MILLICOM
THE DIGITAL LIFESTYLE

Annual Report 2013

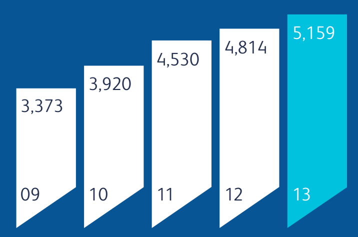
Transforming Lives Economies Events Moments

About us

Millicom is a leading international telecommunications and media company dedicated to emerging markets in Latin America and Africa. We set the pace by offering a range of digital lifestyle services which connect people to their world. Operating in 15 countries, with e-commerce partnerships in 22, Millicom offers innovative and customer-centric products. Millicom employs over 11,500 people and provides mobile, cable, broadband, TV and mobile financial services to over 50 million customers.

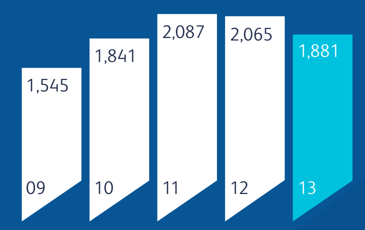
Financial highlights

Revenue (US$m)



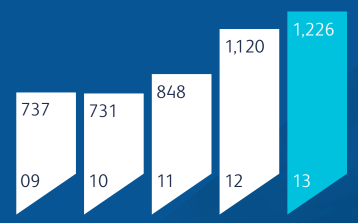
Growth
7.3%

EBITDA (US$m) (before corporate cost)



Margin
36.5%

Capex (US$m)



Capex to revenue ratio
23.8%

Net Debt (US$m)

Net Debt to EBITDA (US$m) (after corporate cost)
1.4x

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Find out more
www.millicom.com

Group at a glance

Founded in 1990 and headquartered in Luxembourg with corporate offices in Stockholm, London and Miami, Millicom's subsidiaries operate exclusively in emerging markets in Africa and Latin America. Millicom's shares are listed on the Nasdaq OMX exchange in Stockholm and Millicom's market capitalisation was SEK64 billion ($9.9 billion) at the end of 2013.

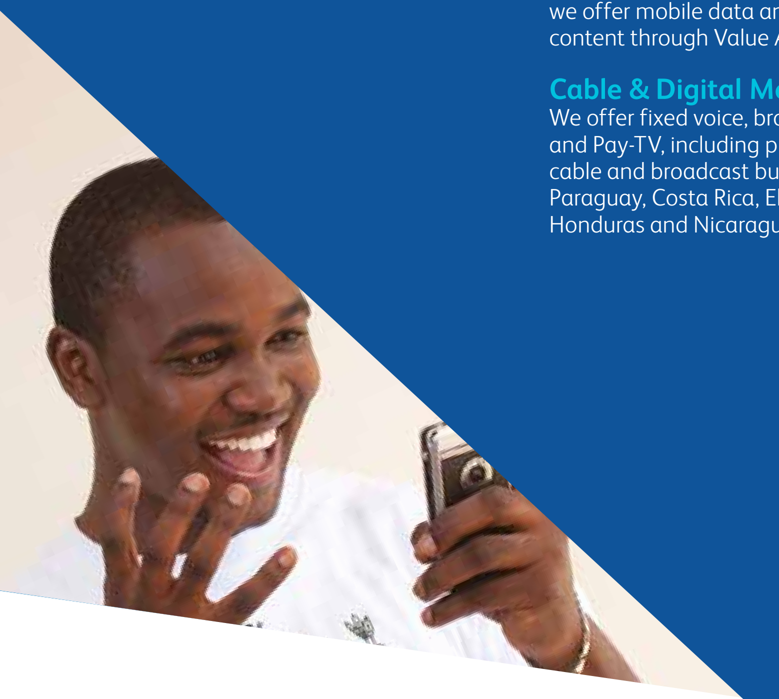
Our products and services

Mobile
We provide mobile communications and Value Added Services to over 50 million customers in Bolivia, Colombia, Paraguay, El Salvador, Guatemala, Honduras, Chad, DRC, Ghana, Mauritius, Senegal, Rwanda and Tanzania essentially under the brand name Tigo. In addition to mobile voice and SMS, we offer mobile data and locally relevant content through Value Added Services.

Cable & Digital Media
We offer fixed voice, broadband services and Pay-TV, including premium content, in cable and broadcast businesses in Bolivia, Paraguay, Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua.

Mobile Financial Services
We have six million mobile financial services customers across our markets, including money transfer, bill payments, merchant payments and other services.

E-Commerce and Online services
We offer customers in 22 emerging markets online shopping, market place, classifieds, and other online services.



Product innovation

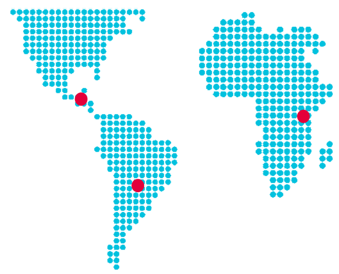
Our chosen markets[1]

Region	Central America	South America	Africa
Population (m)	28	63	186
Mobile customers (m)	15.8	13.8	21.0
Revenue ($m)	1,884	2,192	1,000
EBITDA ($m)	858	805	279
Employees	4,030	4,410	2,915

1 All numbers are excluding the Online business.

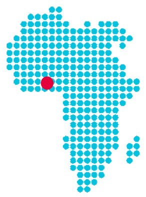
Progressing on our strategic pillars

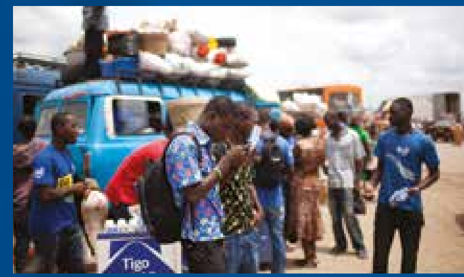
	Mobile	Cable & Digital Media	Mobile Financial Services	Online	Cost & Capex optimisation
Strategic pillars	From volume to value	Build a sizeable business	Creating a blockbuster	Investing in Growth	Maximising efficiency
2013 progress	$4.2bn revenue	$446m revenue	$79m revenue	$83m revenue	$49m savings



Transforming lives

Ghana
Value added services continued to grow. In Ghana, 10% of our customers are using our mHealth services at the end of 2013.

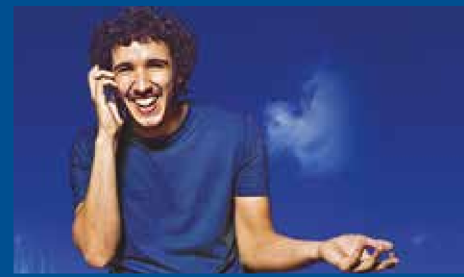




In many of our markets, we are still connecting people for the first time: to communications and to the Internet. In four out of seven of our African markets, penetration of mobile phones in the population was still below 50% in 2013. At the same time, the appetite for mobile data is growing fast across our footprint.

Percentage of our customers using mobile data at the end of 2013

20.2%



In 2013, many more of our customers upgraded to smartphones thanks to affordable entry-level smartphones. Smartphones are transforming the way people do business, interact with each other and how they buy, use and access content.

Percentage of entry-level smartphones of all smartphones sold in Latin America in December 2013

62%

Delivered

During 2013, we provided data services to 3.9 million new customers, bringing the total to over 20% or one in five of our mobile customers. Recurring revenue from mobile data was 12.6% of Group revenue in the last quarter of 2013 and grew by 31% from 2012. We differentiated with exclusive partnerships providing free Facebook access in Paraguay and for streaming music across Latin America further driving date adoption. We launched LTE in Colombia at the end of 2013.

Planned

We will continue to help our customers build their digital lifestyles by bringing down prices of devices, increasing 3G coverage, and providing high-speed internet through fixed broadband. In countries and regions where mobile access to the internet is not yet possible, we will continue to innovate with services such as access via SMS, access to entertainment via voice services and social networking via USSD.

Outlook

Prices of entry-level smartphones have reduced to around the $60 mark in 2013 and are expected to decline further. This is a very encouraging trend as it means more of our customers will be able to afford these devices. Our predominantly pre-paid customer base will likely continue to buy data in pre-paid bundles and monthly subscriptions, but with premium content becoming more common.

Mobile Financial Services (MFS) are redirecting cash-based economies to electronic transactions that are safer, traceable and instant. Traceability gives governments more control and oversight over the flow of money and helps reduce tax evasion and corruption. For consumers, it provides the ability to increase control over finances, to create credit history, and a greater degree of security.

Percentage of our customers using MFS in Africa in countries served

23%

Providing both mobile and cable services we have developed a communications infrastructure that is essential for competitiveness and economic development of the markets in which we operate. In 2013 we continued to expand coverage in our markets, including geographic expansion into previously unconnected areas, as well as network capacity expansion to meet rising demand for data services.

Capex in 2013 excluding spectrum and licences

$1 billion

Transforming economies

Delivered

One in six of our mobile customers in our MFS footprint used MFS services in 2013. The service was launched in Chad and Bolivia and continued to perform strongly, particularly in East Africa and Paraguay. In 2013 we launched 3G in Senegal, expanded our footprint significantly in Tanzania and DRC, and brought mobile coverage to previously unconnected regions of Bolivia and Guatemala.

Planned

We will continue to increase penetration of MFS in our markets, and launch the service in Senegal. We are launching new services, such as cross-border MFS with integrated currency conversion, and working with other service suppliers to allow money transfers to and from their customers. New distribution and support points will make it easier for our customers to adopt the service. On network development, we will continue to work on improving coverage and capacity to improve the experience for new data users.

Outlook

In MFS we see usage shifting increasingly away from simple money transfers towards transactions such as bill and transport payments, and paying for goods and services. We also see great potential for salary, subsidy and aid payments being made through MFS. Interoperability will be key in developing MFS into a blockbuster.

Tanzania

In December, over $690 million was transferred through our Mobile Financial Services, equivalent to 16% of Tanzania's GDP.

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Delivered
At the end of 2013, our cable business passed more than 2.5 million homes, with the revenues growing 10% year-on-year to $446 million. Our focus in the year was on selling Double and Triple Play bundles to our customers, combining Pay-TV with fixed telephony and internet, and growing our footprint. At the end of the year 42% of our Pay-TV customers were also subscribing to high-speed internet.

Planned
We will remain focused on increasing access to homes over the next few years, either through cable or satellite connections. This is to broaden the potential market for our increasingly diversified and unique content offering, which will be provided to our customers under the brand Tigo Star. We are working to obtain the regulatory approvals necessary to complete our merger with UNE in Colombia.

Outlook
There are excellent opportunities in Pay-TV in our markets due to the prevalence of analogue services. Competition in cable is highly fragmented. We see great potential with strong brand positioning in our Latin American markets to gain more share of the wallets of our customers.

We want our Pay-TV business to provide not only the highest quality and widest offer, but also ensure that our customers see the latest entertainment and bring the most important events to their living rooms. In 2013 we announced our intention to create a leading digital player in Colombia by merging our mobile operations with UNE, a leading cable provider.

Number of HD channels in our Pay-TV portfolio in Costa Rica end of 2013

35

Football is always an event in our countries. In 2013, we acquired multi-year, exclusive football rights to the Bolivian and Paraguayan national leagues. In 2014, we launch Tigo Sports, a channel with exclusive rights to international and local top events, from football to cycling. This is a first, not only for Millicom but also for our South American countries, bringing sports entertainment to a new level.

Homes passed in Latin America

2.5 million

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Transforming events

Paraguay
In November 2013, we sponsored large music events to mark our partnership with Deezer. Red Hot Chili Peppers played to 25,000 people in Asunción, their first concert in Paraguay.

Paraguay
In May we broadcast the UEFA Champions League Final in Paraguay in HD and in July featured the Wimbledon Tennis Final in the same format.

Transforming moments

Delivered

In addition to our ground-breaking agreements with Deezer and Facebook, we introduced music to our customers in Africa through Ringback tones, as well as music services such as Tigo Muzika in Rwanda. We are revolutionising shopping for many people in our markets by introducing them to online retail and classified advertising, as well as services such as online hotel reservation and taxi ordering.

Planned

We will continue to bring a wide range of innovative digital services to our customers, whether it is entertainment or online services. We are looking to leverage our ability to be present at every step of our customer value chain from providing the connection to providing the service, and both payment and delivery methods.

Outlook

Demand for digital services in our markets is still unmet, and we see great first mover opportunities.

Social networks, particularly Facebook, have gained relevance as communications channels to many of our customers, whether through smartphones, Internet or USSD on feature phones. Given our popularity and Facebook's plan to connect the "next billion" to the internet, in 2013 we signed an exclusive deal to offer Facebook access for free to our customers in Paraguay.

Number of Tigo markets where we are the most "liked" page on Facebook

8

In 2013, we introduced consumers in Latin America to streaming music before many had ever bought an mp3 player. Our partnership with the music streaming service Deezer across our Latin American markets has been a strong driver for adoption of mobile data as well as a great way to connect to our customers through the power of music. Launch concerts also served as great occasions to showcase our smartphone portfolio and let people try digital services.

Number of customers using Deezer

290,000

Chairman's statement

Delivering sustainable stakeholder value

2013 has been the start of an exciting transformation for Millicom since the announcement of the new strategy at the Capital Markets Day in March. Millicom is choosing a path that differs from most telecommunications companies as traditional revenue streams start to mature. The new strategy is testament that the strong entrepreneurial drive of the Company's founder is very much alive in Millicom today. The Company is looking ahead, beyond the mobile data revolution. Its innovative force and commitment to both short and long-term value creation for shareholders is commendable.

Towards the end of the year, it has been encouraging to see returns from the new strategy, as top-line growth continued to accelerate and Africa showed signs of recovery. This is also a sign that Millicom management is able to maintain operational focus while at the same time preparing and transforming the organisation to achieve targets. All strategic pillars contributed to recurring revenue growth. At the same time the historic mobile business of Tigo has remained solid and grew in a challenging environment. This is a strong base from which to capture new opportunities and keep the Company on a growth path.

The year was one of investment for future growth. Improved coverage and capacity of mobile and cable networks, direction of distribution channels to new products and services and investment into Tigo brand affinity are important foundations for organic growth. Innovation in products that attract people to new services requires resources, in addition to creativity demonstrated by the Millicom team in the year with landmark deals with digital brands such as Deezer and Facebook and services such as cross-border mobile financial services.

At the same time as seeking and delivering organic growth, the Company identified a fantastic opportunity in Colombia with UNE. This is a landmark agreement in Millicom's history, which will not only bring important financial returns, but also introduce Colombian consumers to an integrated digital player.

Millicom is bringing the digital lifestyle to the fingertips of emerging market consumers. It is important that Millicom maintains its agility as it looks to capture first-mover advantage in its markets in areas such as e-commerce, classifieds and market places. As a Board, it is exciting and rewarding to support Millicom's execution of its plan. The services the Company is rolling out will enrich people's lives with first class entertainment and content, and will help transform the way people interact with each other, work, and pay for goods and services. These services can make a huge difference, such as aid disbursements through mobile money in Guatemala and Chad.

A new strategy and diversifying business also requires new leadership skills in both the Board of Directors and the Executive Team. To complement strong competencies in telecommunications, the Executive Management team of Millicom now includes experience in the strategic growth areas; Cable, Pay-TV, e-commerce and media sectors. It is also pleasing to see the focus on promoting and growing local talent moving beyond Latin America to Africa.

In 2013, and in line with the Company's evolving strategy, we welcomed new members to the Board of Directors. Mr. Ariel Eckstein, Mr. Lorenzo Grabau and Mr. Alejandro Santo Domingo were appointed to the Board in the Annual General Meeting in May 2013. They each bring important skills in the strategic growth areas of the Company; Cable, Media and e-commerce and strong understanding of selling mass market products and services in emerging markets.

In a year of investment for future growth, Millicom continued to reward its shareholders in 2013, with $264 million returned through a $2.64 per share ordinary dividend. The Board will propose to the Annual General Meeting on May 27, 2014, the payment of a stable ordinary dividend.

On behalf of the Board, I would like to thank shareholders for their continued support and trust in Millicom and its ability to deliver. I also want to congratulate the Millicom team for stepping up to the challenge of transforming the Company, one that will bring a lot of delight to its customers.

Allen Sangines-Krause
Non-Executive Chairman

Leadership

The Board and Board Committees are outlined in the governance section of this report.

Kim Ignatius, Chair, Audit Committee
Allen Sangines-Krause, Chair, Compensation Committee
Mia Brunell Livfors, Chair, Corporate Responsibility Committee

Governance section
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Dividend per share

$2.64

Position in 85% of our mobile markets

No.1 or 2

Non-financial highlights are published in our 2013 CR Report.

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President and Chief Executive Officer's statement

A year of good progress

In this section

The transformation we planned has well and truly begun. We have exceeded 50 million customers for the first time and are generating over $5 billion in annual revenue.

This highlights our focus on execution of our strategy and preparing the Company for the future based on our four strategic growth pillars – Mobile, Cable & Digital Media, Mobile Financial Services (MFS) and Online.

In 2013, our journey of offering the digital lifestyle to our customers started. We have been transforming our operations – recruiting new talent and adding new expertise to the organisation to develop a growing product lineup.

Millicom has shown that by being agile, in tune with its customers, and faster than its competitors, it can rise to any challenge.

In Mobile, the shift to data has accelerated. Now more than one in five of our customers take data packages. This 50% annual increase has been propelled by initiatives such as unlimited music packages in Latin America. It has been fuelled by the sale of affordable $60 smartphones combined with a sensible mix of subsidies.

In MFS, more than one in six of our customers in the countries where we have the service now use it, representing another 50% increase over the year. Penetration remains solid in our leading markets in Tanzania, Paraguay and Rwanda – where in Kigali you can even pay for bus tickets from your phone.

Cable & Digital Media is growing at a rate of 10% annually and we have been quick to acquire new assets in Paraguay and Bolivia on which we build our new "Tigo Star" and "Tigo Sports" services. These will become key features of the digital lifestyle as we look to bundle cable, broadband, satellite and content across Latin America while we finalise the merger with UNE in Colombia.

Our Online businesses grew and delivered new products in e-commerce and services across Latin America and Africa and in a diverse range of categories. From Mexico's Rio Grande to South Africa's Cape these ventures enable economies to leapfrog directly to online retail and offer goods and services without the need for malls or offices.

We are confident about potential in our markets as the combination of economic and population growth create favourable commercial conditions. We are investing to benefit from the opportunities ahead.

Throughout 2013 we have been developing a new culture to ensure we reach our true potential. It is one where colleagues "Demand More" of themselves so they can offer more to our customers. This behaviour can be seen and felt whenever visiting our markets.

Whether it is our employees returning to the troubled Kivu region of DRC, launching MFS in Chad, offering free Facebook access in Paraguay or supporting humanitarian aid projects in Guatemala, I have witnessed extraordinary dedication and commitment numerous times.

That is why we invest in our people, why we created the Millicom University, invested in our Tigo Sales School and celebrate the performance of our outstanding employees. This is how we support and promote an entrepreneurial and determined attitude to stand out from the competition.

Many challenges and opportunities lie ahead. I would like to thank all my colleagues, from the Board and Executive Team to the newest junior recruit, for their dedication in 2013.

My first full year in this role was one of significant change. I look forward to continuing this as a growing Millicom further delivers the digital lifestyle.

Hans-Holger Albrecht
President and CEO

Our five pillars

We are transforming our business, crafting virtuous circles of value between our businesses and delivering the digital lifestyle for millions. Our growth strategy is based on five main pillars: Mobile, Cable and Digital, Mobile Financial Services, Online, and Cost and Capex optimisation.

Mobile: from Volume to Value

Focus on building a sophisticated, value-oriented mobile business. Increase revenues, loyalty and brand affinity with a focus on driving data penetration and bundling services.

Cable & Digital Media: build a sizeable business

Increase number of homes passed, and further coverage via satellite, through organic growth and strategic acquisitions to expand our footprint where we offer our increasingly attractive Pay-TV portfolio.

Mobile Financial Services: creating a blockbuster

Increasing penetration of the service to build the scale required to increase transactions on services such as peer-to-peer and merchant payments. Seek to further develop the MFS sector in our markets by pushing interoperability.

Online: investing in growth

Investing in high-growth internet business models in the developing world. Accelerate take-up of services by leveraging on our existing infrastructure.

Cost and Capex optimisation: maximising efficiency

Focus on Cost and Capex optimisation with Capex / Revenue peaking in 2013 and gradually decreasing even as we continue to heavily invest on mobile and cable coverage and TV services.

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Market overview

Focusing on consumer demand

In this section

Tanzania and Rwanda
In February 2014, we launched the world's first cross-border mobile money transfer service with currency conversion between Tanzania and Rwanda.

Market drivers

GDP/Capita[1]
GDP/capita is growing strongly and exceeding developed market rates, for example in Tanzania and Paraguay average growth of 7% and 4.6% per annum is expected in the next four years

Population[1]
Populations continue to grow significantly, for example in DRC and Guatemala expected to grow by 13% and 10% to 2017[3]

Customers
Our customers are becoming more sophisticated and demanding better and more ubiquitous services

Governments
Governments are increasing their investment in infrastructure and innovation, namely on mobile and digital services

Expected trends

Demand for data
Data in emerging markets will become an ever more important part of revenue, and drive operator investment in infrastructure

Mobile Financial Services
Mobile Financial Services will continue to grow quickly, and convergence between mobile and financial sectors will accelerate

E-commerce
A spike in e-commerce across emerging markets is expected, as it offers solutions to many consumers in these markets

Handset manufacturers
More handset manufacturers will produce cheaper smartphones closer to their target markets

Apps
From entertainment to shopping, social media to news, users will want more apps and will expect a high level of local adaptation

Opportunities for Millicom

Customer demand
Leverage on consumers increasing purchasing power and data and Value Added Services (VAS) demand to increase mobile revenue:

Further enable customers' digital lifestyles through increased smartphone penetration and VAS

Infrastructure investment
Focus on the unique Latin American TV and broadband opportunities

Become the main financial services provider for the unbanked and a relevant provider for the banked

Make e-commerce part of consumers' everyday lives

Our targets versus 2013

	2013 performance	2013 performance in new consolidation scope[2]	2014 targets
Revenue ($m)	5,159 Growth 7.3%	5,557 Growth 5.5%	Mid to high single digit growth Reported revenue growth over 15% vs. 2013[3]
EBITDA margin after corporate cost	32.7%	36.0%	Stabilising at around mid-30s%
Capex/revenue ratio (excluding spectrum and licences	19.9%	19.9%	Decreasing to around 19%

1 IMF estimates.
2 New consolidation scope: Full consolidation of Guatemala and equity accounting for Mauritius and E-Commerce/Online.
3 Revenue growth at constant exchange rates.

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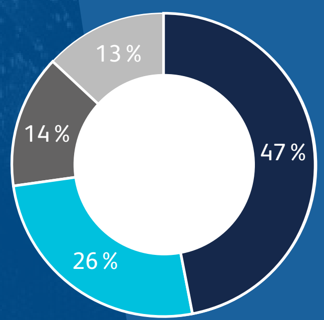
Market overview continued

Delivering the digital lifestyle

In 2013, we started our journey to offer our customers the very best of the digital world – what we call the "Digital Lifestyle". We are transforming our operations; recruiting new talent and adding new skills to offer an ever richer and entertaining product suite to meet the current and future needs of our customers.

Nigeria
Online retailer Jumia became the first African company to be awarded the "Best Retailer Launch of the Year" at the Word Retail Awards in Paris in October 2013.

Contribution to recurring revenue growth by category



- Mobile
- Online
- MFS
- Cable & Digital Media

Offering relevant products and services

Mobile

Millicom's mobile business had over 50 million customers at the end of 2013. Our mobile business unit continued to be the number one contributor to revenue, with 47% of recurring revenue growth coming from mobile voice, data and SMS services. We offer a full range of mobile internet services and entertainment, from streaming music and video to a wide range of value added services. At the end of 2013, 20% of our customers in Latin America were using smartphones. In countries where data and smartphone penetration is low, we also give our customers access to the internet, social media and applications through simple SMS-based menus and services.

Cable & Digital Media

Millicom offers first class entertainment by cable to customers in seven markets in Latin America: Paraguay, Bolivia, El Salvador, Honduras, Guatemala, Nicaragua and Costa Rica – with Colombia expected to come soon when the merger with UNE closes. By the end of 2013, our network passed 2.5 million homes. We are the leader in HD channels in all our markets and combine HD with premium, digital and basic TV channels for the greatest choice.

Our Cable & Digital Media business is growing rapidly. In 2013 we acquired the broadcaster Multivision in Bolivia, and announced the agreement to merge with Colombia's cable provider UNE. In addition, we launched the music channel HEi in Paraguay and acquired exclusive sports television rights in Bolivia and Paraguay.

Mobile Financial Services (MFS)

Millicom is one of the world's leading MFS providers. At the end of 2013, over 15.8% of our mobile customers in countries where the service is offered were already using MFS, and this number keeps growing every day.

Financial services via mobile phones allow millions of people without access to traditional banking services to connect to the formal economy, while bringing new services to the banked population. With high demand for the convenience and speed of cashless transactions such as money transfer, bill and merchant payments, our MFS brands – Tigo Money, Tigo Cash and Tigo Pesa – are at the very heart of our operations.

Online

E-commerce represents a huge opportunity in emerging markets, where the growing middle class looks for access to the latest goods and services. Logistics, product availability and internet connectivity pose new challenges daily. Millicom is able and determined to meet them and create first mover advantage. Since 2012, when Millicom invested in two start-ups – Africa Internet Holding (AIH) and Latin America Internet Holding (LIH) – we have moved swiftly. We have launched 11 new online ventures in 22 territories, including outside our mobile communications footprint. Through organic growth and further investment we plan to build on this initial development.

Our leading brand in the market

Our brand, Tigo, retained a very strong market position and high brand recognition. At the end of 2013, Tigo was the number one or two mobile operator in 85% of our markets. As a brand, Tigo is innovative, youthful and approachable – attributes that connect well with our digital lifestyle strategy. With the strong connection our consumers already have with Tigo, we are able to up-sell and cross-sell effectively, as well as introduce entirely new services that require a strong level of trust from consumers, such as Mobile Financial Services. Moving forward, we will make the Tigo offer and experience even more consumer-centric, so we become closer to the lives of consumers. In line with this objective, we will extend the Tigo family by introducing three new brand platforms:

- Tigo Smart, focused on the emerging segment of smartphone users and their specific needs to better navigate and enjoy the mobile digital space.
- Tigo Star, focused on families and their desire to enjoy the best content, in particular movies, sports and high-speed internet via reliable connections in their homes.
- Tigo Business, focused on the B2B segment to provide tailored solutions for each company's digital lifestyle.

These brands will work together to serve their specific consumer segments with digital experiences that enhance lives, and at the same time contribute to broaden Tigo's appeal beyond traditional telecommunications.

tigo

In 2013 our focus has been to build the foundations for future growth across all strategic pillars.

In the year, 53% of recurring revenue growth was coming from new strategic pillars of Cable & Digital Media, Mobile Financial Services and Online.

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Our business model

Creating value for all our stakeholders

In this section

Rwanda
Understanding our customers' needs ensures relevant product offering. Our lending products, born from such insight, were used by 40% of customers in 2013 and by nearly 60% in Rwanda.

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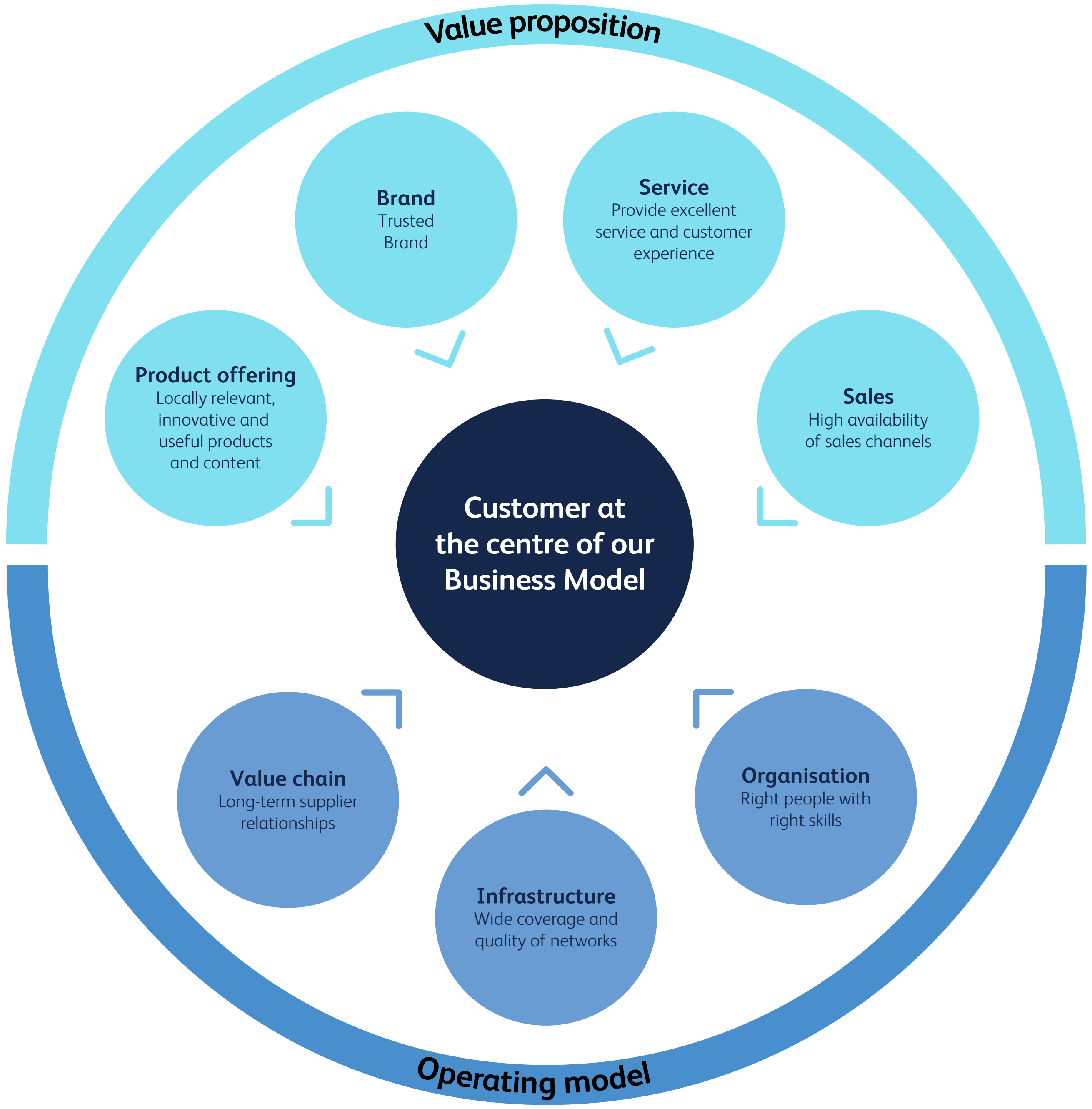
Creating Value for Customers

Our customers and the needs of our customers are at the centre of our business, both the value proposition and the operating model. On the value proposition, we seek to provide relevant digital products with the best service and customer experience. With our strong trusted consumer brand Tigo and innovative and accessible product offering, Millicom helps emerging countries in Africa and Latin America and their populations move into the digital lifestyle.

On the operating model side, we have long-term relationships with our suppliers guaranteeing stability and quality throughout the value chain. Our infrastructure has a wide coverage and high quality to support our best in class service. Finally, we prime to have the right people with the right skills with a customer-centric mindset.

Creating Value for Shareholders

By continuously striving for growth through our transformation from a telecommunication operator to a digital lifestyle enabler, we create value for shareholders. We invest early in new technologies and services that we believe will become relevant to our customers. In 2013 we started to see the benefits of our investments in mobile financial services, cable, digital media and online bearing results as our growth accelerated. This is the first building block for value creation. In 2014, we will seek to stabilise margins and over time return to stronger cash flow generation, the key measure of value creation.



Our strategy and
Key Performance Indicators

Delivering through our five strategic pillars

In this section

Paraguay
In February 2014, we launched Tigo Sports, a channel dedicated to professional football and sports coverage worldwide. The channel will be available in other Latin American markets during 2014.

Traditional telecom business is under pressure in our markets as it has been around the world when voice and SMS have become commoditised. Voice revenues are slowing down, as less room remains for growth through increasing penetration of voice, except in Africa – one of the reasons we are currently investing strongly in the region. At the same time competition on voice prices remains fierce in highly competitive markets.

Consumers' needs are changing and evolving from simple connectivity to a diversified digital lifestyle. Millicom wants to be ahead of the curve to respond to this need and extend our offer and relevance in the lives of our customers. We have a great opportunity to be present at every step of our customers' digital lifestyle journey. We are forging strategic partnerships with digital leaders and building our own services.

In line with these developments, at our March 2013 Capital Markets Day, we announced our mid-term strategy based on five pillars, setting the goal to increase revenue from $4.8 billion in 2012 to $9 billion in 2017.

Strategic pillar	Progress in 2013[4]	Comment on progress	Outlook
Mobile Move from volume to value	Revenue in 2013 **$4.2bn** **Growing 3%** **on a recurring basis**	Driven by innovation, Data and Value Added Services (VAS) are increasing in mobile revenue providing new sources of growth. Our unlimited music offer has been extremely successful in many markets.	Many of our African countries are gaining significant traction and should continue to do so next year. B2B market focus in Latin America should create the next wave of growth in the region. Data and VAS is expected to continue to increase share as we launch new products and features increasing mobile revenue.
Cable & Digital Media Build a sizeable business	Revenue in 2013 **$446m** **10% organic growth**	Progress has been achieved both through organic growth and acquisitions. Our newest operations in Paraguay (further rollout after acquisition of Cablevision) and Guatemala (greenfield roll-out with some in-market consolidation) have experienced double digit growth. Costa Rica this year was negatively impacted by competition from low-end providers.	The merger with UNE in 2014 will be a major step in achieving our goal. The launch of Tigo Sport, initially in Paraguay, and in the rest of Latin America thereafter, is a major development in our content strategy, which we believe will lead to additional opportunities.
MFS Creating a blockbuster	Revenue in 2013 **$79m** **98% growth** **6.3 million customers**	In 2013 we have seen Tanzania, Rwanda, Paraguay and El Salvador with some of the highest adoption rates in the world grow even further. New products have been launched in every market contributing to our current and future growth.	Some of our operations are introducing Mobile Financial Services and growth in penetration will drive revenue. Our product pipeline is strong and we expect new sources of revenue in MFS as the numbers of transactions increase, in particularly peer-to-peer.
Online Investing in growth	Revenue in 2013 **$83m** **554% growth**	Online has been driven mainly by e-commerce ventures with companies like Kanui and Tricae in Brazil, and Jumia in Africa with its extremely high growth rates. In parallel, many other ventures are building the path for future growth.	Latin America has shown a strong adoption of online services and should continue in this path. Our partnership with MTN in Africa Internet Holdings at the end of 2013 will push our Online ventures further in Africa, which should accelerate growth.
Cost & Capex Optimisation Maximising efficiency	Savings **$49m**	All savings in 2013 were reinvested in growth.	Several initiatives are already in place in 2014, with specific local projects aiming to define and achieve efficiency targets without compromising growth.

[4] Growth in local currency.
Mobile excludes revenues from T&E, MVNO/DVNO, visitor roaming.

Risk management

Centering on strong risk management

In this section

Ghana
Tigo Cash in Ghana won an award for the Best Mobile Money Deployment at the Mobile Money & Digital Payment conference in Dubai.

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In Millicom we continuously look ahead and demand more. Our strategy and direction is significantly influenced by the expectations of our stakeholders, the needs of our customers and the opportunities that we see and those we create. We aim to strike the right balance between risk and return, both enhancing and protecting our business.

Millicom operates in a dynamic industry characterised 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 a myriad of risks and opportunities. Millicom's approach to risk includes an enterprise-wide assessment of key stakeholder objectives, careful alignment of those objectives with strategy and operations, and implementing actions at corporate and operational levels.

Millicom empowers its strategic and operational decision makers to strike the right balance of risk and profitable top line growth, cash flow generation and return on invested capital.

Millicom's risk function

Millicom has a network of risk officers at headquarter, regional and each significant operating country level, led by the Chief Risk Officer. The risk function is tasked with identifying, analysing, monitoring and coordinating Millicom's approach to balancing risk with return and reporting to the Audit Committee. The Audit Committee is responsible for reviewing the effectiveness of risk function activities and oversight of risk related activities of the Group, and reporting to the wider Board of Directors. Key strategic and operating risks are assessed from an overall group perspective as well as individual country and business units. Risk action plans comprising ongoing activities that seek to balance risks with returns are developed, implemented and modified over time as the underlying risks evolve. Action steps are implemented both globally and locally by executives and key decision makers.

Risks are inherent in business, and Millicom accepts these risks to the extent that opportunities for sufficient returns exist and that systems and controls are in place and operating effectively to manage risks on an acceptable level. Millicom's control environment includes consideration of the impact of its key strategic and operating risks, and is designed and modified accordingly.

Evolution of key risks in 2013

2013 has been the start of a transformation for Millicom, characterised by the increasing commoditisation of traditional telecommunications revenue streams, investment in organic growth and diversification in cable, mobile data and mobile financial services, and strengthening our footprint in Colombia with the merger with UNE, and further development of the e-commerce businesses. These developments have provided a number of opportunities and challenges, including an increased need to diversify and innovate in product and services, a greater reliance on the ability of operating entities to upstream cash to service group level debt, and a greater need for experienced and talented people to implement the new strategy of the Group.

The table below sets out a summary of the risks and opportunities we face operating in our various emerging markets and business categories.

Shift in consumer demand

Potential risk	Evolution of the risk	Where we see opportunities	How we balance risk with return
The manner in which customers are communicating and their demand for products and services is evolving rapidly. Failure to adapt to changing consumer demands or failure to innovate and lead adaptation to new means of connecting and improving lifestyles through digital services may lead to loss of competitive advantage.	Shift in consumer demand in many of our markets is rapidly reshaping the competitive landscape. Innovative product offerings, such as the availability and cost of mobile financial services, are becoming critical components of mobile operators in certain markets (e.g. Tanzania). Access to the internet and availability of affordable handsets remains a key driver of customer uptake and retention in LATAM, and a decline in voice revenue as customers use other means of communicating, adds pressure to traditional business models.	We continue to see opportunities to migrate many of our customers to bundles of data and traditional mobile services, and experience rapid payback on handset subsidies in the fastest developing data markets. As customers evolve towards new means of communication we are expanding our presence in cable and digital media businesses and forging new partnerships (e.g. Facebook) to provide our customers with new and improved experiences.	We actively engage our customers and potential customers in consumer feedback experience programmes and look to roll-out innovations between our markets. We provide a mix of tariff and product structures targeting specific customer segments and promote the uptake of data and other value added services in our more developed markets. We have accelerated our investment in data uptake based on customer demand and trend and seek to expand our portfolio of offerings and services, by introducing new possibilities for consumers to access content related products (e.g. the recent launch of Tigo Star and Tigo Sports), across multiple devices.

We continue to see many opportunities to migrate customers to bundles of data as well as traditional mobile services. Payback on handset subsidies is rapid in the fastest developing data markets.

Risk management continued

Financial risks

Potential risk	Evolution of the risk	Where we see opportunities	How we balance risk with return
A significant portion of our group debt is denominated in US dollars and held at Group level. Our revenue generating activities are predominantly in currencies other than US dollars. This creates an exposure to fluctuations in exchange rates that may negatively impact our reported results and US dollar cash flows. We are increasingly dependent on the ability of our operating entities to upstream cash to service US dollar borrowings, and exposed to potential risks related to macroeconomic conditions, policies and currency controls in our operations.	The risks related to currency controls and macroeconomic conditions have remained relatively stable during the year. However, the increased amount of Group level debt during 2013 has increased our exposure to potential risks. None of the countries in which we operate have hyperinflationary economies or immediate threat of forced currency devaluations. Nevertheless, in some of the countries in which we operate, political and economic stability may deteriorate rapidly, and result in currency devaluation or hyperinflation. In El Salvador and DRC the currency of operation is the USD. In Chad and Senegal, the local currencies are pegged to the Euro.	We continue to see opportunities to refinance existing debt and benefit from the relatively low cost of financing through global debt markets.	We closely monitor economic and political conditions in the markets in which we operate. Our cash flow planning process involves careful analysis of the timing and amounts of cash flows required to service Group level debt while balancing cash flow needs of each of our operations. Contingency plans have been developed to ensure alternate sources of funds are available if required. In certain countries we obtain financing through our local entities reducing our exposure to risk factors. The diverse geographical spread of the countries and economies and currencies in which we generate revenues and cash flows reduces our exposure to fluctuations in individual countries. We maintain a policy of holding excess cash generated in US dollars and upstreaming cash to holding companies or cash pooling in US dollars. We repatriate cash as early as possible and through different means: royalties, dividends and management fees, supported by appropriate agreements. Non-US dollar denominated debt at holding company level is hedged to US dollars.
Sources of financing may not be available, or may not be available at commercially acceptable rates in the currencies in which we generate cash flows. Furthermore, financial instruments that hedge against currency fluctuations may not be available. This creates an exposure to exchange rate fluctuations that may impact our US dollar reported results and the US dollar value of our reported external debt.	We have been able to renew or replace existing debt on commercially acceptable terms. We have successfully raised additional financing through bond increasing our liquidity and raising our average debt maturity. Our tower monetisation activities in recent years have reduced our capital investment while increasing our operating efficiency and lowered our need for capital in our markets. Our new businesses and value added services have lower capital outlay and therefore reduced the amount of upfront financing required for new ventures, products and services.	Relatively low global interest rates have provided us with the opportunity to refinance or raise addition finance at lower rates than in previous years and extend our debt maturity. Our established operation of successful businesses in emerging markets and strong historic cash flow have led to an improvement in our investment grading and we see an opportunity to further leverage this as we continue to seek opportunities to raise finance with reducing recourse or guarantees from the Millicom parent company. This in turn improves our debt raising ability and flexibility for pursuing our strategic objectives. Further opportunities exist in refinancing debt in our local markets.	We are constantly analysing and reviewing our sources and currencies of financing and our decision making is based on a variety of risk and opportunity based factors including; interest rates, currencies, credit, counterparties and liquidity. We seek to balance the various financing risks that we face through a variety of sources of financing and a target mix of variable and fixed interest rates, local currency versus US dollar debt and hedges against fluctuations between financing currencies and the US dollar and variability of interest rates. We have significantly diversified our sources of financing and we are less dependent on bank financing, which now represent less than one third of our total financing while public financing now accounts for almost 60% of our total financing with longer maturities.
We follow a strategy involving a mix of debt and equity financing that creates a degree of dependence and therefore exposure to continuing availability of external financing. In the event of economic conditions reducing liquidity in the financial markets in which we have historically raised debt financing we may need to seek financing or refinancing in different markets or at higher prices than in the past.	We have been able to renew or replace existing debt on commercially acceptable terms. In 2013 we have successfully refinanced and raised additional financing through bond offerings in Luxembourg at substantially reduced rates compared to existing facilities.	Our established operation of successful businesses in emerging markets and strong historic cash flow have led to an improvement in our investment grading and we see an opportunity to further leverage this as we continue to seek opportunities to raise finance with reducing recourse or guarantees from the Millicom parent company. This in turn improves our debt raising ability and flexibility for pursuing our strategic objectives.	We seek to balance the various financing risks that we face through a variety of sources of financing and a target mix of variable and fixed interest rates, local currency versus US dollar debt and hedges against fluctuations between financing currencies and the US dollar and variability of interest rates.
We have significant amounts of cash balances with financial institutions exposing us to counterparty risk.	The risk is largely within our control as we can choose which financial institutions we use and specific amounts in each institution.	Our financial position and policy of holding cash with several banks provides us with greater negotiating power giving us access to a number of sources of additional financing if and when required.	We diversify the location of cash among a variety of banks so that our counterparty risk with individual banks does not exceed limits which we have set based on each bank's credit rating.

Influence of shareholders and insiders

Potential risk	Evolution of the risk	Where we see opportunities	How we balance risk with return
Certain insiders represent entities that have a significant number of Millicom shares, giving them substantial influence over management.	The shareholdings in Millicom of these entities have remained relatively constant in recent years as has the proportion of representation on the Board of Directors.	These entities have similar business interests as Millicom which can lead to additional business opportunities and sharing of knowledge and skills as well as entering into new businesses. Opportunities for cost and process efficiencies exist with fellow subsidiaries including procurement and supplier relationships.	Our Board of Directors comprises eight members of whom five are independent Directors. The five-member Audit Committee of Millicom comprises four independent directors. Business dealings with related parties are performed on an arm's length basis. Transactions and balances with related parties (including entities controlled by the largest shareholder) and non-controlling shareholders in our local operations are periodically review and approved by the Audit Committee. Directors refrain from participating in decisions and votes where they have conflicts of interest as was the case for the decision related to the investments in Rocket Internet subsidiaries LIH and AIH.
Our ability to exercise control over some of our operations is dependent on the consent of shareholders who are not under our control. Disagreements or unfavourable terms in agreements governing our joint ventures may adversely affect our operations.	We continue to maintain strong and productive relationships with our fellow shareholders. In early 2014 we signed an agreement with our local partner in Guatemala which strengthens our relationship by providing us with an option to acquire the remaining 45% of shares in our Guatemalan operation at any time over the next two-year period.	Local partners have local expertise and know-how which can lead to opportunities and efficiencies in operating our businesses. Skills, knowledge and experience from our local partners reduce the risk of entering new countries or new businesses and provide us with opportunities to apply this across our different countries and operations.	We are in constant dialogue with our local partners in Honduras, Guatemala, Colombia, Mauritius, Rwanda and the Rocket Online businesses. The shareholders' agreement in Colombia that gives us management rights, and the option agreements we have related to Honduras (and since January 1, 2014 in Guatemala), enable us to fully control and consolidate those businesses.

Regulatory, tax and legal risks

Potential risk	Evolution of the risk	Where we see opportunities	How we balance risk with return
The mobile telephony market is heavily regulated and taxed. Regulations in new areas of business such as Mobile Finance Services are often less developed and as a result subject to rapid change.	Rules and regulations in the markets in which we operate continue to evolve with increasing types and rates of regulation but also increasing clarity on applicability to mobile operators. Margins on traditional mobile telephony services have continued to be pressured during 2013 with rate cuts experienced in many markets.	Advanced planning enables us to predict and plan for potential changes in tariffs and regulations. Dynamic pricing enables us to adjust rapidly to the impact of any significant rate changes. In addition, the experience we gain in more regulated and taxed markets enables us to transfer knowledge and best practice to less developed markets and react quickly to changes. Diversification of products and services from the traditionally heavily regulated communications business reduces our exposure to fluctuations in rates and regulations.	We constantly monitor and review potential changes in regulations and taxes and have implemented a tax risk management system to identify and actively manage these risks. Cost cutting opportunities are sought in all aspects of our business to offset the impact of newly introduced or expected changes in taxes and regulations. We are operating our telephony businesses in 13 main countries, significantly spreading our regulatory, tax and legal risks. Additionally we have diversified our products/services base with less exposure now to pure telecom operations that are heavily dependent on regulations (these are generally less applicable to Cable and Digital Media, and Value Added Services).

In 2013, we launched a new global helpline for reporting non-compliance to our Code of Ethics and other concerns. The new service is available 24/7 in several languages via phone and internet and allows anonymous reports.

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Risk management continued

Regulatory, tax and legal risks continued

Potential risk	Evolution of the risk	Where we see opportunities	How we balance risk with return
The tax and regulatory environments in many of the countries in which we operate are evolving in such a way that rates and types of tax (including withholding tax) and related charges, and tariff limits are increasing regularly. This may impact the amount and cost of repatriation of cash from our operations and may increase operating costs and/or reduce interconnection revenues.	Taxes and regulatory changes are increasingly impacting the amount of cash available for repatriation relative to cash generated. The frequency and type of tax authority and regulatory audits are increasing, raising the risk of claims for payment of additional taxes, or fines.	Regulatory pressures might even open up some opportunities for us to serve our customers better through continuous innovation, especially in our products and pricing.	Taxes and regulatory pressures are part of the constraints we have to deal with in the telecom industry and we constantly look for cost cutting and other opportunities to offset them. We have a adopted a tax strategy with a considered approach to risks and uncertainties, particularly where legislation is either underdeveloped or lacking in clarity. We apply international practice including OECD conventions in setting transfer prices.
The mobile telephony sector may be forced to provide access to its spectrum which may result in additional competition or may be forced to pay high prices to get access to spectrum.	Demand for high quality spectrum continues to outweigh availability and shortages are expected to continue as demand for data and non-voice services increases. Demand for LTE spectrum continues to increase as broadcasters, media firms and others seek to gain strongholds in wireless markets.	Our position as an established number one or two operator with contractual rights of renewal in many of our markets positions us favourably for both renewal and new spectrum. Our diversifying product and service portfolio enables us to provide services that optimise usage of spectrum and reduce reliance on certain types of spectrum. We are developing opportunities in partnering to deliver such services as TV and Machine to Machine. Our strong cellular tower footprint reduces our reliance on specific spectrum.	We actively monitor and execute a strategy to secure high quality spectrum as and when it becomes available based on knowledge of customer needs. We believe that our present and future success is very much correlated to our understanding of our customers. We are used to operating in highly competitive environments and expect competition to remain strong. We are ready to share spectrum with other operators or competitors if necessary to get access to attractive spectrum and to reduce costs.
Many of the telecommunications regulatory regimes and legal systems in the countries in which we operate are underdeveloped compared to those in developed markets. This can lead to uncertainty and unpredictability in application of rules and regulations and reduced levels of transparency and/or equitableness regarding claims or disputes.		As a global player operating across two very different geographies; Latin America and Africa, we believe it is part of our duty to contribute positively to building an improved regulatory framework in the markets in which we operate. We lead by example in the way we do business and in positively impacting and influencing the economic environments in which we do business. In turn this raises our local and global brand equity. Our increasing engagement with key stakeholders in our markets as a corporate citizen promoting governance and ethics strengthens the economic environment.	We pro-actively engage with regulators, governments and other key stakeholders in our operations. We constantly monitor legal and regulatory developments in our markets and in many countries provide input into developing or enhancing existing rules and regulations. We operate our businesses across multiple countries and business units subject to various different regulations. This diversification reduces our exposure to country specific issues. Our policies and procedures are based on a backbone of integrity and ethical practices which include promotion of transparency and equity among our business partners and stakeholders in each of our markets.
Most of the countries in which we operate telecommunications businesses do not have universal service obligations (USOs). If such obligations were introduced the profitability of our operations may be negatively impacted.	There have been no recent trends towards introducing USOs in the mobile sector in the telecommunications markets in which we operate, however spectrum and licences in certain countries, notably Colombia and Honduras, create certain coverage and social obligations. Increasingly high penetration levels in many of our markets reduce the likelihood of introduction of USOs.	In certain markets regulators offer or require investment in coverage expansion as an alternative to cash payments. This can create a cost effective opportunity to increase our subscriber base with limited additional capital expenditure. Introduction of USOs may present opportunities to further fulfill our social responsibility ambitions. By 2016 we aim to move beyond compliance with applicable laws and internal policy to a model where we actively seek social return as an additional output from our investment.	We proactively engage with regulators, governments and other key stakeholders in our operations. We constantly monitor legal and regulatory developments in our markets and in many countries provide input into developing or enhancing existing rules and regulations. We are actively involved in the countries and communities in which we do business constantly seeking ways in which the benefits of the services that we provide can be cost effectively provided to a larger base on consumers.

Regulatory, tax and legal risks continued

Potential risk	Evolution of the risk	Where we see opportunities	How we balance risk with return
Any failure to comply with local or international laws and regulations could result in liabilities, sanctions or restrictions in activities. Any of these events could have a material adverse impact on our business.	Internal compliance, corporate responsibility and integrity activities continued to strengthen during the year. No significant changes noted in the inherent aspects of this risk.	Our presence and reach in many of our markets provides us with significant opportunities to demonstrate our role as leading corporate citizens. In offering affordable access to voice, data, entertainment, mobile financial services, and related solutions we are also investing a meaningful share of our local net profits in corporate social responsibility activities.	Corporate governance and corporate citizenship are embedded in the Millicom culture. We directly associate brand equity with our public profile and see management of our image with customers, regulators and lawmakers in our markets as being closely correlated. We adopt a proactive approach to ensuring current compliance and monitor developments. Scenario and impact analysis is performed regularly on potential developments, and preparatory actions taken in advance of effective dates of new or amended locals and regulations.

Emerging market risks

Potential risk	Evolution of the risk	Where we see opportunities	How we balance risk with return
Many of the countries in which we operate have a history of political instability. Any current or future instability may negatively affect our ability to conduct business, revenue and profitability.	While political change has occurred with relatively little instability during 2013 in several of our markets, the political systems in some of our markets (mainly in Africa) remain relatively fragile, and potentially threatened by cross-border conflicts or ongoing warring action from rival groups (for example DRC). The recognition of the validity of our licence in Senegal in October 2012 has significantly reduced uncertainty in this market.	Political uncertainty typically hinders country growth. Improving stability drives economic growth and provides more opportunities for customers to improve their lives through use to the services that we provide. As we contribute positively as an industry to the societies in which we operate, improving stability in our markets can lead to an appreciation of the value of our businesses.	We regularly engage key stakeholders in and monitor political and economic stability in all our markets. We have contingency plans in place that enable us to operate under challenging/constrained business environments (such as Senegal during the period in which the validity of our licence was challenged). Our corporate responsibility initiatives include demonstration of the significant role we play in contributing to economic development in the countries in which we operate. Local debt which is non-recourse to Millicom reduces exposure to political risk.
Some of the countries in which we operate have political regimes that may not view foreign business interests favourably and may attempt to expropriate all or part of our local assets or impose controls.	Government expropriation of assets does occur in some of our markets (most recently in the energy sector in Bolivia), and this threat remains. However, other than Bolivia the overall threat has steadily declined over recent years.	A marked increase in social responsibility programs and stakeholder engagement contributes to an improved profile as a good corporate citizen. We strongly believe that such actions and activities leads to increased customer uptake and loyalty (reduced churn). They also contribute to raising our brand image and government view of our profile.	We are constantly monitoring and managing our local profiles, and engaging with key stakeholders, including government ministries, agencies and regulatory bodies. We develop and implement strategies to position our brand and corporate profile highlighting our contributions back to the economies, societies and communities in which we operate. This includes our profile as an employer of choice, charitable actions and our fiscal contributions. We have a balanced approach towards leverage. We raise debt at the operating local level and on a non-recourse basis, wherever possible.

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Risk management continued

Emerging market risks continued

Potential risk
Many of the countries in which we operate lack infrastructure or have infrastructure in relatively poor condition.

Evolution of the risk
Our tower monetisation activities and tower sharing arrangements have reduced (shared) many of the direct operational risks connected to operation of cell sites.

Challenges remain in certain countries where natural and manmade risks and threats to sites threaten coverage and quality of services. These include natural disasters as well as reliability of energy supply.

Where we see opportunities
Further opportunities exist for sharing of passive infrastructure or outsourcing to specialised tower management companies. Such deals generate value in operating efficiency and shared risk generally reduces risk.

Diversification into e-commerce and expansion of cable and digital media services reduces our reliance on infrastructure connected to operation of cell sites for revenue generating activities.

How we balance risk with return
Network optimisation and operating efficiency projects are a regular and ongoing part of our actions to minimise tower site outages. We make use of back-up generators at many of our sites to ensure our services are constantly available.

We are continuously looking for site sharing opportunities with other operators and tower management companies.

Our business continuity plans include assessment of infrastructure related risks to which we devise and implement back-up and other contingency plans including alternate sources of energy.

Macro-economic risks

Potential risk
An economic downturn, a substantial slowdown in economic growth or deterioration in consumer spending could adversely affect Millicom's operating results and financial conditions.

Evolution of the risk
Some of the economies in which we operate continue to be impacted by global or local economic slowdown. The markets in which we operate in Central America which are to some degree dependent on international remittances remain particularly affected. This increases consumer price sensitivity which typically lowers margins and increases potential churn.

Where we see opportunities
Despite economic conditions, demand for the increasingly diversified range of our services from higher value and target customers continues to increase, in particular data, mobile financial services, entertainment and solutions.

Many of the economies in our markets continue to outgrow more developed economies, leading to increased disposable income and consumer demand for our products and services.

How we balance risk with return
We are continuously monitoring and refining affordability of our services.

Operational efficiency management programs in place seek to reduce cost and deploy Capex in business areas offering higher return on investments.

Our business model is focused on cross selling and upselling more services to our high value customers and therefore should enable us a higher resilience to economic conditions than the telecom industry on average.

Dependence on spectrum and licences

Potential risk
We face substantial competition in obtaining and renewing licences, particular in our mobile businesses.

Evolution of the risk
We have successfully renewed and obtained new licences in our operations in recent years. We see less threat from new entrants in our markets.

We have successfully obtained licences for operation of new businesses (such as mobile financial services).

Diversification of our businesses reduces to some extent, our dependence on one or limited numbers of licences and our geographical spread of operations further reducing our exposure to individual licence renewal risk.

Where we see opportunities
We expect a degree of consolidation will occur in some of our markets and especially in Africa. This will reduce demand for existing and future spectrum.

Many of our markets are still to auction or make available spectrum enabling 3G or LTE service provision. As an established operator in all of our markets we see strong opportunities to acquire such spectrum which will enable us to follow our strategy of providing consumers with more value added services.

How we balance risk with return
Our preparation for licence renewals and spectrum auctions or allocations starts well in advance of expiry or availability. Our approach focuses on legal requirements, our historic compliance, as well as amounts and sources of financing.

We have ongoing dialogue with governments and regulators responsible for spectrum and licences. We are regular participants in industry groups and work with governments in addressing mutual industry issues.

With penetration levels close to 100% and our extensive distribution footprint in our Latin American markets and in the urban areas of our African markets, we believe that potential new entrants in our markets have limited opportunities to jeopardise our established position.

We actively support government programmes that link social objectives with licence acquisitions or renewals.

Dependence on spectrum and licences continued

Potential risk
Availability or cost may limit our ability to acquire required or preferred frequency blocks of spectrum in some of our markets.

Evolution of the risk
Governments are opening up additional blocks of spectrum as technologies change.

The risk of parallel industries (e.g. television) competing for the same spectrum is increasing over time.

Diversification of our businesses reduces to some extent, our dependence on one or limited blocks of frequency and our geographical spread of operations further reduces exposure to individual frequency related risk.

Where we see opportunities
We consider spectrum an attractive and scarce resource. It is a prerequisite to operate as a mobile telecommunication service provider.

Consolidation and our active approach to pursuing acquisition opportunities in some of our markets creates opportunities to obtain spectrum from other operators. Such acquisitions may be less competitive and less costly than direct purchase from governments or regulators.

Spectrum sharing among competing operators is increasingly common in the industry and we see opportunities in this area particularly in lower cost of acquisition and efficiency in use.

How we balance risk with return
The timing and cost of our investments in spectrum are evaluated carefully against potential returns (ROIC). We consider alternate frequency blocks and the possibility for jointly bidding for spectrum with other operators.

We evaluate ongoing spectrum needs against current capacity and quality as well as forecast growth or transition to new technologies (from cost of capex and equipment service and customer demand perspectives).

Over the years, we have developed extensive experience in negotiating licence renewals and spectrum prices.

We actively support government programs that link social objectives with spectrum acquisitions and renewals.

Entering into new businesses

Potential risk
Our growth strategy is supported by constant innovation and acquisition of complementary businesses within the Digital Lifestyle sphere.

As we enter into new business areas such as Mobile Financial Services, e-commerce services and entertainment, we face new and differing risks including: regulatory requirements, employee skills, reputation risk, start-up operating losses and success factors different from those we are familiar with in the telecom business.

Evolution of the risk
While acquisition of new businesses increases risk, we are acquiring knowledge, skills and experience of executives and management driving these businesses (e.g. e-commerce) or leveraging from our existing businesses (e.g. Cable).

We have invested considerably in innovation and value added services in people, process and technology to balance risks connected new businesses.

In Africa in e-commerce our agreement with MTN and Rocket (subject to regulatory approval) signifies a strategy of cooperation and joint development of new businesses with another telecommunications company.

Where we see opportunities
We see significant potential in synergies from combinations of cable, TV, and broadband services with our traditional mobile operations in many of our markets (particularly LATAM) and to a lesser extent with e-commerce.

We believe that expanding our presence to cover more of the spaces and places where people "connect" in the future will enable us to protect our market share and provide our customers with higher quality and more services in future. We also believe that such positioning will enable us to develop more partnerships with businesses seeking channels to provide services to our customer bases.

How we balance risk with return
In 2012 and 2013, we have and will continue to invest in new business categories, and seek to make additional acquisitions if opportunities are available at the right price.

When necessary, we partner with experts in the business areas we are developing and monitor risks and returns against targets, refining timing and direction as necessary.

We have a step by step approach to entering into new business areas and markets; we trial first and assess the risks and potential rewards before taking any decision to launch.

Acquisition and integration of UNE in Colombia

Potential risk
Our merger with UNE in Colombia provides a number of challenges and opportunities. Failure to adequately integrate UNE and extract value from synergies and efficiencies may impact shareholder value and cash flow generation in our Colombian operations.

$800 million of financing has been obtained for the merger through issuance of a bond at holding company level which is restricted until completion of the transaction.

Evolution of the risk
This risk has materialised in 2013 as a result of the merger agreement, and the transaction remains subject to regulatory approval and closing conditions.

Where we see opportunities
We see significant potential in synergies from combinations of cable, fixed line and broadband services with our traditional mobile operations in Colombia, and the merger will significantly strengthen our presence and reach into additional geographic areas of Colombia.

We believe that expanding our presence to cover more of the spaces and places where people "connect" in the future will enable us to protect our market share and provide our customers with higher quality and more services in future.

How we balance risk with return
Our investment strategy is based on careful analysis and diligence in the pre-acquisition stages. Our existing knowledge of the Colombian and LATAM markets provide us with the ability to identify value creating opportunities from market to market and our experience in integrating cable operations in other LATAM markets enables us to apply knowledge and skills obtained to the Colombian market.

Key members of our management team in Colombia have been deployed from other group companies with cable and fixed line operations.

Review of operations

Central America

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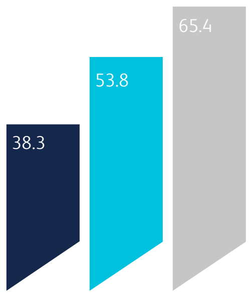
Market leaders in our Central American operations (% of market share)



- El Salvador
- Guatemala
- Honduras

In Costa Rica, customers choosing HD TV grew by

34%

and fixed telephony by

50%

Macroeconomic and regulatory environment

The macroeconomic and regulatory environment was challenging in 2013 in our Central American markets, despite the improvements in remittance flows into the region compared to 2012.

Mobile Termination Rates (MTRs) were cut several times in Honduras. With over 65% market share, the cuts had a significant impact on our margins. At the end of the year, the asymmetric MTRs were $0.015 and $0.025 in Honduras. MTRs were also cut in El Salvador in line with the glide path for cuts every year in. At the end of 2013, the MTR was $0.05 in El Salvador and $0.015 in Guatemala.

Remittance flows from the United States increased in Honduras and El Salvador compared to 2012. This increase did not translate, however, into higher revenues or customer in take, which we attribute to the high government deficit and resulting reduced purchasing power of consumers as taxes increased. El Salvador GDP growth fell to the lowest in the region, at 2.5%, and direct foreign investment remained low.

Elections were held in Honduras with little impact on our business. Elections will be held in El Salvador and Costa Rica in early 2014.

In Guatemala the environment was more positive with remittances from the US estimated to be $5.4 billion in 2013, up from $4.8 billion in 2012. The government has improved business competitiveness, increased foreign trade, attracted foreign investment, promoted public security and improved macroeconomic stability. In September 2013, the government introduced a requirement for mobile device registration, to deter device theft.

Number portability has been discussed in all of our mobile markets in Central America, and implementation seems a strong possibility during 2014 in Honduras and El Salvador.

In Costa Rica, inflation fell to its lowest rate since 2009. In 2013 we were obliged to introduce VAT on internet services, increasing cost to consumers and leading to one-off costs for the year as this implementation was retroactive. Unemployment among young adults (our core customer group for internet services) exceeded 20%.

Overall the business environment remained stable compared to 2012, with low inflation rates and increasing trend in average household income.

Competitive environment

Competition in Central America remained strong, despite no new entrants, as competitors have continued to push reload multipliers, aggressively priced packages and activation benefits. We believe that loss of customer market share in Honduras of 4.4ppt and El Salvador of 2.6ppt are attributable to such offers by competitors.

Number portability plans will likely be seen by competitors as an opportunity to make market share gains, as we are clear market leaders in our Central American operations. At the end of the year, we had 65.4% market share in Honduras, 38.3% in El Salvador and 53.8% in Guatemala.

In Costa Rica, an existing low-cost competitor invested in coverage within our footprint, and we expect new entrants in the cable space in 2014.

El Salvador postponed its planned 1900 MHz auction and indicated that it would only be available to new entrants, opening up the possibility of new competitors in near future.

Business units

In the Mobile business in 2013, we continued to see our revenue mix evolve from traditional mobile voice and SMS revenue, with erosion in voice being compensated by an increase in data and Value-Added Service (VAS) revenues. An increasingly segmented approach with targeted personalised offers has been used to promote cross-selling and keep ARPU on an upward trend. Unique offers, such as unlimited music with Deezer, have helped push ARPU in the post-paid segment upwards. At the end of 2013, monthly mobile ARPU in Central America stood at $10.1.

At the same time, an extreme focus on low prices, a tactic of our competitors in the past years, affected our revenue less towards the end of the year. For example in El Salvador, we have seen reload multiples coming down to 3X or 4X from 6X.

Appetite for data has been high in Central America in 2013. We have pushed smartphone penetration with subsidies, and reduced prices of entry-level handsets, mainly targeted at the pre-paid customer segment. To entice customers to upgrade, we have offered the opportunity to "try & buy" smartphones and given up to 1GB of free data with the purchase of a device. In El Salvador, Tigo had the lowest priced smartphones in the market, selling at $53.99 without subsidy.

Demand for mobile data access in Central America has been high in 2013. In the year, we put effort in a wider device offering to our customers in all price points with focus on entry-level segments, and increased device subsidies, as well as the availability of devices in our distribution.

Smartphone availability in distribution in Guatemala grew within 2013 from 10% to

90%

Central America
Our "Paquetigos", prepaid bundles including voice, SMS and data, brought mobile internet to many new customers in 2013.

Review of operations continued

Homes passed in the region grew to

1.9m

in 2013, an increase of

14%

Food aid in Guatemala
In Guatemala, we partnered with Oxfam to distribute more than 2.25 million Guatemalan quetzals through Tigo Money, for food aid in the region of Chiquimula, one of the worst affected by drought and child malnutrition in Guatemala. The aid reached 1,700 families.

The most marketed and popular data plan in Central America has been pre-paid data. We have been very successful in introducing customers to data through packages – Paquetigos – that bundle voice, SMS and data. Sales of such bundles doubled in Guatemala in the year. We have also combined pre-paid data with offers such as free social network services over a certain period.

In our Cable business we focused on promoting double and triple bundles – offers that combine Pay-TV, fixed internet and telephony. We focused on inviting our customers to upgrade to the superior experience of High-Definition TV, and high-speed internet. In 2013, we introduced new HD channels and continued to differentiate in our markets as leaders in HD TV content with 35 channels by the end of 2013.

In Costa Rica seasonal promotions of our TriplePlay offer doubled our client base for bundles. Our customers choosing HD TV grew by 34% during the year, and our customers choosing fixed telephony grew by 50%. We launched Video on Demand in Costa Rica at the end of 2013. El Salvador suffered from strong competition in the home space, leading to a significant reduction in broadband prices during the year, and negatively impacting our margins.

In Mobile Financial Services, we have been encouraging customer uptake by promoting self-top-up and bill payments, in addition to the more common remittance and money transfer usage.

The Central American region has remained challenging for the service due to regulatory pressure. This is particularly evident in Honduras, where a new law regarding banking distributors is under consideration. In total 5.8% of our customer base in Central America was using the service by the end of 2013.

As in all markets, MFS requires a high initial push to build awareness of the product and its benefits. In Central America we are not benefiting from joint promotion of the service with our competitors. In El Salvador, where the penetration of the service is the highest in the region, passing the 10% mark at the end of 2013, we pushed visibility of the service at our points of sale with a “Go Yellow” campaign.

Branding and distribution

In distribution, the focus has been on device availability and promotion of the data experience. In Guatemala, we significantly increased smartphone availability in our distribution channels from 10% to 90%, a level unmatched in the market.

We have been promoting the visibility of Tigo and the use of mobile data through outdoor festivals, digital campaigns on social media, flash mobs and competitions involving smartphones. In large-scale events we are able to engage with customers directly, letting them try (and buy) services.

The “Go Blue” campaign to promote the visibility of our Tigo brand has continued for the third year running, focusing on high visibility for our points of sale. In Honduras, we have decentralised our direct sales to both reduce cost and ensure brand presence in all major cities in the country. In El Salvador, we have increased the number of points of sale, which in the region reached 144,000 by the end of 2013.

To address the quality of new customer acquisitions, we have been working on a new model for our agent commission structure. Tigo Sales School was rolled out in all countries except Costa Rica, which is targeted for 2014. The programme, which started in Africa in 2012, has helped reduce turnover of freelancers and increase revenue and activations. In general, we have focused on educating our points of sale on the new digital lifestyle range of products to ensure they are able to support customers in choosing the right plans and enjoying a positive first experience.

We ended the year with 91 stores in Central America, 18 more than the previous year. The most new stores were opened in Honduras. The focus has been to upgrade existing stores into experience centres, focusing on mobile data and bundled offers.

Network development

We have increased capacity mostly in areas of strength and major cities in order to assure quality of service and experience to our mobile customers, and in geographic coverage. We have done this by increasing the number of sites, upgrading equipment, deploying back-up power sources to remove outages, and by roll-out of fibre backbone. In Guatemala we have expanded basic 2G coverage to new areas, previously unserved by any operator.

To improve the capital efficiency of our networks, we have expanded our site sharing activities, modernised base station hardware (for single RAN) and increased both on-site and remote security measures to protect our assets. In Guatemala, we have been replacing remote fuel powered sites with hybrid battery and solar panels. These will become more cost efficient and address the challenges of fuel theft and cost of transportation. We are planning to increase our sharing of sites and fibre optic cable in Honduras and El Salvador further during 2014, in order to accelerate coverage and capacity improvements. In terms of spectrum, we managed to secure 4G spectrum for $12 million in Q4 2013 in Honduras.

On the cable network we have been digitalising nodes allowing for higher quality content in addition to traditional analog video. Homes passed in the region grew to 1.9 million in 2013, a 14% increase.

Outlook

In 2014, in Central America we will continue to focus on operational efficiencies in distribution and network deployment and management as well as increasing customer focus through segmented offers and a knowledgeable sales force supporting adoption of new services. We believe customer service will be a significant differentiator going forward. We have a great opportunity to bundle a unique value proposition to our customers across our business units, and at the same time create commercial synergies. Data, whether mobile or fixed, will be a key driver in the region.

We believe the biggest challenges and uncertainties in the coming year will again come from the regulatory side, the macroeconomic and political climate, and the manner in which our competitors will seek to benefit from any changes.

El Salvador
In El Salvador, our “Go Yellow” campaign in 2013 brought our Mobile Financial Services in a big visible push to our customers. The campaign resulted in a strong increase in the penetration of the service, with 11.4% of our customers using the service at the end of the year.

Regional statistics as of December 31, 2013

	El Salvador	Guatemala	Honduras	Costa Rica
Population (m)	6	14	8	5
GDP per Capita ($)	7,500	5,100	4,400	12,900
Mobile penetration	108.6%	96.4%	86.4%	n/a
Market position	1 of 5	1 of 3	1 of 3	1 of 7 (Pay-TV) 2 of 6 (Broadband)
Revenue Generating Units in Cable (RGUs 000's)[1]	353	144	149	327

[1] Total services (Pay-TV, broadband Internet and fixed telephony) in cable connected homes.

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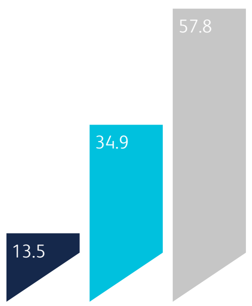
Review of operations

South America

Pay-TV subscribers receiving digital TV in South America

85%

Market shares in our South American operations



- Colombia
- Bolivia
- Paraguay

Macroeconomic and regulatory environment

The economic environment in Colombia remained positive in 2013 with GDP growing 4.4% for the year. Both inflation and unemployment were lower than in 2012. The Colombian Central Bank maintained interest rates at levels that have encouraged spending in the economy. These measures have assisted in our revenue growth, particularly in consumer ability to upgrade to higher-end devices. Equipment sales grew well over 45% year-on-year in December.

New income taxes were introduced in Colombia that will likely negatively impact our profitability. Asymmetric interconnection charges were put in place in February 2013, as well as other regulatory restrictions affecting our position favourably. Colombian regulators have also emphasised monitoring quality of service metrics, and compensation of customers for dropped calls and service failures were encouraged.

The GDP of Paraguay grew by 8.5% in 2013, driven largely by strong performance in agricultural exports of soybean and beef. The growth followed a very difficult 2012, but did not reach all levels of the population and translated into a modest increase in consumer purchasing power. Paraguay held elections in 2013. The new government appears strongly supportive of development of the private sector.

No significant regulatory developments took place in Paraguay in 2013. Given our strong market position in the country, there have been discussions about asymmetric regulation, in particular regarding interconnection rates, to be potentially introduced in 2014.

In Bolivia the overall economic environment was stable in 2013. GDP growth at 4.8% was supported by high international metal prices that form part of the key economic drivers for the country. Remittances, coming mostly from Spain, were also up by 7%.

Several new laws were introduced affecting private businesses in general and telecommunications specifically. Mobile Termination Rates were cut to $0.07 and regulations with high penalties were introduced regarding customer and quality of service, billing and frequency use. Like Colombia, Bolivia will hold Presidential elections in 2014.

The year has been volatile for South American currencies. The Colombian Peso and the Paraguayan Guarani experienced a significant devaluation of 9% over the year.

Competitive environment

We gained 2% in market share in Colombia, remaining the number three player, and closing at 13.5% of the market at the end of 2013. Two new MVNOs entered the Colombian market in 2013, which now has five MNVOs. One, operating on a competitor's network, launched aggressively priced bundled data offers that we were able to counter for the most part by including differentiating content in our bundles.

In Paraguay we remain a strong market leader, with market share having remained fairly stable throughout the year, peaking at a record high of 59.4% mid-year. We closed the year with 57.8% market share. There have been no new entrants to the market in 2013.

In Bolivia, due to new customer service regulations, we adjusted our market share calculation. We managed to increase our market share during the second half of the year with an aggressive SIM card activation campaign, closing the year at 34.9%. We remain a strong number two operator in the country. While no new competitors entered Bolivia, a competitor launched an MVNO service in a major city of the country.

Business units

In our Mobile business we have strongly encouraged customers to adopt mobile data and entertainment services by offering new packages and innovative products. Our revenue mix has evolved in this direction in all markets in 2013, with data and value added services gaining ground on voice and SMS services.

In Paraguay we faced strong price competition on voice, pushing down our average price per minute by 22% during the year. Mobile data tariffs also decreased due to a change in our data offer, from more expensive "data on demand" offers to either bundled packages or monthly data plans. Data and smartphone pricing in Bolivia were affected by more stringent regulation after mobile internet was declared a "basic service". In Bolivia we reduced our "data on demand" tariffs by 70% in April and managed to achieve the same revenue levels within four months, demonstrating both the elasticity of the market and high demand for data services.

In February 2013 we entered into discussions in Colombia with UNE, the cable and fixed telephony provider, regarding a potential merger of UNE with Tigo Colombia.

The merged company will create a truly integrated digital lifestyle player for Colombian consumers, offering a comprehensive range of bundled digital services to millions of households, including mobile and fixed telephony, mobile and fixed broadband and Pay-TV.

Our revenue growth in Colombia for FY2013

18.6%

Monthly increase in Easy Taxi rides throughout Latin America

50%

Colombia
In Colombia taxi drivers are also offered a specific Tigo data-plan to facilitate the recruitment of new Taxi drivers to Easy Taxi and new mobile customers to Tigo.

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Review of operations continued

Customers who use Mobile Financial Services in Paraguay

31.8%

Expanding 3G coverage
In South America, we focused in 2013 on providing good quality and coverage of our 3G services. In Paraguay, we increased 3G coverage by 12.5% with 77.5% of the population having access to 3G services at the end of 2013.

The most popular value added services in South America in 2013 have been our exclusive music service with Deezer, as well as Facebook USSD. The unlimited music offer with Deezer, for both pre-paid and post-paid smartphone users, differentiates us from our competition. We have included the service into our data bundles and offered it free to customers exceeding $20 monthly data packages. Facebook USSD has served as a key entrance for future smartphone users, allowing them to enjoy social networking in text form as a first step.

In Paraguay, we launched Facebook Zero, free access to Facebook, and also available in Guarani, the local language, in December 2013. The service has been very popular and has had a positive effect on data usage already in the short period of availability.

The number of post-paid users increased 16% in South America compared to 2012.

In the Cable business, we have been focusing on locally relevant content, bundling TV and internet, and directing existing TV customers towards high definition content. In Paraguay and Bolivia, we have been promoting our exclusive rights to local soccer, which has been made available on our HD platform in 2013. As a result of a very high visibility campaign in Paraguay "Futbol HD", our TV customer base grew by 38%. We also focused on selling packages bundling Pay-TV and internet and HD plans.

In Bolivia we acquired the broadcaster Multivision in November 2013. Our Paraguayan TV content was awarded two awards and a special mention in ATVC Awards, which recognises the best TV productions in Latin America.

In February 2013 we entered into discussions in Colombia with UNE, the cable and fixed telephony services arm of EPM, an industrial and commercial conglomerate, regarding a potential merger of UNE with Tigo Colombia. The negotiations were successfully completed and an agreement signed in October. Final regulatory approvals are expected during the first half of 2014. The merged company would be able to offer a comprehensive range of bundled digital services to millions of households, including mobile and fixed telephony, mobile and fixed broadband, and Pay-TV.

In Mobile Financial Services, Paraguay continues to be the leading market in South America in terms of penetration of the service. At the end of the year 31.8% of our mobile customers were using the service. 80% of MFS revenues came from remittance-type money transfers. We promoted the use of peer-to-peer transfers as well as bill payments in certain regions where electronic payment can offer convenient solutions to the challenge of receiving bills on time. Out of our portfolio of 40 types of bill payments, those relating to electricity payment were the most popular in Paraguay.

We launched MFS in Bolivia in January 2013. We are currently the only provider of such services in the country. Focus in 2013 has been on creating brand awareness and educating our customers on the benefits of the service. One method has been to introduce customers to a self-top-up option.

Strict regulation exists in Bolivia regarding electronic wallets. As a result, we launched machines at all Tigo Money points of sale to dispense receipts for transactions. This allows us to comply with regulations and makes transactions more tangible to customers who are getting to know the service.

Colombia is the only market where we do not offer any financial services, and we have no plans to launch in the near term, as our priority and focus in 2014 will be on the merger with UNE and continuous growth of our mobile market share. Our Online retail ventures in South America have been developing strongly. Brazil was our number one market in South America, with e-commerce sites such as Kanui and Tricae leading the way.

The mobile taxi booking service "Easy Taxi" also continues to grow. The service is available in eight countries and approximately 50 cities in Latin America, with the number of rides increasing by an average of over 50% per month during 2013. To benefit from synergies with our existing business, we pre-installed apps on smartphones in Colombia, along with cross-promotion in all markets and global knowledge sharing within areas such as IT, marketing and infrastructure. In Colombia, taxi drivers are also offered a specific Tigo data-plan in order to facilitate the recruitment of new drivers to Easy Taxi and new mobile customers to Tigo.

Branding and distribution

Virtual interaction with customers has increased this year, with Facebook becoming one of our main communication channels. Our Bolivian Facebook page is the most "liked" in the country, and we also offer customer service via Live Chat on our website. We are also increasingly using internet and social media for promotions and as a sales and distribution channel.

The number of points-of-sale has increased in Bolivia and Colombia this year to improve our market presence, capillarity and efficiency of our distribution. Some of these new sales points focus exclusively on Tigo Cash. We have been reviewing our customer acquisition models as well as monitoring of our points of sale. This year, our Bolivian go-to-market team received the ISO 9001 certification, first in the Group and in the country.

During 2013, we put increased emphasis on the quality of our sales force, from recruitment and selection to providing increased support and oversight and training opportunities and focusing the efforts of this key group on our new product offering.

Our number of stores increased in South America during 2013, particularly in Bolivia. Many of these stores focus on showcasing and promoting our data and other value added services and smartphone sales. In towns where we do not have stores, we operate TigoMovil minivans, which are mobile customer service kiosks. In Bolivia, these vans reach over ten thousand customers each month.

Network development

Network development in 2013 in South America focused on providing a good 3G experience for the growing data customer base through the addition of capacity in high density areas. In Paraguay we increased our 3G coverage by 12.5% in the year, with 77.5% of the population now having access to 3G. We continued to maintain and improve our performance in the key network quality metrics as coverage and traffic increased. We also continue to expand basic coverage, with Bolivia adding 32 new base stations in rural areas where no communications networks previously existed. We also brought internet connectivity to 20 new cities previously unserved by fixed broadband.

In Colombia and Bolivia we acquired additional spectrum during 2013. In Colombia we renewed our licence and acquired a new 4G licence, for a total of $126 million. We acquired several blocks of spectrum in Bolivia for a total of $59 million, notably 2x10 MHz in 1900MHz band and 2x15MHz of AWS spectrum in the 1700/2100MHz bands. In July, we obtained 2x12MHz of 700MHz band spectrum. The additional capacity we have been able to acquire with this new spectrum has both increased our coverage and improved user throughput. At the end of the year, our 3G services reached 57% of the Bolivian population. In Paraguay we also purchased additional spectrum for $4 million.

In Paraguay and Colombia, significant savings have been achieved in both Capex and future Opex through equipment swaps, re-negotiations with suppliers and conversions to more energy efficient solutions. We have increased site sharing in all countries in order to reduce Capex and have made good progress in Paraguay and Colombia. In Bolivia, where in 2013 the regulator released long expected regulation regarding sharing initiatives, only ten sites have been shared so far and further site sharing appears challenging to achieve. We continue to push for more such initiatives in the future, with our competitors of the benefit of both the industry and customers.

In Colombia, we acquired in June 2013 2x15MHz of spectrum in AWS. We deployed LTE in the five main cities of Colombia: Bogotá, Medellín, Cali, Bucaramanga and Barranquilla. The LTE roll-out, to be performed together with Telefonica on a 50/50 basis, will bring considerable Capex savings. The plan is to roll-out over 2,000 LTE nodes over the next five years.

Outlook

The focus in the South American regions continues to be: momentum on mobile data, differentiating value added services, and further roll-out of cable and satellite offerings. We are looking forward to concluding the regulatory requirements for the agreement with UNE within the year to create a truly integrated digital player in the Colombian market.

The biggest challenges in the region relate to renewal of the licence in Bolivia in 2015, and potential unfavourable regulatory developments.

In 2013, we acquired additional spectrum in Bolivia and Colombia to allow us to further improve the quality of our data services. We also renewed our licence and acquired an additional 4G licence in Colombia.

Regional statistics as of December 31, 2013

	Bolivia	Colombia	Paraguay
Population (m)	10	46	7
GDP per capita ($)	4,800	10,200	6,200
Mobile penetration	76.3%	106.2%	97.4%
Market position	2 of 3	3 of 3	1 of 4
Revenue Generating Units in Cable (RGUs '000s)[1]	48	n/a	248

[1] Total services (Pay-TV, broadband Internet and fixed telephony) in cable connected homes.

Review of operations

Africa

In Rwanda, we approached

2m

customers and a market share of

38%

Number of our customers using Mobile Financial Services in Tanzania

45.6%

In 2013, we focused a great deal of resource and management's attention to Africa, with a new strategy to increase our coverage, improve our service and revive the Tigo brand with high visibility campaigns.

Macroeconomic and regulatory environment

GDP growth remained above global average in nearly all of our African markets. Weighted average GDP growth in our African markets was 5.8%, while average inflation was 8.8%. However, many new regulatory proposals made the operating environment challenging.

Many new proposals for taxation of the telecommunications sector were introduced, to add to the already heavy tax burden. The year was particularly challenging in terms of regulation in Tanzania where Finance Act no.4 introduced by the government in July increased excise duties, extending to cover all telecom services, not only voice. The government withdrew its proposal for a SIM card tax in December 2013.

Tanzania also cut Mobile Termination Rates (MTRs) by 70% in March and introduced stringent new requirements on SIM registration. Compliance to the regulation led to a decline in new activations, as registration is challenging due to lack of formal identification documents.

In Ghana a fall in prices of the main exports of gold and cocoa, as well as the new government's commitment to increase civil servant pay by 10%, increased fiscal pressure and led to a number of new proposals for taxes on the sector. The main proposal was for the extension of the Communications Services Tax (CST) to interconnection charges and "free airtime" promotions. The Ghanaian regulator is expected to continue focusing on Quality of Service metrics in the coming year, and increasing potential sanctions and penalties, making improvements a focus area for us in 2014.

In Rwanda the conflict on the Congolese border resulted in the freezing of foreign aid on which the country is largely dependent, causing the local currency to deteriorate against the US Dollar. Apart from Rwanda and Ghana, where the Ghanaian Cedi depreciated significantly against the dollar, we saw little effect on exchange rates in the year.

Labour relations were tense in Senegal in the year, in the aftermath of the resolution of our long-lasting licence dispute. Following a strike in May, we started negotiating a collective agreement with local unions, which we expect to be finalised during the first half of 2014. In June 2013, we signed a similar agreement in the DRC, which had a positive impact on employee satisfaction.

Competitive environment

Many of our markets saw new entrants in the previous year, who introduced aggressive tactics to gain position, putting pressure on our market share. In DRC, where we remain the number two operator in the two regions we are present, (Kinshasa Bas-Congo and Kivu), with 31% market share, we felt the full impact of the rebranding of a competitor that entered the market in 2012, and the entrance of another player with a very aggressive on-net offering. We were able to counter most of the impact with our expansion to new regions of the country and through tactical promotions. A sixth operator is expected to enter in 2014.

In Rwanda the third operator, who entered the market in 2012, has accelerated growth. Our customer numbers grew strongly and we approached the milestone of two million customers while our market share grew to 38%.

In Tanzania we lost market share due to the aggressive MTR cuts and more stringent SIM registration requirements. Coverage expansion in the country also meant we have exposure to competitor numbers previously not visible in our measurement of market share. We ended the year with 29% market share. In Senegal, our market share was 29%, down slightly from 31% at the end of 2012.

In Chad we maintained the clear market leader position, rising to a 53% market share. There are discussions in the market regarding potential increased competition.

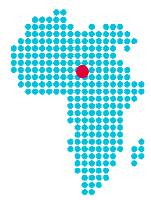
In Ghana, despite strong and active competition, we managed to end 2013 on a positive trend, with market share at 18%, due to compelling new products, brand focus and focus on our distribution channels.

In 2013, one transforming moment in our own operations stands out. In June 2013, we were able to return to Kivu in the north-eastern DRC after the easing of hostilities in the region, allowing many people to connect to their families and friends via telephone for the first time. With 11 million residents, our re-entry to Kivu doubles our footprint in the country.

New customers in the first six months of operation in Kivu

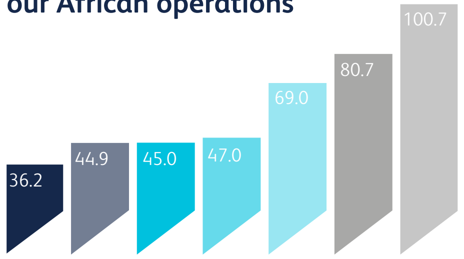
500,000

Chad
In Chad in our loyalty promotion during the Muslim festival of Tabaski we gave away 900 sheep to customers with highest consumption over a one-month period.



Review of operations continued

Mobile penetration in our African operations



- Chad
- Tanzania
- DRC
- Rwanda
- Senegal
- Ghana
- Mauritius

Partnership on online services
In December 2013, we welcomed MTN as a strategic partner to accelerate the growth of our online alliance in Africa. Together with MTN, we reach 220 million mobile customers with very limited overlap. This is significant as the synergies are numerous between mobile business and online services, through the opportunities to leverage the distribution network, the customer base and the payment infrastructure.

Business units

In our Mobile business, data penetration has increased significantly in all of our markets in Africa in 2013. This has been driven by our offer of affordable voice/SMS/data bundles, sales of feature phone with GPRS and entry level smartphones approaching $50. We continue to migrate customers towards post-paid contracts, with post-paid subscriptions increasing by 35% in 2013, although the numbers still remain modest.

We have continued to add new locally relevant Value-Added Services (VAS) in particular in the entertainment, social media and mHealth area. In Ghana, voice and audiotainment products such as voice operations (Tigo Kasade) and Religious Portal have been very popular, as well as a Hospital Insurance product.

In Senegal and Tanzania we focused on bundles tailored to specific customer segments, helping us introduce customers to data and relevant services, while offering affordable rates for SMS and voice calls. For a positive data experience, we introduced notifications to avoid bill shock for customers and allow free surfing after a level of spend was reached. These initiatives are important in educating our customers on the benefits of data but also to help them understand and control data consumption.

Mobile Financial Services were available in all our African markets with the exception of Senegal by the end of the year. Penetration grew strongly and steadily in all markets, with Chad becoming the fastest deployment to date, reaching 9.6% penetration in only ten months. Tanzania remains the most developed market with 45.6% of our users using the service, followed by Rwanda with 37.1%.

In 2013, we introduced our customers to mobile financial services well beyond simple person to person money transfers. Our customers used their mobile wallets to receive salaries, pay utility bills, buy airtime and for merchant payments.

In DRC, we introduced civil servant payments with Tigo Cash, which have increased efficiency and transparency of money flows. In Rwanda we also introduced the first Tigo Matic machines, which allow customers to carry out both "cash-in" and "cash-out" transactions as a self-service. The first cross-border 'Tigo to Tigo' MFS transfers were made possible between Tanzania and Rwanda in November. Rwanda is also the first country where we expect mobile money interoperability regulations to come into effect in 2014.

Nigeria and South Africa are the leading markets for our Online offer in Africa. In 2013, we also launched e-commerce ventures in Ivory Coast and Kenya in addition to the established services in Egypt, Morocco, Nigeria, South Africa and our existing Tigo markets. The online retailer Jumia became the first African company to win the prestigious "Best New Retailer Launch of the Year" award at the World Retail Awards in 2013. Jumia is now the number one online retailer in five of six territories. In 2013 we obtained the first synergies with our existing businesses, integrating our MFS platform to e-commerce services in Ghana, Tanzania and Rwanda.

In December 2013, we announced that our competitor MTN was joining us to invest in our African online businesses. We see growth accelerating as the business benefits from the complementary footprint, over 220 million customers, and local expertise of Millicom and MTN.

Branding, distribution and customer service

Reinvigoration of the Tigo brand in our African markets has been at the heart of our strategy for the region. We have put a lot of effort on brand visibility of Tigo with a "Go Blue" campaign: painting walls, billboards and organising concerts with local celebrity participation. Roadshows and caravans for new product launches have brought the brand closer to our customers.

We have also increased the brand presence in our points of sale with ready-made Tigo kiosks, umbrellas, and branded T-shirts for sales teams. In 2013, we opened 17 new stores, bringing the total in the African continent to over 120. These stores focus on introducing customers to new services and experiences with data and smartphones.

The year in Africa has also been about connecting to our customers in new ways by increasing the channels for them to reach us, giving them options to manage their offers themselves, and supporting them in use of new product and services.

We do this by going to our customers with roadshows and mobile campaign trails, but more importantly by putting more focus on the skills of our indirect sales force, or freelancers. One of the big success stories of the year was the roll-out of our Tigo Sales School across Africa. In the programme we train well-performing freelancers in sales techniques,

people skills and our latest product offering. The new connection and loyalty towards Tigo has in turn translated into a peak in performance: doubling of customer intake and VAS subscriptions.

Social networks have gained importance as channels of customer service and communication across our African markets in 2013. In DRC and Tanzania, the Tigo pages had more 'likes' than any other local Facebook page in 2013. Our Tanzanian operation was ranked the eighth most social brand on Facebook by Socialbakers; based on our response rate. We also use Twitter to interact with customers.

We regularly follow customer satisfaction of our call centres and service centers. In 2013 we introduced further IVR based customer services in Ghana and added new local and tribal language selections in Senegal and Chad in particular. IVR services allow self-service for the most basic needs of our customers, and are particularly needed in regions with higher illiteracy rates.

Network development

In 2013, we put significant effort into increasing network coverage and capacity. This has allowed us to significantly increase network traffic, while we have been able to improve our performance in key network performance indicators, such as Call Success Rates and Drop Call Rates.

Our Tanzanian operation won an award for "Best network improvement" at the AfricaCom Awards after achieving a 70% reduction in outages, 60% reduction in dropped calls and 300% improvement in data throughput. Capacity and quality improvements have also been significant in Senegal, where we have been investing to the network following the finalisation of the licence dispute.

In DRC, we have seen the gradual establishment of a sea-link connection (West-African Cable System) in 2013, and expect to see material impacts during 2014. The year also saw us reopening our operations in the northeastern Kivu regions.

We have been able to achieve significant reductions in energy consumption and network management costs through increased site sharing across our African footprint. Site sharing has also allowed us to accelerate expansion of coverage and capacity, especially in large countries such as Tanzania. In Africa 1,008 off-grid sites were running on Deep Cycle Battery solutions, which consume significantly less power compared to traditional diesel generators. In Rwanda, increased reliability of the electricity grid allowed us to further reduce reliance on generator powered sites, and reduce energy cost.

Outlook

In 2014 we will continue to fix gaps in coverage and capacity of our network. We expect the competitive situation to intensify again, with new entrants expected in DRC and potentially Chad.

The key risk for the African region continues to be the unpredictability of regulation in general, in particular taxation. We actively engage together with the industry with governments to have visibility on new proposals and constructive dialogue to promote proposals to ensure healthy competition and growth of the sector and positive contribution to the local economy. Another key challenge in our African markets is our ability to attract talent and skills in our new strategic areas.

Launching 3G in Senegal
At the end of 2013, we launched 3G services in Senegal's two biggest cities, Dakar and Touba. The launch was accompanied by a big campaign to educate customers on the benefits of mobile data and how to manage pre-paid data bundles. We also introduced an experience center in Dakar to showcase mobile data and devices, and another "mobile experience center" to reach other parts of the country.

Regional statistics as of December 31, 2013

	Chad	DRC	Ghana	Mauritius	Rwanda	Senegal	Tanzania
Population (m)	11	76	25	1	12	13	48
GDP per Capita ($)	1,900	300	3,100	15,000	1,300	2,000	1,600
Mobile penetration	36.2%	45%	80.7%	100.7%	47%	69%	44.9%
Market position	1 of 3	2 of 61	3 of 6	2 of 3	2 of 4	2 of 4	2 of 7

[1] In Kinshasa Bas Congo and Kivu.

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Corporate responsibility

$7m
spent on community projects in 2013

$322m
taxes paid

99%
of employees are recruited locally

33%
of our employees are women

76
nationalities in our workforce

53
hours of training per employee

Corporate responsibility (CR) activity at Millicom is based on two pillars: promoting good corporate behaviour and making a positive social impact in our communities. With this approach we help the business deliver sustainable growth for shareholders, provide an attractive workplace for our employees and create a strong brand to appeal to consumers.

In 2013, we reached out to our main stakeholder groups to better understand the CR issues that are most relevant and important to them and adjusted our non-financial reporting based on the results. A full review of our non-financial performance can be viewed in our 2013 Corporate Responsibility report.

Customers: Responsible digital lifestyle

Corporate Responsibility is integral to our core business: providing accessible and affordable digital access and thereby transforming lives, is fundamental to our business purpose. As we transform into a diversified digital player, we are putting even more emphasis on listening to our customers and ensuring we provide them with relevant and reliable services.

We do this through making services affordable and easy to understand, improving our customer service availability and performance, improving the quality of our networks and expanding our presence in the marketplace.

We also invest significantly in the local communities we operate in through local recruitment, use of local suppliers, tax payments, community projects and infrastructure investments.

People: A good place to work

Our people are the bedrock of our success. We cannot achieve anything without their commitment and we strive to attract and retain the best talent. We actively promote local talent. At the end of 2013 we had over 11,500 employees across our footprint. To bring new skills into the company to execute on our growth strategy, we recruited over 2,000 new employees and significantly strengthened our training offer.

Business responsibility: Trusted to act responsibly

We must act responsibly in our core business, with high standards of governance and anti-corruption measures in place. It is vital that we are strict on compliance and that we respect the local laws and customs in our markets. In 2013 we continued to develop our anti-corruption compliance programme, improve data protection and reduce our environmental footprint.

Millicom Foundation: Social impact through digital tools

Participating in the local community is not just about developing infrastructure and increasing the reach of mobile. It is also about using the power of our networks and technology to overcome social challenges in the societies we are working in.

The Millicom Foundation's mission is to identify best digital ideas that tackle social challenges, turn them into working products and replicate them in multiple countries to maximise positive impact on societies. This simple three step approach is the basis of the Digital Changemaker Programme which is being implemented over the course of 2014.

Tigo in your community
In Paraguay, our community programme Tigo Digital Citizen, has educated 11,000 students, parents and other community members on safe and responsible use of technology. In the programme children, their educators and parents learn about better protection of privacy online, online bullying and predators, as well as good etiquette for online communications.

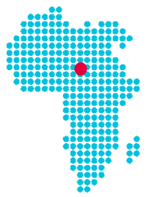
Mobile birth registration

In six months Tigo Tanzania together with UNICEF has registered over 100,000 children in a pilot birth registration project.

In the West, we do not even reflect upon the consequences we would face if our parents would not have registered our name and date of birth. Indeed it is a right enshrined in the UN Convention on the Rights of a Child. As simple as it appears, the vast majority of children in Sub-Sahara have never been registered. In Tanzania, a combination of a lack of local registration offices in rural communities, and a tradition to delay naming a new child for several weeks after birth, has led to a situation where less than 20% of children under five have been registered, and less than 9% have a birth certificate.

For the child, a certificate is a proof of age, protecting the child from early recruitment into armed forces, early marriage and child labour and allowing them access to healthcare, schooling, food and eventually a job. For the country, it means that the Tanzanian government can properly and efficiently plan its education and healthcare systems.

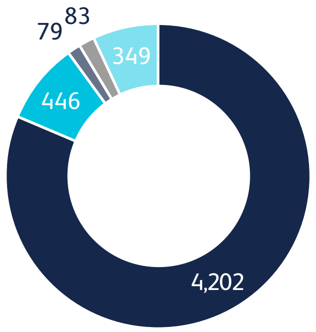
Chad
In Chad we partnered with Action Contre la Faim and World Food Programme to distribute aid donations through our Mobile Financial Services platform.



Financial review

Delivering the digital strategy

Revenue per business unit (US$m)



- Mobile
- Cable and Digital Media
- MFS
- Online
- Others

Mobile customers

50.6m

Group

At the end of 2013 our mobile customer base exceeded 50 million customers, up 7%, with 3.4 million new mobile customers added in the year. Group revenues were up 7.3% to $5,159 million. Group revenue was up 7.3%, in line with our expectations.

In 2013 we experienced significant regulatory pressure, particularly from reduction in mobile termination rates (MTRs). Significant MTR cuts were made in Honduras, Bolivia, Colombia, Tanzania and DRC. Cuts in MTR affect our revenues and margins and have an impact also on monthly Average Revenue per User (ARPU).

Growth in data revenues only partially offset the regulatory pressure and impact of strong price competition. Mobile ARPU declined by 4.0% in local currency in 2013, compared with 3.8% decline in 2012, but by only 1.3% in Q4. In the last quarter of the year ARPU showed the first upward quarter-on-quarter trend, driven by good performance in South America. ARPU at the end of 2013 was $8.0.

At the end of 2013 over ten million customers, 20.2% of our customers, were using data services. 8.5% of our customers were upgraded to data services during 2013.

Our EBITDA margin before corporate cost for the full year 2013 was 36.5%, 6.4ppt lower than the prior year. Underlying EBITDA margin before corporate cost, excluding Online and one-offs was 39.2%, in line with our guidance of around 40%. The margin is evolving as a result of the investments to build the foundations for future growth in our strategic pillars, and regulatory and pricing pressure in many markets. We expect the EBITDA margin to stabilise in the mid-30s in 2014 after corporate costs, as we continue investments for growth and grow further in lower-EBITDA business areas, such as Cable & Digital Media and Mobile Financial Services.

Net finance costs

Net finance costs, which include interest expense, net of interest income, increased by 23% for the year ended December 31, 2013 to $253 million from $206 million for the year ended December 31, 2012. This increase was mainly due to our higher level of indebtedness for the year ended December 31, 2013 compared to the year ended December 31, 2012.

Other non-operating income/expenses, net

Other non-operating expenses/income, net were expenses of $132 million for the year ended December 31, 2013. Other non-operating expenses/income, net were income of $22 million for the year ended December 31, 2012. This variation is mainly due to a change in carrying value of the Honduras put option for $62 million, a change in fair value of derivatives of $19 million and net exchange losses of $50 million.

Charge for taxes

The charge for taxes decreased by 54% year-on-year to $182 million for the year ended December 31, 2013, from $393 million for the year ended December 31, 2012, due primarily to a decrease in profit before tax. The charge for tax includes deferred tax which amounted to positive $92 million for the year ended December 31, 2013, from negative $67 million for the previous year and impacted by the recognition of a deferred tax asset of $79 million on losses brought forward in Luxembourg. The current charge for tax was $274 million for the year ended December 31, 2013 from a charge of $326 million for the previous year, impacted by the profit from tax decrease and the effective tax rate, which increased to 47% for the year ended December 31, 2013 from 44% for the year ended December 31, 2012.

Net profit

As a result of the foregoing, net profit for the year ended December 31, 2013 was $205 million compared to a net profit of $504 million for the year ended December 31, 2012.

Capex

In 2013 we invested 24% of our revenue, or $1,226 million, in Capex (including spectrum and licences). Most of the Capex was directed at increasing coverage and capacity and to upgrade our networks, as well as upgrading our IT and billing platforms. In the year, we spent $201 million on spectrum, in Bolivia, Guatemala, and Paraguay and on new licences and licence renewals in Colombia and Honduras.

Cash flows

Our cash flow generation in 2013 was reduced in an intense investment year to $497 million. Operating free cash flow represented 10% of our revenue in 2013.

For the year ended December 31, 2013 cash provided by operating activities was $1,210 million compared to $1,585 million for the year ended December 31, 2012. Lower profit before tax in 2013 and a lower change in working capital were the main factors.

Cash used in investing activities was $2,020 million for the year ended December 31, 2013 compared to $1,141 million for the year ended December 31, 2012. The increase in cash used in investing activities was mainly attributable to higher investments in spectrum and licences and from the bond proceeds to finance the UNE transaction kept in interest bearing short term deposits for $800 million.

Cash provided from financing activities was $576 million for the year ended December 31, 2013 compared to cash used of $133 million for the year ended December 31, 2012. The increased cash used for financing activities for the year ended December 31, 2013 was mainly as a result of the bond proceeds to finance the UNE transaction kept in interest bearing short-term deposits for $800 million.

The net decrease in cash and cash equivalents for the year ended December 31, 2013 was $233 million compared to an increase of $313 million for the year ended December 31, 2012. We had closing cash and cash equivalents of $941 million as of December 31, 2013 compared to $1,174 million as of December 31, 2012.

Debt

Millicom Group gross debt at the end of 2013 stood at $4.2 billion, up $0.9 billion from year end 2012. Most of the debt increase was incurred as we prepared for the merger in Colombia with UNE. Debt at the corporate level amounted to close to $1.8 billion at YE2013, of which $0.8 billion was in escrow pending closing of the UNE transaction in Colombia. At the end of Q4 2013, 71% of gross debt was at fixed interest rates, reducing our exposure to interest rate volatility. At the end of Q4 2013, 60% of Group gross debt was in bonds and 32% from bank financing which allowed us to extend average maturities to 4.8 years.

Millicom net debt reached $2.3 billion, versus $2 billion at the end of 2012. Net debt to EBITDA (after corporate costs) at the end of 2013 was 1.4x, up from 1.0x at December 31, 2012. We expect our Group leverage to rise as we close the transaction in Colombia, and our priority will be reducing this towards the lower end of our target range of 1-2x Net Debt/EBITDA (after corporate cost).

At December 31, 2013, Millicom had $1.8 billion of cash, of which $0.8 billion related to the Millicom bond issuance held in escrow pending closing of the transaction with UNE in Colombia. Approximately $0.7 billion of Millicom's unrestricted cash of $0.9 billion was denominated in either $US or Euro.

Dividends

In 2013, we returned $264 million to shareholders through dividends. Our dividend policy is to pay out no less than $2 per share and at least 30% of normalised net income. We aim as well for a progressive growth in dividend. In 2014 and as our leverage will increase as we complete the merger in Colombia, the Board will propose to the AGM the payment of a stable dividend.

Key financials by region[1]

Central America

Revenue in Central America totalled $1,884 million in 2013. Our Central American business continued to be very competitive throughout the year, and we were hit both by regulatory changes and overall challenging macroeconomic climate.

EBITDA for the year was $858 million and the EBITDA margin was 45.6%, down 4.8 ppt year-on-year, partly due to regulatory impact and increased subsidies to drive smartphone intake. Capex in 2013 amounted to $284 million or 15% of revenue, including $12 million for spectrum in Honduras. Cash generation continued to be strong, with OFCF of $438 million or 23.2% of revenue.

[1] All regional figures exclude Online.

Central America key financials

	2013	2012	% change
Mobile customers (m)	**15.8**	15.6	1.3%
Mobile and MFS ARPU ($)	**10.1**	11.2	(2.8%)
Revenue ($m)	**1,884**	1,901	(0.9%)
EBITDA ($m)	**858**	958	(10.4%)
EBITDA margin %	**45.6%**	50.4%	(4.8ppt)
Capex ($m)	**(284)**	(296)	(4%)
OFCF ($m)	**438**	528	(17%)
OFCF margin %	**23.3%**	27.8%	(4.5ppt)

Investment in Capex

$1.2bn

Return to shareholders through dividends

$264m

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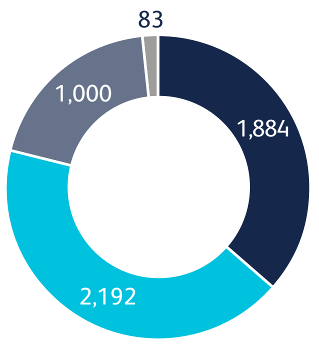
Revenue per region (US$m)



Mobile data penetration in Africa

15.2%

at the end of 2013, compared to 7.7% in 2012

South America

South America was again our strongest performing region in 2013. Reported revenue grew by 14% in 2013 to $2,192 million, with Colombia in particular performing strongly. EBITDA reached $805 million, up 6%, and the EBITDA margin was 36.7%, declining 2.6ppt as we continued to invest in handset subsidiaries to drive higher mobile data penetration.

We invested $588 million, or 26.7% of revenue in Capex in South America during the year, from which $189 million in spectrum and licences in Bolivia and Colombia. OFCF in South America was $57 million, or 2.6% of revenue.

South America key financials

	2013	2012	% change
Mobile customers (m)	**13.8**	12.7	8.7%
Mobile and MFS ARPU ($)	**11.7**	12.8	(8.6%)
Revenue ($m)	**2,192**	1,926	13.8%
EBITDA ($m)	**805**	757	6.3%
EBITDA margin %	**36.7%**	39.3%	(2.6ppt)
Capex ($m)	**(588)**	(373)	57%
OFCF ($m)	**57**	393	(85%)
OFCF margin %	**2.6%**	20.4%	(17.8ppt)

Africa

Revenue in Africa grew in 2013 by 2.7% to $1,000 million. Increasing revenue is a good first sign that our turnaround strategy for the region is starting to have impact. EBITDA reached $279 million, down 22%, and the EBITDA margin was 27.9% down 9.0ppt year-on-year. We expect margins in Africa to remain under pressure as we execute on our turnaround strategy and focus on increasing coverage, capacity and brand visibility.

Capex in Africa amounted to $333 million in 2013 or 33% of revenue as we continued our investments in network coverage, 3G and value added services. Cash generation in Africa in 2013 was $76 million or 7.6% of revenue.

Africa key financials

	2013	2012	% change
Mobile customers (m)	**21.0**	18.9	10.8%
Mobile and MFS ARPU ($)	**4.0**	4.4	(9.1%)
Revenue ($m)	**1,000**	974	2.7%
EBITDA ($m)	**279**	359	(22.3%)
EBITDA margin %	**27.9%**	36.9%	(9.0ppt)
Capex ($m)	**(333)**	(430)	(22.5%)
OFCF ($m)	**76**	85	(10.6%)
OFCF margin %	**7.6%**	8.6%	(1.0ppt)

Financial performance in strategic pillars by region

In 2013 we focused on setting the foundations for future growth in new areas, while maintaining strong momentum in the mobile business. Regulatory pressure on our business was stronger than in past years, but we more than offset its revenue impact through innovative offerings in Mobile, Cable & Digital Media, MFS and Online.

Mobile: return to mid-single digit growth

Overall, our Mobile business proved resilient in the year with revenues of $4.2 billion despite strong regulatory headwinds, returning to 5.5% local currency growth in Q4 from virtually flat growth figures at the start of the year. Removing the impact of regulatory pressure, which was still significant in the last quarter of the year, our mobile growth would have reached 7.4%.

Significantly, our voice and SMS mobile business grew 1.1% in the fourth quarter in local currency (3.6% excluding regulatory pressures), a marked improvement versus previous quarters on the back of strong net additions again in South America and Africa.

Our total mobile customer base grew 7% in the year to 50.6 million. In 2013, we managed to upgrade 3.9 million customers to mobile data, 8.5% of our YE2012 mobile customer base. Steady growth in data customers enabled us to consistently grow 28-30% in mobile data in local currency over the year.

We continued to innovate with new value-added services in the entertainment and solutions categories. Lend me balance and ring-back tone products were again the most popular across our footprint. ARPU in these categories was negatively impacted in the year due to transparency initiatives to stop automatic renewals of subscriptions. We believe these initiatives will increase brand trust going forward.

Group mobile ARPU in Q4 2013 was $8.0. The ARPU decline that we have seen in the past two years was slowing down as the year progressed and mobile data revenues offset regulatory impact and dilution from new customer net-adds. In Q4 2013, ARPU decline slowed down to 1.3%, compared to 2.7% decline in the previous quarter.

Central America

Central America was particularly affected by interconnection rate cuts, as the biggest cuts took place in Honduras, where our market share is particularly high. Coupled with the general macroeconomic environment, converting customers to data was more challenging in the region compared to others. Customer additions were also impacted by reclassification of customers between the mobile and fixed telephony units, reducing customers by 284,000 in El Salvador in Q1 and Q2. We added 200,000 new customers in the year, bringing the total at year end to 15.8 million.

Mobile data penetration in Central America was 20.1% at the end of 2013, up from 15% in 2012. We expect data penetration to pick up as smartphones move towards lower price brackets. Mobile ARPU was 2.8% lower than last year.

South America

In South America mobile customer numbers grew steadily by 8.7% ending the year at 13.8 million. Similarly to El Salvador, clean-up of the customer base in Bolivia reduced customer additions in the first half of the year. Mobile ARPU was down by 2% in South America, in local currency mainly due to regulatory pressures.

Mobile data users were growing strongly in the region as smartphone prices came down and we continued to offer relevant services, such as Facebook in Guarani, the local language in Paraguay. Data penetration in South America grew to 27.8% by the end of 2013, up 7.8ppt from 2012. Smartphone penetration grew strongly through handset subsidies, reaching 27% in Colombia at the end of the year, and 20% for the region. We also invested strongly in the capacity of our networks to respond to the spike in data users in all of South America. Capex for the region increased to $588 million.

Africa

Mobile customer numbers grew the most strongly in Africa in 2013, by two million, or 11%, reaching nearly 21 million customers at the end of the year. This is despite SIM card registration requirements slowing down additions in Tanzania, particularly in Q3 2013. Ghana customer numbers returned to growth last seen two years ago with net additions exceeding 100,000 in Q2 alone.

Mobile ARPU in Africa declined slightly year on year to $4 at the end of 2013, but remained resilient towards the end of the year, likely due to increase in VAS and data revenues. The erosion in ARPU was expected for the year, as we extended coverage of our services to new lower ARPU regions. Price competition in Africa stabilised somewhat in the year, which in turn slowed down ARPU decline.

Like in other regions, mobile data penetration in Africa grew strongly in the year and stood at 15.2% in Q4 2013 compared to 7.7% in 2012. We invested significantly in 3G in Africa during 2013, which is testimony to our ambitions for voice and data growth in the region. We also continued to convert more people to use different value-added services, with social networking on USSD and different audiotainment solutions being the most popular.

Cable & Digital Media: focus on homes passed and cross-selling

Our Cable & Digital Media business yielded steady organic growth in the year, with revenue totalling $446 million for 2013, up 10% year-on-year. We increased homes passed to 2.5 million by the end of the year with 42% of our Pay-TV customers also purchasing high speed broadband internet services from us in Q4. Residential cable ARPU was $34.7 at the end of 2013.

In the last quarter of the year, our Cable business launched our first in-house channel, Tigo Sports, in Paraguay. First of its kind in the country to offer 24/7 live sports coverage, the channel will bring exclusive sports events and original programming to the country. We look to launch the channel in other markets in 2014, initially in Costa Rica and El Salvador. In 2014, our cable content offering will be brought under an umbrella brand of "Tigo Star" as we will seek to differentiate by bringing the latest, unique content to our customers.

Central America

At the end of 2013, we had 1.9 million homes passed in Central America. In Central America, residential cable revenues were under pressure as the overall macroeconomic situation affected the purchasing power of consumers, and due to increasing price competition in our main markets of Costa Rica and El Salvador.

Our channel offering in Central America continues to be the widest in the region, with 35 channels at the end of the year. We have been pushing customers to upgrade to High Definition TV, with penetration doubling in Costa Rica in the year. We also launched "video on demand" in Costa Rica and El Salvador at the end of 2013.

Business services, particularly for broadband internet and fixed telephony, grew better overall, with double digit growth in Costa Rica.

Residential cable ARPU at the end of 2013

$34.7

per month

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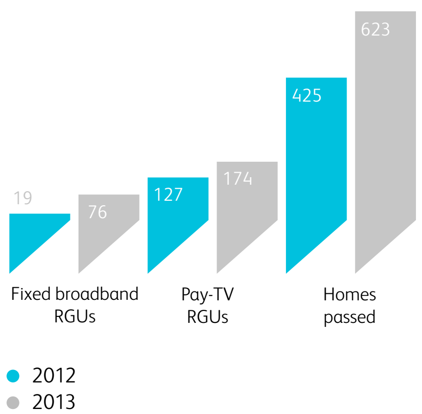
Penetration of our Mobile Financial Services grew by

50%

in 2013 vs 2012

Cable RGUs in our Latin American operations



Cable & Digital Media KPIs Central America

	2013	2012
Homes passed	**1,909**	1,682
Pay-TV RGUs	**595**	558
Fixed broadband RGUs	**248**	219

South America

At the end of 2013, we had 623,000 homes passed in South America, mostly in Paraguay from our 2012 acquisition of Cablevision, which brought us to a strong position in the Cable segment in the country. In 2013, we purchased exclusive rights to the Paraguayan football league and in December launched our first Tigo Sports operation in Paraguay.

In Bolivia we acquired the broadcaster Multivision in November 2013. We also applied for further DTH licences in Latin America to broaden our reach and continue to diversify our product offering.

In an important step toward expanding our cable footprint in South America, in Q1 we entered into Q1 negotiations with EPM (Empresas Publicas de Medellin) to combine EPM's telecommunications and cable business, UNE, with Tigo Colombia. With a very complementary geographical strongholds and product offerings, the merged company is expected to bring a true digital lifestyle player to Colombia. We signed the final agreement with EPM on the proposed merger in October 2013, and expect the regulatory approvals for the merger during the first half of 2014.

Millicom and EPM have identified cost and Capex synergies equivalent to a net present value of over $600 million (after integration costs). The costs and Capex savings are expected to be essentially derived from network and IT integration and procurement efficiencies.

On a pro forma basis, in 2012 the combined company would have had revenues of $2,009 million and EBITDA of $531 million in 2012. Free Cash flow generation in 2012 would have been $185 million.

Cable & Digital Media KPIs South America

	2013	2012
Homes passed	**623**	425
Pay-TV RGUs	**174**	127
Fixed broadband RGUs	**76**	59

Mobile Financial Services: increasing penetration

Penetration of our Mobile Financial Service grew by 50% in 2013 versus 2014, exceeding 15% of our mobile customer base in the markets where the service has been launched, and 12.4% for the total Group. Revenue for the MFS business totalled $79 million for 2013, up 98% over 2012. MFS contributed 14% to recurring revenue growth in 2013.

ARPU in MFS was $1.35 at the end of the year, up 3.2% and was on a growing trend through the year, well on the way to our target of $2 by 2017. It has been encouraging to see the ARPU resilient and growing despite the strong new customer adds. MFS customers totalled 6.3 million at the end of 2013.

Central America

In Central America, creating the market for MFS has been more challenging due to lack of competition, meaning we alone have been educating consumers and marketing the benefits of the product. However, towards the end the year penetration significantly accelerated in El Salvador where we passed the important 10% penetration mark, ending at 11.4% at end of the year. It is our most successful market in Central America so far.

By the end of 2013, we had a total of 892,000 MFS customers, with an ARPU of $0.66. Most of the transactions in Central America still evolve around remittances and simple money transfers. Going forward we are looking to introduce customers to bill, peer-to-peer and merchant payments.

South America

Penetration growth in MFS remained very solid in Paraguay, our leading market in the region. At the end of Q4, 31.8% of our customers were using the service. We launched MFS in Bolivia in 2013 and first signs are positive, although as an only provider with a strict regulatory framework, it is likely the ramp up period is longer than in markets in Africa. We do not provide MFS in Colombia.

MFS ARPU in South America was $1.90 at the end of the year, up 3.2% from the previous year and nearly 1.3 million customers were using the service.

Africa

Africa has been the birthplace of MFS, and the service continues to thrive there. Penetration in our number one market of Tanzania reached 45.6% of our customer base by the end of 2013. Rwanda was our second most penetrated MFS market by the end of December, with 37.1% of our mobile customers being active users of MFS. Chad, which launched only in 2013, has reached 9.6% penetration at the end of the year and in Ghana 8.4% of our customers were using the service. In DRC penetration in the customer base is lower, particularly due to the high customer intake in the year as we re-entered the Kivu region. We will launch MFS in Senegal in 2014.

MFS ARPU in Africa was $1.29 at the end of 2013, up 11% compared to one year ago. Most of our MFS customers are in Africa, with well over four million people using the service at the end of the year.

In Africa, we have expanded our portfolio of services significantly by pushing for more merchants to accept Tigo Cash as a mode of payment to various bill payment options and disbursement of civil servant salaries in DRC. In Africa we also partnered with the World Food Program and Action Contre la Faim to distribute significant amounts of aid to recipients via Tigo Cash.

Millicom piloted in November 2013, and launched in 2014, the world's first international MFS service featuring integrated currency conversion. This pioneering service has been launched in Rwanda and Tanzania and enables individuals and businesses to make simple cross-border transactions from their handsets without needing to go to a bank or specialist provider.

MFS KPIs Q4 2013

	Central America	South America	Africa
MFS ARPU ($)	**0.66**	**1.90**	**1.29**
MFS RGUs ('000)	**892**	**1,292**	**4,093**

MFS KPIs Q4 2012

	Central America	South America	Africa
MFS ARPU ($)	0.91	1.84	1.16
MFS RGUs ('000)	303	902	2,731

Online: new launches, markets and partnerships

In 2013, the Online division generated revenue of $83 million and EBITDA losses of $61 million, in line with previously revised guidance. As anticipated, growth accelerated in the fourth quarter, while losses remained under control. By the end of the year, Online ventures had been launched in 22 countries.

Changes in the agreements with AIH and LIH mean that in 2014, the Online division will be equity accounted for as Millicom's share of the results of the division, compared to full consolidation previously.

Africa

We continued to see strong demand for Online services in Africa, with particularly Jumia and Zando improving their performance in the year. We introduced payment with Tigo Cash for the HelloFood ordering service in Senegal and Rwanda, and Kaymu for Rwanda and Tanzania.

In December we welcomed MTN to our online ventures in Africa. We expect the new partnership to strengthen the venture as a result of the complementary footprint of Millicom and MTN businesses in Africa. Upon closing of the transaction each partner will own one third of the business. The new set-up is likely to accelerate the launches and take-up of services, and will ensure that the African ventures are now fully funded until the expected break-even.

Latin America

Particularly on the e-commerce side of the business, and flagship services such as Kanui and Tricae, the focus is on the Brazilian market. While growth was strong in the year, we saw significant impact from the currency movements of the Brazilian real. We sought new synergies to push services where we saw strong initial pick up, such as pre-installing applications offering specific Tigo data plans to recruit taxi drivers to take on the Easy-Taxi app.

Our partnership with Rocket Internet in Latin America was partially amended at the end of the year. In the amended agreement a path to control remains in place where the final call option needs to be exercised by September 2016 but no earlier than one year after the second option is exercised. As a consequence the Online business in Latin America will be equity accounted for as Millicom's share of the results of the division in the beginning of 2014, compared to full consolidation previously.

Penetration of MFS in Chad, 10 months after the launch

9.6%

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Chairman's introduction

Millicom continued to execute its strategy through a commitment to customers and quality of products, organic and acquisitive growth, and focus on cost control. As a Board, it is exciting and rewarding to support Millicom execute on its plan.

It is pleasing to see the evolving role of the Company and the many positive impacts this has on our customers, the societies which we are part of, and the many people who work hard for Millicom to make this happen. As Chairman of the Board it is a privilege to preside over this organisation and together with my fellow Directors provide guidance and direction over these activities.

2013 has been another year of development for Millicom, and I would like to thank the members of the Board for their service until May 2013, especially the outgoing members, Ms. Donna Cordner, and Mr. Anders Kronborg, and to those who have continued to serve the Company since then.

In 2013, we also welcomed new members to the Millicom Board. I believe the current composition brings strong individual credentials and experience complementing well the skills of the Company's management, and importantly reflecting the current strategic direction of the Company.

During the year, the Board and its various committees convened on more than 20 occasions, and expanded our hands-on knowledge of the business with a visit to Rwanda and participating in the Capital markets day investor event in London. During these meetings, calls and visits we interact with many members of the Millicom team. We see this as a key way in which we can provide effective oversight and enhance our roles as governors of the business.

Allen Sangines-Krause
Chairman of the Board

Board meetings

Board meetings in 2013

During the 2013 financial year, the Board convened six times at different locations in Europe and once in Millicom operations in Rwanda. In addition, six telephone conference meetings were held. The average attendance rate at the meetings was above 95%. The main topics handled by the Board were:

– Review and approval of financial reports.
– Review and follow-up of corporate governance.
– Treasury including financing and cash management.
– Human resource matters, including talent management, succession planning and remuneration guidelines.
– Strategy review, including review of growth opportunities, product portfolio, business model challenges and marketing strategies.
– Review and approval of the UNE merger transaction.
– Several matters regarding acquisition and divestment opportunities and participation in licence auctions or tenders.
– Review of 2014 budget.
– Self-evaluation of the Board and evaluation of the CEO.
– Auditors' report and corporate sustainability matters.

The activities in 2013 of the various committees are presented on page 56.

Governance framework

Millicom International Cellular S.A. is a public liability company (société anonyme) governed by the Luxembourg law of August 10, 1915 on Commercial Companies (as amended), incorporated on June 16, 1992, and registered with the Luxembourg Trade and Companies' Register (Registre du Commerce et des Sociétés de Luxembourg) under number B 40 630.

The articles of incorporation of Millicom define its purpose as follows: "to engage in all transactions pertaining directly or indirectly to the acquisition and holding of participating interests, in any form whatsoever, in any Luxembourg or foreign business enterprise, including but not limited to, the administration, management, control and development of any such enterprise."

Millicom's shares are listed on the NASDAQ OMX exchange in Stockholm in the form of Swedish Depository Receipts. Accordingly, Millicom's Corporate Governance Framework is primarily based on Luxembourg and other EU legislation, the listing requirements of NASDAQ OMX Stockholm, the Swedish Code of Corporate Governance and good stock market practice. Within these frameworks, the Board of Directors has developed and continuously evaluates internal guidelines and procedures, as further described below, to ensure quality and transparency of corporate governance practices within Millicom.
The Company has applied the Swedish Code of Corporate Governance ("the Swedish Code") from May 30, 2011, the date on which it moved its primary listing to the NASDAQ OMX exchange in Stockholm and delisted from the NASDAQ exchange in the US (full deregistration from NASDAQ in the US occurred on October 12, 2012).

Compliance with the Swedish corporate governance code

The Code has been applied by Millicom since May 30, 2011. Millicom is committed to complying with best-practice corporate governance on a global level wherever possible. Millicom applies home state rules or deviate in relation to the Code in the following areas: Shareholder meetings are held in Luxembourg in accordance with Luxembourg law and the Company's Articles of Association. Shareholder meetings are held in the English language and meeting material is available in English only. Shareholder meeting minutes are signed by the meeting Chairman, Secretary and Scrutineer in accordance with Luxembourg law. Luxembourg law and the Company's Articles of Association do not specify the language used at shareholder's meetings. The Company's investor base is international and the Company considers English to be the best language in which to communicate with its shareholders.

With regard to share-related incentive programs, the Code (Article 9.8) states that the vesting period or the period from the commencement of an agreement to the date for acquisition of shares is to be no less than three years. The Company's programme for variable remuneration related to the deferred restricted share plan vests with 16.5% after 1 year, 16.5% after 2 years, and 67% after 3 years. Most of the award vests at the end of year 3, but some also vest at the end of year 1 and 2. This plan applies to a wide range of employees, including younger executives and the Company believes that this vesting schedule ensures alignment between the interests of the Company's shareholders and its employees.

Corporate governance in practice

Allocation and delegation of Board responsibilities

The Board has a protocol that divides work between the Board and the President and Chief Executive Officer ("the CEO"), and there are also work procedures for each of the Board committees. Further details on the roles and activities of the various committees are set out later in this section.

The main task of the Board committees (Audit, Compensation and Corporate Responsibility) is to work on behalf of the Board within their respective areas of responsibility. From time to time, the Board delegates authority to an "ad hoc" committee so that it may resolve a specific matter on its own without having to go before the full Board for approval.

Evaluation of performance

The Board carries out a self-assessment of its performance and the performance of each individual Board member. The Board also evaluates the performance of the CEO each year.

Corporate policy manual

The Board has adopted several corporate policies on governance including ethics and conduct, corporate responsibility, human resources, and accounting policies as well as and other matters. These policies are collected in a Corporate policy manual. Regional policies that are more stringent or detailed than those set out in the Corporate policy manual are adopted as necessary. The Company's Code of Ethics is a part of the corporate policy manual. All Directors, senior executives, management and employees must sign a statement acknowledging that they have read, understood and will comply with the Code of Ethics.

Millicom's governance position papers, codes of conduct, code of ethics, annual Corporate Governance report and terms and conditions for the Swedish Depositary

Annual General Meeting

Millicom held its 2013 Annual General Meeting of Shareholders on May 28, 2013 in Luxembourg.

The AGM decided on the following issues, among others:

– Re-election of Ms. Mia Brunell Livfors, Mr. Allen Sangines-Krause, Mr. Paul Donovan, Mr. Omari Issa and Mr. Kim Ignatius as Non-executive Directors;
– Appointment of Mr. Ariel Eckstein, Mr. Lorenzo Grabau and Mr. Alejandro Santo Domingo as new Directors;
– Re-election of Mr. Allen Sangines-Krause as Chairman of the Board of Directors;
– Approval of the consolidated financial statements for the year ended December 31, 2012, allocation of results and distribution of a $2.64 dividend per share;
– Approving of the Directors' compensation, amounting to SEK 7,726,000 for the period from the AGM to the 2014 AGM.
– Re-election of Ernst & Young S.à.r.l., Luxembourg as the external auditor;
– Approving of the procedures for the Nomination Committee;
– Approval of the proposal to set up a Charity Trust.

The 2014 AGM will take place in Luxembourg on May 27, 2014 at 10:00 a.m. (Central European Time).

Corporate Governance continued

Receipts are available on its corporate website www.millicom.com.

Internal control environment

Following the voluntary deregistration from NASDAQ in the United States, Millicom implemented processes to migrate from the requirements of the Sarbanes Oxley Act (SOX) and further improve the effectiveness and efficiency of its internal controls, aligned with the COSO 2 internal control framework. Within this framework, controls are performed by operational and functional management, and regularly reviewed in the framework of two complementary Group processes: audit of internal control practices in Millicom entities to ensure consistency with the principles and rules defined by the Group, and; global review of internal control systems in the Group based on materiality of related risks. This work is led by the Internal Audit & Control department, with reporting to and oversight by the Audit Committee of the Board.

The management of Millicom is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union. Due to its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements.

Management has assessed the effectiveness of Millicom International Cellular S.A. internal control over financial reporting as of December 31, 2013. In making its assessment, management has utilised the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework. Management concluded that based on its assessment, Millicom International Cellular S.A. internal control over financial reporting was effective as of December 31, 2013.

Annual General Meeting and other General Meetings

General meetings of shareholders are convened after the publication of a convening notice in the Luxembourg Official Gazette and in a Luxembourg newspaper. The Board of Directors sets the formalities to be observed by each shareholder for admission to the general meeting in the convening notice, as required by article 18 of the Articles of Incorporation.

Annual General Meeting (AGM)

An AGM is convened every year on the last Tuesday of May in the Grand-Duchy of Luxembourg at the registered office of the Company, or at another place as specified in the notice convening the meeting. If that day is a public holiday, the meeting is held on the next business day. The Chairman of the AGM is elected by the shareholders.

Other General Meetings

Other general meetings are convened by the Board of Directors of the Company if requested by shareholders representing at least ten per cent (10%) of the Company's issued share capital.

There were no other general meetings during 2013.

Directors

The Company is administered by a Board of Directors composed of at least 6 (six) members. Members of the Board of Directors need not be shareholders of the Company.

The Directors and the Chairman of the Board of Directors are elected by the shareholders' meeting, which will determine the number, and period of service (not exceeding six years). Directors hold office until their successors are elected.

Restrictions on voting – No contract or other transaction between the Company and any other person shall be affected or invalidated by the fact that any Director, officer or employee of the Company has a personal interest in, or is a director, officer or employee of such other person, except that (x) such contract or transaction shall be negotiated on an arm's length basis on terms no less favourable to the Company than could have been obtained from an unrelated third party and, in the case of a Director, the Director shall abstain from voting on any matters that pertain to such contract or transaction at any meeting of the Board of Directors of the Company, and (y) any such personal interest shall be fully disclosed to the Company by the relevant Director, officer or employee.

In the event that any Director or officer of the Company may have any personal interest in any transaction of the Company, the Director shall make known to the Board such personal interest and shall not consider or vote on any such transaction, and such transaction and such director's or officer's interest therein shall be reported to the next general meeting of shareholders.

Compensation and nomination – decisions on annual remuneration of Directors ("tantièmes") is reserved by the articles of incorporation to the general meeting of shareholders. Directors are therefore prevented from voting on their own compensation. However, Directors may vote on the number of shares they may be allotted under any share based compensation scheme.

The Nomination Committee makes recommendations for the election of Directors to the AGM. At the AGM, shareholders may vote for or against the Directors proposed or may elect different Directors. The Nomination Committee reviews and recommends the Directors' fees which are approved by the shareholders at the AGM.

Director remuneration (i)

	2013 US$ '000(ii)	2012 US$ '000(iii)
Mr. Allen Sangines-Krause	**190**	210
Mr. Kim Ignatius	**130**	144
Ms. Mia Brunell Livfors	**96**	103
Mr. Paul Donovan	**110**	121
Mr. Omari Issa	**110**	125
Mr. Lorenzo Grabau (since May 2013)	**110**	–
Mr. Alejandro Santo Domingo (since May 2013)	**90**	–
Mr. Ariel Eckstein (since May 2013)	**96**	–
Ms. Donna Cordner (until May 2013)	**–**	121
Mr. Dionisio Romero Paoletti (until May 2013)	**–**	98
Mr. Anders Kronborg (from December 2012 until May 2013)	**–**	58
Mr. Hans Holger Albrecht (until July 2012)	**–**	17
Total	**932**	997

(i) Cash compensation converted from SEK to USD at exchange rates on payment dates for each year, net of 20% witholding tax.
(ii) For the period from May 29, 2013 to May 27, 2014
(iii) For the period from May 29 , 2012 to May 28, 2013

The remuneration of Directors comprises an annual fee. Director remuneration is proposed by the Nomination Committee and approved by the shareholders at the Annual General Meeting of Shareholders as follows and as adjusted for length of service.

Borrowing powers – Directors generally have unrestricted borrowing powers on behalf of and for the benefit of Millicom.

Time and Age limit – no age limit exists for being a Director of Millicom. Directors could be elected for a maximum period of six years, but are generally elected annually.

Share ownership requirements – Directors need not be shareholders in Millicom.

Shareholders

Treasury (Own) Shares

At December 31, 2013 Millicom held 1.9 million treasury shares (2012: 2.2 million) having acquired 44,000 shares during the year and issued 315,000 shares.

Changes in shareholders' rights

In order to change the rights attached to the shares of Millicom, a general meeting of shareholders must be duly convened and held before a Luxembourg notary, as under Luxembourg law such change requires an amendment of the Articles of Incorporation. A quorum of presence of at least 50% of the shares present or represented is required at a meeting held after the first convening notice and any decision must be taken by a majority of two thirds of the shares present or represented at the general meeting. Any change to the obligations attached to shares may be adopted only with the unanimous consent of all shareholders.

Limitation on securities ownership

There are no limitations imposed under Luxembourg law or the articles of incorporation on the rights of non-resident or foreign entities to own shares of Millicom or to hold or exercise voting rights on shares of Millicom.

Disclosure of shareholder ownership

As required by the Luxembourg law on transparency obligations of January 11, 2008 (the "Transparency Law"), any person who acquires or disposes of shares in Millicom's capital must notify Millicom's Board of Directors of the proportion of shares held by the relevant person as a result of the acquisition or disposal, where that proportion reaches, exceeds or falls below the thresholds referred to in the Transparency Law. As per the Transparency Law, the above also applies to the mere entitlement to acquire or to dispose of, or to exercise, voting rights in any of the cases referred to in the Transparency Law. As per the Articles of Association, the requirements of the Transparency Law also apply where the mentioned proportion reaches, exceeds or falls below a threshold of 3%.

Shares and dividends

Equity and dividends

Holders of Millicom common shares are entitled to receive dividends proportionately when and if declared by the Company's Board of Directors, subject to Luxembourg legal reserve requirements and the approval of its shareholders at general meetings. Millicom paid its first cash dividend to its shareholders in 2008. In the past, Millicom retained any earnings for use in the operation and expansion of its business.

On February 11, 2014, Millicom announced that the Board would propose to the AGM a dividend distribution of $2.64 per share to be paid out of Millicom's retained profits at December 31, 2013.

Freely negotiable shares

Rights attached to the shares – Millicom has only one class of shares, common shares, and each share entitles its holder to:

- One vote at the general meeting of shareholders,
- Dividends out of distributable profits when such distributions are decided, and
- Share in any surplus left after the payment of all the creditors in the event of liquidation. There is a preferential subscription right under any share or rights issue for cash, unless the Board of Directors restricts the exercise thereof.

Nomination Committee

The Nomination Committee is responsible for preparing proposals for the election of Directors of the Board, Chairman of the Board and the external auditor, in the case that an auditor should be elected, and their remuneration, as well as a proposal for the Chairman of the Annual General Meeting. On May 28, 2013, the Shareholders decided on the procedure to appoint the members of the Nomination Committee, in accordance with the Swedish Code of Corporate Governance. As result during October 2013 a Nomination Committee of major shareholders was formed in consultation with the larger shareholders of the Company as at September 30, 2013. The Nomination Committee consists of at least three members, with a majority representing the larger shareholders of the Company. The Nomination Committee met three times in 2013.

Members

Cristina Stenbeck (Chair) (on behalf of Investment AB Kinnevik)
Annika Andersson (on behalf of Swedbank Robur funds)
Mathias Leijon (on behalf of Nordea funds)

Redemption of shares – Millicom's Articles of Incorporation provide for the possibility and set out the terms for the repurchase by Millicom of its own shares. Any repurchase is at Millicom's discretion. The Company may repurchase its shares of common stock using a method approved by the Board of Directors of the Company in accordance with Luxembourg law and the rules of the stock exchange(s) on which the Company's common stock may be listed from time to time.

Sinking funds – Millicom shares are not subject to any sinking fund.

Liability for further capital calls – all of the issued shares in Millicom's capital are required to be fully paid up. Accordingly, none of Millicom's shareholders are liable for further capital calls.

Principal shareholder restrictions – there are no provisions in the Articles of Incorporation that discriminate against any existing or prospective holder of Millicom's shares as a result of such shareholder owning a substantial number of shares.

Treasury (own) shares

At December 31, 2013 Millicom held 1.9 million treasury shares (2012: 2.2 million) having acquired 44,000 shares during the year and issued 315,000 shares.

Changes in articles of incorporation

Unless otherwise required under Luxembourg law, an extraordinary general meeting must be convened to amend any provisions of the Articles of Association.

Equal treatment of shareholders and transactions with related parties

The table below sets out certain information known to Millicom as at February 28, 2014, unless indicated otherwise, with respect to beneficial ownership of Millicom common share, par value $1.50 each, by:

- Each person who beneficially owns more than 5% of Millicom common stock, and
- Significant related parties to Millicom.

Shareholder	Number of shares	Percentage
Investment AB Kinnevik	**38,559,080**	37.9%
Dodge & Cox	**7,241,180**	7.1%
Stenbeck Family	**195,053**	0.2%

Except as otherwise indicated, the holders listed above ("holders") have sole voting and investment power with respect to all shares beneficially owned by them. The holders have the same voting rights as all other holders of Millicom common stock. For purposes of this table, a person or group of persons is deemed to have "beneficial ownership" of any shares as of a given date which such person or group of persons has the right to acquire within

Corporate Governance continued

60 days after such date. For purposes of computing the percentage of outstanding shares held by the holders on a given date, any security which such holder has the right to acquire within 60 days after such date (including shares which may be acquired upon exercise of vested portions of share options) is deemed to be outstanding, but is not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.

The Company conducts transactions with a number of related parties, including its principal shareholder, Investment AB Kinnevik ("Kinnevik") and its subsidiaries, tower companies in which it holds a direct or indirect equity interest in Ghana, DRC, Tanzania and Colombia, and with businesses owned or related to the other shareholders of our operating subsidiaries, notably in Guatemala, Honduras and Colombia. Transactions (including loans) with related parties are conducted on an arm's length basis.

Information and communications

The Company communicates with financial markets based on principles of openness and equal treatment of shareholders. All information distributed to shareholders is published on the Company's website.

The Company promptly submits all material press releases to the stock exchanges to which it has reporting obligations.

Takeovers

With reference to Article 11 of the Luxembourg Law on Takeover Bids there are no provisions in the articles of incorporation of Millicom that would have the effect of delaying, deferring or preventing a change in control of Millicom and that would operate only with respect to a merger, acquisition or corporate restructuring involving Millicom, or any of its subsidiaries. Luxembourg laws impose the mandatory disclosure of an important participation in Millicom and any change in such participation.

Auditor

The external monitoring of the operations of the Company is entrusted to one or more auditors who need not be shareholders.

The auditors will be elected by the shareholders' meeting by a simple majority of the votes present or represented at such meeting, which will determine their number, for a period not exceeding (6) six years. They will hold office until their successors are elected. They are re-eligible, but they may be removed at any time, with or without cause, by a resolution adopted by a simple majority of the shareholders present or represented at a meeting of shareholders.

Ernst & Young S.A., Luxembourg was elected as the external auditor of Millicom in 2013 for a term ending on the day of the 2014 AGM.

Board Committees

Kim Ignatius
Non-Executive Director

Audit Committee

Members	Attendance
Mr. Kim Ignatius (Chair)	100%
Mr. Paul Donovan	86%
Mr. Omari Issa	100%
Mr. Lorenzo Grabau	100%

The Audit Committee met seven times during 2013 (including two by phone) and Millicom's external auditors participated in each meeting.

What have we done during the year
- Review and approval of quarterly earnings releases
- Review and recommendation to the Board of approval of 2012 Annual Report
- Guidance, direction and assessment of significant financial activities during the year – financial and tax structuring and activities
- Review and recommendation of 2014 budget
- Guidance, direction and assessment of internal control, internal audit and risk functions
- Review of revenue assurance strategy
- Review of internal control environment and risk matrix
- Review of tax strategy

Millicom's Audit Committee is responsible for planning and reviewing the financial reporting process, the preparation of the annual and quarterly financial reports and accounts and the involvement of external auditors in that process. The Audit Committee focuses particularly on compliance with legal requirements, accounting standards, independence of external auditors, audit fees, the internal audit function, the fraud risk assessment, risk management and ensuring that an effective system of internal financial controls is in place. The ultimate responsibility for reviewing and approving Millicom's annual report and accounts remains with the Board.

The Committee comprises four Directors and convenes at least four times a year.

Allen Sangines-Krause
Chairman

Compensation Committee

Members	Attendance
Mr. Sangines-Krause (Chair)	100%
Ms. Brunell Livfors	100%
Mr. Eckstein	100%

In 2013 the Compensation Committee met three times.

What have we done during the year
- Recommendation of remuneration of Senior Executives, including the CEO
- Review of succession planning
- Review of long-term incentive programmes
- Review of bonus and performance calculations
- Review of remuneration structures in the company

Outcome
- Report on executive compensation and guidelines

The Compensation Committee reviews compensation of the CEO and other Senior Executives and makes recommendations to the Board of Directors and advises on management succession planning. The Board of Directors then proposes guidelines for Senior Management remuneration to shareholders for approval at the Annual General Meeting. The guidelines aim to ensure that Millicom can attract, motivate and retain executives, with the necessary skills, experience and talent in the context of a multinational provider of digital lifestyle services through mobile, cable and fixed line.

The Compensation Committee comprises three members.

Mia Brunell Livfors
Non-Executive Director

Corporate Responsibility Committee

Members	Attendance
Ms. Brunell Livfors (Chair)	100%
Mr. Omari Issa	100%

The CR Committee met once in 2013.

What have we done during the year
- Review of the Corporate Responsibility strategy
- Review of Millicom's first Corporate Responsibility report
- Review of proposal to form Millicom Foundation

Outcome
- Millicom published a CR Report separate from the 2012 Annual Report in 2013.

Our plan for 2014/2015
- Implement new Corporate Responsibility structure, including the Millicom Foundation

Millicom's Corporate Responsibility (CR) Committee has responsibility for overseeing and making recommendations to the Board regarding the management of corporate responsibility activities.

The CR committee convenes at least two times a year, and comprises two members.

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Board of Directors

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1. Kim Ignatius (1956)
Non-Executive Director
Mr. Kim Ignatius was elected to the Board of Millicom in May 2011. He is Chairman of the Audit Committee.

Skills and experience
Mr. Ignatius has held leadership positions from telecommunications and media to pharmaceutical and energy sectors. He brings to Millicom his operational experience at the executive level of listed companies and best practice in auditing and risk management.

Relevant background
Mr. Ignatius, a Finnish national, is the CFO of Sanoma Corporation, the European media group, which he joined in 2008. Previously, Mr. Ignatius was EVP and CFO of TeliaSonera AB until 2008 and EVP and CFO of Sonera Oyj between 2000 and 2002. Before joining Sonera, Mr. Ignatius was Group CFO and a member of the Executive Board of Tamro Oyj and worked for the Amer Group in a variety of finance and general management roles in both North America and Europe. He is currently on the Board of Fortum Corporation where he serves as Chairman of the Audit and Risk Committee. Mr. Ignatius graduated with a B.Sc. Economics from the Aalto University School of Economics in Helsinki.

Mr. Ignatius qualifies as independent of major shareholders as well as the Company and its management according to the Swedish Code of Corporate Governance.

Mr. Ignatius holds 500 Millicom shares.

2. Lorenzo Grabau (1965)
Non-Executive Director
Mr. Lorenzo Grabau was elected to the Board of Millicom in May 2013. He is a member of the Audit Committee.

Skills and experience
Mr. Grabau brings to the Millicom board his experience from the media, digital and cable sectors as well as expertise in financial services – key areas in Millicom's growth strategy.

Relevant background
Mr. Grabau, an Italian national, is a Member of the Board of Directors of Investment AB Kinnevik, Modern Times Group MTG AB, CTC Media, Inc. and SoftKinetic BV. Previously, Mr. Grabau was a Partner and Managing Director at Goldman Sachs International in London. He holds a degree in Economics and Business from La Sapienza University, Italy.

Mr. Grabau does not qualify as independent of major shareholders, but is independent of the Company and its management according to the Swedish Code of Corporate Governance.

Mr. Grabau holds 3,000 Millicom shares.

3. Mia Brunell Livfors (1965)
Non-Executive Director
Mrs. Mia Brunell Livfors was elected to the Board of Millicom in May 2007. She is a member of the Compensation Committee and Chairman of the CR Committee.

Skills and experience
Mrs. Brunell Livfors brings to the Millicom board her extensive experience at the helm and in boards of major Swedish multinationals, as well as in-depth understanding of the business models specifically in the media and digital services industries.

Relevant background
Mrs. Brunell Livfors, a Swedish national, has been since August 2006 the Chief Executive Officer of Investment AB Kinnevik, a Swedish public company managing a portfolio of long-term investments in a number of public companies such as Millicom. Mrs. Brunell Livfors joined Modern Times Group MTG AB in 1992, and was appointed CFO in 2001. Currently, Mrs Brunell Livfors is a member of the Board of Tele2 AB, Modern Times Group MTG AB, Billerud Korsnäs AB, and CDON Group. She has studied Business Administration at Stockholm University.

Mrs Brunell Livfors does not qualify as independent of major shareholders, but is independent of the Company and its management according to the Swedish Code of Corporate Governance.

Mrs Brunell Livfors holds 2,359 Millicom shares.

4. Allen Sangines-Krause (1959)
Chairman and Non-Executive Director
Mr Allen Sangines-Krause was elected to the Board of Millicom in May 2008 and appointed as Chairman in May 2010. He is Chairman of the Compensation Committee.

Skills and experience
Mr Sangines-Krause's long experience within international financial institutions and development of growth companies in emerging markets bring invaluable support to Millicom to successfully execute on its business strategy.

Relevant background
Mr. Sangines-Krause, a Mexican and British national, worked for Goldman Sachs between 1993 and 2008, working in a variety of senior positions in Latin America, New York and most recently as Managing Director out of London. Prior to joining Goldman Sachs, Mr. Sangines-Krause was with Casa de Bolsa Inverlat, in Mexico, and before that he was a Founding Partner of Fidem, S.C., a Mexican investment bank. Mr. Sangines-Krause currently sits on the Board of Investment AB Kinnevik and is the Executive Chairman of G3 Good Governance Group and BK Partners. He is a member of the Council of the Graduate School of Arts and Sciences of Harvard University. He holds a Ph.D. in Economics from Harvard University in Massachusetts, USA.

Mr. Sangines-Krause does not qualify as independent of major shareholders, but is independent of the Company and its management according to the Swedish Code of Corporate Governance.

Mr. Sangines-Krause holds 2,318 Millicom shares.

5. Ariel Eckstein (1967)
Non-Executive Director
Mr Ariel Eckstein was elected to the Board of Millicom in May 2013. He is a member of the Compensation Committee.

Skills and experience
Mr Ariel Ekstein has a strong background in online services, customer experience and internet start-ups – activities in which the Company is developing a growing interest.

Relevant background
Mr Eckstein, United States citizen, is Managing Director for LinkedIn EMEA, the social networking website for professional occupations, founded in 2002. Appointed in March 2011, Mr. Eckstein is focused on developing, leading and delivering the company's strategy and growth initiatives in Europe, the Middle East and Africa. Prior to his current role, Mr. Eckstein was Managing Director for LinkedIn's Hiring Solutions business in EMEA. Prior, Mr. Eckstein was Vice President of Business Expansion for AOL Inc. Europe, a multinational mass media corporation that develops, grows and invests in brands and websites. He holds a bachelor's degree in International Relations from Tufts University and an MBA from University of Virginia.

Mr. Eckstein qualifies as independent of major shareholders as well as of the Company and its management according to the Swedish Code of Corporate Governance.

Mr. Eckstein holds no Millicom shares.

6. Paul Donovan (1958)
Non-Executive Director
Mr. Paul Donovan was elected to the Board of Millicom in May 2009. He is a member of the Audit Committee.

Skills and experience
Mr. Donovan brings to Millicom his long operational and management experience in technology industries, particularly in telecommunications, as well as business models relating to fast-moving consumer goods.

Relevant background
Mr Donovan, a British national, is the CEO of Odeon UCI Group, Europe's largest cinema operator. Prior to leading Odeon, he was director and Chief Executive Officer of Eircom, Ireland's leading telecommunications company. Previously Mr. Donovan was member of Vodafone's Executive Committee and Chief Executive for Eastern Europe, Middle East and Asia Pacific regions. Africa, the US, India and China were added to his remit in 2006. Prior to Vodafone, Mr. Donovan held positions at Apple computers, BT, and Cable and Wireless. He holds a Bachelor of Arts in Scandinavian Studies from University College London and a Master's Degree in Business Administration from the University of Bradford.

Mr. Donovan qualifies as independent of major shareholders as well as the Company and its management according to the Swedish Code of Corporate Governance.

Mr. Donovan holds 1,356 Millicom shares.

7. Alejandro Santo Domingo (1977)
Non-Executive Director
Mr. Alejandro Santo Domingo was elected to the Board of Millicom in May 2013.

Skills and experience
Mr. Santo Domingo has considerable experience in the media and online sectors in Latin America as well as extensive knowledge of commerce in Africa, giving the board valuable insight into mass-market consumer behaviour in the two continents Millicom operates in.

Relevant background
Mr. Santo Domingo, a Colombian national, is a Managing Director at Quadrant Capital Advisors Inc., an investment firm focused on Venture Capital and Private Equity. He is also a member of the Board of Directors of SABMiller Plc, the world's second largest brewery, and serves as Vice-Chairman of SABMiller Latin America. He sits on the Boards of many of the companies controlled by his family owned business; the Santo Domingo Group. He is Chairman of the Board of Bavaria S.A. in Colombia, and Chairman of Backus and Johnston in Peru. Additionally he serves as Chairman of the Board of Valorem S.A., which manages a diverse portfolio of industrial and media assets in Latin America, and as a Director of the Board of Caracol Television S.A., Colombia's leading broadcaster. Mr Santo Domingo is a member of the Board and Treasurer of Aid for AIDS, a member of the board of DKMS, a foundation focused on fighting blood cancer and is a Trustee of the Metropolitan Museum of Art, the Wildlife Conservation Society and WNET (Channel 13). He holds a Bachelor of Arts degree from Harvard University. Mr. Santo Domingo qualifies as independent of major shareholders as well as the Company and its management according to the Swedish Code of Corporate Governance.

Mr. Santo Domingo holds 5,000 Millicom shares.

8. Omari Issa (1947)
Non-Executive Director
Mr Omari Issa was elected to the Board of Millicom in May 2010. He is a member of the Audit Committee and the CR Committee.

Skills and experience
Mr. Issa brings to the Millicom board his important insight and firsthand experience of doing business in Africa, and deep understanding of the role of business in international development.

Relevant background
Mr. Issa, a Tanzanian national, is since June 1st 2013, the Chief Executive Officer of the Tanzania President's Delivery Bureau which oversees the general implementation of government priorities. Previously he was CEO of Investment Climate Facility for Africa and a Board member of the Geita Gold Mining Company. Prior to that, Mr. Issa was the Executive Director and Chief Operating Officer of Celtel International, and spent 14 years with the IFC and six years with the World Bank. In 2013, he was appointed to Chair the Board of AMREF International and also became member of the Board of Africare, the largest African-American organisation in the development field. He has a Bachelor of Science (Honours) from The Polytechnic of Central London, and an MBA from Columbia University, New York.

Mr. Issa qualifies as independent of major shareholders as well as the Company and its management according to the Swedish Code of Corporate Governance.

Mr. Issa holds 610 Millicom shares.

Our governance committees
Pages 56–57

Executive Committee

Hans-Holger Albrecht
President and Chief Executive Officer

Hans-Holger Albrecht was appointed President and CEO of Millicom on November 1st 2012. Previously he was President and CEO of Modern Times Group MTG AB (MTG) for 12 years. Hans-Holger started his career at MTG in 1997 as head of the pay-TV operations, before being appointed as Business Area Manager in 1999 and thus assuming responsibility for the free-TV division as well. In April 2000, he was appointed Chief Operating Officer (COO) of MTG. Before joining MTG, Hans-Holger worked for the Luxembourg-based media group CLT from 1991 to 1996 and for Daimler-Benz in 1990. Hans-Holger Albrecht graduated in Law at the University of Freiburg in Germany, studied at Yale University in the USA and received a PhD at the University of Bochum, Germany. Hans-Holger Albrecht holds 8,810 Millicom shares.

Marc Zagar
EVP and Deputy CFO

Marc Zagar was appointed Interim CFO in August 2013. He will become Deputy CFO in June 2014. He joined Millicom as EVP of Controlling and Analytics in February 2013. Prior to this and since October 2011, Marc Zagar was EVP Finance at MTG. Marc joined MTG in 2001 as Business Area Controller of Viasat broadcasting. In March 2006, he was appointed Chief Operating Officer for MTG's broadcasting businesses. Prior to joining MTG, Marc worked for over ten years in various financial management positions within Vivendi Universal, having started his career with Steelcase Strafor. He graduated with a Bachelor's degree from CESEM Business School in Reims, France and has a Master's degree from Université Dauphine in Paris. Marc Zagar holds 502 Millicom shares.

Mario Zanotti
Senior EVP Operations

Mario Zanotti was appointed as Senior EVP Operations in December 2012. From late 2011, Mario was COO Categories & Global Sourcing. He joined Millicom in 1992 as General Manager of Telecel in Paraguay. Following this, he became Managing Director of Tele2 Italy and CEO of YXK Systems. In 2002, he served as Head of Central America for Millicom and became Chief Officer LATAM in 2008. Prior to joining Millicom, he worked as an electrical engineer at Itaipu Hydroelectric Power Plant and later as Chief Engineer of the biggest electrical contractor company in Paraguay. He has a degree in Electrical Engineering from the Pontifica Universidade Catolica in Porto Alegre, Brazil and a MBA from INCAE and the Universidad Catolica de Asunción, Paraguay. Mario Zanotti holds 8,120 Millicom shares.

Arthur Bastings
EVP Africa

Arthur Bastings was appointed EVP Africa in May 2013. Previously Arthur was Chief Executive at online games developer Bigpoint. Prior to this he was Managing Director of Discovery Communications Europe – the largest pay-TV channels business in the region. Before that he had senior roles at Time Warner and Viacom. His early career was in strategy consulting and brand development. Arthur Bastings holds no Millicom shares.

Jo Leclère
EVP Human Resources

Jo Leclère was appointed Chief HR Officer of Millicom in 2011. He joined Millicom in February 2009 as Head of Reward & Performance, having previously been VP Operations Europe at Northgate Arinso, a global HR consulting and outsourcing provider. Prior to this position, he was HR Services Director at PricewaterhouseCoopers. He holds a master's degree in Law, a postgraduate degree in Tax and a bachelor's degree in Economics. Jo Leclère holds 800 Millicom shares.

Martin Lewerth
EVP Home and Digital Media

Martin Lewerth was appointed as EVP of Home and Digital Media in December 2012. Previously, Martin was Executive Vice President Pay-TV and Technology at MTG. Martin joined MTG in 2001 where he served in various management positions including CTO for MTG, CEO for the IPTV distribution, Business area manager for the Pay-TV business and manager responsible for the group's online strategy and operations. Before joining MTG, Martin worked for the management consulting firm Applied Value and the Swedish company SKF Group. Martin holds a M.Sc. from Chalmers University of Technology in Sweden. Martin Lewerth holds 356 Millicom shares.

Anders Nilsson
EVP Commerce and Services

Anders Nilsson was appointed as EVP of Commerce and Services with effect from January 2013. Anders oversees the Mobile Financial Services business (previously headed by François-Xavier Roger) and the newly created Online division. Prior to joining Millicom, Anders was EVP of Central European Broadcasting at MTG, responsible for free and pay-TV operations in the Baltics and free-TV operations in the Czech Republic, Bulgaria and Hungary. Anders joined MTG in 1992 and he successfully headed the group's Radio and Publishing businesses before serving as MTG's COO and Head of MTG Sweden. Between 2008 and 2010, Anders was also CEO of MTG's Online business area which was spun off in 2010 into what is now CDON.

Anders Nilsson holds 803 Millicom shares.

In February 2014 Millicom announced that Mr. Nilsson will leave the Company at the end of March 2014.

Xavier Rocoplan
EVP CTIO

Xavier Rocoplan was appointed as Executive Vice President and Chief Technical & IT Officer in December 2012. He was previously Chief Global Networks Officer, a position he held from April 2012. Xavier will continue to report to Mario Zanotti, senior EVP Operations. Xavier joined Millicom in 2000 as CTO in Vietnam and then became CTO for the South East Asian cluster (Cambodia, Laos and Vietnam). In 2004, he was appointed CEO of Paktel in Pakistan, a role he held until 2007. During this time, he launched Paktel's GSM operations and led the process that was concluded with the disposal of the business in 2007. After Millicom's exit from Asia, Xavier was appointed to head the New Corporate Business development unit where he managed the Tower Assets Monetisation programme which led to the creation of tower companies in Ghana, Tanzania, DRC and Colombia. Xavier holds Master's degrees from Ecole Nationale Supérieure des Télécommunications de Paris and from Université Paris IX Dauphine. Xavier Rocoplan holds 9,000 Millicom shares.

Martin Weiss
EVP Strategy and Corporate Development

Martin Weiss joined Millicom on June 1, 2013 as EVP Strategy and Corporate Development. Martin Weiss was previously founding Partner at Solon Management Consulting where he developed extensive experience advising telecommunications and media companies internationally including consultancy to Millicom. He began his business career at McKinsey & Company. Martin Weiss holds 593 Millicom shares.

Remuneration of the Executive management

The remuneration of the Officers of the Company ("Officers") comprises an annual base salary, an annual bonus, share based compensation, social security contributions, pension contributions and other benefits. The bonus and share based compensation plans are based on actual performance (including individual and Group performance). Share based compensation is granted once a year by the Compensation Committee of the Board. The annual base salary and other benefits of the Chief Executive Officer ("CEO") is proposed by the Compensation Committee and approved by the Board. The annual base salary and other benefits of the Chief Executive Officer ("CEO") is proposed by the Compensation Committee and approved by the Board. The annual base salary and other benefits of the Chief Executive Officer ("CEO") and the Executive Vice Presidents ("Executive Team") is proposed by the Compensation Committee and approved by the Board.

The remuneration charge for the Officers for the years ended December 31, 2013, and 2012 was as follows:

2013	Current Chief Executive Officer US$ '000	Former Chief Financial Officer US$ '000	Executive Team US$ '000
Base salary	2,252	463	3,532
Bonus	2,269	–	1,768
Pension	723	74	573
Other benefits	1,282	34	747
Total	**6,526**	**571**	**6,620**
Share based compensation(i) (ii)	1,705	531	3,057

2012	Current Chief Executive Officer	Former Chief Executive Officer	Former Chief Financial Officer
Base salary	633	1,265	662
Bonus	–	1,554	719
Pension	134	379	108
Other benefits	44	187	59
Total	811	3,385	1,548
Share based compensation(i)	–	3,431	1,533

(i) See note 23
(ii) Share awards of 65,178 and 71,899 were granted in 2013 under the 2013 LTIPs to the CEO, and Executive Team. Share awards of 33,209 and 13,962 were granted in 2012 under the 2012 LTIPs to the former CEO and former CFO. Share awards of 34,937 and 14,814 were granted in 2011 under the 2011 LTIPs to the former CEO and former CFO.

The number of shares and unvested share awards beneficially owned by senior management as at December 31, 2013 and 2012 was as follows:

2013	Chief Executive Officer	Former Chief Financial Officer	Executive Team	Total
Shares	8,810		20,174	28,984
Share awards not vested	65,178		105,102	170,280
2012				
Shares	610	23,402		24,012
Share awards not vested	–	46,044		46,044

Notice period

If employment of the executives is terminated by Millicom, a notice period of up to 12 months is applicable, and the CEO is entitled to receive a termination payment equivalent to 24 months' basic salary if he complies with certain conditions.

Directors' report

Principal Activities and Background

Millicom International Cellular S.A. (the "Company"), a Luxembourg Société Anonyme, and its subsidiaries, joint ventures and associates (the "Group" or "Millicom") is an international telecommunications and media company providing digital lifestyle services in emerging markets, through mobile and fixed telephony, cable, broadband and online businesses in Latin America and Africa. Millicom operates its mobile businesses in El Salvador, Guatemala and Honduras in Central America; in Bolivia, Colombia and Paraguay in South America; and in Chad, the Democratic Republic of Congo, Ghana, Mauritius, Rwanda, Senegal and Tanzania in Africa. In addition, Millicom operates cable businesses in El Salvador, Guatemala, Honduras, Bolivia, Costa Rica and Paraguay and has investments in online/e-commerce businesses in several countries in Latin America (including Brazil) and Africa (including Nigeria and South Africa).

The Company's shares are traded as Swedish Depositary Receipts on the Stockholm stock exchange under the symbol MIC SDB and over the counter in the US under the symbol MIICF. The Company has its registered office at 2, Rue du Fort Bourbon, L-1249 Luxembourg, Grand Duchy of Luxembourg and is registered with the Luxembourg Register of Commerce under the number RCS B 40 630.

Group Performance

The Group delivered accelerated revenue growth in 2013 despite more challenging economic conditions and strong investments into future growth areas. The total mobile customer base increased by 7% to 50.6 million compared to 47.2 million at December 31, 2012. In 2013, our emphasis was building the foundations for future growth across all strategic pillars. In the year 53% of recurring revenue growth was coming from new strategic pillars of Cable, MFS and Online. Revenue increased by 7.3% in local currency to $5,159 million year-on-year.

Total operating profit for the year ended December 31, 2013 was $781 million from $1,104 million for the year ended December 31, 2012, reflecting an increased focus on developing resources and infrastructure around new growth areas, and in encouraging customers to migrate towards data through increased handset subsidies. This focus also translated into a decline in the net profit attributable to equity holders of the Company (from $508 million in 2012 to $229 million).

The Group generated operating free cash flow of $497 million in 2013, equivalent to 9.6% of revenue, compared to $981 million in 2012. Cash, cash equivalents and low-risk interest bearing deposits increased to $1.8 billion compared to $1.2 billion at December 31, 2012. As at December 31, 2013, the Group had total equity of $2.1 billion compared to $2.3 billion at December 31, 2012.

The Group's performance throughout 2013 demonstrates our ability to maintain top-line growth while refocusing on growth opportunities and reacting to market conditions.

Developments in 2013

On January 11, 2013, the termination of our reporting and disclosure obligations under the US Exchange Act became fully effective. Our shares will continue to trade in the USA over the counter.

On February 5, 2013, Millicom announced that it has entered into a non-binding exclusive agreement to discuss with EPM, the largest utility company of the Northwest region of Colombia, the possible combination of their respective telecom businesses.

On April 11, 2013, Millicom qualified along with 11 other participants to the last phase of the process that should see Myanmar issuing two new 15-year telecom licences. The process was completed in June 2013 and Millicom's bid was unsuccessful.

On May 24, 2013, Millicom announced a change in its Executive Committee with the appointment of Arthur Bastings as EVP for Africa. On August 27, 2013, we announced that our CFO Francois-Xavier Roger was leaving the Company and replaced on an interim basis by Marc Zagar. In February 2014 Tim Pennington was announced to take over the CFO role in June 2014 and Mr. Zagar will assume the role of Deputy CFO.

In Q2 2013, we applied for further DTH licences in Latin America to broaden our reach and continue diversifying our product offering. We also entered into an agreement to share spectrum and jointly roll out a 4G network in Colombia, supporting our Capex optimisation plan.

On October 1, 2013, we signed a final agreement with EPM regarding the proposed merger of EPM and Millicom's telecom and media businesses in Colombia to create a leading integrated player. The merger, awaiting regulatory approval, will enable us to fast-track our Cable business plans.

On October 15, 2013, Millicom signed an agreement to acquire a cable TV provider in Bolivia. It enabled Millicom to complete its Cable footprint in Latin America.

On October 16, 2013, Millicom issued an eight year $800 million bond. Proceeds from the issuance will be used for the merger with UNE and have placed into escrow until closing. The bond will carry a 6.625% coupon.

On December 13, 2013, Millicom signed a partnership with Rocket Internet and MTN to further accelerate the growth of the African Online businesses. The agreement is subject to regulatory approvals.

In January 2014, we also announced the signing of a put and call option with our partner in Guatemala. As a result of these developments and the new IFRS rules, in 2014 Millicom will fully consolidate Tigo Guatemala, while Mauritius and the Online businesses (in Africa and Latin America) will be equity accounted.

In 2013, we returned $264 million to shareholders through dividends. Our dividend policy is no less than $2 per share and at least 30% of normalised net income. We aim as well for a progressive growth in dividend. In 2014 and as our leverage will increase as we complete the merger in Colombia, the Board will propose to the AGM the payment of a stable dividend.

Risk management activities are presented on pages 24 to 31 of this Annual Report.

Outlook for the Group

In 2014, we will continue to focus on rigorous financial discipline, operating efficiency and providing our customers with the Digital Lifestyle. This means continuing the investments needed for future growth which focuses on five areas: 1) move from volume to value in mobile by capturing the data opportunity, 2) by building a $2 billion business on Cable & Digital Media, 3) creating a blockbuster with Mobile Financial Services, 4) investing in Online ventures in Latin America and Africa, and 5) maximising operational and Capex efficiencies. Creation of a leading integrated operator in Colombia with UNE, expected to finalise during the first half of 2014, will enable us to accelerate our development in cable, whilst offering material opportunities to cross-sell and up-sell innovative and best quality services to customers.

Under the new consolidation scope and at constant exchange rates, we expect revenue growth to accelerate at a mid to high single digit rate (versus comparable 5.5% in 2013). On a reported basis and at constant exchange rates, we expect revenue growth to exceed 15%. We expect EBITDA margin to stabilise at around mid-30s% (after corporate costs). In 2014, we expect a Capex to revenue ratio of around 19%, excluding spectrum and licence acquisitions.

EBITDA margin improvements from full consolidation of Guatemala will be offset by accelerating growth opportunities in Africa and South America.

Financial statements

Contents

Independent auditors' report

To the Shareholders of
Millicom International Cellular S.A.

Following our appointment by the General Meeting of the Shareholders dated May 28, 2013, we have audited the accompanying consolidated accounts of Millicom International Cellular S.A., which comprise the consolidated statement of financial position as at December 31, 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The consolidated accounts as of December 31, 2011 and for the years then ended were audited by another auditor which issued an unqualified opinion on March 1, 2012.

Board of Directors' responsibility for the consolidated accounts

The Board of Directors is responsible for the preparation and fair presentation of these consolidated accounts in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the Board of Directors determines is necessary to enable the preparation and presentation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the "réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated accounts. The procedures selected depend on the judgement of the "réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the consolidated accounts, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated accounts give a true and fair view of the financial position of Millicom International Cellular S.A. as of December 31, 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The accompanying management report on page 62 and 63, which is the responsibility of the Board of Directors, is consistent with the annual accounts.

The accompanying corporate governance statement on pages 52 to 61, which is the responsibility of the Board of Directors, is consistent with the annual accounts and includes the information required by the law with respect to the corporate governance statement.

ERNST & YOUNG
Société Anonyme
Cabinet de révision agréé

Olivier LEMAIRE
Luxembourg, March 21, 2014

Consolidated income statement
for the year ended December 31, 2013

	Notes	2013 US$ millions	2012 US$ millions	2011 US$ millions
Revenue	10	**5,159**	4,814	4,530
Cost of sales		**(2,041)**	(1,737)	(1,565)
Gross profit		**3,118**	3,077	2,965
Sales and marketing expenses		**(1,076)**	(914)	(817)
General and administrative expenses		**(1,099)**	(956)	(839)
Other operating expenses		**(179)**	(122)	(96)
Other operating income		**17**	19	44
Operating profit	10,11	**781**	1,104	1,257
Interest expense		**(276)**	(220)	(187)
Interest and other financial income		**23**	14	15
Other non-operating income (expenses), net	12	**(132)**	22	(4)
Income (loss) from associates, net	17	**(9)**	(23)	(10)
Profit before tax from continuing operations		**387**	897	1,071
(Charge) credit for taxes	13	**(182)**	(393)	19
Profit for the year from continuing operations		**205**	504	1,090
Profit for the year from discontinued operations, net of tax	6	**–**	–	39
Net profit for the year		**205**	504	1,129
Attributable to:				
Equity holders of the Company		**229**	508	925
Non-controlling interests		**(24)**	(4)	204
Earnings per share for the year	14			
(US$ per common share)				
Basic earnings per share				
– from continuing operations attributable to equity holders		**2.30**	5.02	8.50
– from discontinued operations attributable to equity holders		**–**	–	0.37
– for the year attributable to equity holders		**2.30**	5.02	8.87
Diluted earnings per share				
– from continuing operations attributable to equity holders		**2.30**	5.01	8.49
– from discontinued operations attributable to equity holders		**–**	–	0.37
– for the year attributable to equity holders		**2.30**	5.01	8.86

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income
for the year ended December 31, 2013

	2013 US$ millions	2012 US$ millions	2011 US$ millions
Net profit for the year	**205**	504	1,129
Other comprehensive income (loss) (to be reclassified to profit and loss in subsequent periods):			
Exchange differences on translating foreign operations	**(73)**	(55)	(47)
Cash flow hedges	**7**	(2)	(3)
Total comprehensive income for the year	**139**	447	1,079
Attributable to:			
Equity holders of the Company	**182**	469	882
Non-controlling interests	**(43)**	(22)	197

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of financial position
as at December 31, 2013

	Notes	2013 US$ millions	2012 US$ millions
ASSETS			
Non-Current Assets			
Intangible assets, net	15	**2,543**	2,419
Property, plant and equipment, net	16	**3,162**	3,108
Investments in associates	17	**122**	193
Pledged deposits	18,26	**2**	47
Deferred tax assets	13	**313**	259
Other non-current assets		**83**	86
Total Non-Current Assets		**6,225**	6,112
Current Assets			
Inventories		**140**	93
Trade receivables, net	19	**320**	322
Amounts due from non-controlling interests and joint ventures	32	**234**	81
Prepayments and accrued income		**163**	140
Current income tax assets		**58**	39
Supplier advances for capital expenditure		**63**	44
Advances to non-controlling interest		**69**	56
Other current assets		**22**	78
Pledged deposits	18,26	**817**	8
Restricted cash	20	**81**	43
Cash and cash equivalents	21	**941**	1,174
Total Current Assets		**2,908**	2,078
Assets held for sale	6	**14**	21
TOTAL ASSETS		**9,147**	8,211

The accompanying notes are an integral part of these consolidated financial statements.

	Notes	2013 US$ millions	2012 US$ millions
EQUITY AND LIABILITIES			
EQUITY			
Share capital and premium	22	**640**	642
Treasury shares	22	**(172)**	(198)
Put option reserve	24	**(737)**	(737)
Other reserves	25	**(185)**	(133)
Retained profits		**2,154**	1,942
Profit for the year attributable to equity holders		**229**	508
Equity attributable to owners of the Company		**1,929**	2,024
Non-controlling interests		**152**	312
TOTAL EQUITY		**2,081**	2,336
LIABILITIES			
Non-current Liabilities			
Debt and financing	26	**3,687**	2,566
Derivative financial instruments	34	**23**	4
Provisions and other non-current liabilities	27	**162**	127
Deferred tax liabilities	13	**188**	180
Total non-current liabilities		**4,060**	2,877
Current Liabilities			
Debt and financing	26	**471**	693
Put option liability	27	**792**	730
Payables and accruals for capital expenditure		**453**	411
Other trade payables		**277**	259
Amounts due to joint venture partners		**87**	19
Accrued interest and other expenses		**393**	341
Current income tax liabilities		**153**	161
Provisions and other current liabilities	27	**378**	379
Total current liabilities		**3,004**	2,993
Liabilities directly associated with assets held for sale	6	**2**	5
TOTAL LIABILITIES		**7,066**	5,875
TOTAL EQUITY AND LIABILITIES		**9,147**	8,211

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of cash flows
for the year ended December 31, 2013

	Notes	2013 US$ millions	2012 US$ millions	2011 US$ millions
Profit before tax from continuing operations		**387**	897	1,071
Adjustments to reconcile to net cash:				
Interest expense		**276**	220	187
Interest and other financial income		**(23)**	(14)	(15)
(Income) loss from associates, net		**9**	23	10
Other non-operating (income) expenses, net		**132**	(22)	4
Adjustments for non-cash items:				
Depreciation and amortisation	9,10,15,16	**875**	811	739
Loss (gain) on disposal and impairment of assets, net	9,10	**29**	6	(22)
Share-based compensation	23	**17**	22	17
		1,702	1,943	1,991
Decrease (increase) in trade receivables, prepayments and other current assets		**38**	(103)	(57)
(Increase) in inventories		**(55)**	(14)	(13)
Increase in trade and other payables		**55**	201	85
Changes in working capital		**38**	84	15
Interest paid		**(227)**	(169)	(141)
Interest received		**19**	11	14
Tax paid		**(322)**	(284)	(268)
Net cash provided by operating activities		**1,210**	1,585	1,611
Cash flows from (used in) investing activities:				
Acquisition of subsidiaries, and non-controlling interests, net of cash acquired	4	**(4)**	(172)	(20)
Proceeds from disposal of subsidiaries and non-controlling interests		**–**	–	1
Purchase of intangible assets including licences	15	**(402)**	(159)	(57)
Proceeds from sale of intangible assets		**–**	2	–
Purchase of property, plant and equipment	16	**(758)**	(842)	(700)
Proceeds from sale of property, plant and equipment		**60**	115	127
Disposal of pledged deposits, net		**–**	–	9
Investment of 6.625% bond proceeds	18,26	**(800)**	–	–
Disposal of time deposits, net		**–**	–	3
Net increase in restricted cash	20	**(39)**	(23)	(20)
Loans to associates		**(20)**	(31)	–
Cash (used in) provided by other investing activities, net		**(57)**	(31)	(35)
Net cash used in investing activities		**(2,020)**	(1,141)	(692)

	Notes	2013 US$ millions	2012 US$ millions	2011 US$ millions
Cash flows from (used in) financing activities:				
Short term loans to other non-controlling interests		**–**	(24)	–
Proceeds from issuance of shares		**–**	–	1
Purchase of treasury shares		**–**	(190)	(498)
Proceeds from debt and other financing	26	**1,179**	1,545	703
Proceeds from 6.625% bond	18,26	**800**	–	–
Repayment of debt and financing	26	**(1,168)**	(923)	(792)
Advance payments to non-controlling interests		**–**	–	(27)
Payment of dividends to equity holders		**(264)**	(541)	(494)
Cash (used in) provided by other financing activities, net		**29**	–	–
Net cash (used in) from financing activities		**576**	(133)	(1,107)
Cash provided by discontinued operations	6	**–**	–	53
Exchange gains (losses) on cash and cash equivalents		**1**	2	(27)
Net increase (decrease) in cash and cash equivalents		**(233)**	313	(162)
Cash and cash equivalents at the beginning of the year		**1,174**	861	1,023
Cash and cash equivalents at the end of the year		**941**	1,174	861

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
for the year ended December 31, 2013

	Number of shares '000	Number of shares held by the Group '000	Share Capital[i] US$ '000	Share Premium[i] US$ '000	Treasury shares US$ '000	Retained profits[ii] US$ '000	Put option reserve[iii] US$ '000	Other reserves[iv] US$ '000	Total Equity Holders' interests US$ '000	Non-controlling interests US$ '000	Total equity US$ '000
				Attributable to equity holders							
Balance on January 1, 2011	109,053	(3,254)	163,578	517,981	(300,000)	2,754,631	(737,422)	(54,685)	2,344,083	45,550	2,389,633
For the year ended December 31, 2011											
Profit for the year	–	–	–	–	–	924,515	–	–	924,515	204,490	1,129,005
Cash flow hedge reserve movement	–	–	–	–	–	–	–	(3,015)	(3,015)	(247)	(3,262)
Currency translation differences	–	–	–	–	–	–	–	(39,806)	(39,806)	(6,892)	(46,698)
Total comprehensive income for the year	–	–	–	–	–	924,515	–	(42,821)	881,694	197,351	1,079,045
Transfer to legal reserve	–	–	–	–	–	(61)	–	61	–	–	–
Dividends[v]	–	–	–	–	–	(493,909)	–	–	(493,909)	–	(493,909)
Purchase of treasury shares	–	(4,646)	–	–	(498,274)	–	–	–	(498,274)	–	(498,274)
Cancellation of treasury shares	(4,200)	4,200	(6,300)	(20,070)	401,415	(375,045)	–	–	–	–	–
Shares issued via the exercise of stock options	40	6	59	1,184	592	(435)	–	(81)	1,319	–	1,319
Share-based compensation[vi]	–	–	–	–	–	–	–	17,264	17,264	–	17,264
Issuance of shares under the LTIPs[vi]	46	187	70	6,025	17,908	(773)	–	(23,230)	–	–	–
Sale of Amnet Honduras to non-controlling interests	–	–	–	–	–	2,207	–	–	2,207	11,974	14,181
Disposal of Laos	–	–	–	–	–	–	–	–	–	(6,493)	(6,493)
Dividend to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(57,212)	(57,212)
Balance on December 31, 2011	104,939	(3,507)	157,407	505,120	(378,359)	2,811,130	(737,422)	(103,492)	2,254,384	191,170	2,445,554
For the year ended December 31, 2012											
Profit for the year	–	–	–	–	–	508,306	–	–	508,306	(4,718)	503,588
Cash flow hedge reserve movement	–	–	–	–	–	–	–	(1,118)	(1,118)	(85)	(1,203)
Currency translation differences	–	–	–	–	–	–	–	(37,709)	(37,709)	(17,530)	(55,239)
Total comprehensive income for the year	–	–	–	–	–	508,306	–	(38,827)	469,479	(22,333)	447,146
Dividends[v]	–	–	–	–	–	(541,133)	–	–	(541,133)	–	(541,133)
Purchase of treasury shares	–	(2,106)	–	–	(189,619)	–	–	–	(189,619)	–	(189,619)
Cancellation of treasury shares	(3,200)	3,200	(4,800)	(15,000)	344,377	(324,577)	–	–	–	–	–
Share-based compensation[vi]	–	–	–	–	–	–	–	21,929	21,929	–	21,929
Issuance of shares under the LTIPs[vi]	–	237	–	(1,106)	25,453	(11,926)	–	(12,421)	–	–	–
Non-controlling interests in Rocket Internet[vii]	–	–	–	–	–	–	–	–	–	160,321	160,321
Dividend to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(16,969)	(16,969)
Change in scope of consolidation[viii]	–	–	–	–	–	8,658	–	–	8,658	–	8,658
Balance on December 31, 2012	101,739	(2,176)	152,607	489,014	(198,148)	2,450,458	(737,422)	(132,811)	2,023,698	312,189	2,335,887
For the year ended December 31, 2013											
Profit for the year	–	–	–	–	–	229,147	–	–	229,147	(24,547)	204,600
Cash flow hedge reserve movement	–	–	–	–	–	–	–	6,857	6,857	182	7,039
Currency translation differences	–	–	–	–	–	–	–	(53,903)	(53,903)	(19,068)	(72,971)
Total comprehensive income for the year	–	–	–	–	–	229,147	–	(47,046)	182,101	(43,433)	138,668
Dividends[v]	–	–	–	–	–	(263,627)	–	–	(263,627)	–	(263,627)
Purchase of treasury shares	–	(44)	–	–	(3,702)	–	–	–	(3,702)	–	(3,702)
Shares issued via the exercise of stock options	–	90	–	(343)	8,166	(4,796)	–	(3,027)	–	–	–
Share-based compensation[vi]	–	–	–	–	–	–	–	16,871	16,871	–	16,871
Issuance of shares under the LTIPs[vi]	–	235	–	(1,106)	21,313	(1,104)	–	(19,103)	–	–	–
Change in scope of consolidation[vii]	–	–	–	–	–	1,391	–	–	1,391	(91,834)	(90,443)
Change in deferred tax liabilities[viii]	–	–	–	–	–	(28,000)	–	–	(28,000)	–	(28,000)
Dividend to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(24,872)	(24,872)
Balance on December 31, 2013	101,739	(1,895)	152,607	487,565	(172,371)	2,383,469	(737,422)	(185,116)	1,928,732	152,050	2,080,782

(i) Share Capital and Share Premium – see note 22.
(ii) Retained Profits – includes profit for the year attributable to equity holders, of which $126 million; (2011: $94 million) are not distributable to equity holders.
(iii) Put option reserve – see note 24.
(iv) Other reserves – see note 25.
(v) Dividends – see note 28.
(vi) Share based compensation – see note 23.
(vii) Acquisition of Rocket Internet businesses – see note 4
(viii) Change in scope of consolidation – see note 4.

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

as at and for the year ended December 31, 2013

1. Corporate information

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

Millicom operates its mobile businesses in El Salvador, Guatemala and Honduras in Central America; in Bolivia, Colombia and Paraguay in South America; and in Chad, the Democratic Republic of Congo ("DRC"), Ghana, Mauritius, Rwanda, Senegal and Tanzania in Africa. In addition Millicom operates cable businesses in El Salvador, Guatemala, Honduras, Costa Rica, Nicaragua and Paraguay, and a television business in Bolivia. Millicom also has investments in online/ e-commerce businesses in several countries in Latin America (including Brazil) and Africa (including Nigeria, South Africa, Egypt and Morocco) (see note 4).

The Company's shares are traded as Swedish Depositary Receipts on the Stockholm stock exchange under the symbol MIC SDB and over the counter in the US under the symbol MIICF. The Company has its registered office at 2, Rue du Fort Bourbon, L-1249 Luxembourg, Grand Duchy of Luxembourg and is registered with the Luxembourg Register of Commerce under the number RCS B 40 630.

On March 21, 2014 the Board of Directors ("Board") authorised these consolidated financial statements for issuance. The approval will be submitted for ratification by the shareholders at the Annual General Meeting on May 27, 2014.

2. Summary of consolidation and accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group are presented in US dollars and amounts are rounded to the nearest million (US$ million) except where otherwise indicated. The consolidated financial statements have been prepared on a historical cost basis, except for certain items including derivative financial instruments (measured at fair value), financial instruments that contain obligations to purchase own equity instruments (measured at the present value of the redemption price), and property, plant and equipment under finance leases (initially measured at the lower of fair value and present value of the future minimum lease payments).

In accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, the consolidated financial statements for the year ended December 31, 2013 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

As of December 31, 2013, International Financial Reporting Standards as adopted by the European Union are similar to those published by the International Accounting Standards Board ("IASB"), except for IAS 39 – Financial Instruments that has been partially adopted by the European Union and for the group of new standards on consolidation covering IFRS 10, 'Consolidated Financial Statements', IFRS 11, 'Joint Arrangements', IFRS 12, 'Disclosure of Interest in Other Entities', and related amendments to the existing standards IAS 27, 'Consolidated and Separate Financial Statements' and IAS 28, 'Investments in Associates', which have been adopted by the European Union to become effective for periods commencing on January 1, 2014, rather than January 1, 2013 as pronounced by the IASB.

The preparation of financial statements in conformity with IFRS requires management to use judgment in applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates are based on management's best knowledge of current events and actions, and actual results may ultimately differ from these estimates. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

2.2 Consolidation

The consolidated financial statements of the Group comprise the financial statements of the Company and its subsidiaries and joint ventures as at December 31 of each year. The financial statements of the subsidiaries and joint ventures are prepared for the same reporting year as the Company, using consistent accounting policies.

All intra-group balances, transactions, income and expenses, and profits and losses resulting from intra-group transactions are eliminated.

The acquisition method of accounting is used to account for acquisitions where there is a change in control. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value on acquisition date, irrespective of the extent of any non-controlling interest. The excess of cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement (see policy note 2.6 on Goodwill). All acquisition related costs are expensed as incurred.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Non-controlling interests

Transactions with non-controlling interests as accounted for as transactions with equity owners of the Group. Gains or losses on disposals to non-controlling interests are recorded in equity. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is also recorded in equity. Non-controlling interest is measured at the proportionate interest in the net assets of the subsidiary.

Joint ventures

Millicom determines the existence of joint control by reference to joint venture agreements, articles of association, structures and voting protocols of the Boards of Directors of those ventures.

Entities that are jointly controlled are consolidated in the financial statements using the proportionate method which includes the Group's share of the assets, liabilities, income and expenses of the joint ventures (see policy note 2.29 Changes in Accounting Policies for a change in accounting for joint ventures applicable from January 1, 2014).

The Group recognises the portion of gains or losses on the sale of assets to joint ventures that are attributable to other parties in the joint venture. The Group does not recognise its share of profits or losses from purchase of assets by the Group from a joint venture until it resells the assets to a third party. However, if a loss on a transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) on acquisition.

The cost of shares acquired in associates from sale and lease back transactions with tower companies are initially measured based on the fair values of the towers sold. The fair value of the towers sold is derived by using the estimated replacement cost of the towers adjusted by an amount for wear and tear taking into consideration the average age of the towers.

The Group's share of post-acquisition profits or losses of associates is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in reserves. Cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless the Group has incurred obligations or made payments on behalf of the associates.

Gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the income statement.

2.3 Foreign currency translation

Functional and presentation currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of each subsidiary, joint venture and associate reflects the economic substance of the underlying events and circumstances of these entities. The Company is located in Luxembourg and its subsidiaries, joint ventures and associates are located in various countries and operate in different currencies. The Group's consolidated financial statements are presented in US dollars (the "presentation currency"). The functional currency of the Company is the US dollar because of the significant influence of the US dollar on its operations.

Transactions and balances

Transactions denominated in a currency other than the functional currency are translated into the functional currency using exchange rates prevailing on transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions, and on translation of monetary assets and liabilities denominated in currencies other than the functional currency at year-end exchange rates, are recognised in the consolidated income statement, except when deferred in equity as qualifying cash flow hedges.

Translation into presentation currency

The results and financial position of all Group entities (none of which operate in an economy with a hyperinflationary functional currency) with functional currency other than the US dollar presentation currency are translated into the presentation currency as follows:

i) Assets and liabilities are translated at the closing rate at the date of the statement of financial position;

ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

iii) All resulting exchange differences are recognised as a separate component of equity ("Currency translation reserve"), in the caption "Other reserves".

On consolidation, exchange differences arising from the translation of net investments in foreign operations, and of borrowing and other currency instruments designated as hedges of such investments, are recorded in equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of gain or loss on sale.

Goodwill and fair value adjustments arising on acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

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Notes to the consolidated financial statements
as at and for the year ended December 31, 2013 (Continued)

2. Summary of consolidation and accounting policies (continued)
The following table presents currency translation rates for the Group's most significant operations to the US dollar on December 31, 2013 and 2012 and average rates for the year ended December 31, 2013.

Country	Currency	2013 Average rate	2013 Year-end rate	2012 Year-end rate
Bolivia	Boliviano (BOB)	6.91	6.91	6.91
Brazil	Real (BRL)	2.15	2.36	2.05
Chad and Senegal	CFA Franc (XAF)	494.43	477.45	497.50
Colombia	Peso (COP)	1,870.69	1,926.83	1,768.23
Costa Rica	Costa Rican Colon (CRC)	506.30	507.90	514.32
Ghana	Cedi (GHS)	1.99	2.16	1.88
Guatemala	Quetzal (GTQ)	7.86	7.84	7.90
Honduras	Lempira (HNL)	20.42	20.67	20.03
Luxembourg	Euro (EUR)	0.75	0.73	0.76
Mauritius	Rupee (MUR)	30.63	30.16	30.54
Nicaragua	Cordoba (NIO)	24.68	25.33	24.13
Nigeria	Naira (NGN)	159.17	160.00	156.15
Paraguay	Guarani (PYG)	4,306.62	4,585.00	4,224.00
Rwanda	Rwandan Franc (RWF)	649.21	676.00	631.46
South Africa	Rand (ZAR)	9.66	10.52	8.48
Sweden	Krona (SEK)	6.52	6.42	6.50
Tanzania	Shilling (TZS)	1,613.98	1,590.00	1,581.00
United Kingdom	Pound (GBP)	0.64	0.60	0.62

The effect of exchange rate changes on cash and cash equivalents held or due in foreign currency is reported in the cash flow statement in order to reconcile cash and cash equivalents at the beginning and end of the year. Millicom's functional currency in both El Salvador and DRC is the US dollar.

2.4 Segment reporting
Management determines operating and reportable segments based on the reports that are used by the Chief Operating Decision Maker ("CODM") to make strategic and operational decisions from both a business and a geographic perspective. The Group's risks and rates of return for its operations are predominantly affected by operating in different geographical regions. The businesses are predominantly organised and managed according to the selected geographical regions. These regions (Central America, South America, and Africa), represent the basis for evaluation of past performance and for future allocation of resources.

2.5 Property, plant and equipment
Items of property, plant and equipment are stated at either historical cost, or the lower of fair value and present value of the future minimum lease payments for items under finance leases, less accumulated depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to acquisition of items. The carrying amount of replaced parts is derecognised.

Depreciation is calculated using the straight-line method over the shorter of the estimated useful life of the asset and the remaining life of the licence associated with the assets, unless the renewal of the licence is contractually possible.

Estimated useful lives are:

Buildings	40 years or lease period, if shorter
Networks (including civil works)	5 to 15 years or lease period, if shorter
Other	2 to 7 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The assets' residual value and useful life is reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Construction in progress consists of the cost of assets, labor and other direct costs associated with property, plant and equipment being constructed by the Group, or purchased assets which have yet to be deployed. When the assets become operational, the related costs are transferred from construction in progress to the appropriate asset category and depreciation commenced.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance are charged to the income statement in the financial period in which they are incurred. Costs of major inspections and overhauls are added to the carrying value of property, plant and equipment and the carrying amount of previous major inspections and overhauls is derecognised.

Equipment installed on customer premises which is not sold to customers is capitalised and amortised over the customer contract period.

A liability for the present value of the cost to remove an asset (for example cell towers) on both owned and leased sites is recognised when a present obligation for the removal exists. The corresponding cost of the obligation is included in the cost of the asset and depreciated over the useful life of the asset, or lease period if shorter.

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of that asset when it is probable that such costs will contribute to future economic benefits for the Group and the costs can be measured reliably.

2.6 Intangible assets
Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is measured at fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised but expensed to the income statement in the year in which incurred.

Intangible assets with finite useful lives are amortised over their estimated useful economic lives using the straight-line method and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for intangible assets with finite useful lives are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated income statement in the expense category consistent with the function of the intangible assets.

Goodwill
Goodwill represents the excess of cost of an acquisition, over the Group's share in the fair value of identifiable assets less liabilities and contingent liabilities of the acquired subsidiary, joint venture or associate at the date of the acquisition. If the fair value of identifiable assets, liabilities or contingent liabilities or the cost of the acquisition can only be determined provisionally, then goodwill is initially accounted for using provisional values. Within twelve months of the acquisition date any adjustments to the provisional values are recognised. This is done when the fair value of the identifiable assets, liabilities and contingent liabilities and the cost of the acquisition have been finally determined. Adjustments to provisional fair values are made as if the adjusted fair values had been recognised from the acquisition date. Goodwill on acquisition of subsidiaries and joint ventures is included in "intangible assets, net". Goodwill on acquisition of associates is included in "investments in associates". Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is tested for impairment at least each year and more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses on goodwill are not reversed.

For the purpose of impairment testing, goodwill acquired in a business combination is, from acquisition date, allocated to each of the Group's cash generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated:
– Represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
– Is not larger than an operating segment.

Impairment is determined by assessing the recoverable amount (value in use) and, if appropriate, the fair value less costs to sell of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. Where the recoverable amount and fair value less costs to sell of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised for the lower amount.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed and the portion of the cash-generating unit retained.

Licences
Licences are recorded at either historical cost or, if acquired in a business combination, at fair value at the date of acquisition. Cost includes cost of acquisition and other costs directly related to acquisition of licences. These costs may include estimates related to fulfilment of terms and conditions related to the licences such as service or coverage obligations.

Licences have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the licences over their estimated useful lives.

The terms of licences, which have been awarded for various periods, are subject to periodic review for, amongst other things, rate setting, frequency allocation and technical standards. Licences are initially measured at cost and are amortised from the date the network is available for use on a straight-line basis over the licence period. Licences held, subject to certain conditions, are usually renewable and generally non-exclusive. When estimating useful lives of licences, renewal periods are not usually included.

Trademarks and customer bases
Trademarks and customer bases are recognised as intangible assets only when acquired or gained in a business combination. Their cost represents fair value at the date of acquisition. Trademarks and customer bases have finite useful lives and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of the trademarks and customer bases over their estimated useful lives. The estimated useful lives for trademarks and customer bases are based on specific characteristics of the market in which they exist. Trademarks and customer bases are included in "Intangible assets, net".

Estimated useful lives are:

Trademarks	1 to 15 years
Customer bases	4 to 9 years

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as at and for the year ended December 31, 2013 (Continued)

2. Summary of consolidation and accounting policies (continued)

Programming and content rights

Programming and content rights which are purchased or acquired in business combinations which have validity for more than one year are recorded at cost as intangible assets. Cost includes consideration paid or payable and other costs directly related to the acquisition of the rights, and are recognised at the earlier of payment or commencement of the broadcasting period to which the rights relate.

Programming and content rights have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the rights over their estimated useful lives.

Indefeasible Rights of Use

Indefeasible rights of use ("IRU") agreements are mainly composed of purchase and / or sale of specified infrastructure, purchase and/or sale of lit fibre capacity and exchange of network infrastructure or lit fibre capacity. These arrangements are either accounted for as leases, service contracts, or partly as leases and partly as service contracts. Determination of the appropriate classification depends on an assessment of the characteristics of the arrangements.

A network capacity contract is accounted for as a lease if, and when:

– The purchaser has an exclusive right to the capacity for a specified period and has the ability to resell (or sub-let) the capacity; and
– The capacity is physically limited and defined; and
– The purchaser bears all costs related to the capacity (directly or not) including costs of operation, administration and maintenance; and
– The purchaser bears the risk of obsolescence during the contract term.

If all of these criteria are not met, the IRU is treated as a service contract.

If the arrangement is, or contains a lease, the lease is accounted for as either an operating lease or a financial lease (see policy note Leases 2.21). A financial lease of an IRU of network infrastructure is accounted for as a tangible asset. A financial lease of an IRU on capacity is accounted for as an intangible asset.

Estimated useful lives of finance leases of IRU's of capacity are between 12 and 15 years, or shorter if the estimated useful life of the underlying cable is shorter.

2.7 Impairment of non-financial assets

At each reporting date the Group assesses whether there is an indication that a non-financial asset may be impaired. If any such indication exists, or when annual impairment testing for a non-financial asset is required, the Group makes an estimate of the asset's recoverable amount. The Group determines the recoverable amount based on the higher of its fair value less cost to sell, and its value in use, for individual assets, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Where no comparable market information is available, the fair value less cost to sell is determined based on the estimated future cash flows discounted to their present value using a discount rate that reflects current market conditions for the time value of money and risks specific to the asset. The foregoing analysis also evaluates the appropriateness of the expected useful lives of the assets. Impairment losses of continuing operations are recognised in the consolidated income statement in expense categories consistent with the function of the impaired asset.

At each reporting date an assessment is made as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. Other than for goodwill, a previously recognised impairment loss is reversed if there has been a change in the estimate used to determine the asset's recoverable amount since the last impairment loss was recognised. If so, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.8 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing more than 12 months after the end of the reporting period. These are classified within non-current assets. Loans and receivables are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

2.9 Derecognition of Financial Assets and Liabilities

A financial asset (or a part of a financial asset or part of a group of similar financial assets) is derecognised when:

– Rights to receive cash flows from the asset have expired; or
– Rights to receive cash flows from the asset or obligations to pay the received cash flows in full without material delay have been transferred to a third party under a 'pass-through' arrangement; and the Group has either transferred:

  (a) Substantially all the risks and rewards of the asset; or
  (b) Control of the asset.

When rights to receive cash flows from an asset have been transferred or a pass-through arrangement concluded, an evaluation is made if and to what extent the risks and rewards of ownership have been retained. When the Group has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

2.10 Financial instruments

Financial instruments at fair value through profit or loss

Financial instruments at fair value through profit or loss are financial instruments held for trading. Their fair value is determined by reference to quoted market prices on the statement of financial position date. Where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of a substantially similar instrument, discounted cash flow analysis and option pricing models. A financial instrument is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Financial instruments that contain obligations to purchase own equity instruments

Contracts that contain obligations for the Company to purchase its own equity instruments for cash or other financial assets are initially recorded as financial liabilities based on the present value of the redemption amounts with a corresponding reserve in equity. Subsequently the carrying value of the liability is remeasured at the present value of the redemption amount with changes in carrying value recorded in other non-operating (expenses) income, net. If the contracts expire without delivery, the carrying amounts of the financial liabilities are reclassified to equity.

Financial instruments that contain call options over non-controlling interests

Call option contracts over non-controlling interests that require physical settlement of a fixed number of own shares for a fixed consideration are classified as equity.

Contracts over non-controlling interests that require gross cash settlement are also classified as equity instruments. Such call options are initially recognised at fair value and not subsequently remeasured. If a call option is exercised, this initial fair value is included as part of the cost of the acquisition of the non-controlling interest. If an unexercised call option expires or otherwise lapses, the fair value of the call option remains within equity.

Call option contracts over non-controlling interests that require net cash settlement or provide a choice of settlement are classified as financial assets.

Contracts over non-controlling interests that require physical settlement of a variable number of own shares for a variable price are classified as financial assets and changes in the fair value are reported in the income statement. If such a call option is exercised, the fair value of the option at that date is included as part of the cost of the acquisition of the non-controlling interest. If an unexercised call option expires or otherwise lapses, its carrying amount is expensed in the income statement.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

(a) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
(b) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

For transactions designated and qualifying for hedge accounting, at the inception of the transaction, the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the period to maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability when the remaining period to maturity of the hedged item is less than 12 months.

Notes to the consolidated financial statements

as at and for the year ended December 31, 2013 (Continued)

2. Summary of consolidation and accounting policies (continued)

The change in fair value of hedging derivatives that are designed and qualify as fair value hedges is recognised in the income statement as finance costs or income. The change in fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the income statement as finance costs or income.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. Gains or loss relating to any ineffective portion is recognised immediately in the income statement within 'other non-operating (expenses) income, net'. Amounts accumulated in equity are reclassified to the income statement in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within 'other non-operating (expenses) income, net'.

2.11 Discontinued operations and non-current assets (or disposal groups) held for sale and related liabilities

Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of carrying amount and fair value (less costs to sell if their carrying amount is expected to be recovered principally through sale, not through continuing use). Liabilities of disposal groups are classified as "Liabilities directly associated with assets held for sale".

Discontinued operations are those with identifiable operations and cash flows (for both operating and management purposes) and represent a major line of business or geographic unit which has been disposed of or is available for sale. Revenues and expenses associated with discontinued operations are presented in a separate line in the consolidated income statement. Comparative figures in the consolidated income statement representing the discontinued operations are reclassified to the separate line.

2.12 Inventories

Inventories (which mainly consist of mobile telephone handsets and related accessories) are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.13 Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is recorded when there is objective evidence that the Group will not be able to collect amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are indicators of impairment. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The provision is recognised in the consolidated income statement within "Cost of sales".

2.14 Deposits

Time deposits

Cash deposits with banks with maturities of more than three months that generally earn interest at market rates are classified as time deposits.

Pledged deposits

Pledged deposits represent contracted cash deposits with banks that are held as security for debts at corporate or operational entity level. Millicom is unable to access these funds until either the relevant debt is repaid or alternative security is arranged with the lender.

2.15 Restricted cash

Cash held with banks related to mobile financial services which is restricted in use due to local regulations, but typically cycled out of the banking system within three months, is denoted as restricted cash.

2.16 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.17 Impairment of financial assets

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment losses are recognised in the consolidated income statement.

2.18 Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Where any Group company purchases the Company's share capital, the consideration paid including any directly attributable incremental costs is shown under "Treasury shares" and deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

2.19 Borrowings

Borrowings are initially recognised at fair value, net of directly attributable transaction costs. Borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the effective interest rate. Any difference between the initial amount and the maturity amount is recognised in the consolidated income statement over the period of the borrowing.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months from the statement of financial position date.

2.20 Financial Guarantee Contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

2.21 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and involves an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and whether or not the arrangement conveys a right to use the asset.

Finance leases

Finance leases, which transfer substantially all risks and benefits incidental to ownership of the leased item to the lessee, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Where a finance lease results from a sale and leaseback transaction, any excess of sales proceeds over the carrying amount of the assets is deferred and amortised over the lease term.

Capitalised leased assets are depreciated over the shorter of the estimated useful lives of the assets, or the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating leases

Operating leases are all other leases that are not finance leases. Operating lease payments are recognised as expenses in the consolidated income statement on a straight-line basis over the lease term.

Tower sale and leaseback transactions

The sale and leaseback of towers and related site operating leases and service contracts are accounted for in accordance with the underlying characteristics of the assets, and the terms and conditions of the lease agreements.

When sale and lease back agreements are concluded, the portions of assets that will not be leased back by Millicom are classified as assets held for sale as completion of their sale is highly probable. Asset retirement obligations related to the towers are classified as liabilities directly associated with assets held for sale.

On transfer to the tower companies, the portion of the towers leased back are accounted for as operating leases or finance leases according to the criteria set out above. The portion of towers being leased back represents the dedicated part of each tower on which Millicom's equipment is located and was derived from the average technical capacity of the towers. Rights to use the land on which the towers are located are accounted for as operating leases, and costs of services for the towers are recorded as operating expenses.

2.22 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, risks specific to the liability. Where discounting is used, increases in the provision due to the passage of time are recognised as interest expenses.

2.23 Trade payables

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method where the effect of the passage of time is material.

2.24 Revenue recognition

Revenue comprises the fair value of consideration received or receivable for the sale of goods and services, net of value added tax, rebates and discounts and after eliminating intra-group sales.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

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2. Summary of consolidation and accounting policies (continued)
Recurring revenue consist of monthly subscription fees, airtime usage fees, interconnection fees, roaming fees, revenue from online product and service sales, mobile finance service commissions and fees from other telecommunications services such as data services, short message services and other value added services. Recurring revenues are recognised on an accrual basis, i.e. as the related services are rendered. Unbilled revenue for airtime usage and subscription fees resulting from services provided from the billing cycle date to the end of each month are estimated and recorded.

Subscription products and services are deferred and amortised over the estimated life of the customer relationship. Related costs are also deferred, to the extent of the revenues deferred, and amortised over the estimated life of the customer relationship. The estimated life of the customer relationship is calculated based on historical disconnection percentage for the same type of customer.

Where customers purchase a specified amount of airtime or other credit in advance, revenue is recognised as the credit is used. Unused credit is carried in the statement of financial position as deferred revenue within "other current liabilities".

Revenue from value added content services such as video messaging, ringtones, games etc., are recognised net of payments to the providers under certain conditions including if the providers are responsible for the content and determining the price paid by the customer. For such services the Group is considered to be acting in substance as an agent. Other revenue is recognised gross.

Revenue from the sale of handsets and accessories are recognised when the significant risks and rewards of ownership of handsets and accessories have been passed to the buyer.

Revenue arrangements with multiple service deliverables ("Bundled Offers") such as various services sold together, are divided into separate units of accounting if the deliverables in the arrangement meet certain criteria. The arrangement consideration is then allocated among the separate units of accounting based on their relative fair values or on the residual method. Revenue is then recognised separately for each unit of accounting.

Revenue from the sale of online and e-commerce services is recognised as and when the service is provided or on delivery of products to customers, less provision for product returns, based on the amounts expected to be received from customers.

Revenue from sale of capacity is recognised when the capacity has been delivered to the customers, based on the amounts expected to be received from customers.

Revenue from lease of tower space is recognised over the period of the underlying lease contracts. For finance leases revenue is apportioned between the lease of the tower space and interest income (other operating income).

Revenue from provision of mobile financial services is recognised once the primary service has been provided to the customer.

2.25 Cost of sales
The primary cost of sales incurred by the Group in relation to the provision of services relate to interconnection costs, roaming costs, rental of leased lines and tower infrastructure, costs of handsets and other accessories sold, royalties, commissions, and cost of goods sold. Cost of sales is recorded on an accrual basis.

Cost of sales also includes depreciation and any impairment of network equipment and trade receivables.

2.26 Customer acquisition costs
Specific customer acquisition costs, including dealer commissions and handset subsidies, are charged to sales and marketing when the customer is activated.

2.27 Employee benefits
Pension obligations
Pension obligations can result from either a defined contribution plan or a defined benefit plan.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity No further payment obligations exist once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as assets to the extent that a cash refund or a reduction in future payments is available.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit pension plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using an appropriate discount rate based on maturities of the related pension liability.

Share based compensation
Share awards are granted to management and key employees.

The cost of equity-settled transactions is based on the fair value (market value) of the shares on grant date. The cost is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employee becomes fully entitled to the award (the vesting date). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market conditions are satisfied, provided that all other performance conditions are satisfied. Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

2.28 Taxation
Current tax
Current tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those enacted or substantively enacted by the statement of financial position date.

Deferred tax
Deferred income tax is provided using the liability method and calculated from temporary differences at the statement of financial position date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting, nor taxable, profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences and carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary difference and the carry-forward of unused tax credits and unused tax losses can be utilised, except where the deferred tax assets relate to deductible temporary differences from initial recognition of an asset or liability in a transaction that is not a business combination, and, at the time of the transaction, affects neither accounting, nor taxable, profit or loss.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to utilise the deferred income tax asset. Unrecognised deferred income tax assets are reassessed at each statement of financial position date and are recognised to the extent it is probable that future taxable profit will enable the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rate expected to apply in the year when the assets are realised or liabilities settled, based on tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date. Income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated income statement. Deferred tax assets and deferred tax liabilities are offset where legally enforceable set off rights exist and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.29 Changes in accounting policies
New and amended standards adopted by the Group
The following standards have been adopted by the Group for the first time for the financial year beginning on or after January 1, 2013 but have not had a material impact on the Group:

- Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).
- IAS 19, 'Employee benefits' was revised in June 2011. The changes on the group's accounting policies has been as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).
- Amendment to IFRS 7, 'Financial instruments: Disclosures', on asset and liability offsetting. This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.
- IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS's.

New standards and interpretations not yet adopted by the Group
The following standards, amendments and interpretations issued are not effective for the financial year beginning January 1, 2013 and have not been early adopted.

- IFRS 9, 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. 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 amortised cost. The determination is made at initial recognition. The classification depends on the entity'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. The Group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the compulsory adoption date.

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2. Summary of consolidation and accounting policies (continued)

- IFRS 10, 'Consolidated Financial Statements' build on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group will adopt IFRS 10 on its January 1, 2014 effective date in the European Union and does not expect it to have a significant impact.
- IFRS 11, 'Joint Arrangements', sets out the core principle that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement. The standard removes the option for an interest in a jointly controlled entity using proportionate consolidation, and requires equity accounting to be applied to investments in a joint venture. The Group has assessed that at January 1, 2014 its joint venture operation in Mauritius will no longer be proportionately consolidated and will be equity accounted for from that date. This change will result in our no longer reporting line by line the costs and revenue, and reporting only our share of the results of Mauritius in one line in our consolidated income statement, impacting revenue and operating profit, for example, but not impacting group net profit or cash generation. This change will also impact the carrying value of assets and liabilities. Information on proportionately consolidated joint ventures is provided in note 8. As a result of the put and call agreement with our partner in Guatemala (see subsequent events – note 35), the Guatemala operation will be fully consolidated from January 1, 2014.
- IFRS 12, 'Disclosure of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. IFRS 12 will increase the level of disclosures regarding its control and influence over its joint venture in Mauritius and its investments in its tower company associates and investments in e-commerce businesses in Africa. The Group will adopt IFRS 12 in the accounting period beginning on January 1, 2014, its effective date in the European Union.
- IAS 27, Consolidated and Separate Financial Statements, reissued as IAS 27 Separate Financial Statements, as a result of issuance of IFRS 10, Consolidated Financial Statements. The standard is effective for annual periods beginning on or after January 1, 2014.
- IAS 28, Investments in Associates and, reissued as IAS 28 Investments in Associates, as a result of issuance of IFRS 11, Joint Arrangements. The standard is effective for annual periods beginning on or after January 1, 2014.

There are no other IFRS's or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

3. Significant accounting judgments and estimates

Judgments

Management judgment is applied in application of IFRS accounting policies and accounting treatment in preparation of these consolidated financial statements. In particular a significant level of judgment is applied regarding the following items:

- Contingent liabilities – the determination of whether or not a provision should be recorded for any potential liabilities.
- Leases – determination of whether the substance of leases meets the IFRS criteria for recognition as finance or operating leases or services contracts, or elements of each.
- Control – determination of whether Millicom, through voting rights attached to shares held, or by way of shareholders agreements or other factors, has the ability to direct the relevant activities of the subsidiaries it consolidates.
- Discontinued operations and assets held for sale –classification and presentation.
- Deferred tax assets – likely timing and level of future taxable profits together with future tax planning strategies.
- Acquisitions – allocation of excess of purchase price between newly identified assets and goodwill, measurement of property, plant and equipment and intangible assets and assessment of useful lives.
- Financial instruments that contain obligations to purchase own equity instruments – determination of the likelihood of change of control events occurring in assessing the fair value of these instruments.

Estimates

Judgment is also required in estimation of certain values in the preparation of these consolidated financial statements. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Due to inherent uncertainties in this evaluation process, actual results may differ from original estimates. Estimates are subject to change as new information becomes available and may significantly affect future operating results. Significant estimates have been applied in respect of the following items:

- Accounting for property, plant and equipment, and intangible assets in determining fair values at acquisition dates, particularly in the case of sales and leaseback transactions, and assets acquired in business combinations.
- Estimating useful lives of property, plant and equipment.
- Estimation of provisions, particularly related to legal and tax risks.
- Allocation of revenue between business units.
- Impairment testing.
- Accounting for share-based compensation.
- Fair value of financial assets and liabilities.

For critical accounting judgments and estimates reference is made to the relevant individual accounting policies and notes to these consolidated financial statements, more specifically note 4 – Acquisition of subsidiaries, joint ventures and non-controlling interests; note 6 – Discontinued operations and assets held for sale; note 13 – Taxes; note 15 – Intangible assets, note 16 – Property, plant and equipment, note 19 – Trade receivables, note 23 – Share-based compensation (relating to long-term incentive plans); note 27 – Other non-current and current provisions and liabilities (relating to the put option); note 31 – Commitments and contingencies; and note 34 – Financial instruments.

4. Acquisitions of subsidiaries, joint ventures and non-controlling interests

Agreement to Merge Colombia Móvil and UNE

On October 1, 2013 Millicom signed an agreement with Empresas Públicas de Medellín E.S.P. ("EPM"), the largest public service company in Colombia, whereby, subject to regulatory approval and closing conditions, the parties will combine and merge their mutual interests in Millicom's Colombian operations ("Colombia Móvil"), with UNE EPM Telecomunicaciones S.A. ("UNE").

Millicom will contribute its shares in its Colombian subsidiary ("Colombia Movil") and $860 million in cash to the merged entity (largely financed through a bond – see notes 18 and 26).

As a result of the merger agreement, and related shareholders' agreement, and subject to regulatory approvals, Millicom will control the merged entity by virtue of a one share majority in voting shares, and having the ability to direct the relevant activities of the business through its rights to appoint four out of the seven Board members. Super majority clauses in the shareholders' agreement provide Millicom with blocking rights to maintain the existing board appointments/decision making power. Accordingly, it is expected that the combined business will be fully consolidated after regulatory approval.

By December 31, 2013 regulatory approvals had not yet been obtained.

Acquisition of Rocket e-Commerce Businesses

On August 29, 2012 Millicom acquired, for Euro 85 million, and by way of issuance of new shares, 20% interests in two subsidiaries of Rocket Internet GmbH, Latin America Internet Holding ("LIH") and Africa Internet Holding ("AIH") and unconditional options to acquire the remaining shares in each of LIH and AIH (LIH and AIH own several operating entities in Latin America and Africa respectively). The First options enabled Millicom to increase its stake from 20% to 35%, the Second from 35% to 50% and the Third to 100% and all could initially be exercised at any time between the August 29, 2012 acquisition date and September 2016.

The acquired 20% interests, combined with unconditional rights to exercise the options, as well as a number of protective governance mechanisms in the LIH and AIH shareholders agreements provided Millicom with the ability to govern the operating and financial policies of AIH, and LIH. While Millicom controlled AIH, certain minority shareholder rights per shareholder agreements, including blocking rights, resulted in Millicom initially having significant influence in, but not controlling Africa e-commerce Holding ("AEH") the holding company of many of the operating entities in the AIH Group.

As a result of the acquisition and option agreements Millicom obtained the right to control LIH and AIH and fully consolidated these subsidiaries from September 1, 2012. Millicom's initial investment in AEH was included in investments in associates from September 1, 2012. AEH was subsequently consolidated from April 1, 2013 as a result of an agreement with a minority shareholder (see later in this note for details). The AIH Group (including AEH) was subsequently deconsolidated as a result of an agreement signed with MTN that ended Millicom's right to exercise its options to obtain control (see later in this note for details).

The LIH call options remained exercisable at December 31, 2013 (see note 35 for subsequent events) and were financial instruments which are accounted for in accordance with IAS 32 and 39. The exercise prices of the First and Second Options of Euro 50 million and Euro 100 million respectively were based on the original equity value of LIH. The cash invested by Millicom (capital increases) in LIH increases the equity value of LIH such that the equity value exceeds the exercise prices. As these options are exercisable at fixed prices they are accounted for as equity instruments in accordance with IAS 32. Accordingly, for LIH a value of $15 million has been assigned to the options against non-controlling interests in the consolidated statement of financial position. The exercise price of the Third Option is based on the fair market value of the shares at the time of exercise (subject to a minimum value of Euro 300 million), and as such the option itself does not have any standalone value.

LIH

Millicom allocated the LIH purchase price of Euro 50 million ($64 million) to the assets acquired, liabilities assumed and contingent liabilities and recognised the following amounts:

	LIH Group Fair value 100% US$ millions
Intangible assets, net	14
Property, plant and equipment, net	1
Current assets	9
Cash and cash equivalents	65
	89
Current liabilities	8
Deferred tax liabilities	5
	13
Fair value of the net assets acquired and contingent liabilities	**76**
Non-controlling interests:	
In net assets acquired and contingent liabilities	64
Less fair value of options (equity instruments)	(15)
	49
Controlling interest	**27**
Cash consideration	64
Goodwill	37

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4. Acquisitions of subsidiaries, joint ventures and non-controlling interests (continued)
The goodwill, which is not expected to be tax deductible, is attributable to future customers, know-how, potential synergies and the value of development stage projects. The non-controlling interest was measured as a proportion of the net assets acquired. LIH contributed revenues of $13 million and net loss of $9 million for the period from acquisition to December 31, 2012. Millicom finalised its purchase price allocation in 2013 resulting in an increase in goodwill by $3 million to $37 million and a corresponding increase in non-controlling interests compared to the provisional allocation.

On March 27, 2013 Millicom exercised its first call option increasing its ownership in LIH from 20% to 35%. In December 2013 consideration for exercise of the first LIH option of EUR 50 million ($68.5 million) was agreed to be provided at the earlier of when the cash balances of LIH fall below Euro 15 million or September 2014. As the consideration was not provided in 2013 Millicom was no longer entitled to participate in the returns of LIH related to this incremental 15% in 2013. Accordingly Millicom's ownership in LIH reverted to 20% and remained at 20% at December 31, 2013.

AIH
Millicom allocated the AIH purchase price of Euro 35 million ($45 million) to the assets acquired, liabilities assumed and contingent liabilities and recognised the following amounts:

	AIH Fair value 100% US$ millions
Investment in associates	100
Cash and cash equivalents	45
Fair value of the net assets acquired and contingent liabilities	**145**
Non-controlling interests:	
In net assets acquired and contingent liabilities	117
Less fair value of options (equity instruments)	(13)
	104
Controlling interest	**41**
Cash consideration	45
Goodwill	4

The investment in associates represented the investments in the operating entities of AEH (see note 17). The fair value of these investments was determined based on a discounted cash flow model. The goodwill, which is not expected to be tax deductible, is attributable to future customers, know-how, potential synergies and the value of development stage projects. The non-controlling interest has been measured as a proportion of the net assets acquired. Millicom finalised its purchase price allocation in 2013 resulting in a decrease in goodwill by $9 million to $4 million and a corresponding decrease in non-controlling interests compared to the provisional allocation.

On March 27, 2013 Millicom exercised its first call option increasing its ownership in AIH from 20% to 35%. In October 2013 consideration for exercise of the first AIH option of EUR 35 million ($48 million) was agreed to be provided when the cash balances of AIH fall below Euro 10 million.

AEH
Effective April 1, 2013 Millicom entered into an agreement with a non-related minority investor in Africa e-Commerce Holding (AEH), a 51.47% subsidiary of AIH providing Millicom the ability to purchase a further 20% interest in AEH upon exercise of the option to reach 100% ownership in AIH and the minority shareholder to sell its 20% stake in AEH upon the same conditions. This agreement provided Millicom with the ability to control the AEH Group, which was therefore fully consolidated from April 1, 2013. The previous investment in AEH was originally accounted for as an investment in associates (see note 17).

Millicom determined the fair value of the AEH Group and revalued its previously held interest as follows:

	100% US$ millions
Fair value of net assets of AEH Group	222
Non-controlling interests	(125)
Fair value of the net assets acquired and contingent liabilities	**97**
Previously held interest in AEH	(100)
Revaluation of the previously held interests in AEH	**(3)**

The fair value of AEH was based on a sum-of-parts valuation of its operating entities using a discounted cash flow approach. The change of control contributed revenues of $27 million and net losses of $23 million (including the loss on revaluation of the previously held interest) for the period from acquisition to December 13, 2013 (see AIH Shareholder's Agreement below). Millicom revalued to fair value its previously held interest in AEH recognising a loss of $3 million. The fair value of the previously held interest was determined based on discounted cash flows. The cash flow projections used were estimated by management covering five years. Cash flows beyond this point were extrapolated using a perpetual growth rate of 5%.

AIH Shareholder's Agreement
On December 13, 2013 Millicom, Rocket and Mobile Telephone Networks Holdings (Pty) Limited ("MTN") signed an agreement whereby MTN will invest in the AIH Group such that, following anti-trust and other requisite clearances and closing conditions, each of the three parties will own a 33.33% interest in AIH. MTN's 33.3% stake will be acquired by cash investment (increase in share capital) at a price equivalent to 20% more than the investment made by Millicom. Millicom has committed to invest an additional Euro 70 million with a guaranteed minimum commitment of Euro 35 million.

As a result of this agreement Millicom no longer has the ability to exercise its options related to the remaining 65% in AIH, and has deconsolidated the AIH Group on December 12, 2013. In addition, the agreement also reduced Millicom's participation in AIH from 35% to 20% and its rights to participate in the results of AIH from 35% to 20%. Accordingly, Millicom's 20% equity stake at December 13, 2013 has been accounted for as an investment in associates at December 12, 2013 at its fair value of $57 million, resulting in a gain on deconsolidation of $14 million recorded in other operating income. The fair value was derived from the price agreed by MTN for its 33.3% stake.

At December 31, 2013 the transaction had not yet closed as anti-trust and requisite clearances had yet to be obtained.

Cablevision Acquisition
On October 2, 2012 Millicom completed its acquisition of the debt and cash free operating businesses of Cable Vision Comunicaciones S.A., Television Dirigida S.A., Consorcio Multipunto Multicanal S.A., Producciones Unicanal S.A. and 100% of the shares of Teledeportes Paraguay S.A. (together "Cablevision") for combined cash consideration of $172 million. The acquired interests provide Millicom with the ability to govern the operating and financial policies of Cablevision which has been fully consolidated into the Millicom Group financial statements from October 1, 2012.

Millicom allocated the purchase price of $172 million to the assets acquired, liabilities assumed and contingent liabilities and recognised the following amounts:

	Cablevision Fair value 100% US$ millions
Tangible and intangible assets, net	105
Fair value of the net assets acquired and contingent liabilities	**105**
Cash consideration	172
Goodwill	67

The goodwill, which is not expected to be tax deductible, is attributable to future customers, know-how, and potential synergies. Cablevision contributed revenues of $15 million and net profit of $6 million for the period from acquisition to December 31, 2012. If the acquisition had occurred on January 1, 2012, Group revenues from continuing operations for the year ended December 31, 2012 would have been $54 million higher, and the net profit from continuing operations for the same period would have been $17 million higher. These amounts have been calculated using the Group accounting policies. Millicom finalised its purchase price allocation in 2013 resulting in an increase in goodwill by $2 million to $67 million and a corresponding decrease to the value assigned to customer relationships compared to the provisional allocation.

Other Minor Acquisitions
During 2013 Millicom also made other smaller acquisitions of cable and television businesses in Guatemala and Bolivia for total consideration of $19 million.

During 2012 Millicom also completed the increase of ownership in Navega El Salvador from 55% to 100% and completed other minor acquisitions for consideration of $16 million.

During 2011 Millicom did not acquire any subsidiaries, joint ventures or non-controlling interests. At December 31, 2011, the agreement entered into on August 20, 2010 to increase Millicom's ownership in Navega El Salvador from 55% to 100% remained subject to completion.

5. Disposals of subsidiaries and joint ventures and non-controlling interests
There were no disposals of subsidiaries, joint ventures or non-controlling interests during 2013 or 2012. As described in note 4, during 2013 as a result of the investment agreement related to MTN Millicom deconsolidated AIH.

Millicom Lao Co Ltd
On September 16, 2009 Millicom signed an agreement for the sale of its 74.1% holding in Millicom Lao Co. Ltd., its Laos operation, to VimpelCom for approximately $65 million in total cash proceeds, payable on completion. The transaction valued the Laos operation at an enterprise value of approximately $102 million. On March 9, 2011 Millicom completed the transaction and received proceeds (net of transaction costs and taxes) from the sale of $53 million, realising a gain on sale of $37 million. From that date the Laos operation was no longer included in the consolidated financial statements of the Group.

Amnet Honduras
As part of a regional shareholding alignment agreement with its local partner in Honduras, on March 21, 2011, Millicom reduced its shareholding in Amnet Honduras from 100% to 66.7%, realising a gain on sale of $2 million, which was recorded in equity as gain on sale to non-controlling interests. The proceeds from the sale amount to $16.5 million, of which $5 million was received in 2011 and 2012, $2.3 million in 2013 and $2.3 million will be received in March each year for the next four years (2014, 2015, 2016 and 2017).

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6. Discontinued operations and assets held for sale

Discontinued operations

There were no discontinued operations in 2013 and in 2012. The results of discontinued operations for the year ended December 31, 2011 are presented below:

	2011 US$ millions
Revenues	6
Operating expenses	(3)
Profit before tax	**3**
Tax charge	–
Gain from disposal, net	36
Net profit for the year	**39**

The cash provided by discontinued operations for the year ended December 31, 2011 is presented below:

	2011 US$ millions
Net cash used by operating activities	–
Net cash used by investing activities	–
Net cash provided by financing activities	–
Transfer of cash to assets held for sale	–
Proceeds from the sale of discontinued operations	53
Cash provided by discontinued operations	**53**

There were no non-cash investing and financing activities of discontinued operations for the year ended December 31, 2011.

Assets held for sale

Between 2009 and 2011, Millicom signed various sale and leaseback agreements with tower companies in Africa and South America whereby Millicom agreed the sale of tower assets and to lease back a dedicated portion of each tower to locate its network equipment in exchange for cash and investments in the tower companies (see note 17). The portions of these assets that will not be leased back by Millicom are classified as assets held for sale as completion of their sale is highly probable.

At December 31, 2013, towers sold but yet to be transferred to tower companies (assets held for sale) of $14 million related to operations in DRC, Colombia, Ghana and Tanzania (December 31, 2012: $21 million related to operations in DRC, Colombia, Ghana and Tanzania).

Asset retirement obligations related to the towers of $2 million (December 31, 2012: $5 million) are classified as liabilities directly associated with assets held for sale.

	2013 US$ millions	2012 US$ millions
Assets held for sale		
Property, plant and equipment, net	**14**	21
Liabilities directly associated with assets held for sale		
Other non-current liabilities	**(2)**	(5)
Net assets directly associated with assets held for sale	**12**	16

7. Subsidiaries

At December 31, 2013 Millicom consolidated the following significant subsidiaries:

Name of the company	Country	**Holding on December 31, 2013 % of ownership interest**	Holding on December 31, 2012 % of ownership interest
Central America			
Telemovil El Salvador S.A	El Salvador	**100.0**	100.0
Cable El Salvador S.A. de C.V.	El Salvador	**100.0**	100.0
Navega.com SA, Succursal El Salvador	El Salvador	**100.0**	100.0
Telefonica Celular S.A.	Honduras	**66.7**	66.7
Navega S.A. de CV	Honduras	**66.7**	66.7
Cable Costa Rica S.A.	Costa Rica	**100.0**	100.0
South America			
Telefonica Celular de Bolivia S.A.	Bolivia	**100.0**	100.0
Telefonica Celular del Paraguay S.A.	Paraguay	**100.0**	100.0
Colombia Movil S.A. E.S.P.	Colombia	**50.0 + 1 share**	50.0 + 1 share
LATAM Internet Holding GmbH	Germany	**20.0**	20.0
Africa			
Millicom Ghana Company Limited	Ghana	**100.0**	100.0
Sentel GSM S.A.	Senegal	**100.0**	100.0
MIC Tanzania Limited	Tanzania	**100.0**	100.0
Oasis S.P.R.L.	Democratic Republic of Congo	**100.0**	100.0
Millicom Tchad S.A.	Chad	**100.0**	100.0
Millicom Mauritius Limited	Mauritius	**100.0**	100.0
Millicom Rwanda Limited	Rwanda	**87.5**	87.5
Unallocated			
Millicom International Operations S.A.	Luxembourg	**100.0**	100.0
Millicom International Operations B.V.	Netherlands	**100.0**	100.0
MIC Latin America B.V.	Netherlands	**100.0**	100.0
Millicom Africa B.V.	Netherlands	**100.0**	100.0
Millicom Holding B.V.	Netherlands	**100.0**	100.0
Millicom Ireland Limited	Ireland	**100.0**	100.0

8. Interests in joint ventures

At December 31, 2013 Millicom proportionally consolidated the following significant joint ventures:

Name of the company	Country	**Holding on December 31, 2013 % of ownership interest**	Holding on December 31, 2012 % of ownership interest
Central America			
Comunicaciones Celulares S.A.	Guatemala	**55.0**	55.0
Navega.com S.A.	Guatemala	**55.0**	55.0
Africa			
Emtel Limited	Mauritius	**50.0**	50.0

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8. Interests in joint ventures (continued)
The share of assets and liabilities of the jointly controlled entities at December 31, 2013 and 2012, which are included in the consolidated financial statements, are as follows:

	2013 US$ millions	2012 US$ millions
Current assets	169	197
Non-current assets	480	445
Total assets	**649**	642
Current liabilities	172	185
Non-current liabilities	200	241
Total liabilities	**372**	426

The share of revenue and operating expenses of the jointly controlled entities for the years ended December 31, 2013, 2012, and 2011, which are included in the consolidated income statements from continuing operations, are as follows:

	2013 US$ millions	2012 US$ millions	2011 US$ millions
Revenue	684	663	650
Total operating expenses	(423)	(389)	(365)
Operating profit	**261**	274	285

As described in accounting policy note 2.29 'Changes in Accounting Policies', the IFRS standards and amendments that become effective on January 1, 2014 result in the joint venture operation in Mauritius no longer being proportionately consolidated (equity accounting will apply from that date), and that, as a result of the put and call agreement signed with our partner in Guatemala (see subsequent events note 35), the Guatemala business will be fully consolidated from January 1, 2014.

9. Segment information
The Group has businesses in three regions: Central America, South America and Africa. Revenue, operating profit (loss) and other segment information for the years ended December 31, 2013, 2012 and 2011 is as follows:

December 31, 2013	Central America US$ millions	South America US$ millions	Africa US$ millions	Unallocated items US$ millions	Total continuing operations US$ millions	Inter-company elimination US$ millions	Total US$ millions
Revenue	1,884	2,248	1,027	–	5,159	–	5,159
Operating profit (loss)	548	470	(54)	(183)	781	–	781
Add back:							
Depreciation and amortisation	309	302	261	3	875	–	875
Loss (gain) of disposal and impairment	1	(7)	51	(16)	29	–	29
Corporate costs	–	–	–	196	196	–	196
Adjusted operating profit(i)	858	765	258	–	1,881	–	1,881
Additions to:							
Property, plant and equipment	(234)	(293)	(286)	(9)	(822)	–	(822)
Intangible assets	(50)	(295)	(47)	(12)	(404)	–	(404)
Capital expenditure	(284)	(588)	(333)	(21)	(1,226)	–	(1,226)
Taxes paid	(156)	(85)	(21)	(60)	(322)		
Changes in working capital	24	(90)	101	3	38		
Other movements	(4)	55	71	4	126		
Operating free cash flow(ii)	438	57	76	(74)	497		
Less corporate costs (excl. non-cash)	–	–	–	(179)	(179)		
Operating free cash flow after corporate costs	438	57	76	(253)	318		
Total Assets(iii)	3,442	2,669	1,959	3,044	11,114	(1,967)	9,147
Total Liabilities	1,640	2,071	2,257	2,932	8,900	(1,834)	7,066

(i) Adjusted operating profit is used by the management to monitor the segmental performance and for capital management (see note 33).
(ii) Operating free cash flow by segment includes vendor financing of capital equipment as a cash transaction.
(iii) Segment assets include goodwill and other intangible assets.

December 31, 2012	Central America US$ millions	South America US$ millions	Africa US$ millions	Unallocated items US$ millions	Total continuing operations US$ millions	Inter-company elimination US$ millions	Total US$ millions
Revenue	1,901	1,939	974	–	4,814	–	4,814
Operating profit (loss)	639	491	122	(148)	1,104	–	1,104
Add back:							
Depreciation and amortisation	320	257	233	1	811	–	811
Loss (gain) of disposal and impairment	(1)	–	4	3	6	–	6
Corporate costs	–	–	–	144	144	–	144
Adjusted operating profit(i)	958	748	359	–	2,065	–	2,065
Additions to:							
Property, plant and equipment	(290)	(303)	(272)	(5)	(870)	–	(870)
Intangible assets	(6)	(70)	(158)	(16)	(250)	–	(250)
Capital expenditure	(296)	(373)	(430)	(21)	(1,120)	–	(1,120)
Taxes paid	(131)	(76)	(32)	(45)	(284)		
Changes in working capital	42	3	46	(7)	84		
Other movements	(45)	91	142	48	236		
Operating free cash flow(ii)	528	393	85	(25)	981		
Less corporate costs (excl. non-cash)	–	–	–	(122)	(122)		
Operating free cash flow after corporate costs	528	393	85	(147)	859		
Total Assets(iii)	3,570	2,604	2,050	1,068	9,292	(1,081)	8,211
Total Liabilities	1,696	1,913	2,073	1,253	6,935	(1,060)	5,875

(i) Adjusted operating profit is used by the management to monitor the segmental performance and for capital management (see note 33).
(ii) Operating free cash flow by segment includes vendor financing of capital equipment as a cash transaction.
(iii) Segment assets include goodwill and other intangible assets.

December 31, 2011	Central America US$ millions	South America US$ millions	Africa US$ millions	Unallocated items US$ millions	Total continuing operations US$ millions	Discontinued operations (note 6) US$ millions	Inter-company elimination US$ millions	Total US$ millions
Revenue	1,842	1,706	982	–	4,530	6	–	4,536
Operating profit (loss)	650	505	216	(114)	1,257	3	–	1,260
Add back:								
Depreciation and amortisation	303	231	204	1	739	2	–	741
Loss (gain) of disposal and impairment	5	(10)	(17)	–	(22)	–	–	(22)
Corporate costs	–	–	–	113	113	–	–	113
Adjusted operating profit(i)	958	726	403	–	2,087	5	–	2,092
Additions to:								
Property, plant and equipment	(220)	(295)	(288)	–	(803)	–	–	(803)
Intangible assets	(1)	(29)	(9)	(6)	(45)	–	–	(45)
Capital expenditure	(221)	(324)	(297)	(6)	(848)	–	–	(848)
Taxes paid	(146)	(77)	(14)	(31)	(268)			
Changes in working capital	(67)	15	92	(25)	15			
Other movements	17	85	79	37	218			
Operating free cash flow(ii)	541	425	263	(25)	1,204			
Less corporate costs (excl. non-cash)	–	–	–	(96)	(96)			
Operating free cash flow after corporate costs	541	425	263	(121)	1,108			
Total Assets(iii)	4,074	2,008	1,630	830	8,542	–	(1,260)	7,282
Total Liabilities	1,673	1,388	1,705	927	5,693	–	(857)	4,836

(i) Adjusted operating profit is used by the management to monitor the segmental performance and for capital management (see note 33).
(ii) Operating free cash flow by segment includes vendor financing of capital equipment as a cash transaction.
(iii) Segment assets include goodwill and other intangible assets.

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9. Segment information (continued)
Revenue by business unit for the years ended December 31, 2013, 2012 and 2011:

	2013 US$ millions	2012 US$ millions	2011 US$ millions
Mobile	**4,202**	4,131	3,994
Cable & Digital Media	**446**	354	280
Mobile Financial Services	**79**	40	10
Online	**83**	13	–
Telephones and equipment and other	**349**	276	246
Total	**5,159**	4,814	4,530

Revenue from continuing operations for the years ended December 31, 2013, 2012 and 2011 by country:

	2013 US$ millions	2012 US$ millions	2011 US$ millions
Colombia	**969**	849	756
Paraguay	**784**	649	593
Guatemala	**641**	621	604
Honduras	**656**	705	673
Bolivia	**438**	429	357
El Salvador	**443**	443	460
Tanzania	**351**	345	280
Ghana	**169**	162	205
Chad	**149**	121	128
Costa Rica	**139**	126	104
Other	**420**	364	370
Total	**5,159**	4,814	4,530

Non-current assets (intangible assets and property, plant and equipment) as at December 31, 2013 and 2012 by country:

	2013 US$ millions	2012 US$ millions
Colombia	**812**	713
Paraguay	**497**	474
Guatemala	**433**	400
Honduras	**1,473**	1,554
Bolivia	**376**	274
El Salvador	**417**	443
Tanzania	**419**	374
Ghana	**145**	169
Chad	**163**	147
Costa Rica	**250**	239
Other	**720**	740
Total	**5,705**	5,527

10. Analysis of operating profit
The Group's operating income and expenses from continuing operations by nature of expense is as follows:

	2013 US$ millions	2012 US$ millions	2011 US$ millions
Revenue	**5,159**	4,814	4,530
Cost of services rendered and goods sold	**(1,360)**	(1,134)	(1,007)
Depreciation and amortisation (notes 9, 15 and 16)	**(875)**	(811)	(739)
Dealer commissions	**(434)**	(417)	(398)
Employee related costs (note 11)	**(453)**	(345)	(299)
Sites and network maintenance	**(239)**	(220)	(208)
Advertising and promotion	**(159)**	(130)	(127)
Phone subsidies	**(219)**	(179)	(139)
External services	**(222)**	(190)	(155)
Operating lease expense (note 31)	**(131)**	(108)	(96)
Billing and payments	**(41)**	(36)	(33)
Gain (loss) on disposal and impairment of assets, net (note 9)	**(29)**	(6)	22
Other income	**17**	19	44
Other expenses	**(233)**	(153)	(138)
Operating profit	**781**	1,104	1,257

The following table summarises the aggregate amounts paid to Millicom's auditors for the years ended December 31, 2013, 2012 and 2011.

	2013 US$ millions	2012 US$ millions	2011 US$ millions
Audit fees	**5.3**	4.8	3.6
Audit related fees	**–**	–	0.2
Tax fees	**0.2**	0.2	0.1
Other fees	**0.1**	0.8	–
Total	**5.6**	5.8	3.9

11. Employee related costs

	2013 US$ millions	2012 US$ millions	2011 US$ millions
Wages and salaries	**(322)**	(238)	(209)
Social security	**(43)**	(29)	(24)
Share based compensation (see note 23)	**(17)**	(22)	(17)
Other employee related costs[(i)]	**(71)**	(56)	(49)
Total	**(453)**	(345)	(299)

(i) Includes pension costs and other benefits.

The average number of permanent employees during the years ended December 31, 2013, 2012 and 2011 was as follows:

	2013	2012	2011
Continuing operations	**10,951**	8,273	6,526
Discontinued operations	**–**	–	128
Total average number of permanent employees	**10,951**	8,273	6,654

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12. Other non-operating (expenses) income, net

	2013 US$ millions	2012 US$ millions	2011 US$ millions
Change in carrying value of put option (see note 27)	**(62)**	15	24
Change in fair value of derivatives	**(19)**	(6)	(2)
Revaluation of previously held interest (see note 4)	**–**	9	–
Other exchange (losses), net	**(50)**	2	(26)
Other non-operating expenses	**(1)**	2	–
Other non-operating (expenses) income, net	**(132)**	22	(4)

13. Taxes

Taxes mainly comprise income taxes of subsidiaries and joint ventures. As a Luxembourg commercial company, the Company is subject to all taxes applicable to a Luxembourg Société Anonyme. Due to losses incurred and brought forward, no taxes based on income in Luxembourg have been computed for 2013, 2012 and 2011. The effective tax rate on continuing operations is 47% (2012: 44%, 2011: (2%)). Currently Millicom operations are in jurisdictions with income tax rates of 6% to 40% levied on either revenue or profit before income tax (2012: 6% to 40% and 2011: 10% to 40%).

The reconciliation between the weighted average statutory tax rate and the effective average tax rate is as follows:

	2013 %	2012 %	2011 %
Weighted average statutory tax rate(i)	**11**	16	24
Recognition of previously unrecorded tax losses	**(20)**	–	(29)
Unrecognised current year tax losses(ii)	**11**	2	1
Non-taxable income and non-deductible expenses, net	**6**	6	1
Taxes based on revenue	**5**	2	(6)
Income taxes at other than statutory tax rates	**7**	3	4
Withholding taxes on transfers between operating and non-operating entities	**24**	8	3
Write-back of tax provision	**3**	3	–
Effect on change in tax rate	**–**	4	–
Effective tax rate	**47**	44	(2)

(i) The weighted average statutory tax rate has been determined by dividing the aggregate statutory tax charge of each subsidiary and joint venture, which was obtained by applying the statutory tax rate to the profit or loss before tax.
(ii) Unrecognised current year tax losses mainly consist of tax losses at the Company level and tax losses recorded in the Group's operations in DRC and Rwanda (2012: DRC, Rwanda and Tanzania; 2011: DRC and Rwanda).

The credit (charge) for income taxes from continuing operations is shown in the following table and recognises that revenue and expense items may affect the financial statements and tax returns in different periods (temporary differences):

	2013 US$ millions	2012 US$ millions	2011 US$ millions
Current income tax credit (charge)	**(274)**	(326)	(278)
Net deferred income tax benefit (expense)	**92**	(67)	297
Credit/(charge) for taxes	**(182)**	(393)	19

	2013 US$ millions	2012 US$ millions
(A) Profit After Tax	**205**	504
(1) Current Income Tax	**(274)**	(326)
(2) Deferred Income Tax	**92**	(67)
(B) Total income tax (1) + (2)	**(182)**	(393)
(C) Profit Before Tax = (A)+(B)	**387**	897
(3) Effective tax rate (B)/(C)	**47%**	44%
(4) Weighted average tax rate	**11%**	16%
(D) Theoretical Income Tax (C)*(4)	**(41)**	(142)
Difference to explain =(B)-(D)	**(141)**	(251)
Non-taxable and deductible items	**(23)**	(52)
Items taxed with another tax rate	**(26)**	(24)
Withholding tax	**(93)**	(72)
Adjustments from prior years	**(14)**	(24)
Tax based on revenues and other taxes	**(21)**	(24)
Impact of changes in tax rates on deferred tax assets	**–**	(39)
Unrecognised tax losses	**(43)**	(16)
Recognition of previously unrecognised deferred tax assets	**79**	–
Total	**(141)**	(251)

The tax effects of significant items of the Group's deferred income tax asset and liability as of December 31, 2013 and 2012 are as follows:

	Consolidated balance sheets		Consolidated income statements		
	2013 US$ millions	2012 US$ millions	2013 US$ millions	2012 US$ millions	2011 US$ millions
Loss carry-forwards	**198**	134	**64**	(48)	182
Provision for doubtful debtors	**16**	14	**2**	5	5
Temporary differences between book and tax basis of intangible assets and property, plant and equipment	**(57)**	(56)	**(1)**	(61)	50
Deferred tax liabilities recognised as part of the acquisition of Celtel	**(63)**	(81)	**18**	13	11
Deferred tax liabilities recognised as part of the acquisition of Amnet	**(9)**	(13)	**4**	6	6
Deferred tax liabilities recognised as part of the acquisition of Navega	**(2)**	(2)	**–**	–	1
Deferred tax liabilities recognised as part of the acquisition of LIH Group (see note 4)	**(5)**	(5)	**–**	(5)	–
Other temporary and translation differences	**47**	88	**(41)**	51	41
Deferred tax benefit (expense)			**46**	(39)	296
Deferred tax assets (liabilities), net	**125**	79			
Reflected in the statements of financial position as:					
Deferred tax assets	**313**	259			
Deferred tax liabilities	**(188)**	(180)			

Deferred income tax assets and liabilities reflect temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Total unrecognised tax loss carry-forwards relating to continuing operations amounted to $390 million as at December 31, 2013 (2012: $267 million, 2011: $169 million) of which $171 million expire within one to five years (2012: $236 million, 2011: $169 million and $219 million which have no expiry (2012: $31 million, 2011: nil).

During 2013, a deferred tax asset of $79 million was recognised by the Company relating to expected utilisation of tax loss carry-forwards in Luxembourg during the period from 2014 to 2018. The expected utilisation of tax loss carry-forwards was based on an assessment by management that sufficient taxable profit will be available to allow the benefit of the deferred tax asset to be utilised. At the same time, a deferred tax liability of $28 million was recognised representing withholding tax payable on undistributed retained earnings of Millicom's operating subsidiaries.

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14. Earnings per share
Basic earnings per share are calculated by dividing net profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of dilutive potential shares.

Net profit and share data used in the basic and diluted earnings per share computations are as follows:

	2013 US$ millions	2012 US$ millions	2011 US$ millions
Basic			
Net profit attributable to equity holders from continuing operations	229	508	886
Net profit attributable to equity holders from discontinued operations	–	–	39
Net profit attributable to equity holders to determine the basic earnings per share	229	508	925
Diluted			
Net profit attributable to equity holders from continuing operations	229	508	886
Net profit attributable to equity holders from continuing operations used to determine the diluted earnings per share	229	508	886
Net profit attributable to equity holders from discontinued operations	–	–	39
Net profit attributable to equity holders to determine the diluted earnings per share	229	508	925

	2013 '000	2012 '000	2011 '000
Weighted average number of ordinary shares (excluding treasury shares) for basic earnings per share	99,801	101,332	104,196
Effect of dilution:			
Potential incremental shares as a result of share options	54	93	105
Weighted average number of ordinary shares (excluding treasury shares) adjusted for the effect of dilution	99,855	101,425	104,301

To calculate earnings per share amounts for discontinued operations, the weighted average number of shares for both basic and diluted amounts is as per the table above.

15. Intangible assets
Movements in intangible assets in 2013 were as follows:

	Goodwill US$ millions	Licences US$ millions	Customer lists US$ millions	Other(ii) US$ millions	Total US$ millions
Opening balance, net	1,508	327	335	249	2,419
Change in the composition of the Group (see note 4)	(13)	–	15	(17)	(15)
Additions (see note 9)	–	102	–	302	404
Amortisation charge(i)	–	(52)	(64)	(45)	(161)
Impairment	(36)	–	–	–	(36)
Transfers	–	131	(7)	(124)	–
Other movements	–	(1)	–	(1)	(2)
Exchange rate movements	(37)	(7)	(8)	(14)	(66)
Closing balance, net	1,422	500	271	350	2,543
As at December 31, 2013					
Cost or valuation	1,422	780	528	654	3,384
Accumulated amortisation and impairment	–	(280)	(257)	(304)	(841)
Net	1,422	500	271	350	2,543

(i) The amortisation charge for Licences and Other is recorded under the caption "General and administrative expenses".
(ii) The caption "Other" includes intangible assets identified in business combinations (including trademarks – see note 4) as well as content and programming rights.

Movements in intangible assets in 2012 were as follows:

	Goodwill US$ millions	Licences US$ millions	Customers' lists US$ millions	Other(ii) US$ millions	Total US$ millions
Opening balance, net	1,415	213	370	172	2,170
Change in the composition of the Group (see note 4)	130	–	44	21	195
Additions (see note 9)	–	155	–	95	250
Amortisation charge(i)	–	(41)	(69)	(44)	(154)
Transfers	–	3	–	(3)	–
Other movements	–	–	–	3	3
Exchange rate movements	(37)	(3)	(10)	5	(45)
Closing balance, net	1,508	327	335	249	2,419
As at December 31, 2012					
Cost or valuation	1,508	571	532	518	3,129
Accumulated amortisation	–	(244)	(197)	(269)	(710)
Net	1,508	327	335	249	2,419

(i) The amortisation charge for Licences and Other is recorded under the caption "General and administrative expenses".
(ii) The caption "Other" includes intangible assets identified in business combinations (including trademarks – see note 4) as well as content and programming rights.

The following table provides details of cash used for intangible asset additions:

	2013 US$ millions	2012 US$ millions	2011 US$ millions
Additions	404	250	45
Change in suppliers advances	–	1	–
Change in capex accruals and payables	(2)	(92)	12
Cash used from continuing operations for intangible asset additions	402	159	57

Impairment test of goodwill
As at December 31, 2013, management tested goodwill for impairment by assessing the recoverable amount (value in use) against the carrying amount for each cash-generating unit ("CGU").

The value in use of a CGU or group of CGUs is determined based on discounted cash flows. The cash flow projections used (adjusted operating profit margins, income tax, working capital, capital expenditure and licence renewal cost) are extracted from financial budgets approved by management and the Board covering a period of five years or more. The planning horizon reflects industry practice in the countries where the Group operates and stage of development or redevelopment of the business in those countries. Cash flows beyond this period are extrapolated using a perpetual growth rate of 2.5%-3.0% (2012: 2.0%).

An impairment of $36 million relating to goodwill for Senegal was recorded in 2013. No impairment losses were recorded on goodwill for the years ended December 31, 2012 and 2011.

Sensitivity analysis was performed on key assumptions within the impairment tests. The sensitivity analysis determined that sufficient margin exists from realistic changes to the assumptions that would not impact the overall results of the testing. For DRC the estimated recoverable amount exceeded the carrying value by 15 per cent or less (2012: 10% or less). Indicators of sensitivity were identified in respect of the DRC cash-generating unit and sensitivity testing was performed resulting in the following findings:

- A long-term growth rate decrease of 2.4 ppt (percentage points), from 2.5% to 0.1%, would result in a value in use equal to the carrying amount. An additional 1.0 ppt decrease, from 0.1% to -0.9%, would lead to a value in use lower than the carrying amount by $8.1 million.
- A discount rate increase of 1.2 ppt, from 15.1% to 16.3%, would result in a value in use equal to the carrying amount. An additional 1.0ppt increase, from 16.3% to 17.3%, would lead to a value in use lower than the carrying amount by $17.1 million.
- A 5% decrease of the operating profit before depreciation and amortisation would result in a value in use equal to the carrying amount. An additional 1% decrease, would lead to a value in use lower than the carrying amount by $4.9 million.

The recoverable amounts have been determined for the cash generating units based on the following discount rates for the years ended December 31, 2013 and 2012:

	Discount rate after tax 2013	2012
Central America	10.5%–12.6%	7.5%–11.4%
South America	9.4%–10.6%	7.4%–10.8%
Africa	12.0%–15.0%	8.4%–15.2%

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15. Intangible assets (continued)
The allocation of goodwill to cash generating units, net of exchange rate movements and after impairment, is shown below:

Millicom's operations in:	2013 US$ millions	2012 US$ millions
Honduras (see note 4)	855	883
El Salvador	194	194
Costa Rica	139	137
Paraguay	68	76
Colombia	52	57
Guatemala	39	40
Senegal	–	35
DRC	11	11
Other	64	75
Total Goodwill	1,422	1,508

16. Property, Plant and Equipment
Movements in tangible assets in 2013 were as follows:

	Network equipment US$ millions	Land and Buildings US$ millions	Construction in Progress US$ millions	Other(i) US$ millions	Total US$ millions
Opening balance, net	2,540	77	322	169	3,108
Change in the composition of the Group (note 4)(ii)	–	–	(3)	6	3
Additions (including sale and leaseback)	48	3	745	26	822
Impairments and net disposals	(30)	(1)	(7)	(2)	(40)
Depreciation charge(iii)	(642)	(5)	–	(67)	(714)
Asset retirement obligations	3	–	–	–	3
Transfers	630	15	(645)	65	65
Transfer from assets held for sale (see note 6)	5	–	–	–	5
Exchange rate movements	(75)	(2)	(9)	(4)	(90)
Closing Balance at December 31, 2013	2,479	87	403	193	3,162
Cost or valuation	5,685	114	403	474	6,676
Accumulated depreciation	(3,206)	(27)	–	(281)	(3,514)
Net	2,479	87	403	193	3,162

(i) "Other" mainly includes office equipment and motor vehicles.
(ii) The change in the composition of the Group corresponded to minor acquisitions (see note 4).
(iii) The depreciation charge for network equipment is recorded under the caption "Cost of sales" and the depreciation charge for Land and Buildings and Other is recorded under "General and administrative expenses".

16. Property, Plant and Equipment (continued)
Movements in tangible assets in 2012 were as follows:

	Network equipment US$ millions	Land and Buildings US$ millions	Construction in Progress US$ millions	Other(i) US$ millions	Total US$ millions
Opening balance, net	2,428	69	240	128	2,865
Change in the composition of the Group (note 4)(ii)	20	2	1	8	31
Additions (including sale and leaseback)	52	8	793	49	902
Impairments and net disposals	(97)	(1)	(2)	(4)	(104)
Depreciation charge(iii)	(584)	(8)	–	(65)	(657)
Asset retirement obligations	6	–	–	–	6
Transfers	659	7	(718)	52	–
Transfer from assets held for sale (see note 6)	44	–	–	–	44
Exchange rate movements	12	–	8	1	21
Closing Balance at December 31, 2012	2,540	77	322	169	3,108
Cost or valuation	5,213	99	322	422	6,056
Accumulated depreciation	(2,673)	(22)	–	(253)	(2,948)
Net	2,540	77	322	169	3,108

(i) "Other" mainly includes office equipment and motor vehicles.
(ii) The change in the composition of the Group corresponded to the acquisition of Cablevision Paraguay and other minor investments.
(iii) The depreciation charge for network equipment is recorded under the caption "Cost of sales" and the depreciation charge for Land and Buildings and Other is recorded under "General and administrative expenses".

The net carrying amount of network equipment under finance leases at December 31, 2013, mainly comprising towers from sale and lease back transactions with tower companies, was $231 million (2012: $195 million).

Borrowing costs capitalised for the years ended December 31, 2013 and 2012 were not significant.

The following table provides details of cash used for the purchase of property, plant and equipment:

	2013 US$ millions	2012 US$ millions	2011 US$ millions
Additions	822	870	803
Change in suppliers advances	18	3	(2)
Change in capex accruals and payables	(39)	(21)	(63)
Vendor financing and finance leases (see note 31)	(43)	(10)	(38)
Cash used from continuing operations for purchase of property, plant and equipment	758	842	700

17. Investments in associates
The following table illustrates the summarised financial information of the Group's investment in associates for the years ended December 31, 2013 and 2012:

2013	Ownership interest %	Income (loss) from associates US$ millions	Carrying amount of the investment US$ millions
Helios Towers Tanzania	40%	(4)	17
Helios Towers DRC	40%	1	32
Helios Towers Ghana	40%	1	13
ATC Colombia BV	40%	(4)	3
Africa Internet Holding (from December 12 – see note 4)	20%	(3)	57
Total		(9)	122

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17. Investments in associates (continued)

2012	Ownership interest %	Income (loss) from associates US$ millions	Carrying amount of the investment US$ millions
Helios Towers Tanzania	40%	(13)	26
Helios Towers DRC	40%	(4)	29
Helios Towers Ghana	40%	(1)	17
ATC Colombia BV	40%	(4)	20
Africa e-Commerce Holding (see note 4)	10%	(1)	100
Others		–	1
Total		(23)	193

Helios Towers Tanzania, DRC and Ghana
The initial cost of the 40% investment stakes in Helios Tower companies in Tanzania, DRC and Ghana were measured at Millicom's interest in the fair value of the tower sites sold to the tower companies (see note 6), after elimination of intercompany gains on sale. The carrying values have subsequently been changed to reflect Millicom's share in the losses of the tower companies, amounting to $2 million in 2013 (2012: $18 million).

Revenue of the tower companies in 2013 amounted to $130 million (2012: $82 million). At December 31, 2013 total assets of the tower companies amounted to $309 million (2012: $295 million) and total liabilities $258 million (2012: $124 million).

ATC Colombia BV
In December 2011, Millicom exercised an option to acquire 40% of the holding company (ATC Colombia BV), of ATC Infraco (to which Colombia Móvil, Millicom's subsidiary in Colombia sold its towers). By December 31, 2013 Millicom had invested cash of $62 million in ATC Colombia BV comprising debt and shareholder loans (December 31, 2012: $35 million). The amount of the investment is derived from the value of the tower assets sold and transferred from Colombia Móvil to ATC Infraco (see note 6).

Millicom's unconditional option to acquire a minority equity interest of up to 40% in ATC Sitios de Colombia S.A.S. (ATC Sitios), another tower subsidiary of American Tower in Colombia, expired on December 21, 2012. Unconditional options provided by Millicom to Colombia Móvil's other shareholders to acquire up to half of Millicom's interest in ATC Colombia BV expired on July 18, 2013.

At December 31, 2013 total assets of ATC Colombia BV amounted to $162 million (2012: $91 million) and total liabilities $96 million (2012: $51 million).

Africa Internet Holding (AIH)
As a result of the agreement signed with MTN, from December 12, 2013 Millicom no longer controlled AIH (see note 4) and has accounted for its investment from that date as an investment in an associate.

Africa e-Commerce Holding (AEH)
Effective April 1, 2013 Millicom entered into an agreement with a non-related minority investor in Africa e-Commerce Holding (AEH), a 51.47% subsidiary of AIH (Millicom's investment in Rocket Africa) providing Millicom the ability to purchase a further 20% interest in AEH upon exercise of the option to reach 100% ownership in AIH and the minority shareholder to sell its 20% stake in AEH upon the same conditions. This agreement provided Millicom with the ability to control the AEH Group, which was fully consolidated from April 1, 2013 until December 12, 2013 (see note 6).

18. Pledged deposits
As at December 31, 2013, non-current pledged deposits amounted to $2 million mainly related to security over financing of Millicom's operation in Guatemala (2012: $47 million (see note 26)).

At December 31, 2013, short-term pledge deposits amounted to $817 million and mainly comprised the proceeds of Millicom's $800 million bond related to the planned Colombian merger described in note 4. The proceeds from the bond (see note 26) are held in low risk interest bearing deposits until such time as approval for the merger between Colombia Movil and UNE has been received.

19. Trade receivables, net

	2013 US$ millions	2012 US$ millions
Gross trade receivables	**438**	430
Less: provisions for impairment of receivables	**(118)**	(108)
Trade receivables, net	**320**	322

Nominal value less impairment is assumed to approximate the fair value of trade receivables (see note 33).

As at December 31, 2013 and 2012, the ageing analysis of trade receivables is as follows:

	Neither past due nor impaired US$ millions	Past due (net of impairments) <30 days US$ millions	30–90 days US$ millions	>90 days US$ millions	Total US$ millions
2013					
Telecom operators	**67**	**20**	**24**	**–**	**111**
Own customers	**79**	**23**	**10**	**–**	**112**
Others	**69**	**17**	**10**	**1**	**97**
Total	**215**	**60**	**44**	**1**	**320**
2012					
Telecom operators	72	21	23	–	116
Own customers	94	19	21	–	134
Others	40	23	9	–	72
Total	206	63	53	–	322

20. Restricted cash

	2013 US$ millions	2012 US$ millions
Mobile financial services	**78**	43
Others	**3**	–
Restricted cash	**81**	43

Mobile financial services cash restricted based on local regulations in each country where mobile financial services are offered.

21. Cash and cash equivalents
Cash and cash equivalents are comprised as follows:

	2013 US$ millions	2012 US$ millions
Cash and cash equivalents in US dollars	**449**	628
Cash and cash equivalents in other currencies	**492**	546
Total cash and cash equivalents	**941**	1,174

Cash balances are diversified among leading international banks and in domestic banks within the countries where we operate.

22. Share capital
Share capital and share premium
The authorised registered share capital of the Company is 133,333,200 shares (2012: 133,333,200). As at December 31, 2013, the total subscribed and fully paid-in share capital and premium was $640 million (2012: $642 million) consisting of 101,739,217 (2012: 101,739,217) registered common shares with par value of $1.50 (2012: $1.50) each.

The following table summarises movements in issued share capital for the years ended December 31, 2013 and 2012:

	2013 Number of shares	2012 Number of shares
Issued share capital as of January 1	**101,739,217**	104,939,217
Cancellation of shares during the year	**–**	(3,200,000)
Issued share capital as of December 31	**101,739,217**	101,739,217

The Company reduced its issued share capital by $5 million in 2012 by way of cancellation of 3.2 million treasury shares having a par value of $1.50 each.

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23. Share based compensation
Share-based compensation comprises share options and long-term incentive plans.

Share options
Until May 30, 2006, share options were granted to Directors, senior executives, officers and selected employees. The exercise price of the granted options was equal to or higher than the market price of the shares on the date of grant. The options were conditional on the employee or Director completing one to five years of service (the vesting period) and were exercisable starting from one year to five years from the grant date.

Options granted prior to 2005 have an indefinite life and those granted in 2005 a 20-year life. Shares issued when share options are exercised have the same rights as common shares.

The following table summarises information about share options outstanding and exercisable at December 31, 2013. The market price of the Company's shares as at December 31, 2013 was SEK 640.50 (2012: SEK 562.50), approximately $99.71 (2012: $86.48).

	Options outstanding and exercisable	
Exercise price US$	Weighted average exercise price	Number outstanding at December 31, 2013
20.56	20.56	**25,000**
25.05	25.05	**20,000**
20.56–25.05	22.55	**45,000**

Share options outstanding at the end of the year have the following expiry dates, exercise prices and terms:

Date issued	Number of options outstanding as at December 31, 2013	Exercise price US$	Terms
May 2004	**20,000**	25.05	Exercisable immediately. Options have an indefinite life.
May 2005	**25,000**	20.56	Exercisable immediately. Options have a 20-year life.

The following table summarises the Company's share options as of December 31, 2013, 2012 and 2011, and changes during the years then ended:

	2013		2012		2011	
	Average exercise price in US$ per share	Number of options	Average exercise price in US$ per share	Number of options	Average exercise price in US$ per share	Number of options
Outstanding at beginning of year	**29.34**	**134,996**	29.34	134,996	29.06	183,797
Expired/forfeited	**–**	**–**	–	–	20.56	(3,000)
Exercised	**–**	**(89,996)**	–	–	28.80	(45,801)
Outstanding at end of year	**22.55**	**45,000**	29.34	134,996	29.34	134,996
Exercisable at end of year	**22.55**	**45,000**	29.34	134,996	29.34	134,996

Long-term incentive plans
2010

Long-term incentive awards for 2010 ("2010 LTIPs") were approved by the Board on November 27, 2009. The 2010 LTIPs consist of a deferred share awards plan and a performance shares plan.

Shares granted under the deferred plan were based on past performance and vested 16.5% on each of January 1, 2011 and January 1, 2012 and 67% on January 1, 2013.

Shares granted under the performance plan vested on January 1, 2013 and were 50% subject to a market condition that was based on the Total Shareholder Return (TSR) of Millicom compared to the TSR of a peer group of companies during the three-year period of the plan, and 50% subject to a performance condition, based on EPS. A fair value per share subject to the market condition was determined and applied to the total potential number of performance shares, and expensed over the vesting period.

In 2013, 66,542 treasury shares were issued under the 2010 performance shares plan and 89,650 treasury shares issued under the deferred share plan.

The total charge for the 2010 LTIPs of $16 million was recorded over the service period (2010 to 2012).

2011

Long-term incentive awards for 2011 ("2011 LTIPs") were approved by the Board on February 1, 2011. The 2011 LTIPs consist of a deferred share awards plan and a performance shares plan.

Shares granted under the deferred share awards plan are based on past performance and vest 16.5% on each of January 1, 2012 and January 1, 2013 and 67% on January 1, 2014.

Shares granted under the performance plan vest at the end of the three year period ending January 1, 2014, subject to performance conditions, 50% based on Return on Capital Investment (ROIC) and 50% based on EPS. Prior to September 2011, the vesting conditions were 50% based on EPS and 50% on a market condition that was based on the ranking of the TSR of Millicom compared to the FTSE Global Telecoms Index adjusted to add three peer companies ("Adjusted Global Telecoms Index"). As this index was discontinued during 2011, the Compensation Committee approved the replacement of this condition with the ROIC condition.

In 2013, 20,303 treasury shares were issued under the 2011 performance share plan and 46,061 treasury shares were issued under the deferred share plan.

The total charge for the 2011 LTIPs of $18 million was recorded over the service period (2011 to 2013).

2012

Long-term incentive awards for 2012 ("2012 LTIPs") were approved by the Board on January 27, 2012. The 2012 LTIPs consist of a deferred share awards plan and a performance shares plan, the mechanisms of which are the same as the 2011 LTIPs.

Shares granted under the deferred share awards plan are based on past performance and vest 16.5% on each of January 1, 2013 and January 1, 2014 and 67% on January 1, 2015. Shares under the performance plan vest at the end of the three year period ending January 1, 2015.

In 2013, 7,453 shares were issued under the performance share plan and 26,669 shares were issued under the deferred share plan.

The total charge for the 2012 LTIPs, estimated at $19 million, is being recorded over the service period (2012 to 2014).

2013

Long-term incentive awards for 2013 ("2013 LTIPs") were approved by the Board on February 1, 2013. The 2013 LTIP's consist of deferred share awards and performance share awards, the mechanisms of which are the same as the 2012 LTIPs.

Shares granted under the deferred share awards plan are based on past performance and vest 16.5% on each of January 1, 2014 and January 1, 2015 and 67% on January 1, 2016. Shares under the performance plan vest at the end of the three year period ending January 1, 2016.

In 2013, no shares were issued under either the performance share plan or the deferred share plan.

The total charge for the 2013 LTIPs, estimated at $25 million, is being recorded over the service period (2012 to 2014).

The number of share awards expected to vest under the long-term incentive plans is as follows:

	Performance shares 2013	Deferred share awards 2013	Performance shares 2012	Deferred share awards 2012	Performance shares 2011	Deferred share awards 2011
Plan share awards	**173,586**	**208,979**	105,284	161,798	106,947	146,556
Share awards granted[(i)]	**12,634**	**3,240**	3,763	5,658	6,640	7,727
Revision for actual and expected forfeitures	**(24,112)**	**(23,695)**	(49,409)	(37,766)	(32,873)	(40,390)
Revision in respect of performance conditions	**–**	**–**	–	–	–	–
Shares issued	**–**	**–**	(7,453)	(26,669)	(20,303)	(46,061)
Share awards expected to vest	**162,108**	**188,524**	52,185	103,021	60,411	67,832

(i) Additional shares granted including consideration for the impact of the special dividends paid in 2012 and 2011 (see note 28), and vest at the end of the performance and deferred share plans

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23. Share based compensation (continued)
Total share based compensation expense
Total share-based compensation for years ended December 31, 2013, 2012 and 2011 was as follows:

	2013 US$ millions	2012 US$ millions	2011 US$ millions
2009 LTIPs	–	–	3
2010 LTIPs	–	5	5
2011 LTIPs	2	7	9
2012 LTIPs	5	10	–
2013 LTIPs	10	–	–
Total share-based compensation expense	**17**	22	17

24. Put option reserve
On July 1, 2010, in exchange for an unconditional 5 year call option, the Company granted to its non-controlling interest in our operation in Honduras a 5 year conditional put option over his 33.3% shareholding (see note 27). A put option reserve in the amount of $737 million was recognised representing the present value of the redemption price of the put option at that date.

25. Other reserves

	Legal reserve US$ '000	Equity-settled transaction reserve US$ '000	Hedge reserve US$ '000	Currency translation reserve US$ '000	Total US$ '000
As at January 1, 2011	**16,298**	**38,736**	**(1,700)**	**(108,019)**	**(54,685)**
Transfer from retained profits	61	–	–	–	61
Shares issued via the exercise of share options	–	(81)	–	–	(81)
Share based compensation	–	17,264	–	–	17,264
Issuance of shares – 2008, 2009, and 2010 and LTIPs	–	(23,230)	–	–	(23,230)
Cash flow hedge reserve movement	–	–	(3,015)	–	(3,015)
Currency translation movement	–	–	–	(39,806)	(39,806)
As at December 31, 2011	**16,359**	**32,689**	**(4,715)**	**(147,825)**	**(103,492)**
Share based compensation	–	21,929	–	–	21,929
Issuance of shares – 2009, 2010, and 2011 LTIPs	–	(12,421)	–	–	(12,421)
Cash flow hedge reserve movement	–	–	(1,118)	–	(1,118)
Currency translation movement	–	–	–	(37,709)	(37,709)
As at December 31, 2012	**16,359**	**42,197**	**(5,833)**	**(185,534)**	**(132,811)**
Share based compensation	–	16,871	–	–	16,871
Issuance of shares – 2010, 2011, and 2012 LTIPs	–	(19,103)	–	–	(19,103)
Shares issued via the exercise of share options	–	(3,027)	–	–	(3,027)
Cash flow hedge reserve movement	–	–	6,857	–	6,857
Currency translation movement	–	–	–	(53,903)	(53,903)
As at December 31, 2013	**16,359**	**36,938**	**1,024**	**(239,437)**	**(185,116)**

Legal reserve
If the Company reports an annual net profit on a non-consolidated basis, Luxembourg law requires appropriation of an amount equal to at least 5% of the annual net profit to a legal reserve until such reserve equals 10% of the issued share capital. This reserve is not available for dividend distribution.

No appropriation was required in 2012 or 2013 as the 10% minimum level was reached in 2011 and maintained in 2012 and 2013. At the Company's Annual General Meeting in May 2011, the shareholders voted to transfer $61,000 from retained profits to the legal reserve.

Equity-settled transaction reserve
The cost of share options and LTIPs is recognised as an increase in the equity-settled transaction reserve over the period in which the performance and/or service conditions are rendered. When the options are exercised their cost is transferred from the equity-settled transaction reserve to share premium. When shares under the different LTIPs vest and are issued the corresponding reserve is transferred to share capital and share premium.

Hedge reserve
The effective portion of changes in value of cash flow hedges of fluctuations in interest rates in Millicom's operations in Costa Rica, Honduras, and in the Company are recorded in the Hedge Reserve (see note 34).

Currency translation reserve
In the consolidated financial statements, the relevant captions in the statements of financial position of joint ventures, and subsidiaries with functional currencies other than the U.S. dollar, are translated to U.S. dollars using the closing exchange rate. Income statements or income statement captions (included those of associates) are translated to U.S. dollars at the average exchange rates during the year. The currency translation reserve includes foreign exchange gains and losses arising from these translations.

26. Borrowings
Borrowings due after more than one year:

	2013 US$ millions	2012 US$ millions
Debt and financing:		
MIC SA 4.75% Senior Notes(viii)	491	–
MIC SA 6.625% Senior Notes(viii)	791	–
El Salvador 8% Senior Notes(ii)	441	440
SEK Senior Notes(viii)	310	304
Paraguay 6.75% Senior Notes(vi)	294	293
Bolivia 4.75% Senior Notes(vii)	175	191
Colombia syndicated loan(i)	340	–
Bank financing	798	1,270
Non-controlling shareholders	–	243
Finance leases	263	200
Vendor financing	–	40
Total non-current debt and financing	**3,903**	2,981
Less: portion payable within one year	(216)	(415)
Total debt and financing due after more than one year	**3,687**	2,566

Borrowings due within one year:

	2013 US$ millions	2012 US$ millions
Bank financing	239	236
Vendor financing	–	10
Finance leases	16	32
Total current debt and financing	**255**	278
Portion of non-current debt payable within one year	216	415
Total debt and financing due within one year	**471**	693

Borrowings analysed by location:

	2013 US$ millions	2012 US$ millions
Colombia(i)	444	547
El Salvador(ii)	443	440
Honduras(iii)	267	261
Tanzania(iv)	109	183
Guatemala(v)	219	265
Paraguay(vi)	359	379
Bolivia(vii)	180	198
Luxembourg(viii)	1,797	304
Other	340	682
Total debt and financing	**4,158**	3,259
Of which:		
Due after more than 1 year	3,687	2,566
Due within 1 year	471	693

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26. Borrowings (continued)
Significant individual financing facilities are described below:

(i) Colombia
At December 31, 2013, Colombia Móvil S.A. E.S.P. ("Colombia Móvil"), Millicom's operation in Colombia had the following financing:

Description	Maturity	Currency	Interest rate	2013 US$ millions	2012 US$ millions
Syndicated loan	2020	COP	IBR +7.10% (i)	340	–
IRU Promitel	2014	COP	6.65%	3	–
Club Deal 5 year facility	2013	COP	DTF +4.50% (ii)	–	34
Non-controlling shareholders (repaid in 2013)	2015	COP	DTF +4.15%	–	243
Other COP short term loans (repaid in 2013)	2013	COP	various	–	130
Other USD short term loans (repaid in 2013)	2013	USD	various	–	40
Total loans				343	447
Finance lease of towers (see note 6)	2023	COP		85	68
Other finance leases	2014	COP		16	–
Other finance leases	2013	COP		–	32
Total financing				444	547

(i) IBR – Colombia Interbank Rate
(ii) DTF – Deposits to Fixed Terms

At December 31, 2013 the loans were unsecured.

(ii) El Salvador
At December 31, 2013, Telemóvil Finance Co. Ltd., a subsidiary of Millicom in the Cayman Islands had the following financing:

Description	Maturity	Currency	Interest rate	2013 US$ millions	2012 US$ millions
8% Senior Notes	2017	USD	8.25%	441	440
Total loans				441	440
Finance lease of towers	2020	USD		2	–
Total financing				443	440

8% Senior Notes
On September 23, 2010, Telemóvil Finance Co. Ltd., issued $450 million aggregate principal amount 8% Senior Notes due on October 1, 2017. The 8% Senior Notes have an 8% per annum coupon with an 8.25% yield and are payable semi-annually in arrears on April 1 and October 1. The effective interest rate is 8.76%.

The proceeds were loaned to a bank which has then financed Telemovil El Salvador. The bank has no obligation to pay amounts to Telemóvil Finance Co. Ltd unless it collects the equivalent amounts from Telemovil El Salvador and therefore these transactions have been considered as a net arrangement such that ultimately there is no balance outstanding between the Group and the bank as of December 31, 2013.

The 8% Senior Notes are general unsecured obligations of Telemóvil Finance Co. Ltd and rank equal in right of payment with all future unsecured and unsubordinated obligations of Millicom. The 8% Senior Notes are guaranteed by Telemóvil El Salvador, S.A., Millicom's operating subsidiary in El Salvador.

Telemóvil Finance Co. Ltd has the following unexpired options to partially or fully redeem the 8% Senior Notes:

(i) Full or partial redemption at any time prior to October 1, 2014 for 100% of the principal to be redeemed, or the present value of the remaining scheduled payments of principal to be redeemed and interest, whichever is higher.

(ii) Full or partial redemption at any time on or after October 1, 2014 for the following percentage of principal to be redeemed, plus accrued and unpaid interest and all other amounts dues, if any:

October 1, 2014	104%
October 1, 2015	102%
October 1, 2016	100%

These options represent embedded derivatives which have been valued and determined to be closely related to the underlying Notes.

If either Millicom, Telemóvil Finance Co. Ltd or Telemóvil El Salvador, S.A. experience a Change of Control Triggering Event, defined as a rating decline resulting from a change in control, each holder will have the right to require repurchase of its Notes at 101% of their principal amount plus accrued and unpaid interest and all other amounts due, if any.

(iii) Honduras
As at December 31, 2013, Telefonica Celular S.A., Millicom's operation in Honduras, had the following financing:

Description	Maturity	Currency	Interest rate	2013 US$ millions	2012 US$ millions
USD variable rate loans	2014/2021	USD	4.50% – 6.00 variable	37	35
USD fixed rate loans	2014/2021	USD	3.96% – 6.45%	109	127
HNL variable rate loans	2014/2021	HNL	9.00% – 15.50% variable	121	99
Total financing				267	261

At December 31, 2013 the loans were unsecured.

(iv) Tanzania
As at December 31, 2013 Millicom Tanzania Limited ('Millicom Tanzania'), Millicom's operating subsidiary in Tanzania, had the following financing:

Description	Maturity	Currency	Interest rate	2013 US$ millions	2012 US$ millions
TZS short term loans	2012	TZS	180 day Tanzanian Treasury Bill rate +2.5%	–	17
USD variable rate loans (repaid in 2013)	2014/2015	USD	LIBOR+2.50% – 3.00%	–	55
USD fixed rate loans (repaid in 2013)	2015	USD	4.04%	–	31
Total loans				–	103
Finance lease of towers (see note 6)	2023	TZS		109	80
Total financing				109	183

(v) Guatemala
As at December 31, 2013 Millicom's joint venture companies in Guatemala ('Millicom Guatemala'), had the following unsecured financing (Millicom's proportionate share):

Description	Maturity	Currency	Interest rate	2013 US$ millions	2012 US$ millions
USD variable rate loans	2016/2018	USD	LIBOR 3M +0.9-4%	159	195
USD fixed rate loans	2018	USD	5.35%	14	16
GTQ variable rate loans	2016/2017	GTQ	6.30 – 6.50%	39	46
GTQ fixed rate loan	2019	GTQ	6.00%	7	8
Total financing				219	265

(vi) Paraguay
As at December 31, 2013 Millicom's subsidiary in Paraguay had the following financing:

Description	Maturity	Currency	Interest rate	2013 US$ millions	2012 US$ millions
6.75% Senior Notes	2022	USD	6.75%	294	293
8 year loan with the European Investment Bank	2017	USD	LIBOR+ 0.667% – 1.484%	65	85
Other short term loans	2013	USD	3.90% – 9.70%	–	1
Total financing				359	379

6.75% Senior Notes
On December 7, 2012, Telefónica Celular del Paraguay S.A., Millicom's fully owned subsidiary in Paraguay issued $300 million aggregate principal amount of 6.75% Senior Unsecured Notes (the "6.75% Senior Notes") due on December 13, 2022. The 6.75% Senior Notes were issued at 100% of the aggregate principal amount. Distribution and other transaction fees of $7 million reduced the total proceeds from issuance to $293 million. The 6.75% Senior Notes have a 6.75% per annum coupon with interest payable semi-annually in arrears on June 13 and December 13. The effective interest rate is 7.12%.

The 6.75% Senior Notes are general unsecured obligations of Telefónica Celular del Paraguay S.A. and rank equal in right of payment with all future unsecured and unsubordinated obligations of Telefónica Celular del Paraguay S.A. The 6.75% Senior Notes are unguaranteed.

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26. Borrowings (continued)

Telefónica Celular del Paraguay S.A. has options to partially or fully redeem the 6.75% Senior Notes as follows:

(i) Full or partial redemption at any time prior to December 13, 2017, for the highest of, 100% of the principal to be redeemed or, the present value of the remaining scheduled payments of principal to be redeemed and interest.

(ii) Full or partial redemption at any time on or after December 13, 2017 for the following percentage of principal to be redeemed, plus accrued and unpaid interest and all other amounts dues, if any:

December 13, 2017	103.375%
December 13, 2018	102.25%
December 13, 2019	101.125%
December 13, 2020 to maturity	100.00%

These options represent embedded derivatives which, in accordance with IAS 39 have been valued and determined to be closely related to the underlying bond.

(iii) Redemption of up to 35% of the original principal of the 6.75% Senior Notes if, prior to December 13, 2015, Telefónica Celular del Paraguay S.A. receives proceeds from issuance of shares, at a redemption price of 106.75% of the principal amount to be redeemed plus accrued and unpaid interest and all other amounts due, if any, on the redeemed notes.

If Telefónica Celular del Paraguay S.A. experiences a Change of Control Triggering Event, defined as a rating decline resulting from a change in control, each holder will have the right to require repurchase of its notes at 101% of their principal amount plus accrued and unpaid interest and all other amounts due, if any.

(vii) Bolivia
As at December 31, 2013 Millicom's subsidiary in Bolivia had the following unsecured financing:

Description	Maturity	Currency	Interest rate	2013 US$ millions	2012 US$ millions
BOB 1.36 billion Notes	2020	BOB	4.75%	**175**	191
Netherlands Development Finance Company ("A tranche")	2014	USD	LIBOR + 2.25%	**3**	7
Other long term loans	2019	BOB	7.94% variable	**2**	–
Total financing				**180**	198

BOB 1.36 billion Notes

In May 2012, Telecel Bolivia issued BOB 1.36 billion of notes repayable in instalments until April 2, 2020. Distribution and other transaction fees of BOB 5 million reduced the total proceeds from issuance to BOB 1.32 billion ($191 million). The bond has a 4.75% per annum coupon with interest payable semi-annually in arrears in May and November. The effective interest rate is 4.79%.

(viii) Luxembourg
As at December 31, 2013 the Company had the following financing:

Description	Maturity	Currency	Interest rate	2013 US$ millions	2012 US$ millions
SEK Senior unsecured floating rate notes	2017	SEK	STIBOR +3.5%	**273**	268
SEK Senior unsecured fixed rate notes	2017	SEK	5.125%	**37**	36
$300 million Nordea term loan facility	2014	USD	LIBOR+1.30%	**199**	–
$500 million 4.75% Senior Notes	2020	USD	4.75%	**491**	–
$800 million 6.625% Senior Notes	2021	USD	6.625%	**791**	–
Total loans				**1,791**	304
Other financial leases	2014	USD		**6**	–
Total financing				**1,797**	304

(i) STIBOR – Swedish Interbank Offered Rate

SEK Senior Unsecured Notes

On October 30, 2012 Millicom issued senior unsecured floating rate notes of Swedish Kronor ('SEK') 1.75 billion and senior unsecured fixed rate notes of SEK 0.25 billion. The floating rate notes were issued for 100% of the principal amount and the fixed rate notes for 99.699% of the principal amount and both are repayable in five years. The floating rate notes bear interest at the three month Swedish Interbank Offering rate ('STIBOR') + 3.5% per annum and the fixed rate notes bear interest at 5.125% per annum. At the same time Millicom entered into various cross currency interest swap contracts whereby Millicom will sell SEK and receive USD to hedge against exchange and interest rate fluctuations (see note 33).

The notes can be early redeemed between October 2013 and October 2016 at 101% of the issuance price. These options represent embedded derivatives which, in accordance with IAS 39 have been valued and determined to be closely related to the underlying notes.

$500 million 4.75% Senior Notes

On May 22, 2013 Millicom issued a $500 million 4.75% fixed interest rate bond repayable in seven years, with the purpose of refinancing the African operations (excluding Rwanda and Mauritius). Withheld costs of issuance of $10 million and paid costs of $9 million are to be amortised over the seven-year life of the notes using the amortised cost method (effective interest rate of 5.29%).

The bonds can be early redeemed between October 2013 and October 2016 at 101% of the issuance price. These options represent embedded derivatives which, in accordance with IAS 39 have been valued and determined to be closely related to the underlying notes.

USD $800 million 6.625% Senior Notes

On October 16, 2013 Millicom issued an $800 million eight-year bond (Senior Notes) bearing interest fixed at 6.625% per annum and payable semi-annually in arrears. The funds will be used to finance the Colombian Merger (see note 4) and released from an escrow account (see note 18) six days prior to the completion of the merger.

If the Colombian Merger is not or cannot be completed by September 30, 2014, then all Notes will be subject to a special mandatory redemption at a price equal to 100%, if redeemed on or before April 15, 2014, or 101%, if redeemed thereafter.

Right of set-off and de-recognition
In addition to the facilities described above, in 2013 two of Millicom's subsidiaries had agreements with banks whereby the banks provided loans amounting to Euro 176 million to Millicom's subsidiaries with a maturity date in 2020. Simultaneously Millicom deposited the same amount with the banks and entered into a total return swaps. The total return swaps remove any risk of the banks connected to the loans, and as such Millicom have derecognised both its deposit asset and the loan liabilities from the date of the total return swap.

Guarantees
Millicom has issued guarantees to secure certain obligations of some of its operations under financing agreements. Outstanding amounts under the guarantees and the guarantee periods as of December 31, 2013 and 2012 are shown below. Amounts covered by bank guarantees are recorded in the consolidated statements of financial position under the caption "Other debt and financing" and amounts covered by supplier guarantees are recorded under the caption "Trade payables" or "Other debt and financing" depending on the underlying terms and conditions.

	Bank and other financing guarantees[i]			
	As at December 31, 2013		As at December 31, 2012	
Terms	Outstanding exposure US$ millions	Maximum exposure US$ millions	Outstanding exposure US$ millions	Maximum exposure US$ millions
0–1 year	**34**	**112**	278	470
1–3 years	**50**	**50**	196	305
3–5 years	**186**	**255**	315	355
Total	**270**	**417**	789	1,130

(i) The guarantee ensures payment by the guarantor of outstanding amounts of the underlying loans in the case of non-payment by the obligor.

Pledged assets
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 by the Company as at December 31, 2013 is $764 million (2012: $1,391 million). Assets pledged by the Group over this debt and financing at the same date amount to $819 million (2012: $131 million of which $87 million were pledged over property, plant and equipment).

Net debt
The following table provides details of net debt change for the years 2013, 2012 and 2011:

	2013 US$ millions	2012 US$ millions	2011 US$ millions
Total Debt and financing	**4,158**	3,259	2,438
Less: Derivative financial instruments related to debt[i]	**(10)**	(6)	–
Less: Cash and deposits[ii]	**(1,841)**	(1,272)	(931)
Net debt at the end of the year	**2,307**	1,981	1,507

(i) Carrying value of foreign currency hedges on SEK denominated notes.
(ii) Cash and cash equivalents, restricted cash, current and long-term pledged, and time deposits related to bank borrowings.

Covenants
Millicom's financing facilities are subject to a number of covenants including debt service coverage ratios, debt to earnings ratios, debt to equity and cash levels. In addition, certain of its financings contain restrictions on sale of businesses or significant assets within the businesses. At December 31, 2013 there were no breaches in covenants.

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27. Other non-current and current provisions and liabilities
Provisions and other non-current liabilities are comprised as follows:

	2013 US$ millions	2012 US$ millions
Non-current legal provisions (note 31)	**14**	6
Long-term portion of asset retirement obligations	**63**	62
Long-term portion of deferred income on tower deals	**41**	51
Other	**44**	8
Total	**162**	127

Provisions and other current liabilities are comprised as follows:

	2013 US$ millions	2012 US$ millions
Put option	**792**	730
Deferred revenue	**162**	151
Customer deposits	**13**	22
Current legal provisions (note 31)	**5**	7
Other tax payables	**78**	71
Current provisions(i)	**9**	16
Derivative financial instruments	**–**	7
Customer and distributor cash balances (Tigo cash)	**73**	47
Other	**38**	58
Total	**1,170**	1,109

(i) Includes tax and other contingencies for $3 million (2012: $4 million) that were assumed as part of the Amnet and Navega acquisitions. The former shareholders of Amnet and Navega placed in escrow $35 million and $3 million respectively to cover these contingencies. Therefore a corresponding financial asset of $3 million (2012: $4 million) has been recorded within "Other current assets".

Put option
On July 1 2010, Millicom reached an agreement with its local partner in Honduras whereby Millicom's local partner granted Millicom an unconditional call option for duration of five years for his 33% stake in Celtel, the Honduran operation (see note 34). At the same time, and as consideration for the call option, Millicom granted a put option for the same duration to its local partner. The put option becomes exercisable on a change of control of Millicom International Cellular S.A., or Millicom's subsidiary that holds the shares in Celtel (except if the change of control is in favor of Investment AB Kinnevik, the current largest shareholder of Millicom, or management of Millicom).

A change of control event may occur at Millicom level which is beyond the control of Millicom. Such an event would trigger the ability of our local partner to exercise his put option at his discretion. Therefore, the put option is a financial liability as defined in IAS 32 and is recorded as a current liability. The liability is measured at the present value of the redemption price of the put option which amounted to $792 million at December 31, 2013 (2012: $730 million).

The redemption price of the put option is based on a multiple of the EBITDA of Celtel. The multiple is based on a change of control transaction multiple of Millicom. Management estimated the change of control transaction multiple of Millicom from a trading multiple of Millicom adding a control premium (based upon comparable transactions from the industry).

28. Dividends
On May 28, 2013 a dividend distribution of $2.64 per share from Millicom's retained profits as at December 31, 2012 was approved by the shareholders at the Annual General Meeting and distributed in June 2013.

On December 5, 2012 an extraordinary dividend of $3.00 per share from Millicom's retained profits as at December 31, 2011 was approved at an Extraordinary General Meeting and distributed in December 2012. On May 29, 2012 a dividend distribution of $2.40 per share from Millicom's retained profits as at December 31, 2011 was approved by the shareholders at the Annual General Meeting and distributed in June 2012.

29. Directors' and officers' remuneration
Directors
The remuneration of the members of the Board of Directors of the Company comprises an annual fee. Director remuneration is proposed by the Nominations Committee and approved by the shareholders at the Annual General Meeting of Shareholders (the "AGM").

The remuneration charge (net of 20% withholding tax) for the Board for the years ended December 31, 2013, 2012 and 2011 was as follows:

	Chairman US$ '000	Other members of the Board US$ '000	Total US$ '000
2013	**190**	**742**	**932**
2012	210	787	997
2011	203	697	900

The number of shares and share options beneficially owned by the Directors as at December 31, 2013 and 2012 was as follows:

	Chairman	Other members of the Board	Total
2013			
Shares	**2,318**	**12,825**	**15,143**
2012			
Shares	2,318	18,950	21,268
Share options	–	10,000	10,000

Officers
The remuneration of senior management of the Company ("Officers") comprises an annual base salary, an annual bonus, share based compensation, social security contributions, pension contributions and other benefits. From 2013 the senior management of the Company is considered to be the CEO and the Executive Vice Presidents (previously CEO and CFO). The bonus and share based compensation plans (see note 23) are based on actual performance (including individual and Group performance). Share based compensation is granted once a year by the Compensation Committee of the Board. The annual base salary and other benefits of the Chief Executive Officer ("CEO") and the Executive Vice Presidents ("Executive Team") is proposed by the Compensation Committee and approved by the Board.

On August 31, 2013 Marc Zagar was appointed as Interim Chief Financial Officer following the departure of Francois-Xavier Roger.

On October 31, 2012 the Board appointed Hans-Holger Albrecht, who was a Director of Millicom since May 2010, to succeed Mikael Grahne as President and CEO.

The remuneration charge for the Officers for the years ended December 31, 2013, 2012 and 2011 was as follows:

	Current Chief Executive Officer US$ '000	Former Chief Financial Officer US$ '000	Executive Team US$ '000
2013			
Base salary	**2,252**	**463**	**3,532**
Bonus	**2,269**	**–**	**1,768**
Pension	**723**	**74**	**573**
Other benefits	**1,282**	**34**	**747**
Total	**6,526**	**571**	**6,620**
Share based compensation:(i) (ii)	**1,705**	**531**	**3,057**

(i) See note 23.
(ii) Share awards of 65,178 and 71,899 were granted in 2013 under the 2013 LTIPs to the CEO, and Executive Team.

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29. Directors' and officers' remuneration (continued)

	Current Chief Executive Officer	Former Chief Executive Officer	Former Chief Financial Officer
2012			
Base salary	**633**	**1,265**	**662**
Bonus	**–**	**1,554**	**719**
Pension	**134**	**379**	**108**
Other benefits	**44**	**187**	**59**
Total	**811**	**3,385**	**1,548**
Share based compensation:(i) (ii)	**–**	**3,431**	**1,533**
2011			
Base salary		1,323	676
Bonus		1,915	798
Pension		406	105
Other benefits		158	71
Total		3,802	1,650
Share based compensation:(i) (ii)		2,862	1,267

(i) See note 23.
(ii) Share awards of 33,209 and 13,962 were granted in 2012 under the 2012 LTIPs to the former CEO and former CFO. Share awards of 34,937 and 14,814 were granted in 2011 under the 2011 LTIPs to the former CEO and former CFO.

The number of shares and unvested share awards beneficially owned by senior management as at December 31, 2013 and 2012 was as follows:

	Chief Executive Officer	Former Chief Financial Officer	Executive Team	Total
2013				
Shares	**8,810**		**20,174**	**28,984**
Share awards not vested	**65,178**		**105,102**	**170,280**
2012				
Shares	610	23,402		24,012
Share awards not vested	–	46,044		46,044

Notice period
If the employment of Millicom's senior executives is terminated, severance of up to 12 months salary is potentially payable, and the CEO is entitled to receive a termination payment equivalent to 24 months' basic salary if he complies with certain conditions.

30. Non-cash investing and financing activities
The following table gives details of non-cash investing and financing activities for continuing operations for the years ended December 31, 2013, 2012 and 2011.

	2013 US$ millions	2012 US$ millions	2011 US$ millions
Investing activities			
Acquisition of property, plant and equipment (see note 16)	**(43)**	(10)	(38)
Asset retirement obligations (see note 16)	**(3)**	(6)	(5)
Change in scope of consolidation (AIH – see note 4)	**(92)**	–	–
Financing activities			
Vendor financing and finance leases (see note 16)	**(43)**	10	38
Share based compensation (see note 23)	**17**	22	17

31. Commitments and contingencies
Operational environment
Millicom operates in Latin American and African markets characterised by evolving and at times fluctuating regulatory, political, technological and economic environments. These characteristics result in uncertainties that may affect future operations, the ability to conduct business, transact foreign exchange, repatriate funds and repay debt, all of which may impact agreements with third parties.

In the normal course of business, Millicom faces uncertainties regarding taxation, interconnect rates, licence renewal and tariff arrangements, which can have a significant impact on the profitability and economic viability of its operations.

Litigation
The Company and its operations are contingently liable with respect to lawsuits and other matters that arise in the normal course of business. As of December 31, 2013, the total amount of claims and litigation risks against Millicom and its operations was $668 million (December 31, 2012: $955 million) of which $1 million (December 31, 2012: $1 million) relate to joint ventures.

As at December 31, 2013, $19 million (December 31, 2012: $13 million) has been provided for litigation 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, the ultimate outcome of these contingencies is not anticipated to have a material effect on the Group's financial position and operations.

Specific risks included in the amounts above:

Ghana
A lawsuit filed against our subsidiary in Ghana (Millicom Ghana) by E-Talk Limited (E-Talk) in November 2011, alleging that Millicom Ghana terminated a July 2006 contract with insufficient notice. The total value of the claim is approximately $30 million, including various general damages, loss of expected revenues and punitive damages. Management considers this claim as opportunistic and without foundation, in so far as it was filed more than four years after the events on which the plaintiff bases its claim. A provision of less than $1 million has been made for legal costs related to this claim.

Arbitration
At December 31, 2013 Millicom has various other claims, mainly related to licences subject to arbitration processes.

Specific risks excluded from the amounts above:

Colombia
A claim filed with the Civil Chamber of Bogota in Colombia against all mobile operators in Colombia, including our subsidiary in Colombia, by a group of approximately twenty individuals of approximately $753 million. The claimants allege damages and losses suffered from third parties through illegal use of cellular phones in extortion attempts against the claimants.

The case has been inactive, with the exception of a mandatory settlement conference held among the parties under the court's supervision, which did not result in a settlement agreement. It is expected that the litigation will move towards an evidence-presentation phase. This claim is considered by management to be entirely spurious and without foundation or substance. As a result, no provision has been made for this claim.

Taxation
The Group faces regular tax investigations in the countries where it operates. As of December 31, 2013, the Group estimates potential tax claims of $169 million of which a tax provision of $64 million has been recorded (2012: $85 million of which provisions of $11 million were recorded).

While it is impossible to quantify the ultimate financial liability with respect to these assessments, the ultimate outcome of these contingent tax risks is not anticipated to have a material effect on the Group's financial position and operations.

Lease commitments
Operating Leases:
The Group has the following annual commitments lease as of December 31, 2013 and 2012.

	2013 US$ millions	2012 US$ millions
Operating lease commitments		
Within: one year	**96**	82
Between: one to five years	**317**	187
After: five years	**166**	130
Total	**579**	399

Operating leases mainly comprise land and buildings (including those related to towers sold and leased back). The operating lease terms and conditions reflect normal market conditions. Total operating lease expense from continuing operations was $131 million in 2013 (2012: $108 million, 2011: $96 million – see note 10).

Finance leases:
The Group's future minimum payments on finance leases were $521 million at December 31, 2013 (2012: $512 million) and mainly comprised lease of tower space in Ghana, Tanzania, DRC and Colombia under 12 year leases (see note 16) and tower sharing in other countries. Other financial leases are not material and mainly consist of lease agreements relating to vehicles.

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31. Commitments and contingencies (continued)
The Group had the following finance lease commitments at December 31, 2013 and 2012.

	2013 US$ millions	2012 US$ millions
Finance lease commitments		
Within: one year	**61**	45
Between: one to five years	**223**	187
After: five years	**237**	280
Total	**521**	512

The corresponding finance lease liabilities at December 31, 2013 were $281 million (2012: $232 million).

Capital commitments
At December 31, 2013 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 $324 million (2012: $367 million), of which $41 million (2012: $50 million) relate to joint ventures, from a number of suppliers.

Following exercise of its option in LIH (see note 4); the Group has commitments to downstream Euro 50 million to LIH at the earlier of as and when the level of cash in LIH falls lower than Euro 15 million, and September 14, 2014.

In addition, Millicom has committed as part of the shareholder investment agreement with Rocket and MTN a further Euro 35 million to AIH (see note 4).

Currency and interest rate swap contracts
Millicom enters into currency and interest rate swap contracts to manage its exposure to fluctuations in interest rates and currency fluctuations in accordance with its risk management policies. Details of these arrangements are provided below.

Currency swap contract (Colombian Pesos)
Colombia Móvil S.A.'s foreign currency swap contract to sell Colombian Pesos in exchange for US$ for a nominal amount of $43 million matured in July 2013 (December 31, 2012: $43 million). Gains under the contract amounted to $2 million for the year until maturity (December 31, 2012: loss of $6 million).

Interest rate swaps on US$ Floating Rate Debt
In October 2010, Millicom entered into separate interest rate swaps to hedge the interest rate risks on floating rate debt in Honduras and Costa Rica. The interest rate swap in Honduras was issued for a nominal amount of $30 million, with maturity in 2015, and in Costa Rica for a nominal amount of $105 million with maturity in 2017. The swaps were assessed as highly effective and cash flow hedge accounting is applied, with changes in the fair value of the swaps recorded in other comprehensive income. At December 31, 2013 the negative cash flow hedge reserve on these hedges amounted to $3 million (December 31, 2012: negative $4 million).

In January 2010, Millicom entered into a three-year $100 million interest rate swap to hedge interest rate risk of floating rate debt in DRC, Ghana and Tanzania. The swaps were initially assessed as effective and cash flow hedge accounting applied. During the three month period ending September 30, 2012 the Tanzania and Ghana hedges were assessed as ineffective, and as the value of these hedges were not expected to change significantly between September 30, 2012 and their expiry in January 2013, the corresponding cash flow reserve was recycled to the income statement. At December 31, 2012 the DRC hedge was assessed as ineffective and the corresponding cash flow reserve was recycled to the income statement. The hedge contracts matured in January 2013.

Interest rate and currency swaps on SEK denominated debt
In October 2012, Millicom issued senior unsecured floating rate notes of Swedish Kronor ('SEK') 1.75 billion and senior unsecured fixed rate notes of SEK 0.25 billion. At the same time Millicom entered into various cross currency interest swap contracts whereby Millicom sells SEK and receives USD to hedge against exchange rate fluctuations for the notional amount of SEK 2 billion and interest payments on this principal. Millicom also hedged against interest rate fluctuations on the floating rate notes of SEK 1.75 billion, receiving variable interest at STIBOR +3.5% and paying a fixed rate of 5.125%.

The currency portion of the swap has been accounted for as a fair value hedge and related fluctuations have been recorded through profit and loss. For the interest portion, as the timing and amounts of the cash flows under the swap agreements match the cash flows under the bonds the swaps are highly effective. Cash flow hedge accounting has been applied and changes in the fair value of the swaps are recorded in other comprehensive income. At December 31, 2013 the cash flow hedge reserve on these hedges amounted to $4 million. (December 31, 2012: negative $2 million).

Interest rate and currency swaps on Euro denominated debt
In June 2013 Millicom entered into interest rate and currency swaps whereby Millicom will sell Euros and receive USD to hedge against exchange rate fluctuations on a seven year Euro 134 million principal and related interest financing of its operation in Senegal.

In July 2013 Millicom entered into interest rate and currency swaps whereby Millicom will sell Euros and receive USD to hedge against exchange rate fluctuations on a seven year Euro 41.5 million principal and related interest financing of its operation in Chad.

These financings are connected to the downstreaming of a portion of Millicom's 4.75% bond (see note 26). These hedges are considered ineffective, with fluctuations in the value of the hedges recorded through profit and loss.

Dividends
The ability of the Company to make dividend payments is subject to, among other things, the terms of indebtedness, legal restrictions and the ability to repatriate funds from Millicom's various operations. As at December 31, 2013, $140 million (December 31, 2012: $126 million) of Millicom's retained profits represent statutory reserves and are unable to be distributed to owners of the Company.

32. Related party transactions
The Company conducts transactions with certain related parties on normal commercial terms and conditions. Included are:

– Investment AB Kinnevik ("Kinnevik") and subsidiaries, the Company's principal shareholder,
– Tower companies in Ghana, DRC, Tanzania and Colombia in which the Company holds a direct or indirect equity interest (see note 6), and
– With a subsidiary of a non-controlling interest in Colombia (UNE EPM Telecomunicaciones S.A.)
– With controlled entities of our joint venture partner in Guatemala (Miffin Associates Corp).

Kinnevik
The Company's principal shareholder is Kinnevik. Kinnevik is a Swedish holding company with interests in the telecommunications, media, publishing, paper and financial services industries. As of December 31, 2013, Kinnevik owned approximately 38% of Millicom (2012: 38%). During 2013 and 2012, Kinnevik did not purchase any Millicom shares. There are no significant loans made by Millicom to or for the benefit of these related parties.

During 2013 and 2012 the Company purchased services from Kinnevik subsidiaries including fraud detection, procurement and professional services.

Helios Towers and American Towers
Under the sale and leaseback agreements with Helios Tower Africa entities (see notes 6 and 17), the Group acquired a 40% equity investment in the associate company Helios Towers Ghana in 2010, and in the associate companies Helios Towers DRC, Helios Towers Tanzania and ATC Colombia B.V. in 2011 ("Tower companies"). Millicom sold its tower assets and leased back a portion of space on the towers in each of these countries and contracted for related operation and management services. The Group has future lease commitments in respect of the Tower Companies (see note 31).

In October 2011, Millicom's operating subsidiary in DRC provided Helios Towers DRC with a financing facility for a maximum of $38 million (principal of $30 million). Amounts under the facility are guaranteed by Helios Towers Africa, the parent company of Helios Towers DRC, as well as by pledge of its shares in Helios Towers DRC. Outstanding amounts under the facility bear interest at LIBOR + 7.5% per annum until October 17, 2012 and thereafter increase by 100bps each year until the maturity date of October 17, 2015. Interest is either repayable on June 15 and December 15 of each year or added to the principal.

In 2013 Millicom provided Helios Towers Tanzania with a $12 million unsecured loan bearing interest at 15% per annum and repayable by the end of 2019.

During 2012 and 2013, the Group provided its associate company, ATC Colombia BV, with various US dollar denominated loans (in total $35 million) bearing a fixed rate interest at 8.3% per annum. The loans are unsecured and have 10 year repayment terms.

UNE EPM Telecomunicaciones S.A.
The Group operation in Colombia leases portions of its tower assets (owned or leased) under finance leases to UNE EPM Telecomunicaciones S.A. ('UNE'), a minority shareholder in Millicom's Colombian operation.

Miffin Associates Corp
The Group purchases and sells products and services from Miffin Associates Corp and its controlled entities ('Miffin'). Transactions with Miffin represent recurring commercial operations such as purchase of handsets, and sale of airtime. Transactions with such parties are made at arm's length principle.

The following transactions were conducted with related parties:

	2013 US$ millions	2012 US$ millions	2011 US$ millions
Expenses			
Purchases of goods and services (Kinnevik)	**10**	8	6
Purchases of goods and services (Miffin)	**134**	95	82
Purchases of goods and services (non-controlling interest in Colombia)	**13**	–	–
Lease of towers and related services (Helios and ATC)	**78**	107	22
Lease of towers and related services (UNE)	**17**	11	–
Total	**252**	221	110

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32. Related party transactions (continued)

	2013 US$ millions	2012 US$ millions	2011 US$ millions
Income			
Sale of goods and services (non-controlling interest in Colombia)	**8**	–	–
Sale of goods and services (Miffin)	**206**	220	187
Gain on sale of towers (Helios and ATC)	**10**	16	54
Lease of towers and related services (UNE)	**31**	10	–
Interest income (Helios Towers DRC and Tanzania loans, ATC Colombia loans)	**7**	2	–
Total	**262**	248	241

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

	2013 US$ millions	2012 US$ millions
Liabilities		
Finance lease payables to tower companies	**224**	188
Payables to Miffin	**13**	8
Other accounts payable	**1**	12
Total	**238**	208
Assets		
Advances to non-controlling interests	**69**	54
Loan to Helios Towers DRC	**35**	32
Loan to Helios Towers Tanzania	**13**	–
Loan to ATC Colombia BV	**38**	20
Total	**155**	106

33. Financial risk management

Terms, conditions and risk management policies

Exposure to interest rate, foreign currency, non-repatriation, liquidity, capital management and credit risks arise in the normal course of Millicom's business. The Group analyses each of these risks individually as well as on an interconnected basis and defines and implements strategies to manage the economic impact on the Group's performance in line with its financial risk management policy. Millicom's risk management strategies may include the use of derivatives. Millicom's policy prohibits the use of such derivatives in the context of speculative trading.

Interest rate risk

Interest rate risk generally arises on borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's exposure to risk of changes in market interest rates relates to both of the above. To manage the risk, the Group's policy is to maintain a combination of fixed and floating rate debt with target for the debt to be equally distributed between fixed and variable rates. The Group actively monitors borrowings against target and applies a dynamic interest rate hedging approach. The target mix between fixed and floating rate debt is reviewed periodically. The purpose of Millicom's policy is to achieve an optimal balance between cost of funding and volatility of financial results, while taking into account market conditions as well as our overall business strategy. At December 31, 2013, approximately 71% of the Group's borrowings are at a fixed rate of interest or for which variable rates have been swapped for fixed rates with interest rate swaps (2012: 52%).

Interest Rate Swaps

At December 31, 2013 the Group had the following floating to fixed interest rate swaps to hedge against floating rates of interest on debt (see note 31):

– In Honduras for nominal amount of $30 million entered into in 2010 with maturity in 2015.
– In Costa Rica for nominal amount of $105 million entered into in 2010 with maturity in 2017.
– In Luxembourg for nominal amount of Swedish Kronor 1.75 billion entered into in 2012 with maturity in 2017.

As the timing and amounts of the cash flows under these swap agreements match the cash flows of the underlying debt instruments, the swaps were assessed as highly effective, thus qualifying for cash flow hedge accounting. Accordingly the effective portions of the changes of the swap values are recorded in other comprehensive income.

Prior to December 31, 2013 a 3-year $100 million interest rate swap to hedge the interest rate risk of the floating rate debt in three countries (Tanzania, DRC and Ghana) contracted in January 2010 matured. During the three month period ending September 30, 2012 the Tanzania and Ghana hedges were assessed as ineffective and, as the value of these hedges were not expected to change significantly between September 30, 2012 and their expiry in January 2013, the corresponding cash flow reserve was recycled to the income statement. At December 31, 2012 the DRC hedge was assessed as ineffective and the corresponding cash flow reserve was recycled to the income statement.

The table below summarises, as at December 31, 2013, the group's fixed rate debt and floating rate debt (including hedging activities):

	Amounts due within						
	1 year	1–2 years	2–3 years	3–4 years	4–5 years	>5 years	Total
	(in millions of U.S. Dollars, except percentages)						
Fixed rate	**137**	**95**	**88**	**832**	**42**	**1,778**	**2,972**
Weighted average nominal interest rate	**7.91%**	**6.32%**	**6.33%**	**7.12%**	**7.95%**	**7.42%**	**7.30%**
Floating rate	**334**	**117**	**139**	**179**	**170**	**247**	**1,186**
Weighted average nominal interest rate	**3.25%**	**5.74%**	**6.25%**	**5.61%**	**6.30%**	**8.35%**	**5.70%**
Total	**471**	**212**	**227**	**1,011**	**212**	**2,025**	**4,158**
Weighted average nominal interest rate	**4.61%**	**6.00%**	**6.28%**	**6.85%**	**6.63%**	**8.07%**	**7.05%**

The table below summarises, as at December 31, 2012, our fixed rate debt and floating rate debt:

	Amounts due within						
	1 year	1–2 years	2–3 years	3–4 years	4–5 years	>5 years	Total
	(in millions of U.S. Dollars, except percentages)						
Fixed rate	305	140	94	102	109	928	1,678
Weighted average nominal interest rate	4.34%	7.34%	7.35%	5.78%	6.39%	9.16%	7.64%
Floating rate	388	333	254	187	347	72	1,581
Weighted average nominal interest rate	5.61%	6.92%	7.33%	5.22%	5.30%	12.43%	6.36%
Total	693	473	348	289	456	1,000	3,259
Weighted average nominal interest rate	5.05%	7.04%	7.33%	5.42%	5.56%	9.36%	7.45%

A one hundred basis point fall or rise in market interest rates for all currencies in which the Group had borrowings at December 31, 2013, would increase or reduce profit before tax from continuing operations for the year by approximately $12 million (2012: $16 million).

Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures where the Group operates. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Millicom seeks to reduce its foreign currency exposure through a policy of matching, as far as possible, assets and liabilities denominated in foreign currencies, or entering into agreements that limit the risk of exposure to currency fluctuations against the US dollar. In some cases, Millicom may also borrow in US dollars where it is either commercially more advantageous for joint ventures and subsidiaries to incur debt obligations in US dollars or where US dollar denominated borrowing is the only funding source available to a joint venture or subsidiary. In these circumstances, Millicom accepts the remaining currency risk associated with financing its joint ventures and subsidiaries, principally because of the relatively high cost of forward cover, when available, in the currencies in which the Group operates.

Foreign Currency Swaps

At December 31, 2013 the Group had the following foreign currency swap contracts (see note 31):

– In Luxembourg for nominal amount of Swedish Kronor ('SEK') 2 billion from October 2012, receiving US dollars to hedge against exchange rate fluctuations for the notional amount of SEK 2 billion and interest payments on this principal.
– In Luxembourg for nominal amount of Euro 134 million from June 2013, receiving US dollars to hedge against exchange rate fluctuations on a seven year Euro 134 million principal and related interest financing of its operation in Senegal.
– In Luxembourg for nominal amount of Euro 41.5 million from July 2013, receiving US dollars to hedge against exchange rate fluctuations on a seven year Euro 41.5 million principal and related interest financing of its operation in Chad.

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33. Financial risk management (continued)
The following table summarises debt denominated in US$ and other currencies at December 31, 2013 and 2012 (excluding hedging activities).

	2013 US$ millions	2012 US$ millions
Total US$	**3,196**	2,191
Colombia	**444**	507
Chad	**25**	84
Tanzania	**109**	97
Honduras	**121**	96
Bolivia	**177**	191
Ghana	**23**	19
Guatemala	**46**	53
Other	**17**	21
Total non-US$ currencies	**962**	1,068
Total	**4,158**	3,259

At December 31, 2013, if the US dollar had weakened/strengthened by 10% against the other functional currencies of our operations and all other variables held constant, then profit before tax from continuing operations would have increased/decreased by $73 million and $89 million respectively (2012: $99 million and $121 million respectively). This increase/decrease in profit before tax would have mainly been as a result of the conversion of the results of our operations with functional currencies other than the US dollar.

Non-repatriation risk
Most of the operating subsidiaries receive substantially all of their revenue in the currency of the countries in which they operate. The Group derives substantially all its revenue through funds generated by local operations and, therefore, Millicom is dependent on the ability of its subsidiaries and joint venture operations to transfer funds to the Company.

Although foreign exchange controls exist in some of the countries in which Millicom Group companies operate, none of these countries currently significantly restrict the ability of these operations to pay interest, dividends, technical service fees, royalties or repay loans by exporting cash, instruments of credit or securities in foreign currencies. However, existing foreign exchange controls may be strengthened in countries where the Group operates, or foreign exchange controls may be introduced in countries where the Group operates that do not currently impose such restrictions. If such events were to occur, the Company's ability to receive funds from the operations could be subsequently restricted, which would impact the Company's ability to make payments on its interest and loans and, or pay dividends to its shareholders.

In addition, in some countries, it may be difficult to convert large amounts of local currency into foreign currency because of limited foreign exchange markets. The practical effects of this are time delays in accumulating significant amounts of foreign currency and exchange risk, which could have an adverse effect on the Group's results of operations.

Credit and Counterparty risk
Financial instruments that potentially subject the Group to credit risk are primarily cash and cash equivalents, pledged deposits, letters of credit, trade receivables, amounts due from joint venture partners, supplier advances and other current assets and derivatives. Counterparties to agreements relating to the Group's cash and cash equivalents, pledged deposits and letters of credit are significant financial institutions with investment grade ratings. Management does not believe there are significant risks of non-performance by these counterparties and have diversified its banking partners. Allocation of deposits across banks are managed such that the Group's counterparty risk with a given bank stays within limits which have been set based on each banks credit rating.

A large portion of turnover comprises prepaid airtime. For postpaid customers, the Group follows risk control procedures to assess the credit quality of the customer, taking into account its financial position, past experience and other factors.

Accounts receivable also comprise balances due from other telecom operators. Credit risk of other telecom operators is limited due to the regulatory nature of the telecom industry, in which licences are normally only issued to credit worthy companies. The Group maintains a provision for impairment of trade receivables based upon expected collectability.

As the Group has a large number of internationally dispersed customers, there is no significant concentration of credit risk with respect to trade receivables.

Liquidity risk
Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group has incurred significant indebtedness but also has significant cash balances. Millicom evaluates its ability to meet its obligations on an ongoing basis using a recurring liquidity planning tool. This tool considers the operating net cash flows generated from its operations and the future cash needs for borrowing, interest payments, dividend payments and capital and operating expenditures required in maintaining and developing its operating businesses.

The Group manages its liquidity risk through use of bank overdrafts, bank loans, bonds, vendor financing, Export Credit Agencies and Development Finance Institutions ("DFI") loans, and finance leases. Millicom believes that there is sufficient liquidity available in the markets to meet ongoing liquidity needs. Additionally, Millicom is able to arrange offshore funding through the use of Export Credit Agency guarantees and DFIs (IFC and FMO), who have been established specifically to finance development in the Group's markets. Millicom has diversified its financing with commercial banks representing about 30% of its gross financing (2012: 38%), bonds 60% (2012:38%), Development Finance Institutions 3% (2012:8%), and finance leases 7% (2012: 7%).

The tables below summarise the maturity profile of the Group's net financial liabilities at December 31, 2013 and 2012.

Year ended 31 December 2013	Less than 1 year US$ millions	1 to 5 years US$ millions	>5 years US$ millions	Total US$ millions
Total borrowings (see note 26)	**(471)**	**(1,662)**	**(2,025)**	**(4,158)**
Cash and cash equivalents	**941**	**–**	**–**	**941**
Restricted cash	**81**	**–**	**–**	**81**
Short-term escrow investments	**800**	**–**	**–**	**800**
Pledged deposit (relating to bank borrowings)	**17**	**2**	**–**	**19**
Derivative financial instruments (SEK currency swap)	**–**	**10**	**–**	**10**
Net cash (debt)	**1,368**	**(1,650)**	**(2,025)**	**(2,307)**
Other derivative financial instruments	**–**	**1**	**(21)**	**(20)**
Future interest commitments[i]	**(274)**	**(860)**	**(76)**	**(1,210)**
Trade payables (excluding accruals)	**(387)**	**–**	**–**	**(387)**
Put option	**(792)**	**–**	**–**	**(792)**
Other financial liabilities (including accruals)	**(1,201)**	**–**	**–**	**(1,201)**
Trade receivables	**320**	**–**	**–**	**320**
Other financial assets	**316**	**70**	**–**	**386**
Net financial liability	**(650)**	**(2,439)**	**(2,122)**	**(5,211)**

Year ended 31 December 2012	Less than 1 year US$ millions	1 to 5 years US$ millions	>5 years US$ millions	Total US$ millions
Total borrowings (see note 26)	(693)	(1,566)	(1,000)	(3,259)
Cash and cash equivalents	1,174	–	–	1,174
Restricted cash	43	–	–	43
Pledged deposit (relating to bank borrowings)	8	47	–	55
Derivative financial instruments (related to debt)	–	6	–	6
Net cash (debt)	532	(1,513)	(1,000)	(1,981)
Derivative financial instruments	(7)	(6)	–	(13)
Future interest commitments[i]	(211)	(558)	(47)	(816)
Trade payables (excluding accruals)	(404)	–	–	(404)
Put option	(730)	–	–	(730)
Other financial liabilities (including accruals)	(996)	–	–	(996)
Trade receivables	322	–	–	322
Other financial assets	199	86	–	285
Net financial liability	(1,295)	(1,991)	(1,047)	(4,333)

(i) Includes unamortised difference between carrying amount and nominal amount of debts.

Capital management
The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and solid capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure with reference to economic conditions and imposed restrictions such as debt covenants and local regulations. To maintain or adjust its capital structure, the Group may make dividend payments to shareholders, return capital to shareholders through share repurchases or issue new shares. At December 31, 2013 Millicom is rated at one notch below investment grade by the independent rating agencies Moody's (Ba1 negative outlook) and Fitch (BB+). The Group primarily monitors capital using net debt to adjusted operating profit, as well as a set of other indicators.

	2013 US$ millions	2012 US$ millions
Net debt (see note 26)	**2,307**	1,981
Adjusted operating profit (see note 9)	**1,881**	2,065

	Ratio	Ratio
Net debt to adjusted operating profit ratio	**1.2**	1.0

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33. Financial risk management (continued)
The Group reviews its gearing ratio (net debt divided by total capital plus net debt) periodically. Net debt includes interest bearing loans and borrowings, derivative financial instruments related to borrowings, less cash and cash equivalents (included restricted cash) and pledged and time deposits related to bank borrowings. Capital represents equity attributable to the equity holders of the parent.

	2013 US$ millions	2012 US$ millions
Net debt (see note 26)	**2,307**	1,981
Equity	**2,081**	2,336
Net debt and equity	**4,388**	4,317
Gearing ratio	**53%**	46%

34. Financial Instruments
The fair value of Millicom's financial instruments are shown at amounts at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair value of all financial assets and all financial liabilities except debt and financing approximate their carrying value largely due to the short-term maturities of these instruments. The fair values of all debt and financing have been estimated by the Group based on discounted future cash flows at market interest rates.

The following table shows the carrying and fair values of financial instruments as at December 31, 2013 and 2012:

	Carrying value		Fair value	
	2013 US$ millions	2012 US$ millions	2013 US$ millions	2012 US$ millions
FINANCIAL ASSETS				
Pledged deposits (see note 18)	**2**	47	**2**	47
Other non-current assets	**83**	86	**83**	86
Trade receivables, net	**320**	322	**320**	322
Amounts due from non-controlling interests and JV partners	**234**	81	**234**	81
Prepayments and accrued income	**163**	140	**163**	140
Advances to non-controlling interest	**69**	56	**69**	56
Other current assets	**839**	86	**839**	86
Restricted cash	**81**	43	**81**	43
Cash and cash equivalents	**941**	1,174	**941**	1,174
Total	**2,732**	2,035	**2,732**	2,035
Current	**2,647**	1,903	**2,647**	1,903
Non-current	**85**	132	**85**	132
FINANCIAL LIABILITIES				
Debt and financing (see note 26)	**4,158**	3,259	**3,183**	2,682
Trade payables	**277**	259	**277**	259
Payables and accruals for capital expenditure	**453**	411	**453**	411
Derivative financial instruments	**23**	11	**23**	11
Put option	**792**	730	**–**	–
Amounts due to non-controlling interests and JV partners	**87**	19	**87**	19
Accrued interest and other expenses	**393**	341	**393**	341
Other liabilities	**167**	140	**167**	140
Total	**6,350**	5,170	**4,583**	3,863
Current	**2,596**	2,591	**1,804**	1,861
Non-current	**3,754**	**2,579**	**2,779**	2,002

Call option and put option related to Telefonica Cellular S.A. DE CV (Celtel)
On July 1, 2010 Millicom reached agreement with its local partner in Honduras whereby Millicom's local partner granted Millicom an unconditional call option for the next five years for his 33% stake in Telefonica Celtel and as consideration, Millicom granted a conditional put option for the same duration to the local partner.

The put option can only be exercised on a change of control of Millicom International Cellular S.A. or Millicom's subsidiary that holds the shares in Celtel (except if the change of control is in favour of Investment AB Kinnevik, the current largest shareholder of Millicom, or management of Millicom). Millicom believe that a change of control transaction that triggers the local partner's right to exercise his put is currently highly unlikely to happen during the term of the put option.

The call option price is a fixed multiple of the EBITDA of Celtel in the year the option is exercised. As the fixed multiple exceeded the fair value multiples (based on comparable transactions and including a control premium) at December 31, 2013 and 2012, and as there were no expectations that the Honduran market characteristics would significantly change over the term of the call option, Millicom determined the fair value of the call option to be immaterial at both December 31, 2013 and 2012.

LIH Call Options
As described in note 4, at December 31, 2013 Millicom had three call options to increase its stake in LIH from 20% to 100%.

Fair value measurement hierarchy
Effective January 1, 2009, Millicom adopted the amendment to IFRS 7 for financial instruments that are measured in the Statement of Financial Position at fair value, which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

– Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
– Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
– Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Derivative financial instruments are measured with reference to Level 2, except for the call option in Honduras (see note 27) and the call options for LIH (see note 4) which are measured with reference to level 3. The Honduras put option liability is carried at the present value of the redemption amount and is therefore excluded from the fair value hierarchy. No other financial instruments are measured at fair value.

35. Subsequent events
Put and Call Agreement related to Guatemalan Operations
On January 16, 2014 Millicom announced that it and its local partner in Guatemala, Miffin Associates Corp ("Miffin") reached an agreement that gives Millicom control of the Guatemalan operations ("Comcel"). Miffin has granted Millicom, for consideration of $15 million and a minimum term of two years, an unconditional call option for its 45% stake in Comcel. In return, Millicom has granted Miffin a put option for the same duration, exercisable in the event Millicom sells its 55% interest in Comcel or undergoes a change of control.

Prior to entering into the agreement, Millicom was dependent on the consent of its local partner for strategic decisions related to its Guatemalan operation, as the shareholders agreement required a vote of 80% of the shares to authorize and approve significant financial and operating policies of Comcel. The call option allows Millicom, unconditionally at any time during the two year period from January 1, 2014 to exercise its right to acquire the 45% stake (and voting rights) of our local partner at a price which Millicom believes represents the strategic value of the asset. The call option therefore conferred to Millicom control over Comcel through its ability to develop the relevant activities (develop the future business in Guatemala).

As a consequence, and in accordance with IFRS 10 'Consolidated Financial Statements' effective January 1, 2014, Millicom will fully consolidate Comcel from January 1, 2014. Previously, the results of the Guatemalan operations were proportionately consolidated.

In 2014 Millicom provisionally revalued to fair value its previously held 55% interest in Comcel, and will recognise a provisional gain of $2,246 million. The fair value of Comcel was determined based on a discounted cash flow calculation. The assets and liabilities that will be provisionally recognised as a result of the revaluation were as follows:

	Fair Value (provisional) 100% US$ millions	Previously held (55%) interest US$ millions
Intangible assets, net	1,401	84
Property, plant and equipment, net	653	349
Other non-current assets	7	4
Inventory	29	17
Trade receivables	75	35
Current loans and other receivables	185	101
Other current assets	43	31
Cash and cash equivalents	54	30
	2,447	651
Non-current financial liabilities	324	187
Other long-term liabilities	22	2
Trade accounts payable	91	59
Current financial liabilities	88	46
Other current liabilities	111	55
	636	349
Non-controlling interests	819	
Fair value of the net assets acquired and contingent liabilities	992	
Goodwill arising on change of control	1,556	
Previously held interest in Comcel	(302)	
Revaluation of previously held interest	2,246	

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Allocation of the revalued interest to identifiable assets and liabilities has been performed on a provisional basis. The goodwill is not expected to be deductible for tax purposes.

A change of control event may occur at Millicom level which is beyond the control of Millicom. Such an event would trigger the ability of our local partner to exercise his put option at his discretion. Therefore, the put option is a financial liability as defined in IAS 32 and in 2014 Millicom will record a current liability for the present value of the redemption price of the put option of $1,918 million at January 1, 2014.

The redemption price of the put option is based on a multiple of the EBITDA of Comcel. The multiple is based on a change of control transaction multiple of Millicom. Management estimated the change of control transaction multiple of Millicom from a trading multiple of Millicom and adding a control premium (based upon comparable transactions from the industry).

Investment in LIH
On January 20, 2014 Millicom amended its investment agreement with Rocket regarding its share purchase options for LIH. As a result of the amendment, Millicom can only exercise its Third option (as described in note 4) to acquire the final 50% of LIH after one year has passed from exercising its Second option to raise its stake from the current 35% to 50%. Accordingly, as of January 20, 2014 Millicom no longer has the ability to exercise its options to acquire a controlling stake in LIH, and will deconsolidate the LIH group and treat its 20% investment as an investment in an associate.

In February 2014 Millicom acquired an additional 15% of LIH by implementing its first option and transferring to LIH an initial amount of Euro 10 million of the Euro 50 million option price.

$800 million 6.875% Bond
On January 30, 2014 Millicom's operation in Guatemala issued an $800 million 6.875% fixed interest rate bond repayable in 10 years, to refinance the Guatemalan operation and for general purposes. The bond was issued at 98.233% of the principal.

Dividend
On February 11, 2014 Millicom announced that the Board will propose to the Annual General Meeting of the Shareholders a dividend distribution of $2.64 per share to be paid out of Millicom's profits for the year ended December 31, 2013 subject to the Board's approval of the 2013 Consolidated Financial Statements of the Group.

Appointment of CFO
On February 11, 2014 Millicom announced the appointment of Tim Pennington to the role of Chief Financial Officer from June 2014.

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Financial calendar

First quarter results:	April 24, 2014
Second quarter results:	July 16, 2014
Third quarter results:	October 22, 2014
Fourth quarter results:	February 2015

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