative growth posted in Q1, with the sequential improvement driven mostly by ARPU, as modest price increases have been sticking, aided by improving consumer confidence in the country. Finally, B2B sustained double-digit growth for a second consecutive quarter, driven in part by a government contract related to the recently concluded presidential elections. This contract added approximately 2.6 percentage points to Colombia service revenue growth in Q2 and 1.8 percentage points in Q1.

EBITDA rose 6.9% year-on-year to \$127 million in Q2 2018, and the EBITDA margin reached 27.5%, up 0.9 percentage points compared to the 26.6% reported in Q2 2017. The increase in EBITDA reflects operating leverage on the higher revenue generation.

## Bolivia

	Q2 2018	Q2 2017	YOY change (\$ amounts in local FX)
B2C Mobile customers ('000)	3,408	3,029	12.5%
Total Homes connected ('000)	329	166	98.3%
Total revenue (US\$m)	153	133	14.9%
Service revenue (US\$m)	149	131	15.7%
EBITDA (US\$m)	59	51	17.5%
EBITDA margin %	38.6%	38.0%	0.6pt

Our Bolivia operation continued to lead with the fastest growth in the group, a direct result of our significant commitment and investments in the country. Over the past year, we have almost doubled the number of homes that we pass with our HFC network, and this investment is now bearing fruit. In Q2 2018, homes connected increased by 61,000, up from 38,000 in Q1 2018 and more than double the Q2 2017 level. The soccer World Cup likely explains a portion of the sequential surge in customer net additions, as DTH customer net additions were particularly strong in the quarter. HFC household net additions were also very strong, almost doubling year-on-year, driven primarily by broadband internet.

In mobile, subscriber growth moderated somewhat due to flat performance in prepaid and continued growth in postpaid. The mix shift is driving improved performance in ARPU, which remains down year-on-year but increased 5% quarter-on-quarter.

Service revenue grew 15.7%, up from 6.5% reported (10.8% underlying) in Q1. Growth in Home, which is entirely organic, accelerated yet again to almost 90%, and B2C mobile growth accelerated to more than 6% year-on-year. The robust growth in B2C mobile is particularly noteworthy, as Bolivia leads our markets in 4G, with penetration now reaching 47% of our customer base, driving ARPU levels that are among the highest in the group.

EBITDA grew 17.5% year-on-year in Q2 2018, and margin expanded by 0.6 percentage point to 38.6%, due to operating leverage.

## Honduras

	Q2 2018	Q2 2017	YOY change (\$ amounts in local FX)
B2C Mobile customers ('000)	4,614	4,702	(1.9%)
Total Homes connected ('000)	163	136	19.8%
Total revenue (US\$m)	146	148	0.3%
Service revenue (US\$m)	138	142	0.3%
EBITDA (US\$m)	60	63	(3.4%)
EBITDA margin %	41.2%	42.8%	(1.6pt)

In B2C mobile, we continue to grow in postpaid, and we added a record 182,000 4G smartphone data users in Q2 2018, but we disconnected 41,000 total subscribers, as we focus on the higher value segment of the market. The mix shift toward higher-value customers is having a positive effect on ARPU, which grew year-on-year in the quarter.

In Home, we continue to steadily expand our network and our customer relationships, with homes passed and homes connected both up almost 20% year-on-year, with Home ARPU up low single-digits.

Service revenue growth continues to show signs of improvement, reaching 0.3% in Q2 2018. Revenue in B2C mobile continues to decline at a low single-digit rate, while growth in Home accelerated to almost 20% in Q2, up from mid-teen growth in Q1.

EBITDA declined 3.4% in Q2 2018, and the margin contracted 1.6 percentage point to 41.2%. 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

	Q2 2018	Q2 2017	YOY change (\$ amounts in local FX)
B2C Mobile customers ('000)	2,548	3,267	(22.0%)
Total Homes connected ('000)	282	323	(12.5%)
Total revenue (US\$m)	103	106	(3.0%)
Service revenue (US\$m)	94	100	(3.6%)
EBITDA (US\$m)	32	38	(16.8%)
EBITDA margin %	30.7%	35.6%	(4.8pt)

Our performance in El Salvador was very disappointing in Q2. A competitive market and operational challenges led to a fall in revenues. In the quarter, we also increased our bad debt provisions by \$6 million to reflect historic challenges with customer acquisition, and we took steps to improve the quality of our customer base, which created involuntary churn and a decline in revenue in every revenue category. As a result, service revenue declined 3.6% year-on-year in Q2 2018, deteriorating from positive growth of 2.1% in Q1, and EBITDA declined 16.8% year-on-year during the period.

### Costa Rica

Service revenue rose 1.0% year-on-year in Q2 2018, a deceleration compared to 3.4% growth in Q1 but in line with trends seen in recent periods. We continue to experience healthy growth in B2B, but growth in Home was slightly negative in Q2, impacted somewhat by mandated changes to our channel lineup. EBITDA declined 2.5% year-on-year, and EBITDA margin declined 2.1 percentage points due in part to the timing of certain cost items that shifted to Q2 from Q1 as compared to 2017 associated with the launch of our next generation TV service (OneTV).

## Africa

### Financial & operating data

KPI ('000)	Q2 2018	Q2 2017	YOY change
B2C Mobile customers	15,429	14,587	5.8%
MFS customers	6,640	6,049	9.8%
B2C Mobile ARPU (US\$) <sup>i</sup>	2.7	2.7	(0.9%)

Financial <sup>i</sup>	Q2 2018	Q2 2017	Organic YOY change <sup>i</sup>
Total Revenue (US\$m)	129	125	2.9%
Service revenue (US\$m)	129	125	3.1%
EBITDA (US\$m)	32	31	5.0%
EBITDA margin %	24.9%	24.4%	0.5pt
Capex (US\$m) <sup>ii</sup>	7	19	(66.0%)

i) Organic YoY in local currency and constant perimeter to exclude Senegal, Ghana, and Rwanda

ii) Capex excludes spectrum and license costs

Our consolidated Africa operations comprise Tanzania, including Zantel, and Chad. In aggregate, these represented 8.4% of Group revenue and 6.7% of EBITDA in Q2 2018.

During the second quarter, we added 551,000 B2C mobile subscribers in Africa, with Tanzania reporting its strongest quarter in more than two years, mainly due to our expanded network coverage. ARPU declined 0.9% in local currency terms, and this reflects mid-single-digit ARPU growth in Tanzania, offset by a double-digit decline in Chad, where the government has been forced to raise taxes to address fiscal imbalances.

Total revenue increased 2.9% year-on-year, and service revenue growth improved to 3.1% year-on-year in Q2 2018, accelerating from 1.7% in Q1. Tanzania delivered a fourth consecutive quarter of high-single-digit service revenue growth despite the impact of lower mobile termination rates. However, solid growth in Tanzania was partially offset by a double-digit decline in service revenue in Chad caused by the increased tax burden.

EBITDA rose 5.0%, and margin expanded 0.5 percentage point year-on-year to 24.9%. Margin improved modestly in both countries.

Capital expenditures in Africa totaled \$7 million in Q2 2018, and this compares to \$19 million in Q2 2017. In Tanzania, we decided not to participate in the recently-completed 4G spectrum auction.

## **Corporate Responsibility highlights – Q2 2018**

### **Embedding Corporate Responsibility across our supply chain**

The second year of our supplier training program is set to start in August 2018. This program will include a total of 140 suppliers throughout our operations in Latam, which are chosen based on their risk categorization and scoring in the EcoVadis CSR Assessment tool. The training will include Child Rights, Environmental Stewardship, Health & Safety, Fair Labor practices, Compliance and Privacy.

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

We officially launched our new 3-year agreement with leadership teams from UNICEF and Millicom on May 30<sup>th</sup>. The projects funded by this agreement for 2018, in El Salvador, Guatemala and Paraguay are underway. Our Child Rights Consultation Project – the first of its kind, globally - started in Costa Rica, El Salvador and Guatemala, with Colombia following in late July with our partner, the Paniamor Foundation. In each of these countries, we work with 40 children ranging between 15 and 18 years of age, from both public and private schools, to understand how they use technology as a way of exercising their rights. UNICEF participates as an observer throughout the process.

### **Health, safety, security and environment**

We are happy to report zero fatalities in Q2. During the quarter, we pressed ahead with the ISO 14001 certification program for Costa Rica and Guatemala. The Corporate Security teams attended the annual regional training conferences held in Colombia and South Africa for Latin America and Africa respectively, to further align on internal controls and continue mitigating potential risks.

Significant events registered during this period: firstly, the ongoing civil unrest across Nicaragua. While travel to Nicaragua is restricted to absolute essential for the foreseeable future, there have been only minor reported losses to services, and no Tigo staff harmed.

Secondly, the explosive volcanic eruption in Guatemala, resulting in significant destruction to the local areas surrounding the volcano. Tigo Guatemala have reported no losses or harm to any of its staff or families, nor to services. The response from Tigo Guatemala has been extraordinary, with over 100 emergency-trained volunteers from Tigo staff offering support and supplies from the Business Continuity Management/Crisis management emergency resources to the relief efforts.

### **Compliance and anti-corruption programme**

During the second quarter, our Compliance team launched the group-wide employee compliance e-learning on our updated policies: Conflict of Interest, Gifts and Hospitalities and Sponsorships and Donations. These trainings were launched as part of the 2018 Compliance education and awareness training plan. A new Hotline campaign, "Speak Up - We will act on it", was launched group-wide to promote our Millicom Ethics Line, encouraging employees to use this external, independent system to report issues of non-compliance with our policies and values. This communication is part of our larger comprehensive communication campaign "Integrity starts with you" that we are using to continue raising awareness of compliance and ethics, reinforcing the importance of establishing and maintaining a corporate culture of integrity.

## Additional Information

### Alternative Performance Measures ('APMs')

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

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



### Organic growth adjustments

	<u>Group Revenue</u>		<u>Group Service Revenue</u>		<u>Group EBITDA</u>	
	Q2 2018	Q2 2017	Q2 2018	Q2 2017	Q2 2018	Q2 2017
Prior year period (\$million)	1,470	1,572	1,376	1,469	524	542
Current period (\$million)	1,541	1,470	1,437	1,376	551	524
Organic growth	4.2%	(1.9%)	5.3%	(1.4%)	4.6%	(1.1%)
Accounting change impact	0.1%	0.0%	(1.3%)	0.0%	0.5%	0.0%
Change in Perimeter impact	0.0%	(5.2%)	0.0%	(5.5%)	0.0%	(3.3%)
FX impact	0.5%	0.6%	0.4%	0.5%	0.1%	1.1%
Reported Growth	4.8%	(6.5%)	4.4%	(6.4%)	5.2%	(3.2%)

### Foreign Exchange rates

		<u>Average FX rate (vs. USD)</u>					<u>End of period FX rate (vs. USD)</u>				
		Q2 18	Q1 18	QoQ	Q2 17	YoY	Q2 18	Q1 18	QoQ	Q2 17	YoY
Guatemala	GTQ	7.45	7.37	(1%)	7.34	(1%)	7.49	7.40	(1%)	7.34	(2%)
Honduras	HNL	23.88	23.68	(1%)	23.55	(1%)	24.07	23.72	(1%)	23.53	(2%)
Costa Rica	CRC	566	569	1%	574	1%	567	566	(0%)	580	2%
Bolivia	BOB	6.91	6.91	0%	6.91	0%	6.91	6.91	0%	6.91	0%
Colombia	COP	2,849	2,866	1%	2,947	3%	2,931	2,780	(5%)	3,038	4%
Paraguay	PYG	5,635	5,578	(1%)	5,592	(1%)	5,703	5,548	(3%)	5,560	(3%)
Ghana	GHS	4.50	4.42	(2%)	4.29	(5%)	4.78	4.40	(9%)	4.36	(10%)
Chad	XAF	565	553	(2%)	596	5%	571	554	(3%)	577	1%
Tanzania	TZS	2,271	2,248	(1%)	2,235	(2%)	2,276	2,256	(1%)	2,237	(2%)

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

US\$m	Q2 2018	Of which IFRS 15 impact	Q2 2018 excl IFRS 15	Q2 2017	YoY change %
<b>Revenue</b>	<b>1,541</b>	<b>2</b>	<b>1,539</b>	<b>1,470</b>	<b>4.7%</b>
Cost of sales	(432)	(21)	(411)	(385)	6.7%
<b>Gross profit</b>	<b>1,109</b>	<b>(19)</b>	<b>1,128</b>	<b>1,085</b>	<b>4.0%</b>
Operating expenses	(558)	21	(579)	(561)	3.3%
<b>EBITDA</b>	<b>551</b>	<b>3</b>	<b>549</b>	<b>524</b>	<b>4.7%</b>
Depreciation	(241)	-	(241)	(247)	(2.6%)
Amortization	(74)	-	(74)	(78)	(5.7%)
Other operating income (expenses), net	20	-	20	(1)	NM
<b>Operating profit</b>	<b>256</b>	<b>3</b>	<b>254</b>	<b>197</b>	<b>28.6%</b>
Net financial expenses	(107)	-	(107)	(120)	(10.5%)
Other non-operating income (expenses), net	(20)	-	(20)	(17)	18.1%
Gains (losses) from other joint ventures and associates, net	(48)	-	(48)	(25)	96.3%
<b>Profit (loss) before tax</b>	<b>80</b>	<b>3</b>	<b>78</b>	<b>35</b>	<b>119.5%</b>
Net tax credit (charge)	(61)	-	(61)	(60)	0.6%
<b>Profit (loss) for the period from continuing ops.</b>	<b>20</b>	<b>3</b>	<b>17</b>	<b>(25)</b>	<b>NM</b>
Non-controlling interests	(19)	(1)	(18)	(9)	114.4%
Profit (loss) from discontinued operations	(2)	-	(2)	6	NM
<b>Net profit (loss) for the period</b>	<b>(1)</b>	<b>2</b>	<b>(3)</b>	<b>(27)</b>	<b>(87.4%)</b>

**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	Q2 18 (i)	Guatemala and Honduras	JV	Q2 18 IFRS
<b>Revenue</b>	<b>1,541</b>	<b>(480)</b>		<b>1,061</b>
Cost of sales	(432)	105		(327)
<b>Gross profit</b>	<b>1,109</b>	<b>(375)</b>		<b>734</b>
Operating expenses	(558)	152		(406)
<b>EBITDA</b>	<b>551</b>	<b>(223)</b>		<b>328</b>
<b>EBITDA margin</b>	<b>35.8%</b>	<b>46.5%</b>		<b>30.9%</b>
Depreciation & amortization	(315)	106		(209)
Share of net profit in joint ventures			27	27
Other operating income (expenses), net	20	5		25
<b>Operating profit</b>	<b>256</b>	<b>(112)</b>	<b>27</b>	<b>171</b>
Net financial expenses	(107)	23		(84)
Other non-operating income (expenses), net	(20)	14		(7)
Gains (losses) from associates	(48)	-		(48)
<b>Profit (loss) before tax</b>	<b>80</b>	<b>(75)</b>	<b>27</b>	<b>32</b>
Net tax credit (charge)	(61)	24		(37)
<b>Profit (loss) for the period</b>	<b>20</b>	<b>(51)</b>	<b>27</b>	<b>(5)</b>
Profit (loss) from discontinued operations	(2)			(2)
Non-controlling interests	(19)	24		6
<b>Net profit (loss) for the period</b>	<b>(1)</b>	<b>(27)</b>	<b>27</b>	<b>(1)</b>

\$ million	H1 18 (i)	Guatemala and Honduras	JV	H1 18 IFRS
<b>Revenue</b>	<b>3,057</b>	<b>(954)</b>		<b>2,103</b>
Cost of sales	(837)	204		(633)
<b>Gross profit</b>	<b>2,220</b>	<b>(750)</b>		<b>1,470</b>
Operating expenses	(1,115)	300		(815)
<b>EBITDA</b>	<b>1,105</b>	<b>(450)</b>		<b>655</b>
<b>EBITDA margin</b>	<b>36.2%</b>	<b>47.2%</b>		<b>31.1%</b>
Depreciation & amortization	(631)	215		(416)
Share of net profit in joint ventures			65	65
Other operating income (expenses), net	20	7		27
<b>Operating profit</b>	<b>494</b>	<b>(228)</b>	<b>65</b>	<b>331</b>
Net financial expenses	(211)	46		(165)
Other non-operating income (expenses), net	5	16		21
Gains (losses) from associates	(68)	-		(68)
<b>Profit (loss) before tax</b>	<b>221</b>	<b>(167)</b>	<b>65</b>	<b>119</b>
Net tax credit (charge)	(113)	44		(70)
<b>Profit (loss) for the period</b>	<b>107</b>	<b>(123)</b>	<b>65</b>	<b>49</b>
Profit (loss) from discontinued operations	(35)	-		(35)
Non-controlling interests	(56)	58		1
<b>Net profit (loss) for the period</b>	<b>16</b>	<b>(65)</b>	<b>65</b>	<b>16</b>

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

**Consolidated balance sheet (unaudited)**

US\$ millions	30 Jun 2018 (i)	IFRS adjustments (ii)	30 Jun 2018 IFRS
<b>ASSETS</b>			
Intangible assets, net	4,248	(2,988)	1,260
Property, plant and equipment, net	3,771	(1,011)	2,759
Investments in joint ventures and associates	267	2,762	3,028
Other non-current assets	363	(22)	341
<b>TOTAL NON-CURRENT ASSETS</b>			
Inventories, net	79	(29)	50
Trade receivables, net	425	(92)	333
Other current assets	794	(330)	463
Restricted cash	158	(10)	147
Cash and cash equivalents	1,081	(346)	735
<b>TOTAL CURRENT ASSETS</b>	<b>2,536</b>	<b>(806)</b>	<b>1,730</b>
Assets held for sale	8	0	8
<b>TOTAL ASSETS</b>	<b>11,193</b>	<b>(2,066)</b>	<b>9,127</b>
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to owners of the Company	2,831	40	2,871
Non-controlling interests	730	(549)	181
<b>TOTAL EQUITY</b>	<b>3,562</b>	<b>(509)</b>	<b>3,052</b>
Debt and financing	4,789	(1,294)	3,495
Other non-current liabilities	556	(152)	403
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>5,345</b>	<b>(1,447)</b>	<b>3,898</b>
Debt and financing	439	(88)	351
Other current liabilities	1,846	(23)	1,823
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,285</b>	<b>(111)</b>	<b>2,174</b>
Liabilities directly associated with assets held for sale	2	0	2
<b>TOTAL LIABILITIES</b>	<b>7,631</b>	<b>(1,557)</b>	<b>6,074</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>11,193</b>	<b>(2,066)</b>	<b>9,127</b>

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 31<sup>st</sup>, 2015.

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

US\$ millions	Q2 2018 (i)	IFRS adjustments (ii)	Q2 2018 IFRS
<b>Profit (loss) before taxes from continuing operations</b>	<b>80</b>	<b>(48)</b>	<b>32</b>
Profit (loss) for the period from discontinued operations	(2)	0	(2)
<b>Profit (loss) before taxes</b>	<b>78</b>	<b>(48)</b>	<b>30</b>
<b>Net cash provided by operating activities (incl. discops)</b>	<b>390</b>	<b>(202)</b>	<b>188</b>
<b>Net cash used in investing activities (incl. discops)</b>	<b>(119)</b>	<b>156</b>	<b>37</b>
<b>Net cash from (used by) financing activities (incl. discops)</b>	<b>(132)</b>	<b>75</b>	<b>(57)</b>
Exchange impact on cash and cash equivalents, net	(13)	1	(12)
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>125</b>	<b>31</b>	<b>156</b>
Cash and cash equivalents at the beginning of the period	953	(376)	576
Effect of cash in disposal group held for Sale	3	0	3
<b>Cash and cash equivalents at the end of the period</b>	<b>1,081</b>	<b>(346)</b>	<b>735</b>

US\$ millions	H1 2018 (i)	IFRS adjustments (ii)	H1 2018 IFRS
<b>Profit (loss) before taxes from continuing operations</b>	<b>221</b>	<b>(101)</b>	<b>119</b>
Profit (loss) for the period from discontinued operations	(35)	0	(35)
<b>Profit (loss) before taxes</b>	<b>186</b>	<b>(101)</b>	<b>85</b>
<b>Net cash provided by operating activities (incl. discops)</b>	<b>705</b>	<b>(350)</b>	<b>355</b>
<b>Net cash used in investing activities (incl. discops)</b>	<b>(401)</b>	<b>247</b>	<b>(154)</b>
<b>Net cash from (used by) financing activities (incl. discops)</b>	<b>(162)</b>	<b>74</b>	<b>(88)</b>
Exchange impact on cash and cash equivalents, net	(6)	2	(4)
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>137</b>	<b>(27)</b>	<b>110</b>
Cash and cash equivalents at the beginning of the period	938	(319)	619
Effect of cash in disposal group held for Sale	6	0	6
<b>Cash and cash equivalents at the end of the period</b>	<b>1,081</b>	<b>(346)</b>	<b>735</b>

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 31<sup>st</sup>, 2015.

**Risks and uncertainty factors**

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

This press release may contain certain "forward-looking statements" with respect to Millicom's expectations and plans, strategy, management's objectives, future performance, costs, revenue, earnings and other trend information. It is important to note that Millicom's actual results in the future could differ materially from those anticipated in forward-looking statements depending on various important factors, including those included in this release. All

forward-looking statements in this press release are based on information available to Millicom on the date hereof. All written or oral forward-looking statements attributable to Millicom International Cellular S.A., and Millicom International Cellular S.A. employees or representatives acting on Millicom's behalf are expressly qualified in their entirety by the factors referred to above. Millicom does not intend to update these forward-looking statements.

#### Conference call details

A presentation and conference call to discuss these results will take place on July 20<sup>th</sup>, 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:

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

**The access code is: 1175831**

A live audio stream, presentation slides, and replay information can be accessed at [www.millicom.com](http://www.millicom.com).

#### Financial calendar

Quarterly results	Earnings release	Conference call
Q3 2018	Oct 23	Oct 24

#### For further information, please contact

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#### About Millicom

Millicom is a leading provider of cable and mobile services dedicated to emerging markets in Latin America and Africa. Millicom sets the pace when it comes to providing high-speed broadband and innovation around The Digital Lifestyle services through its principal brand, Tigo. As of December 31st, 2017, Millicom employed approximately 19,000 people and provided mobile services to approximately 51 million customers, with a cable footprint of more than 9 million homes passed. Founded in 1992, Millicom International Cellular SA is headquartered in Luxembourg 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 July 19<sup>th</sup>, 2018.*

# **Unaudited Interim Condensed Consolidated Financial Statements**

**For the three and six month periods  
ended June 30, 2018 and 2017**

July 19, 2018

## Unaudited interim condensed consolidated income statements for the six-month periods ended June 30, 2018 and 2017

\$ millions	Notes	Six months ended June 30, 2018	Six months ended June 30, 2017 (i)
<b>Revenue .....</b>	<b>5</b>	<b>2,103</b>	<b>1,998</b>
Cost of sales .....		(633)	(583)
<b>Gross profit .....</b>		<b>1,470</b>	<b>1,415</b>
Operating expenses.....		(815)	(786)
Depreciation .....		(345)	(345)
Amortization .....		(72)	(77)
Share of profit in the joint ventures in Guatemala and Honduras	14	65	73
Other operating income (expenses), net .....		27	2
<b>Operating profit.....</b>	<b>5</b>	<b>331</b>	<b>283</b>
Interest and other financial expenses.....	10	(173)	(197)
Interest and other financial income .....		8	9
Other non-operating (expenses) income, net.....	6	21	(8)
Loss from other joint ventures and associates, net .....		(68)	(39)
<b>Profit before taxes from continuing operations.....</b>		<b>119</b>	<b>49</b>
Charge for taxes, net .....		(70)	(82)
<b>Profit (loss) for the period from continuing operations</b>		<b>49</b>	<b>(33)</b>
Profit (loss) for the period from discontinued operations .....	4	(35)	9
<b>Net profit (loss) for the period .....</b>		<b>15</b>	<b>(24)</b>
<b>Attributable to:</b>			
Owners of the Company .....		16	(3)
Non-controlling interests .....		(1)	(21)
<b>Earnings per common share for profit attributable to the owners of the Company:</b>			
<b>Basic (\$)</b> .....	7	0.16	(0.03)
<b>Diluted (\$)</b> .....	7	0.16	(0.03)

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

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



## Unaudited interim condensed consolidated income statements for the three-month periods ended June 30, 2018 and 2017

\$ millions	Notes	Three months ended June 30, 2018	Three months ended June 30, 2017 (i)
<b>Revenue</b> .....	<b>5</b>	<b>1,061</b>	<b>1,001</b>
Cost of sales .....		(327)	(296)
<b>Gross profit</b> .....		<b>734</b>	<b>705</b>
Operating expenses.....		(406)	(401)
Depreciation .....		(174)	(175)
Amortization .....		(36)	(38)
Share of profit in the joint ventures in Guatemala and Honduras.	14	27	35
Other operating income (expenses), net .....		25	1
<b>Operating profit</b> .....	<b>5</b>	<b>171</b>	<b>127</b>
Interest and other financial expenses.....	10	(89)	(103)
Interest and other financial income .....		5	4
Other non-operating (expenses) income, net.....	6	(7)	(18)
Income (loss) from other joint ventures and associates, net.....		(48)	(25)
<b>Profit before taxes from continuing operations</b> .....		<b>32</b>	<b>(14)</b>
Charge for taxes, net .....		(37)	(40)
<b>Profit (loss) for the period from continuing operations</b>		<b>(5)</b>	<b>(54)</b>
Profit (loss) for the period from discontinued operations .....	4	(2)	6
<b>Net profit (loss) for the period</b> .....		<b>(7)</b>	<b>(48)</b>
<b>Attributable to:</b>			
Owners of the Company .....		(1)	(27)
Non-controlling interests .....		(6)	(21)
<b>Earnings per common share for profit attributable to the owners of the Company:</b>			
<b>Basic (\$)</b> .....	<b>7</b>	<b>(0.01)</b>	<b>(0.28)</b>
<b>Diluted (\$)</b> .....	<b>7</b>	<b>(0.01)</b>	<b>(0.28)</b>

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

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

## Unaudited interim condensed consolidated statements of comprehensive income for the six-month periods ended June 30, 2018 and 2017

	Six months ended June 30, 2018	Six months ended June 30, 2017
<b>\$ millions</b>		
Net profit for the period .....	15	(24)
<b>Other comprehensive income (to be reclassified to profit and loss in subsequent periods), net of tax:</b>		
Exchange differences on translating foreign operations .....	11	1
Cash flow hedges .....	—	3
<b>Total comprehensive income for the period .....</b>	<b>25</b>	<b>(21)</b>
<b>Attributable to:</b>		
Owners of the Company .....	24	2
Non-controlling interests .....	2	(23)
<b>Total comprehensive income for the period arises from:</b>		
Continuing operations.....	32	(20)
Discontinued operations .....	(7)	(1)

## Unaudited interim condensed consolidated statement of comprehensive income for the three-month period ended June 30, 2018

	Three months ended June 30, 2018	Three months ended June 30, 2017
<b>\$ millions</b>		
Net profit for the period .....	(7)	(48)
<b>Other comprehensive income (to be reclassified to profit and loss in subsequent periods), net of tax:</b>		
Exchange differences on translating foreign operations .....	(62)	(25)
Cash flow hedges .....	1	1
<b>Total comprehensive income for the period .....</b>	<b>(69)</b>	<b>(72)</b>
<b>Attributable to:</b>		
Owners of the Company .....	(54)	(42)
Non-controlling interests .....	(13)	(30)
<b>Total comprehensive income for the period arises from:</b>		
Continuing operations.....	(64)	(71)
Discontinued operations .....	(5)	(1)

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 June 30, 2018 and December 31, 2017

\$ millions	Notes	June 30, 2018	December 31, 2017
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets, net .....	9	1,260	1,265
Property, plant and equipment, net .....	8	2,759	2,880
Investments in joint ventures .....	14	2,825	2,967
Investments in associates .....		203	241
Contract costs, net .....	2	4	—
Deferred tax assets .....		204	180
Other non-current assets .....	12	133	113
<b>TOTAL NON-CURRENT ASSETS .....</b>		<b>7,388</b>	<b>7,647</b>
<b>CURRENT ASSETS</b>			
Inventories .....		50	45
Trade receivables, net .....		333	386
Contract assets, net.....	2	33	—
Amounts due from non-controlling interests, associates and joint ventures .....	12	29	37
Prepayments and accrued income .....		178	145
Current income tax assets.....		80	99
Supplier advances for capital expenditure.....		28	18
Other current assets.....		116	90
Restricted cash .....		147	145
Cash and cash equivalents .....		735	619
<b>TOTAL CURRENT ASSETS .....</b>		<b>1,730</b>	<b>1,585</b>
Assets held for sale .....	4	8	233
<b>TOTAL ASSETS .....</b>		<b>9,127</b>	<b>9,465</b>

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 June 30, 2018 and December 31, 2017 (continued)

\$ millions	Notes	June 30, 2018	December 31, 2017
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital and premium .....		635	637
Treasury shares .....		(82)	(106)
Other reserves .....		(474)	(470)
Retained profits .....		2,776	2,950
Profit for the period/ year attributable to equity holders .....		16	85
<b>Equity attributable to owners of the Company .....</b>		<b>2,871</b>	<b>3,096</b>
Non-controlling interests .....		181	185
<b>TOTAL EQUITY .....</b>		<b>3,052</b>	<b>3,282</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Debt and financing .....	10	3,495	3,600
Amounts due to non-controlling interests, associates and joint ventures .....	12	—	124
Provisions and other non-current liabilities .....		335	335
Deferred tax liabilities .....		68	56
<b>Total non-current liabilities .....</b>		<b>3,898</b>	<b>4,116</b>
<b>Current liabilities</b>			
Debt and financing .....	10	351	185
Payables and accruals for capital expenditure .....		215	304
Other trade payables .....		256	288
Amounts due to non-controlling interests, associates and joint ventures .....	12	323	296
Accrued interest and other expenses .....		373	353
Current income tax liabilities .....		63	81
Contract liabilities .....	2,13	59	—
Derivative financial instruments .....	13	—	56
Dividends payable .....		133	—
Provisions and other current liabilities .....		402	425
<b>Total current liabilities .....</b>		<b>2,174</b>	<b>1,989</b>
Liabilities directly associated with assets held for sale .....	4	2	79
<b>TOTAL LIABILITIES .....</b>		<b>6,074</b>	<b>6,183</b>
<b>TOTAL EQUITY AND LIABILITIES .....</b>		<b>9,127</b>	<b>9,465</b>

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 six-month periods ended June 30, 2018 and 2017

\$ millions (i)	Notes	June 30, 2018	June 30, 2017 (i)
<b>Cash flows from operating activities (including discontinued operations)</b>			
Profit (loss) before taxes from continuing operations .....		119	49
Profit (loss) before taxes from discontinued operations .....	4	(35)	9
<b>Profit before taxes</b>		<b>85</b>	<b>59</b>
<b>Adjustments to reconcile to net cash:</b>			
Interest and other financial expenses .....		175	209
Interest and other financial income .....		(8)	(10)
<b>Adjustments for non-cash items:</b>			
Depreciation and amortization .....	5	416	444
Share of profit in Guatemala and Honduras joint ventures .....		(65)	(73)
Loss (gain) on disposal and impairment of assets, net .....	4	11	(3)
Share based compensation .....		10	12
(Income) loss from other joint ventures and associates, net .....	15	68	39
Other non-cash non-operating (income) expenses, net .....		(20)	1
<b>Changes in working capital:</b>			
Decrease (increase) in trade receivables, prepayments and other current assets .....		(131)	(24)
(Increase) decrease in inventories .....		(6)	(10)
Increase (decrease) in trade and other payables .....		25	(58)
<b>Total changes in working capital .....</b>		<b>(111)</b>	<b>(93)</b>
Changes in contract assets, liabilities and costs, net .....		(4)	—
Interest (paid) .....		(153)	(173)
Interest received .....		10	10
Taxes (paid) .....	5	(57)	(55)
<b>Net cash provided by operating activities .....</b>		<b>355</b>	<b>367</b>
<b>Cash flows from investing activities (including discontinued operations):</b>			
Acquisition of subsidiaries, joint ventures and associates, net of cash acquired .....	3	—	(20)
Proceeds from disposal of subsidiaries and associates, net of cash disposed .....	4	177	—
Purchase of intangible assets and licenses .....	9	(133)	(78)
Proceeds from sale of intangible assets .....	9	—	—
Purchase of property, plant and equipment .....	8	(292)	(316)
Proceeds from sale of property, plant and equipment .....	8	52	3
Dividends received from joint ventures .....		94	101
Settlement of derivative financial instruments .....	13	(63)	—
Cash (used in) provided by other investing activities, net .....		11	9
<b>Net cash used in investing activities .....</b>		<b>(154)</b>	<b>(301)</b>
<b>Cash flows from financing activities (including discontinued operations):</b>			
Proceeds from other debt and financing .....	10	286	350
Repayment of debt and financing .....	10	(239)	(64)
Dividends paid to non-controlling interests .....		(1)	—
Dividends paid to owners of the Company .....		(133)	(265)
<b>Net cash from (used by) financing activities .....</b>		<b>(88)</b>	<b>21</b>
Exchange impact on cash and cash equivalents, net .....		(4)	—
<b>Net (decrease) increase in cash and cash equivalents .....</b>		<b>110</b>	<b>88</b>
Cash and cash equivalents at the beginning of the year .....		619	646
Effect of cash in disposal group held for sale .....	4	6	(12)
<b>Cash and cash equivalents at the end of the period .....</b>		<b>735</b>	<b>721</b>

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

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

## Unaudited interim condensed consolidated statements of changes in equity for the period ended June 30, 2018, and year ended December 31, 2017

		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
\$ millions										
Balance on December 31, 2016	101,739	(1,395)	153	485	(123)	3,215	(562)	3,167	201	3,368
Total comprehensive income for the period .....	—	—	—	—	—	85	87	171	(15)	156
Dividends (ii).....	—	—	—	—	—	(265)	—	(265)	—	(265)
Purchase of treasury shares .....	—	(32)	—	—	(3)	—	—	(3)	—	(3)
Share based compensation .....	—	—	—	—	—	—	24	24	—	24
Issuance of shares under share-based payment schemes.....	—	233	—	(1)	21	1	(18)	1	—	1
Balance on December 31, 2017	101,739	(1,195)	153	484	(106)	3,035	(470)	3,096	185	3,282
Adjustment on adoption of IFRS 15 and IFRS 9 (net of tax) (iii) .....	—	—	—	—	—	10	—	10	(4)	6
Total comprehensive income for the period .....	—	—	—	—	—	16	8	24	2	25
Dividends (iv) .....	—	—	—	—	—	(266)	—	(266)	—	(266)
Dividends to non-controlling interests .....	—	—	—	—	—	—	—	—	(1)	(1)
Purchase of treasury shares .....	—	(65)	—	—	(6)	—	—	(6)	—	(6)
Share based compensation .....	—	—	—	—	—	—	12	12	—	12
Issuance of shares under share-based payment schemes.....	—	334	—	(2)	29	(5)	(21)	1	—	1
Balance on June 30, 2018	101,739	(926)	153	483	(82)	2,792	(474)	2,871	181	3,052

- (i) Retained profits — includes profit attributable to equity holders, of which at June 30, 2018, \$322 million (2017: \$345 million) are not distributable to equity holders.
- (ii) Dividends — A dividend distribution of \$2.64 per share was approved by the Annual General Meeting of shareholders and distributed in May 2017.
- (iii) See note 2 for details about changes in accounting policies.
- (iv) Dividends — A dividend distribution of \$2.64 per share was approved by the Annual General Meeting of shareholders. Half of this dividend has been paid during Q2 2018. The second half will be paid in November 2018.

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 July 19, 2018, the Board of Directors authorised these interim condensed consolidated financial statements for issuance.

### 2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES

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

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

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

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

As a consequence of adopting this Standard:

- 1) some revenue is recognized earlier, as a larger portion of the total consideration received in a bundled contract is attributable to the component delivered at contract inception (i.e. typically a subsidized handset). Therefore, this produces a shift from service revenue (which decreases) to the benefit of Telephone and Equipment revenue. This results in the recognition of a Contract Asset on the statement of financial position, as more revenue is recognized upfront, while the cash will be received throughout the subscription period (which is usually between 12 to 36 months). Contract Assets (and liabilities) are reported on a separate line in current assets / liabilities even if their realization period is longer than 12 months. This is because they are realized / settled as part of the normal operating cycle of our core business.
- 2) the cost incurred to obtain a contract (mainly commissions) is now capitalized in the statement of financial position and amortized over either the average customer retention period or the contract term, depending on the circumstances. This results in the recognition of Contract Costs being capitalized under non-current assets on the statement of financial position.
- 3) there are no material changes for the purpose of determining whether the Group acts as principal or an agent in the sale of products.
- 4) the presentation of certain amounts in the consolidated statement of financial position has been changed to reflect the terminology of IFRS 15:
  - a. Contract assets recognized in relation to service contracts.
  - b. Contract costs in relation to capitalised cost incurred to obtain a contract (mainly commissions).
  - c. Contract liabilities in relation to service contracts were previously included in trade and other payables

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

*Revenue from operating lease of tower space* is recognized over the period of the underlying lease contracts. Finance 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 amortized cost.

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

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 amortized cost.

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

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

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

#### *Measurement*

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

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

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

### *Debt instruments*

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

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

### *Equity instruments*

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

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

### *Impairment*

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

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

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

### *ii) Derivative financial instruments and hedging activities*

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

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

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

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

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

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

FINANCIAL POSITION \$ millions	As at January 1, 2018 before application	Effect of adoption of IFRS 15	Effect of adoption of IFRS 9	As at January 1, 2018 after application	Reason for the change
<b>ASSETS</b>					
Investment in joint ventures (non-current).....	2,967	27	(4)	2,989	(i)
Contract costs, net (non-current) <b>NEW</b> .....	—	4	—	4	(ii)
Deferred tax asset .....	180	—	10	191	(viii)
Other non-current assets .....	113	—	(1)	113	(iii)
Trade receivables, net (current) .....	386	—	(47)	339	(iv)
Contract asset, net (current) <b>NEW</b> .....	—	29	(1)	28	(v)
<b>LIABILITIES</b>					
Contract liabilities (current) <b>NEW</b> .....	—	51	—	51	(vi)
Provisions and other current liabilities (current) .....	425	(46)	—	379	(vii)
Deferred tax liability (non-current) .....	56	7	(1)	62	(viii)
<b>EQUITY</b>					
Retained profits.....	3,035	48	(38)	3,045	(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 amortized over the average contract term.

(iii) Effect of the application of the expected credit losses required by IFRS 9 on amounts due from joint ventures.

(iv) Effect of the application of the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(v) Contract asset mainly represents subsidised handsets as more revenue is recognised upfront while the cash will be received throughout the subscription period (which is usually between 12 to 36 months).

(vi) This mainly represents deferred revenue for goods and services not yet delivered to customers that will be recognised 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 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 \$ millions	For the six month period ended June 30, 2018			
	As reported	Without adoption of IFRS 15	Effect of Change Higher/(Lower)	Reason for the change
Total revenue .....	2,103	2,099	4	(i)
Cost of sales.....	(634)	(614)	(20)	(ii)
Operating expenses.....	(815)	(835)	20	(ii)
Share of profit in Guatemala and Honduras joint ventures .....	65	67	(1)	(iii)

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

INCOME STATEMENT \$ millions	For the three month period ended June 30, 2018			
	As reported	Without adoption of IFRS 15	Effect of Change Higher/(Lower)	Reason for the change
Total revenue .....	1,061	1,059	2	(i)
Cost of sales.....	(327)	(317)	(10)	(ii)
Operating expenses.....	(406)	(416)	10	(ii)
Share of profit in Guatemala and Honduras, joint ventures ....	27	27	-	(iii)

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

FINANCIAL POSITION \$ millions	As at June 30, 2018			
	As reported	Without adoption of IFRS 15	Effect of Change Higher/(Lower)	Reason for the change
<b>ASSETS</b>				
Investment in joint ventures (non-current).....	2,825	2,800	25	(iv)
Contract costs, net (non-current).....	4	-	4	(v)
Contract asset, net (current) .....	33	-	33	(vi)
<b>LIABILITIES</b>				
Contract liabilities (current) .....	59	-	59	(vii)
Provisions and other current liabilities (current) .....	402	455	(53)	(viii)
Deferred tax liability (non-current) .....	68	61	7	(ix)
<b>EQUITY</b>				
Retained profits.....	2,776	2,728	48	(x)
Non-controlling interests .....	181	180	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 amortized over the average contract term.
- (vi) Contract asset mainly represents subsidised handsets as more revenue is recognised upfront while the cash will be received throughout the subscription period (which are usually between 12 to 36 months). Throughout the period ended June 30, 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 when the goods are delivered and the services are provided to customers. The balance also comprises the revenue from the billing of subscription fees or 'one-time' fees at the inception of a contract that are deferred and will be recognised over the average customer retention period or the contract term.
- (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 from January 1, 2019:

- IFRS 16 “Leases” will affect primarily the accounting for the Group’s operating leases. As of December 31, 2017, the Group had operating lease commitments of \$808 million. The Group has started the implementation of the new Standard and is currently 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 process, 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 six-month period ended June 30, 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 final sale consideration is still subject to adjustment under the terms of the sale and purchase agreement with Airtel. Management does not expect any material deviation from the initial consideration.

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

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

In accordance with IFRS 5, the Group's businesses in Rwanda (Q1 2018), Ghana (Q3 2017) and Senegal (Q1 2017) had been classified as assets held for sale and their results were classified as discontinued operations. Comparative figures of the income statement have been represented accordingly. Financial information relating to the discontinued operations for the three and six-month periods ended June 30, 2018 and 2017 are set out below. Figures shown below are after inter-company eliminations.

	Six months ended June 30, 2018	Six months ended June 30, 2017
<b>Results from Discontinued Operations (\$ millions)</b>		
Revenue .....	62	163
Cost of sales .....	(23)	(50)
Operating expenses .....	(26)	(73)
Other expenses linked to the disposal of discontinued operations .....	(7)	(2)
Depreciation and amortization .....	—	(23)
Other operating income (expenses), net .....	(10)	1
Gross gain/(loss) on disposal of discontinued operations .....	(28)	—
<b>Operating profit (loss) .....</b>	<b>(32)</b>	<b>16</b>
Interest income (expense), net .....	(3)	(11)
Other non-operating (expenses) income, net .....	—	5
<b>Profit (loss) before taxes .....</b>	<b>(35)</b>	<b>9</b>
Credit (charge) for taxes, net .....	—	—
<b>Net profit (loss) from discontinued operations .....</b>	<b>(35)</b>	<b>9</b>

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

	Three months ended June 30, 2018	Three months ended June 30, 2017
<b>Results from Discontinued Operations (\$ millions)</b>		
Revenue .....	13	83
Cost of sales .....	(7)	(26)
Operating expenses .....	(6)	(37)
Other expenses linked to the disposal of discontinued operations .....	(6)	(2)
Depreciation and amortization .....	—	(10)
Other operating income (expenses), net .....	—	—
Gross gain/(loss) on disposal of discontinued operations .....	5	—
<b>Operating profit (loss) .....</b>	<b>(1)</b>	<b>8</b>
Interest income (expense), net .....	(1)	(6)
Other non-operating (expenses) income, net .....	—	4
<b>Profit (loss) before taxes .....</b>	<b>(2)</b>	<b>6</b>
Credit (charge) for taxes, net .....	—	—
<b>Net profit (loss) from discontinued operations .....</b>	<b>(3)</b>	<b>6</b>

	Six months ended June 30, 2018	Six months ended June 30, 2017
<b>Cash Flows from Discontinued Operations (\$ millions)</b>		
Cash from (used in) operating activities, net .....	(4)	14
Cash from (used in) investing activities, net .....	(6)	(22)
Cash from (used in) financing activities, net .....	—	—
Net cash inflows/(outflows) .....	(10)	(8)

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

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

	As at June 30, 2018	As at December 31, 2017
<b>Assets and liabilities reclassified as held for sale (\$ millions)</b>		
Senegal operations .....	—	223
Towers Paraguay .....	2	7
Towers Colombia .....	1	1
Towers El Salvador .....	4	—
Others .....	1	2
<b>Total assets of held for sale .....</b>	<b>8</b>	<b>233</b>
Senegal operations .....	—	77
Towers Paraguay .....	1	2
Towers El Salvador .....	1	—
<b>Total liabilities directly associated with assets held for sale .....</b>	<b>2</b>	<b>79</b>
<b>Net assets held for sale / book value .....</b>	<b>7</b>	<b>154</b>

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

##### Rwanda

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

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

##### Senegal

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

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

##### Tower Sale and Leasebacks

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

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

	Paraguay	Colombia	El Salvador
Signature date.....	April 26, 2017	July 18, 2017	February 6, 2018
Total number of towers expected to be sold .....	1,410	1,207	811
Total number of towers transferred to June 30 <sup>th</sup> , 2018.....	1,266	772	—
Expected total cash proceeds (\$ millions).....	125	147	145
Cash proceeds for the year 2017 (\$ millions).....	75	86	—
Cash proceeds for the year 2018 (\$ millions) – as of June 30 .....	39	10	—
Upfront gain on sale recognized for the year 2017 (\$ millions) .....	26	37	—
Upfront gain on sale recognized for the year 2018 (\$ millions) – as of June 30 .....	15	3	—



## 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 lower strategic importance to the Group, the joint venture in Ghana is not reported as if fully consolidated and is therefore not included in the numbers below. As from January 1, 2018, the Group is including in its segment EBITDA inter-company management fees and share-based incentive compensation paid to local management teams. These items, were previously included in unallocated corporate costs. This change in presentation has no impact on Group level EBITDA. Revenue, operating profit (loss), EBITDA and other segment information for the three and six-month periods ended June 30, 2018 and 2017 were as follows:

Six-month period ended June 30, 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) .....	2,596	263	—	2,859	(860)	—	1,998	62	2,060
Telephone and equipment revenue (i) .....	198	—	—	198	(94)	—	105	—	105
<b>Total Revenue .....</b>	<b>2,794</b>	<b>263</b>	<b>—</b>	<b>3,057</b>	<b>(954)</b>	<b>—</b>	<b>2,103</b>	<b>62</b>	<b>2,165</b>
<b>Operating profit (loss) .....</b>	<b>468</b>	<b>17</b>	<b>9</b>	<b>494</b>	<b>(228)</b>	<b>65</b>	<b>331</b>	<b>(32)</b>	<b>300</b>
<i>Add back:</i>									
Depreciation and amortization .....	575	54	3	631	(215)	—	416	—	416
Share of profit in our joint ventures in Guatemala and Honduras .....	—	—	—	—	—	(65)	(65)	—	(65)
Other operating income (expenses), net .....	(15)	(2)	(3)	(20)	(7)	—	(27)	38	11
<b>EBITDA (ii) .....</b>	<b>1,028</b>	<b>69</b>	<b>8</b>	<b>1,105</b>	<b>(450)</b>	<b>—</b>	<b>655</b>	<b>6</b>	<b>661</b>
EBITDA from discontinued operations .....	—	6	—	6	—	—	—	—	—
<b>EBITDA incl discontinued operations .....</b>	<b>1,028</b>	<b>75</b>	<b>8</b>	<b>1,111</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Capital expenditure (iii) .....	(442)	(34)	—	(476)	—	—	—	—	—
Changes in working capital and others (iv) .....	(75)	6	(22)	(91)	—	—	—	—	—
Taxes paid .....	(121)	(11)	(4)	(135)	—	—	—	—	—
<b>Operating free cash flow (v) .....</b>	<b>390</b>	<b>36</b>	<b>(18)</b>	<b>408</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Assets (vi) .....</b>	<b>10,321</b>	<b>1,078</b>	<b>240</b>	<b>11,193</b>	<b>(5,175)</b>	<b>3,108</b>	<b>9,127</b>	<b>—</b>	<b>—</b>
<b>Total Liabilities .....</b>	<b>5,593</b>	<b>998</b>	<b>1,487</b>	<b>7,631</b>	<b>(1,903)</b>	<b>346</b>	<b>6,074</b>	<b>—</b>	<b>—</b>

  

Six-month period ended June 30, 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) .....	2,497	254	—	2,751	(852)	—	1,899	162	2,062
Telephone and equipment revenue (i) .....	177	1	—	178	(79)	—	98	1	99
<b>Total Revenue .....</b>	<b>2,674</b>	<b>255</b>	<b>—</b>	<b>2,929</b>	<b>(931)</b>	<b>—</b>	<b>1,998</b>	<b>163</b>	<b>2,161</b>
<b>Operating profit (loss) .....</b>	<b>403</b>	<b>13</b>	<b>1</b>	<b>417</b>	<b>(207)</b>	<b>73</b>	<b>283</b>	<b>16</b>	<b>299</b>
<i>Add back:</i>									
Depreciation and amortization .....	591	54	3	648	(226)	—	422	23	444
Share of profit in our joint ventures in Guatemala and Honduras .....	—	—	—	—	—	(73)	(73)	—	(73)
Other operating income (expenses), net .....	3	(1)	(2)	—	(3)	—	(2)	1	(1)
<b>EBITDA (ii) .....</b>	<b>997</b>	<b>66</b>	<b>2</b>	<b>1,066</b>	<b>(436)</b>	<b>—</b>	<b>629</b>	<b>40</b>	<b>669</b>
EBITDA from discontinued operations .....	—	40	—	40	—	—	—	—	—
<b>EBITDA incl discontinued operations .....</b>	<b>997</b>	<b>106</b>	<b>2</b>	<b>1,106</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Capital expenditure (iii) .....	(425)	(61)	—	(486)	—	—	—	—	—
Changes in working capital and others (iv) .....	(96)	(6)	(2)	(104)	—	—	—	—	—
Taxes paid .....	(106)	(4)	3	(107)	—	—	—	—	—
<b>Operating free cash flow (v) .....</b>	<b>370</b>	<b>36</b>	<b>3</b>	<b>410</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Assets (vi) .....</b>	<b>9,942</b>	<b>1,406</b>	<b>1,327</b>	<b>11,642</b>	<b>(5,338)</b>	<b>3,191</b>	<b>9,495</b>	<b>—</b>	<b>—</b>
<b>Total Liabilities .....</b>	<b>5,111</b>	<b>1,900</b>	<b>2,013</b>	<b>7,990</b>	<b>(1,923)</b>	<b>335</b>	<b>6,402</b>	<b>—</b>	<b>—</b>



## 5. SEGMENT INFORMATION (Continued)

Three-month period ended June 30, 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) .....	1,308	129	—	1,437	(430)	—	1,006	13	1,019
Telephone and equipment revenue (i) .....	104	—	—	104	(49)	—	55	—	55
<b>Total Revenue .....</b>	<b>1,412</b>	<b>129</b>	<b>—</b>	<b>1,541</b>	<b>(480)</b>	<b>—</b>	<b>1,061</b>	<b>13</b>	<b>1,075</b>
<b>Operating profit (loss) .....</b>	<b>239</b>	<b>9</b>	<b>8</b>	<b>256</b>	<b>(112)</b>	<b>27</b>	<b>171</b>	<b>(1)</b>	<b>170</b>
<i>Add back:</i>									
Depreciation and amortization .....	287	27	1	315	(105)	—	209	—	209
Share of profit in our joint ventures in Guatemala and Honduras .....	—	—	—	—	—	(27)	(27)	—	(27)
Other operating income (expenses), net .....	(12)	(4)	(4)	(20)	(5)	—	(25)	(5)	(30)
<b>EBITDA (ii) .....</b>	<b>514</b>	<b>32</b>	<b>6</b>	<b>551</b>	<b>(223)</b>	<b>—</b>	<b>328</b>	<b>(6)</b>	<b>322</b>
EBITDA from discontinued operations .....	—	(6)	—	(6)	—	—	—	—	—
<b>EBITDA incl discontinued operations .....</b>	<b>514</b>	<b>26</b>	<b>6</b>	<b>545</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Capital expenditure (iii) .....	(197)	(13)	—	(210)	—	—	—	—	—
Changes in working capital and others (iv) .....	(9)	1	3	(5)	—	—	—	—	—
Taxes paid .....	(85)	(9)	(4)	(97)	—	—	—	—	—
<b>Operating free cash flow (v) .....</b>	<b>223</b>	<b>5</b>	<b>5</b>	<b>233</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

Three-month period ended June 30, 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) .....	1,251	126	—	1,376	(430)	—	947	83	1,029
Telephone and equipment revenue (i) .....	93	—	—	93	(39)	—	55	—	55
<b>Total Revenue .....</b>	<b>1,345</b>	<b>125</b>	<b>—</b>	<b>1,470</b>	<b>(469)</b>	<b>—</b>	<b>1,001</b>	<b>83</b>	<b>1,085</b>
<b>Operating profit (loss) .....</b>	<b>193</b>	<b>2</b>	<b>2</b>	<b>197</b>	<b>(106)</b>	<b>35</b>	<b>127</b>	<b>8</b>	<b>135</b>
<i>Add back:</i>									
Depreciation and amortization .....	296	28	2	326	(113)	—	213	10	223
Share of profit in our joint ventures in Guatemala and Honduras .....	—	—	—	—	—	(35)	(35)	—	(35)
Other operating income (expenses), net .....	2	—	(1)	1	(2)	—	(1)	2	1
<b>EBITDA (ii) .....</b>	<b>491</b>	<b>31</b>	<b>3</b>	<b>524</b>	<b>(220)</b>	<b>—</b>	<b>304</b>	<b>20</b>	<b>324</b>
EBITDA from discontinued operations .....	—	20	—	20	—	—	—	—	—
<b>EBITDA incl discontinued operations .....</b>	<b>491</b>	<b>51</b>	<b>3</b>	<b>545</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Capital expenditure (iii) .....	(177)	(33)	—	(209)	—	—	—	—	—
Changes in working capital and others (iv) .....	(29)	4	(7)	(34)	—	—	—	—	—
Taxes paid .....	(71)	(2)	(1)	(74)	—	—	—	—	—
<b>Operating free cash flow (v) .....</b>	<b>214</b>	<b>20</b>	<b>(5)</b>	<b>228</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

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

(ii) EBITDA is 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 \$52 million (2017: \$18 million) and cash received on tower deals of \$50 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).

## 5. SEGMENT INFORMATION (Continued)

Revenue from contracts with customers from continuing operations

\$ millions	Timing of revenue recognition	Six months ended June 30, 2018			Three months ended June 30, 2018		
		Latin America	Africa	Total Group	Latin America	Africa	Total Group
Mobile .....	Over time	858	201	1,059	430	99	529
Fixed .....	Over time	841	6	848	428	3	431
Mobile Financial Services.....	Point in time	16	53	68	8	26	34
Other .....	Over time	21	2	23	11	1	12
<b>Service Revenue .....</b>		<b>1,736</b>	<b>263</b>	<b>1,998</b>	<b>876</b>	<b>129</b>	<b>1,006</b>
Telephone and equipment .....	Point in time	104	-	105	55	-	55
<b>Revenue from contracts with customers ..</b>		<b>1,840</b>	<b>263</b>	<b>2,103</b>	<b>932</b>	<b>129</b>	<b>1,061</b>

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

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

\$ millions	Six months ended June 30, 2018	Six months ended June 30, 2017
Change in fair value of derivatives (see note 13) .....	(1)	(12)
Exchange gains (losses), net .....	21	6
Other non-operating income (expenses), net .....	1	(2)
<b>Total .....</b>	<b>21</b>	<b>(8)</b>

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

\$ millions	Three months ended June 30, 2018	Three months ended June 30, 2017
Change in fair value of derivatives (see note 13) .....	(1)	(10)
Exchange gains (losses), net .....	(7)	(9)
Other non-operating income (expenses), net .....	1	1
<b>Total .....</b>	<b>(7)</b>	<b>(18)</b>

## 7. EARNINGS PER COMMON SHARE

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

	Six months ended June 30, 2018	Six months ended June 30, 2017
<b>\$ millions</b>		
<b>Basic and Diluted</b>		
Net profit (loss) attributable to owners of the Company from continuing operations .....	51	(12)
Net profit (loss) attributable to owners of the Company from discontinuing operations.....	(35)	9
Net profit (loss) attributable to owners of the Company used to determine the earnings per share..	16	(3)
<b>in thousands</b>		
<b>Weighted average number of ordinary shares for basic and diluted earnings per share.....</b>	<b>100,757</b>	<b>100,383</b>
Potential incremental shares .....	—	—
<b>\$</b>		
<b>Basic and diluted</b>		
- EPS from continuing operations attributable to owners of the Company .....	0.50	(0.12)
- EPS from discontinuing operations attributable to owners of the Company.....	(0.34)	0.09
- EPS for the period attributable to owners of the Company.....	0.16	(0.03)

  

	Three months ended June 30, 2018	Three months ended June 30, 2017
<b>\$ millions</b>		
<b>Basic and Diluted</b>		
Net profit (loss) attributable to owners of the Company from continuing operations .....	1	(33)
Net profit (loss) attributable to owners of the Company from discontinuing operations.....	(2)	6
Net profit (loss) attributable to owners of the Company used to determine the earnings per share..	(1)	(28)
<b>in thousands</b>		
<b>Weighted average number of ordinary shares for basic and diluted earnings per share.....</b>	<b>100,793</b>	<b>100,543</b>
Potential incremental shares .....	—	—
<b>Weighted average number of ordinary shares adjusted for the effect of dilution.....</b>	<b>100,793</b>	<b>100,543</b>
<b>\$</b>		
<b>Basic and diluted</b>		
- EPS from continuing operations attributable to owners of the Company .....	0.01	(0.33)
- EPS from discontinuing operations attributable to owners of the Company.....	(0.02)	0.06
- EPS for the period attributable to owners of the Company.....	(0.01)	(0.28)

## 8. PROPERTY, PLANT AND EQUIPMENT

During the six-month period ended June 30, 2018, Millicom added property, plant and equipment for \$273 million (June 30, 2017: \$278 million) and received \$52 million in cash from disposal of property, plant and equipment (June 30, 2017: \$3 million).

## 9. INTANGIBLE ASSETS

During the six-month period ended June 30, 2018, Millicom added intangible assets of \$87 million (June 30, 2017: \$37 million) and did not receive any proceeds from disposal of intangible assets (June 30, 2017: \$1 million).

## 10. DEBT AND FINANCING

### *El Salvador*

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

In March 2018, Telemovil El Salvador entered into a \$100 million variable rate facility with DNB and Nordea with a 5-year bullet repayment. \$50 million remain undisbursed as of June 30, 2018. In addition, Telemovil El Salvador entered into an interest rate swap with Scotiabank to fix interest rates for up to \$100 million of the outstanding debt.

### *Costa Rica*

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

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

### *Colombia*

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

### *Paraguay*

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

### *Bolivia*

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

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

### *MICSA*

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

### *Rwanda*

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

### *Senegal*

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

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

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

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

<b>\$ millions</b>	<b>As at June 30, 2018</b>	<b>As at December 31, 2017</b>
Due within:		
One year .....	351	185
One-two years .....	281	500
Two-three years .....	252	347
Three-four years .....	319	431
Four-five years .....	888	584
After five years .....	1,754	1,738
<b>Total debt .....</b>	<b>3,846</b>	<b>3,785</b>

## 10. DEBT AND FINANCING (Continued)

As at June 30, 2018, the Group's share of total debt and financing secured by either pledged assets, pledged deposits issued to cover letters of credit or guarantees issued was \$843 million (December 31, 2017: \$671 million). Assets pledged by the Group for these debts and financings amounted to \$1 million at June 30, 2018 (December 31, 2017: \$1 million).

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

The table below describes the outstanding and maximum exposure under these guarantees and the remaining terms of the guarantees as at June 30, 2018 and December 31, 2017.

\$ millions	Bank and financing guarantees (i)			
	As at June 30, 2018		As at December 31, 2017	
<u>Terms</u>	Outstanding exposure	Theoretical maximum exposure	Outstanding exposure	Theoretical maximum exposure
0-1 year .....	151	151	159	159
1-3 years.....	367	367	368	368
3-5 years.....	325	325	144	144
More than 5 years .....	1	1	—	—
<b>Total .....</b>	<b>843</b>	<b>843</b>	<b>671</b>	<b>671</b>

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

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

\$ millions	Six months ended June 30, 2018	Six months ended June 30, 2017
Interest expense on bonds and bank financing .....	(110)	(138)
Interest expense on finance leases .....	(43)	(31)
Early redemption charges .....	—	(15)
Other .....	(19)	(13)
<b>Total .....</b>	<b>(173)</b>	<b>(197)</b>

\$ millions	Three months ended June 30, 2018	Three months ended June 30, 2017
Interest expense on bonds and bank financing .....	(54)	(69)
Interest expense on finance leases .....	(23)	(15)
Early redemption charges .....	—	(15)
Other .....	(11)	(5)
<b>Total .....</b>	<b>(89)</b>	<b>(103)</b>

## 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 June 30, 2018, the total amount of claims and litigation risks against Millicom and its operations was \$433 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 June 30, 2018, \$24 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 filing 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.

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

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 US Justice Department informed Millicom that it is closing its investigation.

### *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 June 30, 2018, the matter is still under investigation, and Management has not been able to assess the potential impact on these interim condensed consolidated financial statements of any remedial actions that may need to be taken as a result of the investigations, or penalties that may be imposed by law enforcement authorities. Accordingly, no provision has been recorded as of June 30, 2018.

### *Taxation*

At June 30, 2018, the Group estimates potential tax claims amounting to \$282 million. Tax risks amounting to \$47 million have been assessed as probable and recorded as tax provisions (December 31, 2017: claims amounting to \$313 million and provisions of \$53 million). Out of these potential claims and provisions, respectively \$47 million and \$2 million relate to Millicom's share in joint ventures (December 31, 2017: claims amounting to \$38 million and provisions of \$2 million).

### *Capital commitments*

At June 30, 2018, the Company and its subsidiaries and joint ventures had fixed commitments to purchase network equipment, land and buildings, other fixed assets and intangible assets of \$265 million of which \$191 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 \$55 million and \$49 million related to Millicom's share in joint ventures (December 31, 2017: \$25 million and \$23 million).

## 12. RELATED PARTY TRANSACTIONS

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

\$ millions	Six months ended June 30, 2018	Six months ended June 30, 2017
<b>Expenses</b>		
Purchases of goods and services from Miffin.....	(78)	(95)
Purchases of goods and services from EPM .....	(21)	(11)
Lease of towers and related services from HTA .....	(14)	(19)
Other expenses .....	(2)	(2)
<b>Total .....</b>	<b>(115)</b>	<b>(127)</b>

\$ millions	Six months ended June 30, 2018	Six months ended June 30, 2017
<b>Income / gains</b>		
Sale of goods and services to Miffin.....	139	132
Sale of goods and services to EPM .....	8	9
Other income / gains.....	1	2
<b>Total .....</b>	<b>148</b>	<b>143</b>

\$ millions	Three months ended June 30, 2018	Three months ended June 30, 2017
<b>Expenses</b>		
Purchases of goods and services from Miffin.....	(37)	(44)
Purchases of goods and services from EPM .....	(11)	(5)
Lease of towers and related services from HTA .....	(7)	(16)
Other expenses .....	(2)	(1)
<b>Total .....</b>	<b>(57)</b>	<b>(66)</b>

\$ millions	Three months ended June 30, 2018	Three months ended June 30, 2017
<b>Income / gains</b>		
Sale of goods and services to Miffin.....	71	66
Sale of goods and services to EPM .....	4	5
Other income / gains.....	—	—
<b>Total .....</b>	<b>75</b>	<b>72</b>

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

\$ millions	At June 30, 2018	At December 31, 2017
<b>Liabilities</b>		
Payables to Guatemala joint venture (i) .....	167	273
Payables to Honduras joint venture (i) .....	147	135
Payables to EPM .....	3	3
Other accounts payable .....	7	10
<b>Sub-total .....</b>	<b>323</b>	<b>421</b>
Finance lease liabilities to Helios (ii).....	99	108
<b>Total .....</b>	<b>423</b>	<b>529</b>

(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.

## 12. RELATED PARTY TRANSACTIONS (Continued)

\$ millions	At June 30, 2018	At December 31, 2017
<b>Assets</b>		
Receivables from Guatemala and Honduras joint ventures .....	24	25
Receivables from EPM .....	3	3
Advance payments to Helios Towers Tanzania .....	1	8
Receivable from TigoAirtel Ghana (i) .....	39	40
Other accounts receivable .....	—	1
<b>Total .....</b>	<b>67</b>	<b>77</b>

(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 June 30, 2018 and December 31, 2017:

\$ millions	Carrying Value		Fair Value (i)	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
<b>Financial liabilities</b>				
Debt and financing .....	3,846	3,785	3,919	3,971

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

### Currency and interest rate swap contracts

#### Interest rate and currency swaps on SEK denominated debt

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

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

No other financial instruments have a significant fair value at June 30, 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, Honduras and Ghana:

\$ millions	Guatemala	2018 Honduras	Ghana (i)
<b>Opening balance at January 1, 2018 .....</b>	<b>2,145</b>	<b>726</b>	<b>96</b>
Adjustment on adoption of IFRS 15 and IFRS 9 (net of tax) .....	18	5	—
Results for the period .....	63	2	(33)
Dividends declared during the period .....	(177)	—	—
Currency exchange differences .....	(6)	(14)	—
<b>Closing balance at June 30, 2018 .....</b>	<b>2,043</b>	<b>719</b>	<b>63</b>

(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 June 30, 2018, only one company had completed a public offering. In 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 June 30, 2018.

## 16. SUBSEQUENT EVENTS

### *SEK bond*

On July 19, 2018, Millicom announced that it has exercised its option to redeem our SEK 2,000,000,000 Senior Unsecured Floating Rate Notes due 2019 at a price equal to 101.45% of the nominal amount plus accrued and unpaid interest. The Redemption Date will be August 9, 2018, and the Record Date will be August 2, 2018.

### *U.S. Listing*

We are announcing today plans to register with the U.S. Securities and Exchange Commission and to list our common shares on a U.S. stock exchange, while also maintaining our current listing on Nasdaq Stockholm, where our shares currently trade in the form of Swedish Depositary Receipts.