Annual report 2015

@Millicom Driving #DigitalAccess for 25 years

MILLICOM
THE DIGITAL LIFESTYLE

Welcome to our reporting suite

Our new approach to reporting

In line with our mission to lead the adoption of a Digital Lifestyle in our markets, our corporate reporting should also reflect who we are. This year, therefore, we are focusing our efforts on digital reporting of what is material to our business. Millicom's Annual Report consists of two documents designed for easy reading: our Strategic Report in a new landscape format and the Governance and Financial Report in portrait format.

Our corporate reporting suite also includes our Corporate Responsibility Report. You can access all the information we have produced previously, as content in pdf format or in dynamic format, on our website. This year will also be the final time we print our Corporate Responsibility Report. We welcome your feedback on our reporting – please contact us at investors@millicom.com.

www.millicom.com

Contents

User guide

In this interactive PDF there are a number of ways to help you easily access the information that you want, whether that's printing, searching for a specific item or going directly to another page, section or website link.

Navigating with tabs

Use the tabs at the top of this report to quickly go to the start of different sections.

Links within this document

In this report you will see a series of icons that demonstrate how we've integrated information about our business model with details of our strategy and risk. The easy-to-identify icons also tell you where to look for more information.

Report links

- Read more
- Link to website
- Go to page
- Watch video

More information

Governance and Financial Report
Our expanded Corporate Governance Report, the Directors' Report and audited Consolidated Financial Statements of the Group for the year ended 31 December 2015.

A copy of this report can be downloaded from our website using the following link:

Millicom Reporting Centre

Corporate Responsibility Report
The Corporate Responsibility Report outlines our approach to conducting business ethically and how we manage sustainability risks and opportunities.

A copy of the Corporate Responsibility Report can be downloaded from the following link:

Our Responsibility

Website
Our website features more information about Millicom and how we lead the Digital Lifestyle across our emerging markets in Latin America and Africa.

More stories from Millicom can be found on our website:

www.millicom.com

About us

We are Millicom.

We are the telecommunications and media company focused on emerging markets.

We operate across 14 frontier and emerging Latin American and African markets with high GDP growth, a young population and huge opportunities for the adoption of the Digital Lifestyle.

We provide fixed and mobile telecommunications services, cable and satellite TV, mobile financial services (MFS) and content such as music and sports to more than 62 million customers via our main consumer brand Tigo. At Tigo Business, we provide digital products and services for governments, multinationals, large corporations and small and medium businesses.

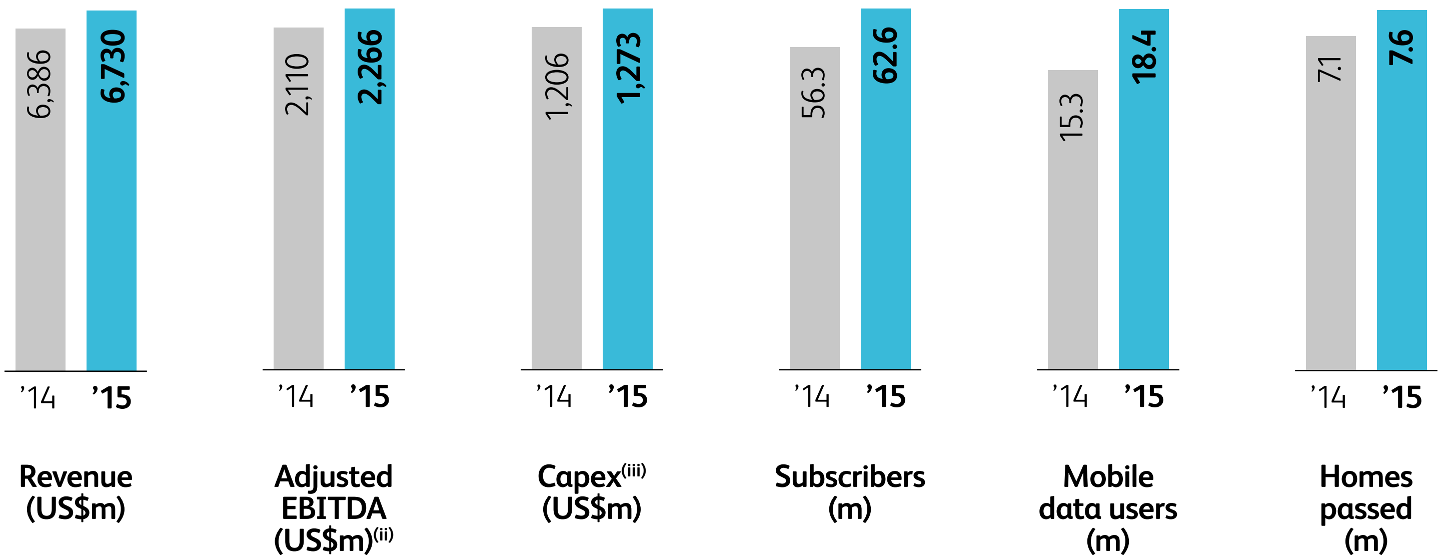
In 2015 we celebrated our 25th year and we will continue this successful journey, growing our business profitably, responsibly and with real social purpose. Our mission is to lead the adoption of a Digital Lifestyle in our markets. Our vision is that, by doing this, we will empower all, both customers and employees, to advance in life and find joy.

Useful links within this report

Millicom: Who we are

Highlights

A year of strong operational momentum



+7.4% organic growth[(i)]

33.7% Adjusted EBITDA margin

81% of expenditure in Latin America

6.3m net mobile additions[(iv)]

30.1% penetration rate

17.2% Home as a % of LatAm revenue

Footnotes:
(i) Organic growth represents year-on year-growth in local currency (includes regulatory changes and UNE from Q4 15, excludes the impact of exchange rate changes). Service revenue is defined as Group revenue excluding telephone & equipment sales.
(ii) Adjusted EBITDA is defined as reported EBITDA excluding restructuring and integration costs and other one-off items – See page 77 for reconciliation.
(iii) Excludes spectrum licence costs.
(iv) Includes Zantel.

Introducing Millicom

The Digital Lifestyle company

Business
- Fixed & mobile
- Solutions
  - Data centres
  - Cloud services
  - M2M
  - Other services

Mobile
- Voice
- SMS
- Mobile data

Digital
- Music
- Sport
- Apps
- OTT aggregator

tigo

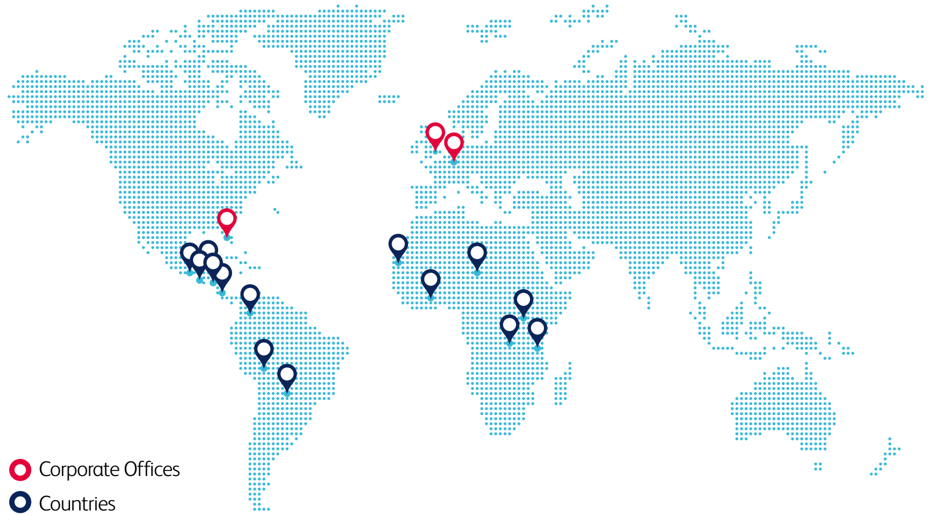
Telephony & Equipment
- Tablet & PC
- Smartphones
- Feature phones

MFS
- Savings
- Loans
- Remittances
- Interoperability

Home
- Pay TV
- Broadband
- Direct-To-Home (DTH) TV
- Cable

Introducing Millicom

Where we are

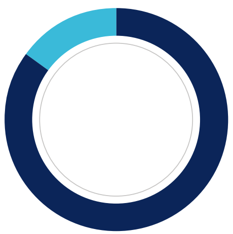


What we do

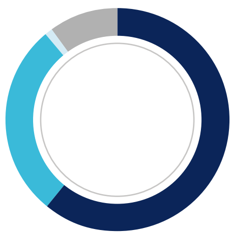
Latin America	Mobile	B2B	Home	MFS
Bolivia	✓	✓	✓	✓
Colombia	✓	✓	✓	✗
Costa Rica	✗	✓	✓	✗
El Salvador	✓	✓	✓	✓
Guatemala	✓	✓	✓	✓
Honduras	✓	✓	✓	✓
Nicaragua	✗	✓	✗	✗
Paraguay	✓	✓	✓	✓

Africa	Mobile	B2B	Home	MFS
Chad	✓	✓	✗	✓
DR Congo	✓	✓	✗	✓
Ghana	✓	✓	✗	✓
Rwanda	✓	✓	✗	✓
Senegal	✓	✓	✗	✓
Tanzania	✓	✓	✗	✓

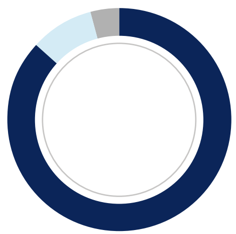
Our business



Revenue split by region	%
LatAm	85
Africa	15



LatAm business unit revenue split	%
Mobile	61
Cable	28
MFS	1
Other	10



Africa business unit revenue split	%
Mobile	87
MFS	9
Other	4

Chairman's statement

"We are proud to be providing new products and services to enable more people to connect to the internet."

Cristina Stenbeck
Chairman

Chairman's statement
continued

A strong performance in our 25th year

Dear Shareholders

It was with great pride that we celebrated our 25th anniversary in 2015. It's hard to believe that the small telecom company that started out in 1990 is now the driving force behind the adoption of the Digital Lifestyle across 14 emerging markets in Latin America and Africa, connecting those who were previously without digital access.

We achieved strong performance in our 25th year with organic revenue growing across all our markets and the recovery of the Adjusted EBITDA margin. We have more than 62 million mobile subscribers and our cable network now passes more than 7.6 million homes. We continued our Digital Lifestyle journey as we reached 29% data penetration. If you look at our underlying performance, you will see that ours is a company with strong growth potential. In 2015, operational performance was marred by the impact of adverse foreign exchange fluctuations in markets such as Colombia, Paraguay and Tanzania. We have done significant work on a profitable and responsible growth strategy this year and that includes measures to control both our internal costs and to manage our exposure to foreign exchange fluctuations.

We are proud to be providing new products and services to enable more people to connect to the internet. Making digital inclusion a reality, especially for often difficult-to-reach audiences, is what drives us forward. Providing the means for an individual

continued

62.6m
mobile subscribers

Useful links within this report

The Digital Torch
Our history

Chairman's statement
continued

shop keeper in Ghana to pay her suppliers using her mobile phone, developing our own cable sports TV content in Paraguay, or providing business solutions to multinationals in Central America are all services which make a real difference to people's lives.

Technology and innovation is the backbone of our growth and this year we have invested $1.3 billion in our fixed and mobile networks. We are now more focused than ever on delivering good returns from our investments and we apply stronger criteria for what we invest in day to day.

Corporate responsibility will always play an important role in our development and our relationships as we continue to contribute to the communities in which we work. For instance, in 2015, we took an industry leadership role in championing child online protection and delivered workshops in collaboration with UNICEF, governments, and other stakeholders in four of our markets.

As part of Tigo Te Conecta in Honduras we installed 178 broadband connections in 150 schools, enabling more than 80,000 students access to the internet, and more than 1,600 teachers to use technology in managing secondary education performance.

During the year we have also focused on building the best team to deliver our strategy. In April 2015, we were delighted to welcome Mauricio Ramos as our new CEO and in September, Cynthia Gordon joined as our CEO and EVP for Africa to ensure we continue to deliver the growth and the potential of our markets in this region.

It is testament to the efforts and enthusiasm of our people that excellent customer service continues to

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US$2.64
Dividend per share

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Our strategy p27

Our performance p43

Our responsibility p36

Ghana small trader

Blog: Child Online Protection

Chairman's statement
continued

win us business and market share. Going forward we will ensure that our customers remain at the heart of everything we do. The Board is highly appreciative of all our amazing colleagues who make Millicom a rewarding and exciting place to work. I would also like to thank our partners worldwide who enable us to excel in what we do.

The Board has proposed a dividend for the full year of $2.64 per share, the same as last year.

As I step down from my role as Chairman and handover to Tom Boardman, I am confident that Millicom is steadily progressing through its period of transition. 2016 has seen an encouraging start to the year and we are working hard to build continued momentum in our markets.

On behalf of the Board, I would like to thank my fellow directors who will not be seeking re-election at the upcoming AGM, namely Anders Borg, Paul Donavon, and Dame Amelia Fawcett. Their commitment and leadership on the Millicom Board over the last year has helped us to achieve many of the important strategic, financial and operational objectives that have secured a strong start to 2016. We would also like to thank CFO Tim Pennington for his important leadership role as interim CEO during the first quarter of 2015. We also congratulate CEO Mauricio Ramos on his first anniversary with the Millicom family and look forward to continued progress in leading Millicom through its current period of transition. The Board remains focused on helping to enable and support management's execution plans in order to create long term shareholder value.

Cristina Stenbeck
Chairman of the Board of Directors
March 2016

Useful links within this report

Governance and Financials

Tigo is the main sponsor of Encarnacion's famous carnival, Paraguay

Strategy

We build the Digital Lifestyle for our customers and monetise it for our shareholders.

Contents

CEO's strategic and operational review

"We will continue to focus on accelerating data, expanding our cable footprint and growing our B2B business."

Mauricio Ramos
President and Chief Executive Officer

CEO's strategic and operational review
continued

In this strategic and operational review you will find details on our performance, our business model, our strategy, how we measure our performance, how we manage risk and how we work to be an innovative, profitable and responsible business. To provide context, we start with a look at the market environment in which we operate.

Building the Digital Lifestyle for our consumers, monetising it for our shareholders

We are a Digital Lifestyle company and our business is bringing communication services to people, including those previously left outside the digital revolution, connecting the unconnected and often leapfrogging technologies with the latest innovations.

I decided to join Millicom one year ago as I saw a highly attractive business, delivering expertise in its markets, offering strong new opportunities in Latin America and in Africa to connect more people to digital products and services.

A year later, we have clearly defined our strategic roadmap and are laser-sharp in our focus on operational leverage and the way in which we allocate capital to accelerate cash flow generation.

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Strategy p27
Performance p43

CEO's strategic and operational review
continued

We have an excellent base on which to build and monetise our business and the outlook is very promising. We are a leader in Mobile and Cable in most of our LatAm markets and there is scope to increase penetration levels.

Our mobile business will continue to be fuelled by smartphone adoption and data usage, with still two thirds of our 62.6 million subscribers not yet owning a smartphone. For us, it is all about monetising data.

In Home, namely our fixed-line and satellite services in voice, broadband and Pay TV, our strategy is simply to build, to fill and to monetise. We are positioning ourselves to be able to deploy various layers of services to new households. We will also be able to leverage our fixed network to capture the business-to-business (B2B) opportunity, especially the small and medium size enterprises that we are passing.

Growing our Tigo Business (B2B) products and services, which represent 14% of our income, will continue to be a major focus for the team. Concurrently Mobile Financial Services (MFS) adoption is only just beginning to reach scale in many of our countries and we are already recognised as one of the leading global players in this field.

We will continue to develop products and services that enable us to secure a higher share of the wallets of our customers, increase average revenue per unit (ARPU) and provide excellent service and experience levels so customers want to stay with us (lowering churn).

Summarising our performance in 2015, we had a strong year operationally, marred by the impact of currency declines against the US dollar, particularly towards the end of the year. Both in-country management and the Board have had to accept that excellent local performance has not translated fully at Group level due to currency volatility.

However, our underlying performance is something to be very proud of. Over the year, we improved our cash flow generation and continued to increase our operational efficiency and reduce corporate costs. Organic revenue growth for the full year increased by 7.4%* to US$6.73 billion, Adjusted EBITDA grew 9.2%* to US$2,266 million and our focus on profitable growth at all levels in the Group, operations and headquarters, improved the Adjusted EBITDA margin in 2015 by 0.7% to 33.7%.

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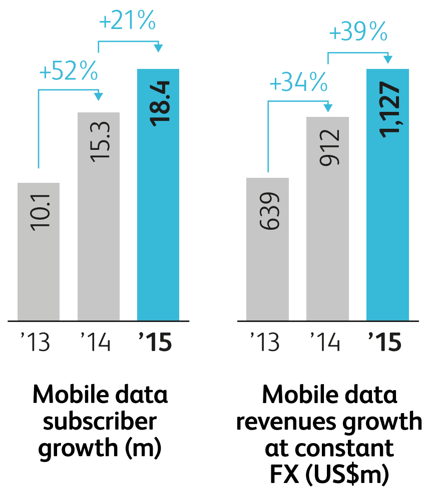
*organic growth represents year-on-year growth in local currency (includes UNE from Q4 15. Excludes the impact of exhange rate changes.

Robust growth trends in service revenues



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Our performance p43

CEO interview (Jan 2016)

Blog: MFS credit

CEO's strategic and operational review
continued

Our principle consumer brand Tigo is going from strength to strength, bringing the internet to new customers, driving smartphone penetration and increasing data consumption.

In Mobile, over the last year we added 6 million new customers and we are making good progress and are focused on delivering operational and capital expenditure efficiencies. Smartphone users increased by 56% last year and with our focus on data pricing we grew our data revenue by 39%.

2015 was an important year for the integration of our Colombian business after the merger of Tigo and UNE in 2014. Colombia is now our biggest market and accounted for 35% of our revenue in Latin America in 2015. The merger has gone incredibly well and we have increased the synergies achieved through the integration.

I am particularly pleased with progress in our Home business. We've passed 7.6 million homes and our target for that business is to reach 10 million homes in the medium term. We continued to add new customers at a strong rate across our Direct-To-Home (DTH) and cable footprint with pay-TV contributing most towards this growth. One of our core strengths continues to be our ability to provide relevant local content for customers. In some of our LatAm operations, for example, we now offer football on our fixed network and exclusively on mobile via the Tigo Sports app.

In 2015, as a management team, we developed a clear operational strategy to convert growth potential into increased cash flow by focusing on growing our top line, driving operational efficiencies and allocating capital to carefully targeted needs. This has brought a step change for the business with increased clarity and focus on executing our plans.

In line with this strategy, looking ahead we will continue to focus on accelerating data, expanding our cable footprint and growing our B2B business. We will also concentrate on investments that add value to our core business and which demonstrate operational leverage – such as fully utilising our network, our customer base and our content.

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El Salvador has the largest mobile money penetration in LatAm

CEO's strategic and operational review
continued

We will prioritise opportunities based on whether they can drive high demand, helping acquisition and retention of customers, fuel high usage levels to drive data traffic and ARPU, and whether they add brand equity.

We expect uncertainty to prevail in emerging market economies in 2016, which is why we will continue to strengthen the fundamentals of our business whilst continuing our focus on improving cash flow further. Our capital structure is in good shape with a long average maturity on our debt, significant local currency borrowing, and we have a line of sight to reduce leverage. Cash generation is set to improve in 2016 aided by an improvement in EBITDA and reduction in Capex plus disciplined capital allocation to divest or improve underperforming businesses.

In Latin America, we are preparing for convergence of digital services, mobile, fixed, data, and content, which will come at varying stages, but through which we are already very well positioned to add value. We have identified a major growth opportunity in the B2B market by leveraging our fixed networks, and we expect to capitalise on it.

In Africa, we are employing stringent capital allocation disciplines and intend to deliver a significantly improved cash profile in 2016 from this region. In October 2015, we acquired Zantel in Zanzibar, strengthening our position in Tanzania and in the first quarter of 2016, we signed an agreement to sell our Tigo business in the Democratic Republic of Congo (DRC) to Orange S.A., subject to regulatory approvals.

Underlining all our activity going forward is our investment in our people. Last year, we clarified the organisational structure by which we manage our business.

We brought local management closer to the central decision-making process and have integrated our corporate office staff more into the day-to-day operations. We are developing a coherent and fit-for-purpose compensation and reward programme to build on our performance-driven organisation, fostering a culture of ethics and integrity and enhancing our employer brand. This is core to aligning our business, attracting and retaining talent and successfully executing our strategy. We continue to add value to our country operations

continued ···>

Useful links within this report

Our strategy p27

Our performance – LatAm p44

CEO interview (Feb 2016)

CEO's strategic and operational review
continued

through compensation, responsibility, risk and compliance, best practice sharing and culture and values. We prioritise and promote diversity at every level of our business.

I have spent most of my time in our markets over this past year, seeing for myself the progress we are making, the challenges and particularly the opportunities. I want to thank all our amazing colleagues, across all the countries where we operate, who have such passion for and commitment to the Digital Lifestyle.

I am confident that we are well positioned for a strong future, despite continued uncertainty in the macro-economic environment. We will focus much more closely on high performance delivery of our strategy and pay close attention to our key performance indicators as we continue to build and monetise the Digital Lifestyle. We will stay equally focused on improving our margins and delivering profitable and responsible growth for our shareholders.

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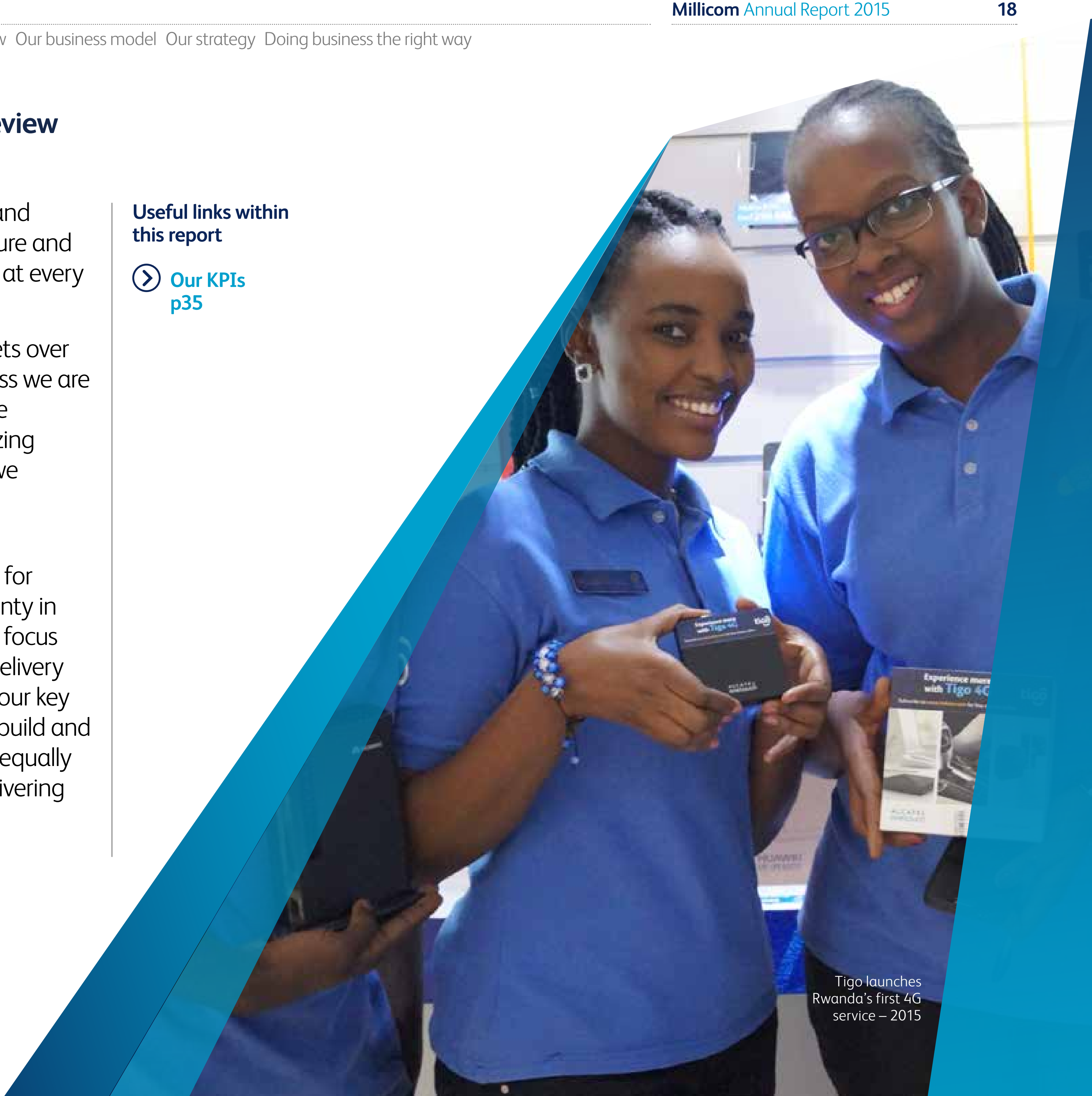
Our KPIs p35



Tigo launches Rwanda's first 4G service – 2015

Market overview

We operate in Latin American and African markets which are often underdeveloped for the provision of core communication as well as digital products and services. GDP growth forecasts were dampened across many of our countries last year, but demand for digital services is still growing, as consumers demand what people in more developed markets already take for granted.

Business drivers

Customers

- **Data usage continues to explode**, driven by proliferation of devices and more data intensive content (esp. video, enterprise)
- **Ecosystem services** in mobile and home becoming key customer criterion, reducing ability to differentiate only via connectivity services

Competition / Value Chain

- **Integrated and seamless access** to content and services across devices increases customer affinity and stickiness
- **Ubiquitous connectivity and smart devices** continuing to **open up new industries** (e.g. health, financial services, education)

Technology

- Fixed-line network increasingly **converging** with mobile networks
- Increasing cost and complexity of **adding network capacity** in highly dense areas

Government

- **Security and privacy** are becoming more relevant for regulators, policy makers, and public discourse
- Regulation could strike a new balance between investment stimulation and consumer benefit

Source: GSMA Vision 2020; MIC Strategy and Corporate Development team analysis

Market overview
continued

High potential untapped markets

Each of our regions and countries has reached a different level of economic development, personal income and population growth and each therefore has different characteristics in terms of what products and services we can offer to the market. Cultural differences also alter the level and speed of service uptake and we localise our offers accordingly. All our markets are growing and moving up the demand curve. For example, increasing affluence in markets like Colombia and Paraguay is driving strong demand for our premium services such as cable TV and our own proprietary content, Tigo Sports.

The digital boom and convergence

As the world moves increasingly towards convergence of fixed, mobile and digital services, we are evolving our strategy to capitalise on the opportunities it will deliver. Our industry is moving to an integrated digital ecosystem. Data usage continues to explode, driven by the proliferation of devices and more data-intensive content. The more we can deliver integrated and seamless access to content and services across devices, the more we increase customer affinity and reduce churn. New

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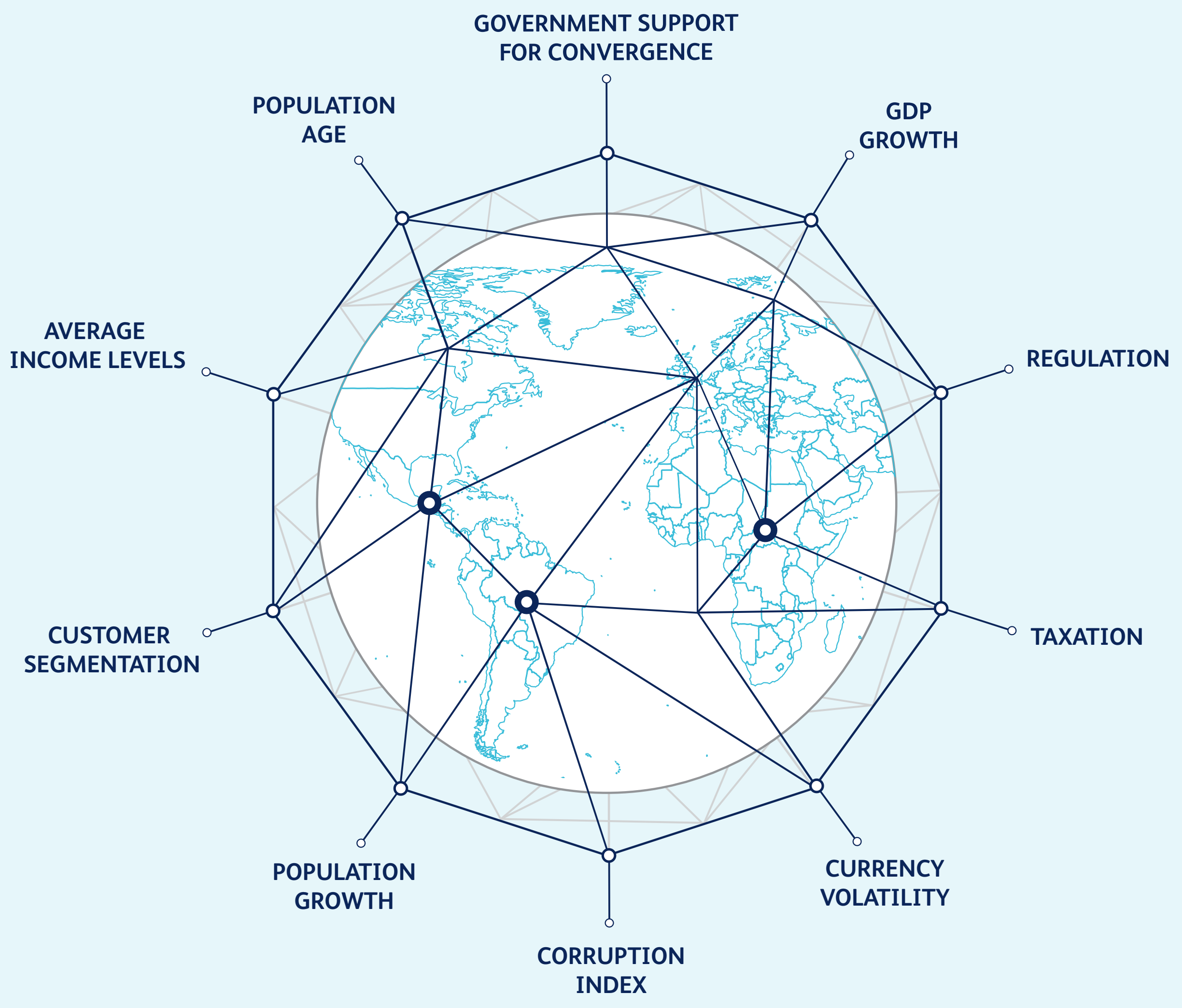
Our market influences



Market overview
continued

industries such as health, financial and educational services are increasingly being accessed through mobile devices and this allows us to add more value for our customers.

We are also seeing greater and much needed collaboration between governments, industry, the private sector and society in general to tackle the issues that greater connectivity raises. There are strong examples where we have seen decreases in mobile handset costs and huge increases in people connecting to the internet, backed up by a strong digital agenda supporting free competition and encouraging infrastructure sharing.

Spectrum is another critical area where our industry needs governments to demonstrate far-sightedness and we are working together with relevant governments to drive a greater understanding of this.

Consumer potential

Our markets are at different stages of digital adoption and within each market consumers are similarly at different stages in their personal data consumption. Our most significant customer group is generally young and literate adults, and starting to experiment with the mobile internet and new digital services. As smartphones become more easily available and prices continue to decrease, this group is quickly moving up the digital adoption curve.

These customers account for 51% of our subscriber base in Latin America and 15% in Africa. We are focused on expanding this group of consumers, enabling their Digital Lifestyle.

Consumer profiles

Type of consumer	Profile	% of subscriber base
Digital maestros	Already starting to live the Digital Lifestyle: literate, high income, internet savvy	8%
Social activists	Starting to experiment with the mobile internet: young and literate, device/budget limitations, value-added service users	47%
Great communicators	No use of internet or entertainment. MFS & SMS users: wide range of customers	30%
Numerous, modest	Only use mobile to make calls	15%

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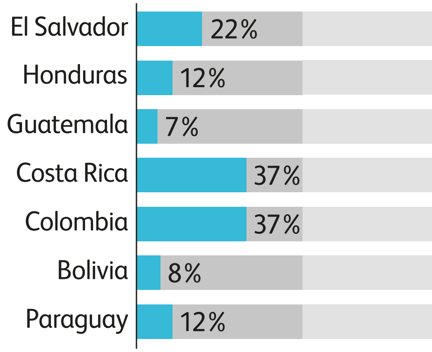
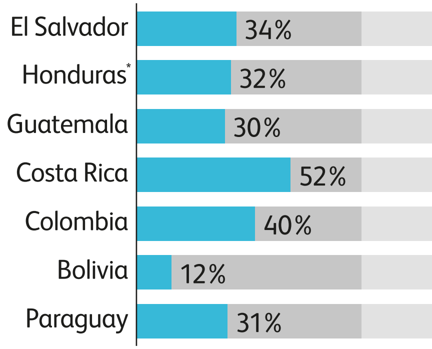
Broadband penetration
Current penetration vs more advanced LatAm average (opportunity) of 56%



Pay TV penetration
Current penetration vs more advanced LatAm average (opportunity) of 76%



Opportunity (average)
Current penetration

* Excludes informal market

Market overview
continued

Business potential

Business customers are an important growth area for us and we are expanding our B2B business significantly. Businesses, as consumers, are also adopting new technologies and ways of communication, digitalising the economy.

We segment our business customers into small and medium sized businesses, large national corporations, governments and multinationals. We provide a wide range of B2B digital products and services, and tailor our approach to each type of business customer. Our significant Latin American footprint allows us to provide these services across multiple territories for the major regional players who often prefer to work with one provider.

Currency depreciation a continuing challenge

Our strategy to reduce our exposure to foreign exchange fluctuation includes working with our suppliers to increase the component of local currency payments in the contracts or adding some indexation to the currency parity, and on the debt side to favour more local currency debt. We are confident that over time we will be able to increase the proportion of debt we hold in local currency. In 2015, foreign exchange fluctuations challenged most multinational businesses and we were no exception.

Regional trends – Latin America

Strong growth and a consolidating industry

In our Latin American markets, data usage continues to increase driven by the proliferation of devices and more data-intensive content such as video-streaming. Consumer barriers are breaking down as digital literacy and awareness improve. The main telecom companies continue launching digital services to drive data adoption and usage on both mobile and fixed platforms. The first wave of digital services featured music-streaming services such as Tigo Music, but

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37%
LatAm mobile data penetration

Useful links within this report

Digital inclusion overview

Market overview
continued

innovation is growing and expanding to other services.

Mobile data penetration is currently 37%.

The shift to 3G and 4G is accelerating with analysts expecting that 80% of all connections will be 3G or 4G by 2020 compared to 40% in 2014.

Meanwhile, telecom infrastructure in general is pushing towards fixed mobile convergence. Our industry continues to consolidate, mainly in the fixed space with mobile players leading the fixed consolidation while expanding fixed footprint. As the region continues to grow a middle class, the ability to build more cable footprint will also grow.

B2B, as mentioned above, is a new and fast growing business for us with both small and large companies demanding a greater number and level of sophistication of digital products and services across Central and South America.

MFS is starting to show momentum in Latin America. A recent report shows how the number of mobile money users is growing rapidly year-on-year and how critical mobile financial services are to expanding digital inclusion (GSMA, 2016).

Evolving regulation

Because our markets are still relatively new from a telecom and digital services perspective, the legal, regulatory and taxation environment continues to evolve and this can be challenging. We are seeing increased regulatory intervention on topics like mobile spectrum auctions, security and data privacy. We continue to work closely to maintain our business in line with these new dynamics.

A highly competitive market

A major source of competitive advantage is our strategy to move from volume to value across our businesses. We aim to be the operator of choice for the modern Digital Lifestyle. Our biggest competitive challenge is to ensure we remain ahead of the curve when it comes to competing on excellent products and services, customer experience and efficiency.

continued ···>

80%
of all connections will be 3G and 4G by 2020

Useful links within this report
Tigo Music
Mobile money report

Market overview
continued

Currency depreciation

LatAm currencies were very volatile last year. Across our footprint, two currencies in particular, the Colombian peso and the Paraguay guarani, have experienced significant devaluation following oil price declines and the macro economic slowdown in Brazil. Fluctuations in exchange rates can damage our revenue or cash flow generation depending how our services and contracts are priced.

Regional trends – Africa

Exponential growth and innovation

The Sub-Saharan African mobile market is poised for exponential growth in the number of connections with penetration reaching 95% by 2020, up from 69% end of 2014, according to analysts. With mobile broadband connection penetration at 15% end of 2015, explosive growth is expected, driven by broadband network rollouts and cheaper smartphones, which are forecast to reach 50% penetration of population by end of 2020 from 15% in 2015. Cellular data traffic in the African region is forecast to grow at a 5-year CAGR of 56%. Therefore, monetising this ongoing data growth remains key. By 2020, smartphones are expected to account for 50% of total mobile connections. (Source: Ovum 2016).

We see digital inclusion as key to addressing some of the major economic and social challenges that many African countries still face. The shift to 3G and 4G is accelerating and we will innovate by bringing 4G to more of our countries and by creating innovative partnerships and locally relevant content and solutions for affordable access.

The barriers to traditional financial systems continue to drive uptake of mobile money as a way of leapfrogging infrastructure needs. Mobile money is a clear success story and we continue to develop the necessary ecosystem to innovate in this field. We expect to see strong growth in MFS.

B2B is also growing massively in Africa and we are well placed to capitalise on this opportunity. Africa is still very early on the fixed mobile convergence curve, although some mobile operators are beginning to explore fixed networks in the region especially in B2B.

continued ···>

Useful links within this report

Blog: Digital trends for Africa

Market overview
continued

Challenging earlier stage regulatory environment

Telecom and digital services regulation is also evolving in Africa. 4G spectrum auctions are coming up across the continent, with most of these taking place in the next 3-5 years. We continue to be challenged by political and regulatory changes and in particular high telecom industry specific taxes. We hope that in the long term regulators will be able to strike a better balance between investment stimulation and consumer benefit.

Competition remains strong

We are confident that our efforts to provide the best customer experience, attractive value propositions and superior distribution capabilities will enable us to win. In Africa, the industry value chain transformation is another potential challenge and with producers of internet content from third parties coming into the game, we need to be able to adapt our business model and play in a new ecosystem that is here to stay.

Currency depreciation

Similarly to LatAm, local currencies in Africa have been very volatile in 2015 with reduced commodities demand and lower oil prices. Across our footprint only DRC, which has a dollar economy, was immune from exchange rate volatility even if lower demand from commodities impacted its GDP growth. Currencies such as the Tanzanian shilling and Ghanaian cedi experienced significant devaluation over the year, mitigating strong underlying growth.

Our business model

Our business model

Our core services	Our consumers	We generate revenue through
Mobile	Consumers Businesses For more information on how we categorise our consumers, see page 21	Mobile voice, data, SMS and digital services, including locally relevant, eg. Tigo Sports
Home	Consumers	In home services: fixed -line, voice, broadband, Pay TV services, and creating and selling premium proprietary cable TV content. e.g. Tigo Sports
B2B	Large companies Multinationals (MNCs), Governments	Mobile and Fixed Connectivity as well as ICT services e.g. security products, M2M, cloud services, data centres.
Mobile financial services (MFS)	Consumers and Businesses Small and Medium sized businesses	Financial services delivered by mobile technology: money transfer, bill payments, insurance, salary payments, etc.

What makes our business succeed

- We work in relatively untapped and still significantly under-connected markets.
- We provide locally relevant services and content.
- We aspire to provide consistently excellent customer experience.*
- Our trusted Tigo brand is deeply embedded in our Latin American and African markets.*
- We have a world-class sales and marketing network Group-wide.*
- We have a best in class infrastructure.*
- We are a highly efficient and cost conscious Group.*
- We employ the best people both in-country and at our head office.*
- We have a Group-wide commitment to doing business the right way with the governance to back this commitment up.

The value we add

For customers

- Cash generated is reinvested in our network and services to provide exemplary and ground-breaking customer service and experience.
- Affordable, local-language access to life-transforming Digital Lifestyle services provided to millions of people worldwide who otherwise would remain unconnected.

For shareholders

- Focused on generating profitable growth and concrete sustainable returns for our shareholders.

For our employees

- We offer great opportunities to innovate digital lifestyles for emerging markets.

For countries and communities

- We are enabling change in communities through the job opportunities we provide and the access to digital services that were previously out of reach.

Our key resources and relationships – our brand, our people, our infrastructure and network, our suppliers, governments and partnerships.

For risks see page 53.

* Denotes what we designate a key 'business enabler'. For more information on our enablers see page 32.

Our strategy

Building and monetising the Digital Lifestyle

Our strategy is based on building and monetising the Digital Lifestyle. We have built a detailed roadmap that will enable the promise of a Digital Lifestyle for our customers, and monetise it for our shareholders. Our strategy is focused on growth, efficiency, execution, credibility and total shareholder returns.

Our business units

All four of our business streams had a strong year in 2015, demonstrating the effectiveness of our strategy.

Mobile

Mobile remains the largest of our four services and accounted for 65% of our total revenue in 2015, with growth being driven by Colombia and Africa.

In mobile, our value creation strategy moves us from volume to value focusing on 4 key elements:

1. Foster data adoption and deliver data monetisation.
2. Value customer management.
3. Offer simplification and effortless service.
4. Efficiency discipline on margin, bad debt and device subsidy.

continued ···>

Tigo-sponsored Digital Mobile Library – Ghana

Our strategy
continued

Our strategy in a nutshell

Strategic pillar	What we mean by this long term
Lead on digital	Innovate further on digital services and products, partnering with Digital Leaders while adding local differentiation
	Execute our internal digital transformation while leveraging our Telco assets into the digital world (digital distribution and customer engagement)
Capture growth	Foster data adoption while delivering on data monetisation through strong discipline
	Build, fill and monetise cable through bundling, content aggregation and broadband speed
	Become a B2B leader both in connectivity and ICT services
	Capture the MFS opportunity while further enabling our business
	Increase customer centricity and satisfaction
Grow profitably and responsibly	Transform revenue growth into EBITDA growth
	Target operating leverage and cash flow growth
	Transform growth into operating cash flow growth
	Be a good corporate role model, creating positive change. Respect local laws and international standards.
Invest in people	Strengthen talent, diversity, performance and reward programme
	Take our unique culture to the next level – the Millicom DNA

Our strategy
continued

Mobile (continued)

As consumers begin to use more mobile data and explore the Digital Lifestyle, their need to become constantly connected grows. The cost of smartphones continues to decrease and we are focused on educating our customers on the benefits of the Digital Lifestyle to drive increased demand for data. We continue to invest in the technical infrastructure to build and maintain our brand and sales network and to support the delivery of those services.

Our differentiated brand offer, distribution, customer care and network will drive consumer satisfaction to improve ARPU and also lower churn. In LatAm, our voice ARPU declined but this was compensated by the growth in data revenues as we are delivering on data monetisation. In Africa, our voice and SMS revenues are still growing and we see enormous potential for these more traditional areas of telecom services, as well as for mobile data.

Home

We are one of the largest Pay TV/fixed broadband operators in Latin America with 7.6 million homes passed. We are the second largest cable TV operator in Colombia following our merger with UNE in 2014. You can read more about Colombia on page 45.

In Home, our value creation strategy focuses on growing footprint and building convergence:

1. Grow coverage, expanding network and DTH.
2. Push penetration with bundling, content aggregation and digital services.
3. Differentiate with broadband speed and Pay-TV exclusive local content.

Our home strategy is focused on building, bundling and upselling. We are leading on data monetisation and digital innovation across both our mobile and home businesses and are focused on growth through expanding our network, bundling our services into the home and upselling to subscribers using speed, content and digital services as strong differentiators. Our target is to reach 10 million homes passed and last year alone we built out our network with over 500,000 homes.

continued

Useful links within this report

TV Cable Parana

Tigo Star

Our strategy
continued

We fill the network as fast as possible, converting homes passed into homes connected. Our current penetration is 41.6%* and we upsell through bundling of services to ensure we maximise the number of revenue-generating units in the network. These initiatives drive down churn and enable us to provide a cross-selling opportunity to our subscriber base, driving acquisition costs down and increasing consumer loyalty. For example, we are integrating international and local content such as soccer on mobile and cable TV which drives consumer adoption and also reduces churn.

B2B

We recognise B2B as a growth opportunity in the form of specialist services to small, medium and large businesses in LatAm and Africa.

Our 2015 revenue in B2B was US$928 million (of which, US$334 million in mobile). We are well positioned for the future development of the business, with good international and national connectivity, a strong consumer base, strong brand and high quality data centres in Colombia and Guatemala.

In B2B, our value creation strategy focuses on capturing the growing opportunity:

1. Grow into fast new growing segments as SMBs and MNCs.
2. Expand the product portfolio into elements of the ICT chain.
3. Develop a differentiated customer experience.

Our B2B strategy in Latin America is focused on four geographical clusters which enable us to tailor our service and strategy for clients across all markets. We have in place fixed infrastructure, a fibre optic ring which stretches from Guatemala to Colombia providing a unique position in terms of footprint and reflecting the way multinationals move around the region.

In 2015, we set up a new data centre in Guatemala to allow us to offer accessible cloud services to businesses in Central America. In 2016 we will also commission a new state-of-the-art Tier 3 data centre for Paraguay and Bolivia.

continued ···>

*Refers to HFC (includes copper lines of UNE)

Useful links within this report

Tigo Paraguay data centre

Our strategy
continued

We recently signed an agreement with a large M2M platform, and will be expanding our solutions to include more security products and vehicle and asset tracking in 2016. We are cross-selling products where we already have high market penetration in mobile, building Tigo Business as the brand that offers the best service and product portfolio.

In Africa, B2B represents approximately 2% of revenue, presenting significant untapped opportunity.

To capture this opportunity, Millicom has made significant investments in both fixed and mobile infrastructure to provide a range of products and services such as 4G services and data centres to all business segments.

We have focused on delivering a superior customer experience by providing easy access to our services and by increasing our sales force. Tanzania has led the way by expanding its sales force to more than 200 agents.

As a result, we have a stronger customer base including a high profile embassy, multi-national banks, government institutions and network operators making use of Tigo's wholesale network services.

Mobile Financial Services (MFS)

MFS (branded as Tigo Money, Tigo Cash or Tigo Pesa depending on the market) has enormous possibilities across all our markets. Our focus is on maximising the potential of fintech as well as using it to drive opportunities for our other business units. We are building the MFS ecosystem in each of our countries, with Tanzania, Paraguay and Rwanda currently having the most developed ecosystems. Our strongest market for MFS is Tanzania, with penetration of MFS customers at 44%. In addition, El Salvador and Honduras are both growing strongly.

Customers can store money in their mobile wallet on their phones, make payments and transfers, save money, borrow real-time micro and working capital loans, and access micro-insurance for critical needs such as health and agriculture. There are 20 MFS operators globally with around one million active users and Tigo has five of them – including two in Africa, Tanzania and Rwanda, and three in LatAm – Paraguay, Honduras and El Salvador. We now provide MFS to more than 11.2 million customers, representing 18% of our customer base.

continued ···>

Our strategy
continued

Innovation is crucial in MFS. We were the first company worldwide to offer customers interoperability, the tools to send and receive international remittances, cross-border mobile money transfer services with an integrated currency conversion and an automatic return each quarter on the balance held in their account. We are accelerating our partnerships to enable us to provide a greater and more advanced range of financial services and building synergies with other business units, such as smartphone financing that has proved successful in Paraguay. MFS is a major component of our digital inclusion work and in Ghana and Chad for example, our teams are pioneering projects that greatly improve access to financial services for farmers, entrepreneurs and women in business.

Our enablers

Also fundamental to our strategy are what we call our enablers – the unique set of tools to build and monetise the Digital Lifestyle. These are our people, brand and marketing, customer experience, sales and distribution, our infrastructure and IT, and our efficient ways of working.

Our people

We did extensive work in 2015 to build the most effective team structure to future-proof our business. We have 15,956 employees, more than 13,000 of whom work in Latin America. Some 97% of our employees are of local nationality and we are proud of our highly diverse workforce of 81 nationalities.

We reviewed our human resources policies last year and identified a number of areas where we felt improvements were key: namely how we work, our culture, gender diversity, efficiency and processes. Over the year we have strengthened leadership capabilities and competencies to enable our people to innovate, engage and transform the company further. We are working to define and agree key corporate culture parameters and targets at Executive Committee level including:

- Creating a balance between developing internal talent vs. bringing in external skills when required.
- Keeping decision-making as close as possible in the business where it happens and aligning that with people-deployment decisions.

continued ···>

15,956
employees

2,245
in Africa

13,351
in Latin America

25%
women in the Senior Management Team

85%
senior managers recruited locally

97%
of local nationality

Our strategy
continued

- Formalising and encouraging our policy of international mobility for our staff, clarifying the business case requirements and the need for mobility to develop our best talent.
- Building an inclusive workplace, starting with the relaunch of our gender diversity programme.

We are also developing behaviours across every level of the business connected to our core values of: Passion, Trust, Integrity, Innovation and Simplicity. We aim to achieve balance between investing in critical process and technology improvements and responding to cost saving pressures. For example, the development of our existing employees needs technology and policy frameworks to underpin it, in order for it to work effectively.

We are building a more streamlined organisation to minimise duplication of effort and are working to clarify operating and supporting roles at the corporate centre, with focus on creating strong, standalone regional units with a lean central function as our strategic architecture. We are developing a coherent and fit-for-purpose compensation and reward programme to build a performance-driven organisation.

Our brand and marketing

Our Tigo brand is strong in Latin America and growing in Africa. Through the launch of sub brands and global campaigns in Latin America we have seen a transformation since 2013, with improved perception in our markets and a growth of nearly 10% in top-of-mind awareness in 2015 versus 2014 according to Millicom's brand tracker survey. Our business units are sub-branded under Tigo Smart (digital services in Latin America), Tigo Star (cable/broadband/DTH – only present in Latin America currently), Tigo Business (for business customers in Africa and Latin America), Tigo Money/Cash/Pesa (mobile financial services in Africa and Latin America), and value added services and content under Tigo Music and Tigo Sports (only available to Latin American subscribers currently). The Tigo brand is growing twice as fast amongst digital consumers compared to our competition and we are very focused on improving our brand rating, its quality and efficiency.

continued ···>

Our strategy
continued

Customer experience

We are working hard to create an effortless experience for all our customers by simplifying the steps required across all business units and tightening our monitoring of performance metrics. We are moving from a product-centric to a customer-centric approach. We continue to improve our performance on key customer experience metrics through consistent monitoring, implementing new KPIs across services and touch points, and rigorous collection of feedback from our customers. As a Digital Lifestyle company, we are driving more of our customer experience processes and procedures into the digital arena.

Sales and distribution

Our sales and distribution network has been an important competitive advantage for us and we are growing our digital and cross-business unit sales while driving increased efficiencies. We are working to achieve cost savings across our network and to optimise revenues, margins and product mix across all channels. We are also working to drive efficiency in mass digital distribution and to improve how we monitor those efficiencies.

Infrastructure and IT

We are transforming our infrastructure and IT to enable the Digital Lifestyle now and in the future. We are moving to an OTT-like architecture, operating and cost model, and improving our business intelligence ability. We are also focused on acquiring enough high and low band spectrum in every market and securing long term spectrum and services concessions. We are converging our core, IT and transmission networks for all our business units and are ensuring we roll out the right mix of future-proof access technologies to optimise our customers' data experience.

Efficiency

We are improving efficiency and focusing on operational excellence to continue to build a more streamlined Millicom. We are also looking at environmental efficiency opportunities through energy reduction, use of alternative energy sources, site sharing, and responsible electronic waste management.

continued ···>

US$650,000
achieved in sales of e-waste

Useful links within this report

Blog: Skilled sales force

Blog: Tigo Paaré

Our strategy
continued

How we measure the effectiveness of our strategy

At Group level we measure the performance of the business using a number of Key Performance Indicators. These help us track how well we are performing against our strategy.

Mobile

KPI	2014	2015
Mobile data revenue (US$ millions)	912	1,127
Mobile data users (millions)	15.3	18.4
Data penetration rate	27.1%	30.1%
Smartphone penetration (%)	23.9%	34.2%

Home

KPI	2014	2015
Home revenue (US$ millions)	616	989
HFC* homes connected (millions)	2.9	3.0
RGU's per HFC* household	1.80x	1.88x
HFC* Homes Passed (millions)	7.1	7.6

MFS

KPI	2014	2015
MFS penetration including Zantel (%)	16.9%	17.9%
Active users (millions)	9.5	11.2

B2B

KPI	2014	2015
% of fixed B2B in total revenue	5.5%	9.0%

*HFC (includes copper lines of UNE)

Doing business the right way

At Millicom, we take our responsibilities to the countries and communities in which we work seriously and strive to deliver positive social impact in our communities.

We want to be a good corporate role model, to create positive change. We respect local laws and international standards. Our customers and investors expect us to do the right thing and we expect our business partners and suppliers to act with integrity too. We have strengthened our governance practices and procedures during the year. Our corporate governance report is significantly more detailed this year as we believe it is important to provide greater transparency to our approach in this area.

We have brought further focus to our corporate responsibility, compliance, and health, safety and security activities to ensure that they are aligned with our business strategy and enhance our ability to create value.

Our areas of focus

To promote responsible business practice, we focus on eight key areas: anti-corruption compliance, privacy and freedom of expression, child protection,

continued ···›

Useful links within this report

Our Responsibility

Blog: Social Investment

Doing business the right way

continued

reducing our environmental impact, promoting diversity, health, safety and security of our staff, responsible supply chain management, and social investment.

We carried out a materiality survey with our key stakeholders to determine whether they agreed with the current focus areas and to identify any new concerns or opportunities. The results show our focus areas continue to be well-aligned with what stakeholders consider to be most important for Millicom. The highest priority issues were identified as privacy and freedom of expression, child protection, and anti-corruption compliance.

> As part of Tigo Honduras's partnership role in education, we sponsor the tech competition "La Fabrica Smart". We encourage young digital entrepreneurs to think up educational Apps and we provide workshops on digital innovation. In 2015, a winning entry went live with Me Apunto, an App to support volunteer networks across the country.

Anti-corruption compliance

Acting responsibly begins with compliance. We have rigorous compliance processes and procedures across the Group. The overall frameworks for this are discussed in the Governance section of this report.

As part of our compliance and ethics work, in 2015 we updated our Code of Conduct and introduced a renewed Anti-Bribery & Anti-Corruption Policy. All employees must read and acknowledge the Code and complete an e-learning course. All staff with direct interaction with public officials and other third parties are required to attend training on the Anti-Bribery & Anti-Corruption Policy either face-to-face or electronically. We also developed a standardised compliance training programme for senior managers and high-risk business functions, aimed at raising awareness of corruption or bribery related risks, how to report suspected incidents, and key policies on managing risks.

We are aligned with all local anti-corruption legislation of the countries where we operate, as well as international standards such as the US Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act (UKBA).

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Useful links within this report

Tigo Te Conecta

Compliance and Business Ethics

Doing business the right way
continued

Privacy and freedom of expression

The issue of privacy and freedom of expression has come under growing scrutiny in the public domain in recent years, leading to an increased focus on our preparedness in managing requests from law enforcement, and related risks. Our priority is to ensure we achieve the right balance between our obligation to respect local laws and national security interests, and our duty to protect our customers and their access to information.

In 2015, we finalised mapping the legal frameworks and government powers for surveillance, content blocking and service shutdowns in each of the countries we operate in. We also set a global framework on how to assess and capture information about the law enforcement requests we receive.

We continue to work closely with other telecom companies and wider stakeholders on this issue. At the beginning of 2016, we became observer members of the Global Network Initiative, which will allow us to fully participate in what we consider to be a critical debate with more than 50 organisations, human rights experts, investors, academics and internet companies.

Over 10 million viewers watched Tigo Ghana's "Shelter for Education" TV documentary which followed a social investment project to renovate or build schools in six underprivileged communities in Ghana.

Child protection

The internet brings great opportunities to everyone – including children – such as online education and access to information. Empowering children to be safe online is therefore crucial to our work and our reputation.

In 2015 we organised four industry-leading child online protection conferences in Bolivia, Rwanda, El Salvador and Costa Rica, in collaboration with UNICEF, GSMA and others. These built on the success of the pilot workshop we held in Paraguay in 2014. Importantly all conferences had Ministerial level attendance and brought together different stakeholders whose collaboration is needed to protect children online: law enforcement, regulators, government, civil society and industry, and in our

continued

Useful links within this report

Shelter4Education

Blog: Child Online Protection

Blog: Global Network Initiative

Doing business the right way
continued

El Salvador workshop also children themselves. In a global first, all telecom operators in El Salvador and Costa Rica united to sign a pledge to jointly work on child online protection.

We also joined forces with UNICEF to develop a Mobile Operator Child Rights Impact Self-Assessment tool for mobile network operators, covering all areas of Children's Rights and Business Principles and highlighting issues that are specific to our industry. Following a consultation with peers and other stakeholders by UNICEF, the final tool will be available in 2016.

The Mistra Center for Sustainable Markets at the Stockholm School of Economics published their 'Walk the Talk' report in October 2015, exploring how Sweden's largest listed companies communicate their sustainability work. Amongst the 72 companies reviewed, their research found Millicom was one of the two companies walking the talk on sustainability: doing as much as saying.

The environment

As we deliver our Digital Lifestyle strategy, we affect the environment in a number of ways. Energy and fuel consumption to run our network and operations makes up the biggest part of our carbon footprint. Reducing our energy consumption also provides an opportunity to reduce our own costs.

To reduce our energy use we continue to modernise our equipment, increase network sharing, and reduce the use of cooling solutions, as well as investing in alternative energies, such as solar power, for powering sites in remote 'off-grid' areas. We piloted a new energy efficiency strategy in El Salvador that involved conducting a full review of energy management, identifying savings opportunities and running an employee-facing behaviour change campaign – and are now identifying sites that would benefit from efficiency projects.

At the end of 2015, our energy consumption per base station was 51% lower than in 2008, which means we have achieved our target of 50% reduction four years early.

continued ···>

Useful links within this report

Blog: Steps towards Child Protection Online

Report: Walking the Talk?

Doing business the right way
continued

Managing e-waste as we upgrade our 2G networks to data enabled 3G and 4G is another complex challenge. Our global e-waste management programme aims to support our operations in managing and disposing of e-waste through selected vendors, and continues to provide us with strong financial incentives and opportunities to manage environmental and reputational risks. By the end of 2015, most operations were systematically collecting e-waste, separating it by equipment type and storing it until they have enough to sell or recycle.

Promoting diversity

We have an incredibly diverse workforce in terms of nationalities but recognised in 2015 that we needed to relaunch our gender diversity programme, particularly to improve gender balance at a senior level, for us to stay relevant and innovative and be better able to meet the needs of our globally diverse customer base.

In 2015, we commissioned research into best practices on gender diversity, carried out mapping of family related policies and completed a survey of women across our operating markets. This information and feedback will be used to design an upgraded programme in 2016, with the oversight of the Executive Committee.

For the group as a whole, 34% of our workforce is female and 25% of our top 600 managers are women. We have two female Board members and the Executive team also has two female members. In Africa where 29% of the total workforce was female, we have seen the biggest leap in women in senior management from 7% in 2013 to 26% in 2015.

Health, safety and security of our staff

Our day-to-day priority is to ensure the health and safety of our people, and during 2015 we focused on improving our health and safety policy and management system. Our most important long-term goal is to achieve zero fatalities. Our CEO has made health and safety a priority topic and the revised Group Health and Safety Policy now includes a personal statement of intent from the CEO.

We are adopting a systematic approach to security issues with country reviews leading to better risk mapping, closer cooperation with police and other companies and more detailed information and training for our staff. Starting in 2015, all operations are conducting a review of engineers working at heights to ensure they have the required

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Doing business the right way

continued

qualifications. We are also tightening road safety measures.

As a result of the requirement to report all incidents via our online incident management reporting tool, there has been a substantial improvement in reporting and record keeping of incidents.

> Through its Telemedicina project, Tigo Paraguay connects 200 regional hospitals to the internet to send test results from regional hospitals to the capital Asunçion for analysis. The results are returned in as little as 30 minutes, giving 4.5 million people (65% of the total population) access to medical testing they did not have before. In the first 14 months 90,000 people used the service, which Tigo provides at no cost to the patient.

Responsible supply chain management

We expect our suppliers and partners to work to the same stringent ethical and corporate responsibility standards as ourselves. In 2015 we started supplier self-assessments on corporate responsibility and compliance with the EcoVadis sustainability monitoring platform. More than 100 of our suppliers (covering more than 50% of our total supplier spend) were invited to submit a self-assessment of their corporate responsibility management. We are also piloting a supplier capacity building programme in Paraguay, for example, with eight key SME suppliers, who will receive in-depth training on ethical business conduct, labour conditions and environmental management as well as quality and customer management.

continued ···>

Useful links within this report

Tigo Paraguay: Telemedicina

Tigo Paraguay: Telemedicina

Doing business the right way
continued

Social investment

Social investment, particularly digital and financial inclusion, is at the very heart of our business mission of promoting Digital Lifestyles. Investing in the communities where we work enables us to participate in addressing some of the key social challenges our markets face. Our current priority is to align our social investment strategy more closely with our core business–by expanding the Digital Lifestyle to our communities, to create an emotional connection with our customers and stakeholders, and to support our brand story. We are focused on making technology more accessible for unconnected and underprivileged groups, providing better access to education, delivering access to health awareness programmes and healthcare, and empowering entrepreneurs through technology.

Useful links within this report

Our strategy p27

Our performance p43

Reach4Change

Performance

Our performance across most countries was strong in 2015 despite a generally more challenging economic environment.

Contents

Review of operations – Latin America

In the past we have split out South and Central America in our annual report when reporting on Latin America. Because of increased synergies and similarities in our strategic approach across the two regions, we will report on Latin America as a whole.

Latin America makes up more than 85% of our Group revenue and is where we provide the broadest range of services across eight countries. All our countries except Costa Rica and Nicaragua now have both mobile and cable networks. Our Mobile business continues to represent the major part of our revenue at 61% (compared to 71% in 2014) with our Home business making up 28% (compared to 18% in 2014). Our performance across most countries was strong in 2015 despite a generally more challenging economic environment and foreign exchange depreciation. Guatemala, Honduras and Bolivia performed particularly well and we saw growth in Paraguay despite the economy there being badly affected by its close correlation to the Brazilian economy. The worsening gang violence in El Salvador created a very challenging business environment in 2015.

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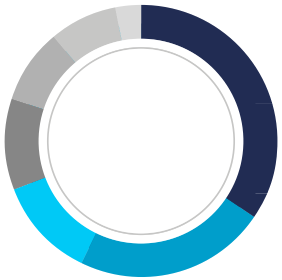
Revenues by Country (%)



Colombia	35%
Guatemala	23%
Paraguay	12%
Honduras	11%
Bolivia	9%
El Salvador	8%
Costa Rica and Nicaragua	3%

All our countries except Costa Rica and Nicaragua now have both mobile and cable networks.

Review of operations – Latin America
continued

Colombia

Our biggest market in Latin America is Colombia which accounts for 35% of our total revenues in the region.

Our business continued to perform very well, despite a more challenging market environment. In 2015, the economy was affected by the weaker oil price, currency depreciation and a general slowdown. Inflation reached 6.8%, above the Government's target of 3%. Foreign exchange was particularly challenging with 32% depreciation of the peso against the US dollar over the year.

Our main objective for 2015 was to implement fully the merger of our mobile business with the UNE cable business. We are now the second largest telecom company in the country and are already seeing the growth and increase in profitability expected. The integration plan has gone exceedingly well. As a result, in July last year, we revised upwards our expected synergies target. Revenue growth at UNE was strong at 7%, as a result of a refocused product portfolio and enhanced pricing since the merger. Mobile revenue at Tigo increased by 3% driven by higher data penetration and market share gains. Our Adjusted EBITDA was US$578m (excluding US$33m of integration costs) with a margin of 29.2%, up from 26.3% in 2014. We invested US$431m in improving services and the network.

In mobile, we are a challenger and continue to grow our market share. Our strategy is to move from low prices and high volume to higher ARPU and a more strategic, digital offer. The disaggregation of service contracts from handsets drove customers towards lower priced plans as they did not have the handset incentive. This led to price erosion and a decline in service revenue growth. Combined with the effect of the peso depreciation against the US dollar, handset sales grew at a slower pace as they became more expensive. However, we still grew handset sales at 40% in local currency which was a good achievement. We also launched a free Facebook campaign that, combined with our other data plan Infinito, led to a strong increase in data revenue. In September, we launched our Tigo Sports app which proved very popular, and our smartphone campaign "Desflechízate" which helps consumers transition to smartphones continues to be successful, making them more affordable in both pre and post-paid.

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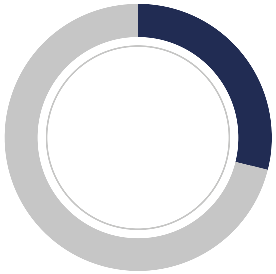
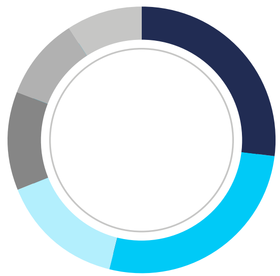
Mobile data as a % of mobile revenue in LatAm



Split of mobile customers (%)



Review of operations – Latin America
continued

The Home business generated excellent revenue growth, with profit and customers growing well due to higher broadband speeds and greater demand for content, as we migrate customers from the pre-existing copper network to hybrid fibre-coaxial cable (HFC). We continued to expand our HFC network and have worked to reposition the brand and remodel our offer in Colombia. Penetration in the new HFC network typically reached 18% in the first 12 months after activation. National football league coverage is now included in all PayTV offers and our HD channel demand continues to increase. TigoUNE led the move to wider distribution of the Colombian Soccer League by bringing together the local soccer team federation and all major PayTV operators and facilitating an agreement between them. We have consolidated Tigo Music as a platform for both consumers and artists, and are offering exclusive content beyond the app to in-home cable TV. We saw improved ARPU and lower churn rates as a result of our strategy. In 2016, we plan to launch our own DTH service leveraging our experience in other Latin American markets.

B2B is a fast growing business in Colombia and we have seen increasing demand for data center services. We have worked on attracting new large companies and gained 180 new customers in the private sector to complement our existing business with the government sector in Colombia. Cross-selling of services into the B2B sector is an important part of our strategy and we aim to deliver more competitive and strategic products and services for existing mobile clients, for example. We are assessing the potential for MFS demand in Colombia.

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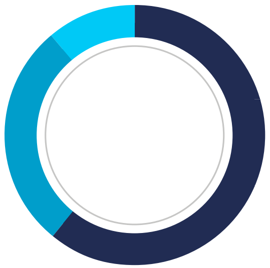
Business revenue mix (%)



Mobile	61%
Cable	28%
MFS	11%

Useful links within this report

Tigo Music

Review of operations – Latin America
continued

Guatemala

Guatemala had a good year in 2015 with a relatively stable macro-economic environment despite political instability during the summer. We delivered solid revenue and Adjusted EBITDA growth with Cable offsetting mobile revenue decline.

More than 50% of our customer base has a smartphone and our successful 4G LTE launch confirmed our leadership position in mobile data. We provided access to mobile broadband to more than 32% of Tigo customers and connected close to three million consumers to the internet.

To help build our profile in the important new area of B2B, in September 2015, we hosted the Tigo Business Forum in Guatemala. The event proved very popular, with 700 companies in attendance, 1,300 business leaders from Central America and keynote speeches from Steve Wozniak, Uri Levine and Jeff Wallace.

In 2015, we continued to expand our cable footprint and are now the biggest HFC provider in Guatemala. Growth in Cable was helped by very good trends in both the Home and Business segments. B2B is an important new business for us in the country. Our new data centre provides cloud services for the Central America region. Large companies are becoming more aware of the benefits of cloud services and have started to take them into account in their tech planning. Small and medium sized businesses are seeing smartphones as a working tool and using applications for their daily operations. We have invested in advanced mobile solutions, cloud services and M2M services for our business customers.

Paraguay

In Paraguay revenue growth was similar to 2014 in local currency, but suffered a severe currency depreciation, affected by the economic slowdown in Brazil, Paraguay's most important commercial partner. This unsupportive macro environment led mobile revenue to decline. Our cable business performed well, growing over the year as we

continued

Useful links within this report

Tigo Business Forum

Review of operations – Latin America
continued

continue to expand our network and achieved penetration rates of 20% in less than a year after each node activation. Paraguay continues to be our most significant Latin American market for MFS. Changes in the overall sales mix and regulation affected our EBITDA margin which declined 2.4 points when compared to the previous year.

A 2015 highlight in Paraguay was our digital inclusion work on "Telecentros". The project saw the deployment of more than 100 shipping containers (the Telecentros) fully equipped with IT services and internet, to rural schools across Paraguay. These have reached thousands of teachers and pupils, who will form a new generation of digitally savvy users and can in turn share their knowledge of the internet with their communities.

We start 2016 with good reasons to be optimistic. Our customer satisfaction score has now recovered, our service levels are back on track, our mobile market share was stable and our recent acquisition of 4G spectrum will enable us to capitalise on the strong commercial efforts made over the last few years around the Digital Lifestyle.

Honduras

Revenue performance in Honduras showed good momentum, whilst the EBITDA was stable due to our commercial effort in mobile, off-set by one-off charges linked to taxes. Mobile revenue grew 5% with mobile data growth of 35%. We were focused in 2015 on strengthening our digital ecosystem as we launched Smart Apps, Mi Tigo App and Tigo Shop App.

The Cable business grew by 18% mostly driven by fixed broadband internet and DTH offers. We plan to increase our cable footprint in 2016 and to push our B2B offering with a new data centre, M2M services and new post-paid plans for our business customers.

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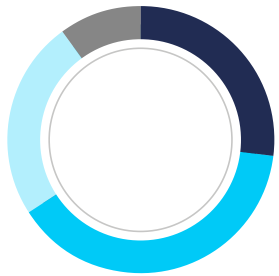
Cable revenue mix (%)



TV	27%
Internet	39%
Telephony	24%
Other	10%

Useful links within this report

Telecentros
Tigo Shop app

Review of operations – Latin America
continued

For the second time we ran our Changemaker Award workshop/contest in Honduras, enabling young people to learn about mobile apps and then competing with an idea to be developed. More than 150 15-20 year olds took part in the 5 day workshop learning from international and local speakers sharing their knowledge of innovation, social media, programming, graphic design and video games. We also provided digital infrastructure and connectivity to connect up 150 educational institutions benefitting more than 80,000 school children.

We now have more than one million MFS users in Honduras and we implemented a new wallet model which will enable further development of new products. We also integrated our service with a number of major new merchants and partners, and launched the distribution of financial aid via MFS to rural areas.

El Salvador

Our business in El Salvador had a difficult year because of an aggravated social context due to a continued rise in violence and crime impacting economic activity. Despite these challenging conditions, we achieved growth in revenue driven by mobile data, fixed broadband and Pay TV. EBITDA improved thanks to good cost control.

We have close to one million active Tigo Money users and were awarded 'Best Mobile Service for Financial Inclusion 2015' as well as best MFS deployment in LatAm at the M2Payment awards. Tigo Money is the largest bill payment company in El Salvador. El Salvador is the market leader with the greatest MFS penetration in Latin America according to Findex.

continued ···>

Useful links within this report

Tigo Fabrica Smart awards

Review of operations – Latin America
continued

Bolivia

Our Bolivian business had an excellent year with good revenue and EBITDA growth. We also successfully renewed our mobile license for 15 years.

Mobile revenue grew based on mobile data growth at 66%. In the Cable business we grew 68% driven by increased penetration on our HFC footprint and higher demand for our DTH product. We launched Tigo Sport Cable TV with local and international content and also made content available on smartphones via Tigo Sports App downloaded more than 250,000 times after only two months.

MFS also had an excellent year and we developed Tigo Money as a payment option for online purchases including event tickets and department store sales. The Central Bank of Bolivia (BCB) announced that the volume of mobile money transactions rose more than 900% for the first ten months of 2015 compared to the same period a year earlier. We won 'Best mobile initiative for E-commerce' at the Bolivian E-commerce Awards. Due to low credit card penetration in Bolivia we see a real opportunity for Tigo Money to become a key payment method for e-commerce.

To increase public awareness of our music offer, we promoted a music festival, Tigo Music Fest with international and local artists in Bolivia. We marketed the event over digital channels such as Facebook, the Tigo Music website and other digital media, and promoted an artist playlist inside Tigo Music. 17,000 people attended the festival and were introduced and invited to find out more about Tigo Music.

Costa Rica

In Costa Rica, where we operate a Cable only business, revenue was up compared to 2014 with stable EBITDA. In 2015, we launched 'Mi Tigo Star', a customer service app that allows customers to view their account status, contact us, locate stores and collection points, and track orders with great adoption from our customer base.

Useful links within this report

Tigo Sports app

Tigo Music Fest

Tigo Star app

Review of operations – Africa

Africa continues to be a rapidly growing region for Millicom. In 2015, our six Tigo operations combined accounted for 15% of group revenues, with the biggest contributor, Tanzania, accounting for 37% of Africa revenues. In 2015, revenue growth in Africa was strong although largely offset by foreign exchange fluctuations. Most sectors reported revenue growth in local currency of 13% to 19%. Mobile contributed 87% to the revenue of the region, with MFS contributing 9%.

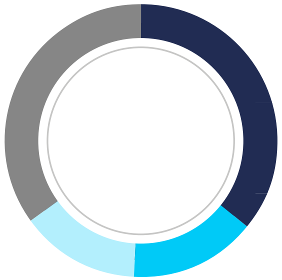
Focusing on improving the profitability of the business, we are moving from a volume to a value proposition for our customers through constant innovation and better customer experience. In 2015, we launched high speed 4G LTE services in three of our markets, Tanzania, Rwanda and Chad. We also accelerated our initiatives for business customers, creating tailored Tigo Business propositions and upgrading our billing systems and local teams. MFS continues to be highly successful with savings products such as Tigo Sugira in Rwanda, the group savings product Tigo Paaré in Chad and our pay-out product Wekeza in Tanzania. We also strengthened the management team with the appointment of Cynthia Gordon, as EVP and CEO for Africa.

Tanzania

Tanzania crossed the 10 million subscribers mark during 2015. More than two million subscribers were added over the course of the year, and Tanzania now accounts for 35% of our African customer base. We saw strong revenue and EBITDA growth

continued

Revenues by Country (%)



Tanzania	36
Chad	15
Ghana	14
Others	35

Useful links within this report

- Tigo Music Africa
- Tigo Sugira
- Tanzania 4G
- Zantel

Review of operations – Africa
continued

backed by a rapidly growing subscriber base, an increase in data usage and strong MFS uptake. We launched 4G LTE in Dar es Salaam, becoming the first mobile operator to offer 4G services and we will roll this out to other regions over the course of 2016, reinforcing our leadership in data.

Millicom's acquisition of Zantel is expected to further boost our business by strengthening our market position.

Tanzania is one of the most advanced MFS markets in the world and the first to have full interoperability. We recently developed a hub for MFS innovation in the country by creating a centre of excellence, and in July the Deputy Governor of the Bank of Tanzania credited MFS with achieving the country's financial inclusion target of 50% one year early by 2015 and recognised Tigo's role in supporting that.

Chad

Chad's revenue grew modestly in 2015, impacted by the worsening macro-environment and security concerns. The subscriber base grew by 9% and mobile data continued to experience strong momentum. EBITDA declined significantly due to lower levels of activity, a sharp increase in the level of bad debt as well as some incremental tax provisions.

We see interesting opportunities in the untapped B2B market and have set up a specialist team focused on delivering products and services to this market. We have already seen an increase in revenues after partnering with a number of key corporates. Regulation is also challenging in Chad with increasing government focus on international traffic and audit of tariffs.

Other African markets

We have accelerated the pace in our other African markets. However, taxation, regulation, one-off charges and currency volatility in 2015 have made results challenging to achieve. Mobile revenue grew by 16% in local currency with a similar performance in our four markets. We registered more than 800,000 new mobile customers, with good commercial performance in DRC, Ghana and Rwanda and a stable situation in Senegal. Mobile data saw an acceleration of its trend compared to 2014 with a 66% growth driven by Senegal and Ghana. Finally, MFS continued to be increasingly adopted as a substitute to cash and higher usage contributed to 40% growth in 2015.

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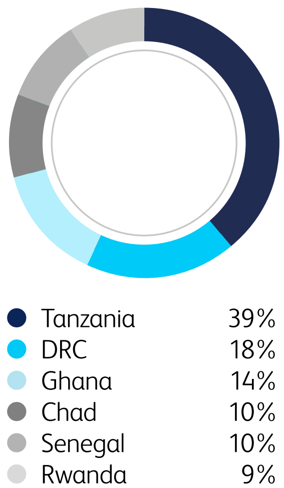
Split of mobile subscribers in Africa



Risk management

2015 was a year in which Millicom faced the impact of two significant events:

(i) Currency value declined in many of our key markets (including Colombia, Paraguay and Tanzania). Currency volatility is expected to be an on-going risk.

(ii) In October 2015 Millicom voluntarily reported potential improper payments made on behalf of our Guatemalan joint venture, highlighting the risk of operating businesses in emerging markets and our on-going commitment to the highest ethical business standards.

Other key events during the year impacting Millicom's risk profile and strategy were:

- Economic slowdown in certain Latin American countries and general global economic uncertainty.
- A marked worsening of the security situations in El Salvador, Chad and DRC.
- Political uncertainty in countries that underwent government elections.

Risk appetite

Millicom operates all of its business and generates substantially all of its income in emerging markets. Millicom does not have operations in any developed market economies. Millicom's business is therefore exposed to a higher degree of risk, and potentially different risks than telecommunications businesses operating in larger, more established and mature economies.

continued ···>

Risk management
continued

Millicom's speed of execution, innovation and flexibility have contributed to its success. Millicom is a significantly smaller group than many of its peers, and operates within the constraints and limitations as a result of our smaller scale. These include access to, and cost of capital, financial resources in acquisitions and in investing in innovation and growth.

As a consequence, Millicom's risk appetite is higher than many of its peers in the telecommunications industry, and its risk profile wider than many international businesses.

Risk Approach

Millicom recognises that there are risks in operating our businesses, influenced by both internal and external factors, some of which are outside our control, and some which cannot be insured. 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 are operating effectively to manage risks to an acceptable level (the 'residual risk').

Millicom has a risk management framework which our business units and corporate functions utilise. Key strategic and operating risks are assessed from an overall Group perspective as well as individual country and business units. Risk action plans 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 country executives and key decision makers.

A network of risk officers is in place at headquarter, 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 Executive Team. The Audit Committee, on behalf of the Board, reviews the effectiveness of risk function activities on a regular basis.

Risk Landscape

Millicom operates its businesses in emerging markets in Central and South America and Africa. The geographical diversification of these businesses mitigates, to a certain extent, country specific events or situations that impact the risks the Group faces as a whole. However, our businesses remain collectively exposed to the impact of regional and global macro-economic conditions, as well as

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Risk summary

- Political and regulatory environment
- Macro-economic conditions
- Reputational risks and brand protection
- Technological change, customer demands and new business models
- Robustness and reliability of networks and IT systems
- Third party risk
- Control environment
- Protecting customer data, money, and respecting data privacy
- Talent management
- Well-being and safety of our people

Risk management
continued

industry developments. Certain inherent risks are prevalent in many of these markets, over which Millicom has no or limited control. The risks described below are not the only risks to which Millicom and the Group are exposed. Additional risks that are not currently known to Millicom, or that Millicom currently considers to be immaterial, could have a material adverse effect on Millicom's business. The order in which the risks are presented is not intended to provide an indication of the likelihood of their occurrence or of their relative significance.

Potential improper payments on behalf of the Guatemala joint venture

On 21 October 2015, Millicom reported to law enforcement authorities in the United States and Sweden potential improper payments made on behalf of the Group's joint venture in Guatemala. A special committee of the Company's Board of Directors made the decision to report in connection with an independent investigation overseen by the special committee and conducted by an international law firm, with the support of the Group's management team. Any remedial actions the Group may take as a result of its investigation, or penalties imposed on the Group by law enforcement authorities, could adversely affect the Group's business, financial condition or results of operation.

As the investigation and its discussions with law enforcement authorities are ongoing, we cannot predict the ultimate outcome of the matter, whether any remedial actions will be implemented or the impact on the Group's business, financial condition or results of operations. Any determination by law enforcement authorities that the Group's operations or activities are not, or were not, in compliance with applicable laws could result in the imposition of substantial fines, interruptions of business, loss of partner relationships and other legal or equitable sanctions, which could disrupt the Group's business and result in a material adverse effect on the Group's reputation, business, results of operations or financial condition. Other internal or government investigations or legal or regulatory proceedings, including lawsuits brought by private litigants, including Millicom's shareholders, may also follow as a consequence.

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Risk management
continued

Political and regulatory environment (in particular licenses, tariff regulation, taxation and consumer protection laws)

Millicom's revenue generating activities are all in emerging market economies. These markets are often subject to political and regulatory volatility, with policy making and implementation, and enforcement of rules and law often lacking in transparency and predictability. Avenues for recourse are often limited or ineffective. The telecom sector, and in particular high profile operators such as Millicom's entities can be seen as an arbitrary source of income generation for governments, or a way in which indirect taxes can be drawn from a wide section of the population. Millicom is exposed to changes in taxes (rates and applicability) in the countries in which it operates as well as those in its holding company structure (in particular for dividends and other upstreaming).

Political and regulatory environment

Risk Evolution	Opportunities	Balancing risk with return
Political risks. Some of the countries we operate in have volatile political environments. National elections took place in two countries in 2015, and will take place in three countries in 2016. In 2015, both Guatemala and Tanzania elected new presidents, both campaigns focused on anti-corruption and social improvement.	Positive political change can provide platforms to improve the lives of our customers and stimulate economic growth and support of the telecommunications and cable industries.	Millicom has a politically neutral approach with no political affiliations in any of the countries in which it operates. This policy increases independence and reduces risks related to change in political regimes.
Laws around business models (e.g. impacting bundling handsets with services, expiry of minutes), and regulations covering mobile financial services, consumer protection, competition and data privacy continue to evolve. For example in 2014 Colombia introduced laws that prohibit long-term mobile contracts, and in Paraguay a law was passed that prohibited mobile operators from setting expiry dates for usage of phone credit.	Additional regulations often bring much needed clarity and can enable operators to reset product and service models to better suit customer needs.	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 rate changes. We actively engage with regulators and lawmakers directly or through industry groups on legislative topics.

continued ···>

Risk management
continued

Political and regulatory environment (continued)

Risk Evolution	Opportunities	Balancing risk with return
Licenses are becoming increasingly scarce and expensive, although during 2015 we were able to renew and/or obtain licenses and spectrum that we were bidding for. Diversification of our businesses (portfolio and product mix) has reduced our dependence on one or limited numbers of licenses and the geographical spread of operations further reduces our exposure to individual license renewal risk.	In established markets barriers for late entrants limit competition to existing operators. As an established operator in all of our markets we see strong opportunities to acquire spectrum which will enable us to follow our strategy of providing consumers with more value added services.	Our preparation for license renewals and spectrum auctions or allocations starts well in advance of expiry or availability. Our approach focuses on legal requirements, our historic compliance with license terms and conditions, as well as amounts and sources of financing. We have ongoing dialogue with governments and regulators responsible for spectrum and licenses. We are regular participants in industry groups and work with governments in addressing mutual industry issues. We actively support government programmes that link social objectives with license acquisitions or renewals.
Tax and legal environments in many of our countries remain underdeveloped. Transparency in tax administration and judicial proceedings continue to lag behind developed market economies. There are some areas such as data privacy or environmental protection where laws do not currently exist. For example, in June 2015, Millicom identified that an incorrect filing related to one of its African operations had been made in the commercial register. As a result of that erroneous entry, the register incorrectly indicates that shares in Millicom's operation were transferred to a third party.	Proactive and early engagement with appropriate governmental organisations can result in positive contributions and improvements in judicial and tax process, reducing opacity and making for improved business conditions. We look to implement self-regulatory measures in certain areas.	We have 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 guidelines in setting transfer prices. Our Legal and External Affairs teams regularly assess the availability and strength of recourse measures both in-country and through international methods as and when issues arise.

continued ···>

Risk management
continued

Political and regulatory environment (continued)

Risk Evolution	Opportunities	Balancing risk with return
Indirect taxation and regulatory pressure through tariffs, taxes and service penalties continued to increase in 2015.	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 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 thereby react quickly to changes.	We constantly monitor and review potential changes in regulations. Efficiency programme 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 businesses in 14 countries, significantly spreading our 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 B2B services).
Anti-corruption compliance. All of our countries of operation rank as high risk on the Transparency International Corruption Perceptions Index (CPI). Ensuring the ethical integrity of business transactions, including compliance with laws and regulations is at the heart of the principles and values of Millicom. The inherent risk of corruption coupled with a network of almost 16,000 employees, thousands of suppliers, business partners and shareholders, means that the overall risk to Millicom is high and must be managed carefully in day-to-day business interactions.	Ethical and compliant business practice builds stakeholder trust. A compliance based culture adds reputational value, adds value and confidence to stakeholders, and can be a competitive advantage in many of our markets. Strong compliance programmes reduce vulnerability and risk of bribery and corruption related issues.	We take a clear stand against bribery and corruption in all of our business dealings. We have a clear tone from the top with zero tolerance on any and all matters of corruption. Through clear polices, risk awareness training and monitoring activities we ensure that all of our employees are aware of the risk to them as individuals and to the Company and know how to act if faced with the risk. Global Compliance and Global Investigations work closely to follow up on all concerns raised. We also work with our suppliers and other third parties to ensure they have clarity on our principles and policies in this area.

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Risk management
continued

Macro-economic conditions (in particular currency fluctuations, GDP, inflation and consumer spending power)

The results of Millicom's business activities are influenced by the macro-economic conditions in the emerging markets in which it operates. These conditions can be impacted by both local and global economic conditions, and can directly and indirectly impact currency strength, customer demand, consumer spending power, taxation, regulation and foreign currency control. Millicom is exposed to fluctuations in local currency exchange rates against its US$ reporting and dividend distribution currency in the countries in which it operates as well as those in its holding company structure (in particular for dividend and other upstreaming). Millicom does not have operations in a 'home' market in a developed stable economy.

Macro-economic conditions

Risk Evolution	Opportunities	Balancing risk with return
Currency valuation declines against our US dollar reporting currency were prevalent in many of our countries during 2015.	We continue to see opportunities to refinance existing debt and benefit from the relatively low cost of financing through global debt markets. Colombia has a relatively mature financial market with various financing and hedging instruments available that could be used to manage currency fluctuations in the income statement and cash flow as our balance sheet is already fully hedged.	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. 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 or currencies. We repatriate cash as early as possible and through different means: royalties, dividends and management fees, supported by appropriate agreements.

continued ···›

Risk management
continued

Macro-economic conditions (continued)

Risk Evolution	Opportunities	Balancing risk with return
Macro-economic risks. Fluctuating energy prices (in particular oil), and currency volatility continued to add to economic uncertainty. In 2015 international remittance to many of our markets increased, but deteriorating security environments continued to impact GDP and economic growth in many of our countries, all factors contributing to cautious consumer spending.	Demand for the increasingly diversified range of our services from higher value and target customers continues to increase, in particular data and mobile financial services. 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.	We are continuously monitoring and refining affordability of our services. Operational efficiency management programmes 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 higher value customers and therefore should enable us a higher resilience to economic conditions than the telecom and cable industries on average. We are developing opportunities in our B2B business reducing dependence on individual consumers.

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Risk management
continued

Reputational risks and brand protection

Millicom's brand(s) including 'Tigo' are among its most significant and valued assets, and considered critical to market recognition in all of its operating markets. Failure to have appropriate and effective protective and/or reactive measures to prevent, or limit exposure to brand and reputation damage could have a significant negative and long-lasting impact on Millicom's business, relationships with key stakeholders, and shareholder value. Failure to leverage Millicom's brands to capitalise on new opportunities, to develop consumer trust, and operate as a multi-service cross industry and continent provider may restrict growth of brand value.

Reputational risks and brand protection

Risk Evolution	Opportunities	Balancing risk with return
Brand equity. Millicom has a global brand 'Tigo' which it operates in all of its markets for the majority of its products and services. The strength of the Tigo brand is directly correlated to its importance. As Millicom expands the range of products and services it delivers under the Tigo brand (including mobile financial services) the severity of impact of reputational and brand damage increases.	Millicom's brands have a high level of visibility and strong reputation in all of our main markets. Opportunities exist to leverage from local to regional and/or global in many areas including cross and intercontinental cooperation with content partners, social media partners, suppliers and business partners (including international money transfer companies), as well as upsell new services.	We operate our businesses across multiple countries and business units subject to various different regulations. This diversification reduces our exposure to country specific issues. Good 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 investors, customers, regulators and non-governmental organisations in our markets as being closely correlated. Our crisis management processes, and compliance framework also take into account reputational issues.

continued ···>

Risk management
continued

Reputational risks and brand protection (continued)

Risk Evolution	Opportunities	Balancing risk with return
Reputation as a responsible company. Multinational companies are under increasing scrutiny over their business practices. As a company listed in Sweden, expectations are high on our ethical standards and doing business the right way. At the same time Millicom operates in markets where legislation on social and environmental issues may be lagging and strong self-regulatory approaches are needed.	We have a big opportunity to be leaders in our markets with a responsible business approach and differentiate our brand in the eyes of consumers. We also have an opportunity to attract socially responsible investors with positive performance in corporate responsibility.	We operate a developed corporate responsibility management system, with priorities defined based on local needs and stakeholder concerns. Our approach is to be transparent about our corporate responsibility performance and proactively engage with external stakeholders. For more information on our own environmental, social and governance (ESG) related risks and initiatives, please refer to the Corporate Responsibility section of this report and the Millicom Corporate Responsibility Report 2015. We regularly engage with key stakeholders to stay ahead of issues that may concern them.

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Risk management
continued

Technological change, customer demands, and new business models

The mobile telephony industry has evolved significantly in the past few years. Emerging markets are undergoing fixed and mobile convergence, and the mobile space is rapidly shifting from voice and SMS to data. Mobile financial services is emerging as a significant game changer in many markets. Innovation and differentiation is moving from distribution channels to product and services, and few sizes fitting many is trending toward individual personalised services. Customers have an increasing range of alternatives from which to communicate, access content and other services, in terms of how and from whom. This evolution has created a new playing field, one in which operators need to rethink strategic positioning in the industry, and relationships with customers and competitors. Operators have an increasingly wide spectrum of business models and strategic choices. Failure to effectively position or reposition strategic direction could have a significant impact on shareholder value and long-term viability.

Technological change, customer demands, and new business models

Risk Evolution	Opportunities	Balancing risk with return
Rapidly changing industry. Millicom operates in an increasingly capital intensive industry subject to rapid technological change and competitive threats from emerging technologies and business models.	The changes and customer needs are putting additional pressure on operators, as payback periods for new investments become shorter, increasing the need to monetise data.	Capex is tightly controlled through a centralised spend approval and monitoring system. Allocation of resources is based on prioritisation across countries and service lines, and directly linked to the overall strategic operation and financial objectives of the Group.
Network capacity. Demand for improved quality and the rapid uptake of mobile phone services in recent years has put significant pressure on mobile operators to expand coverage, increase capacity, and provide faster and more reliable services. Demand for mobile based internet globally, and competitive advantage has led to the need for rapid deployment of 3G and 4G technology. Both quantity and speed of data demand are expected to continue to rise in future years, with 5G networks and beyond.	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 toward new lifestyle changing solutions (above and beyond communication) we are expanding our presence in cable and digital media businesses and forging new partnerships (e.g. Facebook and Deezer) 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 launch of DTH in LatAm in 2014).

continued ···>

Risk management
continued

Technological change, customer demands, and new business models (continued)

Risk Evolution	Opportunities	Balancing risk with return
Content rights. Cable customers are increasingly demanding access to controllable content, such as video on demand, multiple screen, and smart-TV. Rights to content, in particular football, the predominant viewer sport in many of our key markets, are increasing in value.	Convergence of mobile with cable remains a significant opportunity in most of our Latin American footprint. Industry consolidation, network expansion and demand for 'to the home services' including PayTV, broadband internet and M2M are all factors that contribute to growth potential.	Our investments in content and service are based around customer demand in each of our markets. We have a number of operational models including partnering with content and service providers such a TiVo or acquiring rights (e.g. football rights in Bolivia and Paraguay).
Alternate technologies are changing the way in which mobile customers consume communication, information and entertainment services. Traditional telecom operators are experiencing a decline in voice and SMS revenue. A rapid increase in data consumption by customers coupled with demand for increased speed and cheaper smartphones is characterising the industry.	Understanding the needs of customers and evolving business models and offerings to suit is becoming increasingly important to maintain revenue and profitability. We see significant potential in synergies from combinations of cable, TV, and broadband services with our mobile operations in many of our markets (particularly LatAm and in Colombia). Opportunities exist to partner with over-the-top (OTT) content and service providers and use these opportunities to strengthen our mobile customer base and increase ARPU through providing the right combination of data, voice and SMS, and other content and solutions.	We take a customer centric approach to developing our portfolio of products. We actively seek partnerships with providers of content and services to further enable our customer's Digital Lifestyles. This allows rapid launch of new features, minimises investment, and also sharing of risk with our business partners.

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Risk management
continued

Robustness and reliability of networks and IT systems

Millicom's revenue generation is critically dependent on the quality, capacity, coverage, and operation of its fixed and wireless networks, and related information technology systems and network operating centers. Any disruption in operation or quality, whether through technical issue, forced shutdown, interference (intentional or unintentional) or any other reason, directly impacts Millicom's ability to provide service and generate revenue from its customers and negatively impacts brand perception and value. Providing quality service to existing and new customers is highly dependent on the robustness, reach and reliability of these systems, and therefore ensuring that suitable procedures and controls are in place to maximise continuity of service is of critical importance.

Robustness and reliability of networks and IT systems

Risk Evolution	Opportunities	Balancing risk with return
Network availability. In most of our markets access to communication, information and content has shifted in recent years to be a critical part of consumer lifestyles. These needs continue to grow, and customers now expect continuous uninterrupted service. Network availability and quality now more than ever is a key factor in many customers choice of mobile operator. In addition, in many of Millicom's countries, including Colombia, consumer protection laws have been introduced that penalise mobile operators for service related issues such as call drops, customer service delays, and customer complaints. Organisational infrastructure is in place to monitor and levy penalties against operators. Both service level requirements and the level of monitoring of operators is expected to increase.	To develop and maintain quality networks that help to obtain and retain customers, and to build reputational strength in terms of reliability and consistency within the markets in which we operate.	We seek to balance our investment in maintaining and upgrading our existing networks and expanding our networks. We have rigorous processes and controls around capital allocation that include assessment of relative paybacks of specific investments across the Group. A dedicated revenue assurance function detects and prevents systems related issues that impact the bill to collect cycles across all its businesses. We have defined clear business continuity processes to apply in situations where due to technical fault or weather conditions our networks are affected. We regularly run tests of this process. We engage with the wider industry and other stakeholders on freedom of expression to address forced shutdowns by government demand. Millicom is a member of Telecom Industry Dialogue and an observer of Global Network Initiative.

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Risk management
continued

Robustness and reliability of networks and IT systems (continued)

Risk Evolution	Opportunities	Balancing risk with return
Quality of infrastructure. Many of the countries in which we operate lack infrastructure or have infrastructure in relatively poor condition. Reliability of energy supply is a challenge as some countries of operation lack any reliable electricity grid. This also increases our CO_2 emissions as we rely on diesel generators.	We continue to look for partners to share risks related to installation and operation of our passive and active infrastructure. In Africa we are seeking more reliable sources of energy for tower sites including hybrid battery solutions and solar energy.	Our network investment strategy is balanced between capacity increase, geographical coverage, technology advancement and security and stability. Vulnerability assessments are regularly performed and a continuous improvement program in place. We have in place business interruption and physical loss insurance to reduce the financial impact of potential disruptions.
Protecting infrastructure and services is a significant risk area. Similar to protecting the life our people our operations are subject many varying events including natural environmental, theft & fraud, fire, terrorism as well as hacking into our information.	Ensuring that we have contingency and business continuity plans in place will assist us in rapid response and remediation in the event any risk materialise. Our customers and other stakeholders are depending on our services, particularly in times of need.	Business continuity and crisis management is key to our success. During 2015 this was tested by real crisis in several markets (fuel starvation-Chad, Ebola across parts of Africa, civil unrest-DRC). Millicom has established robust business continuity and crisis management processes and plans according to international (ISO) standards. Every market has a professionally trained and certified Business Continuity Management officer. Millicom continues to improve its loss prevention record with all operations showing significant improvement in their insurance audit scores.

continued

Risk management
continued

Robustness and reliability of networks and IT systems (continued)

Risk Evolution	Opportunities	Balancing risk with return
Climate change risk and natural disasters. Extreme weather situations are becoming more common with climate change and do affect some of our operations. Some countries are located in areas prone to earthquakes. These all may affect our ability to provide our services.	Our services are essential in connecting our customers to emergency services and each other at times of natural disasters. Therefore our ability to continue providing our services can support communities in quickly responding to emergency situations.	As part of our business continuity management (BCM) strategy, we have conduct risk mapping, impact analysis and crisis response assessments, and each operation has a disaster recovery plan. Climate change resilience is one of the risks in our risk map, and is fully integrated in our crisis response and BCM approach.

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Risk management
continued

Third party risk

Millicom's third parties including suppliers, contractors, joint venture partners, investors in its associate entities, and revenue sharing partners may have different business practices and values than Millicom.

Evolution of technology, customer demands and services has added significant value to customers in recent years. The emergence of mobile banking transactions and usage of handsets and mobile devices in areas of greater data sensitivity has highlighted risks and requirements to safeguard customer data and protect customer money.

Third party risk

Risk Evolution	Opportunities	Balancing risk with return
Dependence on third parties. Millicom is increasingly dependent on third parties in operation of its businesses. These third parties include joint venture partners, investors in Millicom's associate entities, suppliers, and partners in joint delivery of products and services to customers (such as outsourced network and infrastructure providers). Millicom interacts on a regular basis with regulatory authorities, central and local government authorities including taxation and customs authorities. Millicom has limited ability to directly control the activities of these third parties, but by association could be negatively impacted by their actions, should those actions be contrary to the business integrity or ethical standards that Millicom and its key stakeholders require. Any such actions could hamper or prevent Millicom from pursuing its business objectives, or could significantly damage Millicom's brands and reputation.	The extent and scale of Millicom's operations continues to increase through both organic and acquisition growth. This provides Millicom with further opportunities to partner with selected suppliers on a regional or global level, increase purchasing power and leveraging efficiency in the roll-out of common systems, platforms, products and services across its footprint.	In developing its business relationships Millicom employs processes at selection, renewal and ongoing monitoring of events and transactions that may directly or indirectly impact Millicom, and Millicom stakeholder value. Reliance on individual or groups of suppliers is monitored on a regular basis, including financial health and reputation checks. Millicom's suppliers are obliged to conform to Millicom's Supplier Code of Conduct. In 2015, we have begun assessments of our suppliers' ethical performance with the Ecovadis sustainability monitoring platform. We communicate results of these assessments in our Corporate Responsibility report. Through our responsible supply chain work, we oversee our third party interactions on an on-going basis to ensure their activities do not negatively impact Millicom or our employees.

continued

Risk management
continued

Third party risk (continued)

Risk Evolution	Opportunities	Balancing risk with return
Outsourcing of infrastructure and services. Millicom has sold its tower network to third party tower companies in many of its markets, and has outsourced related services across the entire African footprint. Risks associated with outsourcing are expected to increase as further outsourcing initiatives are undertaken.	Our tower sharing and network maintenance outsourcing arrangements have reduced (shared) many of the direct operational risks connected to operation of cell sites. These arrangements increase efficiencies and reduce operating costs, as well as enabling Millicom to focus on its customers and their needs.	Millicom manage related third party risks through ongoing management and monitoring of contractual obligations, assurances and commitments and in its selection processes, including specific health and safety training requirements and other ethical guidelines.

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Risk management
continued

Control environment

Millicom conducts its business in multiple countries with many employees, suppliers and other stakeholders undertaking many different activities and roles. A strong control environment is an essential part of ensuring that these activities are performed efficiently, effectively, ethically and consistently with Millicom's standards and objectives. Any of the following items could negatively impact execution of these activities; insufficient or inadequate policies and procedures; lack of clarity or consistency in policy and procedures; failure in application of policy and procedures; insufficient control and compliance processes; lack of structured governance and oversight.

Control environment

Risk Evolution	Opportunities	Balancing risk with return
Complexity and scale of businesses. Millicom's portfolio of businesses has undergone quite some change in recent years, including the merger of UNE, disposal of Mauritius, and acquisition of Zantel. At the same time, the introduction of new products and services, expansion and development of existing businesses such as mobile financial services, B2B. Home and machine-to-machine has widened the number of activities and processes within the Group. This expansion and broadening of business activities has increased the need for comprehensive and robust processes and procedures, with relevant control and verification activities. This trend is likely to continue.	A comprehensive and strong control environment is an essential element of developing the business, protecting and enhancing value. Well positioned key controls can reduce cost, inefficiency and waste, as well as maximise revenue and cash generation opportunities. Opportunities exist in Millicom to further develop and enhance processes and increasingly sophisticated and standardised controls.	Millicom follow a risk based approach toward developing and implementing processes and control activities. Developing and high risk businesses or parts of the business are subject to a higher level of skill support, and validation. Millicom use a Group-wide maturity scale to benchmark and target control improvements, and in the allocation of resources. This approach is supported with a tone-at-the-top culture focused on responsible and profitable growth.

continued ···>

Risk management
continued

Protecting customer data, money, and respecting data privacy

Networks and systems need to be sufficiently protected and controlled to ensure safety and security of information, including sensitive customer data and records. Controls need to be in place to ensure that our infrastructure is not compromised/interfered with to prevent fraudulent or malicious activity and/or service interruption. Information security, data protection and privacy issues are increasingly placing a burden of compliance and responsibility on companies (particularly those that handle potentially sensitive customer data). Many governments in Millicom's markets are seeking ways of monitoring the communication activities of its citizens and seeking to use the networks of mobile operators to do so. Regulations are rapidly changing and the burden of compliance will continue to increase (in terms of protection reporting requirements).

Protecting customer data, money, and respecting data privacy

Risk Evolution	Opportunities	Balancing risk with return
Data Security. Risks and concerns over data privacy, information security and access to networks and devices by governments and regulators are increasing globally. These risks are to a lesser extent in Millicom's markets, where legislation and consumer protection laws are still developing. Many governments in Millicom's markets are seeking ways of monitoring their populations with compulsory SIM registrations, and controlling activities of its citizens, particularly in times of political change, often accompanied by social action or unrest. Increasingly governments are seeking to use the networks of mobile operators to do so.	The relationship telecommunications and broadcasting companies have with customers is evolving as the level of information exchanged and retained increases. Competitive advantage can be obtained and maintained through reputation for secure management of customer information and funds. Opportunities exist to contribute to societal development such as with SMS based birth registrations in certain countries in Africa.	Millicom is aware of the significant impact relating to the intellectual theft may have on its business. As such the Group has embarked on a robust programme in order to defend against information security breaches. We operate a system of self-regulations through our policy framework on information security. In 2016 we have begun a Group-wide process to harmonise our approach to customer data protection. When handling requests from law enforcement authorities for customer data and interception of communications, Millicom applies a Group level guideline to ensure the appropriate legal reviews and protection of customer privacy throughout the process. A public version of this guideline is available on our website.

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Risk management
continued

Protecting customer data, money, and respecting data privacy (continued)

Risk Evolution	Opportunities	Balancing risk with return
Protecting mobile money. Our mobile financial services products are now well established in most of our markets with over 17% of our mobile customers as active users by the end of 2015. While providing an excellent means of improving the lives of our customers, the suite of services we offer comes with a set of responsibilities. These responsibilities are toward our customers, agents and dealers, in safeguarding their funds, and the distribution channels for efficient and accurate delivery, as well as to regulatory authorities in ensuring appropriate and authorised use of funds (anti-money laundering and counter terrorism financing activities).	As mobile financial services expand and become a key element of that relationship, the need for trust in systems and processes that Millicom deploy to manage and protect customer's money is essential. Competitive advantage can be obtained and maintained through reputation for secure management of customer information and funds.	Processes and controls in our mobile financial services businesses are generally subject to a higher degree of validation and verification than elsewhere in the business. Significant investment of has been made into improved controls through systems and tools to monitor transactions and activities within the mobile services business.

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Risk management
continued

Talent management

Execution of Millicom's strategy requires talented, motivated and committed people. Qualified and experienced people are often in short supply in developing countries and can be difficult to identify and retain. Lack of support and training of key people may lead to turnover, reduced morale or underperformance. Lack of succession planning can lead to knowledge and relationship gaps which could negatively impact a number of key areas of the business, inhibit growth, morale, and operational performance. Failure to adequately align compensation packages to performance and strategic objectives could result in lack of incentives or disincentives that encourage unwanted behaviour.

Talent management

Risk Evolution	Opportunities	Balancing risk with return
In recent years Millicom has experienced a high rate of turnover of senior management and staff in both central functions and in its countries. This risk has declined over 2015 and is expected to decline further as the foundations of the organisational model set during 2015 continue in 2016 and we focus on our corporate culture development. In addition, a reset of many of the key human resource related initiatives around development, training and performance management are currently being deployed.	Significant opportunities exist to stabilise turnover through a combination of improved talent management programmes, including compensation clearly aligned to strategic objectives, training, and succession planning.	Millicom use a variety of internal and external measures to align Group, operating business and personal performance and achievement of objectives in its reward based compensation strategy. Millicom's Board and its Committees take an active role in the recruitment of Executive Management, and oversee the performance of the CEO.

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Risk management
continued

Well-being and safety of our people

The vast majority of Millicom employees live, work and travel to in emerging market economies. Many of these countries have security issues, including civil unrest, armed and organized criminal activity, and to a lesser extent threat of terrorism. As a result, Millicom employees in carrying out their daily jobs are exposed to situations which may threaten their personal security. In addition, the health and safety policies and procedures and legal environments in many of these countries are under underdeveloped, contributing to a culture of lower concern or awareness regarding risk.

Well-being and safety of our people

Risk Evolution	Opportunities	Balancing risk with return
Millicom's markets are often subject to issues of personal security, including social and civil unrest, threats from terrorism or organised crimes organisations. In addition, as a result of sometimes poor infrastructure or undeveloped health and safety regulations and regimes, personal security can often be a significant issue for our people and those of the third parties that support our activities.	Millicom people are at the heart of its success story. The contributions of many hard working people following common goals and objectives are why Millicom is where it is today. The health, safety and security of our people is a foremost concern in the strategies adopted and implementation methods.	Millicom manages the security, health, safety and wellbeing of staff based on international (OHSAS) standards, industry best practice as well as advice and support from local authorities. With a small central security and safety team, we have empowered and trained operational teams to deliver compliance with the Group standards. Every market has a professionally trained and certified physical security and health and safety officer. All our third party partners are bound by contract to abide by Millicom Group security and safety standards. 2015 saw Colombia certified to OHSAS 18001 and several other country operations on the verge of achieving the same.

Financial review

“2015 was a good year operationally, as we focused on profitable and responsible growth combined with efficiency measures to enhance margins and improve cash flow.”

Tim Pennington
Chief Financial Officer

Financial review
continued

Key financial highlights of the year[1]

US$m	2015	2014	% change
Revenue	6,730	6,386	5.4%
Organic growth[2]	7.4%	9.4%	
Adjusted EBITDA[3]	2,266	2,110	7.4%
Adjusted EBITDA margin	33.7%	33.0%	
Capex[4]	1,273	1,206	5.5%
Capex % of revenue	18.9%	18.9%	
Net debt	4,295	4,091	7.4%
Operating free cash flow[5]	858	588	45.9%
Equity free cash flow[6]	235	(43)	N/M
Adjusted EPS ($)[7]	0.05	1.82	N/M
Dividend per share ($)	2.64	2.64	–

1 Guatemala and Honduras businesses fully consolidated. 2014 restated for the effects of the finalisation of UNE purchase accounting.
2 Organic growth represents year-on year-growth in local currency (includes regulatory changes, excludes the impact of exchange rate changes and excludes UNE until Q4 15). Service revenue is defined as group revenue excluding telephone & equipment sales
3 Adjusted EBITDA is defined as reported EBITDA excluding restructuring and integration costs and other one-off items – See page 77 for reconciliation.
4 Capex excludes spectrum, license costs and capitalised content costs
5 EBITDA less net cash capex (excluding spectrum and licenses), plus change in working capital and other non-cash items, less taxes paid.
6 Operating Free Cash Flow less interests paid (net), less advances for and dividends to non-controlling interests.
7 Basic EPS adjusted for non-operating items.

Group revenue was $6.73 billion, up 5.4%. The organic growth in constant currency was 7.4% (with LatAm growing 6.0% and Africa by 14.1%) whilst service revenue was up 5.8%.

In 2015 we experienced significant local currency declines against the US dollar, particularly in Colombia, Paraguay and Tanzania, which reduced revenue by more than $900 million.

With the merger of UNE and significant adoption of data, our revenue mix continues to move away from pure mobile voice and SMS revenue. In 2015, Cable and Digital Media revenue represented 23.6% of Group revenue (2014: 15.2%) of which fixed B2B represented 9.0% of total revenue (2014: 5.5%).

Growth in data revenue continues to be strong and more than offset the decline in SMS as customers adopt new forms of communication. The appetite for smartphone adoption remains strong and a significant contributor to the group revenue, driving data growth up 39.0% year-on-year in local currency.

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Financial review
continued

Mobile data revenue contributed 16.7% of the total revenue (2014: 14.3%). Additionally, the rapid expansion of our cable footprint has seen the fixed Home business increase strongly, growing 60% over the year mostly due to UNE.

2015 was a good year operationally, as we focused on profitable and responsible growth, combined with efficiency measures to enhance margins and improve cash flow. Full year EBITDA at $2,178 million was 4.1% higher than last year thanks to the full consolidation of UNE compared to four and half months in 2014. At constant currency, EBITDA grew by 17.1%.

There were $87 million of restructuring and integration costs and other one-off charges. Adjusting for these items EBITDA was $2,266 million up 7.4% with a margin up 70 basis points at 33.7%. The key driver of that improvement is Colombia demonstrating the success of our merger and continued efficiencies at the headquarters. The one-off items include $33 million of integration charges at UNE (compared to $3 million in 2014), $18 million of provision for bad debt in Guatemala, $15 million of restructuring of our Africa businesses ($9 million in 2014) and $17 million of tax adjustments.

Reconciliation from Operating Profit to Adjusted EBITDA

US$m	2015	2014
Operating Profit	791	924
Depreciation and amortisation	1,321	1,158
Loss (gain) on disposal/write down of assets, net	66	11
EBITDA	2,178	2,093
EBITDA as a % of revenue	32.4%	32.8%
Restructuring, integration costs and other one-offs	87	16
Adjusted EBITDA	2,266	2,110
Adjusted EBITDA as a % of revenue	33.7%	33.0%

Balance sheet capital expenditure (excluding spectrum and licence costs) for the year was $1,273 million including $1,036 million in Latin America (+16%) and $242 million in Africa (-23%). We recorded $28 million ($14 million in Q4 2015) of

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Financial review
continued

integration Capex related to our merger in Colombia. In addition, we spent $47 million in spectrum and licence renewals (of which $31 million in Bolivia in licence renewal and $15 million in Paraguay on 4G spectrum with an additional $30 million to be charged in Q1 2016).

The Group gross debt amounted to $5.38 billion (including $335 million of finance leases), up from $4.92 billion (as restated) as of end of 2014. Our total net debt was $4.29 billion compared to $4.09 billion (as restated) as of 31 December 2014. The outstanding exposure of the Group's debt guaranteed by MIC S.A. was $643 million at the end of the year.

Overall net debt/EBITDA, based on the last twelve months EBITDA, was 1.97x at 31 December 2015 (including Guatemala and Honduras). Proportionate net debt to EBITDA was 2.32x.

The full year Operating free cash flow increased by 45.9% to $858 million thanks to a combination of a higher EBITDA, a lower Capex paid and a decrease in taxes paid. The Equity free cash flow significantly improved to $235 million mainly because of the reasons stated above and of less dividends paid out to non-controlling interests in 2015. This represented a dividend cover of 89%.

Free Cash Flow

US$m	2015	2014
Adjusted EBITDA	**2,266**	**2,110**
Restructuring, integration costs and other one-offs	(87)	(16)
EBITDA	**2,178**	**2,093**
Net Cash Capex (excluding spectrum and licenses)	(1,149)	(1,204)
Change in working capital and other non-cash items	81	79
Operating cash flow	**1,110**	**968**
Taxes paid	(252)	(380)
Operating free cash flow	**858**	**588**
Interest paid, net	(354)	(331)
Free cash flow	**504**	**257**
Advances for and dividends to non-controlling interests	(269)	(300)
Equity free cash flow	**235**	**(43)**

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Financial review
continued

The EPS was 5 cents for the full year 2015. As in 2014, we again returned $264 million to shareholders through dividends. At the AGM to be convened on 17 May 2016, the Board will again propose an ordinary dividend payment of $2.64 per share.

Scope changes in the Group

UNE has been consolidated for a full year in 2015 compared to 4.5 months in 2014.

In October 2015, Millicom completed the acquisition of 85% of Zanzibar Telecom Limited ("Zantel").

In October 2015, Millicom and Helios Towers Africa ("HTA") signed an agreement whereby Millicom owns 28% of shares in HTA (24% on a fully diluted basis) following a shareholding exchange. Millicom has exchanged shares which were previously held in HTA's tower companies in Ghana, DRC and Tanzania, into shares in HTA's parent company and retains significant influence over HTA.

On 31 December 2015, the existing call options with local partners lapsed and under IFRS 10 and 11, Millicom deconsolidated its investments in Comcel (Guatemala) and Celtel (Honduras). This has resulted in a non-cash negative value adjustment of $391 million.

From 31 December 2015 onwards, Millicom will account for its investments in Comcel and Celtel under the equity method and thus will report its share of the net income of each of these businesses in the income statement starting 1 January 2016. For the purpose of comparison and to provide users of this financial review a full understanding of the financial condition of the Group, the financial information presented in this section is on a pro forma basis as if the Honduran and Guatemalan businesses continue to be fully consolidated.

Further information on the accounting implications of the deconsolidation are provided in notes to the consolidated financial statements.

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Financial review
continued

Performance

US$m	2015	2014	% change
Revenue	6,730	6,386	5.4%
Gross profit	4,876	4,692	3.9%
Gross profit margin	72.5%	73.5%	
Operating profit	791	924	(14.4)%
Operating profit margin	11.8%	14.5%	
Profit (loss) before taxes	(153)	3,036	N/M
Charge for taxes	(291)	(256)	(13.7)%
Net profit attributable to owners	(559)	2,643	N/M

Gross profit
The gross margin declined by one percentage point to 72.5% mostly due to an increase in the level of bad debt arising on B2B (from UNE in particular), postpaid clients and an $18 million provision for bad debt from a large contract in Guatemala.

Operating profit
Operating expenses increased by $99 million or 3.8% compared to 2014 due to the first full year consolidation of UNE (only four and half months in 2014) as well as $69 million of one-off items ($16 million last year) including $48 million of restructuring and integration costs (UNE for $33 million, the rest from Africa). Corporate costs declined significantly to $210 million, $48 million lower than last year, reflecting tighter cost control.

Depreciation and amortisation was $1.32 billion, 14.1% higher than 2014 primarily due to UNE's full year consolidation.

Other operating expenses of $66 million are $55 million higher than 2014 after an impairment of $53 million related to a write down of the businesses in Senegal.

Operating profit was consequently down by 14.4% to $791 million.

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Financial review
continued

Profit (loss) before tax

Net financial expenses at $420 million were $16 million or 4.0% higher than 2014 mainly due to $17 million of one-off expenses related to the early redemption of the El Salvador bond in March 2015.

Other net non-operating expenses of $624 million largely represent a non-cash loss on deconsolidation of Guatemala and Honduras for $391 million (gain on revaluation of $2,250 million in 2014) and currency losses of $304 million partially offset by positive changes in the fair value of put options of $124 million.

The net gain from associates and joint ventures of $100 million resulted from a $147 million book value gain following the recent share exchange of our shareholding in Helios Towers Africa, more than offsetting the losses from our investments in AIH and LIH (e-commerce ventures).

As a result of the above effects, loss before tax amounted to $153 million.

Tax

Tax charges at $291 million were up $35 million compared to 2014 but excluding a non-cash charge of $80 million (mainly from a write-down of deferred tax assets at the Group level), tax charges were down by $45 million reflecting lower tax charges in Colombia and a change in the profit mix of the operations.

Net profit

Net loss in 2015 attributable to equity holders of the Millicom Group was $559 million compared to a net profit of $2,643 million in 2014. The change is largely due to the non-cash loss on deconsolidation of Guatemala and Honduras, currency losses and impairment of our operation in Senegal.

Non-controlling interests declined from $158 million to $115 million mostly due to increased losses in Colombia.

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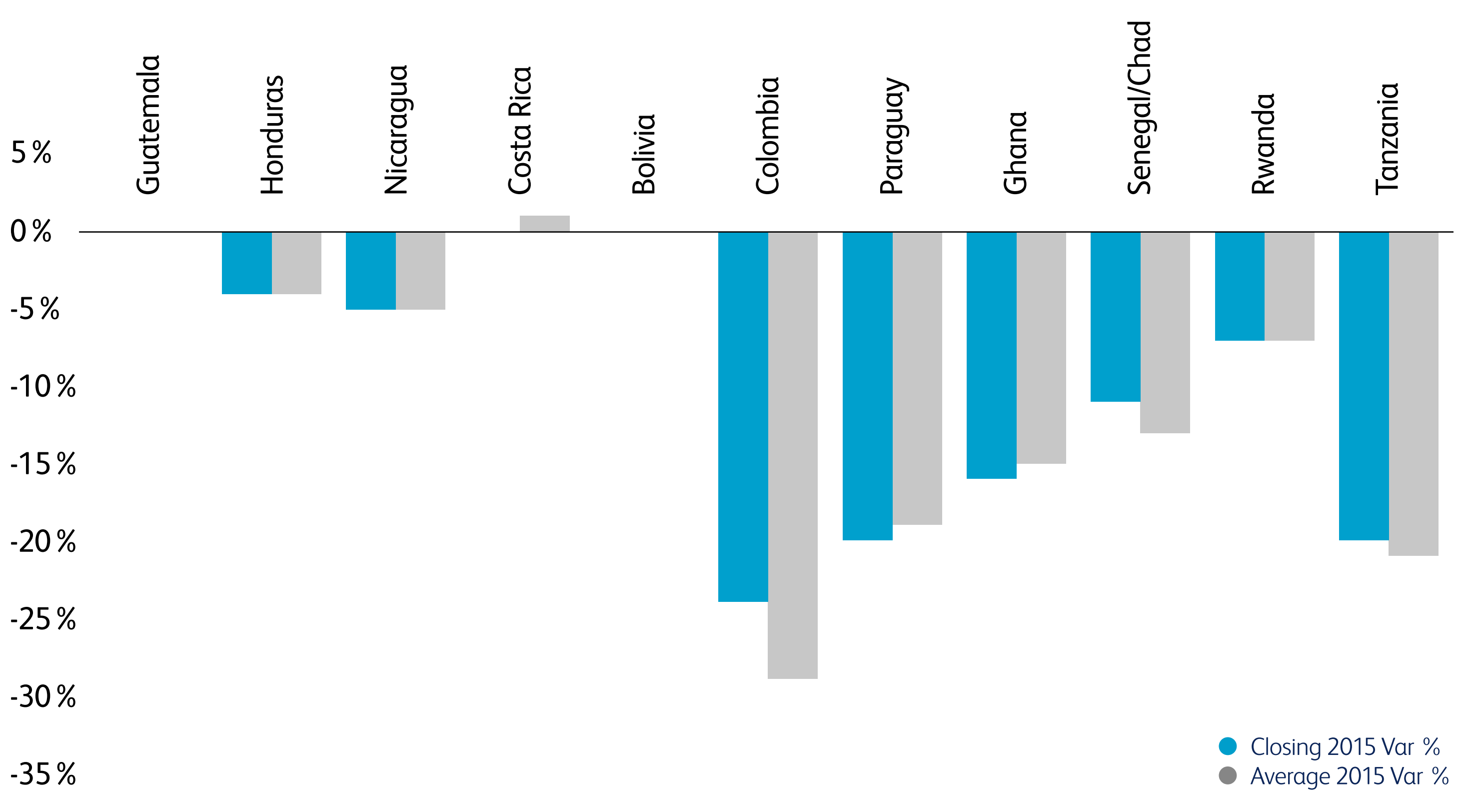
Financial review
continued

Currency movements vs. US$



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Financial review
continued

Cash flows

US$m	2015	2014	% change
Cash flow from operating activities	1,651	1,458	+193
Cash flow from investing activities	(1,244)	(276)	(968)
Cash flow from financing activities	(84)	(1,368)	+1,284
Cash and cash equivalents	937	694	+243

Cash flow from operating activities
Net cash provided by operating activities was up by $193 million at $1,651 million in 2015, compared to $1,458 million in 2014. This is mainly due to an improvement of $85 million in EBITDA and a decrease in taxes paid of $128 million, partly offset by an increase in interests paid of $27 million.

Cash flow from investing activities
Net cash used in investing activities was $1,244 million, or $968 million higher than in 2014. 2014 was impacted by the release of a $800 million pledged deposit related to UNE acquisition and a $175 million proceeds from the disposal of Emtel Mauritius and ATC Colombia. 2015 has been affected by a decrease in property, plant and equipment spend by $109 million and cash used for the acquisition of subsidiaries, joint ventures and associates.

Cash flow from financing activities
Net cash used by financing activities was $84 million in 2015, compared to $1,368 million in 2014. In 2015, we distributed $264 million to shareholders in dividends ($2.64 per ordinary share), and repaid debt of $1,392 million while raising funds of $1,880 million. The remaining difference relates to the $860 million deposit that was used to pay liabilities of the UNE Companies as well as acquisitions of non-controlling interests for $39 million. Advances and dividends to non-controlling interests also decreased by $31 million compared to 2014.

Cash position
As a result of the cash flow movements described above, the net cash inflow in 2015 was $243 million, compared to a spend of $215 million in 2014. The Millicom Group had closing cash and cash equivalents balances of $937 million at the end of 2015 compared to $694 million at the end of 2014.

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Financial review
continued

Assets, liabilities and equity

US$m	2015	2014	% change
Intangible assets, net	4,835	5,515	(680)
Tangible assets, net	4,236	4,751	(515)
Investments in joint ventures and associates	363	274	+89
Cash and cash equivalents and restricted cash	1,083	822	+261
Other (non-)current assets	1,888	2,056	(168)
Total assets	**12,405**	**13,418**	**(1,013)**
Equity attributable to owners	3,285	2,339	+946
Non-controlling interests	1,128	1,391	(263)
Debt and financing	5,385	4,923	+462
Other (non-) current liabilities	2,607	4,765	(2,158)
Total equity and liabilities	**12,405**	**13,418**	**(1,013)**

Intangible assets
Intangible assets decreased during the year as an effect of the non-cash losses on the deconsolidation of Guatemala and Honduras of $391 million, currency losses of $300 million and amortisation charge of $246 million, partly offset by the gross additions of $194 million and the change in the composition of the Group for $84 million.

Tangible assets
Tangible assets decreased during the year as an effect of the depreciation charge of $1,075 million, currency losses of $547 million, impairment charge of $39 million (Senegal mainly), partly offset by the gross additions of $1,103 million and the change in the composition of the Group for $40 million.

Investment in joint ventures and associates
Investment in joint ventures and associates increased by $89 million, mainly due to the $147 million gain recognised on the reorganisation of our investment in HTA, partly offset by the losses from our investments in AIH and LIH (e-commerce ventures).

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Financial review
continued

Equity and non-controlling interests

Equity attributable to the owners of the Group has increased by $946 million mainly because of the derecognition (through equity) of the put option liabilities related to Guatemala and Honduras for $2,135 million, offset by the loss for the year of $444 million, currency losses of $335 million and $264 million of dividend declared in 2015. Non-controlling interests have decreased by $263 million mainly due to the effects of dividends declared in 2015 of $244 million and changes in the composition of the Group of $27 million.

Debt and key financing activities

At 31 December 2015, the group gross debt increased by $462 million, due to the effects of the issuance of the $500 million 6% fixed interest rate bond in March 2015, additional debt raised to fund the Zantel transaction and its finance leases and currency losses. In addition we issued debt equivalent to $200 million in Bolivia and Paraguay in local currency in 2015. This was partially offset by the early redemption of the outstanding $311 million of the $450 million bond issued by Telemóvil Finance Co. Ltd in 2010.

As of end of December, 68% of group debt was at fixed rate and 30% was in local currency (or pegged to hard currency). Approximately 47% of the gross debt in the operations was denominated in local currency. The average maturity of our debt stood at 5.9 years and the Group has around $225 million of debt maturing in the next 12 months. The average cost of debt was 6.1% (excluding finance leases).

Other (non-)current assets and (non-)current liabilities

Other (non-)current liabilities show a decrease of $2,158 million that is mainly due to the derecognition (through equity) of the put option liabilities related to Guatemala and Honduras for $2,135 million.

Further information

For further information about our corporate governance and detailed financial performance see our expanded Corporate Governance Report, the Directors' Report and audited Consolidated Financial Statements of the Group for the year ended 31 December 2015.

A copy of this report can be downloaded from our website using the following link:

www.millicom.com/reporting2015

Selected awards and achievements throughout the year

Country	Awards and achievements
Colombia	• TigoUNE amongst the 10 most valuable brands in Colombia, by BRANDZTM Top 20 most valuable Latin American Brands 2015. • Tigo Music recognised as the no. 1 streaming music service in Colombia, BRANDZTM 2015.
Bolivia	• Second Place in Best Workplaces Bolivia, Great Place to Work 2015 • Tigo Sports – First Place Sports Channel, Maya Awards, 2015 • Tigo – Best Telecom Company, Maya Awards, 2015
El Salvador	• Tigo Money El Salvador, Award for best MFS deployment in LatAm in M2Payment awards in 2015 • Winner of best MFS deployment, Global Payment Awards in 2015
Tanzania	• Tigo Pesa won Most Innovative Service Award, AfricaCom 2015
Ghana	• CEO of the year 'Roshi Motman' – AfricaCom • Best Customer Service – Mobile Telecommunications – Ghana Customer Service Awards • Best Innovative Product 'Tigo Music' – Ghana Telecom Awards

Keep in touch with Millicom's progress throughout the year on our website and social media.

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– Where we operate
– Our responsibility

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