MILLICOM
THE DIGITAL LIFESTYLE

Connections That Matter

tigo

2018 Millicom
Integrated Report

OUR PURPOSE: To build the digital highways that connect people, improve lives, and develop our communities.

Connections That Matter

Purpose-Driven Connectivity

Millicom drives business success through connections that matter. Connections that open doors to knowledge. Connections that help individuals become part of the digital economy and businesses realize financial opportunities that would otherwise go untapped. Connections that contribute to increased productivity in the markets and communities where we operate.

We are in this business for the long haul, not simply for short-term gain. As we create vital digital highways and connectivity, we lead responsibly to foster an environment where our employees, customers, and communities can prosper and reach their full potential. We strongly believe that we can harness innovation to create a brighter future in our markets. Our digital highways can help our communities overcome obstacles to access the digital world and technological breakthroughs. When our customers and the communities in the countries we serve are able to address these challenges successfully, we all benefit.

For information on our business strategy, please see pages 9–15.

Our third integrated Annual Report combines our corporate responsibility and financial reports to provide all our stakeholders with a clear and comprehensive overview of our business and activities in 2018. It conveys our business strategy, our commitment to contribute to the positive social and economic growth of the communities we serve through our products and services, and our responsible business practices and leadership throughout our operations. Our reporting also aligns with our commitment to transparency, and reflects the interests of key stakeholders, with whom we engaged closely in 2018.

Note: Our Latin America (Latam) segment includes our Honduras and Guatemala joint ventures as if they were fully consolidated, as this reflects the way our management reviews and uses internally reported information to make decisions about operating matters, and also to provide increased transparency to investors on those operations.

What's Inside This Report

Our Brands and Services

Through our Tigo and Tigo Business™ brands, we provide a wide range of digital services, including high-speed data, cable TV, voice and SMS, Mobile Financial Services, and business solutions.

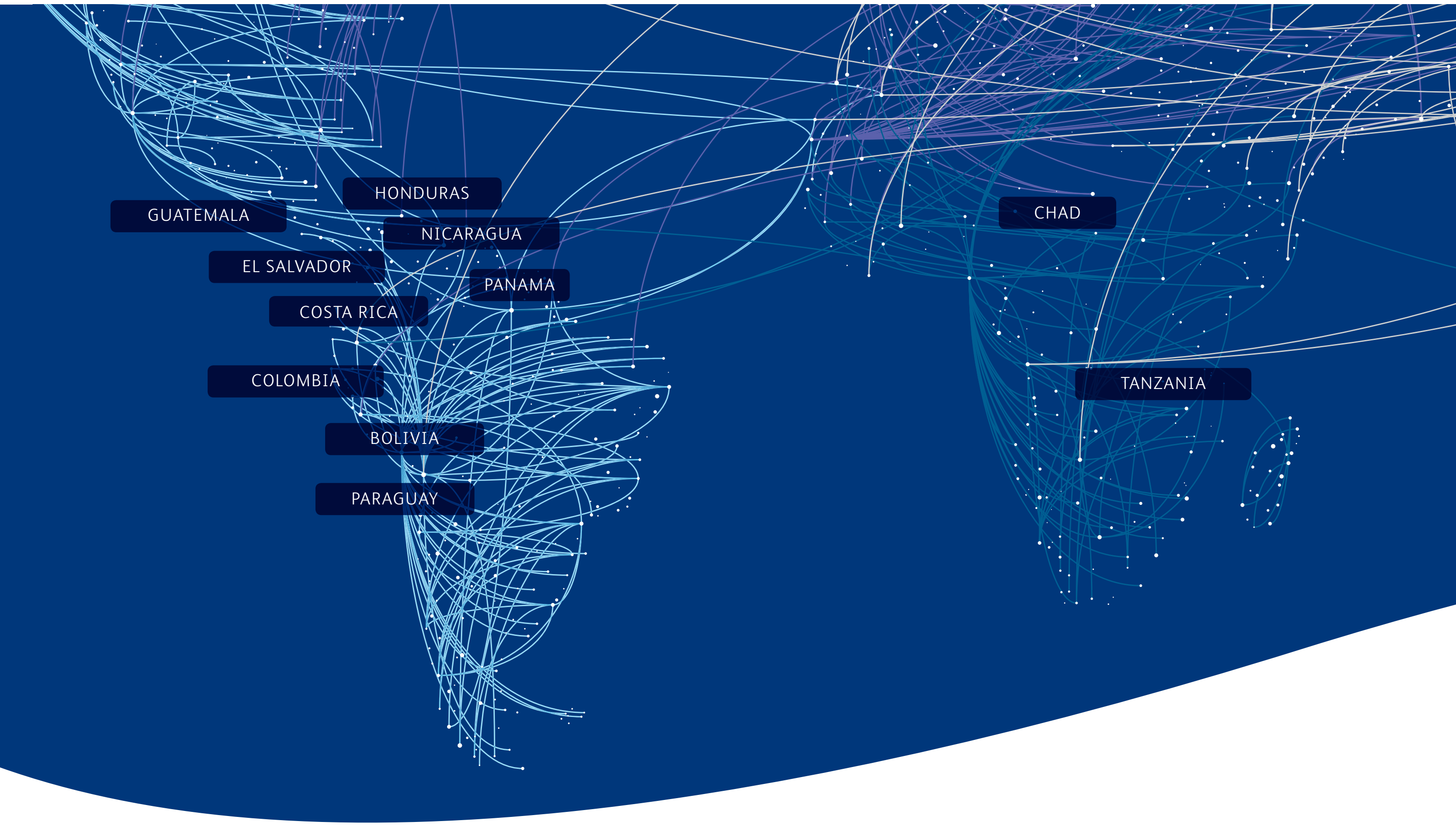
48 million
MOBILE B2C CUSTOMERS IN OUR LATAM AND AFRICA SEGMENTS

10+ million
CUSTOMERS USING THE 4G NETWORKS WE PROVIDE IN ALL OUR MOBILE MARKETS

11 million
HOMES PASSED IN OUR LATAM SEGMENT

4+ million
CUSTOMER RELATIONSHIPS AND COUNTING

Tigo Business | Tigo Sports | Tigo Music | Tigo Money | Tigo ONE tv | Mi Tigo | Tigo Shop



Market Overview and Opportunities for Growth

For millions of customers and thousands of employees, the Tigo brand symbolizes everything we stand for as a company. We're proud of how highly respected the Tigo name has become locally and globally, and how our presence represents opportunities for employment and socio-economic growth in our markets.

Latin America (Latam) is one of the fastest developing regions in the world, giving us remarkable growth potential and the ability to participate and accelerate that development by connecting people with high-speed, high-quality communications.

Our main focus in the region is on high-speed internet. We see pent up demand here due to lower 4G and broadband internet penetration than in more developed markets. We have dedicated ourselves to bridging that gap by connecting more than 3 million new 4G mobile users and adding more than 1 million homes to our HFC network over the past year. We have also pursued merger and acquisition opportunities when they fit our strategy. We added the largest cable operator in Panama to our family in December 2018, and we entered discussions with Telefónica S.A. to acquire its mobile operations in Panama, Costa Rica and Nicaragua, announcing an agreement in February 2019, with regulatory approvals pending in order to complete this transaction.

As we expanded our footprint in Latam, we also wanted to accurately define how Millicom's core business positively contributes to economic growth in our markets. In the link below, we proudly share findings from a Socio-Economic Impact Report commissioned by Millicom and carried out by Copenhagen Economics, one of Europe's leading economic consultancies.

Economic Impact

https://www.millicom.com/media-center/socio-economic-impact-report/

LATAM

Bolivia
Mobile and Cable
#1 in Pay TV

Colombia
Mobile and Cable

Costa Rica
Cable
#1 in Pay TV

El Salvador
Mobile and Cable
#1 in Mobile and Pay TV

Guatemala
Mobile and Cable
#1 in Mobile and Pay TV

Honduras
Mobile and Cable
#1 in Mobile and Cable

Nicaragua
Cable

Panama
Acquisition of Cable Onda
#1 in Cable

Paraguay
Mobile and Cable
#1 in Mobile and Cable

AFRICA

Chad
Mobile
#1 in Mobile

Tanzania
Mobile

Former Chairman's Message

Transformation and growth. Those two words define Millicom's trajectory in 2018.

2018 was a watershed year for Millicom. The company returned to solid top line growth as the strategy of monetizing mobile data, building our cable network, preparing for convergence, and growing B2B continued yielding positive results.

Details of the effective execution of these four key strategic building blocks are contained in the strategy section on pages 9 to 15 of this report.

We accelerated the build and deployment of high-speed data networks in Central and South America, and acquired Cable Onda in Panama during the last quarter of 2018.

We continued to focus on customer service and experience which included the implementation during the year of Net Promoter Score (NPS) as a key performance indicator measuring each customer touch point and segment.

Working in emerging markets influences our approach to business growth. In these developing economies and societies we must integrate our business strategy and corporate responsibility efforts to create shared value and promote sustainable development for all our stakeholders. Details of our corporate responsibility plan and stakeholder engagement are included in pages 16 to 21 of this report.

We can't accomplish all our goals without the dedication and skills of our people. During the year, we continued nurturing our strong company culture, which our people refer to as "Sangre Tigo".

Millicom understands the need to remain vigilant in the area of governance, compliance and business ethics. We believe Millicom and our Tigo brands should, and can, lead the way in these areas in all our markets. The Governance section of this report (pages 57 to 93) sets out Millicom's framework, approach and commitment to strong corporate governance. During 2018, we strengthened our Anti-Bribery Anti-Corruption policies and resources and enhanced our Anti-Money Laundering tools, systems, processes, and training to allow Millicom to more rapidly assess potential problems. We also incorporated compliance factors into executive incentive programs and developed a three-year strategic plan to enhance our Information Security programs.

Leadership for our company drives its success. On behalf of the Board of Directors, I would like to thank Mauricio Ramos, our CEO, and his executive team for their dedication and drive, and for inspiring every colleague to make *The Digital Lifestyle™* a reality for millions of customers in ways that benefit all our stakeholders.

As I step out of my role as Board Chair in early 2019 and pass the mantle to José Antonio Ríos García, I am confident Millicom's leadership will continue to position the business to create shareholder value, rewarding employment opportunities, and prosperity for the communities where we operate.

Tom Boardman

Former Chairman of the Board of Directors

For information on our business model, please see pages 9–15.

"I remain impressed by the dedication of our employees, and the clear and ethical purpose evident in the strategic and operating decisions the company makes every day."

Chairman's Message

Since joining the Board in May 2017, I have witnessed firsthand the strong, steady leadership of Tom Boardman, as well as the great strides Millicom has made in executing its strategy. On behalf of the Board, I thank Tom for all he has done to advance the company's vision, mission and purpose.

In January 2019, Tom passed the baton of Millicom's Chairmanship to me. Given the company's increased focus on Latin America, I look forward to drawing on my own experience both in the telecommunications sector and in the region, to help Millicom's team as they strive to advance the company's purpose and create value for shareholders.

Having already visited several of Millicom's operations, I remain impressed by the dedication of our employees, and the clear and ethical purpose evident in the strategic and operating decisions the company makes every day. Our robust business strategy and corporate responsibility framework have laid a solid foundation for even greater success moving forward. I welcome the opportunity to serve as the company's Chairman and look forward to doing my part to ensure continued success and growth for all our stakeholders.

Thank you.

José Antonio Ríos García
Chairman of the Board of Directors

Chief Executive Officer's Message

I'm very pleased to share this year's integrated report, because it highlights the most important and exciting ways Millicom manifested its purpose in 2018. That purpose remains clear: We build the digital highways that connect people, improve lives, and develop our communities.

We believe our core products and services make a positive impact on the lives of people in the countries we serve. By creating the infrastructure for digital communications and economies, we directly influence the development and advancement of these countries and the quality of life of our customers. We simply do not want ***anyone*** to be left behind, and our success as a company depends on that.

And 2018 was very successful on many fronts. We exceeded our goal to cover 10 million homes with our cable network, and we also hit our target of 10 million 4G customers. We were equally successful at delivering our service revenue and EBITDA growth targets, and we generated more than enough cash flow to continue to fund our network investments and to pay an attractive dividend to our shareholders. Consistent with our strategic plan, we also made great strides to increase our focus on Latin America, and we capped the year by completing our U.S. listing, allowing our shares to begin trading on the Nasdaq Stock Exchange in January 2019.

This strong performance can only occur by first having a clear understanding of the overarching factors critical to our success. Our business model must adopt and integrate rapid technological innovations to make these advancements both affordable and accessible in our markets.

We also understand that as a market leader, we have an obligation to ensure the technology we provide is being used responsibly and has the best possible outcome for the communities we serve. That is why we continue to promote initiatives that protect children online, promote digital literacy among vulnerable populations, and support privacy, freedom of expression and gender equality. This includes our renewed commitment to the United Nations Global Compact.

With that as our backdrop, we see Millicom as an essential bridge between investors who want to invest capital in developing economies and the individuals and businesses who will benefit from that capital. 2018 proved to be a year that overwhelmingly demonstrates how that bridge provides benefits in both directions.

I am delighted to highlight some of the most significant accomplishments Millicom made toward living our purpose and advancing our mission in 2018.

Mauricio Ramos
Chief Executive Officer

2018 Highlights

- Strategic Success: The strategy we introduced in 2015 and have continued to refine ever since keeps working. We delivered a successful year both operationally and financially. We closed 2018 ahead of our target of 10 million homes passed, while adding more than 400,000 new HFC customer relationships. We also increased the number of our 4G smartphone data customers by more than 3 million, which means that more than 10 million customers now enjoy our 4G networks available in all of our eight mobile markets. Our financial performance returned to steady growth. Millicom's revenue, EBITDA and returns on capital in 2018 improved on an organic basis, in contrast with the mixed performance in the broader telecommunications sector.
- Acquisition of Cable Onda in Panama: Taking advantage of our healthy free cash flow generation and our strong balance sheet in 2018, we made our largest acquisition since 2014, entering a new country with a fast-growing economy.

Cable Onda
https://www.youtube.com/watch?v=ZhNqenbymlE

- U.S. Listing: As a result of our recent listing on the Nasdaq Stock Market in the U.S., our shares now trade in the most developed market in the world under the ticker TIGO.

NASDAQ
https://www.youtube.com/watch?v=-SRJ8BBuvPk&feature=youtu.be

- Updated Corporate Responsibility (CR) Framework: In 2018, we took an in-depth look at ways we could better focus our CR activities to reflect emerging issues, the topics our stakeholders care most about, and the challenges we are uniquely positioned to solve.
- Corporate Culture and Talent Development: We paid special attention to maintaining and enhancing our strong company culture and took the time to better map and develop our talent. Our dedication to our people has been recognized. For the second consecutive year we were among the top 25 employers in Latin America across industries, and received "Great Place To Work" awards in many of the countries where we operate.

We are truly excited about our accomplishments in 2018 and optimistic about our future. The long-term plan we have shared with the Board of Directors reflects our view that there is enormous potential for growth over the next five years. I am confident that we have the right team in place to deliver on our promises and to continue to earn the trust of all our stakeholders.

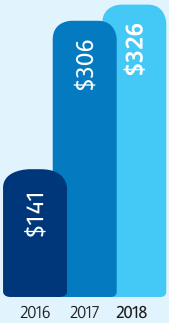
Thank you for joining us on this journey.

CEO Mauricio Ramos during the public announcement of Millicom's acquisition of Cable Onda in Panama

Millicom begins trading on the Nasdaq Stock Market in the U.S. under ticker symbol TIGO

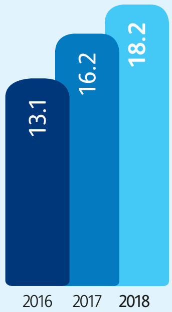
Financial & Operational Indicators

Equity free cash flow*
(US$m)

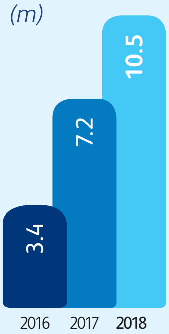


+6.6%
Year-over-year change

Return on invested capital*
(%)

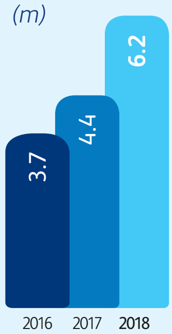


4G smartphone data users
(m)



+47.2%
Year-over-year growth

HFC Revenue generating units
(m)



+20.9%
*Year-over-year growth***

Corporate Responsibility Indicators

Employees who have acknowledged the Code of Conduct

91%

Strategic suppliers who signed the Code of Conduct

89%

Connected schools

1,300+

Connected women (participants in digital inclusion training programs)

117,000

**Equity free cash flow and Return on invested capital are non-IFRS measures. Please refer to page 196 for description of non-IFRS measures*
***Year-over-year growth excludes contribution from the Panama acquisition.*

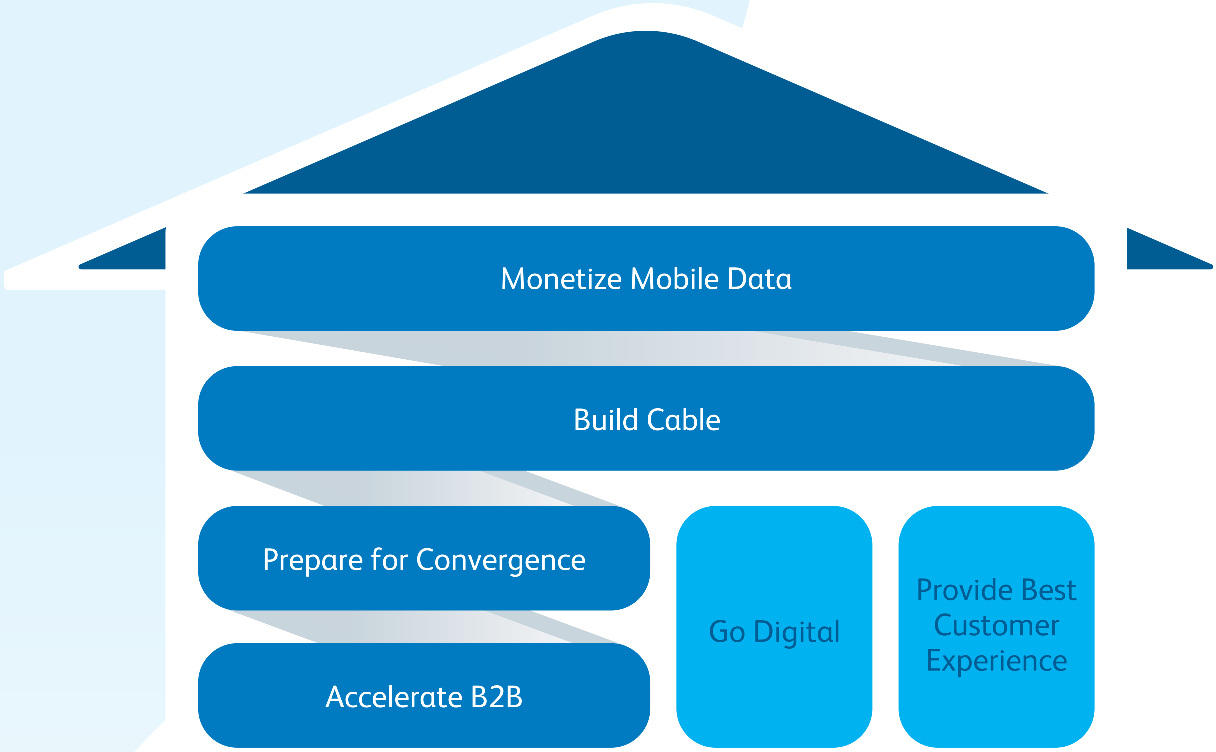
Our Business Strategy:

The Engine That Drives Our Purpose

Our Business Strategy:

The Engine That Drives Our Purpose

In 2018, a relentless focus on our business model for growth resulted in robust financial and social returns. The following carefully crafted strategies, executed with discipline, have helped us build a world-class organization that benefits shareholders and brings value to emerging markets and societies.



Monetize Data

A sound mobile data monetization strategy will continue to translate incremental growth into additional revenues through:

» Expansion of our 4G/LTE network;

» Transition to a postpaid subscription model; and

» Products and services that stimulate data usage.

In 2018, we continued to roll out our cable network, exceeding our goal of reaching 10 million homes. We also added more than 400,000 new HFC customer relationships.

Build Cable

Cable now represents 36 percent of our Latam service revenue with demand for high-speed data from both the business sector and individual customers driving continued revenue growth. To meet this demand, we are:

» Accelerating the expansion of our hybrid fiber-coaxial (HFC) network;

» Targeting acquisitions that complement our organic buildout, such as Panama's Cable Onda, which increases our cable exposure and significantly enhances our B2B capabilities; and

» Adding content and services to drive further growth in Average Revenue Per User (ARPU).

Prepare for Convergence

As we evolve from being a traditional mobile operator to a more comprehensive service provider, we are expanding our ability to offer convergent services that include both mobile and cable services to customers of all sizes. The deployment of IT solutions to efficiently market and support convergent solutions will help us:

» Differentiate ourselves in the marketplace;

» Generate new revenue streams;

» Increase customer satisfaction and loyalty;

» Reduce customer churn and costs; and

» Prepare for future network deployments such as 5G.

Accelerate B2B

Since launching in 2012, Tigo Business has enjoyed exceptional growth among its three primary audiences: multinational corporations, large local companies, and small and medium size businesses (SMBs). To accelerate this growth, we have made B2B fundamental to our strategy by:

» Differentiating the Tigo Business brand through excellent service and frontline execution and

» Selectively evolving our portfolio into Information and Communications Technology (ICT)-managed services.

"Business customers rely on Tigo's unique ring network for high quality and secure services across the region."

Santiago Londoño
Vice President, B2B Latam

Go Digital

Increased digitization of our processes and operations in 2018 drove efficiencies that benefit the company and customers alike. This transformation will continue as we:

» Provide superior digital journeys for our customers that will ensure we become or remain the operator of choice;

» Create new tools and an enhanced operational model so our teams can do their work more efficiently; and

» Offer next generation user-experience platforms that seamlessly integrate content across linear and on-demand channels. By the end of 2018, one such platform, Tigo ONEtv, was already present in half of our Latam markets.

"We mapped out our customer journey to digitize all touch points and offer a digital-first experience."

Miguel Garay
Vice President, Customer Experience

Best Customer Experience

At Millicom, living our purpose means much more than just offering a wide variety of products and services. It means knowing our customers and employing a truly customer-centric mindset that provides the products and services they want while taking care of their needs efficiently and effectively. We place our customers at the center of everything we do, and our purpose at the heart of every product and service we offer.

We care ***deeply*** about the journey each customer takes with our products and services. As we offer our customers more services and solutions and transition from a prepaid transactional to a postpaid subscription model, building long-term customer relationships becomes even more essential. Competition for subscribers has increased, and we need to carefully consider our choices of products and services, and the development and delivery of those services to ensure they fit with our business objectives.

To understand our customers holistically, we have introduced standardized experience metrics across all markets to monitor customer engagement, local and regional trends, and consumption patterns. This helps us deliver a consistently positive experience for all, regardless of their levels of engagement. Customers can also share and receive feedback significantly faster and more easily with us.

Our Customer Experience Strategy in Action in 2018

How well do we meet our customers' needs? Are we keeping our promises to them? Is the entire process as fast and easy as it could be? As a company, we strive to answer these and other questions by addressing the ***entire*** customer experience journey.

To prioritize customer care, in 2018 we:

» Created and implemented a regional playbook in each country that lays out our internal commitments and external promises to customers;

» Rolled out a new platform to manage E-care transactions, which increased to 80 percent the number of transactions we respond to within a specified timeframe; and

» Implemented Net Promoter Score (NPS) as a key performance indicator, measuring each customer touchpoint and segment via transactional NPS, as well as relational NPS.

The standardization of metrics in all markets is designed to provide an ideal and unified experience across the region.

Through NPS evaluations, we have found that our customers are more satisfied as a result of these changes, and we have also improved our bottom line: We reduced our overall customer care costs by 9.5 percent from 2017.

Starting in 2018, NPS has been included in the global compensation metrics for our Millicom and Tigo leadership, as well as market-level directors and managers. This decision to join NPS with the company's financial indicators demonstrates our dedication to place our customers at the center of everything we do.

Sports, Content and Mobility:

Tigo Sports

We are witnessing new consumer habits and growing expectations on the part of customers, where availability, opportunity and quality top the list of entertainment priorities.

In the case of Tigo, our response is to focus not only on building networks, but also on the generation and distribution of quality content through Tigo Sports and Tigo ONEtv.

When Tigo Sports first aired in 2014, it marked a defining moment for Millicom, as a broadcaster and content provider in Latin America. The channel is now available in each of our mobile markets in Latin America allowing subscribers to follow the latest headlines 24/7, and match coverage live and on-demand across an all-sports programing schedule that includes: soccer, rugby, futsal, handball, tennis, tabletennis, polo, athletics, mixed martial arts, and fitness.

The 2018 FIFA World Cup Russia™ created the perfect convergence of mobility, content, and sports. The growing mobile penetration in Latin America, as well as the adoption of smart mobile devices, provided users in the region with a digital, mobile and interactive experience for the first time. We took this opportunity to offer our customers a new experience, to live the passion of the 2018 FIFA World Cup Russia™ from their smartphone and tablet, through our exclusive Tigo Sports App. We also launched the channel Tigo Sports+ in Paraguay to expand our transmission channels during the World Cup. In addition to having exclusive rights for the transmission of various matches country by country, the broadcasts were 100 percent HD.

Tigo Sports Russia 2018
https://youtu.be/FVYoHgLrHzU

With state-of-the-art studios in most countries, today Tigo Sports is the leading sports broadcaster in Paraguay, Guatemala, Colombia, Costa Rica, Bolivia, and El Salvador.

Tigo Sports and the 2018 FIFA World Cup Russia™

- *Addition of more than 900,000 active users during the World Cup*
- *72.5 million minutes of live programming*
- *Average of 55 sessions per user during the month of June of our Tigo Sports App and Web*

The Essential Connection:

Corporate Responsibility and Strategic Success

An integrated approach to external affairs and stakeholder engagement

Working in emerging markets influences our approach to business growth. However, achieving this requires a multi-pronged approach with all stakeholders, including policy-makers, regulators, multilateral organizations, and NGOs. In these developing economies and societies, the integration of our business strategy and corporate responsibility efforts is required to create shared value and promote sustainable development for all our stakeholders.

To ensure all efforts are unified and point toward our ultimate purpose, our external affairs team oversees regulatory affairs, government relations, corporate responsibility, and corporate communications. This structure provides a holistic approach to risk management, stakeholder engagement, and communications, and enhances integrated analysis and strategic decision-making.

We believe progress is inseparable from the adoption of digital tools. Digital technology has the power to transform lives, helping people move out of poverty and into the mainstream economy, enhancing quality of life through improved access to health, education, financial services, and employment. As we continue to build digital highways, we promote the adoption of these rapidly developing digital tools that can impact every aspect of life and which allow individuals and communities in the countries where we operate to enjoy their full potential.

The opportunities for our business to grow depend on stable and well-functioning governance systems in the countries where we operate, a growing customer base that can afford our products and services, a committed and talented workforce, and our ability to demonstrate environmental and social responsibility. Our commitment and approach to corporate responsibility empower, protect and enhance the capabilities of our customers, our staff, and our suppliers, and create sustainable value. In essence, doing business the right way, "future-proofs" our business and provides opportunities for growth.

"Our CR program helps us 'walk the talk' by directly addressing the wider impacts our business operations have on society. It guides our efforts to support socio-economic progress in the markets we serve with technological expertise. It informs our actions to protect those who may become vulnerable by using our services. And it helps us identify the best ways to solve larger societal issues wherever and whenever we can. Together, these efforts help us maintain our license to operate and build trust with key partners."

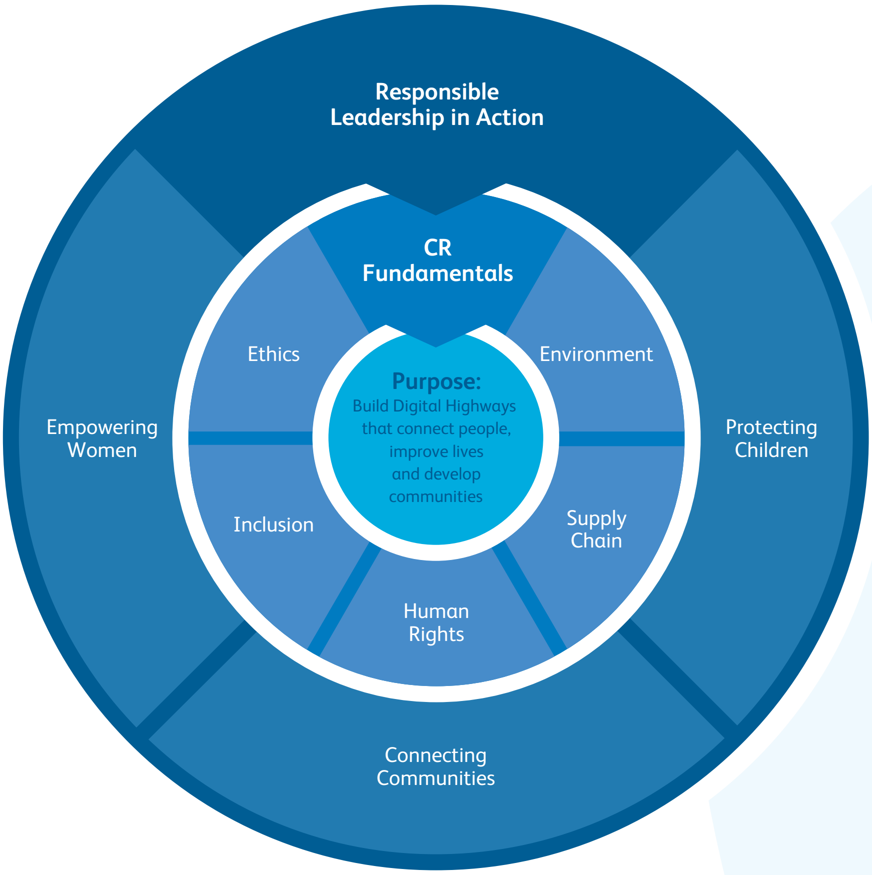
Rachel Samrén
EVP, Chief External Affairs Officer

Materiality Assessment and Stakeholder Engagement

For years, we have worked with a variety of local and international partners, such as the GSMA, UNICEF and the Global Network Initiative (GNI) multistakeholder initiative to acquire a deeper knowledge of the challenges we face and how best to tackle them in our markets. Since 2012, we have also conducted biennial materiality assessments that engage broader groups of stakeholders.

In 2018, in preparation for developing an updated Five-Year Corporate Responsibility Plan, we engaged even more in-depth and broadly with all our key stakeholder groups to better understand their concerns and priorities and ensure our CR strategy and reporting remain relevant and responsive to newly emerging topics in our industry.

As an integral part of our work, Business for Social Responsibility (BSR), a global nonprofit consultancy organization, conducted a comprehensive materiality assessment which comprised over 25 internal interviewees, including our senior and middle management across multiple business functions and markets, a wide range of stakeholders covering our shareholders, communities, customers, and employees, and BSR's vast network and deep expertise in corporate responsibility. The Materiality Assessment confirmed that we were on the right track with the key issues that we have covered since 2014. BSR's research also identified opportunities to accelerate the impact digital highways have on the economic and social value created by Millicom's core purpose, and to leverage Millicom's core assets: our employees and our strong reputation in communities.



“Sustainability is not something you do on the side. In the long run, it is the only way you create wealth for shareholders.”

Kinnevik AB

Our Updated CR Framework

With fresh and thorough input from our extensive stakeholder engagement process, we updated our Corporate Responsibility (CR) framework to show the strong connection between our core business purpose, the essential elements of our CR work and our commitments to protect children online, empower women, and connect communities.

With our purpose at its center, our framework has two core elements: 1) Corporate Responsibility Fundamentals, and 2) Responsible Leadership in Action.

CR Fundamentals

Corporate Responsibility Fundamentals groups the areas that are a prerequisite for the health of our business and the societies in which we operate. To position ourselves in a fast-paced and competitive digital world, we must handle our everyday interactions with high integrity and ethics and zero tolerance for any form of corruption. We must also carefully consider our actions in the physical world and continue to do business with suppliers that have strong environmental and human rights standards and practices; build more environmentally friendly, efficient and resilient digital highways; become and remain the employer of choice; and build an organization where people feel empowered and encouraged to be the best version of themselves. Initiatives in these areas help us use the resources we depend on wisely and responsibly and, through our influence across the value chain, create a positive ripple effect throughout our markets.

Responsible Leadership in Action

Responsible Leadership in Action identifies the areas that differentiate Tigo in our markets. The expansion of our networks and the adoption of a digital lifestyle in emerging markets, significantly supports access to education, work, and health. Through our flagship programs for ***children, women, and communities***, we tap into our specific knowledge, resources, and core business activities, putting them in the service of shaping digital spaces that allow people to connect and prosper.

Why these three pillars? Because by addressing each with distinct approaches and carefully crafted initiatives and partnerships, their combined impacts offer potential synergies for prosperity and social resilience. For example, we seek to help as many children as we can to safely explore, learn, and grow through digital tools. We take concrete steps to educate children, parents, teachers, and caregivers on the risks and opportunities of digital technology, and we strive to protect their rights throughout our value chain. We train women and girls on digital literacy and entrepreneurship to empower and enable them to take advantage of the digital world. Finally, because we believe connected communities are stronger communities, we help them prosper by building digital highways, providing digital education and equipping them with access to technology.

Topics in each category will align with the United Nations Sustainable Development Goals (UN SDGs), and are embedded throughout our whole organization. Our CR team works closely with other departments to support them in the successful execution of the strategy. To learn more about governance of CR at Millicom, see pages 89 - 90 of the Governance section of this report.

“You would not build a school without doors. By the same token, we work so that the digital spaces we make accessible are also safe for new generations of digital citizens.”

Mauricio Ramos
Chief Executive Officer

CR Goals and Five-Year Plan

Our updated five-year corporate responsibility plan lays out the company's goals and benchmarks for 2019 - 2023. Our employees, customers, and investors increasingly show interest in how we add environmental, social, and economic value for all stakeholders. Our new plan helps us address their expectations. We also know our CR activities unlock business opportunities, such as the untapped potential for cost savings, efficiencies, enhanced network resilience and customer solutions, while reducing our energy consumption and carbon footprint. Our flagship programs designed to empower women, protect children and connect communities, promote the access and use of digital services in a safe, productive, and life-enhancing manner.

Summary CR Five-Year Plan: 2019 - 2023

CR Fundamentals

Ethics

- Build a strong corporate culture that seeks compliance excellency; an ethics business culture, where employees at all levels are committed to doing what is right, upholding the company's values and standards.
- Have a Compliance & Ethics Program that is central to the business strategy, effectively embedded in the business processes and procedures, and focusing on the actual impact the company's program has in the countries it operates in, on our employees, customers, stakeholders and communities.
- All operations are recognized by local authorities and/or international organizations in their fight against corruption.

Supply Chain

- Enhance due diligence processes by including sustainable procurement criteria for strategic suppliers. Extend related training to procurement team.
- Train all suppliers with Group spend of more than US$1million by 2023, and measure their progress on corrective action plans through a sustainable procurement platform and audits.

Environment

- Enhance standardization of data management and reporting of baselines and targets to achieve cost savings and the reduction of our carbon footprint.
- Environmental impact assessments of all operations executed by 2021, including issue prioritization and remediation plans.
- Increase and measure waste revenue streams, and reuse and recycling of consumer devices.
- Develop and implement a comprehensive strategy for climate change mitigation and resilience for Tigo operations and customers.

Inclusion

- Build an inclusive work environment that is representative of our workforce, the markets where we operate, and the customers we serve.
- Promote a culture of inclusion through policies, procedures, and regular training, and activities that foster employee collaboration.
- Enhance employee wellness and growth through policies, programs, and practices designed to fulfill their aspirations for professional and personal development.

Advancing Human Rights

- Consolidate and enhance human rights policies and practices covering privacy, freedom of expression, supply chain, and vulnerable groups to meet United Nations Guiding Principles on Business and Human Rights standards.
- Develop and deploy a Human Rights Impact Assessment (HRIA) toolkit for all Latam markets by 2019.
- Roll out human rights training in all Latam markets by 2020.
- Protect customer rights to privacy and freedom of expression in accordance with Global Network Initiative's (GNI) principles and obtain positive assessments of policies and practices.

Responsible Leadership in Action

Protecting Child Rights

- Continue our Child Online Protection education program to reach more children, adolescents, parents, teachers, and caregivers.
- Expand Child Online Protection training for our employee volunteer program by creating online training platform in all our operations.
- Conduct research programs in each market on the use of technology by children and adolescents to tailor content and adapt child online protection training based on results and insights.
- Continue our efforts in preventing access to online child sexual abuse material through our networks by continuous implementation of blocking mechanisms region-wide, and advancing industry initiatives.

Empowering Women

- Conduct assessments in Latam markets on socio-economic conditions and technological capabilities of women and girls who are the beneficiaries of our programs to measure benefits achieved through trainings.
- Continue our programs to reduce the gender gap in the use of mobile technology.
- Implement regional strategy to advance digital literacy with educational programs on basic and advanced digital knowledge and entrepreneurial skills.

Connecting Communities

- Measure impacts of connectivity in communities targeted by our programs to assess improvements in socio-economic conditions of beneficiaries, and optimize program content and resource allocation.
- Continue bringing internet connections to schools and public institutions in vulnerable communities throughout Latin America, through collaborative partnerships with local government and NGOs.

Enterprise Risk Management

Our Enterprise Risk Management (ERM) program remains a critical part of our business strategy. We have carefully aligned our approach to balancing risk with reward with our business objectives to protect our stakeholders and deliver sustainable value.

Risk Landscape and Appetite

As an international mobile and cable services company operating in emerging markets across Latin America and Africa, identifying and managing risk plays a significant role in our decision-making process. Our markets expose us to an inherently higher degree, and potentially different sets of risks than similar companies operating in larger, more established and mature economies.

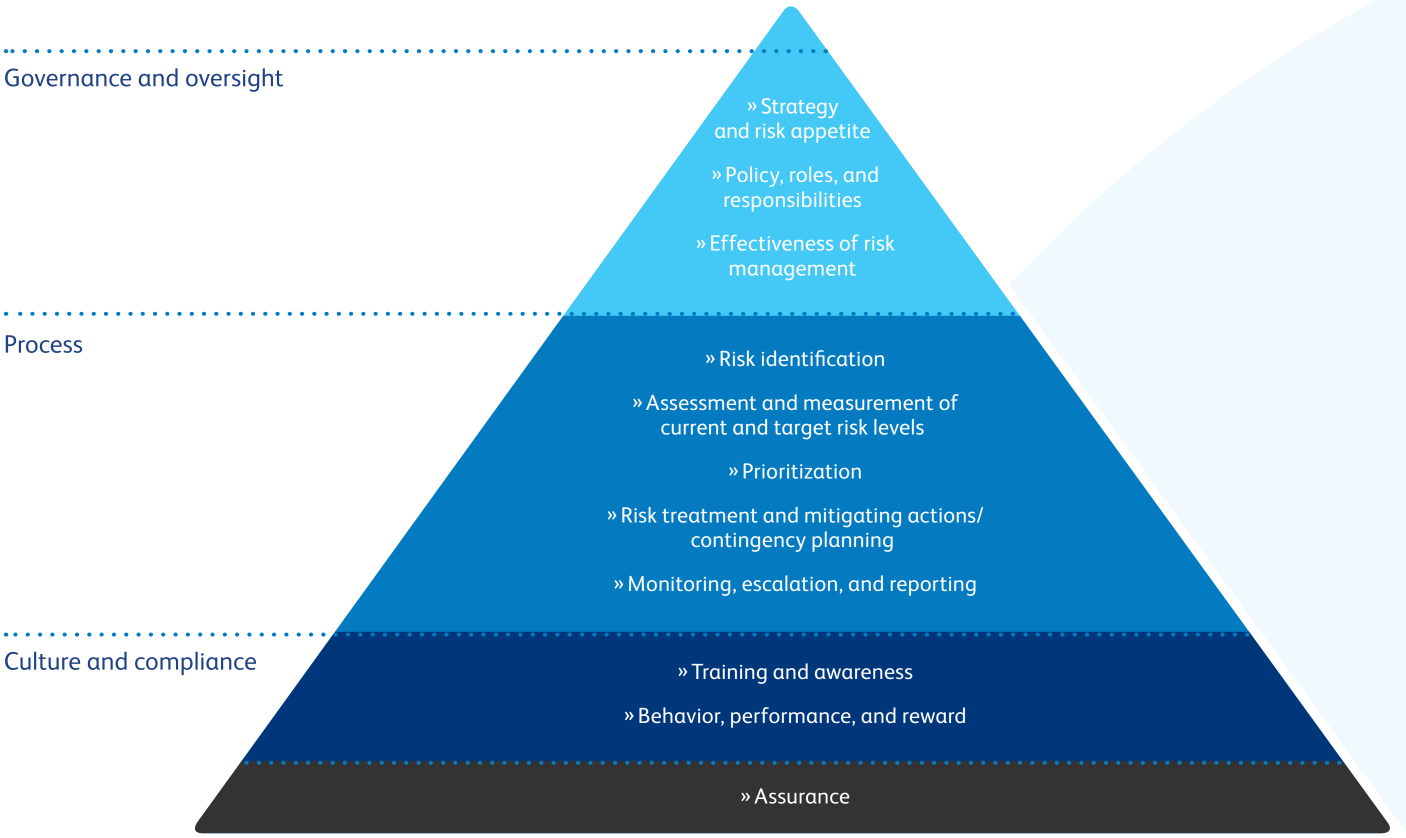
In addition to risks associated with our geographical footprint, rapid change in mobile telephony and cable technology can have a significant impact on the demand for our services, and our ability to generate sufficient returns on the investments we make.

As a consequence of these factors, we have a higher risk appetite than many of our peers in the telecommunications and cable industry, and a wider risk profile than many international businesses. We accept the risks inherent in our businesses and markets to the extent that opportunities for sufficient returns exist and on our ability to adopt appropriate systems and controls to manage those risks.

Risk Management Framework and Approach

We approach risk management consistently across the entire business, identifying and managing risks strategically at the Board and Senior Management levels and through in-depth processes and at transaction level by key business unit leaders and staff in our operating countries. We embed risk management processes in our operations both geographically (by country) and functionally (by business area), developing and implementing action plans that seek to balance risks with returns, within pre-determined risk appetite levels.

The pyramid below illustrates Millicom's Enterprise Risk Management (ERM) framework.



We classify key risks into six broad categories:

» Strategic

» Financial and competition

» Operations and execution

» Political and regulatory

» Governance, compliance, and reputational

» People and culture

Evolution of risk in 2018

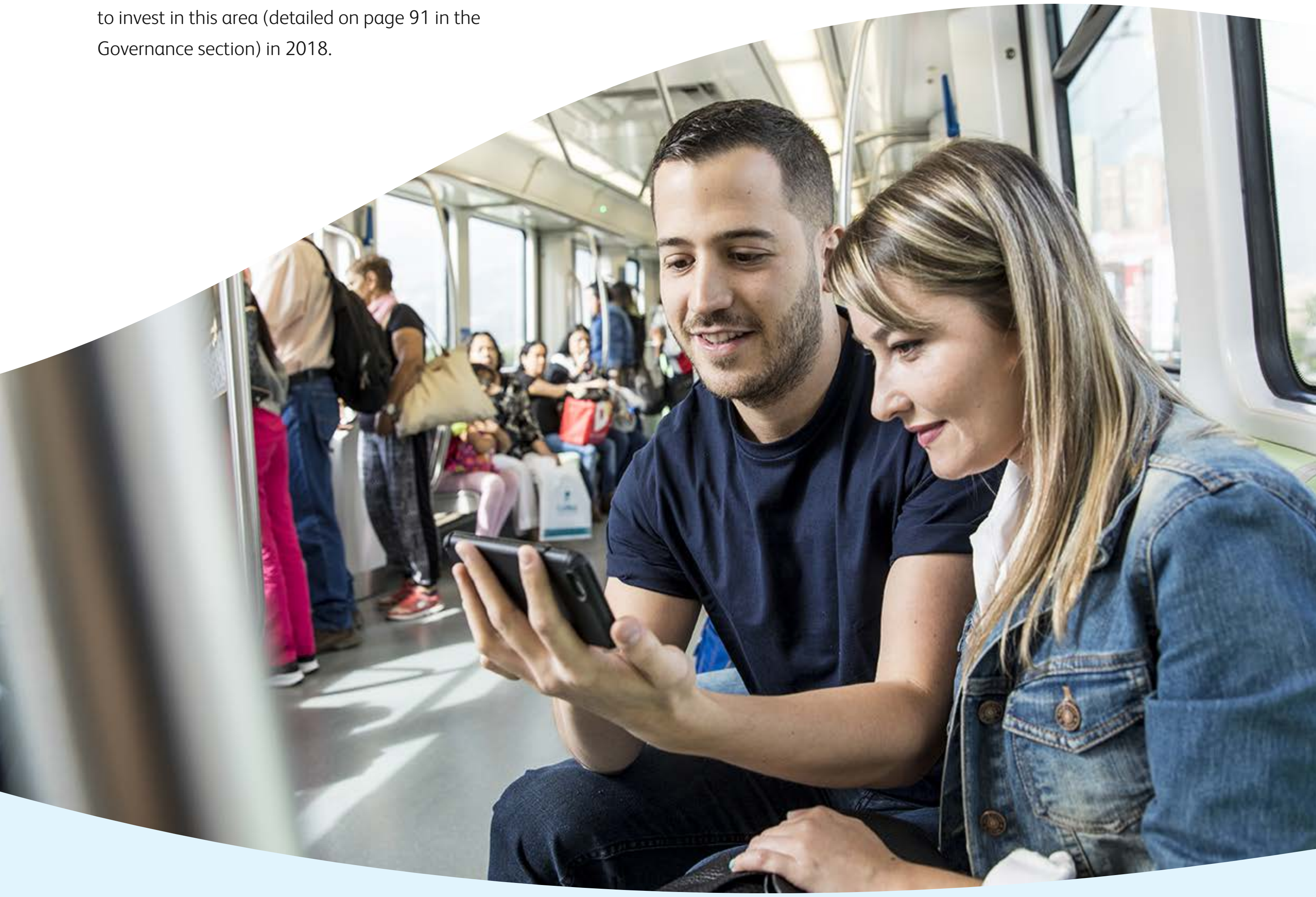
In 2018 Millicom continued to experience a degree of regulatory and macro-economic uncertainty in many of the countries in our footprint. The ongoing shift in our business profile to Latin America, including the addition of Cable Onda in Panama, further increased our exposure to the region. However, while many countries in Latin America experienced economic, political or currency volatility in 2018, our key operating countries remained relatively stable.

Information and network access security, including protection of customer data and cyber security in general, continue to increase in importance for all consumer-based businesses. We continued to invest in this area (detailed on page 91 in the Governance section) in 2018.

Our senior leadership team remained unchanged during 2018, a key enabler in executing on our strategy and driving both short-term and longer-term initiatives, including those on leadership, culture and succession planning.

In preparation for our U.S. share listing, we refined the way in which risks are identified, measured and assessed, introducing a more consistent methodology and processes that strengthens our resilience and reduces uncertainty. Our risk and internal control programs are aligned in our Sarbanes-Oxley implementation plan.

While we manage and monitor many more risks within the Millicom risk universe, we have highlighted here the areas of risk that were a key focus for Millicom in 2018.



Risk	Mitigation strategy
Competition and Customer Experience: Competition for subscribers has increased in post-paid higher ARPU customers, with quality of service, innovation and converged offerings as key differentiating factors.	Our evolution from a prepaid to a subscription based business continues to stabilize and enhance the quality of our customer base. See page 14 for information on how we have invested in processes to improve customer experience and gain insights.
Financial and Macro-Economic: Unfavorable macro-economic conditions may reduce customer ARPU and impact our financial results and cash flows.	We carefully analyze the timing and amounts of cash flows required to service our debt while balancing operational cash flow needs, and we repatriate cash as quickly as possible.
Political and Regulatory: Lack of transparency and predictability in regulation, and regulatory and tax rulings can lead to associated penalties and reputational damage, as well as operational change requirements. Indirect taxation and regulatory pressure through tariffs, taxes and service penalties continued to increase in 2018, a trend that we expect to continue in the future.	We monitor elections in the countries where we operate and review potential changes in regulations on an ongoing basis. We implement efficiency programs in all aspects of our business to offset the impact of newly introduced or expected changes in taxes and regulations. A number of countries in our footprint held planned government elections during 2018. To date, the outcome of these elections has not had a noticeable impact on our businesses.
Technical Transformation and Convergence: Failure to set up business structures and models that facilitate efficient and effective operations could negatively impact competitive positions, and business value.	Millicom has evolved from a traditional mobile operator to a provider of a comprehensive range of services through fixed line, mobile, satellite, and MFS platforms. To learn more about our business strategy and goals to prepare for convergence see pages 9 - 15.
Portfolio Management: The acquisition or retention of businesses either poorly aligned to strategy, or which are overpriced, risk bringing lower than required return on investment, and inefficient allocation of capital and resource.	We carefully consider opportunities to acquire, merge, or divest businesses in light of market dynamics, portfolio balance, and long-term value creation. We have been managing this risk, in part by selling some operations in Africa and expanding our footprint in Latin America through the purchase of Cable Onda in Panama.
Networks and Infrastructure Resilience: Disruptions to service, or compromised ability to restore services to customers in acceptable time frames, can cause loss of revenue, increase expenses, and have a negative impact on customer experience.	Our network resilience controls and mitigating activities include network redundancy, as well as business continuity management plans which are tested on a regular basis.
Cyber Security and Data Protection: Information security and data protection increasingly place a burden of compliance and responsibility on companies like ours who retain, handle, and process sensitive customer data.	We have processes in place to regularly assess threats and vulnerabilities to security breaches. Learn more on page 30 about the initiatives we implemented in 2018 to improve protection of critical systems, and ensure compliance with relevant data protection rules.
Spectrum and Licenses: The availability of licenses and spectrum is limited, closely regulated, and often expensive. Not obtaining these from regulators or third parties at a price we deem to be commercially acceptable, or at all, remains a risk.	We often negotiate renewals/retention in the initial allocation contracts and we carefully consider opportunities to acquire new spectrum based on spectrum quality, fit with network needs, and customer demand. During 2018, we successfully obtained and renewed the spectrum we need to continue to operate our businesses, including acquiring new spectrum in El Salvador and Paraguay.
People, Workplace and Well-being: Our geographical footprint sometimes exposes employees to situations which may threaten their personal security.	We manage the health, safety, and well-being of staff based on international standards, industry best practice, and advice and support from local authorities. To learn more about our approach to employee health, safety, and security see page 44.
Compliance and Ethics: A lack of accountability and discipline in ensuring sufficient anti-bribery, anti-corruption, and anti-money laundering procedures and controls could result in potential penalties, fines, reputational damage, and operational restrictions.	Through clear policies, training and monitoring activities, we ensure that all our staff remain aware of the risks to them as individuals and to the company and know how to act if faced with risk in these areas. See pages 75 - 76 for more information on our anti-money laundering, anti-corruption and other business ethics action items in 2018.

Living Our Purpose Spotlight

Interview with Marcelo Cataldo

General Manager of Colombia Operations

Q: What role does Colombia play in Millicom's regional strategy and growth plans?

A: Colombia already represents 30 percent of revenue for Millicom in Latam region. Despite strong competition for our services in the country, we see a large upside opportunity to capture market share.

Q: What are your goals for Tigo in Colombia?

A: Connect every Colombian. By successfully executing our core business strategy, we are poised for even greater growth by:

» Increasing 4G penetration from its current 30 percent and capitalize on the country's significant innovation appetite.

» Raising residential internet penetration from its current level near 40 percent.

» Transitioning customers from prepaid transactional (currently at around 80 percent) to a recurring subscription model.

Q: How do you see these business objectives connecting to Millicom's purpose and corporate responsibility initiatives?

A: By increasing our overall penetration of internet users, we will give each Colombian an important tool to access the world. Building digital highways also advances the socioeconomic development of Colombia, bringing the latest innovations to our democracy and fast-growing economy. We're proud of how our 2018 achievements have contributed to Colombians' quality of life.

Significant Accomplishments in Colombia in 2018

» Provided data transmission services for three major elections, including the Presidential election, which helped 19 million Colombians vote across 1,000 different cities. TigoUne received a letter of congratulations from the Colombian government for delivering results in fewer than three hours.

» Served as technology partner for the Central American Olympic Games.

» Launched Tigo ONEtv, an integrated linear and nonlinear TV choice that has so far garnered 20,000 customers, and is gaining momentum.

» First to introduce unlimited mobile data plans.

» Achieved 50 percent occupancy in our new datacenter in less than a year.

Q: Issues around transparency, corruption, and inappropriate use of the internet are sometimes raised as red flags by the investment community and other stakeholders when doing business in Latin American countries like Colombia. How do you respond to these?

A: I am proud that Millicom holds itself to the highest standards of accountability and transparency and is a model for other companies working in the region. We have taken a leadership role in protecting children's rights, freedom of expression, and anti-corruption issues. In 2018, our Colombia operation:

» Ranked as one of the top five companies in Colombia in an assessment conducted by the Global Transparency Survey (GTS).

» Ranked as one of 24 most transparent companies in Colombia and the only telecommunications company to receive a certificate from Colombia's Secretary of Transparency.

» Conducted TigoUne research in partnership with Universidad EAFIT in Medellin to assess the risks and opportunities in the use of information and communications technology by children in their day-to-day lives (see pages 34 - 35 for more).

» Launched Contigo Conectados in Spanish (https://contigoconectados.com/) using TigoUne research. This new CR campaign focuses on education, cyberbullying, excessive internet use, safety, social capital and participation, health, and the digital gap through proactive mediation, social innovation, and enhancing digital competencies.

Q: What's ahead for Millicom's Colombia operations?

A: We're excited about the opportunity to carry on Millicom's mission to provide the best, most secure digital highways. We want to be the first choice for customers in all our markets. Looking ahead to 2019 in Colombia, we want to connect ten new cities for the fixed business, increase our ability to reach more individuals in rural areas, and grow our 4G footprint.

Living Our Purpose Spotlight

Santiago Londoño, Vice President B2B shares updates on Tigo Business

Q: What did 2018 hold for the Tigo Business brand?

A: By helping thousands of businesses transform and grow with our secure, high-speed business broadband services, we continued our evolution to become the strongest player in the region, solidifying our positioning as the #1 brand in five out of the eight countries we operate in. In 2018, we strengthened the brand's ability to serve multinational companies, large local businesses and small and medium-sized businesses (SMBs) through three notable initiatives: a fiber ring that connects Latam countries, network resilience and several exciting SMB initiatives.

Q: How has the new fiber ring benefited all Latam countries, including our new customers in Panama?

A: Expanded in November 2018, our fiber ring which connects 12 countries from Mexico to Argentina provides a high-performance infrastructure that allows us to offer a single, connected network. This expansive, integrated network resulted in increased availability, greater transport capacity between countries, unified regional support, and network resilience to natural disasters and emergencies. With this new capability, Millicom can now widen its communications services, datacenter, cloud, and co-location to companies wanting to connect their offices or branches throughout the region.

Q: Why and how have you prioritized network resilience?

A: Tigo Business customers need reliable, consistent connectivity because their livelihoods depend on uninterrupted access to the tools and services they need to succeed. In 2018, we began the first phase of moving to a cluster working model, in which all applications can be hosted and replicated across the region within Tier III datacenters, integrated through the expansive South American ring network. This in turn helps us achieve business continuity management plans to help minimize any disruption or compromised ability to restore services in acceptable timeframes.

Q: Can you share some of the 2018 Tigo Business initiatives that helped SMBs succeed?

A: In 2018, we rolled out our first SMB convergent offer in Bolivia. For a fixed monthly price, customers there can take advantage of "Soluciones a tu Medida" by purchasing a service package based on individual needs. This package includes internet, HFC, mobile, and cloud solutions. With year-over-year growth of ten percent, the SMB segment represents an exceptional opportunity for Tigo Business to expand. It also supports our social purpose to help communities and economies prosper. Increasingly, commercial success depends on being connected, offering online distribution and sales channels, enabling web-based customer communications and service, and operating business-critical functions in the cloud.

Coffee Cup, El Salvador
https://youtu.be/N1kro5OKTME

Business Forum, Guatemala
https://www.youtube.com/watch?v=eJLJnkWbkwE

Living Our Purpose Spotlight

Respecting Human Rights and building a Culture of Privacy

At Millicom, part of building digital highways for our customers includes retaining, handling and processing sensitive data. As companies like ours face increasing levels of scrutiny and regulation around information security and data protection, we are focused on building a culture of privacy both internally at Millicom and in our markets.

Internally, we have created a cross-functional task force to make sure these initiatives are being applied throughout the company. In 2018, we created a Global Privacy Policy and worked on compliance with the General Data Protection Regulation (GDPR) in the EU.

The launch of the policy was followed by a company-wide Privacy Day Awareness Campaign stressing the policy's key elements and the importance of strong privacy practices. The policy implementation includes the designation of privacy champions in each business function at corporate and operational level, the implementation of our Privacy Management Tool to manage personal data processing activities and reporting, and mandatory online trainings for new hires and on an annual basis for the entire organization.

This past year, we also built on our global Human Rights Impact Assessment (HRIA) conducted in 2017 and developed operation-level HRIAs. We did this by partnering with Business for Social Responsibility to customize and improve the tools used to assess human rights issues related to our business. In 2019, we will deploy an HR impact assessment toolkit in all our markets, and enhance employee training on human rights and the use of these tools.

We also participate in the Global Network Initiative (GNI), a collaborative network of NGOs, businesses, and academics who adopt a set of principles which are designed to promote privacy and freedom of expression when faced with government pressure to hand over user data, remove content, or restrict communications. Every two years, the GNI conducts an external assessment of company policies and practices to determine whether the company is making a good faith effort to meet those GNI principles. Our first assessment was conducted in Q4 2018. We will disclose the results from the assessment within six months of its completion.

We recently revised our Policy for Law Enforcement Assistance and Major Events and adopted a new Governance Process for Human Rights Risks Related to Freedom of Expression and Privacy to strengthen our assessment of such risks and our commitment to protect our customers' rights. You can also review our Law Enforcement Disclosure Report here.

In 2018, Millicom also accepted an invitation to serve on the Freedom Online Coalition (FOC) Advisory Network, comprised of governments that have committed to work together to support internet freedom and protect fundamental human rights – free expression, association, assembly, and privacy online – worldwide.

Living Our Purpose Spotlight

A Commitment to Data Security for our Customers

We take data security seriously and know our customers do too. Our processes for network and IT systems development include regular assessments of threats and vulnerabilities to security breaches, as well as the deployment of resources to mitigate those risks. The following key initiatives kicked off in 2018:

» Formalized the Global Information Security Office (GISO): The office assumed responsibility for strategy, tactics, and oversight of all information security efforts within the broader Millicom environment.

» Developed a Global Security Operations Center: With 24/7 monitoring and analysis, the center consolidates and centralizes all local security operations management into a single, all-encompassing global information security operations center. Initial locations were rolled out in 2018, and we will complete deployment in late 2019.

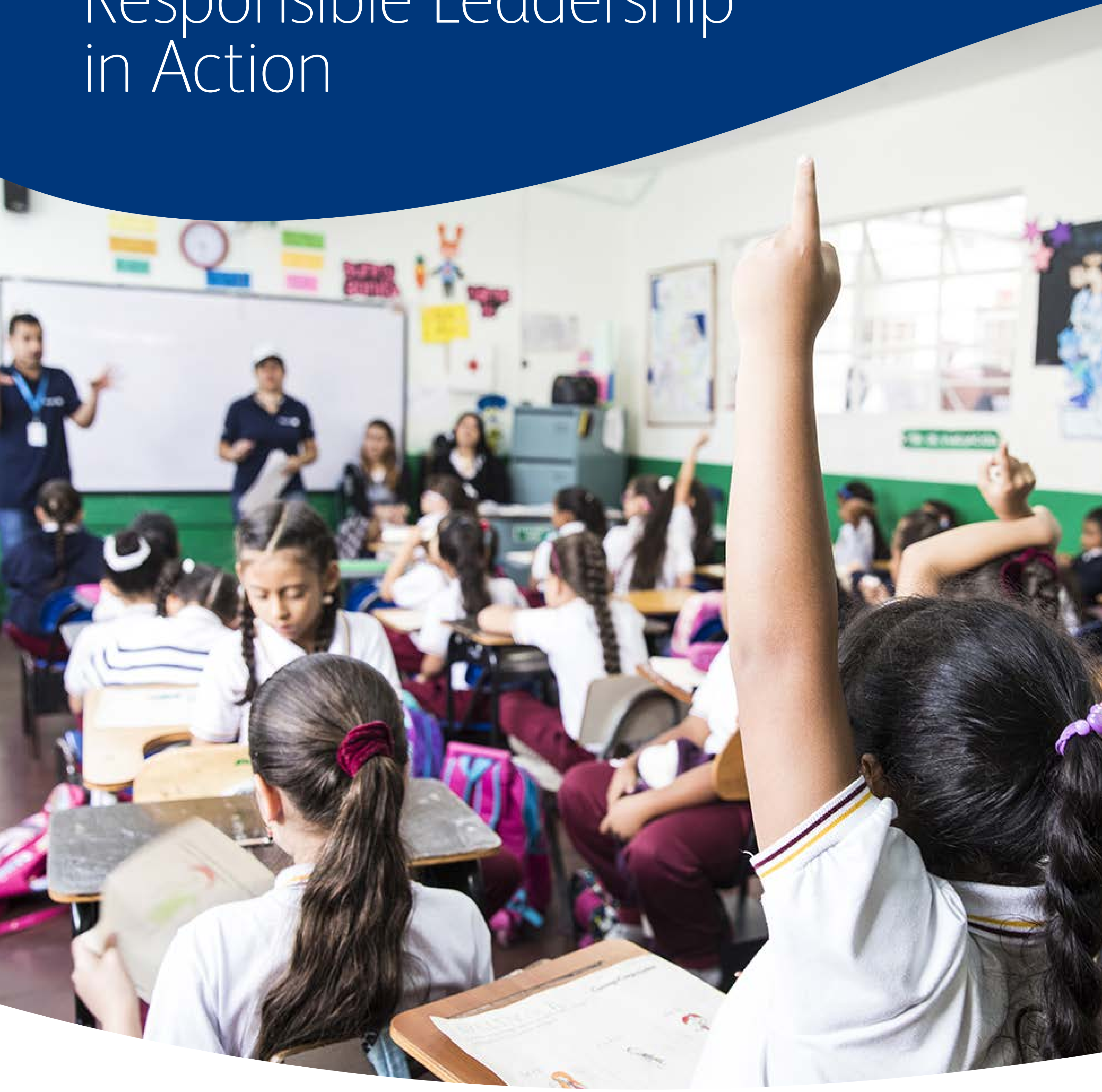
» Created a Global Vulnerability Management Program: To provide better insight into the technical security risks of the company, this program identifies and tracks risks and vulnerabilities within all operations. We initiated the program in 2018 and expect full rollout by the end of Q3 2019.

» Developed a Global Identity and Access Management Program: Millicom initiated steps to centralize all business and critical access provisioning to more effectively manage user access, especially with respect to U.S. regulatory requirements. Phase One will address all regulatory requirements by the end of Q3 2019, with remaining deployment running through mid-2020.

For additional details about our approach to data security, see page 91 in the Governance section.

Performance:

Responsible Leadership in Action



Women, Children and Communities

As a company, we do more than just offer communications services. Our purpose is to build digital highways that connect people, improve lives, and develop communities. This purpose guides the actions that we take and how we conduct our business responsibly.

This larger, overarching purpose puts us in a unique position to act as agents of positive change in the lives of our customers and communities we serve. Our approach to connectivity and the building of digital highways go hand in hand with setting our corporate responsibility programs and goals.

For example, gender inequality and poverty are risk factors in the countries where we operate because they limit the market for our products and services. By educating women and giving them digital tools to enhance their livelihoods, we seek to unleash their confidence and power to create durable prosperity in their communities. Similarly, our public education efforts and engagement with youth provide social benefit and new opportunities to children in Latin America, while helping us cultivate the informed, connected, and self-sufficient customer base we aspire to serve.

Connecting Communities: Schools in El Salvador

Internet connectivity has become an essential part of educational success. We support the ICT Alliance for the Americas and its efforts to connect all schools in Latam through joint action by 2030. As an example of that support, we are providing internet connectivity to 350 public education centers in El Salvador. In 2018, we also delivered 25,000 tablets across more than 1,450 public education centers that have benefited approximately 66,000 students.

Learning to Code in Bolivia

To help Bolivian children access digital knowledge and future employment opportunities, Tigo Bolivia has implemented a program with local partner COGNOS-COGNOTEC, to teach coding skills to primary and secondary school students in public schools. This program was launched in 2017. To ensure continuity and capacity building, schools commit to continue with the program after the first year. This allows the inclusion of 45 new schools every year and the continuity of the courses. By the end of 2018, 38,267 children and adolescents had received this training.

Key Activities and Accomplishments

In 2018, we leveraged varied opportunities to create value and benefits for both Millicom and the communities we serve. Each initiative described in this section underscores how Empowering Women, Connecting Communities, and Protecting Children remain essential chapters in Millicom's story.

Empowering Women: Our "Conectadas" Initiative

Gender equality expands economic growth, promotes social development, and enhances business performance. Digital financial services can increase the participation of women in the workforce and create opportunities for women in the formal market economy. According to the UN[1], the full incorporation of women's capacities into labor forces would add percentage points to most national growth rates - double digits in many cases.

Connectivity can also help women bypass social restrictions and lead to better outcomes for their own livelihoods and their children's health and education.

Females comprise half of our potential consumer base and available talent pool for employment. In 2018, we stepped up our commitment to women's empowerment by committing all country operations to the Connected Women Initiative. This program from Groupe Spéciale Mobile Association (GSMA) strives to reduce the gap in the use of mobile and internet between men and women by 2020. By providing women with our technologies and services, we unlock opportunities and knowledge that allow families, communities, and economies to prosper and thrive.

As we strategically promote digital highways and connectivity, this game-changing initiative helps narrow the gender gap. In El Salvador alone, "Mujeres Conectadas" (Connected Women) trained 30,000 women on how to use smartphones, protect children online, and manage finances with Mobile Financial Services (MFS). Our goal by 2020: increase the total number of women trained in El Salvador to 100,000 and arrive at 50/50 gender parity.

Furthermore, our Women's Digital Inclusion program in Guatemala in partnership with the NGO Sheva, provides training to women and girls to reduce the digital gender gap, teaching them about the advantages of using mobile technology in their day-to-day lives. Training content includes online safety, privacy, and responsible use of social networks, among other areas. By the end of 2018, 23,848 women had been trained. The program began in Guatemala in 2017. Due to its success, it will be rolled out to all other Latam Tigo operations in 2019, complementing the digital inclusion programs already underway or serving as the initial program on this topic.

In 2018, our gender parity efforts in Guatemala received recognition again by the Equals in Tech Awards. Of 357 nominations from 80 countries, we ranked among the top five finalists in the Leadership II Category and among the top 15 overall.

[1] *https://sdgcompass.org/sdsg/sdg-5/*

Protecting Children

As information and communication technologies rapidly penetrate all regions of the world, the use of these technologies increasingly informs children's experiences. While these tools provide opportunities for learning, participation, and creativity, global concern has coalesced around how to reduce the risk of harm children face online. When developing online technologies, networks, services, and policies, service providers, parents, teachers, and others need to better understand the ways young people use the internet.

Protecting children has long been a cornerstone of our commitment in corporate responsibility to help them lead safer, healthier lives, with access to more opportunities through education and inclusion. Because of the nature of our business, online protection is an aspect where we can make a significant difference and maintain a leadership role. Through carefully designed programs, we bring years of dedication to this cause and leverage partners who share the same values.

Consultations and Outreach

Too often children and adolescents are excluded from the design and planning phase of digital technology projects that will most impact them. In 2018, Millicom changed that by partnering with several local universities and organizations in Central and South America to conduct research and direct outreach to children and adolescents to acquire a better understanding of the risks and opportunities that the internet and communications technology pose for them.

In Colombia, Millicom partnered with EAFIT University in Medellin to launch a first-of-its-kind assessment on internet and communications technology (ICT) use in children's day-to-day lives that included participation from 485 children aged nine to 16, plus the review of hundreds of best practices and more than 5,000 scientific articles.

With help from more than 500 local Tigo employee volunteers, Millicom will use the results of the research to design and implement a nationwide program to advance the safe and productive use of technology.

The study identified many opportunities for parents, grandparents, and teachers to better engage with children on their internet use, as well as ways children and teens can use the internet to advance creativity and positive connections, all while minimizing risk. For example, our research shows the greater the use of the internet for educational activities, the less likely a child will be to send or request messages with sexual content and the increased likelihood they will ***not*** meet people they have encountered on the internet.

"In Colombia, TigoUne contributed substantially to the production of useful and appropriate knowledge to promote the creative and responsible use of ICT among young people."

Maria Isabel Villa, Ph.D.
Communications. EAFIT University

Engaging Everyone in the Responsible and Creative Use of the Internet by Children

Our 2017 - 2018 study with EAFIT University in Colombia revealed some startling findings about children and adolescent internet use and the risks they face on line:

- *75 percent of children and adolescents connect to the internet via mobile phones versus 28 percent via laptop or computer. The greater the use of a handheld device in a private room, the more exposure a child has to sexual images or videos.*
- *The average daily duration of connection for a nine-year-old is 1:46 hours and for a sixteen-year-old is five hours.*
- *97 percent of children use the internet for school work; almost 50 percent spend time in a virtual world.*
- *The greatest risk identified to children and adolescents related to internet and communications technologies is excessive use; 43 percent of children surveyed have tried, unsuccessfully, to go online less.*
- *30 percent of those surveyed have met strangers through the internet and 17 percent have met strangers in person.*

Going to the Source: Consultations with Children and Adolescents

A long-standing premise of our work with children has been to protect and inspire them as they learn to use the internet safely and creatively. This is key in helping them become responsible digital citizens and thrive in an interconnected world. To inform the design of upcoming initiatives, we decided to reach out to them directly with the objective of better understanding how they regard and use technology as a tool for their voices to be heard and take part in decisions that affect the societies in which they live.

With our "Crianza Tecnologica" partner, Paniamor Foundation, we conducted consultations in Costa Rica, El Salvador, Colombia, and Guatemala. The study included 157 adolescents between 14 and 19 years of age from public and private schools, and enabled participants to identify the main issues affecting them and alternatives to address and mitigate those issues through responsible ICT use. Key findings of the consultations show us that adolescents see the internet and technology as a platform to participate in society and have their voices heard. Even though they feel that because of their age they are not included in many conversations on important social issues, the internet allows them to have an awareness on these issues that also motivates them to take part in finding solutions.

Such findings will help us create relevant and effective initiatives aimed at supporting this key demographic.

> *"Technologies allow us to inform ourselves on what is happening in the world, be more critical and express ourselves."*
>
> Paniamor Foundation
> Consultation Participant

Beyond Online Protection: Protecting Child Rights

The opportunities for helping children fulfill their potential are large. This is why we have collaborated with governments and nonprofits in other important ways, such as the mobile birth registration program which, in Tanzania alone, has given more than 2.1 million children since 2013 the basic right to an identity and the ability to access health care, education, and social protection. To ensure that our company respects child rights, we continue developing both partnerships and internal capabilities to positively impact children's lives in as many ways as we can.

Building on a previous assessment conducted by UNICEF, in 2018 we completed and deployed in all our Latam operations the Mobile Operator Child Impact Assessment (MOCRIA). This tool, developed jointly with UNICEF in 2016 is publicly available and allows ICT companies to assess how and where our business may affect children and better understand our impact on child rights. For example, we can more clearly see the potential risk of child labor in our supply chains, or consider the impact of our marketing on children. Based on implementation of the tool, we created specific action plans and new procedures to deal with these impacts in 2018, including the establishment of Responsible Marketing Guidelines for Millicom. These new guidelines embed our values related to transparency and protecting children in our marketing and communications policies and procedures.

“This agreement is an example of how the private sector can articulate sustainability strategies that center on childhood and youth. In a region that is becoming more digital, the online and offline prevention and protection of the most vulnerable ones, who are usually the children and teens, have to be priorities for us.”

Stefan Stefansson
Responsible for UNICEF’s Private Sector for Latin America and the Caribbean.

UNICEF Partnership Against Violence

We remain committed to protecting the rights of children and adolescents in our Latam markets as they develop and grow into active participants in digital economies and societies. We believe we can best solve complex problems through partnerships in which each party focuses on their strengths. For several years, we have worked closely with UNICEF to provide thought leadership and share best practices industry-wide on how to prevent violence against children. In May 2018, we renewed our strong commitment to work with UNICEF in Latam through an updated three-year collaboration agreement aimed at preventing violence and protecting children and teens in the region.

As part of the agreement, Millicom supports programs related to the promotion of child rights, the safe use of technology, and violence prevention against children and teens across our markets in Latin America. During the first year of the renewed partnership, Millicom supported projects in Paraguay, El Salvador and Guatemala and hosted a two-day workshop with UNICEF and other subject matter experts to help the telecommunications industry understand its impact on children’s rights, and explore opportunities to scale and deepen the impact of our joint programs.

In Guatemala and El Salvador, Millicom supported the creation of new child helplines in both countries, through which children can seek advice on online risks like cyberbullying, grooming, and harassment, and also receive assistance in cases where their rights are being violated.

In Paraguay, the company supported a program that aims at using technology in classrooms and developing young leaders in the safe and responsible use of the internet. This program is being continued during 2019.

Performance:

Our People Make Our Purpose Happen

Performance:

Our People Make Our Purpose Happen

> *"Our culture and our Tigo people are our absolute competitive advantage."*
>
> Susy Bobenrieth
> *Chief Human Resources Officer*

With a global workforce of more than 21,000 individuals, over the past 25 years Millicom has become one of the largest employers in many of the countries where we operate. Rooted in the dedication, agility, and skills of our people, we have brought connectivity to some of the most challenging and diverse markets in the world. Representing more than 50 nationalities, our enthusiastic ambassadors live our purpose in the work they do and interactions they have within their communities every day.

Millicom strives to be the employer of choice in all our markets - a company where people ***want*** to work because of the opportunities to learn, grow, and interact in a positive work environment and contribute to a greater purpose.

It all starts by finding the right people and developing them in the right positions. To do this, we assess our talent based on present and future needs, offering advancement opportunities based on merit and performance. Other elements of our approach include:

» Creating a positive and inclusive work culture;

» Providing employees with a sense of purpose in their jobs; and

» Ensuring our employees are safe, since many of them work in countries where security issues are a concern.

In this section, you will find highlights of key 2018 accomplishments related to our human capital.

Key 2018 Activities and Accomplishments

Our "Sangre Tigo" Culture and Employee Engagement

Pride runs deep at Millicom, and it shows in the passion employees bring to work and the loyalty of long-serving team members. Many of our senior-level executives started in field sales or as customer service representatives. They stay with us because they believe in what we do and see room for professional growth and development.

We use the descriptor "Sangre Tigo" as a reference to the key values, practices, behaviors, and beliefs that are shared by all our employees across the board. Sangre Tigo helps us to define the beating heart that enables our organization to grow.

Because of our strong company culture, we have earned our place as a top 25 employer in Latin America for two years in a row and were a recipient of "Great Place To Work" awards in many of the countries where we operate.

Culture Survey

We believe that a strong cultural reference closely aligned to our business strategy, gives us a strong competitive advantage. It needs to continue to evolve with the business, industry, and our markets.

In 2018, our Top Leadership Team came together to shape and determine this framework. They defined the specific attitudes and behaviors most relevant to our customers, employees, communities, and investors, that together make up Sangre Tigo's DNA. We also conducted a company-wide survey to better understand and define our culture in which more than 11,000 employees took part. The results helped us identify both cultural positives as well as improvement areas.

In 2019, all our offices will work on evolving our cultural framework. We plan to appoint more than 100 internal ambassadors across Latam to spread the message and educate our organization towards our desired Sangre Tigo culture.

Sangre tigo

Sangre Tigo Culture at Work in Our Communities

Sangre Tigo is inseparable from giving back to our communities through our time and personal involvement. Our employees put in the passion and hard work while we provide the spaces, resources, and connections to meet the needs of our communities, leveraging everyone's power to make a difference.

We continue our core program on volunteering by focusing our efforts in Child Online Protection, which provides guidance to children, adolescents, teachers, parents, and caregivers on how to navigate digital technologies safely and productively. For example, our Colombia operation started deploying over 500 volunteers in the last quarter of 2018 to provide such training, designed and developed according to the findings of the study described on pages 34 - 35.

Furthermore, in 2017 Tigo Guatemala began its local implementation of our Tech Teaching Program based on the regional Crianza Tecnologica content, training 60 Tigo volunteers on online protection for children and adolescents. This group of volunteers led a program of educational talks aimed at primary school teachers that allowed us to reach a total of 771 teachers during that year. The next step was to adapt the contents of the program to pedagogical materials that teachers could use in their classes. We worked closely with the Ministry of Education and a group of experts in the design of the content and materials. The key messages focused on the risks associated with social networks and the internet and were presented in easy-to-use formats for classroom education. A first group of 150 teachers who received this training, were able to directly impact 4,395 children. By 2019, the goal is to train a further 1,000 teachers, which will allow us to directly reach more than 25,000 students from first to sixth grade at primary school.

In El Salvador, Tigo employees dedicated 2,000 volunteer hours to working in their communities, supporting essential projects such as constructing houses and providing education on child protection online.

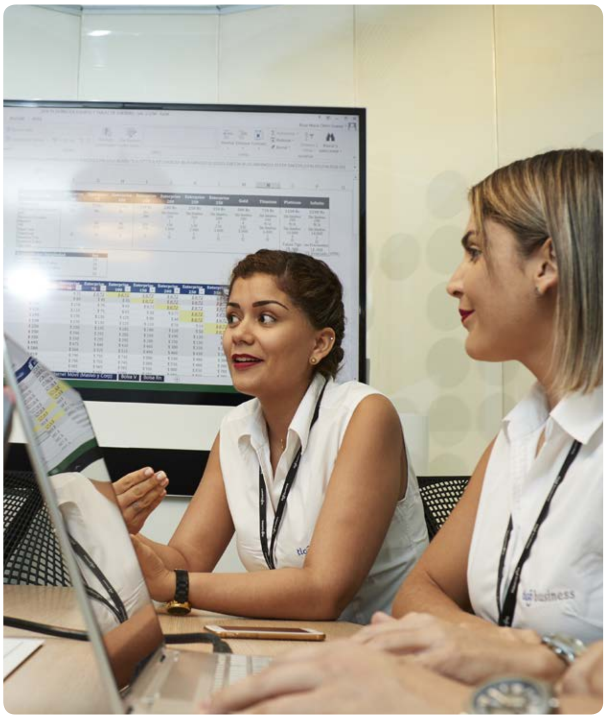
Stepping Up in Difficult Times

In June 2018, the Volcan de Fuego eruption in central Guatemala affected 1.7 million people, destroying homes, infrustructure and agriculture. An army of 130 Tigo volunteers responded swiftly to the crisis and co-ordinated relief efforts around-the-clock to provide aid, food, water, medicines, and blankets to those most in-need.

Our flagship programs co-exist with a readiness to help our communities in other areas of need at critical times.

Rewards and Incentives

We reward our employees based on merit and performance, striving to develop transparent, standardized packages and procedures across the organization. In 2018, our global rewards group implemented a new variable pay design for the top leadership of the company, that includes short-term incentive (STI) and long-term incentive (LTI) pay. The changes have had a positive impact on our company's strategy; thus the Compensation Committee has agreed that no changes are required to the design of these programs for 2019. Approximately 370 employees receive part of their annual compensation package in Millicom shares via our Deferred Share Plan (DSP) or Performance Share Plan (PSP) equity compensation plans. To learn more about our remuneration policy, see pages 79 to 83.



Standardized EOE Practices and Sensitivity Training

In 2018, we standardized Equal Opportunity Employer (EOE) practices. We also designed and implemented behavioral interviewing standards, which help determine which applicants are the best fit for Millicom. In addition, we have a structured recruiting process, where the decision-making is based on the assessment shared by different members of a relevant team, rather than on HR or the hiring manager alone.

We plan to continue sensitivity training programs with all employees to help them understand how to communicate and interact in ways that make everyone feel included. We also discuss what inclusion really means and share ways to recognize and break through social barriers.

Diversity and Inclusion

At Millicom, we take diversity and inclusion seriously across all levels throughout our operations.
To support gender equality, we continue to close the pay gap and we strive to develop and promote women from within, as well as facilitate mobility between our operations and corporate offices.

A few examples highlight our diversity and inclusion efforts in 2018:

- *Gender Pay Gap Analysis*: We conducted a comprehensive gender pay gap analysis at our headquarters and across all Latam operations to ensure equal remuneration between men and women. In operations where we identified issues, we will implement corrective actions.
- *Leadership Training in Costa Rica*: We have selected women within Millicom who have demonstrated strong leadership potential and enrolled them in the highly regarded INCAE Business School in Costa Rica for additional, advanced training.
- *Mentoring Program in El Salvador*: We implemented a women's mentoring program called Empoderate, where female managers mentor potential future female leaders using the VitalVoices.org mentoring framework.

Because we believe our differences unite us, we also actively recruit individuals with physical disabilities and hearing impairment at our facilities, adjusting work environments to accommodate their needs. This includes everything from adding ramps to the primary entrance at a call center to expanding aisle space in offices. We invite you to learn more about Tigo Guatemala's exemplary inclusivity efforts in this video.

Diversity and Inclusion
https://www.youtube.com/watch?v=9CwUBmXvi7I)

Global Policy to Promote a Positive Work Environment

In an effort to promote a positive work environment with freedom to express beliefs and acceptance of diverse backgrounds, we created a global policy in 2018. After first training the Executive Team on the new policy, we shared the policy with general managers and their direct reports. As part of our implementation of the new policy, we have set key performance indicators that include more diversity, especially as it relates to gender equity and individuals with disabilities.

Workforce Health, Safety and Wellness Updates

Many of our employees live and work in emerging markets where security issues including civil unrest, armed and organized criminal activity, and terrorism may threaten personal security. When intense political and civil unrest spread across Nicaragua in 2018, more than 200 individuals were shot and killed, and over 2,000 were wounded. Millicom did not suffer the loss of any employees or business activities during that time, in part because of the sound controls put in place.

Millicom manages the health, safety, and well-being of its employees based on international (OHSAS) standards and industry best practices, with advice and support from local authorities.

Our central security and safety team empowers and trains operational teams, and every market has a professionally trained and certified physical security and health and safety officer. All third-party vendors and partners must abide by our security and safety standards.

In 2018, we successfully operated our businesses with a reduced number of health and safety-related incidents, both employee-related, as well as with contractors and outsourced service providers. No employee fatalities occurred in 2018. Other statistics from this past year include:

» 80 percent reduction in the overall number of fatalities, with two fatalities reported among contractors, down from a total of ten in 2017

» 71 percent decrease in Lost Time Incident Rate for incidents causing greater than three days' absence from work, with Total Incident Rate remaining stable from 2017

» Our Costa Rica, El Salvador and Guatemala operations achieved externally verified health and safety accreditations, which means 100 percent of all Millicom operating entities are aligned to OHSAS and ISO standards

» Approximately 80 percent of employees based in Miami attended educational sessions facilitated by the Miami Police Department during Millicom's 2018 annual Safety and Security Matters week. Training sessions included Active Shooter, First Aid, Fire Marshal and Warden, Managers' Roles and Responsibilities, Travel Safety & Security, Environmental Awareness, Occupational Health, and Stress & Well-being

» For the third straight year, we improved our supplier due-diligence and vetting processes and conducted comprehensive compliance audits for those suppliers considered to be at greatest risk of significant health, safety, and security issues

» A combined $1.8 million in savings from 2017 through our extended integrated services approach to the management of non-financial risk areas.

While we are proud of our 2018 health and safety accomplishments, we also understand there is always more work to do. In 2019, as we prepare for transition to the new ISO Health and Safety 45001 standard, we will address several specific observations from external audits related to increased engagement from all levels of management, further engagement of appropriate staff committees, and increased support for well-being, mental health and travel.

A colleague in El Salvador attends our annual international health and well-being program.

Talent Acquisition, Growth and Development

2018 marked the second year of a five-year strategic initiative to enhance the ways in which we attract, grow, and develop talent within Millicom.

As part of the program, we map the skill sets and capabilities of our current team, fill our bench with top candidates, and grow talent from within the company. In 2018, to fill open positions for critical jobs, we were able to promote internal candidates about 70 percent of the time.

The program also includes preparation for executive succession, emergency plans, and focus on key countries. Tracking talent and creating succession plans strengthens our pipeline with diverse leaders across functions and levels.

For pivotal job families, we are developing a career framework and curricula that addresses ideal career progressions and identifies the capabilities and resources needed to grow our business.

To the extent that turnover happens, we strive to better understand how, when, and where it happens. We believe our new CR framework will assist with recruitment and retention because it gives employees a sense of purpose and the feeling they are making a contribution to something greater than themselves.

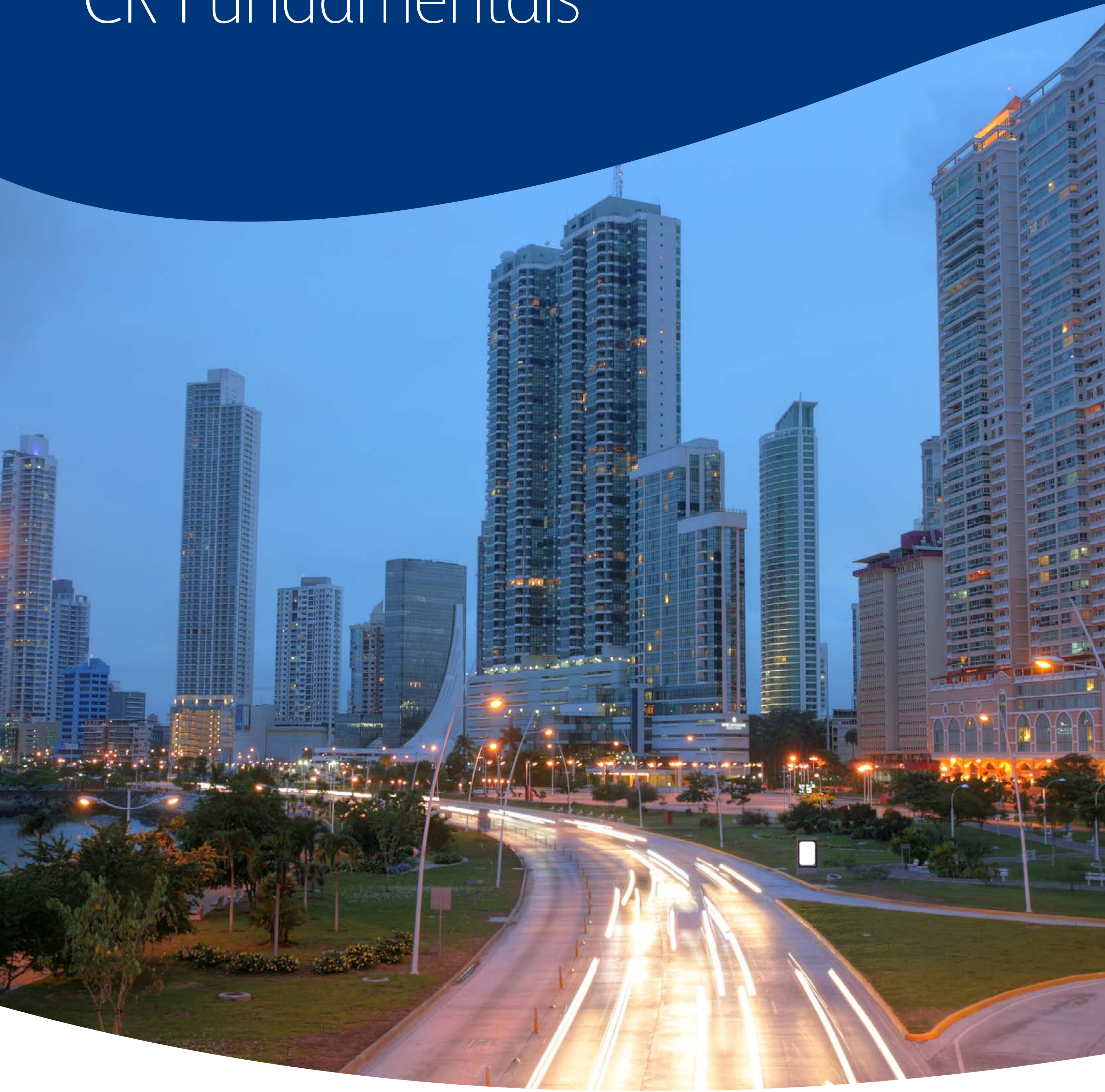
Consolidation of Operations and Organizational Effectiveness and Efficiency

To align our structure across countries and drive operational excellence, innovation, and productivity, in 2018 we continued the consolidation of corporate functions, primarily to Miami. We also implemented an empowered organization and efficiency model in Latin America and created the Business Transformation Office (BTO). These actions make it easier for us to identify areas where we can become more efficient and share Best Management Practices (BMPs) across all our operations for the benefit of employees and customers.

In 2018, we also created a function to boost team and business performance by applying organizational effectiveness capabilities such as change management to the company. We started with deploying a change management framework for critical Millicom projects, and training and coaching change leads as part of our Change Management Subject Matter Expert program.

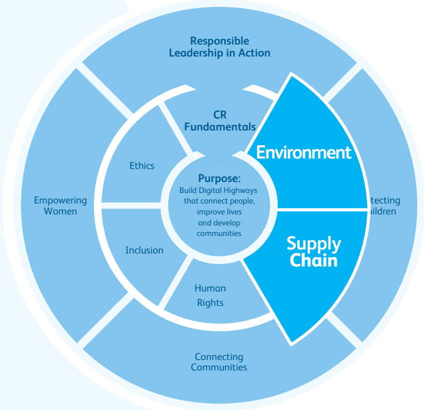
Performance:

CR Fundamentals



Corporate Responsibility Fundamentals:

The Building Blocks for Fulfilling Our Purpose



The way we conduct our business is an essential building block to our success and expansion in the markets we serve. With a large regional footprint, we recognize our responsibility to minimize our impact on the planet, build trust with key stakeholders and partners, and model transparency.

From reverse logistics to proactive supply chain management, we minimize the potential for harm while maximizing positive impacts and efficiencies. In 2018, we took significant steps toward this objective. This section contains key activities and accomplishments related to our environmental stewardship and supply chain management. Other CR fundamentals related to human rights and business ethics are covered in the Responsible Leadership in Action, and Governance sections of this report.

Hybrid cooling system in TigoUne operations Titanium datacenter

Key 2018 Activities and Accomplishments

Reducing our Environmental Footprint

Energy costs, power outages, and increased regulations and costs related to disposing of e-waste can affect our business continuity and growth. Apart from our goal of being responsible stewards of the environment, we know that by reducing waste and operating less carbon-intensive networks, we are optimizing our business and serving our customers with improved connectivity and services.

Energy efficiency measures in our operations enable us to achieve stable operational expenses while our network expands. The benefits of securing network growth while managing the proportional increase of energy consumption and its related costs include the ability to provide our customers with affordable service and improved coverage, and maintain a competitive advantage in our markets.

In 2018, we stepped up the collaboration among our CR and technical teams to leverage their vast pool of knowledge of the technologies and practices that enhance efficiency gains. This led to the development of the 2019–2023 Corporate Responsibility plan for our environmental performance. The Plan lays out the work we will do, focused on capability building, energy and resource efficiency, and carbon footprint reduction. Find details of our 2018 environmental key performance indicators on pages 204–205 of the Appendix.

Reverse Logistics and Global E-Waste Program Implemented in All Operations

Our approach to e-waste includes reverse logistics as a central element, as it helps us recover equipment that can be repaired and reused in the network. Because of the nature of our business, the growth of our markets and the pace of technological changes, we handle great quantities of such equipment and therefore regard e-waste as an ongoing concern and opportunity. One focus area during 2018 was our Cable business. As it continues to grow in all of our markets, so does the importance and complexity of reverse logistics processes to properly track our Customer Premises Equipment (CPEs), which are important assets for the company, and quickly recover them when necessary as we upgrade our service. We have achieved significant improvements in two key aspects:

» Home recollection (making sure we recover equipment no longer in use by a customer); and

» Laboratory recovery rates (repairing and refurbishing equipment as needed for redeployment to the network, thus reducing the need to buy new equipment).

The equipment that, due to obsolescence or deterioration, cannot be reintroduced to the network is processed by our approved e-waste vendors. This is the final step of a layered approach that effectively enables waste minimization and recovery of whole pieces of equipment and/or valuable materials that can then be recycled. We have been consistently increasing the amounts of recycled e-waste as a result of effectively rolling out the program in all operations.

Commitment to Tier III Datacenters

By setting up the first Tier III certified state-of-the-art datacenter in Bolivia and with the acquisition of Cable Onda, we continued the progress we have made in recent years in Paraguay, Colombia, and Africa to modernize our datacenters. The goals for this program include:

» Increase data protection measures;
» Automate facility operations;
» Optimize use of datacenter resources; and
» Increase energy efficiency up to 40 percent for the new datacenters.

In 2019, we plan to add new cutting-edge datacenters in Nicaragua, Honduras, and El Salvador to fulfill the goal of having at least one highly energy efficient datacenter in each of the countries we serve.

Millicom Datacenters
www.youtube.com/watch?v=1QBwd_2_2-g

Supply Chain Management

Millicom's commitment to corporate responsibility extends to its supply chain. Our Supplier Code of Conduct requires suppliers to conduct themselves with the highest standards of honesty, fairness, and ethics and sets baseline expectations in the areas of health & safety, environment, fair labor and compliance. As part of our supplier qualification process and contractual process, suppliers must acknowledge that they will act in accordance with the Code of Conduct. Once the relationship is established we ask our suppliers to obtain a threshold score for their CR performance under Millicom's sustainable procurement platform EcoVadis.

In 2018, we expanded the internal team responsible for supply chain management to enhance the evaluation of our suppliers. With EcoVadis, we can target our suppliers' performance in key CR areas such as Environment Stewardship, Labor & Human rights, Ethics, and Sustainable Procurement, and customize practical means of evaluating the extent to which CR is embedded in suppliers' business, products, and services.

Moreover, our supplier portfolio in EcoVadis increased 28 percent from the previous year. Also, absolute response rates for suppliers, increased from 47 percent in 2017 to 64 percent in 2018. Supplier performance in EcoVadis is measured by the development of Corrective Action Plans, which impact their overall scores. For 2019, we will focus our efforts on working closely with our suppliers to continue improving current scores. We will also continue tailoring the platform to our business priorities and use other tools, such as the Supplier Training program, to further drive the pursuit of win-win, sustainable practices.

"The training has had a huge positive impact in our business. Thanks to this, we initiated an internal evaluation process through which many improvement opportunities were identified, leading to the creation and institutionalization of our CR policies."

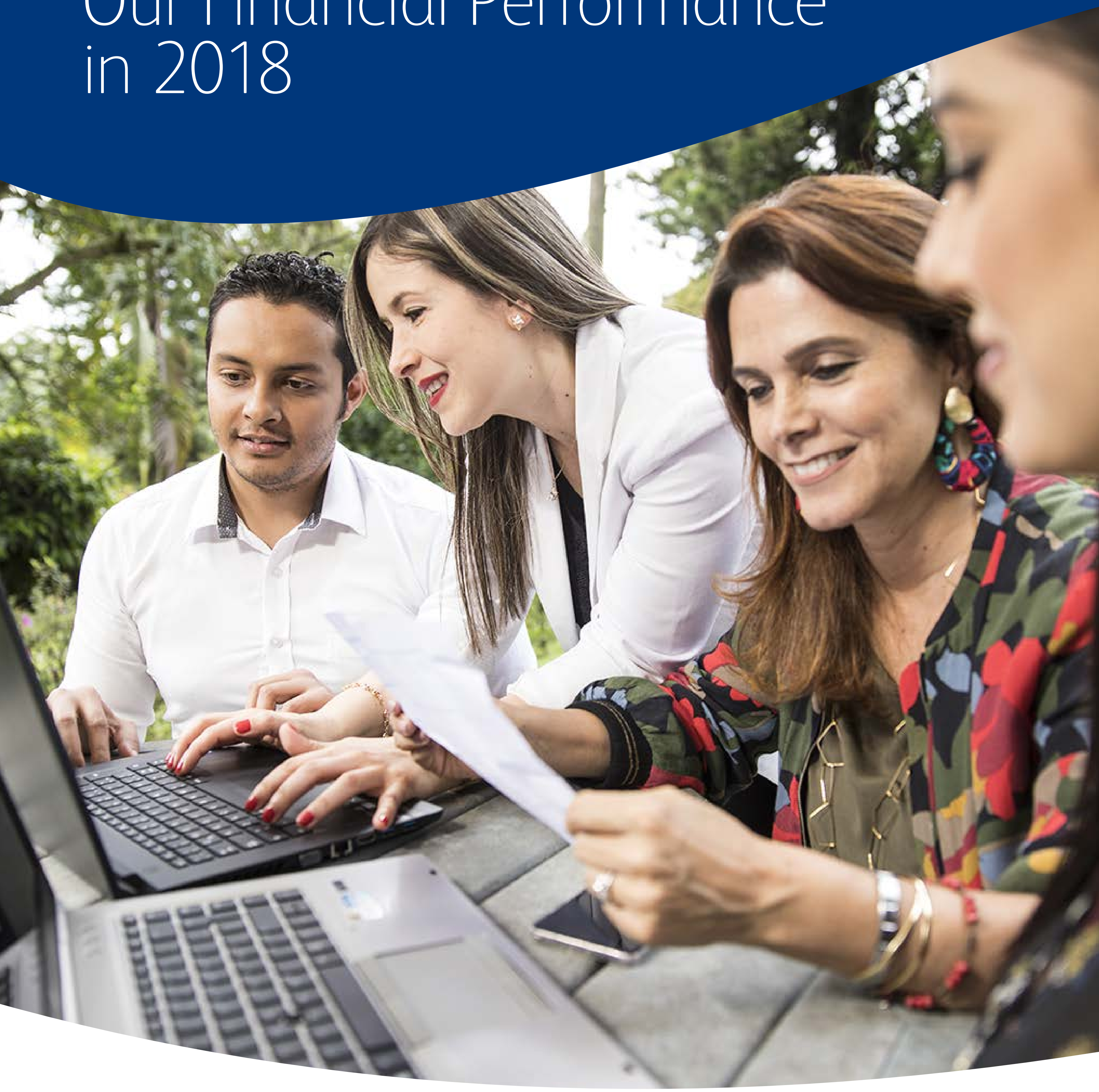
Rafael Ayala, General Manager
Ayala Quintanilla S.A DE C.V (participated in the 2017 supplier training)

First-in-Class CR Training for Key Suppliers

For the second straight year, Millicom sponsored a third-party program that has now trained more than 200 key suppliers on critical CR issues, such as Ethics, Privacy, Child Rights, Diversity, Health and Safety and Environmental Stewardship. A cross-functional team of procurement and CR staff, together with external subject matter experts, developed and conducted the 2018 program. The training, which was enhanced through lessons learned during the 2017 program, provided one-on-one follow-up to ensure our suppliers understand the high expectations and standards they need to meet to do business with us, as well as the opportunities available for vendors willing to walk the talk on corporate responsibility. In 2018, we also worked with each supplier to develop corrective action plans they will implement in 2019 and beyond to address areas of improvement.

Performance:

Our Financial Performance in 2018



Chief Financial Officer's Message

We entered 2018 with positive operational momentum, and this was sustained throughout the year and allowed us to report solid financial annual results, as we continued to execute on our strategy, which focuses on capturing the broadband opportunity in our Latin American markets.

A key measure of our financial success in 2018 is the Group's return on invested capital (ROIC), which rose to 18.2% in 2018, up strongly from 16.2% in 2017, driven mostly by increased operating efficiency in Latam, and by a reduction in the amount of capital allocated to Africa and to passive infrastructure, such as mobile towers.

In our Latam segment, I am pleased to report that organic service revenue growth improved noticeably to 4.3% and exceeded our initial target of 2% to 4% for the year. EBITDA growth also improved to 3.5%, in line with our target, even as a number of one-off items affected reported growth by 1.0 percentage point.

As we can see from these solid 2018 results, our strategy is now beginning to produce faster organic growth, while also generating cash flow in excess of what we need to fund our internal growth plans and to pay an attractive dividend to our shareholders. Against this backdrop and considering also our healthy balance sheet, we took the bold step of accelerating the company's growth in 2018 by acquiring Cable Onda, Panama's leading cable operator. The acquisition also accelerates the reconfiguration of our revenue mix, which is becoming increasingly subscription-based. This is enhancing the predictability and sustainability of the company's financial performance and gives us increased confidence in our ability to deliver even faster growth over the medium term.

Following our acquisition of Cable Onda in December 2018, our leverage ended 2018 at 2.5x on a proportionate net debt to EBITDA basis, above our target of around 2.0x, which we view as prudent when considering that the company operates in emerging markets where political and macroeconomic risks are high.

We are confident that by executing our strategy, delivering efficiencies, and investing carefully, we will continue to create value for shareholders over the long term.

This chapter provides a summary of the financial and operating performance of our Latin American and African segments through selected performance indicators which are based on our management reporting, presenting Guatemala and Honduras joint ventures as if fully consolidated.

For more extensive details on Millicom's financial performance please refer to pages 95 to 189.

Tim Pennington
Chief Financial Officer

Our 2018 Financial Performance in Latin America

During 2018, we continued to invest to rapidly expand both the reach and capacity of our 4G mobile and hybrid fiber-cable (HFC) networks to meet strong pent-up demand for broadband services in the region.

We are seeing these investments pay off, as organic service revenue growth accelerated to 4.3% year-over-year in 2018 from 0.9% growth in 2017, exceeding our targets. Importantly, growth improved in most country markets and in both our Mobile and Cable business units.

In Mobile, which accounts for 63% of Latam service revenues, organic service revenue growth improved to 1.3% year-over-year in 2018 from a decline of 2.3% in 2017, fueled by the addition of 3.2 million 4G customers. Our studies show that a typical customer consumes about 30 - 40% more data after they upgrade from 3G to 4G, and the ARPU from that customer increases approximately 10%. At year-end, we had more than 10 million 4G customers, which is still only about one-third of our total mobile customers in the region, implying that we still have a long way to go to bring mobile broadband services to all our customers.

In Cable, which generates about 36% of our Latam service revenue, organic service revenue growth accelerated to 10.0% in 2018, from 7.3% in 2017. Over the past year, we expanded our HFC network to cover an additional 1.3 million homes, and we added 406,000 net customer relationships, while driving ARPU growth of 1.4% in reported dollar terms, even as currencies broadly weakened throughout the year.

By country, organic service revenue growth accelerated in Bolivia, Colombia, Guatemala, and Honduras, and remained stable in Paraguay, while EBITDA grew in our five largest markets. Our performance in Bolivia was particularly robust, driven by the rapid expansion of our HFC network and strong pent up demand for Cable services, as well as mobile market share gains. Guatemala and Paraguay performed well and sustained above average levels of profitability, while Colombia and Honduras showed very encouraging signs of improvement throughout 2018. Among our six largest markets, El Salvador was the only one to disappoint, but we took meaningful steps throughout 2018 to improve our operating and financial performance in 2019.

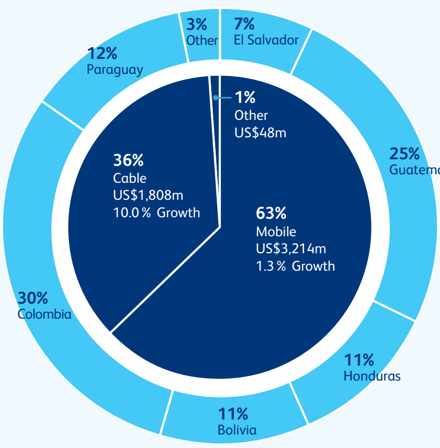
EBITDA growth for the Latam segment improved to 3.5% in 2018 from 2.8% growth in 2017 on an organic basis. A number of one-offs affected both years and reduced our reported growth by about 1.0 percentage point in 2018.

Capex in Latin America totaled US$954 million in 2018. Although we spent almost US$50 million less than the $1.0 billion we had planned, we exceeded our network expansion plans in both Mobile and Cable, as we remained focused on expanding both coverage and capacity to enhance customer experience and reduce churn. By year-end, our 4G networks already covered approximately 65% of the population in our markets, up from 56% at the end of 2017. Good 4G network coverage is allowing us to continue to deploy more capital toward our Cable build, and network investment was split approximately 68% Cable and 32% Mobile in 2018. Customer premise equipment deployed to support the growth of our Cable customer base accounted for more than 30% of our total capex in the region, indicating that an important part of our capex is success-driven and variable in nature, thereby enhancing the predictability of our financial performance.

LATAM

Revenue by country

Revenue by service*



5,069
Service Revenue
Organic growth +4.3%

2,077
EBITDA
Organic growth +3.5%

Our Latin America (Latam) segment includes our Guatemala and Honduras joint ventures as if they were fully consolidated.

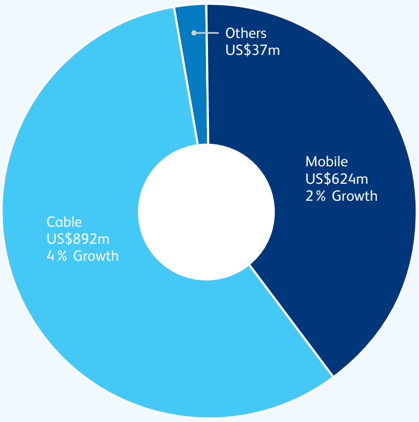
Service revenue, EBITDA and organic growth are non-IFRS measures. Please refer to page 196 for description of non-IFRS measures.

**Other service revenue not allocated to the Business Units includes revenue from tower rentals and contact center services.*

Our markets in numbers

Colombia

Revenue by service*



CABLE
Customer relationships

1,674,000
As of year end 2018

41,000
Net additions

+3%
YOY Growth

MOBILE
4G smartphone data users

2,688,000
As of year end 2018

673,000
Net additions

+25%
YOY Growth

Service revenue US$m
Organic growth 3.5%

2018	$1,553
2017	$1,614

EBITDA US$m
Organic growth 4.4%

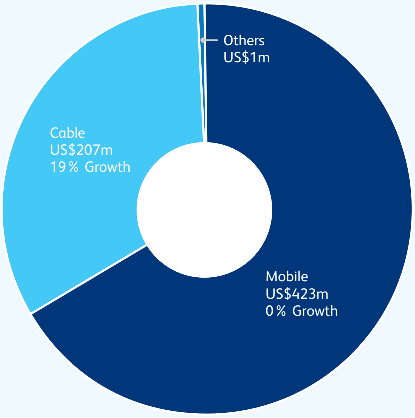
2018	$494
2017	$469

EBITDA margin %

2018	29.7
2017	27.0

Paraguay

Revenue by service*



CABLE
Customer relationships

406,000
As of year end 2018

38,000
Net additions

+10%
YOY Growth

MOBILE
4G smartphone data users

988,000
As of year end 2018

322,000
Net additions

+48%
YOY Growth

Service revenue US$m
Organic growth +5.5%

2018	$632
2017	$622

EBITDA US$m
Organic growth +5.1%

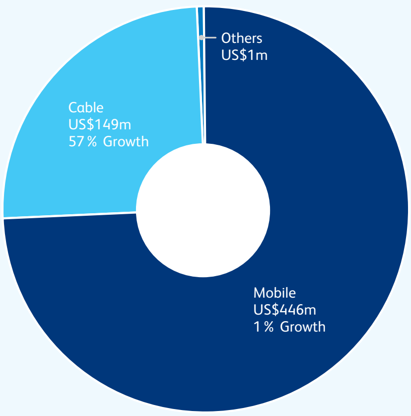
2018	$332
2017	$318

EBITDA margin %

2018	48.8
2017	48.0

Bolivia

Revenue by service*



CABLE
Customer relationships

389,000
As of year end 2018

158,000
Net additions

+69%
YOY Growth

MOBILE
4G smartphone data users

1,741,000
As of year end 2018

351,000
Net additions

+25%
YOY Growth

Service revenue US$m
Organic growth +11.1%

2018	$597
2017	$549

EBITDA US$m
Organic growth +7.3%

2018	$232
2017	$217

EBITDA margin %

2018	37.8
2017	39.1

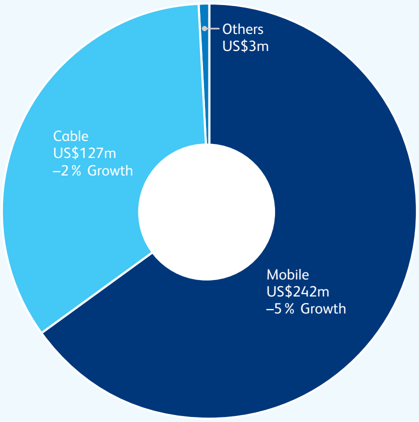
Earnings release pdf

*Others includes revenue from tower rentals and contract center services.

Our markets in numbers

El Salvador

Revenue by service*



CABLE
Customer relationships

273,000
As of year end 2018

(38,500)
Net additions

–12 %
YOY Growth

MOBILE
4G smartphone data users

596,000
As of year end 2018

285,000
Net additions

+92 %
YOY Growth

Service revenue US$m
Organic growth –4.6 %

2018	$371
2017	$398

EBITDA US$m
Organic growth –14.2 %

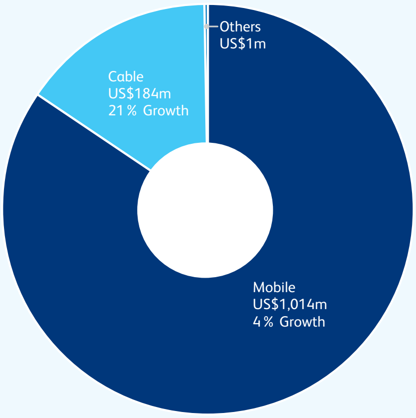
2018	$133
2017	$155

EBITDA margin %

2018	32.9
2017	36.6

Guatemala**

Revenue by service*



CABLE
Customer relationships

485,000
As of year end 2018

124,000
Net additions

+34 %
YOY Growth

MOBILE
4G smartphone data users

2,870,000
As of year end 2018

902,000
Net additions

+46 %
YOY Growth

Service revenue US$m
Organic growth +6.2 %

2018	$1,200
2017	$1,182

EBITDA US$m
Organic growth +5.6 %

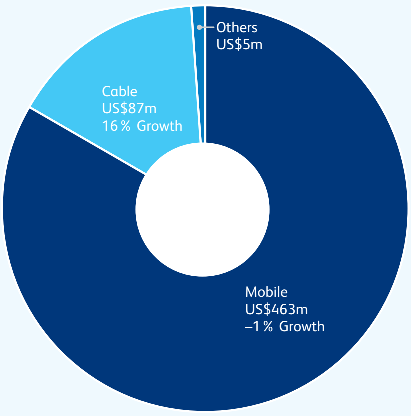
2018	$689
2017	$665

EBITDA margin %

2018	50.2
2017	50.1

Honduras**

Revenue by service*



CABLE
Customer relationships

165,000
As of year end 2018

14,000
Net additions

+9 %
YOY Growth

MOBILE
4G smartphone data users

1,197,000
As of year end 2018

646,000
Net additions

+117 %
YOY Growth

Service revenue US$m
Organic growth +1.8 %

2018	$555
2017	$566

EBITDA US$m
Organic growth +3.4 %

2018	$268
2017	$265

EBITDA margin %

2018	45.8
2017	45.3

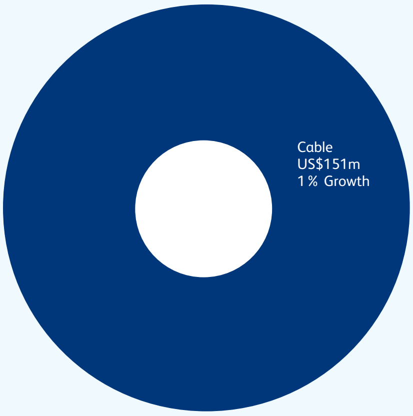
**Others includes revenue from tower rentals and contract center services.*

***Our Latin America (Latam) segment includes our Guatemala and Honduras joint ventures as if they were fully consolidated.*

Our markets in numbers

Costa Rica

Revenue by service



CABLE
Customer relationships

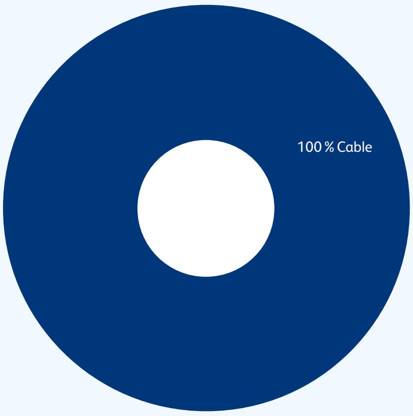
264,000
As of year end 2018

16,500
Net additions

+7.0 %
YOY Growth

Panama

Revenue by service



CABLE
Customer relationships

476,000
As of year end 2018

Revenue Generating Units (RGUs)

923,000
As of year end 2018

Millicom's acquisition of Panama was closed on December 13, 2018

Our 2018 Financial Performance in Africa

Our consolidated Africa operations comprise Tanzania, including Zantel, and Chad, and these deliver around 9% of Millicom's Group revenue, predominantly from Mobile services.

Millicom's strategy in the region is focused on accelerating and growing mobile data adoption, strengthening our Mobile Financial Services (MFS) capabilities, and growing B2B.

In 2018, we added 1.3 million B2C mobile subscribers bringing the total to about 16 million, a year-on-year increase of 8.6%.

Our efforts to drive digitized payments and innovations with our Mobile Financial Services (MFS) has also brought a positive outcome. The number of customers using MFS grew 4.6% and reached more than 7 million accounting for 45% of our B2C Mobile customer base as of year-end 2018.

The region's financial results showed a meaningful improvement in 2018, following a more challenging 2017.

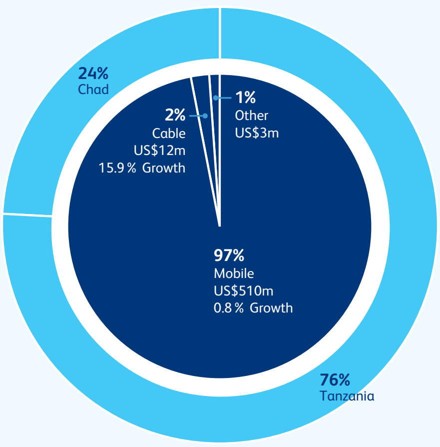
Organic service revenue growth improved to 0.9% year-over-year from a decline of 5.5% in 2017, while organic EBITDA growth reached 4.0% in 2018 from a decline of 12.1% in 2017. The improvement was underpinned by more favorable operating conditions in Tanzania.

Our capital investment in Africa totaled US$40 million for the full year 2018, and the region generated US$91 million of operating free cash flow, consistent with our strategic objective of ensuring that the Africa segment be self-sufficient and fund its internal growth and capital requirements.

AFRICA

Revenue by country

Revenue by service*



526
Service Revenue
Organic growth +0.9%

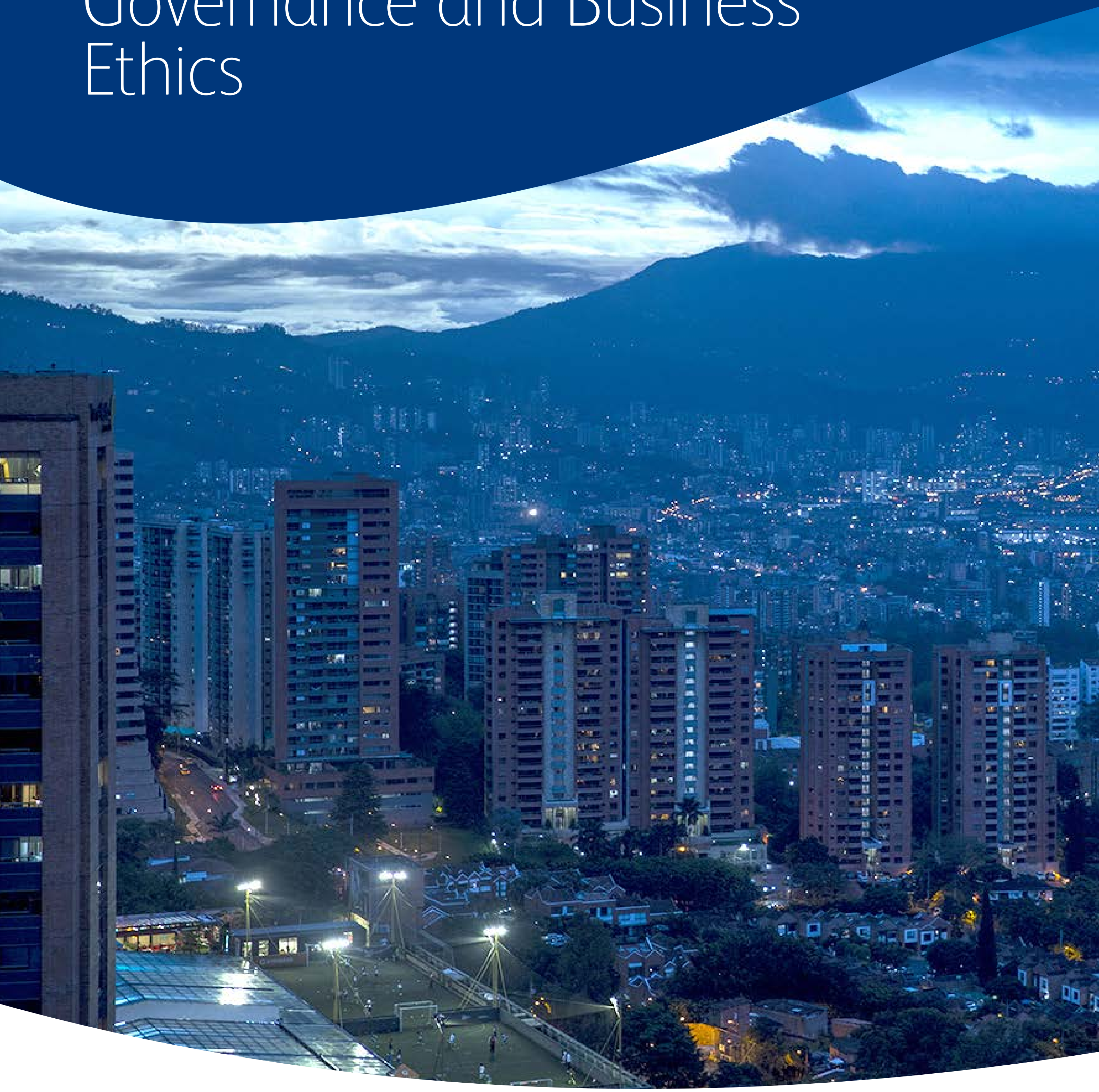
143
EBITDA
Organic growth +4.0%

Service revenue, EBITDA and organic growth are non-IFRS measures. Please refer to page 196 for description of non-IFRS measures.

**Other Service Revenue not allocated to the Business Units includes revenue from tower rentals.*

Governance:

Governance and Business Ethics



Governance:

Governance and Business Ethics

Doing the Right Things for the Right Reasons

Chairman's Report

Millicom's Board of Directors ("the Board") and its committees dealt with many significant strategic, operational and compliance matters during 2018. These included further enhancement of governance structures related to the Group's joint ventures, ongoing development of compliance and control programs, oversight of the process of acquiring the Cable Onda (Panama) operation, and preparation for re-listing on the Nasdaq Stock Market in the U.S..

Role of the Board

The Board is responsible for approving Millicom's strategy, financial objectives, and operating plans and for oversight of governance. The Board also plans for CEO succession and reviews plans for other senior management positions.

Board Changes

We welcomed Mr. Lars-Åke Norling to the Board in September 2018. Mr. Norling brings significant experience in leadership and digital transformation in the telecommunications business.

I would like to thank Alejandro Santo Domingo for his long-standing role as a Director of the Board and his contributions to both the Board and the Compliance and Business Conduct Committee during his tenure. Gratitude also goes to Simon Duffy for his role and valuable contributions to both the Audit Committee and Board over recent years. Both Mr. Santo Domingo and Mr. Duffy stepped down from the Board in May 2018.

In November 2018, Millicom also announced the proposed election of José Antonio Rios García as new Chairman of the Board, as well as Pernille Erenbjerg and James Thompson as new Directors of the Board, replacing myself and Anders Jensen. As the company passes the baton to these new leaders, we look forward to many years of continued success in delivering on our mission as a company.

Strength through Diversity, Teamwork and Sharing

Millicom's diversity of people in our operating countries, offices, and headquarters is a key strength. We value different perspectives, encourage the sharing of alternate viewpoints, and promote equal opportunity. These remain core elements that contribute to Millicom's corporate culture.

We are proud of our success in fostering strong work place environments and the accolades received in this respect.

Compliance

During 2018, we continued building and refining our compliance program, supported by the Executive Committee and our Ethics and Compliance team.

On behalf of the Board, I would like to reconfirm our commitment to a culture of compliance and strong internal control that leads to strength and success. We are proud to be a leader in our dedication to ethics and compliance in our markets. We look forward to engaging with you and thank you for being part of the Millicom journey.

Tom Boardman

Former Chairman of the Board of Directors

Corporate Governance Framework

Background

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

Millicom's shares are listed on Nasdaq Stockholm in the form of Swedish Depository Receipts and on the Nasdaq Stock Market in the U.S. as from January 9, 2019.

Millicom's Corporate Governance Framework is primarily based on the following legislation, principles and regulations:

Publication	Authority	Philosophy
Swedish Code of Corporate Governance	Guiding Principles	Comply or Explain
Luxembourg Law	Legislation	Comply
EU Directives and Regulations	Legislation	Comply
Nasdaq Stockholm Issuer Rule Book	Regulation	Comply
Nasdaq Stock Market Rules	Regulation	Comply
U.S. Securities Laws	Regulation	Comply
Good Stock Market Practice	Guiding Principles	Corporate Citizenship

Millicom governance deviated in 2018 in relation to the Swedish Code in the following areas:

Code requirement	Millicom practice	Explanation
1.5–A shareholder, or a proxy representative of a shareholder, who is neither a member of the board nor an employee of the company is to be appointed to verify and sign the minutes of the shareholders' meeting.	Minutes are signed by the chairman of the shareholders' meeting (who is not a member of the Board or an employee of the Company), the meeting Secretary and an appointed Scrutineer.	While this represents a deviation from the Swedish Code, Millicom follows Luxembourg Law in connection with procedures and rules for its shareholders' meetings.
9.7–Vesting of share-related incentive programs to be no less than three years.	Deferred share incentive plans contain vesting of 16.5%–30% of granted shares after one year, 16.5%–30% after two years, and 40%–67% after three years.	The Company believes that this vesting schedule ensures alignment between the interests of the Company's shareholders and its employees.

Within these frameworks, the Board has developed and continuously evaluates internal guidelines and procedures, as further described below, to ensure quality and transparency of corporate governance practices within Millicom.

Swedish Corporate Governance Code

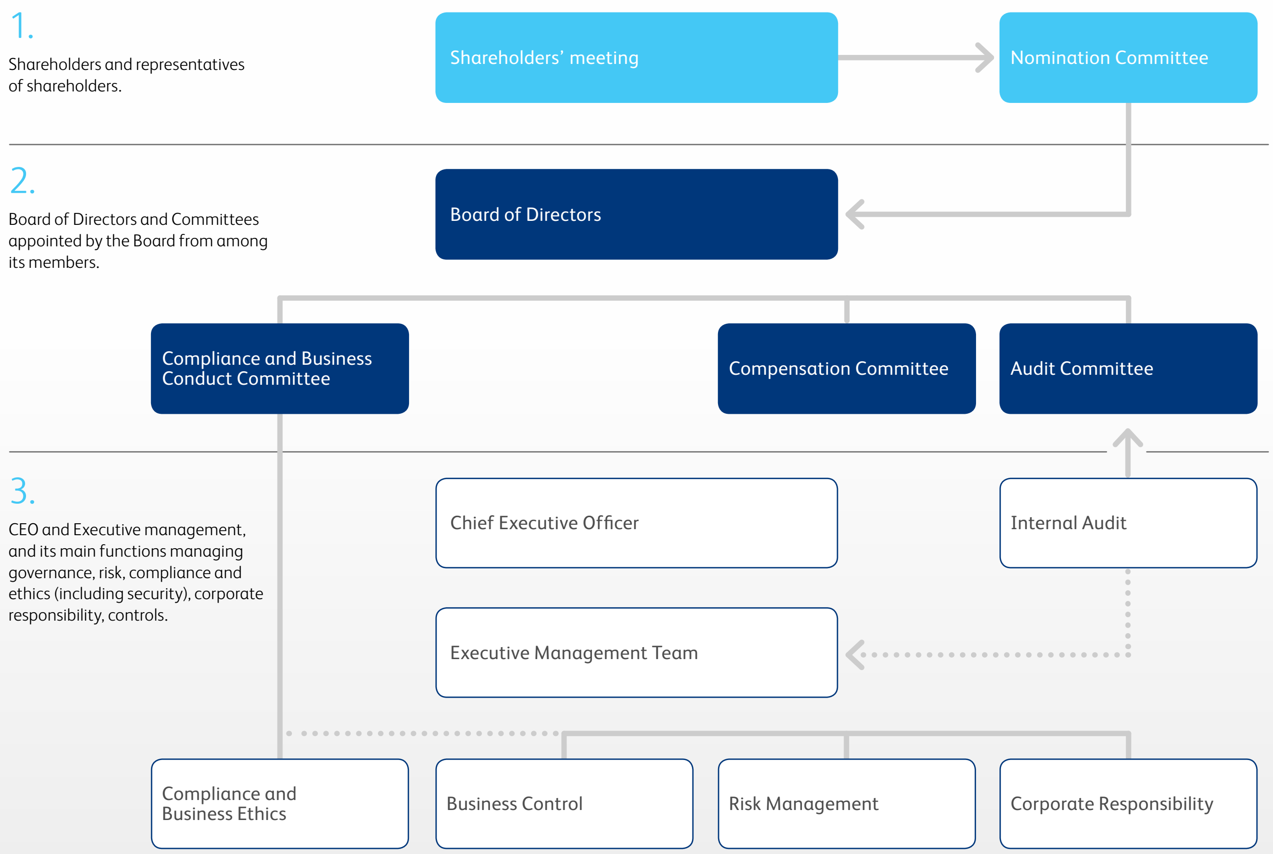
The Swedish Corporate Governance Code (the "Swedish Code") promotes positive development of corporate governance. The Code complements laws and regulations and sets its good practice level above regulatory requirements. The Swedish Corporate Governance Board states that self-regulation is often preferable to mandatory legislation and therefore allows companies to deviate from its rules, following a "comply or explain" philosophy.

Compliance with Applicable Stock Exchange Rules

There has been no infringement of applicable stock exchange rules and no breach of good practice on the securities market reported by Nasdaq Stockholm's disciplinary committee or the Swedish Securities Council in 2018.

Corporate Governance Structure

Millicom's Corporate Governance structure comprises the following three levels:



1. Shareholders and shareholders' meeting

The shareholders' meeting is the highest decision-making body of Millicom and a forum for shareholders to exercise influence. Each shareholder has the right to participate in the shareholders' meeting and to vote according to the number of shares owned. Shareholders unable to attend in person may exercise their rights by proxy.

Millicom's Articles of Association (as amended on May 4, 2018) set the Annual General Meeting of Shareholders ("AGM") to be held within six months of the close of the financial year in Luxembourg.

Millicom's Articles of Association are available in the "Governance" section of Millicom's website. Unless otherwise required under Luxembourg law, an extraordinary general meeting must be convened to amend any provisions of the Articles of Association.

At the 2018 AGM, which was held on May 4, 2018, the following key items were decided:

- Approval of the 2017 Consolidated Financial Statements and distribution of a dividend of US$2.64 per share;
- Election and re-election of the Directors until the date of the 2019 AGM;
- Reappointment of Ernst & Young ("EY") as the external auditor;
- Approval of remuneration to the Board and auditor and procedures for the Nomination Committee;
- Approval of guidelines for the remuneration of senior management; and
- Approval of a Share Repurchase Plan.

On the same date, an Extraordinary General Meeting ("EGM") was held during which several amendments were made to the Articles of Association.

On January 7, 2019, an EGM was held at which the following key items were decided:

- Resignation and election of two Directors;
- Amendment to the Articles of Association of the Company regarding the procedure for nomination of directors.

Nomination Committee

Nomination Committee	On behalf of:	Position
Ms. Cristina Stenbeck	Kinnevik AB	Chairman
Mr. John Hernander	Nordea Investment Funds	Member
Mr. Scott Cobb	Southeastern Asset Management	Member

The Nomination Committee is appointed by the major shareholders of Millicom. It is not a committee of the Millicom Board. The Nomination Committee's role is to propose decisions to the shareholders' meeting in a manner which promotes the common interests of all shareholders. The Nomination Committee has a term of office typically commencing at the time of the announcement of the interim report for the period January to September each year and ending when a new Nomination Committee is formed.

At the January 7, 2019 Extraordinary General Meeting, it was resolved that the articles of association of the company be amended to stipulate that the Nomination Committee rules and procedures of the Swedish Code of Corporate Governance shall be applied for the election of Directors to the Board of Directors of the Company, as long as such compliance does not conflict with applicable mandatory law or regulation or the mandatory rules of any stock exchange on which the Company's shares are listed. Nomination Committee proposals to the AGM include:

- Election and remuneration of Directors of the Board, and Chairman of the Board;
- Appointment and remuneration of the external auditor; and
- Proposal of the Chairman of the AGM.

Under the terms of the Nomination Committee charter, the Nomination Committee consists of at least three members, with a majority representing the larger shareholders of the Company. The current Nomination Committee was formed during July 2018, in consultation with larger shareholders of the Company at June 20, 2018 and in accordance with the resolution of the 2018 AGM.

The table below sets out beneficial ownership of Millicom common shares, par value US$1.50 each, by each person who beneficially owns more than 5% of Millicom common stock at December 31, 2018.

Shareholder	Number of shares	% Shareholding
Kinnevik AB	37,835,438	37.2
Dodge & Cox	8,128,305	8.0
Southeastern Asset Management	5,852,130	5.8

Footnote: Except as otherwise indicated, the holders listed above ("holders") have sole voting and investment power with respect to all shares beneficially owned by them. The holders have the same voting rights as all other holders of Millicom common stock. For purposes of this table, a person or group of persons is deemed to have "beneficial ownership" of any shares as of a given date which such person or group of persons has the right to acquire within 60 days after such date. For purposes of computing the percentage of outstanding shares held by the holders on a given date, any security which such holder has the right to acquire within 60 days after such date (including shares which may be acquired upon exercise of vested portions of share options) is deemed to be outstanding, but is not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.

Promoting Board Diversity

Millicom's Nomination Committee recognizes the importance of diversity for promoting strong corporate governance, competitive advantage, and effective decision-making. The Nomination Committee is responsible for periodically determining the appropriate skills, perspectives, experiences, and characteristics required of Board candidates, considering the Company's needs and current Board composition. This determination will include knowledge, experience, and skills in areas that are critical to understanding the Company and its business; richness of views brought by different personal attributes such as gender, race, age, and nationality; and other personal characteristics, such as integrity and judgment; and candidates' commitment to the boards of other publicly-held companies.

In its work, the Nomination Committee applies rule 4.1 of the Swedish Corporate Governance Code as its diversity policy, and the ambition to further improve gender diversity is included in the Nomination Committee charter.

2. Board of Directors and Board committees

The Chairman convenes the Board and leads its work. The Chairman is accountable to the Board and acts as a direct liaison between the Board and the management of the Company, through the CEO. Together with the CEO, meeting agendas are set and the Chairman acts as the communicator for Board decisions where appropriate.

Role of the Board

Millicom's Board of Directors (the "Board") is responsible for approving Millicom's strategy, financial objectives, and operating plans, and for oversight of governance. The Board also plans for management succession of the CEO and reviews plans for other senior management positions.

As set forth in the Company's Articles of Association, the Board must comprise at least six members. The 2018 AGM set the number of Directors at eight, comprising a Chairman and seven members (all of whom are Non-Executive Directors).

The Board selects the CEO, who is charged with the daily management of the Company and its business. The CEO is responsible for recruiting, and the Chairman of the Board is responsible for approving, the senior management of the company. The Board reviews and approves plans for key senior management positions, and the Board supervises, supports and empowers the senior management team, and monitors their performance. In accordance with the Swedish Code, the division of work between the Board and the CEO is set out in "The Rules of Procedure, Instruction to the CEO, and Reporting Instruction".

Further details on the roles and activities of the various committees, as well as their responsibilities and activities, are set out later in this section.

Independence of the Board

Board of Directors	Chairman, Deputy Chairman and six members
Non-Executive Directors Independent from the Company and its Executive Management	100% José Antonio Ríos García Pernille Erenbjerg Odilon Almeida Janet Davidson Tomas Eliasson Lars-Åke Norling Roger Solé Rafols James Thompson
Not independent of the major shareholders	13% Lars-Åke Norling

Powers and Limitations of the Board

Borrowing powers–The Board has unrestricted borrowing powers on behalf of, and for, the benefit of Millicom.

Time and age limit–No age limit exists for being a Director of Millicom. Directors can be elected for a maximum period of six years before either re-election or ending service. Directors are generally elected annually. There are no restrictions on the maximum continuous period that a Director can serve. Directors hold office until their successors are elected.

Restrictions on voting–No contract or other transaction between the Company and any other person shall be affected or invalidated by the fact that any Director, officer or employee of the Company has a personal interest in, or is a director, officer, or employee of such other person, except that:

I. such contract or transaction shall be negotiated on an arm's-length basis on terms no less favorable to the Company than could have been obtained from an unrelated third party and, in the case of a Director, the Director shall abstain from deliberating and voting on any matters that pertain to such contract or transaction at any meeting of the Board of the Company; and

II. any such personal interest shall be fully disclosed to the Company by the relevant Director, officer or employee.

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

Share Ownership Requirements

The Directors are not required to be shareholders of the Company. Share ownership of Directors is included in the Director biographies set out on the following pages.

Chairman of the Board

The Chairman is elected by the AGM. If the Chairman relinquishes the position during the mandate period, the Board is to elect a Chairman from among its members to serve until the end of the next AGM.

Deputy Chairman of the Board

If elected, the Deputy Chairman of the Board acts as a sounding board and provides support for the Chairman. The Deputy Chairman convenes Board meetings in accordance with the Company's Articles of Association, and leads its work in the event the Chairman is unavailable or is excused from Board meetings. The Deputy Chairman may act as an intermediary for other Directors if there are conflicts among Board members or between the Chairman and the CEO, as and when necessary. The Deputy Chairman leads the annual processes for evaluation of the performance of the Board and of the Chairman. Additional roles and responsibilities of the Deputy Chairman can be determined by the Board.

Corporate Secretary

The Corporate Secretary is appointed by the Board. The role of the Corporate Secretary is to ensure that Board members have the proper advice and resources for performing their duties to shareholders under the relevant legal frameworks. The Corporate Secretary is also responsible for organization and coordination of Board and Committee meetings, and ensuring that the records, or minutes of those meetings, reflect the proper exercise of those duties.

The Corporate Secretary is also a confidante and resource to the Board and senior management, providing advice and counsel on Board responsibilities and logistics, and plays a leading role in the Company's corporate governance.

Chief Executive Officer

The CEO is responsible for leading the development and execution of the Company's strategy with a view to creating shareholder value, together with the management team. The CEO is responsible for day-to-day activities of the Company and management decisions, both operating and financial. The CEO acts as a direct liaison between the Board and management of the Company and communicates to the Board on behalf of management.

The CEO also leads communication on behalf of the Company to shareholders, employees, government authorities, other stakeholders, and the public.

Board Membership, Balance and Independence

The Nomination Committee and the Board periodically review the size and balance of the Board to determine whether any changes are appropriate.

At the AGM, held annually within six months of the end of the financial year, or at any other general meeting of shareholders, shareholders may vote for or against the Directors proposed by the Nomination Committee or may elect different Directors.

The Board has adopted the qualification guidelines of an "independent director" as defined by the Swedish Code, and with consideration of specific independence requirements of the Nasdaq Stock Market rules. A director's independence is determined by a general assessment of all factors that may give cause to question the individual's independence of the Company or its Executive Management. Factors that are considered include whether the individual:

- is the CEO, or has been the CEO, of the Company or a closely-related company within the past five years;
- is employed, or has been employed, by the Company or a closely related company within the last three years;
- receives a not insignificant remuneration for advice or other services beyond the remit of the Board position from the Company, a closely-related company or a person in the executive management of the Company;
- has, or has within the last year, had a significant business relationship or other significant financial dealings with the Company or a closely-related company as a client, supplier or partner, either individually or as a member of the Executive Management, a member of the Board or a major shareholder in a company with such a business relationship with the Company;
- is or has within the last three years been a partner at, or has, as an employee, participated in an audit of the Company conducted by, the Company's or a closely-related company's current or then auditor;
- is a member of the executive management of another company if a member of the board of that company is a member of the executive management of the Company; or

- has a close family relationship with a person in the executive management or with another person named in the points above, if that person's direct or indirect business with the Company is of such magnitude or significance as to justify the opinion that the Board member is not to be regarded as independent.

In accordance with the Swedish Code:

- The majority of Millicom's Board must be independent from the Company and its Executive Management (all Millicom Directors meet this criteria); and
- at least two of those independent Directors must also be independent from the Company's major shareholders (seven of Millicom's Directors meet this criteria); and
- not more than one member of the Board may be part of the executive management team of the Company or any of its subsidiaries (no members of the Executive Team sit on the Board).

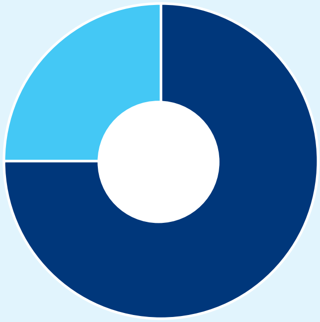
In addition, in accordance with Nasdaq Stock Market rules:

- The Audit Committee must have at least three members, all of whom meet the Nasdaq Stock Market and SEC's relevant definitions of independence.

Gender of the Board

Male
75%

Female
25%



Tenure of Directors

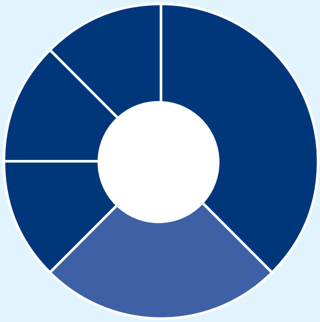
1st year
3

2nd year
2

3rd year
1

4th year
1

5th year
1



Nationalities

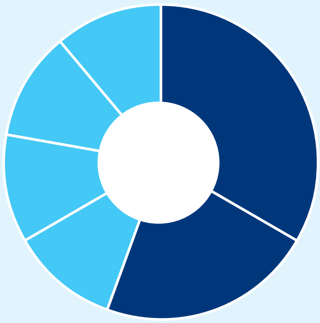
American
3

Swedish
2

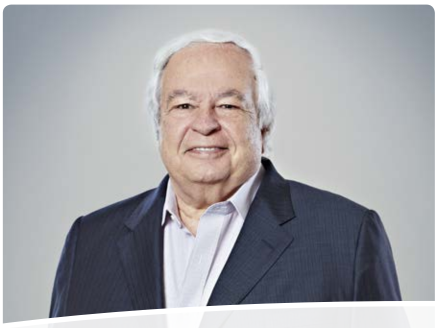
Spanish
1

Danish
1

Brazilian
1



Board Profile: Skills and Experience



Mr. José Antonio Ríos García (Venezuelan and American)
Chairman, Non-Executive Director

(FIRST APPOINTED: MAY 2017)

Mr. José Antonio Ríos García was re-elected to the Board in May 2018 and was elected as the Chairman of the Board in January 2019. He is also a member of the Audit Committee and the Compensation Committee.

Mr. Ríos (1945) is a U.S. citizen and currently the Chairman and CEO of Celistics Holdings, a leading provider of distribution and intelligent logistics solutions for the consumer technology industry in Latin America. Prior to joining Celistics in 2012, he was the International President of Global Crossing, the telecommunications company later acquired by Level 3 Communications.

Between 1999 and 2001, Mr. Ríos served as member of the Global Management Committee of Telefónica and President and CEO of Telefónica Media, and prior to joining Telefónica he served as Vice President of Hughes Electronics Corporation, was the founding President and CEO of Galaxy Latin America (DirecTV Latin America), and served as Chief Operating Officer and Corporate Vice President at the Cisneros Group of Companies for 14 years.

Mr. Ríos brings to the Millicom Board his significant experience in leading a variety of consumer technology businesses in Latin America including the telecommunications and electronics industries.

INDEPENDENT from the Company, its Executive Management, and its major shareholders.

MILLICOM SHAREHOLDING AT JANUARY 31, 2019: 1,623 shares.

Ms. Pernille Erenbjerg (Danish)
Deputy Chairman, Non-Executive Director

(FIRST APPOINTED: JANUARY 2019)

Ms. Pernille Erenbjerg was elected as a new member of the Board of Millicom in January 2019. She is the Deputy Chairman and a member of the Audit Committee.

Pernille Erenbjerg (1967) is a Danish citizen and formerly (until December 2018) the President and Group Chief Executive Officer of TDC, the leading provider of integrated communications and entertainment solutions in Denmark and Norway. Before being appointed President and Group Chief Executive Officer, Pernille served as TDC's Chief Financial Officer and as Executive Vice President of Corporate Finance. Pernille currently serves on the Boards of Nordea, the largest financial services group in the Nordic region, and Genmab, the Danish international biotechnology company. Pernille holds an MSc in Business Economics and Auditing from Copenhagen Business School.

Ms. Erenbjerg brings years of experience from operating a converged provider of communication and entertainment services, as well as from driving transformational processes in complex organizations, both organically and through M&A.

INDEPENDENT from the Company, its Executive Management, and its major shareholders.

MILLICOM SHAREHOLDING AT JANUARY 31, 2019: Ms. Erenbjerg does not hold any Millicom shares.

Mr. Odilon Almeida (Brazilian)
Non-Executive Director

(FIRST APPOINTED: MAY 2015)

Mr. Odilon Almeida was re-elected to the Board in May 2018. He is a member of the Compliance and Business Conduct Committee.

Mr. Almeida (1961) is the President for Western Union Global Money Transfer. He leads Western Union's global consumer omni-channel business across more than 200 countries and territories. With a 15-year tenure at Western Union, he most recently (2016) was the President of the Americas and European Union. His global business leadership and board experience at Western Union, Millicom, BankBoston (now Bank of America), The Coca-Cola Company and Colgate-Palmolive, has given him deep knowledge of corporate governance, general management, technology platforms, regulatory and compliance as well as consumer insights of developed and emerging nations.

Mr. Almeida holds a Bachelor of Civil Engineering degree from the Maua Engineering School in São Paulo, Brazil, a Bachelor of Business Administration Degree from the University of São Paulo, and an MBA with specialization in Marketing from the Getulio Vargas Foundation, São Paulo. He advanced his education at IMD Lausanne, The Wharton School, and Harvard Business School.

Mr. Almeida strengthens the Millicom Board with decades of experience from the financial services and Fintech sectors, and a leadership style anchored in growth acceleration and business turnarounds involving retail and digital transformation, organic growth and successful M&A.

INDEPENDENT from the Company, its Executive Management, and its major shareholders.

MILLICOM SHAREHOLDING AT JANUARY 31, 2019: 3,176 shares.

Board Profile: Skills and Experience–*continued*

Ms. Janet Davidson (American)

Non-Executive Director

(FIRST APPOINTED: MAY 2016)

Ms. Janet Davidson was re-elected to the Board in May 2018. She is the Chairman of the Compliance and Business Conduct Committee.

Ms. Davidson (1956) is a Supervisory Board member of STMicroelectronics. She held various managerial positions in Alcatel Lucent (1979 - 2011) including the role as Chief Strategy Officer, Chief Compliance Officer, and Executive Vice President, Quality & Customer Care.

She has been a Member of the Supervisory Board of STMicroelectronics since June, 2013 and serves on its Audit Committee and Strategy Committee. She has also been recognized by Working Woman Foundation with one of its first Women Enabling Science and Technology awards in 2001. In 1999, she was inducted into the Academy of Women Achievers of the YWCA of the City of New York, which honors women of high achievement.

She brings to Millicom's Board her long experience in the telecommunications and IT sectors.Ms. Davidson received a Bachelor of Science degree in physics from Lehigh University, a Master of Science degree in Electrical Engineering from Georgia Tech, and a Master of Science in Computer Science through Bell Laboratories.

INDEPENDENT from the Company, its Executive Management, and its major shareholders.

MILLICOM SHAREHOLDING AT JANUARY 31, 2019: 2,518 shares.

Mr. Tomas Eliasson (Swedish)

Non-Executive Director

(FIRST APPOINTED: MAY 2014)

Mr. Tomas Eliasson was re-elected to the Board in May 2018. He is the Chairman of the Audit Committee.

Mr. Eliasson (1962) is Executive Vice President, Chief Financial Officer of Sandvik.

Previously Mr. Eliasson was the Chief Financial Officer and Senior Vice-President of Electrolux, the Swedish appliances manufacturer.

Mr. Eliasson has also held various management positions in Sweden and abroad, including ABB Group, Seco Tools AB and Assa Abloy AB.

Mr. Eliasson holds a Bachelor of Science Degree in Business Administration and Economics from the University of Uppsala.

Mr. Eliasson brings to the Millicom Board his significant experience as a CFO for multinational and global Swedish companies, roles including governance and oversight over financial reporting, internal control and risk management processes and procedures within global finance functions.

INDEPENDENT from the Company, its Executive Management, and its major shareholders.

MILLICOM SHAREHOLDING AT JANUARY 31, 2019: 3,763 shares.

Mr. Lars-Åke Norling (Swedish)

Non-Executive Director

(FIRST APPOINTED: MAY 2018)

Mr. Lars-Åke Norling was elected to the Board in May 2018 and commenced in the role in September 2018. He is the Chairman of the Compensation Committee and a member of the Compliance and Business Conduct Committee.

Mr. Norling (1968) is an Investment Director and Sector Head of TMT at Kinnevik. Prior to that, he was the Chief Executive Officer of Total Access Communications (dtac) in Thailand where he executed a digital transformation and led a turnaround of the company's financial performance. He has also been EVP of Developed Asia for Telenor as well as Chief Executive Officer of DigiTelecommunications Malaysia and of Telenor Sweden.

Mr. Norling holds an MBA from Gothenburg School of Economics, an MSc in Engineering Physics from Uppsala University, and an MSc in Systems Engineering from Case Western Reserve University, USA.

He brings to Millicom's Board his extensive experience in leading telecommunications and media businesses and digital transformation in emerging markets.

INDEPENDENT from the Company and its Executive Management, but **NON-INDEPENDENT** from the major shareholders due to his significant affiliation to Kinnevik AB.

MILLICOM SHAREHOLDING AT JANUARY 31, 2019: 507 shares.

Board Profile: Skills and Experience–*continued*

Mr. Roger Solé Rafols (Spanish)

Non-Executive Director

(FIRST APPOINTED: MAY 2017)

Mr. Roger Solé Rafols was re-elected to the Board in May 2018.

Mr. Solé (1974) is the Chief Marketing Officer of Sprint Corporation, a leading American telecommunications company.

Prior to joining Sprint in 2015, he spent seven years at TIM Brasil (owned by Telecom Italia) as Chief Marketing Officer and previously as Marketing Director. Before TIM Brasil, he was the Marketing Director for Vivo in Brazil (owned by Telefonica and PT) and previously the Head of Innovation and VAS.

Mr. Solé holds a BA and MBA in Business Administration from ESADE Business & Law School in Barcelona.

Mr. Solé brings to the Millicom Board his in-depth knowledge of the telecommunications sector, marketing and convergence of traditional telecommunications products with innovative products and services.

INDEPENDENT from the Company, its Executive Management, and its major shareholders.

MILLICOM SHAREHOLDING AT JANUARY 31, 2019: 1,623 shares.

Mr. James Thompson (American)

Non-Executive Director

(FIRST APPOINTED: JANUARY 2019)

Mr. James Thompson was elected as a new member of the Board of Millicom in January 2019. He is a member of the Audit Committee and the Compensation Committee.

James Thompson (1961) is a U.S. citizen and currently a Managing Principal at Kingfisher Family Office, where he manages a portfolio focused on value-oriented investment strategies. Previously, he was a Managing Principal at Southeastern Asset Management, where he was responsible for the operations of the firm and was a senior member of the investment team that was responsible for firm-wide investment decisions. Between 2001 and 2006, Mr. Thompson opened and managed Southeastern Asset Management's London research office. He holds an MBA from Darden School at the University of Virginia, and a Bachelor's degree in Business Administration from the University of North Carolina.

Mr. Thompson brings to the Millicom Board his extensive experience from investment management, and will contribute significantly to the Board's discussions on Millicom's long-term strategy and capital allocation.

INDEPENDENT from the Company, its Executive Management, and its major shareholders.

MILLICOM SHAREHOLDING AT JANUARY 31, 2019: 6,941 shares.

Board Program

The Board's annual program includes:

1. Company strategy and strategic direction;
2. Operating and financial performance review;
3. Governance and compliance matters;
4. External affairs;
5. Corporate culture;
6. External financial reporting;
7. Risk management;
8. Dividend policy;
9. Acquisitions and divestments;
10. Evaluation of CEO and self-evaluation; and
11. Human Resource matters, including compensation, health, safety, and well-being.

Summary of Board Activities in 2018

The Board of Directors has an annual program which consists of specific areas of focus on which the Board has a role to oversee and advise the Company.

Specific projects and topics arise in the normal course of business which are added to the program of the Board, certain of which are dealt with by specific Board committees.

Summary of Areas of Focus in 2018

Activity/issues covered	Board actions
Reports of committees	• The Board regularly reviewed reports from its Audit, Compliance and Business Conduct, and Compensation Committees on recent activities. • Discussion of Nomination Committee Director appointment proposals.
Operational review	• Priorities and challenges for each of the Latin American and African businesses were regularly presented and discussed by the Board, including development of cable and mobile data businesses, efficiency measures, and capital expenditure allocation. • The Board discussed and approved the 2019 budget.
Strategic review	• The Board dedicates at least one Board meeting every year to discuss strategy. • The Board discussed with the Executive Team industry and geographic trends and the operational and financial strategy for each region, including the portfolio strategy.
Organizational structure	• The Board was involved in the process of review of performance of the Executive Team, and the management organizational and reporting structures.
Review and approval of capital structure and dividend	• Issuance of the US$500 million bond. • Additional financing in several markets. • Recommendation of a dividend of US$2.64 per share to the 2018 AGM.
Review and approval of corporate governance	• Revisions to the Corporate Policy Manual (including Board and Committee charters). • Updates to the Authority matrix. • Election of Committee members.
Mergers, acquisitions, disposals, and joint ventures	• The Board discussed acquisition and disposal developments across the Group, including approval of transactions such as the acquisition of Cable Onda in Panama.
Review and approval of financial reports	• 2018 Annual Report including the 2018 Consolidated Financial Statements of the Group, and interim consolidated financial statements. • Standalone financial statements of Millicom International Cellular SA (the parent company).
Risk management	• Review of the key risks facing the Group and approach to managing risks. • Setting of risk appetite.
External affairs	• Review of the external affairs strategic framework, and implementation activities. • Periodical reviews of the political situation per market with a specific focus on election periods and advice on risk management required in relation thereto. • Review of regulatory and engagement challenges with advice from the Board on best-practice engagement strategy. • Review of the state of government relations in our markets and internationally.
Millicom's non-financial performance	• Review of main non-financial performance and trends, including corporate responsibility. • Recommendation for continued focus in line with existing non-financial focus areas.
Listing on the Nasdaq Stock Market in the U.S.	• Review and approval to list Millicom's shares on the the Nasdaq Stock Market in the U.S., and related filings with the U.S. Securities and Exchange Commission (SEC).

Induction and Training

Millicom provides Incoming Board members with information on their roles and responsibilities, operating procedures and information on Millicom's business and industry. Access to governance documents, policies, and procedures, as well as meeting materials and Company information, is provided through a secure online tool, in meetings set with the Executive Management team, and in ongoing dissemination of information.

Training programs covering key topics such as anti-bribery and corruption, ethics, independence, and insider trading are provided. The Board regularly receives detailed reports on specific areas that support their understanding of Millicom's business and operating environment.

Millicom Directors also participate in an annual visit to one of Millicom's operations (Bolivia in 2018), to learn about the characteristics of the local market, conduct field trips to see aspects of the business in operation, and interact with local management.

Board Effectiveness

The Board conducts an annual performance review process, wherein each Board member's personal performance is also reviewed. The review process involves an assessment of the Board's and its committees' actions and activities during the year against the Board's mandate as determined in the Board Charter (and those of its various committees).

The evaluation of the Board's performance during 2018 was conducted internally through a questionnaire, prepared with the assistance of an external advisor, to assess the Board's performance against its key duties, the Board's composition, and processes, as well as the performance of individual Board members. The results of the evaluation were presented to the Nomination Committee.

Board Meetings/Attendance at regularly scheduled meetings of the Board in the 2018 Financial Year

Director	Meeting	Attendance %
Mr. Tom Boardman	7/7	100
Mr. Odilon Almeida	6/7	86
Ms. Janet Davidson	7/7	100
Mr. Tomas Eliasson	6/7	86
Mr. Anders Jensen	5/7	71
Mr. Lars-Åke Norling	3/3	100
Mr. José Antonio Rios Garcia	7/7	100
Mr. Roger Solé Rafols	6/7	86
Attendance	47/52	90
Former Directors (until May 2018):		
Mr. Simon Duffy	2/2	100
Mr. Alejandro Santo Domingo	2/2	100
Overall attendance	51/56	91

Board Committees

The Board and each of its Committees have written approved charters which set out the objectives, limits of authority, organization, and roles and responsibilities of the Board and its Committees. The charters can be found on our website www.millicom.com/our-company/governance. Details of the roles and responsibilities, activities in 2018, and Directors' emoluments are set out on the following pages.

I. Audit Committee

2018 was a very active year for the Audit Committee, with specific attention paid to the preparedness of the Group for listing of the Company's shares on the Nasdaq Stock Market in the U.S.. We provided oversight over implementation projects of new accounting standards, regular reporting, internal control, risk management, and internal audit activities. The Committee convened eight scheduled meetings during the year and covered internal audit, and internal control activities during all meetings.

The Committee also reviewed and discussed actions and activities around the important regulatory updates and upcoming changes in financial reporting, treasury, tax, risk management, revenue assurance, and compliance. Further work remains to be done as the Group continues to standardize and implement best practices both in controls and assurance.

I would like to thank my fellow Committee members for their dedication and commitment to the activities of the Audit Committee and look forward to continuing our mandate through to the 2019 AGM.

Mr. Tomas Eliasson
Chairman of the Audit Committee

Audit Committee Membership and Attendance ar regualrory scheduled meetings in 2018

Audit Committee	Position	First appointment	Meetings/Attendance %	
Mr. Tomas Eliasson	Chairman*	May 2014	8/8	100
Mr. Tom Boardman	Member	May 2016	8/8	100
Ms. Janet Davidson	Member	July 2018	3/4	75
Mr. Lars-Åke Norling	Member	May 2018	2/3	67
Mr. Simon Duffy	Member (until May 4, 2018)	May 2016	3/4	75
Overall attendance			24/27	89

*Designated as having specific accounting competence per EU Directive.

Appointment and Role of the Audit Committee

The Audit Committee is comprised solely of non-executive Directors, the majority of whom were independent Directors in 2018 (in 2019 all are independent). Members are appointed to ensure there is a mixture of relevant experience of both finance and broader commercial matters. The Board is confident that the collective experience of the members enables them to act as an effective Audit Committee. The Committee is also satisfied that it has the expertise and resource available to it to fulfill its responsibilities.

The Board has delegated to the Audit Committee the responsibilities for oversight of the robustness, integrity, and effectiveness of financial reporting, risk management, internal controls, internal audit and the external audit process, pre-approval of certain audit and non-audit services provided by the external auditor, establishment of procedures pertaining to accounting-related, and certain other types of complaints or concerns, as well as compliance with related laws and regulations.

The Audit Committee focuses particularly on compliance with financial requirements, accounting standards and judgments, appointment, oversight and independence of the external auditors and appointment and oversight of certain other accounting firms that may be retained from time to time, transactions with related parties (including major shareholders), the effectiveness of the Internal Audit function, the Group's approach to risk management, and ensuring that an efficient and effective system of internal controls is in place.

Ultimate responsibility for reviewing and approving Millicom's Annual Report and Accounts remains with the Board.

The Chief Executive Officer, Chief Financial Officer, Group Financial Controller, Head of Internal Audit, Head of Business Controls, Chief Risk Officer and representatives from Ernst & Young ("EY"), the Company's external auditor, are invited to attend Committee meetings.

The agenda for meetings is prepared by the Audit Committee Chairman in conjunction with the Chief Financial Officer. Each meeting includes a private session, attended only by Audit Committee members and the external auditor, to provide an opportunity for open dialogue without management presence.

At each regularly scheduled meeting, the Audit Committee receives reports from the Chief Financial Officer, the external auditor, the Head of Internal Audit, the Head of Business Controls, and the Chief Risk Officer, together with reports from other officers of the Company as required. More particularly, the Audit Committee has received from the external auditor the required information in accordance with Luxembourg regulations.

Summary of Areas of Focus and Actions in 2018

Governance	• Reviewed and amended the Audit Committee Charter.
Financial reporting	• Reviewed key accounting and reporting issues at each meeting. • Reviewed and approved each quarter's earnings release, the 2017 annual earnings release and summary financial statements, and the 2018 half year earnings release and interim financial statements. • Reviewed and discussed transition impact of IFRS 15 ("Revenue from Contracts with Customers") and IFRS 9 ("Financial Instruments") as well as activities around implementation of IFRS 16 ("Leases") and other changes in the financial reporting landscape and accounting policy changes/updates.
External auditor	• Received reports from the external auditor at each meeting covering important financial reporting, accounting and audit issues. • Received reports from the external auditor in compliance with EU regulations. • Reviewed and approved all non-audit services rendered by the external auditors. • Approved the 2018 external audit strategy and fees. • Considered the results of control testing performed by the external auditor. • Considered the performance of the external auditor and independence, including monitoring of the nature and value of non-audit services, as well as approving these fees. • Received reports on the preparedness of the Group for the U.S. listing.
Internal audit activities	• Approved the 2018 and 2019 internal audit plan. • Reviewed internal audit findings arising from the delivery of the 2018 audit plan.
Financing, treasury and tax	• Reviewed the Group's tax strategy and structure and approved the tax policy. • Approved the updated Group treasury and related policies, including the policy on financial risk management.
Risk management	• Provided guidance and oversight over risk management processes. • Reviewed alignment of top risks with strategy. • Reviewed regular risk reports and remediation plans.
Internal controls	• Reviewed the remit and proposed activities of the Business Controls team. • Reviewed the Group's Sarbanes-Oxley implementation plan related to the U.S. listing and received regular progress reports from the implementation team and external advisors. • Received the summary findings of internal control self-assessments performed in the year against the 2018 internal targets.
Fraud management	• Reviewed fraud policies and quarterly fraud reports, as well as proposed actions to remediate identified cases.
Revenue assurance	• Received quarterly updates on revenue assurance activities. • Reviewed trends and actions taken to minimize loss and revenue leakage.
Related party transactions	• Reviewed related party transactions that were performed at each meeting.
Listing on the Nasdaq Stock Market in the U.S.	• Oversight of re-listing Millicom's shares on the Nasdaq Stock Market in the U.S., and related filings with the U.S. Securities and Exchange Commission (SEC). • Review internal and third party assessments to evaluate Group's readiness to re-list on the Nasdaq Stock Market in the U.S..

2018 Meetings

During 2018, the Audit Committee had eight regular meetings, mainly coinciding with key dates in Millicom's external reporting:

Financial reporting

The Audit Committee reviewed earnings releases for each quarter and financial statements, having received reports from management and the external auditor. In 2018, attention was mainly focused on:

- Significant accounting issues where judgment has been applied;
- The review of the effectiveness of internal financial control;
- The transition impacts of the new revenue recognition standard, IFRS 15, and of IFRS 9 for financial instruments.
- The review of the implementation project around the upcoming adoption of the new lease accounting standard, IFRS 16;
- The appropriateness of and application of the Group's accounting policies and practices;
- Compliance with financial reporting standards and other financial reporting requirements;
- The completeness and compliance of all structural disclosures made in the financial statements; and
- The financial reporting implications of the U.S. listing.

A summary of all related party transactions was presented quarterly.

The significant issues considered by the Audit Committee in relation to the financial statements for the year ended December 31, 2018 were:

1) Acquisition of Cable Onda–also refer to note A.1.2. of the consolidated financial statements

   On October 7, 2018, the Company entered into an agreement to acquire a controlling 80% stake in Cable Onda, the largest cable and fixed telecommunications services provider in Panama. The selling shareholders retain a 20% equity stake in the company. The transaction completed on December 13, 2018 after receipt of regulatory approvals and consent from Cable Onda's bondholders. Millicom concluded that it controls Cable Onda since completion date and therefore fully consolidates it in its financial statements with a 20% non-controlling interest. The purchase accounting remains provisional as of December 31, 2018.

2) Africa divestment–also refer to note A.1.3. of the consolidated financial statements

   During 2018, disposals of the operations in Senegal and Rwanda were completed, and our operations in those countries were deconsolidated.

3) Tower sale and leaseback–also refer to notes C.3.4. of the consolidated financial statements

   During 2018 and 2017, Millicom entered into tower sale and leaseback transactions in Paraguay, Colombia and El Salvador whereby Millicom sells its passive infrastructure to tower companies and leases back a portion of the towers and ground, and receives related services. These transactions require management judgment in respect of the asset classification on the balance sheet and as to whether the leaseback qualifies as a finance or operating lease or as a service agreement.

   The above accounting treatments and decisions were discussed with the Committee.

4) Impairment testing–also refer to note E.1.6. of the consolidated financial statements

   Under accounting standards, the Group is required to test goodwill and indefinite life intangible assets annually and, where there are indicators of potential impairment, also test the carrying value of other non-current assets. Assessment of the recoverable amount, be it under the "value in use" or the "fair value less cost of disposal" model, is subjective and requires significant judgment. In addition, the Group also tests its investments in joint ventures and associates in case of an impairment indicator. The Audit Committee received analysis from Management as to their assessment of the recoverable amounts of the Group's non-current assets, as well as the results of the sensitivity analysis. The Audit Committee also received analysis from the external auditor, including their view of significant assumptions such as discount rates.

   Following consideration, the Audit Committee agreed with Management's proposal that impairment losses had to be recognized on our operation in Zantel.

   Except for the above, the results of the annual impairment testing showed that sufficient headroom exists for the Group's other operations.

5) Tax provisions and contingencies–also refer to note G.3.2. of the consolidated financial statements

   The Group operates in many countries where the tax and legal system is less mature and may be less predictable. There are a number of matters therefore relating to tax contingencies which require judgment as to the likely probability of cash outflow or the potential amount of any outflow. The Audit Committee therefore received regular reports from the Group Tax Director as to the status of each of these matters, the likely outcome, the provision required, if any, and proposed disclosure in the financial statements. Analysis of judgmental tax matters was also presented by the external auditor.

6) Revenue recognition–also refer to note B.1. of the consolidated financial statements

   Judgment is required in assessing the application of revenue recognition principles. This includes the application of revenue between multiple deliverables, such as the sale of a handsets with service in a bundled package, or managed services contracts that have complex contractual agreements. The Group has adopted the new revenue recognition standard, IFRS 15, using the modified retrospective approach. Hence, the cumulative effect of initially applying the Standard has been recognized as an adjustment to the opening balance of retained profits as at January 1, 2018 and comparative financial statements have not be restated in accordance with the transitional provisions in IFRS 15. The Group developed new accounting policies compliant with IFRS 15, tailored to the services and products sold.

7) Capitalization and assets useful lives–also refer to notes E.1.1. and E.2.1. of the consolidated financial statements

   The assessment and timing of whether assets meet the capitalization criteria set out in the relevant accounting standards, the estimation of appropriate useful economic lives and the assessment of whether any impairment indicators are present, such as redundant assets, as well as the identification and the classification of leases, all require judgment. In addition, Management regularly review and benchmark its assets useful lives with peers. Once a year, Management presents its conclusions to the Audit Committee.

8) Investigation by the International Commission Against Impunity in Guatemala (CICIG) and Tanzania share ownership issue–also refer to note G.3.1. of the consolidated financial statements

   On July 14, 2017, the CICIG disclosed an ongoing investigation into alleged illegal campaign financing that includes Comcel, our Guatemalan joint venture.

   In June 2016, Millicom was served by a third party seeking monetary damages and seeking to exert rights as a shareholder of MIC Tanzania Public Limited Company.

   On July 26, 2018, the Court of Appeal of Tanzania, the country's highest court, reaffirmed in a ruling that MIC Tanzania Public Limited Company remains owned and controlled by Millicom. Late 2018, the opposing party has filed for a review of the ruling by the same Court of Appeals, which already ruled in our favor. Millicom considers the success of this review as remote and therefore continues to control and fully consolidate MIC Tanzania Public Limited Company.

   The Audit Committee has been updated at least quarterly on the progress of these cases.

Management Disclosure Committee

To assist with all matters relating to earnings releases and financial statement disclosures, the Group has a Disclosure Committee comprised of senior management from finance, legal, communications, investor relations and other functions as and when required. The Disclosure Committee identifies and considers disclosure matters in market releases which contain material financial and other price sensitive information.

Risk management

The Audit Committee received regular reports on the Group's risk management framework and process, changes to significant risks at both operational and Group level and how these are managed. Further information is set out in the risk management section of this Annual Report.

In addition, the Audit Committee reviewed financial risk, tax risk and strategy, treasury policy and risks, and Group insurance cover.

Internal control

The Audit Committee reviewed the Company's internal control framework. The Audit Committee remained focused on the need to promote the development of internal controls, both financial and non-financial.

In preparation for the U.S. listing, the Company commenced a program to comply with the internal control over financial reporting requirements of the U.S. Sarbanes-Oxley Act. The Group Head of Business Controls together with the Group's external advisors made progress reports on the Sarbanes-Oxley program.

Regular updates were provided on the Group's program of Internal Control Self Assessment and the status of ongoing control improvement projects.

Internal Audit

The execution of the 2018 Internal Audit Plan provided Executive Management and the Audit Committee an independent view on the effectiveness of Millicom's internal control environment and governance processes. It was developed to ensure alignment with the strategic risks of the Millicom Group, along with consideration of the overall Group strategy, input from senior management across multiple geographies and functions, external audit findings and Internal Audit's knowledge of the business.

In December 2017, the Audit Committee ratified the Internal Audit Plan for 2018, which included reviews focusing on Mobile, Home and B2B revenue streams, information security, IT & network resilience, key financial processes, compliance and ethics activities and large business and technology change programs. Follow-up audits were also built into the Internal audit plan, to provide independent assurance that management actions from previous audits had been addressed effectively. The plan was primarily executed by the in-house Internal Audit team based in London, Luxembourg and Miami, with specialist support provided by one of the "Big 4" accounting firms. At each meeting, the Audit Committee received an update on Internal Audit activities, progress against the plan and results of the audits completed in the period, including associated recommendations and management action plans where findings had been identified.

Fraud risk and whistleblowing

The Audit Committee received and reviewed quarterly fraud reports in accordance with the Group's Fraud policy. The Group provides an ethics helpline which is administered by an independent third party and is available to all employees, contractors and third parties.

External Audit effectiveness

The quality and effectiveness of the external audit is of great importance to the Audit Committee. A detailed audit plan is prepared and discussed with the Audit Committee at the start of each annual audit cycle, outlining the key risks and proposed geographic coverage.

Audit quality is assessed by reference to the standard of the reports received by the Audit Committee, the caliber of senior members of the audit team and the level of challenge provided to Management. Also, feedback is received by the Audit Committee from Management. In addition, on a regular basis the performance of the external auditors is reviewed by Management both centrally and in each of Millicom's operating countries against a set of 17 criteria ranging from knowledge of the business, to timeliness of communication and quality of reporting.

This feedback allows the Committee to monitor and assess the performance of the external auditor in making a recommendation to the Board regarding external auditor appointment.

Auditor independence

The Audit Committee has established policies to maintain the independence of the external auditor and to govern the provision of audit and non-audit services. During 2018, and as a result of the Company's re-listing on Nasdaq, the approval process of non-audit services and audit related services has been reviewed to comply with SEC independence rules and the latest EU and local regulations. Under these rules, the Audit Committee has pre-approved a list of services that can be rendered by the audit firm. If services to be rendered are pre-approved in nature, these can be approved by management when requested (following an established authority matrix) and then presented to the Audit Committee on a quarterly basis for formal approval. If services to be rendered are not pre-approved in nature, these should be pre-approved by the Chairman of the Audit Committee when requested and then submitted to the next full audit committee for formal approval. A schedule of all non-audit engagements with the external auditor is reviewed at each meeting.

For the year ended December 31, 2018, the Audit Committee approved fees for audit services of US$6.7 million, together with fees for non-audit work of US$0.9 million.

Under independence rules, the current audit partner will rotate off for the audit of the consolidated financial statements as of December 31, 2019.

Audit tendering

EY was first appointed auditor of the Company for the year ended December 31, 2012 following a competitive tender. Based on the EU audit regulations and applicable Luxembourg law, EY would have to rotate off by 2032 (20 years) at the latest, with mandatory tender in 2022 (after ten years).

II. Compliance and Business Conduct Committee

The Board of Millicom is committed to strengthening corporate governance and supporting the success that comes with a robust culture of compliance and strong internal controls. The Board believes that Millicom can lead the way in its dedication to ethics and compliance in all its markets. The Board oversees and regularly reviews Millicom's Ethics & Compliance program to ensure it continuously focuses on three essential pillars. Company systems are reasonably designed and managed to prevent, detect, and respond to compliance misconduct and non-compliance with applicable laws.During 2018, Millicom continued building and enhancing the Ethics and Compliance program, supported by the Executive Committee and the Ethics and Compliance team.

On behalf of the Board, I would like to reconfirm our commitment to strong corporate governance and supporting a strengthened control environment, a more concentrated approach to managing compliance risks across the organization and enhanced ability to comply with changes to the company's regulatory expectations.

The Board's objective is to reinforce a culture of compliance that is practiced wholeheartedly by every employee, across all ranks, with no exceptions. The Board will continue to exercise independent review over proposed corporate actions as we receive the outcomes of investigations of misconduct and non-compliance.

The Board reinforced the need to build a culture of recognition for the right actions and an appropriate balance with disciplinary steps to address instances of misconduct and non-compliance. To assist Millicom's employees and all external parties with whom the Company interacts, Millicom educates employees and third parties on standards of business conduct by operationalizing compliance as part of everyday business decision-making, and reinforcing the importance of doing business the right way, under the living theme "I Am Compliance".

I want to thank the members of the Compliance and Business Conduct Committee, the Company's management team and Millicom's Board and Chairman for their unwavering commitment and dedication to the Ethics and Compliance program in 2018 and for the great progress we made this year. We will continue on this important journey in 2019.

Mr. Odilon Almeida
Chairman of the Compliance and Business Conduct Committee

Compliance and Business Conduct Committee Membership and Attendance 2018

Committee	Position	First appointment	Meetings/Attendance	%
Mr. Odilon Almeida	Chairman	November 2015	6/6	100
Mr. Lars-Åke Norling	Member	May 2018	2/2	100
Ms. Janet Davidson	Member	May 2016	6/6	100
Mr. Tom Boardman	Member (until January 7, 2019)	May 2016	6/6	100
Mr. Alejandro Santo Domingo	Member (until May 4, 2018)	November 2015	1/3	33
Overall attendance			21/23	100

Appointment and Role of the Compliance and Business Conduct Committee

Millicom's Compliance and Business Conduct Committee oversees and makes recommendations to the Board regarding the Group's compliance programs and standards of business conduct. More specifically, the Compliance and Business Conduct Committee:

- monitors the Group's Compliance program, including the activities performed by the Compliance Team and its interaction with the rest of the organization;
- monitors the investigations resulting from cases brought through the Group's ethics line or otherwise;
- oversees allocation of resources and personnel to the Compliance area;
- assesses the Group's performance in the Compliance area; and
- ensures that the Group maintains proper standards of business conduct.

Management representatives invited to attend the Compliance and Business Conduct Committee include the Group CEO, the Chief Compliance and Ethics Officer, General Counsel, Group CFO, the Chief External Affiars Officer, and Head of Internal Audit.

Summary of Committee Activities in 2018

The Committee convened, as planned, six times during the year. The Committee Chairman prepares the agenda in conjunction with the Chief Ethics and Compliance Officer and reports are provided on the status of the Ethics & Compliance Program and any compliance related issues including investigations resulting from cases brought through the Company's ethics line or otherwise, anti-money laundering, and information security issues. The CEO and Executive Team have been demonstrably committed and continue to be actively involved in fostering a culture of ethics and compliance from the top, across all our lines of business.

Summary of Areas of Focus and Action Items in 2018

Program elements	• Third party management - Through a centralized due diligence program • Anti-corruption Program - Compliance policies and procedures were reviewed and new ones developed to cover emerging areas of risk and to strengthen the company's Anti-corruption program. • All compliance policies and procedures, revised and new, were communicated to the whole organization. • Training on company compliance policies was provided to all employees with bonus award for select managers dependent on completion rates. • Independent Assurance - Reviews of the Company's Compliance framework by group internal audit were conducted throughout the year and remediation actions were taken. • Communication campaigns were launched throughout the year on various compliance subjects. • Compliance Risk Assessment - Establish Pro-active Compliance risk management process. Regularly monitor, collect and analyze data to confirm results. • Resources: hired two new compliance officers. • All GMs were given a set of Compliance KPIs to meet during year to be eligible for year-end bonus award.
Reporting & Investigations	• "SpeakUp" Campaign - Encouraged employees to use the system to report issues of non-compliance with our policies and values. • Strengthened investigation process by building an investigations team, developing investigations resources in the operations, and publishing a Global Investigations Policy. • Incentives programs - Compliance factors were incorporated into executives' incentives program. Bonus awards are now dependent upon achievement of all compliance KPIs.
Global Anti-money laundering (AML) program	• Implemented a robust Know Your Customer (KYC) tool in certain countries with the plan to implement globally. • Enhanced current monitoring and implemented a new system in certain countries. • Training: provided AML training to several operations, including targeted groups such as upper management, MFS, and operation's teams. • Deployed new review processes for dealers and agents in several operations in Latam and Africa that included adherence to local regulations, level of training, and AML program compliance. • Added additional resources for AML department's functions in operations. • External assessments with remediation actions were developed for all Latam operations
Information Security program	• Developed a strategic 36-month plan to mature the corporate and local Information Security programs, as well as address any technology-control related Sarbanes-Oxley requirements. • Approval of requisitions for new hires for the Security program. • Initiated deployment of the Global Security Operations Center (GSOC). An industry leading partner has been selected and the initial operational integrations have begun. • The development of the enterprise-wide Identity and Access Management (IAM) program has begun. All critical Sarbanes-Oxley requirements have been identified, including account management, segregation of duties, and management attestation. Strategic roadmaps have been developed and the process of vendor selection has begun.

III. Compensation Committee

In 2018, the Compensation Committee continued to focus on the review of Millicom's reward strategy to ensure that senior management compensation reflects company performance closely.

We have designed our employee and executive compensation programs to support three goals:

1) Attract and retain great talent;
2) Support our culture of entrepreneurship and performance, with an increased focus on pay based on geographical / line of business accountability; and
3) Align employee interests with shareholder interests.

We pay employees competitively compared to other opportunities they might have in the respective local market. We also offer competitive benefits to promote the health and happiness of our employees, and create a fun and invigorating work culture. We believe in pay for performance.

A portion of compensation is tied to performance for all top executives, including the senior teams at each of our operations. The proportion of overall pay tied to performance is higher for employees at more senior levels in the organization, reflecting their opportunity for higher impact on company performance. We use equity awards to align employee and shareholder interests. We require employees in our top 50 roles and other senior executives to maintain significant holdings of Millicom shares. This incentivizes our top leaders to take a longer-term view on positive business performance in alignment with company and shareholder interests.

I would like to thank my fellow Compensation Committee members for their dedication and commitment to the activities of the Compensation Committee and look forward to continuing our mandate through to the 2019 AGM.

Mr. José Antonio Ríos García

Chairman of the Compensation Committee

Compensation Committee Membership and Attendance in 2018

Committee	Position	First appointment	Meetings/attendance	%
Mr. José Antonio Rios Garcia	Chairman	May 2017	**6/6**	**100**
Mr. Tom Boardman	Member	May 2016	**6/6**	**100**
Mr. Anders Jensen	Member	May 2017	**6/6**	**100**
Overall attendance			**18/18**	**100**

Appointment and Role of the Compensation Committee

The Compensation Committee reviews and makes recommendations to the Board of Directors regarding the compensation of the CEO and the other senior managers as well as management succession planning.

The Board, based on guidelines by the Compensation Committee, proposes the remuneration of senior management. The objective of the guidelines is to ensure that Millicom can attract, motivate and retain executives, within the context of Millicom's international talent pool, which primarily consists of telecom, media, and FMCG companies. Remuneration of the CEO requires Board approval. Guidelines for remuneration of senior management, and share-based incentive plans for employees are approved by the shareholders at the AGM.

The evaluation of the CEO is conducted by the Compensation Committee. The evaluation criteria and the results of the evaluation are then discussed by the Chairman with the entire Board. The Board considered that the CEO provided strong leadership for the Company during 2018. The results of the review and evaluation were communicated to the CEO by the Chairman.

The Compensation Committee comprises three members.

Main Activities of the Committee during 2018

The Compensation Committee met six times in 2018.

Summary of Areas of Focus and Action Items in 2018

Bonus and performance reports	• Received and reviewed senior executive performance reports and Executive Committee individual payouts STI/LTI (cash /equity). • Reviewed and approved the 2018 variable compensation target and performance results.
Compensation review	• Reviewed and approved the peer group for executive benchmarking. • Approved all payments for Executive Committee members, including base pay increases. • Reviewed executive remuneration and governance trends and developments. • Reviewed executive benchmarking for the CEO and all Executive Committee members. • Approved changes to CEO and Executive Committee compensation elements based on market competitiveness.
Share-based incentive plans	• Reviewed and approved the 2018 Share Plan Rules. • Approved the 2015 LTI (PSP) vesting. • Reviewed and approved all equity grants. • Reviewed the treasury shares' balance reserved for share-based incentive plans and the period they cover. • Reviewed shared ownership guidelines and the compliance of each covered executive. • Reviewed performance and projections of outstanding LTI plans.
Global reward strategy and executive remuneration review	• Reviewed Remuneration/C&B Philosophy & Strategy.
Variable pay design	• Reviewed and approved the Variable Plans Redesign (STI/LTI) for 2019 including pay our vehicle for JVs. • Discussed and approved STI/LTI redesign for 2019. • Reviewed and approved STI and LTI performance measures for 2019.
Other	• Reviewed and approved exceptional items, new hire equity grants, etc. • Reviewed LTI retirement eligibility clause. • Reviewed COC (Change of Control) / Reviewed GSMT severance plan payout. • Reviewed final MICSA budget for upcoming year.
Compensation Committee governance	• Reviewed and updated Compensation Committee Remit and Obligations. • Review and approved the Compensation Committee annual meeting cycle and calendar. • Reviewed the Compensation Commitee charter. • Introduced an oversight dashboard. • Reviewed of composition of the Compensation Commitee. • Reviewed and approved an external compensation consultant.

Remuneration Guidelines

The Board proposes to the AGM guidelines for remuneration and other employment terms for the senior management. The annual base salary and other benefits of the CEO is proposed by the Compensation Committee and approved by the Board.

Remuneration Policy

Remuneration packages for members of the Executive Team at Millicom comprise an annual base salary, an annual bonus, share-based compensation, social security contributions, pension contributions, and other benefits. Bonus and share-based compensation plans (see note B.4.1 to the consolidated financial statements) are based on actual performance. Share-based compensation is granted once a year by the Compensation Committee.

Base salary - The Executives' base salaries are competitive and based on each individual Executive's responsibilities and performance.

Variable STI (Short-Term Incentive) cash remuneration - The Executives may receive variable remuneration in addition to base salary. The maximum target variable remuneration in any Executive's contract is 100% of the base salary and, in case of exceptional business and personal performance, up to two times that target. The variable amounts or percentages are considered to be competitive within market standards at total compensation levels. The variable remuneration shall be based on the performance of the Executives in relation to established goals and targets along with Millicom's financial performance (see table below).

Use and relative weighting of financial performance target measures under the variable compensation rules are equal to all employees regardless of seniority.

Variable STI share-based remuneration - Portion of the STI is paid in the form of deferred shares with a three-year pro-rated vesting, strengthening our pay for performance and retention incentives.

Long-term share-based incentive plans (LTIPs) - The aim of the LTIPs is to complement and support Millicom's long-term business view and strategy. The plans and the amounts need to be competitive in order to attract and retain key executives. These incentives are targeted for a selected group of employees only, approximately the top 50 roles and have a three-year cliff vesting.

Other benefits - Other benefits can include, for example, a car allowance, medical coverage, and in cases of ex-patriate assignments, housing allowance, school fees, home leave, and other travel expenses.

Pension - The Executives are eligible to participate in a global pension plan, in accordance with market standards. The global pension plan is secured through premiums paid to reputable insurance companies.

Deviations from the guidelines - In special circumstances, the Board may deviate from the above guidelines, such as additional variable remuneration in the case of exceptional performance. In these instances the Board of Directors will explain the reason for the deviation at the following AGM.

Payment for loss of office - If there is a company-initiated termination, other than for cause, of the Millicom Executives that are part of our Executive Committee (e.g. the CEO and his/her direct reports), a notice period of 6 - 12 months potentially applies.

Bonus measurements	Rationale	Weighting
Personal performance	The individual goals and objectives of Millicom management and employees are critical in achieving its financial objectives and in long-term value creation.	30%
Service Revenue	Recurring revenue is a key growth measure used by the Group as it seeks to monetize opportunities in all countries and all business units.	20%
EBITDA	EBITDA is used as a measurement of ongoing earning power/value creation in the Group and is used as a measure of how well management controls the operational cost of growing revenue.	20%
Operating Free Cash Flow	Operating Free Cash Flow is a measure aligned to return on invested capital and is used to measure how efficiently management are generating cash flow.	20%
Net Promoter Score	The Net Promoter Score is an index that measures the willingness of customers to recommend a company's products or services to others.	10%
Total		**100%**

Executive Team Remuneration

Compensation of the Executive Team 2018	CEO	CFO	Other Executives (9 members)
Cash Compensation (US$ '000)*			
Base salary	1,112	673	3,930
Bonus (for 2018 performance)	1,492	557	2,445
Pension	247	101	962
Other benefits**	66	63	805
Termination benefits	—	—	301
Total salary and benefits	**2,918**	**1,393**	**8,444**
Equity Compensation (number of shares)***			
Performance share plan(i)	34,154	17,716	41,710
Deferred share plan(ii) (for 2018 performance)	25,011	9,339	40,988
Total shares (number)	**59,165**	**27,055**	**82,698**
Value of shares(iii) (US$ '000)	**3,628**	**1,665**	**5,053**

(i) Amounts relating to the 2016 performance share plan based on the actual performance over the three-year period. The value of shares is based on the closing market value of Millicom shares in US$ on December 28, 2018 of US$62.53. These shares will vest on March 1, 2019. Final performance metrics subject to approval by the Remuneration Committee on March 5, 2019.
(ii) Amounts relating to the 2019 deferred share plan (awarded in 2019 based on 2018 results). The value of shares is based on the average Q4 closing market value of Millicom shares of US$59.65. These shares will vest over three years from the award date with a vesting schedule 30%/30%/40%, dependent on continued service of the employee.
(iii) The value is calculated on the basis described above which differs from the value calculated for the IFRS financial statements.
*Other Executives Cash Compensation includes Daniel Loria, former CHRO and Rodrigo Diehl, EVP Strategy. ** Other Benefits include relocation support when applicable with an average amount of US$25K. *** Other Executives Equity Compensation includes Rodrigo Diehl, EVP Strategy during 2018.

Compensation of the Executive Team 2017	CEO	CFO	Other Executives (9 members)
Cash Compensation (US$ '000)*			
Base salary	1,000	648	3,822
Bonus (for 2017 performance)	707	455	1,590
Pension	150	97	629
Other benefits	64	15	1,193
Termination benefits	—	—	—
Total salary and benefits	**1,921**	**1,215**	**7,233**
Equity Compensation (number of shares)*			
Performance share plan(i)	11,865	6,230	10,044
Deferred share plan(ii) (for 2017 performance)	10,688	6,877	24,040
CEO Dividend Share Award	1,179		
Total shares (number)	**23,732**	**13,107**	**34,084**
Value of shares(iii) (US$ '000)	**1,588**	**877**	**2,280**

(i) Amounts relating to the 2015 performance share plan based on the actual performance over the three-year period. The value of shares is based on the closing market value of Millicom shares in US$ on December 29, 2017 of US$66.91. These shares will vest on March 1, 2017. Final performance metrics will be approved by the Remuneration Committee on March 5, 2018.
(ii) Amounts relating to the 2017 deferred share plan (awarded in 2018). The value of shares is based on the closing market value of Millicom shares in US$ on December 29, 2017 of US$66.91. These shares will vest over three years from the award date, dependent on continued service of the employee.
(iii) The value is calculated on the basis described above which differs from the value calculated for the IFRS financial statements.
*Other Executives compensation includes Daniel Loria, former CHRO.

Share-based Incentive Plans

The share-based incentive plans currently consist of a Deferred Share Plan (DSP) and a Performance Share Plan (PSP).

The 2019 DSP (2018 results) corresponds to the portion of the STI paid with the DSP that will be granted in Q1 2019 based on 2018 performance. The 2018 PSP (LTIP) corresponds to the grant of PSP made in Q1 2018, that covers performance of 2018 – 2020 and vests in Q1 2021. Shares granted under the 2019 DSP are based on personal and corporate performance of the previous year and the awards vest over three years, 30% after one year, 30% after two years and 40% after three years. Shares granted under the 2018 PSP vest at the end of a three-year period, whereby vesting is subject to certain company performance conditions. The CEO and CFO are participating in the Group's 2018 PSP, with target opportunities as per the table below. For the 2018 year, equity-based incentive plans were offered to Executives, other senior management, as well as to high-potential employees and employees in key roles (by nomination exception) under the plans set out in the following table. In addition, the rules of the plans set out certain criteria and conditions in which new employees can be awarded sign-on awards. In countries where Millicom has a local partner, in certain cases, the same eligibility and rules apply for the incentive plans, except that instead of being granted awards denominated in Millicom shares, the executives receive deferred cash awards.

LTIP	**Eligibility**	Participants	Maximum shares awarded for 2018	Basis for calculating award	Comment
2019 Deferred Share Plan (DSP)	CEO, CFO, other Executives and other (global) senior management*	231	297,856	20–50% on base salary	
2018 Performance Share Plan (PSP)	CEO, CFO, other Executives and other (global) senior management	48	237,196	400% 175% 35%–160% on base salary, as per 01.01.18	CEO CFO Global senior management team

*A limited number of high-potential employees and employees in key roles can be nominated by exception.

Specific rules of each plan are set out below. Vesting under all plans is conditional on the participant remaining employed by the Group at each vesting date. Additional vesting criteria are noted under each plan.

		Vesting period		
LTIP	**Additional vesting criteria (terms and conditions)**	1 year	2 years	3 years
2019 Deferred Share Plan (DSP)	—	30.0%	30.0%	40%
2018 Performance Share Plan (PSP)	Achievement of Service Revenue CAGR, Operating Free Cash Flow CAGR and Relative Total Shareholder Return targets measured over the three-year vesting period.	—	—	100%

Measurements used for PSP performance measure	Weighting
Operating Free Cash Flow (OFCF) with a specific 3-year CAGR target	50%
Service Revenue with a specific 3-year CAGR target	25%
Relative Total Shareholder Return (RTSR) vis-vis a peer group of companies (no award is made for performance below peer group median. Achieving TSR performance at media of pre-determined peer triggers 25% of the relative TSR component)	25%

CEO Compensation

The 2018 components of the CEO remuneration package were:

- an annual base salary of US$1.15 million;
- variable cash remuneration with a target of 100% of base salary;
- participation in Millicom's share-based compensation plans and;
- other standard benefits, as described under the senior management remuneration principles earlier in this report.

CEO Earnings Opportunity from 2018 Award Levels

The tables below provide estimates of the potential future remuneration for the CEO based on the remuneration opportunity granted in the 2018 financial year. Potential outcomes are based on different performance scenarios.

Assumptions underlying each scenario are described below.

Fixed

- Fixed income consists of base salary, employment benefits and company pension contributions.
- Base salary is at December 31, 2018.
- Benefits and Pension are valued using the figures in the total remuneration for the 2018 financial year table detailed below.
- Pension contributions are made at 15% of base salary as at December of the preceding year.

	Base (US$ '000)	Benefits (US$ '000)	Pension (US$ '000)	Total Fixed (US$ '000)
Mauricio Ramos	1,150	66	247	1,463

Variables on target

- Values are based on what the CEO would receive if performance was in line with Incentive Performance Targets.
- The target STI award opportunity is 200% of base salary, of which half is paid in cash, and the remaining half is paid via the Deferred Share Plan (DSP)
- The target award opportunity for the LTI, the Performance Share Plan (PSP), is 400% of base salary for the CEO, assuming relative total shareholder return (RTSR) performance being at peer group median and the CAGR for both Service Revenue and Operating Free Cash Flow (OFCF) to be at target.

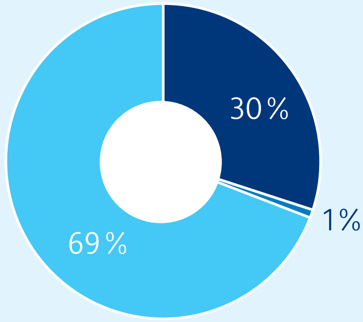
Variables at maximum

- The maximum STI award opportunity is 400% of base salary, of which half is paid in cash and the remaining half is paid via the Deferred Share Plan (DSP)
- The maximum award for performance under the PSP is 800% of base salary, where relative total shareholder return outperforms the peer group median by 20% and the CAGR for both Service Revenue and OFCF to be at 120% of target.

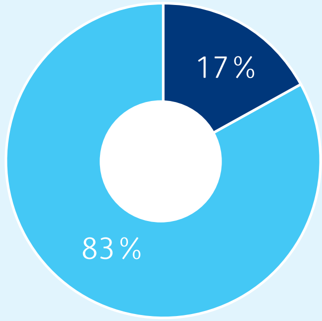
At target

US$000

Cash	$2,562
Benefits	$ 51
Shares	$5,750
TOTAL	**$8,363**



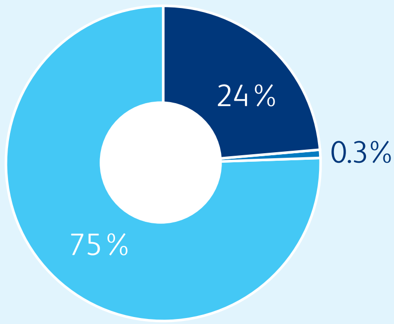
Fixed	$1,463
Variable	$6,900
TOTAL	**$8,363**



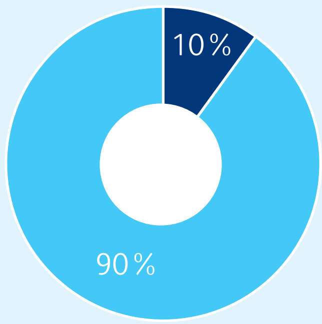
At maximum

US$000

Cash	$ 3,712
Benefits	$ 51
Shares	$11,500
TOTAL	**$15,263**



Fixed	$ 1,463
Variable	$13,800
TOTAL	**$15,263**



Details of Share Purchase and Sale Activity

During 2018, Millicom's CEO, Mauricio Ramos, acquired 15,400 Millicom shares.

Shareholding Requirements

Millicom's share ownership policy sets out the Compensation Committee's requirements on Global Senior Managers to retain and hold a personal holding of common shares in the Company in order to align their interests with those of our shareholders. All Share Plan participants in the Global Senior Management Team (including all Executives) are required to own Millicom shares to a value of a percentage of their respective base salary as of January of the calendar year.

	2018
Global Senior Management Level	%
CEO	400
CFO	200
EVPs	100
General managers and VPs	50

Unless this requirement is met each year, no vested Millicom shares can be sold by the individual.

Share ownership and unvested share awards granted from company equity plans

(number of shares)	CEO	Other Executives	Total
December 31, 2018			
Share ownership (vested from equity plans and otherwise acquired)	122,310	84,782	207,092
Share awards not vested	172,485	339,726	512,211
December 31, 2017			
Share ownership (vested from equity plans and otherwise acquired)	80,159	55,888	136,047
Share awards not vested	148,324	299,067	447,391

2018 Remuneration for the Chairman, Deputy Chairman and Non-Executive Directors

Decisions on annual remuneration of Directors ("tantièmes") are reserved by the Articles of Association to the general meeting of shareholders. Directors are therefore prevented from voting on their own compensation. The Nomination Committee reviews and recommends the Directors' fees, which are approved by the shareholders at the AGM or EGM. Fees are set based on the role (Chairman, Deputy Chairman), and for participation in and roles of Chairman of the Audit Committee, the Compliance and Business Conduct Committee, and Compensation Committee.

The remuneration of Directors comprises an annual fee and shares denominated in Swedish Krona (SEK) or U.S. Dollars (USD). Director remuneration for the period is as follows:

Board and committees	**Remuneration 2018 SEK 000's**	Remuneration 2017 SEK 000's
Directors		
Mr. Tom Boardman (Chairman)	1,470 (ii)	2,150
Mr. José Antonio Rios Garcia	1,075	1,075
Mr. Odilon Almeida	1,050	1,050
Ms. Janet Davidson	1,050	—
Mr. Lars-Åke Norling	772(iii)	—
Mr. Tomas Eliasson	1,250	1,250
Mr. Anders Jensen	650 (ii)	950
Mr. Roger Solé Rafols	850	850
Former Directors (until May 2018):		
Mr. Simon Duffy	—	1,050
Mr. Alejandro Santo Domingo	—	950
Total in SEK 000's	SEK 8,201	SEK 10,275
Total (US$ '000)(i)	US$943	US$1,122

(i) Cash compensation converted from SEK to USD at exchange rates on payments dates each year. Share based compensation based on the market value of Millicom shares on the 2018 AGM date (in total 6,591 shares). Net remuneration comprised 51% in shares and 49% in cash (2017: 52% in shares and 48% in cash).
(ii) From the period from the 2018 AGM to the date of the EGM in January 2019.
(iii) From the period from September 1, 2018 to the 2019 AGM on May 2, 2019.

Millicom CEO and Executive Team

CEO	Position	Role and responsibilities
Mr. Mauricio Ramos	CEO	• Leading the development and execution of the Company's strategy. • Day-to-day activities and management decisions, both operating and financial. • Liaison between the Board and Management of the Company. • Leading the Executive Team.

Mr. Mauricio Ramos
Chief Executive Officer

Mauricio Ramos, born in 1968, joined Millicom in April 2015 as Chief Executive Officer (CEO). Before joining Millicom, he was President of Liberty Global's Latin American division, a position he held from 2006 until February 2015.

During his career at Liberty Global, Mauricio held several leadership roles, including positions as Chairman and CEO of VTR in Chile, Chief Financial Officer of Liberty's Latin American division and President of Liberty Puerto Rico.

Mauricio is also a Member of the Board of Directors of Charter Communications (U.S.).

He is a dual Colombian and U.S. citizen who received a degree in Economics, a degree in Law, and a postgraduate degree in Financial Law from Universidad de Los Andes in Bogota.

MILLICOM SHAREHOLDING AT JANUARY 31, 2019: 122,310 shares

Millicom's Executive Team supports the CEO in the day-to-day operation and management of the Group, within their specific areas of expertise. Millicom's Executive Team meets on at least a monthly basis and more frequently when required. Millicom's Executive Team is as follows:

Executive Team	Role	Responsibilities
Mr. Tim Pennington	**Chief Financial Officer**	Finance and financial planning. Reporting financial performance, including external financial reporting. Budgeting and forecasting, monitoring expenditures and costs. Implementation and enhancement of related controls. Risk management.
Mr. Esteban Iriarte	**Chief Operating Officer–Latam**	Operations and development of the Latin American businesses.
Mr. Mohamed Dabbour	**Head of Africa Division**	Operations and development of the African businesses.
Mr. Xavier Rocoplan	**Chief Technology and Information Officer**	Networks, information technology and procurement within the Group.
Ms. Rachel Samrén	**Chief External Affairs Officer**	Government relations, regulatory affairs, corporate communications, and corporate responsibility.
Mr. Salvador Escalón	**General Counsel**	Legal and corporate governance matters including oversight, identification, and management of legal cases and issues of the Group, as well as legal aspects of mergers and acquisitions and other corporate transactions.
Ms. Susy Bobenrieth	**Chief Human Resources Officer**	Human Resource matters including talent acquisition and management, compensation, diversity, and inclusion.
Mr. HL Rogers	**Chief Ethics and Compliance Officer**	Compliance matters including ethics, anti-bribery, anti-corruption, anti-money laundering, and related compliance programs. Also, corporate security and information security.

The profiles of the CFO and Executive Team members are provided below:

Mr. Tim Pennington

Executive Vice President,
Chief Financial Officer

Tim Pennington joined Millicom in June 2014 as Senior Executive Vice President, Chief Financial Officer.

Previously, he was the Chief Financial Officer at Cable and Wireless Communications plc, Group Finance Director for Cable and Wireless plc and, prior to that, CFO of Hutchison Telecommunications International Ltd, based in Hong Kong. Tim was also Finance Director of Hutchison 3G (UK), Hutchison Whampoa's British mobile business.

He also has corporate finance experience, firstly as a Director at Samuel Montagu & Co. Limited, and then as Managing Director of HSBC Investment Bank within its Corporate Finance and Advisory Department.

He is a British national and has a BA (Honours) degree in Economics and Social Studies from the University of Manchester.

MILLICOM SHAREHOLDING AT JANUARY 31, 2019: 15,933 shares

Mr. Esteban Iriarte

Executive Vice President,
Chief Operating Officer, Latin America

Esteban Iriarte was appointed as Executive Vice President, Chief Operating Officer (COO), Latin America in August 2016.

Previously, Esteban was General Manager of Millicom's Colombian businesses where, in 2014, he led the merger and integration of Tigo and the fixed-line company UNE.

Prior to leading Tigo Colombia, Esteban was head of Millicom's regional Home and B2B divisions.

From 2009 to 2011, he was CEO of Amnet, a leading service provider in Central America for broadband, cable TV, fixed line, and data services, acquired by Millicom in 2008.

In 2016, Esteban joined the Board of Directors of Sura Asset Management. Sura is one of Latin America's leading financial groups.

Esteban is from Argentina and received a degree in Business Administration from the Pontificia Universidad Catolica Argentina "Santa Maria de los Buenos Aires", and an MBA from the Universidad Austral in Buenos Aires.

MILLICOM SHAREHOLDING AT JANUARY 31, 2019: 19,309 shares

Mr. Mohamed Dabbour

Executive Vice President,
Head of Africa Division

Mohamed Dabbour joined Millicom in 2008 and has held a broad variety of roles in the Africa region including Chief Financial Officer in Chad in 2009 and Chief Financial Officer in Ghana in 2011. Prior to being appointed as Head of the Africa division, he held the position of Chief Financial Officer, Africa since August 2015.

Prior to joining Millicom, Mohamed worked for BESIX, the largest Belgian construction company. He started his career at PricewaterhouseCoopers in Brussels as a Senior Accountant.

Mohamed holds an Executive MBA degree from London Business School.

MILLICOM SHAREHOLDING AT JANUARY 31, 2019: 4,525 shares

Mr. Xavier Rocoplan

Executive Vice President, Chief Technology and Information Officer

Xavier Rocoplan started working with Millicom in 2000 and joined the Executive Committee as Chief Technology and Information Technology Officer in December 2012.

Xavier is currently heading all mobile and fixed network and IT activities across the Group as well as all Procurement & Supply Chain.

Xavier first joined Millicom in 2000 as CTO in Vietnam and subsequently for South East Asia. In 2004, he was appointed CEO of Millicom's subsidiary in Pakistan (Paktel), a role he held until mid-2007. During this time, he launched Paktel's GSM operation and led the process that concluded with the disposal of the business in 2007. Xavier was then appointed as head of Corporate Business Development, where he managed the disposal of various Millicom operations (e.g. Asia), the monetization of Millicom infrastructure assets (towers) as well as numerous spectrum acquisitions and license renewal processes in Africa and in Latin America.

Xavier is a French national and holds Masters degrees in engineering from Ecole Nationale Supérieure des Télécommunications de Paris and in economics from Université Paris IX Dauphine.

MILLICOM SHAREHOLDING AT JANUARY 31, 2019: 26,935 shares

Ms. Rachel Samrén

Executive Vice President, Chief External Affairs Officer

Rachel Samrén joined Millicom in July 2014 and manages the Group's External Affairs function, which encompasses government relations, regulatory affairs, corporate communications, and corporate responsibility functions.

Her focus is on driving Millicom's global engagement with particular responsibility for special situation strategies.

Rachel's background is in the risk management consulting sector, most recently as Head of Business Intelligence at The Risk Advisory Group plc. Previously, she worked for Citigroup as well as non-governmental and governmental organizations.

Rachel currently serves as Chairman of the Board of Directors of Reach for Change and Zantel.

She is a Swedish national and holds a BSc in International Relations from the London School of Economics and a MLitt in International Security Studies from the University of St Andrews.

MILLICOM SHAREHOLDING AT JANUARY 31, 2019: 2,627 shares

Mr. Salvador Escalón

Executive Vice President, General Counsel

Salvador Escalón was appointed as Millicom's General Counsel in March 2013 and became Executive Vice President in July 2015.

Salvador leads Millicom's legal team and advises the Board of Directors and senior management on legal and governance matters.

He joined Millicom as Associate General Counsel Latin America in April 2010. In this role, he successfully led legal negotiations for the merger of Millicom's Colombian operations with UNE-EPM Telecomunicaciones S.A., as well as the acquisition of Cablevision Paraguay.

From January 2006 to March 2010, Salvador was Senior Counsel at Chevron Corporation, with responsibility for legal matters relating to Chevron's downstream operations in Latin America.

Previously, he was in private practice at the law firms Skadden, Morgan Lewis, and Akerman Senterfitt.

Salvador is an American national and has a J.D. from Columbia Law School and a B.B.A. in Finance and International Business from Florida International University.

MILLICOM SHAREHOLDING AT JANUARY 31, 2019: 14,712 shares

Ms. Susy Bobenrieth
Executive Vice President, Chief Human Resources Officer

Susy Bobenrieth, a global Human Resource professional, joins Millicom with over 25 years of experience in major multi-national companies that include Nike Inc., American President Lines, and IBM.

As an ex-Nike executive, she has extensive international knowledge and proven results in leading large-scale organizational transformations, driving talent management agenda, and leading teams. She is passionate about building great businesses and winning with high-performing teams.

Susy was raised in the USA by her Chilean immigrant parents and is one of eight children.

She has deep international experience having lived and worked in Mexico, USA, Brazil, the Netherlands, and Spain. She received a degree from the University of Maryland, University College in 1989.

MILLICOM SHAREHOLDING AT JANUARY 31, 2019: no shares

Mr. HL Rogers
Executive Vice President, Chief Ethics and Compliance Officer

HL Rogers joined Millicom in August 2016 as Chief Ethics and Compliance Officer. As the leader of Millicom's Compliance function, he is committed to maintaining a world-class compliance program.

Previously, he was partner in the Washington DC office of international law firm Sidney Austin LLP, where he represented individual, corporate, and government clients in compliance issues and complex litigation.

Throughout this period, HL Rogers developed a wealth of experience in setting up and managing compliance programs, strengthening compliance policies and procedures, as well as conducting training and development. He has also assisted many large corporations in negotiations with authorities in multiple jurisdictions.

HL clerked for Judge Thomas Griffith of the United States Court of Appeals for the District of Columbia Circuit in 2005. He received his Juris Doctorate from Harvard Law School in 2004 and has published several articles on compliance and ethics matters within the corporate setting.

In 2001, HL received his BA degree in English from Brigham Young University.

MILLICOM SHAREHOLDING AT JANUARY 31, 2019: 741 shares

Management Governance

The Group seeks to ensure that governance activities are embedded in the daily operations of all businesses and in the Group's corporate functions. The role of the Group's governance functions is to set policies and procedures in accordance with our obligations and international best practice. These functions then ensure policies and procedures are embedded in our businesses and monitor compliance.

Each function has clear reporting lines through to the Executive Management Team and the CEO. Reporting is also to the Board committees, as previously described, based on the responsibilities of each committee. For instance, the Chief Ethics and Compliance Officer reports directly to the relevant Board committee with a dotted line report to the CEO.

In addition, the Group has a dedicated Internal Audit function to provide independent assurance over all businesses and corporate functions through a program of risk-based internal audits. Internal Audit reports to the Audit Committee of the Board and to Executive Management. Improvements are identified, management actions are assigned and implementation progress is monitored.

Business Control

The Board has overall responsibility for the Group's system of internal control, which is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss. The concept of reasonable assurance recognizes that the cost of control procedures should not exceed the expected benefits.

Responsibility for maintaining effective internal controls is delegated to the CEO and the Executive Team with oversight provided by the Audit Committee. Millicom continued to invest significantly during the year to further strengthen its internal control framework including preparatory work for the U.S. secondary listing. Within the Millicom control framework, operational and functional management teams perform controls. Key controls are documented in the Millicom internal control manual, which covers both financial and non-financial controls across 15 core business processes. The control manual was updated at the start of the year. Each country has its own dedicated, local Business Control team responsible for monitoring and development of the local internal control environment.

Monitoring Systems

A process of internal control self-assessment is operated and requires self-certification of the operation of key controls. Self-certified responses are then subject to review and challenge by the Group Business Controls team and Global Process Owners. The results are also compared to findings from Internal and External Audit. Where controls are found not to be operating effectively, action plans are designed with responsibilities and timescales assigned for remediation.

Self-assessment results are reported to the Audit Committee and the Executive Team. The results enable an assessment of the relative maturity of our internal control environment by both business process and by country. In 2018, three self-assessment exercises were performed (2017:3).

Fraud Management and Reporting

Business Control has responsibility for fraud risk management. Education activities continued, including an awareness campaign aligned with International Fraud Awareness Week, in November.

A quarterly fraud report is prepared by each operation. A summary of this is presented to the Audit Committee along with the key actions taken. Quantitative and qualitative thresholds have been agreed to govern the reporting of individual fraud incidents to the Group CFO, CEO, and the Audit Committee.

Internal Control over Financial Reporting

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

Cable Onda was acquired on December 13, 2018 and the first assessment of Internal Controls over Financial Reporting will take place in 2019.

Management has assessed the effectiveness of internal control over financial reporting as of December 31, 2018 and concluded that it was effective. The foregoing assessment does not constitute and is not meant to be an assessment of Millicom's internal control over financial reporting for purposes of the U.S. Securities Exchange Act of 1934, as amended, requirement which is not yet applicable to Millicom.

Risk Management

The risk function is tasked with identifying, analyzing, measuring, and monitoring of Millicom's risks. The Chief Risk Officer is responsible for providing risk owners at central functional and country level with methodology and tools to support the approach to balancing risk with return, and reporting to the Executive Team. The Audit Committee, on behalf of the Board, is responsible for oversight of risk management activities.

Our risk assessment processes and the principal risks managed by the Group are set out in the Risk Management section of this annual report.

Ethics and Compliance

The Millicom Ethics and Compliance function has overall responsibility for the group-wide Millicom Ethics and Compliance program with robust anti-bribery and anti-corruption, anti-money laundering (AML) and Information Security programs.

Millicom aims to be a Compliance Leader in all its markets. Our Ethics & Compliance Program is intended to prevent and detect misconduct and protect the interests of shareholders, employees and the public, and is executed by an efficient compliance function focused on the most important risks.

Management and Governance of Compliance Activities

The Millicom Management team is committed to the highest level of ethics and compliance. This requires that every employee is responsible for understanding the important legal and ethical issues that affect our business. Our commitment to compliance begins with each and every one of our employees and our third parties acting with Integrity. This means more than just complying with the law; it means acting in an ethical manner as described in the company's Code of Conduct.

The performance of all our senior management is measured by Compliance KPIs, requiring continual improvement for compliance-related issues. In 2018, integrated compliance factors were incorporated into executives' incentives program, including bonus awards tied to achievement of all these KPIs. We use performance ratings to drive concrete action and promote ethical business practices. It is our obligation to include appropriate incentives for taking reasonable steps to prevent or detect criminal conduct and appropriate disciplinary measures for failing to take such steps.

We continued reinforcing our Third Parties management space in 2018 through a centralized and elevated due diligence program. The use of technology allowed for a stronger automation of third-party screening with a goal of improved compliance outcomes. We published a procedure on interactions with government and other public officials in order to strengthen and clarify risks and controls around third party management.

All Compliance policies were reviewed and new ones developed to cover emerging areas of risk (Government Interaction Policy) to strengthen the company's Anti-corruption program. Specific training modules were rolled out to all employees on the new and reviewed policies. Automation of compliance Declaration and Attestation was launched. In 2018 we continue advancing a culture of compliance by accountability "Do Business the Right Way" with the living theme "I am Compliance" & raising the key question #Howdoyoucomply. Special attention was given to reinforcing everyone's compliance duties and embracing the understanding of Compliance being in the Culture, not just a policy.

We launched group-wide e-learning on the Millicom Code of Conduct & Anti-Corruption policy. The purpose of the training was to heighten attention to key risk areas such as improper payments, gifts and hospitalities, donations, managing third parties, relationships with Government Officials, and approval and recording of expenses. This training was part of the Company's Anti-Corruption Program, enhancing employees' ability to identify warning signs of bribery, to understand and apply our anti-corruption policy, and to adhere to a solid decision-making strategy when making business decisions.

Speak Up Policy and Issue Management

A new Hotline campaign, "Speak Up-We Will Act On It", was launched groupwide to promote our Millicom Ethics Line, encouraging employees to use this external, independent system to report issues of non-compliance with our policies and values. This initiative was part of our larger communication campaign "Integrity Starts With You" that we have been using to continue to raise awareness of compliance and ethics and to drive a corporate culture of integrity.

Key Governance Initiatives

Millicom strengthened the Compliance function, adding two additional senior Compliance Officers for the Africa operations and a replacement in Latin America.

Internal Audit worked with the business units to develop action plans to address the findings from the compliance audit, and we implemented those plans. Third parties found to be in violation of our policies were terminated or remediated.

Millicom has strengthened its Ethics and Compliance program monitoring and data analysis. In 2018, we expanded quarterly Compliance monitoring on key business and Compliance risks. We performed regular analysis of risk, control maturity, and training effectiveness and cross referenced our efforts with results of audits and internal control self-assessments in quarterly Local Compliance Committees.

Corporate Responsibility

This is the third year that Millicom has integrated corporate responsibility-related performance data and information in our annual financial and operational report to demonstrate how managing responsible growth and key risks support the successful delivery of our business strategy.

Millicom's Corporate Responsibility team sets CR strategy, drives policies and processes for CR governance, guides and coordinates CR performance across business functions, and publishes CR-related performance information in the annual integrated report. Our integrated report will continue to be a key vehicle in promoting transparency towards investors and other key stakeholders on CR risks and opportunities.

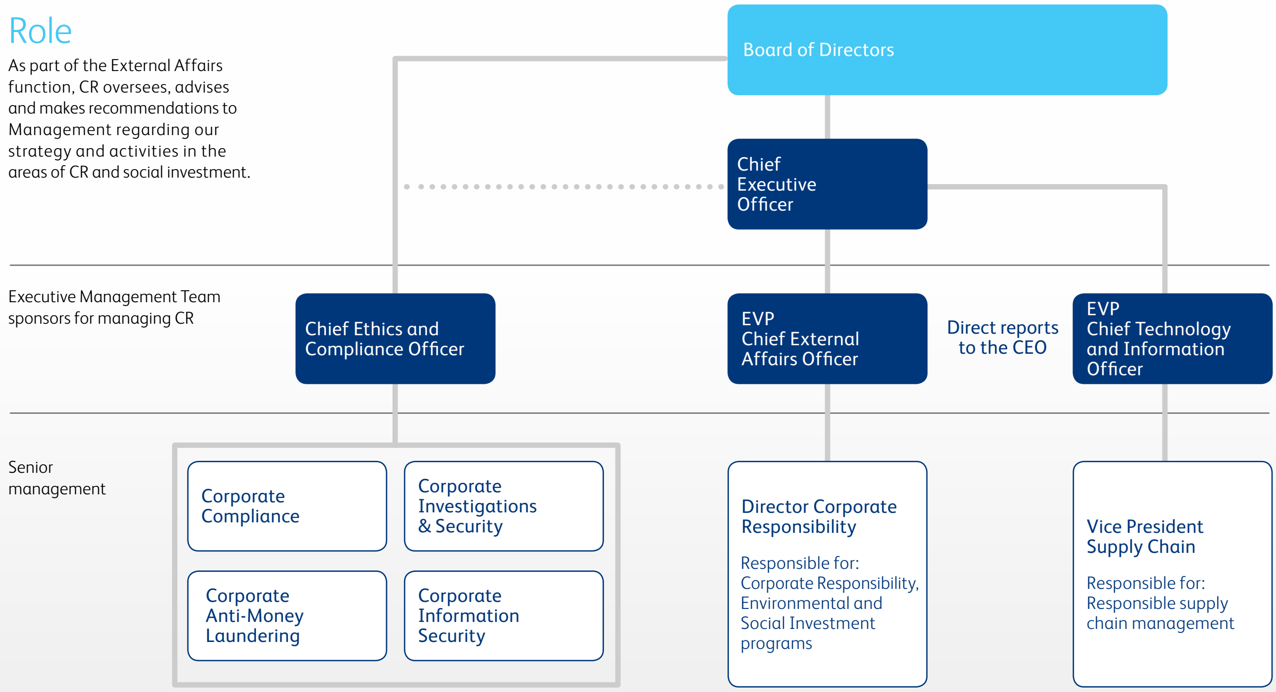
The CR team constantly engages with internal and external stakeholders to ensure that Millicom understands and addresses CR issues that are important to our business and relevant to our stakeholders.

Stakeholder engagement is done through a biennial materiality analysis, and for the most part via ongoing interaction with our key stakeholders. In addition to anticipating and improving preparedness on risks, the CR function also adds value by seeking responsible leadership opportunities for the Group to assess where we can make the greatest positive impact to society, to the environment and, in turn, to our business.

Governance of CR

Millicom's Board of Directors oversees the Government Relations (GR), Regulatory Affairs, Corporate Responsibility (CR), and Social Investment (SI) functions of the Group, which fall under the umbrella of External Affairs. This is due to the depth and materiality of these topics and the importance of monitoring interconnected risks and opportunities relating to them. The Executive Vice President (EVP), Chief External Affairs Officer, a direct report of the CEO, is accountable for delivering updates on

How CR is governed



the CR and SI strategy to the Board. Progress on CR and SI strategy implementation and issues management is also reported to the Millicom Executive Committee on a monthly basis through the EVP, Chief External Affairs Officer, and in specific cases directly.

Security

Throughout 2017 - 2018 the Integrated Services team, evolved from Corporate Security in 2018, continued its ambitious drive to implement international risk management standards such as ISO 14001, 22301, and OHSAS 18001 and can report that all operating entities except Nicaragua are accredited to the ISO standards. Nicaragua was put on hold until mid 2019 due to the significant civil and political unrest that spanned the country.

The focus of the Integrated Services team, which covers both health and safety, security, and other areas of non-financial risk, is to protect life, assets, and Millicom's reputation while promoting employee well-being, and to build resilience throughout the business to unexpected events or crises. In addition, Integrated Services oversees the implementation of policy and Group standards in physical security, health, and safety by local operational teams. Our teams responded quickly and professionally to several major incidents and events during 2018, including volcanic eruptions, earthquakes, civil unrest, and several major fires. In each instance, we were able to prevent any employee fatalities and major losses to the Group.

The Integrated Services team is overseen by the Vice President of Global Investigations, reporting to the Executive Vice President, Chief Ethics & Compliance Officer.

Business Continuity and Crisis Management

We designed our global and operational business continuity and crisis management system to address any significant disruption that might affect our capabilities to perform critical day-to-day activities. This continues to mature and has already responded to events, such as extreme weather, civil unrest, and criminal and political activities in the countries where we operate.

Risk assessment is a continuous process, It starts with a business impact analysis that identifies all critical services and business processes which will require a disaster recovery and business continuity plan. After performing a risk assessment on all critical assets identified in the analysis, we address every relevant operational threat in a formal risk mitigation plan.

Millicom crisis management defines the proper response to, and management of, an intense, unexpected, and unstable situation that disrupts normal operations and has highly undesirable outcomes, which require extraordinary measures to restore normal operations. Crisis management aims to protect the safety of our staff and our reputation, together with continuous and reliable delivery of service to customers, while maintaining contractual, legal, and regulatory compliance.

In parallel, Millicom has in place physical security and loss prevention standards which set minimum acceptable levels of critical site protection, as defined by industry best practice. All activities are subject to a program of monitoring and compliance activities.

Information Security

In 2017, Millicom reorganized its information security effort to advance the global program. Reporting to the Executive Vice President, Chief Ethics & Compliance Officer, the program is managed by the Global Chief Information Security Officer (CISO), who assumes responsibility for the identification, management and mitigation of technology-centric risks throughout the company.

The CISO oversees the regional information security teams to ensure the confidentiality, integrity, and availability of all business-critical systems and assets. Other responsibilities include the identification of emerging threats and risks potentially detrimental to Millicom and the safeguarding of proprietary and personal customer information. Additionally, the regional teams work closely with business and technology leadership to ensure compliance to corporate policies and regional information security-related regulatory requirements within the various countries where Millicom conducts business.

The Global CISO meets regularly with the Compliance and Business Conduct Committee and Audit Committee to ensure appropriate risks have been elevated and are being addressed. As part of the move to centralize Information Security services, in 2018 the Information Security team began to reevaluate the existing technology risk management processes and consolidated all identification and mitigation efforts under the new global function.

The following key initiatives kicked off in 2018:

- Formalization of the Global Information Security Office: The Millicom Global Information Security Office (GISO) is charged with strategy, tactics, and oversight of all security efforts with the broader Millicom environment. The GISO is divided up into four critical pillars–Risk Management, Security Engineering, Vulnerability Management, and the Global Security Operations Center. Lead by the Millicom Global CISO, the GISO strategy, budget, and activities are overseen by the InfoSec Steering Committee, which is comprised of various Millicom executives, technical resources, and business personnel. The InfoSec Steering Committee meets monthly to discuss projects, approaches, and engagement across the company.
- Development of a Global Security Operations Center: To better understand and manage risk across the entire enterprise, Millicom is moving forward with the consolidation and centralization of all local security operations management into a single, all-encompassing global security operations center. Millicom has partnered with an industry-leading service provider to provide 24x7 monitoring and analysis of all global events which could impact the company. Vendor selection has been completed and the migration project has begun. Initial locations will be migrated in Q1 2019, with full deployment targeted for completion by the end of year.
- Development of a Global Vulnerability Management program: Due to the differences in maturity levels around operational security, the Global program will identify, report, and track risks and vulnerabilities within all operations to provide a better insight into the technical security risks of the company. The initial phases of the program have been initiated and full roll out is expected to be completed by the end of Q3 2019.
- Development of a Global Identity and Access Management program: In order to effectively manage user access, especially with respect to the U.S. regulatory requirements, Millicom has decided to centralize all business and critical access provisioning to a central solution. Phase One of this effort will address all regulatory requirements by the end of Q3 2019, with the remaining deployment schedule running through mid-2020.

Health and Safety Management

All operating entities including corporate are in compliance with the current internal OHSAS 18001 standard, and all were externally accredited. Our teams at Group and within the operating entities are now preparing for the transition to the new ISO 45001 standard which will commence in Q1 2019 with Chad, Tigo Tanzania, and Honduras.

Our focus on “zero fatalities” has had a profound impact on our culture and the way we strive to work in a safer manner, resulting in zero employee fatalities. Unfortunately, there were two contractor fatalities in 2018, down from ten in 2017.

The events resulted from a recent electrocution in which an engineer was struck when working underneath overhead power cables and an earlier reported road traffic accident (RTA), which occurred in November 2017 but forms part of our reporting period. RTA’s while still figuring as the #1 reported event, have reduced significantly along with falls from height, violent crime associated with criminal gang activity, making central America, somewhat safer place to operate. However, there was significant support required to assist staff in Nicaragua during and throughout the ongoing civil unrest.

In comparison to 2017, our current reporting figures indicate the number of events reported has remained stable, our fatality rate is down 80%, and the number of lost time incidents has significantly decreased. The increase in reported numbers during 2017 compared to 2016 was expected and it was anticipated that during 2018 the figures would start to decrease as the safety culture becomes further embedded in the organization.

Supply Chain & Procurement has been instrumental in pushing the strict health, safety, and environmental requirements to ensure our due diligence process is completed. Additionally, our local staff and suppliers, have been bolstering training and awareness in auditing, health and safety vetting, and site inspections. There is a key focus now on the end user or sponsoring department to engage more with their outsourced or managed services areas to ensure they manage their activities sufficiently to maintain and improve the safety culture and awareness.

Directors' Financial and Operating Report

Group Performance

The Group returned to solid top line growth as the strategy continued yielding positive results.

In 2018, total revenue for the Group was US$4,074 million, and gross profit was US$2,928 million, a margin of 71.9 percent.

Operating expenses represented 41.1% of revenue, a slight increase compared to last year, mainly due to acquisition costs for Cable Onda in Panama. Beside this effect, the Group has continued delivering on operational efficiencies which underpinned our margins and cash flows, delivering a lower operating cost run rate and lower capex.

Our operating profit amounted to US$645 million, a 16.8 percent margin impacted positively by the gain on tower deals in El Salvador, Colombia, and Paraguay as well as higher profit from the joint ventures in Guatemala and Honduras.

Net financial expenses were US$350 million, lower than for the same period last year mainly because 2017 figures included one-off costs in respect of early redemptions of the 2020 and 2021 Senior Notes outstanding bonds.

Profit before taxes at US$129 million included the effects of the increase in operating profit and decrease in interest expense described above, negatively affected by higher foreign exchange losses and higher losses from our joint venture in Ghana and associates.

The Group net tax charge in 2018 was US$116 million, leaving a net gain for the year from continuing operations at US$13 million. The loss of US$39 million from discontinued operations mainly reflected the loss on disposal of our business in Rwanda.

As a result, the net loss for the year was US$26 million. The share of losses of non-controlling interests was US$16 million.

The net loss for the year attributable to Millicom owners was US$10 million. Earnings per share was US$0.10 cents.

Share Capital

At December 31, 2017, Millicom had 101.7 million issued and paid up common shares of par value US$1.50 each, of which 913 thousand were held by the Company as treasury shares (2017: 1.2 million). During the year, the company acquired approximately 70,000 shares and issued around 343,000 shares to management and employees under the LTIP remuneration plans and approximately 6,600 shares to Directors as part of their annual remuneration.

Distribution to Shareholders and Proposed Distributions

On May 4, 2018, at the Annual General Meeting of shareholders, a dividend distribution of US$2.64 per share was approved, and subsequently paid to shareholders in equal portions in May and November.

This year's proposed dividend is consistent with distributions in 2017 and 2018.

Risks and Uncertainty Factors

The Group operates in an industry and in markets which are characterized by rapid change and subject to macro-economic, competitive and political uncertainty. This change creates both opportunities and at the same time a degree of risk. Many of the inherent underlying risks in these markets, including regulatory change (including tariff controls and taxation), currency fluctuations, and underlying macroeconomic conditions, impact on the level of disposable income and consumers' attitudes and demand for our products and services.

Further information on these and other key risks faced by the Group are set out in the Risk Management section on pages 22 - 25.

Financial Risk Management Objectives and Policies

Millicom's financial risk management policies and objectives, together with a description of the various risks and hedging activities undertaken by the Group, are set out in Section D, financial risk management, of the consolidated financial statements.

Internal controls and risk management on the preparation of the consolidated financial statements are covered in the Governance section from pages 57 - 91.

Non-Financial Information

Non-financial information, such as environmental, social, human rights, and the fight against corruption, are integrated throughout this report, and in the Appendix.

Management and Employees

Over recent years, the Group has developed many key functions and improved support to local operations, including in the areas of procurement, network development, marketing, IT, HR, compliance, and finance. Since 2017, the Executive Management Team is complete.

At December 31, 2018, the Group's headcount from continuing operations reached approximately 21,000, up from almost 19,000 at December 31, 2017, the increase being mainly related to the acquisition of Cable Onda.

Outlook for the Group

We anticipate another solid year in 2019 marked by the continued expansion of our high-speed data networks and customer growth. For our Latam segment, we expect organic service revenue growth to range between 3% and 5%, while EBITDA is expected to grow at a faster rate, ranging between 4% and 6%, on a like-for-like basis. As usual, these organic growth rates are expressed in constant currency terms to exclude the impact of changes in foreign exchange and accounting standards. Finally, Latam segment capex should be slightly above US$1.0 billion, including about US$85 million at Cable Onda, which we expect will generate EBITDA of approximately US$184 million.

Subsequent Event

On February 20, 2019, the Group announced it has entered into agreements with Telefónica S.A. and certain of its affiliates (Telefónica), to acquire the entire share capital of Telefónica Móviles Panamá, S.A., Telefónica de Costa Rica TC, S.A. (and its wholly owned subsidiary, Telefónica Gestión de Infraestructura y Sistemas de Costa Rica, S.A.) and Telefonía Celular de Nicaragua, S.A. (together, Telefonica CAM) for a combined enterprise value of US$1,650 million (the Transaction) payable in cash. The Transaction is subject to customary closing conditions, including regulatory approval in each market, and closings are expected during H2 2019. Millicom has secured bridge funding commitments to finance the acquisition, and the bridge will be refinanced predominantly with the issuance of new debt by Millicom and its operating subsidiaries.

José Antonio Ríos García
Chairman of the Board of Directors

Luxembourg, February 28, 2019

Management Responsibility Statement

We, Mauricio Ramos, Chief Executive Officer, and Tim Pennington, Chief Financial Officer, confirm, to the best of our knowledge, that these 2018 consolidated financial statements which have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Millicom Group and the undertakings included in the consolidation taken as a whole, and that the Directors' report includes a fair review of the development and performance of the business and the position of the Millicom Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Luxembourg, February 28, 2019

Mauricio Ramos
Chief Executive Officer

Tim Pennington
Chief Financial Officer

Financial Statements

Millicom International Cellular S.A.

Consolidated statement of income
for the years ended December 31, 2018, 2017 and 2016

	Notes	2018	2017 (i)	2016 (i)
			(US$ millions)	
Revenue	B.1.	4,074	4,076	4,043
Cost of sales	B.2.	(1,146)	(1,205)	(1,175)
Gross profit		2,928	2,871	2,868
Operating expenses	B.2.	(1,674)	(1,593)	(1,627)
Depreciation	E.2.2.	(685)	(695)	(678)
Amortization	E.1.3.	(144)	(146)	(175)
Share of profit in joint ventures in Guatemala and Honduras	A.2.	154	140	115
Other operating income (expenses), net	B.2.	76	68	(14)
Operating profit	B.3.	655	645	490
Interest and other financial expenses	C.3.3.	(371)	(396)	(372)
Interest and other financial income		21	16	21
Other non-operating (expenses) income, net	B.5.	(40)	(4)	20
Profit (loss) from other joint ventures and associates, net	A.3.	(136)	(85)	(49)
Profit before taxes from continuing operations		129	176	109
Charge for taxes, net	B.6.	(116)	(158)	(179)
Profit (loss) for the year from continuing operations		13	18	(70)
Profit (loss) for the year from discontinued operations, net of tax	E.3.2.	(39)	51	(20)
Net profit (loss) for the year		(26)	69	(90)
Attributable to:				
The owners of Millicom		(10)	86	(32)
Non-controlling interests	A.1.4.	(16)	(17)	(58)
Earnings (loss) per common share for profit (loss) attributable to the owners of the Company:				
Basic (US$ per common share):				
— from continuing operations		0.29	0.36	(0.12)
— from discontinued operations		(0.39)	0.50	(0.20)
— total	B.7.	(0.10)	0.86	(0.32)
Diluted (US$ per common share):				
— from continuing operations		0.29	0.36	(0.12)
— from discontinued operations		(0.39)	0.50	(0.20)
—total	B.7.	(0.10)	0.86	(0.32)

(i) Re-presented for discontinued operations (shown in note A.4.). Not restated for the application of IFRS 15 and 9, as the Group elected the modified retrospective approach for both standards.

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

Consolidated statement of comprehensive income
for the years ended December 31, 2018, 2017 and 2016

	2018	2017 (i)	2016 (i)
		(US$ millions)	
Net profit (loss) for the year	(26)	69	(90)
Other comprehensive income (to be reclassified to the statement of income in subsequent periods), net of tax:			
Exchange differences on translating foreign operations	(81)	85	(14)
Change in value of cash flow hedges, net of tax effects	(1)	4	(3)
Other comprehensive income (not to be reclassified to the statement of income in subsequent periods), net of tax:			
Remeasurements of post-employment benefit obligations, net of tax effects	—	(2)	(2)
Total comprehensive income (loss) for the year	(108)	158	(109)
Attributable to:			
Owners of the Company	(78)	173	(60)
Non-controlling interests	(30)	(15)	(49)
Total comprehensive income (loss) for the year arises from:			
Continuing operations	(97)	120	(86)
Discontinued operations	(11)	38	(23)

(i) Re-presented for discontinued operations (shown in note A.4.). Not restated for the application of IFRS 15 and 9, as the Group elected the modified retrospective approach for both standards.

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

Consolidated statement of financial position
at December 31, 2018 and 2017

	Notes	December 31 2018	December 31 2017 (i)
		(US$ millions)	
ASSETS			
NON-CURRENT ASSETS			
Intangible assets, net	E.1.	2,374	1,265
Property, plant and equipment, net	E.2.	3,041	2,880
Investments in joint ventures	A.2.	2,867	2,966
Investments in associates	A.3.	169	241
Contract costs, net	F.5.	4	—
Deferred tax assets	B.6.	202	180
Derivative financial instruments	D.1.2.	—	—
Other non-current assets	G.5.	126	113
TOTAL NON-CURRENT ASSETS		8,784	7,646
CURRENT ASSETS			
Inventories, net	F.2.	39	45
Trade receivables, net	F.1.	343	386
Contract assets, net	F.5.	37	—
Amounts due from non-controlling interests, associates and joint ventures	G.5.	34	37
Prepayments and accrued income		129	145
Current income tax assets		108	99
Supplier advances for capital expenditure		25	18
Other current assets		127	90
Restricted cash	C.4.	158	145
Cash and cash equivalents	C.4.	528	619
TOTAL CURRENT ASSETS		1,529	1,585
Assets held for sale	E.3.2.	3	233
TOTAL ASSETS		10,316	9,464

(i) Not restated for the application of IFRS 15 and 9, as the Group elected the modified retrospective approach for both standards.

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

Consolidated statement of financial position
at December 31, 2018 and 2017 - continued

	Notes	December 31 2018	December 31 2017 (i)
		(US$ millions)	
EQUITY AND LIABILITIES			
EQUITY			
Share capital and premium	C.1.	635	637
Treasury shares		(81)	(106)
Other reserves	C.1.	(538)	(472)
Retained profits		2,535	2,950
Profit (loss) for the year attributable to equity holders		(10)	86
Equity attributable to owners of the Company		2,542	3,096
Non-controlling interests	A.1.4.	249	185
TOTAL EQUITY		2,790	3,281
LIABILITIES			
NON-CURRENT LIABILITIES			
Debt and financing	C.3.	4,123	3,600
Amounts due to non-controlling interests, associates and joint ventures	G.5.	135	124
Provisions and other non-current liabilities	F.4.2.	351	335
Deferred tax liabilities	B.6.	233	56
TOTAL NON-CURRENT LIABILITIES		4,841	4,116
CURRENT LIABILITIES			
Debt and financing	C.3.	458	185
Put option liability	C.6.3.	239	—
Payables and accruals for capital expenditures		335	304
Other trade payables		282	288
Amounts due to non-controlling interests, associates and joint ventures	G.5.	348	296
Accrued interest and other expenses		383	353
Current income tax liabilities		58	81
Contract liabilities	F.5.	87	—
Derivative financial instruments	D.1.2.	—	56
Provisions and other current liabilities	F.4.1.	494	425
TOTAL CURRENT LIABILITIES		2,684	1,989
Liabilities directly associated with assets held for sale	E.3.2.	—	79
TOTAL LIABILITIES		7,526	6,183
TOTAL EQUITY AND LIABILITIES		10,316	9,464

(i) Not restated for the application of IFRS 15 and 9, as the Group elected the modified retrospective approach for both standards.

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

Consolidated statement of cash flows
for the years ended December 31, 2018, 2017 and 2016

	Notes	2018	2017 (i)	2016 (i)
			(US$ millions)	
Cash flows from operating activities (including discontinued operations)				
Profit before taxes from continuing operations		129	176	109
Profit (loss) before taxes from discontinued operations	E.3.2.	(39)	51	(26)
Profit (loss) before taxes		91	227	83
Adjustments to reconcile to net cash:				
Interest and other financial expenses, net		373	416	397
Interest and other financial income		(21)	(16)	(22)
Adjustments for non-cash items:				
Depreciation and amortization		830	879	932
Share of profit in Guatemala and Honduras joint ventures	A.2.	(154)	(140)	(115)
Gain (loss) on disposal and impairment of assets, net	B.2, E. 3.2.	(36)	(99)	19
Share-based compensation	C.1.	22	22	14
Transaction costs assumed by Cable Onda	A.1.2	30	—	—
(Profit) loss from other joint ventures and associates, net	A.3.	136	85	49
Other non-cash non-operating (income) expenses, net	B.5.	40	(2)	(22)
Changes in working capital:				
Decrease (increase) in trade receivables, prepayments and other current assets, net		(128)	5	102
(Increase) decrease in inventories		2	16	19
Increase (decrease) in trade and other payables, net		69	(82)	(109)
Changes in contract assets, liabilities and costs, net		(9)	—	—
Total changes in working capital		(66)	(61)	12
Interest (paid)		(318)	(372)	(357)
Interest received		20	16	19
Taxes (paid)		(153)	(132)	(130)
Net cash provided by operating activities		792	820	878
Cash flows from investing activities (including discontinued operations):				
Acquisition of subsidiaries, joint ventures and associates, net of cash acquired	A.1.	(953)	(22)	—
Proceeds from disposal of subsidiaries and associates, net of cash disposed	E.3.2., A. 3.2.	176	22	147
Purchase of intangible assets and licenses	E.1.4.	(148)	(133)	(143)
Proceeds from sale of intangible assets		—	4	6
Purchase of property, plant and equipment	E.2.3.	(632)	(650)	(719)
Proceeds from sale of property, plant and equipment	C.3.4.	154	179	6
Dividend received from joint ventures	A.2.2	243	203	143
Settlement of derivative financial instruments		(63)	—	—
Cash (used in) provided by other investing activities, net	D.1.2	24	31	8
Net cash used in investing activities		(1,199)	(367)	(552)

Consolidated statement of cash flows
for the years ended December 31, 2018, 2017 and 2016

	Notes	2018	2017 (i)	2016 (i)
Cash flows from financing activities (including discontinued operations):				
Proceeds from debt and other financing	C.3.	1,155	996	713
Repayment of debt and other financing	C.3.	(546)	(1,195)	(821)
Advances for, and dividends paid to non-controlling interests	A.1./A.2.	—	—	(68)
Dividends paid to non-controlling interests		(2)	—	—
Dividends paid to owners of the Company	C.2.	(266)	(265)	(265)
Net cash provided by (used in) financing activities		341	(464)	(441)
Exchange impact on cash and cash equivalents, net		(33)	4	(8)
Net (decrease) increase in cash and cash equivalents		(98)	(8)	(123)
Cash and cash equivalents at the beginning of the year		619	646	769
Effect of cash in disposal group held for sale	E.3.2	6	(19)	—
Cash and cash equivalents at the end of the year		528	619	646

(i) Re-presented for discontinued operations (shown in note A.4. and E.3.2.). Not restated for the application of IFRS 15 and 9, as the Group elected the modified retrospective approach for both standards.

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

Consolidated statement of changes in equity for the years ended December 31, 2018, 2017 and 2016

	Number of shares (000's)	Number of shares held by the Group (000's)	Share capital(i)	Share premium	Treasury shares	Retained profits(ii)	Other reserves (iii)	Total	Non-controlling interests	Total equity
				(US$ millions)						
Balance on January 1, 2016	**101,739**	**(1,574)**	**153**	**486**	**(143)**	**3,513**	**(531)**	**3,477**	**251**	**3,728**
Total comprehensive income for the year	—	—	—	—	—	(32)	(28)	(60)	(49)	(109)
Dividends(iv)	—	—	—	—	—	(265)	—	(265)	—	(265)
Purchase of treasury shares	—	(37)	—	—	(3)	—	—	(3)	—	(3)
Share-based compensation(v)	—	—	—	—	—	—	14	14	—	14
Issuance of shares under share-based payment schemes	—	216	—	(1)	23	(1)	(17)	4	—	4
Balance on December 31, 2016	**101,739**	**(1,395)**	**153**	**485**	**(123)**	**3,215**	**(562)**	**3,167**	**201**	**3,368**
Total comprehensive income for the year	—	—	—	—	—	86	87	173	(15)	158
Dividends(iv)	—	—	—	—	—	(265)	—	(265)	—	(265)
Purchase of treasury shares	—	(32)	—	—	(3)	—	—	(3)	—	(3)
Share-based compensation(v)	—	—	—	—	—	—	22	22	—	22
Issuance of shares under share-based payment schemes	—	233	—	(1)	21	1	(18)	1	—	1
Balance on December 31, 2017	**101,739**	**(1,195)**	**153**	**484**	**(106)**	**3,035**	**(472)**	**3,096**	**185**	**3,281**
Adjustment on adoption of IFRS 15 and IFRS 9 (net of tax) (vi)	—	—	—	—	—	10	—	10	(4)	5
Total comprehensive income for the year	—	—	—	—	—	(10)	(68)	(78)	(30)	(108)
Dividends(iv)	—	—	—	—	—	(266)	—	(266)	—	(266)
Dividends to non-controlling interests	—	—	—	—	—	—	—	—	(13)	(13)
Purchase of treasury shares	—	(70)	—	—	(6)	—	—	(6)	—	(6)
Share-based compensation(v)	—	—	—	—	—	—	22	22	—	22
Issuance of shares under share-based payment schemes	—	351	—	(2)	31	(5)	(22)	2	—	2
Effect of change in consolidation scope (vii)	—	—	—	—	—	—	—	—	111	111
Put option reserve(vii)	—	—	—	—	—	(239)	—	(239)	—	(239)
Balance on December 31, 2018	101,739	(913)	153	482	(81)	2,525	(538)	2,542	249	2,790

(i) Share capital and share premium – see note C.1.

(ii) Retained profits – includes profit for the year attributable to equity holders, of which $324 million (2017: $345 million; 2016: $321 million) are not distributable to equity holders.

(iii) Other reserves – see note C.1.

(iv) Dividends – see note C.2.

(v) Share-based compensation – see note C.1.

(vi) See below for details about changes in accounting policies.

(vii) Effect of the acquisition of Cable Onda S.A. See notes A.1.2. and C.6.3. for further details.

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

Introduction

Corporate Information

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

The Company's shares are traded as Swedish Depositary Receipts on the Stockholm stock exchange under the symbol TIGO SDB (formerly MIC SDB) and, since January 9, 2019, on the Nasdaq Stock Market in the U.S. under the ticker symbol TIGO. The Company has its registered office at 2, Rue du Fort Bourbon, L-1249 Luxembourg, Grand Duchy of Luxembourg and is registered with the Luxembourg Register of Commerce under the number RCS B 40 630.

On February 28, 2019, the Board of Directors authorized these consolidated financial statements for issuance.

Business activities

Millicom operates its mobile businesses in Central America (El Salvador, Guatemala and Honduras) in South America (Bolivia, Colombia and Paraguay), and in Africa (Chad, Ghana and Tanzania).

Millicom operates various cable and fixed line businesses in Latam (Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Bolivia, Paraguay and Panama). Millicom also provides direct to home satellite service in most of its Latam countries.

On December 31, 2015, Millicom deconsolidated its operations in Guatemala and Honduras which are, since that date and for accounting purposes, under joint control.

Millicom has investments in online/e-commerce businesses in several countries in Latam and Africa, investments in a tower holding company in Africa and various investments in start-up businesses providing e-payments and content to its mobile and cable customers.

IFRS Consolidated Financial Statements

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the IASB (IFRS). They are also compliant with International Financial Reporting Standards as adopted by the European Union. This is in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of July 19, 2002, on the application of international accounting standards for listed companies domiciled in the European Union.

The financial statements have been prepared on an historical cost basis, except for certain items including derivative financial instruments and call options (measured at fair value), financial instruments that contain obligations to purchase own equity instruments (measured at the present value of the redemption price), and property, plant and equipment under finance leases (initially measured at the lower of fair value and present value of the future minimum lease payments).

This section contains the Group's significant accounting policies that relate to the financial statements as a whole. Significant accounting policies specific to one note are included within that note. Accounting policies relating to non-material items are not included in these financial statements.

Consolidation

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

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

Foreign currency

Financial information in these financial statements are shown in the US dollar presentation currency of the Group and rounded to the nearest million (US$ million) except where otherwise indicated. The financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (the functional currency). The functional currency of each subsidiary, joint venture and associate reflects the economic substance of the underlying events and circumstances of these entities. Except for El Salvador where the functional currency is US dollar, the functional currency in other countries is the local currency.

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

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

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

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

On consolidation, exchange differences arising from the translation of net investments in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are recorded in equity. When the Group disposes of or loses control over a foreign operation, exchange differences that were recorded in equity are recognized in the consolidated income statement as part of gain or loss on sale or loss of control.

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

The following table presents functional currency translation rates for the Group's locations to the US dollar on December 31, 2018, 2017 and 2016 and the average rates for the years ended December 31, 2018, 2017 and 2016.

Exchange Rates to the US Dollar	Functional Currency	2018 Average Rate	2018 Year-end Rate	Change %	2017 Average Rate	2017 Year-end Rate	Change %	2016 Average Rate
Bolivia	Boliviano (BOB)	6.91	6.91	n/a	6.91	6.91	n/a	6.91
Chad	CFA Franc (XAF)	571	580	3.99%	588	558	12.00	600
Colombia	Peso (COP)	2,973	3,250	8.91%	2,961	2,984	1.00	3,049
Costa Rica	Costa Rican Colon (CRC)	578	608	6.12%	571	573	(2.00)	551
El Salvador	US dollar	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Ghana	Cedi (GHS)	4.63	4.82	9.12%	4.36	4.42	(5.00)	3.92
Guatemala	Quetzal (GTQ)	7.52	7.74	5.41%	7.36	7.34	2.00	7.61
Honduras	Lempira (HNL)	23.99	24.42	3.19%	23.58	23.67	—	22.92
Luxembourg	Euro (EUR)	0.85	0.87	5.08%	0.89	0.83	12.00	0.91
Nicaragua	Cordoba (NIO)	31.55	32.33	5%	30.05	30.79	(5.00)	28.62
Panama	Balboa (B/.) (i)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Paraguay	Guarani (PYG)	5,743	5,961	6.64%	5,626	5,590	3.00	5,686
Sweden	Krona (SEK)	8.71	8.85	8.23%	8.53	8.18	10.00	8.58
Tanzania	Shilling (TZS)	2,274	2,299	2.42%	2,233	2,245	(3.00)	2,183
United Kingdom	Pound (GBP)	0.75	0.78	5.93%	0.77	0.74	9.00	0.74

(i) the balboa is tied to the United States dollar at an exchange rate of 1:1.

New and amended IFRS accounting standards

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

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

  As a consequence of adopting this Standard:

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

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

3) the Group recognizes revenue from its wholesale carrier business on a net basis as an agent rather than as a principal under the modified retrospective IFRS 15 transition. Except for this effect, there were no other material changes for the purpose of determining whether the Group acts as principal or an agent in the sale of products.

4) the presentation of certain material amounts in the consolidated statement of financial position has been changed to reflect the terminology of IFRS 15:

   a. Contract assets recognized in relation to service contracts.

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

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

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

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

- No adjustment to the transaction price for the means of a financing component whenever the period between the transfer of a promised good or service to a customer and the associated payment is one year or less; when the period is more than one year the financing component is adjusted, if material.

- Disclosure in the Group Financial Statements the transaction price allocated to unsatisfied performance obligations only for contracts that have an original expected duration of more than one year (e.g. unsatisfied performance obligations for contracts that have an original duration of one year or less are not disclosed).

- Application of the practical expedient not to disclose the price allocated to unsatisfied performance obligations, if the consideration from a customer corresponds to the value of the entity's performance obligation to the customer (i.e, if billing corresponds to accounting revenue).

- Application of the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that otherwise would have been recognized is one year or less.

- Revenue recognition accounting principles are further described in Note B.1.1.

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

The application of IFRS 9 did not have an impact for the Group on classification, measurement and recognition of financial assets and financial liabilities compared to IAS 39, but it has an impact on impairment of trade receivables and contracts assets (IFRS 15) as well as on amounts due from joint ventures and related parties - with the application of the expected credit loss model instead of the current incurred loss model. As permitted under IFRS 9, the Group adopted the standard without restating comparatives for classification, measurement and impairment. Hence, the cumulative effect of initially applying the Standard has been recognized as an adjustment to the opening balance of retained profits at January 1, 2018. The impact on the opening balance of retained profits at January 1, 2018 is summarized in the table set out at the end of this section. Additionally, the Group continues applying IAS 39 rules with respect to hedge accounting. Finally, the clarification introduced by IFRS 9 on the accounting for certain modifications and exchanges of financial liabilities measured at amortized cost did not have an impact for the Group.

Financial instruments accounting principles are further described in Note C.6.

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

	As at January 1, 2018 before application	Effect of adoption of IFRS 15	Effect of adoption of IFRS 9	As at January 1, 2018 after application	Reason for the change
	(US$ millions)				
FINANCIAL POSITION					
ASSETS					
Investment in joint ventures (non-current).	2,966	27	(4)	2,989	(i)
Contract costs, net (non-current) NEW	—	4	—	4	(ii)
Deferred tax asset	180	—	10	191	(viii)
Other non-current assets	113	—	(1)	113	(iii)
Trade receivables, net (current)..................	386	—	(47)	339	(iv)
Contract assets, net (current) NEW	—	29	(1)	28	(v)
LIABILITIES					
Contract liabilities (current) NEW	—	51	—	51	(vi)
Provisions and other current liabilities.......	425	(46)	—	379	(vii)
Deferred tax liability (non-current)............	56	7	(1)	62	(viii)
EQUITY					
Retained profits and loss for the year.........	3,035	48	(38)	3,045	(ix)
Non-controlling interests...........................	185	—	(5)	181	(ix)

(i) Impact of application of IFRS 15 and IFRS 9 for our joint ventures in Guatemala, Honduras and Ghana.

(ii) This mainly represents commissions capitalized and amortized over the average contract term.

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

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

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

(vi) This mainly represents deferred revenue for goods and services not yet delivered to customers that will be recognized when the goods are delivered and the services are provided to customers. The balance also comprises revenue from the billing of subscription fees or 'one-time' fees at the inception of a contract that are deferred and will be recognized over the average customer retention period or the contract term.

(vii) Reclassification of deferred revenue to contract liabilities - see previous paragraph.

(viii) Tax effects of the above adjustments.

(ix) Cumulative catch-up effect.

As of January 1, 2018, IFRS 9 and IFRS 15 implementations had no impact on the statement of cash flows or on EPS.

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

	2018			
	As reported	Without adoption of IFRS 15	Effect of Change Higher/ (Lower)	Reason for the change
		(US$ millions)		
INCOME STATEMENT				
Total revenue	4,074	4,151	(77)	(i)
Cost of sales	(1,146)	(1,194)	48	(ii)
Operating expenses	(1,674)	(1,714)	40	(ii)
Share of profit in the joint ventures in Guatemala and Honduras	154	152	2	(iii)
Tax impact	(116)	(115)	(1)	(iv)

(i) Mainly for adjustments for "principal vs agent" considerations under IFRS 15 for wholesale carrier business, as well as for the shift in the timing of revenue recognition due to the reallocation of revenue from service (over time) to telephone and equipment revenue (point in time).

(ii) Mainly for the reallocation of cost for selling devices due to shift from service revenue to telephone and equipment revenue, for the capitalization and amortization of contract costs and for adjustments for "principal vs agent" under IFRS 15 for wholesale carrier business.

(iii) Impact of IFRS 15 related to our share of profit in our joint ventures in Guatemala and Honduras.

(iv) Tax effects of the above adjustments.

	2018			
	As reported	Without adoption of IFRS 15	Effect of Change Higher/ (Lower)	Reason for the change
		(US$ millions)		
FINANCIAL POSITION				
ASSETS				
Investment in joint ventures (non-current)	2,867	2,839	28	(i)
Contract costs, net (non-current)	4	—	4	(ii)
Deferred tax assets	202	200	2	(vi)
Contract assets, net (current)	37	—	37	(iii)
LIABILITIES				
Contract liabilities (current)	87	—	87	(iv)
Provisions and other current liabilities	494	576	(82)	(v)
Current income tax liabilities	58	55	3	(vi)
Deferred tax liabilities (non-current)	233	226	7	(vi)
EQUITY				
Retained profits and loss for the year	2,525	2,468	57	(vii)
Non-controlling interests	249	246	3	(vii)

(i) Impact of application of IFRS 15 for our joint ventures in Guatemala, Honduras and Ghana.

(ii) This mainly represents commissions capitalized and amortized over the average contract term.

(iii) Contract assets mainly represents subsidized handsets as more revenue is recognized upfront while the cash will be received throughout the subscription period (which are usually between 12 to 36 months). Throughout the year ended December 31, 2018 no material impairment loss has been recognized.

(iv) This mainly represents deferred revenue for goods and services not yet delivered to customers that will be recognized when the goods are delivered and the services are provided to customers. The balance also comprises the revenue from the billing of subscription fees or 'one-time' fees at the inception of a contract that are deferred and will be recognized over the average customer retention period or the contract term.

(v) Reclassification of deferred revenue to contract liabilities - see previous paragraph.

(vi) Tax effects of the above adjustments.

(vii) Cumulative catch-up effect and IFRS 15 effect in the current year.

The application of the following new standards or interpretations applicable on January 1, 2018 did not have an impact for the Group:

- **Amendments to IFRS 2, 'Share based payments'**, on clarifying how to account for certain types of share-based payment transactions.

- **Amendments to IFRS 4, 'Insurance contracts'** regarding the implementation of IFRS 9, 'Financial instruments'.

- **IFRIC 22 'Foreign currency transactions and advance consideration'** regarding foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency.

- Annual improvements to IFRS Standards 2014-2016.

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

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

- **IFRS 16 "Leases"** will primarily affect the accounting for the Group's operating leases. These commitments will result in the recognition of a right of use asset and a lease liability for future payments. The application of this standard will affect the Group's depreciation, debt and other financing and leverage ratios. The change in presentation of operating lease expenses will result in a corresponding improvement in cash flows derived from operating activities and a decline in cash flows from financing activities.

  The Group will adopt the standard using the modified retrospective approach with the cumulative effect of applying the new Standard recognized in retained profits as of January 1, 2019. Comparatives for the 2018 financial statements will not be restated.

  Short-term leases with a term not exceeding the 12 months as well as leases where the underlying asset is of low value will not be capitalized: instead, Millicom will use the practical expedient and associated lease payments will be recognized as an expense.

  Furthermore, the Group has taken the additional following decisions to adopt the standard:

  - Non-lease components will be capitalized (IFRS16.15)
  - Intangible assets are out of IFRS 16 scope (IFRS16.4)

  At transition date, the Group will recognize lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 Leases (such as site leases, land and buildings leases, etc). These liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The right-of-use asset will be measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application.

  According to the new Standard, Millicom shall determine the lease term including any lessee's extension or termination option that is deemed reasonably certain as well as lessors' extension or termination option. The assessment of such options shall be performed at the commencement of a lease. This requires judgment by the management of Millicom, which may have a significant impact on the lease liability recognized under IFRS 16.

  Measuring the lease liability at the present value of the remaining lease payments requires using an appropriate discount rate in accordance with IFRS 16. Millicom uses the interest rate implicit in the lease or if that cannot be determined, the incremental borrowing rate at the date of the lease commencement. Millicom renders this judgment in accordance with its accounting policy on leases. The incremental borrowing rate applied can have a significant impact on the net present value of the lease liability recognized under IFRS 16.

  Under the new Standard, the accounting of sale and leaseback transactions will change as the underlying sale transaction needs to be firstly analyzed using the guidance of IFRS 15. The seller/lessee recognizes a right-of-use asset in the amount of the proportional original carrying amount that relates to the right of use retained. Accordingly, only the proportional amount of gain or loss from the sale must be recognized. The impact from sale and leaseback transactions will not be material for Millicom Group as of the date of initial application.

While the Group is finalizing the implementation of the new Standard, as a preliminary result, it expects to recognize additional lease liabilities of approximately $600 million. The impact on retained profits is expected to be immaterial.

Further changes to standards not yet effective and not early adopted by Millicom on January 1, 2018

Amendment to IFRS 9, Financial instruments', on prepayment features with negative compensation	This amendment confirms that when a financial liability measured at amortized cost is modified without this resulting in de-recognition, a gain or loss should be recognized immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39. The Group expects this amendment to have an impact in the future on the consolidated financial statements in case of a modification of a financial liability measured at amortized cost.	January 1, 2019
IFRIC 23 Uncertainty over income tax treatments	IFRIC 23 clarifies how the recognition and measurement requirements of IAS 12 Income taxes, are applied where there is uncertainty over income tax treatments. The interpretation is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted. The Group is currently assessing the impact of this interpretation but does not expect any significant effect of applying it.	January 1, 2019
Annual improvements 2015-2017	These amendments impact four standards: IFRS 3, Business Combinations and IFRS 11 Joint Arrangements regarding previously held interest in a joint operation. IAS 12, Income Taxes regarding income tax consequences of payments on financial instruments classified as equity. And finally, IAS 23, Borrowing Costs regarding eligibility for capitalization. Again, the Group does not expect these improvements to have a material impact on the consolidated financial statements. These improvements have not been endorsed by the EU yet.	January 1, 2019
Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement'	These amendments require an entity to: • use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and • recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling. The Group does not expect these amendments to have a material impact on the consolidated financial statements. These amendments have not been endorsed by the EU yet.	January 1, 2019

Amendments to IFRS 3 – definition of a business	This amendment revises the definition of a business. The Group does not expect these amendments to have a material impact on the consolidated financial statements. These amendments have not been endorsed by the EU yet.	January 1, 2020
Amendments to IAS 1, ‘Presentation of financial statements’, and IAS 8, ‘Accounting policies, changes in accounting estimates and errors’	These amendments to IAS 1, ‘Presentation of financial statements’, and IAS 8, ‘Accounting policies, changes in accounting estimates and errors’, and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information. The Group does not expect these amendments to have a material impact on the consolidated financial statements. These amendments have not been endorsed by the EU yet.	January 1, 2020

Judgments and critical estimates

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

Judgments

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

- **Contingent liabilities** – whether or not a provision should be recorded for any potential liabilities (see note G.3.);
- **Leases** – whether the substance of leases meets the IFRS criteria for recognition as finance or operating leases or services contracts, or elements of each (see notes E.2. and G.2.);
- **Control** – whether Millicom, through voting rights and potential voting rights attached to shares held, or by way of shareholders’ agreements or other factors, has the ability to direct the relevant activities of the subsidiaries it consolidates, or jointly direct the relevant activities of its joint ventures (see notes A.1., A.2.);
- **Discontinued operations and assets held for sale** – definition, classification and presentation (see notes A.4., E.3.1.) as well as measurement of potential provisions related to indemnities;
- **Deferred tax assets** – recognition based on likely timing and level of future taxable profits together with future tax planning strategies (see notes B.6.3. and G.3.2.);
- **Acquisitions** – measurement at fair value of existing and newly identified assets, including the measurement of property, plant and equipment and intangible assets, liabilities and remaining goodwill; the assessment of useful lives; as well as the accounting treatment for transaction costs (see notes A.1.2., E. 1.1., E.1.5., E.2.1.);

- **Defined benefit obligations** – key assumptions related to life expectancies, salary increases and leaving rates, mainly related to UNE Colombia (see note B.4.3.);

- **Impairment testing** – key assumptions related to future business performance, perpetual growth rates and discount rates (see notes E.1.2., E.1.6., E.2.2.).

- **Revenue recognition** – whether or not the Group acts as principal or as an agent and when there is one or several performance obligations (see note B.1.1.).

Estimates

Estimates are based on historical experience and other factors, including reasonable expectations of future events. These factors are reviewed in preparation of the financial statements although, due to inherent uncertainties in the evaluation process, actual results may differ from original estimates. Estimates are subject to change as new information becomes available and may significantly affect future operating results. Significant estimates have been applied in respect of the following items:

- **Accounting for property, plant and equipment, and intangible assets** in determining fair values at acquisition dates, particularly for assets acquired in business combinations and sale and leaseback transactions (see note E.2.1.);

- **Useful lives of property, plant and equipment and intangible assets** (see notes E.1.1., E.2.1.);

- **Provisions, in particular provisions for asset retirement obligations, legal and tax risks** (see note F.4.);

- **Revenue recognition** (see note B.1.1.);

- **Impairment testing including** weighted average cost of capital (WACC) and long term growth rates (see note E.1.6.);

- **Estimates for defined benefit obligations** (see note B.4.3.);

- **Accounting for share-based compensation** in particular estimates of forfeitures and future performance criteria (see notes B.4.1., B.4.2.).

A. The Millicom Group

The Group comprises a number of holding companies, operating subsidiaries and joint ventures with various combinations of mobile, fixed-line telephony, cable and wireless Pay TV, Internet and Mobile Financial Services (MFS) businesses. The Group also holds investments in a tower holding company investing in Africa and in online businesses in Latam and Africa.

A.1. Subsidiaries

Subsidiaries are all entities which Millicom controls. Millicom controls an entity when it is exposed to, or has rights to variable returns from its investment in the entity, and has the ability to affect those returns through its power over the subsidiary. Millicom has power over an entity when it has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect the entity's returns. Generally, control accompanies a shareholding of more than half of the voting rights although certain other factors (including contractual arrangements with other shareholders, voting and potential voting rights) are considered when assessing whether Millicom controls an entity. For example, although Millicom holds less than 50% of the shares in its Colombian businesses, it holds more than 50% of shares with voting rights. The contrary may also be true (e.g. Guatemala and Honduras). In respect of the joint ventures in Guatemala and Honduras, shareholders' agreements require unanimous consents for decisions over the relevant activities of these entities (see also note A.2.2). Therefore, the Group has joint control over these entities and accounts for them under the equity method.

Our main subsidiaries are as follows:

Entity	Country	Activity	December 31, 2018 % holding	December 31, 2017 % holding	December 31, 2016 % holding
Latin America					
Telemovil El Salvador S.A. de C.V.	El Salvador	Mobile, MFS, Cable, DTH, PayTV	100	100	100
Navega.com SA, Sucursal El Salvador	El Salvador	Cable, DTH	100	100	100
Cable Costa Rica S.A.	Costa Rica	Cable, DTH	100	100	100
Telefonica Celular de Bolivia S.A.	Bolivia	Mobile, DTH, MFS, Cable, PayTV	100	100	100
Telefonica Celular del Paraguay S.A.	Paraguay	Mobile, MFS, Cable, PayTV	100	100	100
Cable Onda S.A (i).	Panama	Cable, PayTV, Internet, DTH, Fixed-line	80	—	—
Colombia Móvil S.A. E.S.P.(ii)	Colombia	Mobile	50-1 share	50-1 share	50-1 share
UNE EPM Telecomunicaciones S.A.(ii)	Colombia	Fixed-line, Internet, PayTV, Mobile	50-1 share	50-1 share	50-1 share
Edatel S.A. E.S.P.(ii)	Colombia	Fixed-line, Internet, PayTV, Cable	50-1 share	50-1 share	50-1 share
Africa					
Millicom Ghana Company Limited(iii)	Ghana	Mobile, MFS	—	—	100
Sentel GSM S.A.(iv)	Senegal	Mobile, MFS	—	100	100
MIC Tanzania Public Limited Company	Tanzania	Mobile, MFS	100	100	100
Millicom Tchad S.A.	Chad	Mobile, MFS	100	100	100
Millicom Rwanda Limited(iv)	Rwanda	Mobile, MFS	—	100	100
Zanzibar Telecom Limited	Tanzania	Mobile, MFS	85	85	85
Unallocated					
Millicom International Operations S.A.	Luxembourg	Holding Company	100	100	100
Millicom International Operations B.V.	Netherlands	Holding Company	100	100	100
Millicom LIH S.A.	Luxembourg	Holding Company	100	100	100
MIC Latin America B.V.	Netherlands	Holding Company	100	100	100
Millicom Africa B.V.	Netherlands	Holding Company	100	100	100
Millicom Holding B.V.	Netherlands	Holding Company	100	100	100
Millicom Spain S.L.	Spain	Holding Company	100	100	100

(i) Acquisition completed on December 13, 2018. Cable Onda S.A. is fully consolidated as Millicom has the majority of voting shares to direct the relevant activities. See note A.1.2..

(ii) Fully consolidated as Millicom has the majority of voting shares to direct the relevant activities.

(iii) Merged with Airtel Ghana in October 2017 and classified as discontinued operations for the year then ended (see note E. 3.2.). Merged entity is accounted for as a joint venture as from merger date (see note A.2.2.).

(iv) See note A.1.3.

A.1.1. Accounting for subsidiaries and non-controlling interests

Subsidiaries are fully consolidated from the date on which control is transferred to Millicom. If facts and circumstances indicate that there are changes to one or more of the elements of control, a reassessment is performed to determine if control still exists. Subsidiaries are de-consolidated from the date that control ceases. Transactions with non-controlling interests are accounted for as transactions with equity owners of the Group. Gains or losses on disposals of non-controlling interests are recorded in equity. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is also recorded in equity.

A.1.2. Acquisition of subsidiaries and increases in non-controlling interests in subsidiaries

On October 7, 2018, the Company entered into an agreement to acquire a controlling 80% stake in Cable Onda, the largest cable and fixed telecommunications services provider in Panama. The transaction valued 100% of Cable Onda at an enterprise value of $1,460 million. The selling shareholders retained a 20% equity stake in the company. The transaction closed on December 13, 2018 after receipt of necessary approvals for a cash consideration of $956 million. In addition, Millicom assumed Cable Onda’s debt obligations. The Group funded the purchase price for this acquisition by incurring additional indebtedness, including $250 million under the Bridge Facility and $500 million aggregate principal amount of the 6.625% Notes (see note C.3.1) and with available resources. A final price adjustment, per the terms of the agreement, is expected to occur in Q1 2019.

Millicom concluded that it controls Cable Onda since closing date and therefore fully consolidates it in its financial statements with a 20% non-controlling interest. The deal also includes certain liquidity rights such as call and put options. See note C.6.3. for further details on the accounting treatment of these options. The purchase consideration also includes certain amounts under escrow in respect of final price adjustment and potential indemnifications from the sellers (potential tax and litigations).

For the purchase accounting, Millicom determined the fair value of Cable Onda identifiable assets and liabilities based on transaction and relative values. The non-controlling interest was measured based on the proportionate share of the fair value of the net assets of Cable Onda. The purchase accounting is still provisional at December 31, 2018, particularly in respect of the evaluation of certain tangible assets.

	Provisional Fair values (100%)
	(US$ millions)
Intangible assets (excluding goodwill), net (i)	673
Property, plant and equipment, net	348
Current assets (excluding cash) (ii) (iii)	54
Cash and cash equivalents	12
Total assets acquired	1,088
Non-current liabilities (iv)	422
Current liabilities (v)	141
Total liabilities assumed	563
Fair value of assets acquired and liabilities assumed, net	525
Transaction costs assumed by Cable Onda (vi)	30
Fair value of non-controlling interest in Cable Onda (20%)	111
Millicom’s interest in the fair value of Cable Onda (80%)	444
Acquisition price	956
Provisional Goodwill	512

(i) *Intangible assets not previously recognized (or partially recognized as a result of previous acquisitions) are trademarks for an amount of $280 million, with estimated useful lives of 3 years, a customer list for an amount of $370 million, with estimated useful life of 20 years and favorable content contracts for $19 million, with a useful life of 10 years.*

(ii) *Current assets include indemnification assets for tax contingencies at fair value for an amount of $4 million - see below.*

(iii) *The fair value of trade receivables acquired was $34 million.*

(iv) *Non-current liabilities include the deferred tax liability of $158 million resulting from the above adjustments.*

(v) *Current liabilities include the fair value of certain tax contingent liabilities of $5 million. These are partly covered by the indemnification assets described in (ii) above.*

(vi) *Transaction costs of $30 million have been assumed and paid by Cable Onda before the acquisition or by Millicom on the closing date. Because of their relationship with the acquisition, these costs have been accounted for as post-acquisition costs in the Millicom Group statement of income. These, together with acquisition-related costs of $11 million, have been recorded under operating expenses in the statement of income of the year.*

The goodwill, which is not expected to be tax deductible, is attributable to Cable Onda’s strong market position and profitability, as well as to the fair value of the assembled work force. From December 13, 2018 to December 31, 2018, Cable Onda contributed $17 million of revenue and a net loss of $7 million to the Group. If Cable Onda had been acquired on 1 January 2018 incremental revenue for the 2018 year would have been $403 million and incremental net loss for that period of $59 million, including amortization of assets not previously recognized of $85 million (net of tax).

During the year ended December 31, 2018, the Group also completed minor additional acquisitions for $9 million.

During the year ended December 31, 2017, Tigo Paraguay completed the acquisition of TV Cable Parana for a total consideration of approximately $18 million, net of cash acquired. The purchase accounting was finalized in March 2017. The purchase price has been mainly allocated to a customer list ($14 million) and to other tangible and intangible fixed assets ($3 million). As a result, the final goodwill amounted to $1 million.

A.1.3. Disposal of subsidiaries and decreases in non-controlling interests of subsidiaries

Rwanda

On December 19, 2017, Millicom announced that it has signed an agreement for the sale of its Rwanda operations to subsidiaries of Bharti Airtel Limited. The sale was subsequently completed on January 31, 2018. In accordance with Group practices, Rwanda operations’ assets and liabilities were classified as held for sale on January 23, 2018. Rwanda’s operations also represented a separate geographical area and did qualify for discontinued operations presentation. As a result, the Group statements of income for the years ended December 31, 2016 and 2017 have been restated accordingly to show the results on a single line in the statements of income (‘Profit (loss) for the year from discontinued operations, net of tax’). On January 31, 2018, the Group's operations in Rwanda were deconsolidated and no material loss on disposal was recognized (its carrying value was aligned to its fair value less costs of disposal as of December 31, 2017). However, a loss of $32 million was recognized in 2018 corresponding to the recycling of foreign currency exchange losses accumulated in equity since the creation of the Company. This loss was recognized under ‘Profit (loss) for the year from discontinued operations, net of tax’. The final sale consideration is still subject to adjustment under the terms of the sale and purchase agreement with Airtel. Management does not expect any material deviation from the initial consideration. (see note E.3.)

Senegal

On July 28, 2017, Millicom announced that it had agreed to sell its Senegal business to a consortium consisting of NJJ, Sofima (managed by the Axian Group) and Teylium Group, subject to customary closing conditions and regulatory approvals. In accordance with Group practices, Senegal operations’ assets and liabilities were classified as held for sale on February 2, 2017. Senegal’s operations also represented a separate geographical area and did qualify for discontinued operations. On April 19, 2018, the President of Senegal issued an approval decree in respect of the proposed sale by Millicom of its Tigo operation in Senegal to a consortium consisting of NJJ, Sofima (a telecom investment vehicle managed by the Axian Group) and Teylium Group. The sale was completed on April 27, 2018. (see note E.3.)

Ghana merger

On March 3, 2017, Millicom and Bharti Airtel Limited (Airtel) announced that they had entered into an agreement for Tigo Ghana Limited and Airtel Ghana Limited to combine their operations in Ghana. In accordance with Group practices, Ghana operations' assets and liabilities were classified as held for sale on September 30, 2017. Ghana's operations also represented a separate geographical area and did qualify for discontinued operations. As a result, the Group statement of income for the year ended December 31, 2016 was restated accordingly to show the results on a single line in the statements of income ('Profit (loss) for the year from discontinued operations, net of tax'). The transaction was completed on October 12, 2017 (see note E.3.).

DRC

On February 8, 2016, Millicom announced that it had signed an agreement for the sale of its businesses in the Democratic Republic of Congo (DRC) to Orange S.A. (see note E.3.). In accordance with Group practices, DRC operations' assets and liabilities were classified as held for sale on February 8, 2016. DRC's operations also represented a separate geographical area and did qualify for discontinued operations. The sale was completed on April 20, 2016.

Other disposals

For the years ended December 31, 2018, 2017 and 2016, Millicom did not dispose of any other significant investments.

A.1.4. Summarized financial information relating to significant subsidiaries with non-controlling interests

At December 31, 2018 and 2017, Millicom's subsidiaries with material non-controlling interests were the Group's operations in Colombia and Panama (2018 only).

Balance sheet – non-controlling interests

	December 31,	
	2018	2017
	(US$ millions)	
Colombia	161	197
Panama	103	—
Others	(16)	(11)
Total	249	185

Profit (loss) attributable to non-controlling interests

	2018	2017	2016
		(US$ millions)	
Colombia	(5)	(13)	(55)
Panama	(8)	—	—
Others	(3)	(4)	(3)
Total	(16)	(17)	(58)

The summarized financial information for material non-controlling interests in our operations in Colombia is provided below. This information is based on amounts before inter-company eliminations. Detailed information on Cable Onda has been voluntarily omitted here as all details are already disclosed in note A.1.2.

Colombia

	2018	2017	2016
		(US$ millions)	
Revenue	1,661	1,739	1,717
Total operating expenses	(667)	(647)	(660)
Operating profit	147	106	40
Net (loss) for the year	(10)	(25)	(110)
50% non-controlling interest in net (loss)	(5)	(13)	(55)
Total assets (excluding goodwill)	1,966	2,193	2,221
Total liabilities	1,620	1,771	1,776
Net assets	346	422	445
50% non-controlling interest in net assets	173	211	223
Consolidation adjustments	(12)	(14)	(16)
Total non-controlling interest	161	197	207
Dividends and advances paid to non-controlling interest	(2)	—	(67)
Net cash from operating activities	348	331	366
Net cash from (used in) investing activities	(270)	(209)	(340)
Net cash from (used in) financing activities	(75)	(46)	(24)
Exchange impact on cash and cash equivalents, net	(18)	3	1
Net increase in cash and cash equivalents	(15)	80	3

A.2. Joint ventures

Joint ventures are businesses over which Millicom exercises joint control as decisions over the relevant activities of each require unanimous consent of shareholders. Millicom determines the existence of joint control by reference to joint venture agreements, articles of association, structures and voting protocols of the board of directors of those ventures.

At December 31, 2018, the equity accounted net assets of our joint ventures in Guatemala, Honduras and Ghana totaled $3,405 million (December 31, 2017: $3,457 million for Guatemala and Honduras only). These net assets do not necessarily represent statutory reserves available for distribution as these include consolidation adjustments (such as goodwill and identified assets and assumed liabilities recognized as part of the purchase accounting). Out of these reserves, $133 million (December 31, 2017: $123 million) represent statutory reserves that are unavailable to be distributed to owners of the Company. During the year ended December 31, 2018, Millicom's joint ventures paid $243 million (December 31, 2017: $203 million) as dividends or dividend advances to the Company.

Our main joint ventures are as follows:

Entity	Country	Activity	December 31, 2018 % holding	December 31, 2017 % holding
Comunicaciones Celulares S.A(i).	Guatemala	Mobile, MFS	55	55
Navega.com S.A.(i)	Guatemala	Cable, DTH	55	55
Telefonica Celular S.A(i).	Honduras	Mobile, MFS	66.7	66.7
Navega S.A. de CV(i)	Honduras	Cable	66.7	66.7
Bharti Airtel Ghana Holdings B.V.	Netherlands	Mobile, MFS	50	50

(i) Millicom owns more than 50% of the shares in these entities and has the right to nominate a majority of the directors of each of these entities. However, key decisions over the relevant activities must be taken by a supermajority vote. This effectively gives either shareholder the ability to veto any decision and therefore neither shareholder has sole control over the entity. Therefore, the operations of these joint ventures are accounted for under the equity method.

The carrying values of Millicom's investments in joint ventures were as follows:

Carrying value of investments in joint ventures at December 31

	%	2018	2017
		(US$ millions)	
Honduras operations(i)	66.7	730	726
Guatemala operations(i)	55	2,104	2,145
AirtelTigo Ghana operations	50	32	96
Total		2,867	2,966

(i) Includes all the companies under the Honduras and Guatemala groups.

The table below summarizes the movements for the year in respect of the Group's joint ventures carrying values:

	Guatemala(i)	Honduras (i)	Ghana(ii)
		(US$ millions)	
Opening balance at January 1, 2017	2,179	766	—
Change in scope	—	—	102
Results for the year 2017	126	15	(6)
Dividends declared during the year	(168)	(46)	—
Currency exchange differences	7	(9)	—
Closing balance at December 31, 2017	2,145	726	96
Adjustment on adoption of IFRS 15 and IFRS 9 (net of tax)	18	5	—
Capital increase	—	3	—
Results for the year 2018	131	23	(68)
Dividends declared during the year	(177)	—	—
Currency exchange differences	(14)	(26)	3
Closing balance at December 31, 2018	2,104	730	32

(i) Share of profit (loss) is recognized under 'Share of profit in the joint ventures in Guatemala and Honduras' in the statement of income.

(ii) Share of profit (loss) is recognized under 'Income (loss) from other joint ventures and associates, net' in the statement of income.

At December 31, 2018 and 2017 the Group had not incurred obligations, nor made payments on behalf of the Guatemala, Honduras or Ghana operations.

A.2.1. Accounting for joint ventures

Joint ventures are accounted for using the equity method of accounting and are initially recognized at cost (calculated at fair value if it was a subsidiary of the Group before becoming a joint venture). The Group's investments in joint ventures include goodwill (net of any accumulated impairment loss) on acquisition.

The Group's share of post-acquisition profits or losses of joint ventures is recognized in the consolidated statement of income and its share of post-acquisition movements in reserves is recognized in reserves. Cumulative post-acquisition movements are adjusted against the carrying amount of the investments. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognize further losses, unless the Group has incurred obligations or made payments on behalf of the joint ventures.

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

After application of the equity method, including recognizing the joint ventures' losses, the Group applies IAS 39 to determine whether it is necessary to recognize any additional impairment loss with respect to its net investment in the joint venture.

A.2.2. Material joint ventures – Guatemala, Honduras and Ghana operations

Summarized financial information for the years ended December 31, 2018, 2017 and 2016 of the Guatemala and Honduras operations is as follows. This information is based on amounts before inter-company eliminations.

Guatemala

	2018	2017	2016
		(US$ millions)	
Revenue	1,373	1,328	1,284
Depreciation and amortization	(283)	(295)	(281)
Operating profit(i)	387	352	330
Financial income (expenses), net	(56)	(60)	(73)
Profit before taxes	309	305	261
Charge for taxes, net	(69)	(74)	(67)
Profit for the year	240	230	194
Net profit for the year attributable to Millicom	131	126	106
Dividends and advances paid to Millicom	211	162	77
Total non-current assets (excluding goodwill)	2,280	2,406	2,297
Total non-current liabilities	981	1,052	1,039
Total current assets	718	756	909
Total current liabilities	221	220	211
Cash and cash equivalents	217	303	289
Debt and financing – non-current	927	995	987
Net cash from operating activities	545	498	438
Net cash from (used in) investing activities	(173)	(171)	(174)
Net cash from (used in) financing activities	(455)	(315)	(127)
Exchange impact on cash and cash equivalents, net	(3)	2	(3)
Net (decrease) increase in cash and cash equivalents	(86)	14	134

(i) In 2016, operating profit included a provision for impairment of $24 million related to amounts receivable from video surveillance contracts with the Civil National Police. In 2017, it also includes an additional impairment of $10 million (2016: $18 million) on the fixed assets related to the same contracts.

Honduras

	2018	2017	2016
	(US$ millions)		
Revenue	586	585	609
Depreciation and amortization	(133)	(156)	(160)
Operating profit	91	70	54
Financial income (expenses), net	(29)	(27)	(27)
Profit before taxes	52	41	13
Charge for taxes, net	(19)	(18)	—
Profit for the year	34	24	13
Net profit for the year attributable to Millicom	23	15	9
Dividends and advances paid to Millicom	32	40	66
Total non-current assets (excluding goodwill)	506	576	645
Total non-current liabilities	386	407	454
Total current assets	304	208	259
Total current liabilities	226	282	237
Cash and cash equivalents	25	16	13
Debt and financing – non-current	298	308	339
Debt and financing – current	85	80	63
Net cash from operating activities	147	152	85
Net cash from (used in) investing activities	(87)	(74)	(17)
Net cash from (used in) financing activities	(50)	(74)	(69)
Net (decrease) increase in cash and cash equivalents	9	3	(1)

Ghana

As mentioned in note A.1.3., in 2017 Millicom and Airtel signed a Combination Agreement, whereby both investors decided to combine their respective subsidiaries in Ghana, namely Tigo Ghana Limited and Airtel Ghana Limited under an existing company – Bharti Airtel Ghana Holdings B.V. (the ‘JV’ or ‘AirtelTigo Ghana’) both Millicom and Airtel each owning 50%. As part of the transaction, the government of Ghana retained an option to acquire a 25% stake in the newly combined entity for a period of two years. In the event the government exercises its option, Millicom’s stake may reduce to 37.5% or, in certain circumstances, be maintained at 50%.

On October 12, 2017, both parties announced the completion of the transaction. As consideration received, each party owns 50% of the equity capital and voting rights of the JV, and Millicom holds a $40 million loan against Tigo Ghana (the “Millicom Note”), which shall rank in priority to all other obligations of the joint venture owed to its shareholders. The Millicom Note bears interest and is classified under ‘other non-current assets’ in the statement of financial position.

Decisions about the relevant activities require the unanimous consent of the parties sharing control. Therefore, based on IFRS 11, this agreement results in Millicom and Airtel having joint control over the combined entity, which is a joint venture. Millicom therefore uses the equity method to account for its investment in the combined entity since October 12, 2017.

On the same date, each investor agreed and committed to fund the operations of the JV in accordance with the approved business plan on an equal basis and on the same terms. In this regard, both parties have agreed to provide, on an equal basis, a committed credit facility in the total aggregate amount of $50 million, with Millicom providing a commitment of $25 million and Airtel providing the same. The credit facility remains undrawn as of December 31, 2018 and 2017 and would bear interest and would be subordinated to the Millicom Note.

As a consequence, on October 12, 2017, Millicom deconsolidated its investments in Ghana operations and accounted for its investment in the combined entity under the equity method, initially at fair value of $102 million, resulting in a net gain on the deconsolidation of these operations amounting to $36 million, including recycling of foreign currency exchange losses accumulated in equity of $79 million. The net gain has been recognized under 'Profit (loss) for the year from discontinued operations, net of tax'. As of December 31, 2017, the purchase accounting was still provisional and was completed in the first six months of 2018. Newly identified assets have been recognized by the joint venture resulting in an additional depreciation of $3 million for the period from the merger date to December 31, 2017. Comparative figures have not been restated for this depreciation charge given it was immaterial for the Group. As a result, this charge was recorded in the 2018 statement of income.

Fair value has been determined using valuation techniques such as discounted cash flows and comparable transaction multiples. As of December 31, 2018 and 2017 Millicom determined the fair value of the option granted to the government to be immaterial.

AirtelTigo Ghana

	2018	2017 (i)
	(US$ millions)	(US$ millions)
Revenue	187	58
Depreciation and amortization	(110)	(11)
Operating loss	(100)	(1)
Financial income (expenses), net	(42)	(10)
Loss before taxes	(135)	(12)
Charge for taxes, net	—	—
Loss for the period	(135)	(12)
Net loss for the period attributable to Millicom	(68)	(6)
Dividends and advances paid to Millicom	—	—
Total non-current assets (excluding goodwill)	277	184
Total non-current liabilities	277	214
Total current assets	71	60
Total current liabilities	134	106
Cash and cash equivalents	19	15
Debt and financing – non-current	276	145
Debt and financing – current	17	—
Net cash from operating activities	(19)	13
Net cash from (used in) investing activities	(8)	—
Net cash from (used in) financing activities	42	(3)
Net increase in cash and cash equivalents	15	10

(i) From the date of merger (October 12, 2017) to December 31, 2017, for statement of income and cash flow metrics.

A.2.3. Impairment of investment in joint ventures

While no impairment triggers were identified for the Group's investments in joint ventures in 2018, according to its policy, management have completed an impairment test for its joint ventures in Guatemala, Honduras and Ghana.

The Group's investments in Guatemala, Honduras and Ghana operations were tested for impairment by assessing their recoverable amount (using a value in use model based on discounted cash flows) against their carrying amounts. The cash flow projections used were extracted from financial budgets approved by management and the Board covering a period of five years. In respect of Guatemala and Honduras, cash flows beyond this period have been extrapolated using a perpetual growth rate of 3.2%–3.0% (2017: 3.1%–3.2%). Discount rates used in determining recoverable amounts were 11.0% and 10.3%, respectively (2017: 9.3% and 10.2%). For Ghana, management used a perpetual growth rate of 3.8% and a discount rate of 14.4%.

For the year ended December 31, 2018, and as a result of the impairment testing described above, management concluded that none of the Group's investments in joint ventures should be impaired.

Sensitivity analysis was performed on key assumptions within the impairment tests. The sensitivity analysis determined that sufficient margin exists from realistic changes to the assumptions that would not impact the overall results of the testing.

A.3. Investments in associates

Millicom's investments in associates mainly represent its shareholding in Helios Towers Africa Ltd (HTA) and its investments in the African online business (AIH). Millicom has significant influence over these companies through its voting rights but not control or joint control.

The Group's main associates are as follows:

Entity	Country	Activity(ies)	December 31, 2018 % holding	December 31, 2017 % holding
Africa				
Helios Towers Africa Ltd (HTA)	Mauritius	Holding of Tower infrastructure company	22.83	22.83
Africa Internet Holding GmbH (AIH)	Germany	Online marketplace, retail and services	10.15	10.15
West Indian Ocean Cable Company Limited (WIOCC)	Republic of Mauritius	Telecommunication carriers' carrier	9.1	9.1
Latin America				
MKC Brilliant Holding GmbH (LIH)	Germany	Online marketplace, retail and services	35.0	35.0
Unallocated				
Milvik AB	Sweden	Other	12.3	12.3

At December 31, 2018 and 2017, the carrying value of Millicom's main associates was as follows:

Carrying value of investments in associates at December 31

	2018	2017
	(US$ millions)	
MKC Brilliant Holding GmbH (LIH)	—	—
African Internet Holding GmbH (AIH)	38	61
Helios Tower Africa Ltd (HTA)	105	149
Milvik AB	13	16
West Indian Ocean Cable Company Limited (WIOCC)	14	14
Total	169	241

The summarized financial information for the Group's main material associates (i.e. HTA and AIH) is provided below.

Summary of statement of financial position of associates at December 31,

	2018	2017
	(US$ millions)	
Total current assets	473	409
Total non-current assets	717	766
Total assets	1,190	1,176
Total current liabilities	343	268
Total non-current liabilities	627	602
Total liabilities	969	870
Total net assets	221	306
Millicom's carrying value of its investment in HTA and AIH	142	211
Millicom's carrying value of its investment in other associates	27	30
Millicom's carrying value of its investment in associates	169	241

Profit (loss) from other joint ventures and associates

	2018	2017	2016
		(US$ millions)	
Revenue	511	449	378
Operating expenses	(459)	(321)	(302)
Operating profit (loss)	(214)	(148)	(167)
Net loss for the year	(327)	(220)	(228)
Millicom's share of results from HTA and AIH	(66)	(34)	(39)
Millicom's share of results from other associates	(2)	(45)	(10)
Millicom's share of results from other joint ventures (Ghana)	(68)	(6)	—
Millicom's share of results from other joint ventures and associates	(136)	(85)	(49)

A.3.1. Accounting for investments in associates

The Group accounts for associates in the same way as it accounts for joint ventures.

A.3.2. Acquisitions and disposals of interests in associates

Africa Internet Holding GmbH (AIH)

AIH indirectly owns a number of companies that provide online services and online marketplaces in certain countries in Africa mainly under the brand name of Jumia.

Early January 2019, Millicom has been further diluted in the capital of AIH following the entry of a new investor. This triggered the recognition of a net dilution gain of $7 million in January 2019. In addition, on January 31, 2019, some changes in the company's governance became effective and Millicom relinquished its seat on the board of directors, which resulted in the loss of the Group's significant influence over AIH. As a result, as from January 31, 2019, Millicom will stop equity accounting for its investment in AIH and start measuring it at fair value. This change in accounting is expected to trigger the recognition of a gain at initial measurement.

Other various shareholder funding rounds were signed in 2016 whereby Millicom's interest was diluted. At that time, Millicom's shareholding in AIH was reduced to 10%. This triggered the recognition of a net dilution gain of $43 million in the 2016 Group statement of income under 'Income (loss) from associates, net'.

Millicom investment in African towers company, Helios Towers Africa

Helios Towers Africa owns and operates telecommunications towers and passive infrastructure in four African markets. The company's principal business lies in building, acquiring and operating telecommunications towers that are capable of accommodating and powering the needs of multiple tenants.

During 2016, Millicom's shareholding was diluted from 28.2% to 22.8% as a result of previous committed cash calls and new investors' funding. This resulted in Millicom recognizing a gain on dilution of $16 million. The gain was recorded in the 2016 Group statement of income under 'Income (loss) from other joint ventures and associates, net'.

MKC Brilliant Holding GmbH (LIH)

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

In April 2017, LIH completed the disposal of its shareholding in Easy Taxi to Cabify. As a result, and ultimately, LIH received cash and shares in Cabify. The transaction resulted in Millicom recognizing a loss of $11 million (Millicom's share). Additionally, as a result of the annual impairment test conducted in 2017, Management fully impaired the remaining carrying value of its investment in LIH for $48 million. The impairment test performed in 2018 confirmed this conclusion. These losses were recorded under the caption 'Income (loss) from other joint ventures and associates, net' in the year ended December 31, 2017.

Milvik AB (BIMA)

On December 19, 2017, Millicom announced that it had sold a portion of its ownership stake in BIMA - a leading emerging market insurance player - (from 20.4% to 12.0% – on a fully diluted basis) to Kinnevik and a new investor, with the latter contributing $97 million in the micro-insurance business. As a result of the transaction, Millicom received $24 million in cash and recognized a gain on disposal of $21 million. In addition, and as a consequence of the subsequent capital increase made by the new investor, the Group recognized a gain on dilution of $11 million. Both gains have been recorded under the caption "Income (loss) from other joint ventures and associates, net", in the statement of income. Both transactions were carried out at the same fair value on an arm's length basis.

A.4. Discontinued operations

A.4.1. Classification of discontinued operations

Discontinued operations are those which have identifiable operations and cash flows (for both operating and management purposes) and represent a major line of business or geographic area which has been disposed of, or are held for sale. Revenue and expenses associated with discontinued operations are presented retrospectively in a separate line in the consolidated statement of income. Millicom determined that the loss of path to control of operations by the termination of a contractual arrangement (e.g. termination without exercise of an unconditional call option agreement giving path to control, as occurred with the Guatemala and Honduras operations) does not require presentation as a discontinued operation.

A.4.2. Millicom's discontinued operations

In accordance with IFRS 5, the Group's businesses in Senegal, Tigo Ghana and Tigo Rwanda have been classified as assets held for sale (respectively on February 2, 2017, September 28, 2017 and January 23, 2018) and their results were showed as discontinued operations for all years presented in these financial statements. The statement of income comparative figures presented in the notes to these consolidated financial statements have therefore been restated accordingly and when necessary. For further details, refer to note E.3.

B. Performance

B.1. Revenue

Millicom's revenue comprises sale of services from its mobile business (including Mobile Financial Services - MFS) and its cable and other fixed services, as well as related devices and equipment. Recurring revenue consists of monthly subscription fees, airtime and data usage fees, interconnection fees, roaming fees, TV services, B2B contracts, MFS commissions and fees from other telecommunications services such as data services, short message services and other value added services.

Revenue from continuing operations by category

	2018	2017	2016
		(US$ millions)	
Mobile	2,248	2,281	2,343
Cable and other fixed services	1,568	1,553	1,437
Other	46	41	39
Service revenue	3,861	3,876	3,820
Telephone and equipment and other	213	200	223
Total revenue	4,074	4,076	4,043

Revenue from continuing operations by country or operation

	2018	2017	2016
		(US$ millions)	
Colombia	1,661	1,739	1,717
Paraguay	679	662	623
Bolivia	614	555	542
El Salvador	405	422	425
Tanzania (excluding Zantel)	356	348	347
Chad	128	140	166
Costa Rica	155	153	152
Panama	17	—	—
Other operations	60	57	71
Total	4,074	4,076	4,043

B.1.1. Accounting for revenue

Revenue recognition

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

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

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

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

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

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

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

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

Principal-Agent, some arrangements involve two or more unrelated parties that contribute to providing a specified good or service to a customer. In these instances, the Group determines whether it has promised to provide the specified good or service itself (as a principal) or to arrange for those specified goods or services to be provided by another party (as an agent). For example, performance obligations relating to services provided by third-party content providers (i.e., mobile Value Added Services or “VAS”) or service providers (i.e., wholesale international traffic) where the Group neither controls a right to the provider’s service nor controls the underlying service itself are presented net because the Group is acting as an agent. The Group generally acts as a principal for other types of services where the Group is the primary obligor of the arrangement. In cases the Group determines that it acts as a principal, revenue is recognized in the gross amount, whereas in cases the Group acts as an agent revenue is recognized in the net amount.

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

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

B.2. Expenses

The cost of sales and operating expenses incurred by the Group can be summarized as follows:

Cost of sales

	2018	2017	2016
	(US$ millions)		
Direct costs of services sold	(829)	(913)	(857)
Cost of telephone, equipment and other accessories	(230)	(219)	(254)
Bad debt and obsolescence costs	(87)	(72)	(63)
Cost of sales	(1,146)	(1,205)	(1,175)

Operating expenses, net

	2018	2017	2016
	(US$ millions)		
Marketing expenses	(404)	(463)	(442)
Site and network maintenance costs	(209)	(176)	(160)
Employee related costs (B.4.)	(514)	(451)	(451)
External and other services	(185)	(152)	(218)
Rentals and operating leases	(155)	(155)	(159)
Other operating expenses	(207)	(197)	(196)
Operating expenses, net	(1,674)	(1,593)	(1,627)

The other operating income and expenses incurred by the Group can be summarized as follows:

Other operating income (expenses), net

	Notes	2018	2017	2016
		(US$ millions)		
Income from tower deal transactions	C.3.4.	65	63	—
Impairment of intangible assets and property, plant and equipment	E.1., E.2.	(6)	(12)	(6)
Gain (loss) on disposals of intangible assets and property, plant and equipment		8	1	(8)
Other income (expenses)		9	16	—
Other operating income (expenses), net		76	68	(14)

B.2.1. Accounting for cost of sales and operating expenses

Cost of sales

Cost of sales is recorded on an accrual basis.

Customer acquisition costs

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

Operating leases

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

B.3. Segmental information

Management determines operating and reportable segments based on information used by the chief operating decision maker (CODM) to make strategic and operational decisions from both a business and geographic perspective. The Group's risks and rates of return are predominantly affected by operating in different geographical regions. The Group has businesses in two main regions: Latin America ("Latam") and Africa. The Latam figures below include Honduras and Guatemala as if they are fully consolidated by the Group, as this reflects the way management reviews and uses internally reported information to make decisions. Honduras and Guatemala are shown under the Latam segment. The joint venture in Ghana is not reported as if fully consolidated. As from January 1, 2018, segment EBITDA includes inter-company management fees and incentive compensation paid to local management teams. These items, were previously included in unallocated corporate costs. This change in presentation has no impact on Group EBITDA. Accordingly, 2017 and 2016 have been represented. Revenue, operating profit (loss), EBITDA and other segment information for the years ended December 31, 2018, 2017 and 2016, were as follows:

	Latin America	Africa (vii)	Unallocated	Guatemala and Honduras(vii)	Eliminations and Transfers	Total
	(US$ millions)					
Year ended December 31, 2018						
Mobile revenue	3,214	510	—	(1,475)	—	2,248
Cable and other fixed services revenue	1,808	12	—	(253)	—	1,568
Other revenue	48	3	—	(6)	—	46
Service revenue (i)	5,069	526	—	(1,734)	—	3,861
Telephone and equipment and other revenue	415	1	—	(203)	—	213
Revenue	5,485	526	—	(1,937)	—	4,074
Operating profit (loss)	995	40	(47)	(488)	154	655
Add back:						
Depreciation and amortization	1,133	107	5	(416)		830
Share of profit in joint ventures in Guatemala and Honduras	—	—	—	—	(154)	(154)
Other operating income (expenses), net	(51)	(3)	(2)	(19)	—	(76)
EBITDA(ii)	2,077	143	(44)	(922)	—	1,254
EBITDA from discontinued operations	—	3	—	—	—	3
EBITDA incl. discontinued operations	2,077	146	(44)	(922)	—	1,257
Capex(iii)	(872)	(59)	(2)	225	—	(708)
Changes in working capital and others(iv)	(42)	28	13	(12)	—	(13)
Taxes paid	(264)	(24)	(6)	142	—	(153)
Operating Free Cash Flow(v)	899	91	(39)	(568)	—	383
Total Assets(vi)	11,754	839	2,752	(5,219)	190	10,316
Total Liabilities	6,132	905	2,953	(1,814)	(650)	7,526

	Latin America	Africa (vii)	Unallocated	Guatemala and Honduras(vii)	Eliminations and Transfers	Total
			(US$ millions)			
Year ended December 31, 2017 (viii)						
Mobile revenue	3,283	509	—	(1,510)	—	2,281
Cable and other fixed services revenue	1,755	12	—	(213)	—	1,553
Other revenue	40	5	—	(4)	—	41
Service revenue (i)	5,078	524	—	(1,727)	—	3,876
Telephone and equipment and other revenue	363	2	—	(165)	—	200
Revenue	5,441	526	—	(1,892)	—	4,076
Operating profit (loss)	899	41	(5)	(431)	140	645
Add back:						
Depreciation and amortization	1,174	110	6	(450)	—	841
Share of profit in joint ventures in Guatemala and Honduras	—	—	—	—	(140)	(140)
Other operating income (expenses), net	(49)	(11)	10	(18)	—	(68)
EBITDA(ii)	2,024	140	11	(899)	—	1,278
EBITDA from discontinued operations	—	73	—	—	—	73
EBITDA incl. discontinued operations	2,024	213	11	(899)	—	1,351
Capex(iii)	(855)	(99)	(1)	237	—	(718)
Changes in working capital and others(iv)	(53)	(6)	(10)	27	—	(42)
Taxes paid	(239)	(18)	1	124	—	(132)
Operating Free Cash Flow(v)	877	90	1	(511)	—	459
Total Assets(vi)	10,411	1,482	598	(5,420)	2,393	9,464
Total liabilities	5,484	1,673	1,465	(1,961)	(478)	6,183

	Latin America	Africa	Unallocated	Guatemala and Honduras(vii)	Eliminations and Transfers	Total
			(US$ millions)			
Year ended December 31, 2016 (viii)						
Mobile revenue	3,318	541	—	(1,514)	—	2,343
Cable and other fixed services revenue	1,611	15	—	(191)	—	1,437
Other revenue	37	6	—	(4)	—	39
Service revenue (i)	4,966	562	—	(1,709)	—	3,820
Telephone and equipment and other revenue	386	2	—	(165)	—	223
Revenue	5,352	565	—	(1,875)	—	4,043
Operating profit (loss)	721	43	4	(394)	(115)	490
Add back:						
Depreciation and amortization	1,173	113	7	(441)	—	853
Share of profit in joint ventures in Guatemala and Honduras	—	—	—	—	(115)	(115)
Other operating income (expenses), net	42	2	(6)	(24)	—	14
EBITDA(ii)	1,935	158	5	(859)	—	1,241
EBITDA from discontinued operations	—	77	—	—	—	77
EBITDA incl. discontinued operations	1,935	235	5	(859)	—	1,319
Capex(iii)	(886)	(161)	(6)	242	—	(811)
Changes in working capital and others(iv)	37	(2)	(33)	24	—	26
Taxes paid	(233)	(33)	(9)	145	—	(130)
Operating Free Cash Flow(v)	853	39	(43)	(448)	—	404
Total Assets(vi)	10,386	1,406	1,357	(5,589)	2,067	9,627
Total liabilities	5,229	1,852	1,997	(1,942)	(877)	6,258

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

(ii) EBITDA is operating profit excluding impairment losses, depreciation and amortization and gains/losses on the disposal of fixed assets. EBITDA is used by the management to monitor the segmental performance and for capital management.

(iii) Cash spent for capex excluding spectrum and licenses of $61 million (2017: $53 million; 2016: $39 million) and cash received on tower deals of $141 million (2017: $167 million; 2016: nil).

(iv) Changes in working capital and others include changes in working capital as stated in the cash flow statement, as well as share-based payments expense and non-cash bonuses.

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

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

(vii) Including eliminations for Guatemala and Honduras as reported in the Latam segment.

(viii) Restated as a result of classification of certain of our African operations as discontinued operations (see notes A.4. and E.3.).

Revenue from contracts with customers from continuing operations:

Year ended December 31, 2018

$ millions	Timing of revenue recognition	Latin America	Africa	Total Group
Mobile	Over time	1,701	401	2,102
Mobile Financial Services	Point in time	37	109	147
Cable and other fixed services	Over time	1,556	12	1,568
Other	Over time	42	3	46
Service Revenue		**3,336**	**526**	**3,861**
Telephone and equipment	Point in time	212	1	213
Revenue from contracts with customers		**3,548**	**526**	**4,074**

B.4. People

Number of permanent employees

	2018	2017	2016
Continuing operations(i)	16,987	14,404	13,211
Joint ventures (Guatemala, Honduras and Ghana – for 2018 and 2017)	4,416	4,326	4,023
Discontinued operations	—	397	751
Total	21,403	19,127	17,985

(i) Emtelco headcount are excluded from this report and any internal reporting because their costs are classified as direct costs and not employee related costs.

	Notes	2018	2017	2016
		(US$ millions)		
Wages and salaries		(356)	(320)	(290)
Social security		(61)	(57)	(67)
Share based compensation	B.4.1.	(21)	(22)	(14)
Pension and other long-term benefit costs	B.4.2.	(7)	(8)	(6)
Other employee related costs		(70)	(45)	(74)
Total		(514)	(451)	(451)

B.4.1. Share-based compensation

Millicom shares granted to management and key employees includes share-based compensation in the form of long-term share incentive plans. Up until 2015, Millicom had two types of annual plan, a future performance plan and a deferred share plan. In 2015, Millicom issued four different types of plans; a deferred share plan, a performance share plan, an executive share plan and the sign-on CEO share plan (a one-off plan). Since 2016, Millicom has two types of annual plans, a performance share plan and a deferred share plan. The different plans are further detailed below.

Cost of share based compensation

	2018	2017	2016
	(US$ millions)		
2014 incentive plans	—	—	(1)
2015 incentive plans	—	(3)	(3)
2016 incentive plans	(4)	(6)	(10)
2017 incentive plans	(8)	(12)	—
2018 incentive plans	(11)	—	—
Total share-based compensation	(21)	(22)	(14)

Deferred share plan (unchanged since 2014)

For the deferred awards plan, participants are granted shares based on past performance, with 16.5% of the shares vesting on January 1 of each of year one and two, and the remaining 67% on 1 January of year three. Vesting is conditional upon the participant remaining employed with Millicom at each vesting date. The cost of this long-term incentive plan, which is not conditional on performance conditions, is calculated as follows:

Fair value (share price) of Millicom's shares at grant date x number of shares expected to vest.

Sign-on CEO share plan (issued in 2015 – one off)

As part of his employment contract Millicom CEO (from April 1, 2015) received a sign-on grant of 77,344 shares. Vesting is conditional, among other conditions, on the CEO not being dismissed for cause. The cost of this long-term incentive plan, which is not conditional on market conditions, is calculated in the same way as the deferred share plan above. The expense for this plan has been taken in full during 2015.

Performance share plan (issued in 2015)

Under this plan, shares granted did vest in full in 2018, subject to performance conditions, 62.5% based on Absolute Total Shareholder Return (TSR) and 37.5% based on actual vs budgeted EBITDA minus CAPEX minus Change in Working Capital (Free Cash Flow). As the TSR measure is a market condition, the fair value of the shares in the performance share plan requires consideration of potential adjustments for future market-based conditions at grant date.

For this, a specific valuation had been performed at grant date based on the probability of the TSR conditions being met (and to which extent) and the expected payout based upon leaving conditions.

The Free Cash Flows (FCF) condition is a non-market measure which had been considered together with the leaving estimate and based initially on a 100% fulfillment expectation. The reference share price for 2015 performance share plan is the same share price as the share price for the deferred share plan.

Executive share plan (issued in 2015 – one off)

Under this plan, shares were granted to the CEO and CFO based on an allocated holding of 3,333 (CEO) and 2,000 (CFO) shares for which vesting occurs based on three components at multipliers based on market conditions (a TSR for component A and B) and performance conditions (on actual vs budgeted FCF for component C). The maximum number of shares that could vest under the plan was 26,664 (CEO) and 14,000 (CFO). The plan vested in 2018 at the end of a three-year period.

Similarly to the performance share plan, a specific valuation had been performed based on the probability of the TSR conditions being met (and to which extent) and the expected payout based upon leaving conditions. The FCF condition being a non-market measure, it had been considered together with the leaving estimate and based initially on a 100% fulfillment expectation. Therefore, the reference share price is the share price on the date that the CEO and the CFO agreed to the executive share plan.

Performance share plan (for plans issued in 2016 and 2017)

Shares granted under this performance share plan vest at the end of the three-year period, subject to performance conditions, 25% based on Positive Absolute Total Shareholder Return (Absolute TSR), 25% based on Relative Total Shareholder Return (Relative TSR) and 50% based on budgeted Earnings Before Interest Tax Depreciation and Amortization (EBITDA) minus Capital Expenditure (Capex) minus Change in Working Capital (CWC) (Free Cash Flow).

This performance share plan is measured similarly to the performance share plan issued in 2015, see above.

Performance share plan (for plan issued in 2018)

Shares granted under this performance share plan vest at the end of the three-year period, subject to performance conditions, 25% based on Relative Total Shareholder Return ("Relative TSR"), 25% based on the achievement of the Service Revenue target measured on a 3-year CAGRs from years 2018 to 2020 ("Service Revenue") and 50% based on the achievement of the Operating Free Cash Flow ("Operating Free Cash Flow") target measured on a 3-year CAGRs from years 2018 to 2020.

For the performance share plans and the executive share plan, and in order to calculate the fair value of the TSR portion of those plans, it is necessary to make a number of assumptions which are set out below. The assumptions have been set based on an analysis of historical data as at grant date.

Assumptions and fair value of the shares under the TSR portion

	Risk-free rate %	Dividend yield %	Share price volatility(i) %	Award term (years)	Share fair value (in US $)
Performance share plan 2018 (Relative TSR)	(0.39)	3.21	30.27	2.93	57.70
Performance share plan 2017 (Relative TSR)	(0.40)	3.80	22.50	2.92	27.06
Performance share plan 2017 (Absolute TSR) ...	(0.40)	3.80	22.50	2.92	29.16
Performance share plan 2016 (Relative TSR)	(0.65)	3.49	30.00	2.61	43.35
Performance share plan 2016 (Absolute TSR) ...	(0.65)	3.49	30.00	2.61	45.94
Performance share plan 2015 (Absolute TSR) ...	(0.32)	2.78	23.00	2.57	32.87
Executive share plan 2015 – Component A........	(0.32)	N/A	23.00	2.57	53.74
Executive share plan 2015 – Component B........	(0.32)	N/A	23.00	2.57	29.53

(i) Historical volatility retained was determined on the basis of a three-year historic average.

The cost of the long-term incentive plans which are conditional on market conditions is calculated as follows:

Fair value (market value) of shares at grant date (as calculated above) x number of shares expected to vest.

The cost of these plans is recognized, together with a corresponding increase in equity (share compensation reserve), over the period in which the performance and/or employment conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award. Adjustments are made to the expense recorded for forfeitures, mainly due to management and employees leaving Millicom. Non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest.

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

Plan awards and shares expected to vest

	2018 plans		2017 plans		2016 plans		2015 plans			
	Performance plan	Deferred plan	Performance plan	Deferred plan	Performance plan	Deferred plan	Performance plan	Executive plan	CEO plan	Deferred plan
	(number of shares)									
Initial shares granted	237,196	262,317	279,807	438,505	200,617	287,316	98,137	40,664	77,344	237,620
Additional shares granted(i)	—	3,290	2,868	29,406	—	—	—	—	3,537	—
Revision for forfeitures	(13,531)	(18,086)	(34,556)	(74,325)	(49,164)	(77,924)	(37,452)	—	—	(68,121)
Revision for cancellations	(4,728)	—	—	—	—	—	—	—	—	—
Total before issuances	218,927	247,521	248,119	393,586	151,453	209,392	60,685	40,664	80,881	169,499
Shares issued in 2016	—	—	—	—	(1,214)	(1,733)	(771)	—	(25,781)	(38,745)
Shares issued in 2017	—	—	—	(2,686)	(752)	(43,579)	(357)	—	(28,139)	(30,124)
Shares issued in 2018	(97)	(18,747)	(2,724)	(99,399)	(2,050)	(46,039)	(27,619)	(19,022)	(26,961)	(100,630)
Performance conditions	—	—	—	—	—	—	(31,938)	(21,642)	—	—
Shares still expected to vest	218,830	228,774	245,395	291,501	147,437	118,041	—	—	—	—
Estimated cost over the vesting period (US$ millions)	12	14	9	20	8	12	4	2	6	12

(i) Additional shares granted represent grants made for new joiners and/or as per CEO contractual arrangements.

B.4.2. Pension and other long-term employee benefit plans

Pension plans

The pension plans apply to employees who meet certain criteria (including years of service, age and participation in collective agreements).

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

Defined benefit pension plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows, using an appropriate discount rate based on maturities of the related pension liability.

Re-measurement of net defined benefit liabilities are recognized in other comprehensive income and not reclassified to the statement of income in subsequent years.

Past service costs are recognized in the statement of income on the earlier of the date of the plan amendment or curtailment, and the date that the Group recognizes related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit asset/liability.

Long-service plans

Long-service plans apply for Colombian subsidiary UNE employees with more than five years of service whereby additional bonuses are paid to employees that reach each incremental length of service milestone (from five to 40 years).

Termination plans

In addition, UNE has a number of employee defined benefit plans. The level of benefits provided under the plans depends on collective employment agreements and Colombian labor regulations. There are no defined assets related to the plans, and UNE make payments to settle obligations under the plans out of available cash balances.

At December 31, 2018, the defined benefit obligation liability amounted to $60 million (2017: $66 million) and payments expected in the plans in future years totals $111 million (2017: $87 million). The average duration of the defined benefit obligation at December 31, 2018 is 7 years (2017: 7 years). The termination plans apply to employees that joined UNE prior to December 30, 1996. The level of payments depends on the number of years in which the employee has worked before retirement or termination of their contract with UNE.

Except for the UNE pension plan described above, there are no other significant defined benefits plans in the Group.

B.4.3. Directors and executive management

The remuneration of the members of the Board of Directors comprises an annual fee and shares. Director remuneration is proposed by the Nomination Committee and approved by the shareholders at their Annual General Meeting (AGM).

Remuneration charge for the Board (gross of withholding tax)

	2018	2017	2016
		(US$ '000)	
Chairperson	169	233	243
Other members of the Board	774	889	900
Total (i)	943	1,122	1,143

(i) Cash compensation converted from SEK to USD at exchange rates on payment dates each year. Share based compensation based on the market value of Millicom shares on the corresponding AGM date (2018: in total 6,591 shares; 2017: in total 8,731 shares; 2016: in total 8,002 shares). Net remuneration comprised 51% in shares and 49% in cash (SEK) (2017: 52% in shares and 48% in cash; 2016: 50% in shares and 50% in cash).

Shares beneficially owned by the Directors

	2018	2017
	(number of shares)	
Chairperson	8,554	7,000
Other members of the Board	15,333	20,067
Total	23,887	27,067

The remuneration of executive management of Millicom comprises an annual base salary, an annual bonus, share based compensation, social security contributions, pension contributions and other benefits. Bonus and share based compensation plans (see note B.4.1.) are based on actual and future performance. Share based compensation is granted once a year by the Compensation Committee of the Board.

If the employment of Millicom's senior executives is terminated, severance of up to 12 months' salary is potentially payable.

The annual base salary and other benefits of the Chief Executive Officer (CEO) and the Executive Vice Presidents (Executive team) are proposed by the Compensation Committee and approved by the Board.

Remuneration charge for the Executive Team

	CEO	CFO	Executive Team (9 members)(iii)
		(US$ '000)	
2018			
Base salary	1,112	673	3,930
Bonus	1,492	557	2,445
Pension	247	101	962
Other benefits	66	63	805
Termination benefits	—	—	301
Total before share based compensation	2,918	1,393	8,444
Share based compensation(i)(ii) in respect of 2018 LTIP	5,027	1,567	4,957
Total	7,945	2,960	13,401

Remuneration charge for the Executive Team

	CEO	CFO	Executive Team (9 members)
		(US$ '000)	
2017			
Base salary	1,000	648	3,822
Bonus	707	455	1,590
Pension	150	97	629
Other benefits	64	15	1,193
Total before share based compensation	1,921	1,215	7,233
Share based compensation(i)(ii) in respect of 2017 LTIP	2,783	1,492	5,202
Total	4,704	2,707	12,435

Remuneration charge for the Executive team

	CEO	CFO	Executive team (9 members)
		(US$ ’000)	
2016			
Base salary	1,000	599	3,797
Bonus	660	450	1,411
Pension	150	82	513
Other benefits	48	18	720
Total before share based compensation	1,858	1,149	6,441
Share based compensation(i)(ii) in respect of 2016 LTIP	2,660	1,481	4,031
Total	4,518	2,630	10,472

(i) See note B.4.1.

(ii) Share awards of 80,264 and 112,472 were granted in 2018 under the 2018 LTIPs to the CEO, and Executive Team (2017: 61,724 and 167,371, respectively; 2016: 49,171 and 104,573, respectively).

(iii) Other Executives’ compensation includes Daniel Loria, former CHRO and Rodrigo Diehl, EVP Strategy.

Share ownership and unvested share awards granted from Company equity plans to the Executive team

	CEO	Executive team	Total
		(number of shares)	
2018			
Share ownership (vested from equity plans and otherwise acquired)	122,310	84,782	207,092
Share awards not vested	172,485	339,726	512,211
2017			
Share ownership (vested from equity plans and otherwise acquired)	80,159	55,888	136,047
Share awards not vested	148,324	299,067	447,391

B.5. Other non-operating (expenses) income, net

Non-operating items mainly comprise changes in fair value of derivatives and the impact of foreign exchange fluctuations on the results of the Group.

	Year ended December 31,		
	2018	2017	2016
	(US$ millions)		
Change in fair value of derivatives (see note D.1.2.)	(1)	(22)	3
Exchange gain (loss), net	(41)	18	25
Other non-operating income (expenses), net	2	0	(9)
Total	(40)	(4)	20

Foreign exchange gains and losses

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

B.6. Taxation

B.6.1. Income tax expense

Tax mainly comprises income taxes of subsidiaries and withholding taxes on intragroup dividends and royalties for use of Millicom trademarks and brands. Millicom operations are in jurisdictions with income tax rates of 10% to 40% levied on either revenue or profit before income tax (2017: 10% to 40%; 2016: 10% to 40%). Income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of income.

Income tax charge

	2018	2017	2016
		(US$ millions)	
Income tax (charge) credit			
Withholding tax	(64)	(74)	(44)
Other income tax relating to the current year	(86)	(85)	(74)
	(150)	(159)	(118)
Adjustments in respect of prior years	1	(12)	(26)
	(149)	(171)	(144)
Deferred tax (charge) credit			
Origination and reversal of temporary differences	32	15	45
Effect of change in tax rates	(10)	19	1
Tax income (expense) before valuation allowances	22	34	46
Effect of valuation allowances	(8)	(30)	(88)
	14	4	(42)
Adjustments in respect of prior years	19	9	7
	33	13	(35)
Tax (charge) credit on continuing operations	(116)	(158)	(179)
Tax (charge) credit on discontinuing operations	—	—	6
Total tax (charge) credit	(116)	(158)	(173)

Reconciliation between the tax expense and tax at the weighted average statutory tax rate is as follows:

Income tax calculation

	2018			2017			2016		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
					(US $ millions)				
Profit before tax	129	(39)	90	176	51	227	109	(26)	83
Tax at the weighted average statutory rate	(5)	4	(1)	(12)	(10)	(22)	9	6	15
Effect of:									
Items taxed at a different rate	7	—	7	(11)	0	(11)	13	0	13
Change in tax rates on deferred tax balances	(10)	—	(10)	19	0	19	1	0	1
Expenditure not deductible and income not taxable	(59)	(2)	(61)	(66)	7	(59)	(65)	8	(57)
Unrelieved withholding tax	(64)	—	(64)	(73)	0	(73)	(43)	0	(43)
Accounting for associates and joint ventures	5	—	5	17	0	17	29	0	29
Movement in deferred tax on unremitted earnings	(2)	—	(2)	1	0	1	(16)	0	(16)
Unrecognized deferred tax assets	(8)	(2)	(10)	(31)	(10)	(41)	(105)	(15)	(120)
Recognition of previously unrecognized deferred tax assets	—	—	—	1	13	14	17	0	17
Adjustments in respect of prior years	20	—	20	(3)	0	(3)	(19)	7	(12)
Total tax (charge) credit	(116)	—	(116)	(158)	0	(158)	(179)	6	(173)
Weighted average statutory tax rate	3.9%		1.1%	6.82%		9.69%	(8.26)%		(17.90)%
Effective tax rate	89.9%		128.9%	89.77%		69.60%	164.22 %		207.10 %

B.6.2. Current tax assets and liabilities

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

B.6.3. Deferred tax

Deferred tax is calculated using the liability method on temporary differences at the statement of financial position date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting, nor taxable profit or loss.

Deferred tax assets are recognized for all temporary differences including unused tax credits and tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized, except where the deferred tax assets relate to deductible temporary differences from initial recognition of an asset or liability in a transaction that is not a business combination, and, at the time of the transaction, affects neither accounting, nor taxable profit or loss. It is probable that taxable profit will be available when there are sufficient taxable temporary differences relating to the same tax authority and the same taxable entity which are expected to reverse in the same period as the expected reversal of the deductible temporary difference.

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

Deferred tax assets and liabilities are measured at the tax rate expected to apply in the year when the assets are realized or liabilities settled, based on tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date. Deferred tax assets and deferred tax liabilities are offset where legally enforceable set off rights exist and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax

	Fixed assets	Unused tax losses	Unremitted earnings	Other	Offset	Total
			(US$ millions)			
Balance at December 31, 2016	(23)	113	(32)	51	—	109
(Charge)/credit to statement of income	53	(61)	1	20	—	13
Exchange differences	2	—	(1)	1	—	2
Balance at December 31, 2017	32	52	(32)	72	—	124
Deferred tax assets	88	52	—	79	(39)	180
Deferred tax liabilities	(56)	—	(32)	(7)	39	(56)
Balance at December 31, 2017	32	52	(32)	72	—	124
(Charge)/credit to statement of income	(18)	(3)	(2)	56	—	33
Change in scope	(190)	—	—	9	—	(181)
Accounting policy changes	—	—	—	4	—	4
Exchange differences	—	(5)	—	(6)	—	(11)
Balance at December 31, 2018	(176)	44	(34)	135	—	(31)
Deferred tax assets	76	44	—	134	(52)	202
Deferred tax liabilities	(252)	—	(34)	1	52	(233)
Balance at December 31, 2018	(176)	44	(34)	135	—	(31)

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

Deductible temporary differences

	Fixed assets	Unused tax losses	Other	Total
		(US$ millions)		
At December 31, 2018	92	4,886	134	5,112
At December 31, 2017	68	4,844	162	5,074

Unrecognized loss carryforwards expire as follows:

Unrecognized tax losses related to continuing operations

	2018	2017	2016
		(US$ millions)	
Expiry:			
Within one year	—	39	27
Within one to five years	3	494	493
After five years	493	—	—
No expiry	4,390	4,311	3,981
Total	4,886	4,844	4,501

With effect from 2017, Luxembourg tax losses incurred may be carried forward for a maximum of 17 years. Losses incurred before 2017 may be carried forward without limitation of time.

At December 31, 2018, Millicom had $584 million of unremitted earnings of Millicom operating subsidiaries for which no deferred tax liabilities were recognized (2017: $842 million; 2016: $873 million). Except for intragroup dividends to be paid out of 2018 profits in 2019 for which deferred tax of $34 million (2017: $32 million; 2016 $32 million) has been provided, it is anticipated that intragroup dividends paid in future periods will be made out of profits of future periods.

B.7. Earnings per share

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

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

Net profit/(loss) used in the earnings (loss) per share computation

	2018	2017	2016
		(US$ millions)	
Basic and diluted:			
Net profit/(loss) attributable to equity holders from continuing operations	29	36	(12)
Net profit/(loss) attributable to equity holders from discontinued operations	(39)	51	(20)
Net profit/(loss) attributable to all equity holders to determine the basic earnings (loss) per share	(10)	86	(32)

Weighted average number of shares in the earnings (loss) per share computation

	2018	2017	2016
		(thousands of shares)	
Weighted average number of ordinary shares (excluding treasury shares) for basic earnings (loss) per share	100,793	100,384	100,337
Potential incremental shares as a result of share options	—	—	—
Weighted average number of ordinary shares (excluding treasury shares) adjusted for the effect of dilution	100,793	100,384	100,337

C. Capital structure and financing

C.1. Share capital, share premium and reserves

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

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

Share capital, share premium

	2018	2017
Authorized and registered share capital (number of shares)	133,333,200	133,333,200
Subscribed and fully paid up share capital (number of shares)	101,739,217	101,739,217
Par value per share	1.50	1.50
Share capital (US$ millions)	153	153
Share premium (US$ millions)	482	484
Total (US$ millions)	635	637

Other equity reserves

	Legal reserve	Equity settled transaction reserve	Hedge reserve	Currency translation reserve	Pension obligation reserve	Total
			(US$ millions)			
As of January 1, 2016	16	46	(1)	(593)	1	(531)
Share based compensation	—	14	—	—	—	14
Issuance of shares – 2013, 2014, 2015 LTIPs	—	(17)	—	—	—	(17)
Remeasurements of post-employment benefit obligations	—	—	—	—	(2)	(2)
Cash flow hedge reserve movement	—	—	(3)	—	—	(3)
Currency translation movement	—	—	—	(23)	—	(23)
As of December 31, 2016	16	43	(4)	(616)	(1)	(562)
Share based compensation	—	22	—	—	—	22
Issuance of shares – 2014, 2015, 2016 LTIPs	—	(18)	—	—	—	(18)
Remeasurements of post-employment benefit obligations	—	—	—	—	(2)	(2)
Cash flow hedge reserve movement	—	—	4	—	—	4
Currency translation movement	—	—	—	85	—	85
As of December 31, 2017	16	47	—	(531)	(3)	(472)
Share based compensation	—	22	—	—	—	22
Issuance of shares –2015, 2016, 2017 LTIPs	—	(22)	—	—	—	(22)
Currency translation movement	—	—	—	(68)	—	(68)
As of December 31, 2018	16	47	—	(599)	(3)	(538)

C.1.1. Legal reserve

If Millicom International Cellular S.A. reports an annual net profit on a non-consolidated basis, Luxembourg law requires appropriation of an amount equal to at least 5% of the annual net profit to a legal reserve until such reserve equals 10% of the issued share capital. This reserve is not available for dividend distribution. No appropriation was required in 2017 or 2018 as the 10% minimum level was reached in 2011 and maintained each subsequent year.

C.1.2. Equity settled transaction reserve

The cost of LTIPs is recognized as an increase in the equity-settled transaction reserve over the period in which the performance and/or service conditions are rendered. When shares under the LTIPs vest and are issued the corresponding reserve is transferred to share premium.

C.1.3. Hedge reserve

The effective portions of changes in value of cash flow hedges are recorded in the hedge reserve (see note C.1.).

C.1.4. Currency translation reserve

In the financial statements, the relevant captions in the statements of financial position of subsidiaries without US dollar functional currencies are translated to US dollars using the closing exchange rate. Statements of income or statement of income captions (including those of joint ventures and associates) are translated to US dollars at monthly average exchange rates during the year. The currency translation reserve includes foreign exchange gains and losses arising from these translations.

C.2. Dividend distributions

On May 17, 2018, a dividend distribution of $2.64 per share from Millicom's retained profits at December 31, 2017, was approved by the shareholders at the AGM and paid in equal portions in May and November 2018.

On May 4, 2017, a dividend distribution of $2.64 per share from Millicom's retained profits at December 31, 2016, was approved by the shareholders at the AGM and distributed in May 2017.

On May 17, 2016, a dividend distribution of $2.64 per share from Millicom's retained profits at December 31, 2015, was approved by the shareholders at the AGM and distributed in May 2016.

The ability of the Company to make dividend payments is subject to, among other things, the terms of indebtedness, legal restrictions and the ability to repatriate funds from Millicom's various operations. At December 31, 2018, $324 million (December 31, 2017: $345 million; December 31, 2016: $321 million) of Millicom's retained profits represent statutory reserves that are unavailable to be distributed to owners of the Company.

C.3. Debt and financing

Debt and financing by type (i)

	Note	2018	2017
		(US$ millions)	
Debt and financing due after more than one year			
Bonds	C.3.1.	2,501	2,147
Banks	C.3.2.	1,324	1,158
Finance leases	C.3.4.	353	362
Other financing(ii)		113	74
Total non-current financing		4,291	3,742
Less: portion payable within one year		(168)	(142)
Total non-current financing due after more than one year		4,123	3,600
Debt and financing due within one year			
Bonds	C.3.1.	—	—
Banks	C.3.2.	289	40
Finance leases	C.3.4.	—	3
Other financing		—	—
Total current debt and financing		289	43
Add: portion of non-current debt payable within one year		168	142
Total		458	185
Total debt and financing		4,580	3,785

(i) See note D.1.1 for further details on maturity profile of the Group debt and financing.

(ii) In July 2018, the Company issued a COP144,054.5 million /$50 million bilateral facility with IIC (Inter-American Development Bank) for a USD indexed to COP Note. The note bears interest at 9.45% p.a.. This COP Note is used as net investment hedge of the net assets of our operations in Colombia.

Debt and financing by location

	2018	2017
	(US$ millions)	
Millicom International Cellular S.A. (Luxembourg)	1,770	1,255
Colombia	1,016	1,130
Paraguay	504	488
Bolivia	317	352
Panama	261	—
Tanzania	201	217
Rwanda	—	50
Chad	64	70
Costa Rica	148	76
El Salvador	299	147
Total debt and financing	4,580	3,785

Debt and financings are initially recognized at fair value, net of directly attributable transaction costs. They are subsequently measured at amortized cost using the effective interest rate method or at fair value. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the effective interest rate. Any difference between the initial amount and the maturity amount is recognized in the consolidated statement of income over the period of the borrowing. Borrowings are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least 12 months from the statement of financial position date.

C.3.1. Bond financing

Bond financing

	Note	Country	Final Maturity	Interest Rate %	2018	2017
					(US$ millions)	
SEK Senior Unsecured Variable Rate Notes	1	Luxembourg	2019	STIBOR +3.3(i)	—	243
USD 6.625% Senior Notes	2	Luxembourg	2026	6.625	495	—
USD 6% Senior Notes	3	Luxembourg	2025	6	491	496
USD 6.625% Senior Notes	4	Luxembourg	2021	6.625	—	—
USD 5.125% Senior Notes	5	Luxembourg	2028	5.125	493	494
USD 6.75% Senior Notes	6	Paraguay	2022	6.75	297	296
BOB 4.75% Notes	7	Bolivia	2020	4.75	59	86
BOB 4.05% Notes	7	Bolivia	2020	4.05	7	11
BOB 4.85% Notes	7	Bolivia	2023	4.85	71	85
BOB 3.95% Notes	7	Bolivia	2024	3.95	43	50
BOB 4.30% Notes	7	Bolivia	2029	4.3	23	25
BOB 4.30% Notes	7	Bolivia	2022	4.3	30	30
BOB 4.70% Notes	7	Bolivia	2024	4.7	35	35
BOB 5.30% Notes	7	Bolivia	2026	5.3	13	13
UNE Bond 1 (tranches A and B)	8	Colombia	2020	CPI + 5.10	46	50
UNE Bond 2 (tranches A and B)	8	Colombia	2023	CPI + 4.76	46	50
UNE Bond 3 (tranche A)	8	Colombia	2024	9.35	49	54
UNE Bond 3 (tranche B)	8	Colombia	2026	CPI+4.15	78	85
UNE Bond 3 (tranche C)	8	Colombia	2036	CPI+4.89	39	43
Cable Onda Bonds	9	Panama	2025	5.75	184	—
Total bond financing					2,501	2,147

(i) STIBOR – Swedish Interbank Offered Rate.

(1) SEK Senior Unsecured Notes

In August 2018, the Company redeemed all of the aggregate principal amount of the outstanding SEK Senior Unsecured Notes due 2019 ($227 million). The early redemption fees amounting to $3 million and $1 million of related unamortized costs have been expensed in August 2018 under interest and other financial expenses. As of September 30, 2018, the notes have been fully redeemed.

(2) USD 6.625% Senior Notes

On October 16, 2018, the Company issued $500 million aggregate principal amount of 6.625% Senior Notes due 2026. The Notes bear interest at 6.625% p.a., payable semiannually in arrears on each interest payment date. Proceeds were used to finance Cable Onda's acquisition (Note A.1.2.). Costs of issuance of $6 million are amortized over the eight-year life of the notes (the effective interest rate is 6.75%).

(3) USD 6% Senior Notes

On March 11, 2015, Millicom issued a $500 million 6% fixed interest rate bond repayable in ten years, to repay the El Salvador 8% Senior Notes and for general corporate purposes. The bond was issued at 100% of the principal and has an effective interest rate of 6.132%. $8.6 million of withheld and upfront costs are being amortized over the ten-year life of the bond.

(4) USD 6.625% Senior Notes

In December 2016, the Company confirmed that it had accepted for purchase $142 million of principal of its 6.625% Senior Notes due 2021. The early redemption fees amounting to $8 million and $2 million of related unamortized costs had been expensed in December 2016 under interest and other financial expenses.

On September 11, 2017, the Group made a tender offer for the outstanding 6.625% Senior Notes. On September 20, 2017, MIC S.A. repurchased $186 million in principal amount in the tender offer using the proceeds of the issue of the 5.125% Notes – see below. Also on September 11, 2017, the Group delivered a redemption notice for the 6.625% Senior Notes. MIC S.A. redeemed the remaining $473 million in principal amount on October 15, 2017. The total early redemption fees amounting to $22 million and $6 million of related unamortized costs have been expensed in September 2017 under interest and other financial expenses. At December 31, 2017, there are no 2021 Notes outstanding.

(5) USD 5.125% Senior Notes

On September 20, 2017, MIC S.A. issued a $500 million, ten-year bond with an interest rate of 5.125% at an issue price of 100% (the 5.125% Notes) and will mature in 2028. Costs of issuance of $7 million are amortized over the seven-year life of the notes (effective interest rate is 5.24%).

(6) USD 6.75% Senior Notes

On December 7, 2012, Telefónica Cellular del Paraguay S.A., Millicom's fully owned subsidiary in Paraguay issued $300 million of notes at 100% of the aggregate principal amount. Distribution and other transaction fees of $7 million reduced the total proceeds from issuance to $293 million. The 6.75% Senior Notes have a 6.75% per annum coupon with interest payable semi-annually in arrears on June 13 and 13 December. The effective interest rate is 7.12%.

The 6.75% Senior Notes are general unsecured obligations of Telefónica Celular del Paraguay S.A. and rank equal in right of payment with all future unsecured and unsubordinated obligations of Telefónica Celular del Paraguay S.A. The 6.75% Senior Notes are unguaranteed.

(7) BOB Notes

In May 2012, Telecel Bolivia issued Boliviano (BOB) 1.36 billion of notes repayable in installments until April 2, 2020. Distribution and other transaction fees of BOB5 million reduced the total proceeds from issuance to BOB 1.32 billion ($191 million). The bond has a 4.75% per annum coupon with interest payable semi-annually in arrears in May and November each year. The effective interest rate is 4.79%.

In November 2015, Telecel Bolivia issued BOB696 million (approximately $100 million) of notes in two series, A for BOB104.4 million (approximately $15 million), with a fixed annual interest rate of 4.05%, maturing in August 2020 and series B for BOB591.6 million (approximately $85 million) with a fixed annual interest rate of 4.85%, maturing in August 2023. The bond has coupon with interest payable semi-annually in arrears in March and September during the first two years, thereafter each February and August. The effective interest rate is 4.84%. In the placement, the final interest rate was reduced as Telecel Bolivia took advantage of strong demand for the bonds resulting in a reduction of the average interest rate to 4.55%. Telecel Bolivia received BOB4.59 million in excess of the BOB696 million issued (upfront premium).

On August 11, 2016, the operation in Bolivia issued a new bond for a total amount of BOB522 million consisting of two tranches (approximately $50 million and $25 million, respectively). Tranche A and B bear fixed interest at 3.95% and 4.30%, and will mature in June 2024 and June 2029, respectively.

On October 12, 2017, Tigo Bolivia placed approximately $80 million of local currency debt in three tranches, which will mature in 2022, 2024 and 2026 and bear an average interest rate of 4.66%.

(8) UNE Bonds

In March 2010, UNE issued a COP300 billion (approximately $126 million) bond consisting of two tranches with five and ten-year maturities. Interest rates are either fixed or variable depending on the tranche. Tranche A bears variable interest, based on CPI, in Colombian peso and paid in Colombian peso. Tranche B bears variable interest, based on fixed term deposits, in Colombian peso and paid in Colombian peso. UNE applied the proceeds to finance its investment plan. Tranche A matured in March 2015 and tranche B will mature in March 2020.

In May 2011, UNE issued a COP300 billion (approximately $126 million) bond consisting of two equal tranches with five and twelve-year maturities. Interest rates are variable and depend on the tranche. Tranche A bears variable interest, based on CPI, in Colombian peso and paid in Colombian peso. Tranche B bears variable interest, based on fixed term deposits, in Colombian peso and paid in Colombian peso. UNE applied the proceeds to finance its investment plan. Tranche A matured in October 2016 and tranche B will mature in October 2023.

In May 2016, UNE issued a COP540 billion bond (approximately $176 million) consisting of three tranches (approximately $52 million, $83 million and $41 million respectively). Interest rates are either fixed or variable depending on the tranche. Tranche A bears fixed interest at 9.35%, while tranche B and C bear variable interest, based on CPI, (respective margins of CPI + 4.15% and CPI + 4.89%), in Colombian peso. UNE applied the proceeds to finance its investment plan and repay one bond (COP150 billion tranche). Tranches A, B and C will mature in May 2024, May 2026 and May 2036, respectively.

(9) Cable Onda Bonds

On August 4, 2015, Cable Onda issued public bonds in Panama for a total amount of $185 million. These bonds bear a fixed annual interest of 5.75% and are due on August 4, 2025. The bonds have been assumed by Millicom as part of the acquisition of the company. See note A.1.2. for further details on the acquisition.

C.3.2. Bank and Development Financial Institution financing

	Note	Country	Maturity	Interest rate %	2018	2017
					(US$ millions)	
Fixed rate loans						
PYG Long-term loan		Paraguay	2020/2023/2025	9.00	90	106
PYG Long-term loan	1	Paraguay	2022	10.10	61	65
PYG Long-term loan		Paraguay	2023	10.25	9	—
PYG Long-term loan		Paraguay	2025	8.90	19	—
USD - Long-term loans		Panama	2019	4.00	15	—
USD - Long-term loans		Panama	2019	3.80	9	—
BOB Long-term loans		Bolivia	2025	4.30	10	—
BOB Long-term loans		Bolivia	2025	4.30	10	—
Variable rate loans						
USD Long-term loans	2	Costa Rica	2021	3.5 variable	148	76
USD Long-term loans		Chad	2019	4 variable	1	3
USD Long-term loans	3	Rwanda	2019	2.9 variable	—	40
USD Long-term loans		Tanzania (Zantel)	2020	3.75 variable	90	96
USD Short-term loans	4	Luxembourg	2019	Libor + 1.50	250	—
COP Long-term loans	5	Colombia (UNE)	2025/2030	4.1+IBR variable(i)	277	363
USD Long-term loans	5	Colombia (Tigo)	2021/2022	LIBOR + 2.5	298	297
USD Senior Unsecured Term Loan Facility	6	El Salvador	2021	LIBOR + 3.0	50	50
USD Credit Facility	6	El Salvador	2021	LIBOR + 2.25	24	29
USD Credit Facility		El Salvador	2022	LIBOR + 3.15	50	50
USD Credit Facility	6	El Salvador	2023	LIBOR + 2.55	100	—
USD Credit Facility	6	El Salvador	2023	LIBOR + 3	50	—
Other Long-term loans		Various		Various	51	25
Total Bank and Development Financial Institution financing					1,613	1,198

(i) IBR – Colombia Interbank Rate.

1. *Paraguay*

On July 4, 2017, the Paraguayan subsidiary signed a five-year loan agreement with the IPS (*Instituto de Prevision Social*) and the Inter-American Development Bank for a total amount of PYG $367,000 million (approximately $66 million). The loan, denominated in local currency carries a 10.10% interest rate per annum and start amortizing in Q4 2019. This facility is guaranteed by the Company.

2. *Costa Rica*

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

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

3. Rwanda

In January 2018, the Group repaid the remaining $40 million loan due by Rwanda to different banks.

4. Luxembourg

MIC S.A. Bridge Facility

In October 2018, the Company entered into a $1 billion term loan facility agreement with a consortium of banks (the "Bridge Facility"), subsequently reduced to $250 million in December 2018. The Bridge Facility matures in October 2019 (unless extended for a period not exceeding six months). Interest on amounts drawn under the Bridge Facility is payable at LIBOR plus a variable margin. At December 31, 2018, $250 million have been drawn under this facility to finance Cable Onda's acquisition (note 3).

MIC S.A. revolving credit facility

On January 30, 2017, the Company announced the closing of a new $600 million, five years revolving credit facility (RCF) and notified the lenders in the 2014 RCF of the formal cancellation of the commitments outstanding under the 2014 RCF (none of which were drawn at such date).

Interest on amounts drawn under the revolving credit facility is payable at LIBOR or EURIBOR, as applicable, plus an initial margin of 1.5%. As of December 31, 2018, the committed facility was fully undrawn.

MIC S.A. term loan facility

In July 2016, MIC S.A. entered into a $50 million term loan facility agreement, of which half was repaid in 2017 and in January 2018 the remaining outstanding amount was fully repaid. The facility bears variable interest rate at six-month LIBOR + 2.25% per annum.

5. Colombia

In June 2017, Colombia Movil completed a $300 million syndicated loan. The loan, denominated in US dollars, which carries an interest rate of LIBOR + 2.50% will be repaid in three tranches of $100 million in June and December 2021 for the two first tranches, and in June 2022 for the last tranche. Proceeds have been used to repay an inter-company loan from Millicom, which used the funds to reduce holding company debt (see note C.3.1.) and for general corporate purposes.

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

6. El Salvador

On April 15, 2016, Telemovil El Salvador, S.A. de C.V. entered into a Senior Unsecured Term Loan Facility up to $50 million maturing in April 2021 and bearing variable interest at LIBOR + 3.0% per annum, which was restated and amended as of May 30, 2017, for a second tranche of $50 million and bearing an interest rate at LIBOR + 3% per annum. This facility is guaranteed by the Company.

On June 6, 2016, Telemovil El Salvador, S.A. de C.V. entered into a $30 million Credit Facility for general corporate purposes maturing in June 2021 and bearing variable interest rate at LIBOR + 2.25% per annum. The facility is guaranteed by the Company.

In January 2018, Telemovil El Salvador entered into an amended and restated the 2017 agreement with Scotiabank for a $50 million variable rate loan, with a 5-year bullet repayment.

In March 2018, Telemovil El Salvador entered into a $100 million variable rate facility with DNB and Nordea with a 5-year bullet repayment. The remaining $50 million of the facility was disbursed during 2018. In addition, Telemovil El Salvador entered into an interest rate swap with Scotiabank to fix interest rates for up to $100 million of the outstanding debt.

Right of set-off and derecognition

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

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

- Rights to receive cash flows from the asset have expired; or
- Rights to receive cash flows from the asset or obligations to pay the received cash flows in full without material delay have been transferred to a third party under a “pass-through” arrangement; and the Group has either transferred substantially all the risks and rewards of the asset or the control of the asset.

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

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

C.3.3. Interest and other financial expenses

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

	Year ended December 31,		
	2018	2017	2016
	(US$ millions)		
Interest expense on bonds and bank financing	(234)	(246)	(262)
Interest expense on finance leases	(92)	(65)	(48)
Early redemption charges	(4)	(43)	(25)
Others	(41)	(41)	(36)
Total interest and other financial expenses	(371)	(396)	(372)

C.3.4. Finance leases

Millicom’s finance leases mainly consist of long-term lease of tower space from tower companies or competitors on which Millicom locates its network equipment.

Finance lease liabilities

Leases which transfer substantially all risks and benefits incidental to ownership of the leased item to the lessee are capitalized at the inception of the lease. The amount capitalized is the lower of the fair value of the asset or the present value of the minimum lease payments.

Lease payments are allocated between finance charges (interest) and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recorded as interest expenses in the statement of income.

The sale and leaseback of towers and related site operating leases and service contracts are accounted for in accordance with the underlying characteristics of the assets, and the terms and conditions of the lease agreements. When sale and leaseback agreements are concluded, the portions of assets that will not be leased back by Millicom are classified as assets held for sale as completion of their sale is highly probable. Asset retirement obligations related to the towers are classified as liabilities directly associated with assets held for sale. On transfer to the tower companies, the portion of the towers leased back are accounted for as operating leases or finance leases according to the criteria set out above. The portion of towers being leased back represents the dedicated part of each tower on which Millicom's equipment is located and was derived from the average technical capacity of the towers. Rights to use the land on which the towers are located are accounted for as operating leases, and costs of services for the towers are recorded as operating expenses. The gain on disposal is recognized upfront for the portion of towers that is not leased back, and is deferred and recognized over the term of the lease for the portion leased back.

Finance lease liabilities

	Country	Maturity	2018	2017
			(US$ millions)	
Lease of tower space	Tanzania	2029/2030	112	121
Lease of tower space	Colombia Movil	2032	83	87
Lease of poles	Colombia (UNE)	2032	99	100
Lease of tower space	Paraguay	2030	27	21
Lease of tower space	El Salvador	2026	26	20
Other finance lease liabilities	various	various	6	17
Total finance lease liabilities			353	365

Tower Sale and Leaseback

In 2017 and 2018, the Group announced agreements to sell and leaseback wireless communications towers in Paraguay, Colombia and El Salvador. The table below summarizes the main aspects of these deals and impacts on the Group financial statements:

	Paraguay	Colombia	El Salvador
Agreement date	April 26, 2017	July 18, 2017	February 6, 2018
Total number of towers expected to be sold	1,410	1,207	811
Total number of towers transferred as of December 31, 2018	1,276	902	496
Expected total cash proceeds ($ millions)	125	147	145
Cash proceeds received in 2017 ($ millions)	75	86	—
Cash proceeds received in 2018 ($ millions)	41	26	73
Upfront gain on sale recognized in 2017 ($ millions) (Note B.2)	26	37	—
Upfront gain on sale recognized in 2018 ($ millions) (Note B.2)	19	13	33

C.3.5. Guarantees and pledged assets

Guarantees

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

Liabilities to which guarantees are related are recorded in the consolidated statement of financial position under Debt and financing, and liabilities covered by supplier guarantees are recorded under Trade payables or Debt and financing, depending on the underlying terms and conditions.

Maturity of guarantees

	At December 31, 2018		At December 31, 2017	
Term	Outstanding exposure(i)	Maximum exposure(ii)	Outstanding exposure(i)	Maximum exposure(ii)
	(US$ millions)			
0–1 year	133	133	159	159
1–3 years	281	281	368	368
3–5 years	212	212	144	144
Total guarantees	626	626	671	671

(i) The outstanding exposure represents the carrying amount of the related liability at December 31.
(ii) The maximum exposure represents the total amount of the Guarantee at December 31.

Pledged assets

The Group's share of total debt and financing secured by either pledged assets, pledged deposits issued to cover letters of credit, or guarantees issued by the Company at December 31, 2018, was $626 million (2017: $671 million), out of this, assets pledged by the Group over this debt and financing at the same date amounted to $2 million (2017: $1 million). The remainder represented primarily guarantees issued by Millicom S.A. to guarantee financings raised by other Group operating entities.

C.3.6. Covenants

Millicom's financing facilities are subject to a number of covenants including net leverage ratio, debt service coverage ratios, debt to earnings ratios, and cash levels. In addition, certain of its financings contain restrictions on sale of businesses or significant assets within the businesses. At December 31, 2018, there were no breaches in financial covenants.

C.4. Cash and deposits

C.4.1. Cash and cash equivalents

	2018	2017
	(US$ millions)	
Cash and cash equivalents in USD	229	302
Cash and cash equivalents in other currencies	299	317
Total cash and cash equivalents	528	619

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

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

C.4.2. Restricted cash

	2018	2017
	(US$ millions)	
Mobile Financial Services	155	143
Others	3	2
Restricted cash	158	145

Cash held with banks related to MFS which is restricted in use due to local regulations is denoted as restricted cash.

C.4.3. Pledged deposits

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

At December 31, 2018, there were no non-current pledged deposits (2017: $nil).

At December 31, 2018, current pledged deposits amounted to $2 million (2017: $1 million).

C.5. Net debt

Net debt (i)

	2018	2017
	(US$ millions)	
Total debt and financing	4,580	3,785
Less:		
Cash and cash equivalents	(528)	(619)
Pledged deposits	(2)	(1)
Time deposits related to bank borrowings	—	—
Net debt at the end of the year	4,051	3,164
Add (less) derivatives related to debt (SEK currency swap)	—	56
Net debt including derivatives related to debt	4,051	3,220

(i) As from 2018, the Group has excluded 'restricted cash' from its definition of Net debt. 2017 figures have been represented accordingly. The effect of the change is a $145 million increase in 2017 net debt.

	Assets		Liabilities from financing activities		
	Cash and cash equivalents	Other	Bond and bank debt and financing	Finance lease liabilities	Total
Net debt as at January 1, 2017	646	4	3,606	295	3,250
Cash flows	10	(1)	(177)	(22)	(209)
Additions / acquisitions	(22)	—	3	195	220
Interest accretion	—	—	8	(1)	7
Foreign exchange movements	4	—	34	(2)	28
Transfers (to)/from assets held for sale	(19)	(2)	(49)	(13)	(42)
Transfers	—	—	10	—	9
Other non-cash movements	—	—	(14)	(86)	(101)
Net debt as at December 31, 2017	**619**	**2**	**3,420**	**365**	**3,164**
Cash flows	(72)	—	621	(17)	676
Additions	—	—	—	44	44
Scope changes	7	—	267	—	260
Interest accretion	—	—	11	—	11
Foreign exchange movements	(33)	—	(84)	(21)	(72)
Transfers (to)/from assets held for sale	6	—	9	(8)	(4)
Transfers	—	—	3	(11)	(9)
Other non-cash movements	—	—	(19)	—	(19)
Net debt as at December 31, 2018	**528**	**2**	**4,227**	**353**	**4,051**

C.6. Financial instruments

i) Equity and debt instruments

Classification

From January 1, 2018, and the application of IFRS 9, the Group classifies its financial assets in the following measurement categories:

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

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

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

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

Measurement

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

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

Debt instruments

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

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

Equity instruments

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

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

Impairment

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

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

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

ii) Derivative financial instruments and hedging activities

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

a) Hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedge); or

b) Hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge).

For transactions designated and qualifying for hedge accounting, at the inception of the transaction, the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. This is done in reference to the Group Financial Risk Management Policy as last updated and approved by the Audit Committee in late 2018. The Group also documents its assessment, both at hedge inception and on an ongoing basis (quarterly), of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

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

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

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

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time is recycled to the statement of income within Other non-operating (expenses) income, net.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of income within Other non-operating (expenses) income, net.

C.6.1. Fair value measurement hierarchy

Millicom uses the following fair value measurement hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade ratings. Interest rate swaps and foreign exchange forward contracts are valued using valuation techniques, which employ the use of markets observable data. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, interest rate curves and forward curves.

C.6.2. Fair value of financial instruments

The fair value of Millicom's financial instruments are shown at amounts at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair value of all financial assets and all financial liabilities, except debt and financing approximate their carrying value largely due to the short-term maturities of these instruments. The fair values of all debt and financing have been estimated by the Group, based on discounted future cash flows at market interest rates.

Fair values of financial instruments at December 31,

		Carrying value		Fair value(i)	
	Note	2018	2017	2018	2017
		(US$ millions)			
Financial assets					
Derivative financial instruments		—	—	—	—
Other non-current assets		87	73	87	73
Trade receivables, net		343	386	343	386
Amounts due from non-controlling interests, associates and joint venture partners	G.5.	73	77	73	77
Prepayments and accrued income		129	145	129	145
Supplier advances for capital expenditures		25	18	25	18
Other current assets		127	90	127	90
Restricted cash	C.4.2.	158	145	158	145
Cash and cash equivalents	C.4.1.	528	619	528	619
Total financial assets		1,470	1,553	1,470	1,553
Current		1,344	1,440	1,344	1,440
Non-current		126	113	126	113
Financial liabilities					
Debt and financing(i)	C.3.	4,580	3,785	4,418	3,971
Trade payables		282	288	282	288
Payables and accruals for capital expenditure		335	304	335	304
Derivative financial instruments		—	56	—	56
Put option liability	C.6.3.	239	—	239	—
Amounts due to non-controlling interests, associates and joint venture partners	G.5.	483	420	483	420
Accrued interest and other expenses		383	353	383	353
Other liabilities		402	371	402	371
Total financial liabilities		6,704	5,577	6,542	5,763
Current		2,335	1,753	2,335	1,753
Non-current		4,370	3,824	4,207	4,010

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

C.6.3. Call and put options

Cable Onda put and call options

As part of the acquisition of Cable Onda, shareholders agreed on certain put and call options.

The put option to acquire the remaining 20% non-controlling interest in Cable Onda becomes exercisable 42 months after the closing date (December 13, 2018) or earlier upon the occurrence of certain events. In that respect, Millicom determined that, as the put option could be exercised under certain change of control events which could be outside the control of Millicom, the option meets the criteria under IAS 32 for recognition as a liability and corresponding equity decrease. The put option liability is payable in Millicom's shares or in cash at the discretion of the partner. Therefore, Millicom has recorded a liability for the put option at acquisition completion date of $239 million representing the present value of the redemption amount. As of December 31, 2018, the redemption price has been valued as being 20% of the equity value implied by the transaction. Any future change in the redemption price will be recorded in the Group's statement of income.

Millicom also received an unconditional call option which becomes exercisable either 42 months after December 13, 2018 closing date or if Millicom's partners' shareholdings fall below 10%. The call option exercise price is at fair market value. Finally, Millicom received an unconditional call option exercisable until December 13, 2019, at a price equal to the purchase price in the transaction, plus interest at 10% per annum. The fair values of both call options have been assessed as not material at December 31, 2018.

D. Financial risk management

Exposure to interest rate, foreign currency, non-repatriation, liquidity, capital management and credit risks arise in the normal course of Millicom's business. Each year Group Treasury revisits and presents to the Audit committee updated Treasury and Financial Risks Management policies. The Group analyzes each of these financial risks individually as well as on an interconnected basis and defines and implements strategies to manage the economic impact on the Group's performance in line with its Financial Risk Management policy. These policies were last reviewed in late 2018. As part of the annual review of the above mentioned risks, the Group agrees to a strategy over the use of derivatives and natural hedging instruments ranging from raising debt in local currency (where the Company targets to reach 40% of debt in local currency over the medium term) to maintain a 70/30% mix between fixed and floating rate debt or agreeing to cover up to six months forward of operating costs and capex denominated in non-functional currencies through a rolling and layering strategy. Millicom's risk management strategies may include the use of derivatives to the extent a market would exist in the jurisdictions where the Group operates. Millicom's policy prohibits the use of such derivatives in the context of speculative trading.

Accounting policies for derivatives is further detailed in note C.6. On December 31, 2018 and 2017 fair value of derivatives held by the Group can be summarized as follows:

	2018	2017
	(US$ millions)	
Derivatives		
Cash flow hedge derivatives	—	(56)
Net derivative asset (liability)	—	(56)

D.1. Interest rate risk

Debt and financing issued at floating interest rates expose the Group to cash flow interest rate risk. Debt and financing issued at fixed rates expose the Group to fair value interest rate risk. The Group's exposure to risk of changes in market interest rates relate to both of the above. To manage this risk, the Group's policy is to maintain a combination of fixed and floating rate debt with target for the debt to be distributed between fixed (up to 70%) and variable (up to 30%) rates. The Group actively monitors borrowings against this target. The target mix between fixed and floating rate debt is reviewed periodically. The purpose of Millicom's policy is to achieve an optimal balance between cost of funding and volatility of financial results, while taking into account market conditions as well as our overall business strategy. At December 31, 2018, approximately 68% of the Group's borrowings are at a fixed rate of interest or for which variable rates have been swapped for fixed rates with interest rate swaps (2017: 65%).

D.1.1. Fixed and floating rate debt

Financing at December 31, 2018

	Amounts due within:						
	1 year	1–2 years	2–3 years	3–4 years	4–5 years	>5 years	Total
	(US$ millions)						
Fixed rate financing	140	162	137	436	204	2,036	3,115
Weighted average nominal interest rate	6.35%	6.59%	6.64%	6.61%	4.10%	6.47%	6.34%
Floating rate financing	319	175	266	133	263	309	1,465
Weighted average nominal interest rate	10.28%	5.89%	2.73%	0.49%	4.41%	1.13%	1.98%
Total	458	337	403	569	468	2,345	4,580
Weighted average nominal interest rate	9.08%	6.23%	4.06%	5.18%	4.28%	5.76%	4.95%

Financing at December 31, 2017

	Amounts due within:						
	1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
	(US$ millions)						
Fixed rate financing	87	365	141	104	396	1,369	2,462
Weighted average nominal interest rate	7.17%	5.52%	8.28%	9.92%	7.73%	7.68%	7.48%
Floating rate financing	98	134	206	327	188	370	1,323
Weighted average nominal interest rate	4.24%	2.37%	8.40%	12.20%	1.98%	2.25%	3.06%
Total	185	500	347	431	584	1,738	3,785
Weighted average nominal interest rate	5.61%	4.68%	8.35%	11.65%	5.88%	6.52%	5.94%

A 100 basis point fall or rise in market interest rates for all currencies in which the Group had borrowings at December 31, 2018 would increase or reduce profit before tax from continuing operations for the year by approximately $15 million (2017: $13 million).

D.1.2. Interest rate swap contracts

From time to time, Millicom enters into currency and interest rate swap contracts to manage its exposure to fluctuations in interest rates and currency fluctuations in accordance with its Financial Risk Management policy. Details of these arrangements are provided below.

Interest rate and currency swaps on SEK denominated debt

These swaps matured in April 2018 and were settled against a cash payment of $63 million. Interest rate and currency swaps on SEK denominated debt were measured with reference to Level 2 of the fair value hierarchy.

Interest rate and currency swaps on Euro-denominated debt

In June 2013, Millicom entered into interest rate and currency swaps whereby Millicom will sell Euros and receive USD to hedge against exchange rate fluctuations on an intercompany seven-year Euro 134 million principal and related interest financing of its operation in Senegal. The outstanding 2020 Notes were repaid in August 2017 and as a result these swaps have been settled. The year-to-date 2017 revaluation of the swap resulted in a $22 million loss. The Millicom Group finally received $10 million in cash on settlement date.

The above hedge was considered ineffective, with fluctuations in the fair value of the hedge recorded through the statement of income.

No other financial instruments have a significant fair value at December 31, 2018 and 2017.

D.2. Foreign currency risks

The Group is exposed to foreign exchange risk arising from various currency exposures in the countries in which it operates. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

Millicom seeks to reduce its foreign currency exposure through a policy of matching, as far as possible, assets and liabilities denominated in foreign currencies, or entering into agreements that limit the risk of exposure to currency fluctuations against the US dollar reporting currency. In some cases, Millicom may also borrow in US dollars where it is either commercially more advantageous for joint ventures and subsidiaries to incur debt obligations in US dollars or where US dollar denominated borrowing is the only funding source available to a joint venture or subsidiary. In these circumstances, Millicom accepts the remaining currency risk associated with financing its joint ventures and subsidiaries, principally because of the relatively high cost of forward cover, when available, in the currencies in which the Group operates.

D.2.1. Debt denominated in US dollars and other currencies

Debt denomination at December 31

	2018	2017
	(US$ millions)	
Debt denominated in US dollars	3,132	1,983
Debt denominated in currencies of the following countries:		
Colombia	718	834
Chad	62	61
Tanzania	112	121
Bolivia	306	337
Paraguay	207	191
Luxembourg (SEK denominated)	43	243
Other	—	15
Total debt denominated in other currencies	1,448	1,802
Total debt	4,580	3,785

At December 31, 2018, if the US dollar had weakened/strengthened by 10% against the other functional currencies of our operations and all other variables held constant, then profit before tax from continuing operations would have increased/decreased by $53 million and $(53) million respectively (2017: $104 million and $(104) million respectively). This increase/decrease in profit before tax would have mainly been as a result of the conversion of the USD-denominated net debts in our operations with functional currencies other than the US dollar.

D.2.2. Foreign currency swaps

See note D.1.2. Interest rate swap contracts.

D.3. Non-repatriation risk

Most of Millicom's operating subsidiaries and joint ventures generate most of the revenue of the Group and in the currency of the countries in which they operate. Millicom is therefore dependent on the ability of its subsidiaries and joint venture operations to transfer funds to the Company.

Although foreign exchange controls exist in some of the countries in which Millicom Group companies operate, none of these controls currently significantly restrict the ability of these operations to pay interest, dividends, technical service fees, royalties or repay loans by exporting cash, instruments of credit or securities in foreign currencies. However, existing foreign exchange controls may be strengthened in countries where the Group operates, or foreign exchange controls may be introduced in countries where the Group operates that do not currently impose such restrictions. If such events were to occur, the Company's ability to receive funds from the operations could be subsequently restricted, which would impact the Company's ability to make payments on its interest and loans and, or pay dividends to its shareholders. As a policy, all operations which do not face restrictions to deposit funds offshore and in hard currencies should do so for the surplus cash generated on a weekly basis. The Company and its subsidiaries make use of notional and physical cash pooling arrangements in hard currencies to the extent permitted.

In addition, in some countries it may be difficult to convert large amounts of local currency into foreign currency because of limited foreign exchange markets. The practical effects of this may be time delays in accumulating significant amounts of foreign currency and exchange risk, which could have an adverse effect on the Group. This is a relatively rare case for the countries in which the Group operates.

Lastly, repatriation most often gives raise to taxation, which is evidenced in the amount of taxes paid by the Group relative to the Corporate Income Tax reported in its statement of income.

D.4. Credit and counterparty risk

Financial instruments that subject the Group to credit risk include cash and cash equivalents, pledged deposits, letters of credit, trade receivables, amounts due from joint venture partners and associates, supplier advances and other current assets and derivatives. Counterparties to agreements relating to the Group's cash and cash equivalents, pledged deposits and letters of credit are significant financial institutions with investment grade ratings. Management does not believe there are significant risks of non-performance by these counterparties and maintain a diversified portfolio of banking partners. Allocation of deposits across banks are managed such that the Group's counterparty risk with a given bank stays within limits which have been set, based on each bank's credit rating.

A large portion of revenue of the Group is comprised of prepaid products and services. For postpaid customers, the Group follows risk control procedures to assess the credit quality of the customer, taking into account its financial position, past experience and other factors. Accounts receivable also comprise balances due from other telecom operators. Credit risk of other telecom operators is limited due to the regulatory nature of the telecom industry, in which licenses are normally only issued to credit-worthy companies. The Group maintains a provision for expected credit losses of trade receivables based on its historical credit loss experience.

As the Group has a large number of internationally dispersed customers, there is generally no significant concentration of credit risk with respect to trade receivables, except for certain B2B customers (mainly governments). See note F.1.

D.5. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group has significant indebtedness but also has significant cash balances. Millicom evaluates its ability to meet its obligations on an ongoing basis using a recurring liquidity planning tool. This tool considers the operating net cash flows generated from its operations and the future cash needs for borrowing, interest payments, dividend payments and capital and operating expenditures required in maintaining and developing its operating businesses.

The Group manages its liquidity risk through use of bank overdrafts, bank loans, bonds, vendor financing, Export Credit Agencies and Development Finance Institutions (DFI) loans. Millicom believes that there is sufficient liquidity available in the markets to meet ongoing liquidity needs. Additionally, Millicom is able to arrange offshore funding. Millicom has a diversified financing portfolio with commercial banks representing about 34% of its gross financing (2017: 30%), bonds 54% (2017: 57%), Development Finance Institutions 4% (2017: 3%) and finance leases 8% (2017: 10%).

Maturity profile of net financial liabilities at December 31, 2018 (i)

	Less than 1 year	1 to 5 years	> 5 years	Total
	(US$ millions)			
Total debt and financing	(458)	(1,778)	(2,345)	(4,580)
Cash and cash equivalents	528	—	—	528
Pledged deposits (related to bank borrowings)	2	—	—	2
Derivative financial instruments (SEK currency swap)	—	—	—	—
Net cash (debt) including derivatives related to debt	72	(1,778)	(2,345)	(4,051)
Future interest commitments	(248)	(786)	(77)	(1,111)
Trade payables (excluding accruals)	(478)	—	—	(478)
Other financial liabilities (including accruals)	(1,217)	(135)	—	(1,352)
Put Option liability	(239)	—	—	(239)
Trade receivables	343	—	—	343
Other financial assets	184	126	—	310
Net financial liabilities	(1,583)	(2,573)	(2,422)	(6,578)

(i) As from 2018, the Group has excluded 'restricted cash' from its definition of Net debt. 2017 figures have been re-presented accordingly.

Maturity profile of net financial liabilities at December 31, 2017

	Less than 1 year	1 to 5 years	> 5 years	Total
	(US$ millions)			
Total debt and financing	(185)	(1,862)	(1,738)	(3,785)
Cash and cash equivalents	619	—	—	619
Pledged deposits (related to bank borrowings)	1	—	—	1
Derivative financial instruments (SEK currency swap)	(56)	—	—	(56)
Net cash (debt) including derivatives related to debt	380	(1,862)	(1,738)	(3,220)
Future interest commitments	(255)	(785)	(68)	(1,108)
Trade payables (excluding accruals)	(427)	—	—	(427)
Other financial liabilities (including accruals)	(1,094)	(124)	—	(1,218)
Trade receivables	386	—	—	386
Other financial assets	144	113	—	257
Net financial liabilities	(866)	(2,658)	(1,806)	(5,330)

D.6. Capital management

The primary objective of the Group's capital management is to ensure a strong credit rating and solid capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure with reference to local economic conditions and imposed restrictions such as debt covenants. To maintain or adjust its capital structure, the Group may make dividend payments to shareholders, return capital to shareholders through share repurchases or issue new shares. At December 31, 2018, Millicom is rated at one notch below investment grade by the independent rating agencies Moody's (Ba1 negative) and Fitch (BB+ stable). The Group primarily monitors capital using net debt to EBITDA.

The Group reviews its gearing ratio (net debt divided by total capital plus net debt) periodically. Net debt includes interest bearing loans and borrowings, less cash and cash equivalents (included restricted cash) and pledged and time deposits related to bank borrowings. Capital represents equity attributable to the equity holders of the parent.

Net debt to EBITDA

	Note	2018	2017
		(US$ millions)	
Net debt	C.5.	4,051	3,164
EBITDA	B.3.	1,254	1,278
Net debt to EBITDA (i)		3.23	2.48

(i) Ratio is above 3x on an IFRS basis. However, covenants are calculated on proportionate net debt/EBITDA, including Guatemala and Honduras, which show results below 3x.

Gearing ratio

	Note	2018	2017
		(US$ millions)	
Net debt	C.5.	4,051	3,164
Equity	C.1.	2,542	3,096
Net debt and equity		6,593	6,260
Gearing ratio		0.61	0.51

E. Long-term assets

E.1. Intangible assets

Millicom's intangible assets mainly consist of goodwill arising from acquisitions, customer lists acquired through acquisitions, licenses and rights to operate and use spectrum.

E.1.1. Accounting for intangible assets

Intangible assets acquired in business acquisitions are initially measured at fair value at the date of acquisition, and those which are acquired separately are measured at cost. Internally generated intangible assets, excluding capitalized development costs, are not capitalized but expensed to the statement of income in the expense category consistent with the function of the intangible assets. Subsequently intangible assets are carried at cost, less any accumulated amortization and any accumulated impairment losses.

Intangible assets with finite useful lives are amortized over their estimated useful economic lives using the straight-line method and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for intangible assets with finite useful lives are reviewed at least at each financial year end. Changes in expected useful lives or the expected beneficial use of the assets are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Amortization expense on intangible assets with finite lives is recognized in the consolidated statement of income in the expense category consistent with the function of the intangible assets.

Goodwill

Goodwill represents the excess of cost of an acquisition over the Group's share in the fair value of identifiable assets less liabilities and contingent liabilities of the acquired subsidiary, at the date of the acquisition. If the fair value or the cost of the acquisition can only be determined provisionally, then goodwill is initially accounted for using provisional values. Within 12 months of the acquisition date, any adjustments to the provisional values are recognized. This is done when the fair values and the cost of the acquisition have been finally determined. Adjustments to provisional fair values are made as if the adjusted fair values had been recognized from the acquisition date. Goodwill on acquisition of subsidiaries is included in intangible assets, net. Goodwill on acquisition of joint ventures or associates is included in investments in joint ventures and associates. Following initial recognition, goodwill is measured at cost, less any accumulated impairment losses. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

Licenses

Licenses are recorded at either historical cost or, if acquired in a business combination, at fair value at the date of acquisition. Cost includes cost of acquisition and other costs directly related to acquisition and retention of licenses over the license period. These costs may include estimates related to fulfillment of terms and conditions related to the licenses such as service or coverage obligations, and may include up-front and deferred payments.

Licenses have a finite useful life and are carried at cost less accumulated amortization and any accumulated impairment losses. Amortization is calculated using the straight-line method to allocate the cost of the licenses over their estimated useful lives.

The terms of licenses, which have been awarded for various periods, are subject to periodic review for, among other things, rate setting, frequency allocation and technical standards. Licenses are initially measured at cost and are amortized from the date the network is available for use on a straight-line basis over the license period. Licenses held, subject to certain conditions, are usually renewable and generally non-exclusive. When estimating useful lives of licenses, renewal periods are included only if there is evidence to support renewal by the Group without significant cost.

Trademarks and customer lists

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

Estimated useful lives are:

	Years
Estimated useful lives	
Trademarks	1 to 15
Customer lists	4 to 20

Programming and content rights

Programming and content master rights which are purchased or acquired in business combinations which meet certain criteria are recorded at cost as intangible assets. The rights must be exclusive, related to specific assets which are sufficiently developed, and probable to bring future economic benefits and have validity for more than one year. Cost includes consideration paid or payable and other costs directly related to the acquisition of the rights, and are recognized at the earlier of payment or commencement of the broadcasting period to which the rights relate.

Programming and content rights capitalized as intangible assets have a finite useful life and are carried at cost, less accumulated amortization and any accumulated impairment losses. Amortization is calculated using the straight-line method to allocate the cost of the rights over their estimated useful lives.

Non-exclusive and programming and content rights for periods less than one year are expensed over the period of the rights.

Indefeasible rights of use

There is no universally-accepted definition of an indefeasible rights of use (IRU). These agreements come in many forms. However, the key characteristics of a typical arrangement include:

- The right to use specified network infrastructure or capacity;

- For a specified term (often the majority of the useful life of the relevant assets);
- Legal title is not transferred;
- A number of associated service agreements including operations and maintenance (O&M) and co-location agreements. These are typically for the same term as the IRU; and
- Any payments are usually made in advance.

IRUs are accounted for either as a lease, or service contract based on the substance of the underlying agreement.

IRU arrangements will qualify as a lease if, and when:

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

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

If an IRU is determined to be a lease, the following indicators need to be present in order for the capitalization of an IRU as a finance lease to be considered:

- The Group will be consuming the major part of the useful economic life of the asset (generally considered to be 75% of the total remaining useful economic life of the asset). The Group assumes that the useful economic life of a new fiber cable is 15 years;
- Substantially, all of the risks and rewards of ownership are transferred to the Group (e.g. Millicom can sublease excess capacity on the cables to other operators; Millicom is responsible for maintaining the cables during the contract period);
- Neither party has the right to terminate the contract early (other than for “force majeure”);
- The contract price is not subject to renegotiation or change (other than for inflationary increases);
- The minimum contractual payments are for substantially all of the fair value of the asset (generally considered to be greater or equal to 90% of the fair value of the leased asset);
- The Group can determine the fair value of the leased asset;
- The Group has physical access rights to the cable.

Otherwise the IRU will be considered as an operating lease.

A finance lease of an IRU of network infrastructure (cables or fiber) is accounted for as a tangible asset. A finance lease of a capacity IRU (wavelength) is accounted for as an intangible asset.

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

The costs of an IRU recognized as operating lease is recognized as prepayment and amortized in the statement of income on a straight-line basis over the lease term.

The costs of an IRU recognized as service contract is recognized as prepayment and amortized in the statement of income as incurred over the duration of the contract.

E.1.2. Impairment of non-financial assets

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

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

At each reporting date an assessment is made as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. Other than for goodwill, a previously recognized impairment loss is reversed if there has been a change in the estimate used to determine the asset's recoverable amount since the last impairment loss was recognized. If so, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

E.1.3. Movements in intangible assets

Movements in intangible assets in 2018

	Goodwill	Licenses	Customer lists	IRUs	Trademarks	Other(i)	Total
				(US$ millions)			
Opening balance, net	**599**	**324**	**33**	**105**	**10**	**194**	**1,265**
Change in scope (ii)	512	—	370	—	280	23	1,185
Additions	—	66	—	2	—	91	158
Amortization charge	—	(48)	(11)	(14)	(8)	(65)	(144)
Impairment	(6)	—	—	—	—	—	(6)
Disposals, net	—	—	—	—	—	—	—
Transfers	—	—	—	—	—	(16)	(16)
Transfers to/from assets held for sale (see note E. 3.)	—	(12)	—	—	—	—	(12)
Exchange rate movements	(28)	(12)	(1)	(5)	—	(9)	(55)
Closing balance, net	**1,077**	**318**	**391**	**89**	**282**	**218**	**2,374**
Cost or valuation	1,077	646	581	176	325	646	3,451
Accumulated amortization and impairment	—	(328)	(190)	(87)	(43)	(428)	(1,077)
Net	**1,077**	**318**	**391**	**89**	**282**	**218**	**2,374**

Movements in intangible assets in 2017

	Goodwill	Licenses	Customer lists	IRUs	Trademarks	Other(i)	Total
				(US$ millions)			
Opening balance, net	**615**	**380**	**32**	**114**	**18**	**200**	**1,359**
Change in scope (ii)	3	—	15	—	—	1	20
Additions	—	40	—	(2)	—	92	130
Amortization charge	—	(49)	(15)	(14)	(8)	(67)	(153)
Impairment	(7)	(8)	—	—	—	—	(15)
Disposals, net	—	—	—	—	—	(1)	(1)
Transfers	(2)	3	—	8	—	(28)	(19)
Transfers to/from assets held for sale (see note E. 3.)	(8)	(50)	(1)	—	—	(5)	(64)
Exchange rate movements	(1)	7	1	—	—	2	9
Closing balance, net	**599**	**324**	**33**	**105**	**10**	**194**	**1,265**
Cost or valuation	599	650	225	181	49	584	2,288
Accumulated amortization and impairment	—	(327)	(192)	(76)	(39)	(389)	(1,022)
Net	**599**	**324**	**33**	**105**	**10**	**194**	**1,265**

(i) Other includes mainly software costs

(ii) See note A.1.2.

E.1.4. Cash used for the purchase of intangible assets

Cash used for intangible asset additions

	2018	2017
	(US$ millions)	
Additions	158	130
Change in accruals and payables for intangibles	(10)	3
Cash used for additions	148	133

E.1.5. Goodwill

Allocation of Goodwill to cash generating units (CGUs), net of exchange rate movements and after impairment

	2018	2017
	(US$ millions)	
Panama (see note A.1.2.)	512	—
El Salvador	194	194
Costa Rica	116	123
Paraguay	54	57
Colombia	183	199
Tanzania (Zantel) (see note E.1.6.)	4	10
Other	15	16
Total	1,077	599

E.1.6. Impairment testing of goodwill

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

Goodwill arising on business combinations is allocated to each of the Group's CGUs or groups of CGUs that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated:

- Represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- Is not larger than an operating segment.

Impairment is determined by assessing the value-in-use and, if appropriate, the fair value less costs to sell of the CGU (or group of CGUs), to which goodwill relates.

Impairment testing at December 31, 2018

Goodwill was tested for impairment by assessing the recoverable amount against the carrying amount of the CGU based on discounted cash flows. The cash flow projections used (adjusted operating profit margins, income tax, working capital, capex and license renewal cost) are extracted from financial budgets approved by management and the Board usually covering a period of five years. This planning horizon reflects industry practice in the countries where the Group operates and stage of development or redevelopment of the business in those countries. Cash flows beyond this period are extrapolated using a perpetual growth rate of 1.6%–4.6% (2017: 1.1%–3.8%). When value-in-use model resulted in the carrying values of the CGUs being higher than their recoverable amount, management has determined the fair value less cost of disposal (FVLCD) of the CGUs. Fair value less cost of disposal has been determined by using recent offers received from third parties (Level 1).

For the year ended December 31, 2018, and as a result of the annual impairment testing, management concluded that the Zantel CGU, part of the Africa segment, should be impaired. Hence, in accordance with IAS 36, an impairment loss of $6 million has been allocated to the amount of goodwill allocated to Zantel to reduce the carrying amount of our operations in Zantel to its value in use. The impairment has been classified within the caption "Other operating income (expenses), net", in the Group's statement of income.

For the year ended December 31, 2017, and as a result of the annual impairment testing the Group recognised an impairment loss of $15 million related mainly to our operations in Rwanda and on an investment in Guatemala.

Given the recent acquisition date, the goodwill recognized for Cable Onda has not been tested for impairment in 2018. In addition, no triggering event have occurred that would make us believe that the goodwill should be tested for impairment.

Sensitivity analysis was performed on key assumptions within the impairment tests. The sensitivity analysis determined that sufficient margin exists from realistic changes to the assumptions that would not impact the overall results of the testing.

Discount rates used in determining recoverable amount

	Discount rate after tax (%)	
	2018	2017
Bolivia	10.2	11.2
Chad	14.8	15.8
Colombia	8.9	9.9
Costa Rica	10.2	11.9
El Salvador	11.7	13.2
Paraguay	9.8	10.2
Rwanda (See note A.1.3.)	n/a	14.7
Tanzania	14.4	14.6

E.2. Property, plant and equipment

E.2.1. Accounting for property, plant and equipment

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

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

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

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

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Ongoing routine repairs and maintenance are charged to the statement of income in the financial period in which they are incurred.

Costs of major inspections and overhauls are added to the carrying value of property, plant and equipment and the carrying amount of previous major inspections and overhauls is derecognized.

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

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

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

E.2.2. Movements in tangible assets

Movements in tangible assets in 2018

	Network equipment(ii)	Land and buildings	Construction in progress	Other(i)	Total
			(US$ millions)		
Opening balance, net	**2,399**	**147**	**206**	**128**	**2,880**
Change in scope (see note A.1.2.)	276	46	32	—	354
Additions	63	1	626	7	698
Impairments/reversal of impairment,net	1	—	—	—	1
Disposals, net	(24)	(2)	(2)	—	(29)
Depreciation charge	(631)	(11)	—	(43)	(685)
Asset retirement obligations	14	1	—	—	15
Transfers	551	9	(568)	14	6
Transfers from/(to) assets held for sale (see note E.3.)	(45)	(3)	(2)	(2)	(52)
Exchange rate movements	(124)	(8)	(8)	(7)	(147)
Closing balance, net	**2,480**	**181**	**284**	**97**	**3,041**
Cost or valuation	6,802	252	284	409	7,747
Accumulated amortization and impairment	(4,322)	(71)	—	(312)	(4,706)
Net at December 31, 2018	**2,480**	**181**	**284**	**97**	**3,041**

Movements in tangible assets in 2017

	Network equipment(ii)	Land and buildings	Construction in progress	Other(i)	Total
			(US$ millions)		
Opening balance, net	**2,525**	**147**	**250**	**135**	**3,057**
Change in scope	2	1	—	—	3
Additions	201	—	616	7	824
Impairments/reversal of impairment,net	(6)	—	1	(2)	(8)
Disposals, net	(115)	—	3	(1)	(114)
Depreciation charge	(663)	(9)	—	(53)	(725)
Asset retirement obligations	18	2	—	—	20
Transfers	613	7	(650)	48	19
Transfers from/(to) assets held for sale (see note E.3.)	(184)	(3)	(16)	(8)	(211)
Exchange rate movements	9	2	3	1	15
Closing balance, net	**2,399**	**147**	**206**	**128**	**2,880**
Cost or valuation	6,164	191	206	477	7,038
Accumulated amortization and impairment	(3,764)	(44)	—	(349)	(4,158)
Net at December 31, 2017	**2,399**	**147**	**206**	**128**	**2,880**

(i) Other mainly includes office equipment and motor vehicles.
(ii) The net carrying amount of network equipment under finance leases at December 31, 2018, was $307 million (2017: $329 million).

Borrowing costs capitalized for the years ended December 31, 2018, 2017 and 2016 were not significant.

E.2.3. Cash used for the purchase of tangible assets

Cash used for property, plant and equipment additions

	2018	2017	2016
		(US$ millions)	
Additions	698	824	683
Change in advances to suppliers	2	(8)	(16)
Change in accruals and payables for property, plant and equipment	(25)	26	51
Finance leases	(43)	(192)	1
Cash used for additions	632	650	719

E.3. Assets held for sale

If Millicom decides to sell subsidiaries, investments in joint ventures or associates, or specific non-current assets in its businesses, these items qualify as assets held for sale if certain conditions are met.

E.3.1. Classification of assets held for sale

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

E.3.2. Millicom's assets held for sale

The following table summarizes the nature of the assets and liabilities reported under assets held for sale and liabilities directly associated with assets held for sale as at December 31, 2018 and 2017:

	As at December 31,	
	2018	2017
	(US$ millions)	
Assets and liabilities reclassified as held for sale		
Senegal operations	—	223
Towers Paraguay (see note C.3.4.)	2	7
Towers Colombia (see note C.3.4.)	—	1
Towers El Salvador (see note C.3.4.)	1	—
Other	—	2
Total assets of held for sale	3	233
Senegal operations	—	77
Towers Paraguay	—	2
Total liabilities directly associated with assets held for sale	—	79
Net assets held for sale / book value	3	154

Ghana merger

As mentioned in note A.2.2., on March 3, 2017, Millicom and Bharti Airtel Limited (Airtel) announced that they have entered into an agreement for Tigo Ghana Limited and Airtel Ghana Limited to combine their operations in Ghana. As per the agreement, Millicom and Airtel have equal ownership and governance rights in the combined entity. Necessary regulatory approvals were received in the course of September 2017. As a result, Millicom's operations in Ghana have been classified as assets held for sale and discontinued operations as from September 28, 2017. The merger was completed on October 12, 2017.

The assets and liabilities deconsolidated as a result of the Ghana merger were as follows:

Assets and liabilities reclassified as held for sale – Ghana

	October 12, 2017
	(US$ millions)
Intangible assets, net	12
Property, plant and equipment, net	77
Current assets	29
Cash and cash equivalents	8
Total assets of disposal group held for sale	126
Non-current financial liabilities	51
Current liabilities	50
Total liabilities of disposal group held for sale	102
Net assets / book value	24

For further details on the effect of the deconsolidation of the operations in Ghana, refer to note A.2.3.

Senegal

As mentioned in note A.1.3. Millicom announced that it had agreed to sell its Senegal business to a consortium consisting of NJJ, Sofima (managed by the Axian Group) and Teylium Group, subject to customary closing conditions and regulatory approvals. The sale was completed on April 27, 2018 and the operations in Senegal have been deconsolidated resulting in a net gain on disposal of $6 million, including the recycling of foreign currency exchange losses accumulated in equity since the creation of the local operations. This gain has been recognized under 'Profit (loss) for the year from discontinued operations, net of tax'.

The assets and liabilities were transferred to assets held for sale in relation to our operations in Senegal as at February 7, 2017 and therefore classified as held for sale as at December 31, 2017.

The table below shows the assets and liabilities deconsolidated at the date of the disposal:

Assets and liabilities disposed of in respect of our operations in Senegal

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

Rwanda

As mentioned in note A.1.3. on December 19, 2017, Millicom announced that it has signed an agreement for the sale of its Rwanda operations to subsidiaries of Bharti Airtel Limited. The total consideration of the transaction is approximately 6x 2017 adjusted EBITDA of the Rwandan operation, payable over two years, consisting of a mix of cash, vendor loan note and earn out.

The Group received regulatory approvals on January 23, 2018 and the sale was subsequently completed on January 31, 2018. On January 31, 2018, Millicom's operations in Rwanda have been deconsolidated and no material loss on disposal was recognized (its carrying value was aligned to its fair value less costs of disposal as of December 31, 2017). However, a loss of $32 million has been recognized in 2018 corresponding to the recycling of foreign currency exchange losses accumulated in equity since the creation of the local operation. This loss has been recognized under 'Profit (loss) for the year from discontinued operations, net of tax'. The final sale consideration is still subject to adjustment under the terms of the sale and purchase agreement with Airtel. Management does not expect any material deviation from the initial consideration.

The table below shows the assets and liabilities deconsolidated at the date of the disposal:

Assets and liabilities disposed of in respect of our operations in Rwanda

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

In accordance with IFRS 5, the Group's businesses in Rwanda (Q1 2018), Ghana (Q3 2017) and Senegal (Q1 2017) had been classified as assets held for sale and their results were classified as discontinued operations. Comparative figures of the statement of income have therefore been represented accordingly. Financial information relating to the discontinued operations for the year ended December 31, 2018, 2017 and 2016 is set out below. Figures shown below are after intercompany eliminations.

Results from discontinued operations

	Year ended December 31,		
	2018	2017	2016
		(US$ millions)	
Revenue	62	299	371
Cost of sales	(23)	(95)	(119)
Operating expenses	(26)	(131)	(174)
Depreciation and amortization	—	(37)	(79)
Other operating income (expenses), net	(10)	(4)	(6)
Gain on disposal of discontinued operations	(29)	39	32
Other expenses linked to the disposal of discontinued operations	(10)	(7)	(19)
Operating profit (loss)	(36)	64	6
Interest income (expense), net	(3)	(20)	(23)
Other non-operating (expenses) income, net	—	6	(10)
Profit (loss) before taxes	(39)	51	(26)
Credit (charge) for taxes, net	—	—	6
Net profit (loss) from discontinued operations	(39)	51	(20)

Cash flows from discontinued operations

	Year ended December 31,		
	2018	2017	2016
		(US$ millions)	
Cash from (used in) operating activities, net	(4)	26	10
Cash from (used in) investing activities, net	(6)	(33)	(53)
Cash from (used in) financing activities, net	—	(22)	18

4G spectrum (UNE)

A depreciation catch-up has been recorded in 2016 for $11 million on the 4G spectrum in Colombia. In October 2016, the date on which UNE stopped rendering 4G services, the 4G spectrum was fully depreciated.

F. Other assets and liabilities

F.1. Trade receivables

Millicom's trade receivables mainly comprise interconnect receivables from other operators, postpaid mobile and residential cable subscribers, as well as B2B customers. The nominal value of receivables adjusted for impairment approximates the fair value of trade receivables.

	2018	2017
	(US$ millions)	
Gross trade receivables	592	597
Less: provisions for expected credit losses	(249)	(211)
Trade receivables, net	343	386

Aging of trade receivables

	Neither past due nor impaired	Past due (net of impairments)		Total
		30–90 days	>90 days	
		(US$ millions)		
2018:				
Telecom operators	17	9	14	39
Own customers	158	69	19	246
Others	36	17	5	58
Total	210	95	37	343
2017:				
Telecom operators	29	16	4	49
Own customers	186	52	34	273
Others	43	16	5	64
Total	259	83	43	386

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for expected credit losses. The Group recognizes an allowance for expected credit losses (ECLs) applying a simplified approach in calculating the ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime of ECLs at each reporting date. The

Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The provision for expected credit losses is recognized in the consolidated statement of income within Cost of sales.

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

F.2. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Inventories

	2018	2017
	(US$ millions)	
Telephone and equipment	26	28
SIM cards	4	6
IRUs	3	3
Other	6	9
Inventory at December 31,	39	45

F.3. Trade payables

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

From time to time, the Group enters into agreements to extend payment terms with various suppliers, and with factoring companies when such payments are discounted. The corresponding amount pending payment as of December 31, 2018, is recognized in Trade payables for an amount of $26 million (2017: $25 million).

F.4. Current and non-current provisions and other liabilities

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

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

F.4.1. Current provisions and other liabilities

Current

	2018	2017
	(US$ millions)	
Deferred revenue(i)	85	86
Customer deposits	15	13
Current legal provisions	27	24
Tax payables	68	57
Customer and MFS distributor cash balances	147	144
Withholding tax on payments to third parties	17	17
Other provisions	7	1
Other current liabilities(ii)	128	83
Total	494	425

(i) Deferred revenue has partly been reclassified to Contract Liabilities as a result of the adoption of IFRS 15. See the 'Accounting Policy Changes' note.

(ii) In the caption "Other current liabilities", for 2018 $38 million of provision for tax risk not related to income tax is included.

F.4.2. Non-current provisions and other liabilities

Non-current

	2018	2017
	(US$ millions)	
Non-current legal provisions	8	15
Long-term portion of asset retirement obligations	77	69
Long-term portion of deferred income on tower sale and leasebacks	85	73
Long-term employment obligations	68	76
Accruals and payables in respect of spectrum and license acquisitions	41	31
Other non-current liabilities	71	70
Total	351	335

F.5. Assets and liabilities related to contract with customers

Contract assets, net

	2018
	(US$ millions)
Long-term portion	3
Short-term portion	35
Less: provisions for expected credit losses	(1)
Total	37

Contract liabilities

	2018
	(US$ millions)
Long-term portion	1
Short-term portion	86
Total	87

The Group recognised revenue for $45 million in 2018 that was included in the contract liability balance at the beginning of the year.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31, 2018 is $42 million ($41 million is expected to be recognized as revenue in the 2020 financial year and the remaining $1 million in the 2021 financial year or later) (i).

(i) This amount does not consider contracts that have an original expected duration of one year or less, neither contracts in which consideration from a customer corresponds to the value of the entity's performance obligation to the customer (i.e. billing corresponds to accounting revenue).

Contract costs, net (i)

	2018
	(US$ millions)
Net at January 1	4
Contract costs capitalized	4
Amortization of contract costs	(4)
Net at December 31	4

(i) Incremental costs of obtaining a contract are expensed when incurred if the amortization period of the asset that Millicom otherwise would have recognized is one year or less.

G. Additional disclosure items

G.1 Fees to auditors

	2018	2017	2016
		(US$ millions)	
Audit fees	6.7	4.7	4.3
Audit related fees	0.4	0.3	0.3
Tax fees	0.2	0.2	0.2
Other fees	0.6	0.7	1.8
Total	7.7	5.9	6.6

G.2. Capital and operational commitments

Millicom has a number of capital and operational commitments to suppliers and service providers in the normal course of its business. These commitments are mainly contracts for acquiring network and other equipment, and leases for towers and other operational equipment.

G.2.1. Capital commitments

At December 31, 2018, the Company and its subsidiaries and joint ventures had fixed commitments to purchase network equipment, land and buildings, other fixed assets and intangible assets of $154 million of which $126 million are due within one year (December 31, 2017: $194 million of which $182 million were due within one year). Out of these commitments, respectively $66 million and $56 million related to Millicom's share in joint ventures. (December 31, 2017: $25 million of which $23 million were due within one year).

G.2.2 Lease commitments

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and involves an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and whether or not the arrangement conveys a right to use the asset. The sale and leaseback of towers and related site operating leases and service contracts are accounted for in accordance with the underlying characteristics of the assets, and the terms and conditions of the lease agreements. On transfer to the tower companies, the portion of the towers leased back are accounted for as operating leases or finance leases according to the criteria set out above. The portion of towers being leased back represents the dedicated part of each tower on which Millicom's equipment is located and was derived from the average technical capacity of the towers. Rights to use the land on which the towers are located are accounted for as operating leases, and costs of services for the towers are recorded as operating expenses.

Operating leases

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

Operating leases mainly comprise land in which cell towers are located (including those related to towers sold and leased back) and buildings. Total operating lease expense from continuing operations for the year ended December 31, 2018, was $155 million (2017: $155 million; 2016: $159 million – see note B.2.).

Annual operating lease commitments from continuing operations

	2018 (i)	2017 (i)
	(US$ millions)	
Within one year	127	130
Between one and five years	412	372
After five years	262	258
Total	800	759

(i) The Group's share in joint ventures operating lease commitments amount to US$312 million (2017: US$194 million; 2016: US$210 million) and are excluded from the table above.

Finance leases

Finance leases, which transfer substantially all risks and benefits incidental to ownership of the leased item to the lessee, are capitalized at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Where a finance lease results from a sale and leaseback transaction, any excess of sales proceeds over the carrying amount of the assets is deferred and amortized over the lease term. Capitalized leased assets are depreciated over the shorter of the estimated useful lives of the assets, or the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Finance leases mainly comprise lease of tower space in El Salvador, Paraguay, Tanzania and Colombia (see note C.3.4.), lease of poles in Colombia and tower sharing in other countries. Other financial leases mainly consist of lease agreements relating to vehicles and IT equipment.

Annual minimum finance lease commitments from continuing operations

	2018 (i)	2017 (i)
	(US$ millions)	
Within one year	99	97
Between one and five years	400	404
After five years	415	477
Total	914	978

(i) The Group's share in joint ventures finance lease commitments amount to $1 million (2017: $5 million) and are excluded from the table above.

The corresponding finance lease liabilities at December 31, 2018, were $353 million (2017: $365 million). Interest expense on finance lease liabilities amounted to $92 million for the year 2018 (2017: $65 million).

G.3. Contingent liabilities

G.3.1. Litigation and legal risks

The Company and its operations are contingently liable with respect to lawsuits, legal, regulatory, commercial and other legal risks that arise in the normal course of business. As of December 31, 2018, the total amount of claims and litigation risks against Millicom and its operations was $687 million, of which $5 million related to its share in joint ventures (December 31, 2017: $438 million, of which $5 million related to its share in joint ventures).

As at December 31, 2018, $26 million has been provided for these risks in the consolidated statement of financial position (December 31, 2017: $29 million). The Group's share of provisions made by the joint ventures was $4 million (December 31, 2017: $2 million). While it is not possible to ascertain the ultimate legal and financial liability with respect to these claims and risks, the ultimate outcome is not anticipated to have a material effect on the Group's financial position and operations.

Improper filling of shareholding in MIC Tanzania Public Limited Company

In June 2016, Millicom was served with claims by a third party seeking to exert rights as a shareholder of MIC Tanzania Public Limited Company. In June 2015, Millicom identified that an incorrect filing related to MIC Tanzania Public Limited Company had been made in the commercial register, causing the register to incorrectly indicate that shares in the local subsidiary were owned by this third party. On July 26, 2018, the Court of Appeal of Tanzania, the country's highest court, reaffirmed in a ruling that MIC Tanzania Public Limited Company remains owned and controlled by Millicom. Late 2018, the opposite party has filed a review of the ruling by the same Court of Appeals, which already ruled in Millicom's favor. Millicom considers the success of this review as remote and therefore continues to control and fully consolidate MIC Tanzania Public Limited Company.

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

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

Other

At December 31, 2018, Millicom has various other less significant claims which are not disclosed separately in these consolidated financial statements because they are either not material or the related risk is remote.

G.3.2. Tax related risks and uncertain tax position

The Group operates in developing countries where the tax systems, regulations and enforcement processes have varying stages of development creating uncertainty regarding the application of the tax law and interpretation of tax treatments. The Group is also subject to regular tax audits in the countries where it operates. When there is uncertainty over whether the taxation authority will accept a specific tax treatment under the local tax law, that tax treatment is therefore uncertain. The resolution of tax positions taken by the Group, through negotiations with relevant tax authorities or through litigation, can take several years to complete and, in some cases, it is difficult to predict the ultimate outcome. Therefore, judgment is required to determine provisions for taxes.

In assessing whether and how an uncertain tax treatment affects the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, the Group assumes that a taxation authority with the right to examine amounts reported to it will examine those amounts and have full knowledge of all relevant information when making those examinations.

The Group has a process in place to identify its uncertain tax positions. Management then considers whether or not it is probable that a taxation authority will accept an uncertain tax treatment. On that basis, the identified risks are split into three categories (i) remote risks (risk of outflow of tax payments are up to 20%), (ii) possible risks (risk of outflow of tax payments assessed from 21% to 49%) and probable risks (risk of outflow is more than 50%). The process is repeated every quarter by the Group.

If the Group concludes that it is probable or certain that the taxation authority will accept the tax treatment, the risks are categorized either as possible or remote, and it determines the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. The risks considered as possible are not provisioned but disclosed as tax contingencies in the Group consolidated financial statements while remote risks are neither provisioned nor disclosed.

If the Group concludes that it is probable that the taxation authority will not accept the Group's interpretation of the uncertain tax treatment, the risks are categorized as probable, and are presented to reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates by generally using the most likely amount method – the single most likely amount in a range of possible outcomes.

If an uncertain tax treatment affects both deferred tax and current tax, the Group makes consistent estimates and judgments for both. For example, an uncertain tax treatment may affect both taxable profits used to determine the current tax and tax bases used to determine deferred tax.

If facts and circumstances change, the Group reassesses the judgments and estimates regarding the uncertain tax position taken.

At December 31, 2018, potential tax risks estimated by the Group amount to $254 million, of which provisions of $47 million have been recorded representing the probable amount of eventual claims and required payments related to those risks (2017: $313 million of which provisions of $53 million were recorded). Out of these potential claims and provisions, respectively $29 million (2017: $38 million) and $2 million (2017: $2 million) related to Millicom's share in these joint ventures.

G.4. Non-cash investing and financing activities

Non-cash investing and financing activities from continuing operations

	Note	2018	2017	2016
			(US$ millions)	
Investing activities				
Acquisition of property, plant and equipment, including finance leases	E.2.2.	(66)	(174)	34
Asset retirement obligations	E.2.2.	15	(20)	(17)
Acquisition of subsidiaries, joint ventures and associates, net of cash acquired	A.1.2.	30	—	—
Financing activities				
Finance leases	G.2.2.	(43)	192	1
Share based compensation	B.4.1.	22	22	14

G.5. Related party balances and transactions

The Group's significant related parties are:

- **Kinnevik AB (Kinnevik)** and subsidiaries, Millicom's principal shareholder;
- **Helios Towers Africa Ltd (HTA)**, in which Millicom holds a direct or indirect equity interest (see note A. 3.2.);
- **EPM and subsidiaries (EPM)**, the non-controlling shareholder in our Colombian operations (see note A. 1.4.);
- **Miffin Associates Corp and subsidiaries (Miffin)**, our joint venture partner in Guatemala.
- **Cable Onda partners and subsidiaries**, the non-controlling shareholders in our Panama operations (see note A.1.2.).

Kinnevik

Millicom's principal shareholder is Kinnevik. Kinnevik is a Swedish holding company with interests in the telecommunications, media, publishing, paper and financial services industries. At December 31, 2018, Kinnevik owned approximately 37% of Millicom (2017: 37%). During 2018, 2017 and 2016, Kinnevik did not purchase any Millicom shares. There are no significant loans made by Millicom to or for the benefit of Kinnevik or Kinnevik controlled entities.

During 2018, 2017 and 2016, the Company purchased services from Kinnevik subsidiaries including fraud detection, procurement and professional services. Transactions and balances with Kinnevik Group companies are disclosed under Other in the tables below. Also refer to note A.3. for further details with respect to the disposal of one portion of our investment in Milvik AB.

Helios Towers

Millicom sold its tower assets and leased back a portion of space on the towers in several African countries and contracted for related operation and management services with HTA. The Group has future lease commitments in respect of the tower companies (see note G.2.2.).

Empresas Públicas de Medellín (EPM)

EPM is a state-owned, industrial and commercial enterprise, owned by the municipality of Medellin, and provides electricity, gas, water, sanitation, and telecommunications. EPM owns 50% of our operations in Colombia.

Miffin Associates Corp (Miffin)

The Group purchases and sells products and services from and to the Miffin Group. Transactions with Miffin represent recurring commercial operations such as purchase of handsets, and sale of airtime.

Cable Onda Partners

Our partners in Panama are the non-controlling shareholders of Cable Onda and own 20% of the company. Additionally, they also hold interests in several entities which have purchasing and selling recurring commercial operations with Cable Onda (such as the sale of content costs, delivery of broadband services, etc.).

Expenses from transactions with related parties	**2018**	**2017**	**2016**
		(US$ millions)	
Purchases of goods and services from Miffin	(173)	(181)	(167)
Purchases of goods and services from EPM	(40)	(36)	(22)
Lease of towers and related services from HTA	(28)	(28)	(35)
Other expenses	(3)	(4)	(9)
Total	(244)	(250)	(233)

Income and gains from transactions with related parties	**2018**	**2017**	**2016**
		(US$ millions)	
Sale of goods and services to EPM	17	18	18
Sale of goods and services to Miffin	284	277	261
Other revenue	2	1	10
Total	303	295	289

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

	Year ended December 31,	
	2018	**2017**
	(US$ millions)	
Non-current and current liabilities		
Payables to Guatemala joint venture(i)	315	273
Payables to Honduras joint venture(ii)	143	135
Payables to EPM	14	3
Other accounts payable	9	10
Sub-total	482	421
Finance lease liabilities to tower companies(iii)	99	108
Total	580	529

(i) Shareholder loans bearing interest. Out of the amount above, $135 million are due over more than one year.

(ii) Amount payable mainly consist of dividend advances for which dividends are expected to be declared later in 2019 and/or shareholder loans.

(iii) Disclosed under Debt and other financing in the statement of financial position.

	Year ended December 31,	
	2018	2017
	(US$ millions)	
Non-current and current assets		
Receivables from EPM	5	3
Receivables from Guatemala and Honduras joint ventures	20	25
Advance payments to Helios Towers Tanzania	6	8
Receivable from AirtelTigo Ghana(i)	41	40
Other accounts receivable	1	1
Total	73	77

(i) Disclosed under Other non-current assets in the statement of financial position. See note A.2.2.

H. IPO – Millicom's operations in Tanzania

In June 2016, an amendment to the Electronic and Postal Communications Act ("EPOCA") in the Finance Act 2016 required all Tanzanian licensed telecom operators to sell 25% of the authorised share capital in a public offering on the Dar Es Salaam Stock Exchange. Early 2017, Tigo Tanzania, Zantel and Telesis each received from the Tanzanian Communications Regulatory Authority (TCRA) a notice of material breach of the license giving thirty-days to comply. Millicom has signaled its intention for its subsidiaries to comply with the law and list its businesses but did not complete the public offerings by such time until the incorrect filing related to Tigo Tanzania made in the commercial register was corrected (see note G.3.1.). Accordingly, Millicom's businesses in Tanzania may face sanctions from the regulator or other government bodies, which could include financial penalties, or even suspension or cancellation of its license although to-date there has been no notification from the TCRA of any indication or intention to proceed with sanctions. Management is currently not able to assess the financial impact on its consolidated financial statements (although the Company deems the suspension or cancellation of the license to be unlikely) and therefore, no provision has been recorded as of December 31, 2018.

This said, the Group is currently working on the preliminary steps (e.g., converting Tigo Tanzania into a public limited company) with the view of listing in the first half of 2019.

I. Subsequent events

Nasdaq

On January 9, 2019, Millicom shares began trading on the Nasdaq Stock Exchange in the U.S. under ticker symbol TIGO.

Dividend

On February 7, 2019, Millicom's Board decided to propose to the AGM of the shareholders a dividend distribution of US$2.64 per share to be paid in two equal installments in May and November 2019, out of Millicom profits for the year ended December 31, 2018. The AGM to vote this matter is scheduled for May 2, 2019.

Telefónica acquisition

On February 20, 2019, the Group announced it has entered into agreements with Telefónica S.A. and certain of its affiliates (Telefónica), to acquire the entire share capital of Telefónica Móviles Panamá, S.A., Telefónica de Costa Rica TC, S.A. (and its wholly owned subsidiary, Telefónica Gestión de Infraestructura y Sistemas de Costa Rica, S.A.) and Telefonía Celular de Nicaragua, S.A. (together, Telefonica CAM) for a combined enterprise value of $1,650 million (the Transaction) payable in cash. The Transaction is subject to customary closing conditions, including regulatory approval in each market, and closings are expected during H2 2019. Millicom has secured bridge funding commitments to finance the acquisition, and the bridge will be refinanced predominantly with the issuance of new debt by Millicom and its operating subsidiaries.

Independent Auditor's Report

To the shareholders of Millicom International Cellular S.A.
2, rue du Fort Bourbon, L-1249 Luxembourg

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Millicom International Cellular S.A. ("the Group") included on page 95 to page 189, which comprise the consolidated statement of financial position as of December 31, 2018, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Millicom International Cellular S.A., as of December 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of July 23, 2016 on the audit profession (the "Law of July 23, 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF").

Our responsibilities under those Regulation, Law, and standards are further described in the "Responsibilities of the 'réviseur d'entreprises agréé' for the audit of the *consolidated financial statements*" section of our report. We are also independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Luxembourg, and we have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition - accuracy of revenue recorded given the complexity of systems

Risk identified

The Group's revenue consists of mobile and data telephony services, corporate solutions, fixed-line broadband, fixed-line telephone, cable TV, and MFS to retail and business customers.

Revenue from these services is considered a significant risk due to both the bundling of these services and the complexity of the Group's systems and processes used to record revenue. Also, the application of revenue recognition accounting standards is complex and involves a number of key judgments and estimates, especially in the light of the IFRS 15 recent application.

Our answer

Our audit procedures over revenue included, among others:

- We understood and assessed the overall IT control environment and the IT controls in place, assisted by our information technology specialists. We tested the operating effectiveness of controls around access rights, system development, program changes , and IT dependent business controls to establish that changes to the system were appropriately authorized and also developed and implemented properly including those over: set-up of customer accounts, pricing data, segregation of duties, and the linkage to usage data that drives revenue recognition.
- We tested the end-to-end reconciliation from business support systems to billing and rating systems to the general ledger. This testing included validating material journal entries processed between the billing systems and general ledger.
- We tested transactions for main revenues streams (calls, data, SMS, content).
- We assessed the accounting applied to commercial offers, particularly in light of the revenue recognition criteria set by IFRS 15.
- We assessed the adequacy of the assumptions used by the Management in the process of determination of significant judgments and estimates relating to the application of IFRS 15. Those judgments include mainly the determination of the Standalone Selling Price of handsets, assessment of the Adjusted Contract Term, agent vs. principal considerations, and the use of practical expedient in relation to the significant financing component.
- We performed tests on the accuracy of customer bill generation on a sample basis and testing of a sample of the credits and discounts applied to customer bills.
- We tested substantively deferred income, through validation reports used in its determination at period end.

Independent Auditor's Report–*continued*

To the shareholders of Millicom International Cellular S.A.

- We tested cash receipts for a sample of customers back to the customer invoice.
- We performed substantive analytical procedures on revenue and deferred revenue based on our industry knowledge, forming an expectation of revenue based on key performance indicators taking into consideration disconnections, installations, changes in rates, and trends in deferred income.
- We assessed the adequacy of the provision for impairment of trade receivables, including the appropriateness of the methodology used to calculate the provision, and analyzing individual significant long outstanding balances.
- We assessed the adequacy of the Group's disclosures in respect of the accounting policies on revenue recognition as disclosed in Note B.1.1 of the Consolidated Financial Statements.

2. Carrying value of goodwill and cash generating units (CGUs)

Risk identified

Under EU-IFRSs, the Group is required to annually test the amount of goodwill for impairment. This annual impairment test was significant to our audit because the balance of USD$1,077 million as of December 31, 2018 is material to the consolidated financial statements. In addition, the Group's assessment process includes significant judgments and is based on assumptions derived from the Group's five-year plan, which are affected by expected future market or economic conditions.

Our answer

Our audit procedures included, among others, an assessment of the historical accuracy of management's estimates and budgets, evaluation, and assessment of the assumptions, methodologies, CGU determination, the WACC, and data used by the Group, for example by comparing them to external data. We have involved our valuation experts to assist us with our assessment of the WACC, expected inflation rates, and the appropriateness of the model used. Furthermore, we have analyzed sensitivities if a lower growth rate or higher WACC were used. The Group's disclosures about goodwill are included in Notes E.1.5 and E.1.6.

3. Recognition of tax contingencies and tax assets

Risk identified

Income tax positions were significant to our audit because the assessment process is complex and involves a high degree of judgment and the amounts involved are material to the consolidated financial statements as a whole. The Group's operations are subject to income taxes in various jurisdictions resulting in different subjective and complex interpretation of local tax laws as uncertainty prevails in the emerging market economies in which Millicom is operating. In addition, the global tax environment worldwide continues to evolve and becomes more complex. Management exercises judgment in assessing the level of provision required for taxation when such taxes are based on the interpretation of complex tax laws. The future actual outcome of the decisions concerning these tax exposures may result in materially higher or lower amounts than the accrual included in the accompanying Consolidated Financial Statements.

The Group's deferred income tax assets as at December 31, 2018 amount to USD$202 million. Under EU-IFRS, the Group is required to periodically determine the valuation of deferred tax asset positions. This area was significant to our audit because of the related complexity of the valuation process which involves significant management judgment, given it is based on assumptions that are affected by expected future market or economic conditions.

Our answer

Our procedures included, among others, assessing the appropriateness of management's assumptions and estimates in relation to uncertain tax positions, and considering advice received by management from external parties to support their position. We have involved our tax specialists, where relevant, to consider management's assessment of the tax positions and related provision/liability accruals when necessary.

We assessed the business plans to determine the appropriateness of management's assessment that recovering the deferred tax assets based on future taxable profits within the five year plan approved by the Board of Directors is probable and assessed the adequacy of the assumptions and sensitivities in such business plans.

We also assessed the adequacy of the Group's disclosures in respect of the tax contingencies and tax positions as set out in Note B.6 and G.3.2.

4. Capitalization and asset lives

Risk Identified

The net book value of fixed assets at December 31, 2018 is USD$5,415 million. The assessment and timing of whether assets meet the capitalization criteria set out in the relevant accounting standards, the estimation of appropriate useful economic lives, and the assessment of whether any impairment indicators are present, such as redundant assets, as well as the identification and the classification of leases, all require judgment.

Building a better working world

Independent Auditor's Report–*continued*

To the shareholders of Millicom International Cellular S.A.

Our answer

Our audit procedures included, among others:

- We evaluated the design and testing the operating effectiveness of controls around the asset capitalization cycle.
- We considered material contracts signed during the year regarding new indefeasible rights of use (IRU), licenses, frequency charges, or broadcasting rights to assess the appropriateness of accounting treatment.
- We assessed management assumptions over the carrying value and useful economic life of key assets by consideration of internal and external available data.
- We tested a sample of fixed asset additions to third-party evidence such as purchase invoice and bank statement to assess the valuation and appropriateness of capitalization of those additions.
- We considered the circumstances as to whether any additions or prevailing events would give rise to indicators of impairment such as redundant assets.
- We assessed the adequacy of the Group's disclosures in respect of PP&E and intangible assets as set out in Notes E.2 and E.1.

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

Risk identified

On July 14, 2017, the International Commission Against Impunity in Guatemala (CICIG), disclosed an ongoing investigation into alleged illegal campaign financing that includes Comcel. The CICIG further indicated that the investigation would include Comcel. On November 23 and 24, 2017, Guatemala's attorney general and CICIG executed search warrants on the offices of Comcel.

Considering the current situation, the Group has not been able to estimate the outcome of these cases and therefore the potential financial impact on its financial position, and accordingly, has disclosed these matters in Note G.3.1of the consolidated financial statements.

Our answer

Our audit procedures included, among others:

- We inquired of Millicom's lawyers dealing with the matter and we obtained external confirmation from these lawyers as part of our audit procedures. We also inquired of Group management on the matter.
- We inquired of the Head of Compliance to understand the remediation actions taken from an internal control perspective and involved our forensic specialists to discuss such remediation with management.
- We tested that the Millicom's updated Anti-Bribery and Anti-Corruption policy and Code of Conduct have been rolled out in the Group's operations.
- We performed a test of controls over the procure-to-pay process.
- We assessed the adequacy of the Group's disclosures in respect of these matters as set out in Note G.3.1.

6. Business combination of Cable Onda

Risk Identified

The Group acquired control over, and therefore consolidated Cable Onda as of December 13, 2018. The related disclosures are included in Notes A.1.2. The acquisition is material, complex, and contains significant judgment in relation to the purchase price allocation. The Group, assisted by its external valuation specialists, determined the fair value of Cable Onda's identifiable assets and liabilities, which included a number of assumptions such as useful life of assets, customer churn, and contingent liabilities. The purchase price allocation resulted in a remaining goodwill of USD$512 million. The purchase price allocation remains provisional as of December 31, 2018.

Our answer

Our audit procedures included, amongst others:

- We assessed the sale/purchase agreements and tested the payment of the purchase price to the sellers and we assessed the related accounting treatment including for the put and call options and the transaction costs.
- We assessed the competence and relevant experience of the expert engaged by management in order to perform the purchase price allocation.
- We used our own valuation specialists to audit the reasonableness of management's valuation methodologies and assumptions, using source data and market data.
- We assessed the sensitivity of management's estimates and assumptions used in the purchase price allocation and audited the adequacy of the related disclosures in Note A.1.2 to the consolidated financial statements.
- We performed an audit of Cable Onda's opening balance-sheet as of November 30, 2018 and reviewed significant transactions up to December 13, 2018.
- We assessed the adequacy of the Group's disclosures in respect of these matters as set out in Note A.1.2.

EY
Building a better working world

Independent Auditor's Report–*continued*

To the shareholders of Millicom International Cellular S.A.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the consolidated management report on page 92 and the accompanying corporate governance statement on pages 57 to 91 but does not include the consolidated financial statements and our report of "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and of those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of July 23, 2016 and with the ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or taken together, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with EU Regulation N° 537/2014, the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements,

Independent Auditor's Report–*continued*

To the shareholders of Millicom International Cellular S.A.

including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the General Meeting of the Shareholders on May 4, 2018 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is seven years.

The consolidated management report on page 92 is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The accompanying corporate governance statement on pages 57 to 91 is the responsibility of the Board of Directors. The information required by article 68ter paragraph (1) letters c) and d) of the law of December 19, 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Group in conducting the audit.

Other matter

The corporate governance statement includes the information required by article 68ter paragraph (1) of the law of December 19, 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

Ernst & Young

Société anonyme

Cabinet de révision agréé

Olivier Lemaire

Luxembourg February 28, 2019

Disclaimer

Forward-Looking Statements

Statements included herein that are not historical facts, including without limitation statements concerning future strategy, plans, objectives, expectations and intentions, projected financial results, liquidity, growth, and prospects are forward-looking statements. Such forward-looking statements involve a number of risks and uncertainties and are subject to change at any time. This includes, but is not limited to, Millicom's expectation and ability to pay semi-annual cash dividends on its common stock in the future, subject to the determination by the Board of Directors, and based on an evaluation of company earnings, financial condition and requirements, business conditions, capital allocation determinations and other factors, risks, and uncertainties. In the event such risks or uncertainties materialize, Millicom's results could be materially adversely affected. The risks and uncertainties include, but are not limited to, the following:

- Global economic conditions and foreign exchange rate fluctuations as well as local economic conditions in the markets we serve;
- Telecommunications usage levels, including traffic and customer growth;
- Competitive forces, including pricing pressures, the ability to connect to other operators' networks, and our ability to retain market share in the face of competition from existing and new market entrants as well as industry consolidation;
- Legal or regulatory developments and changes, or changes in governmental policy, including with respect to the availability of spectrum and licenses, the level of tariffs, tax matters, the terms of interconnection, customer access, and international settlement arrangements;
- Adverse legal or regulatory disputes or proceedings;
- The success of our business, operating, and financing initiatives and strategies, including partnerships and capital expenditure plans;
- The level and timing of the growth and profitability of new initiatives, start-up costs associated with entering new markets, the successful deployment of new systems, and applications to support new initiatives;
- Relationships with key suppliers and costs of handsets and other equipment;
- Our ability to successfully pursue acquisitions, investments or merger opportunities, integrate any acquired businesses in a timely and cost-effective manner, and achieve the expected benefits of such transactions;
- The availability, terms, and use of capital, the impact of regulatory and competitive developments on capital outlays, the ability to achieve cost savings and realize productivity improvements;
- Technological development and evolving industry standards, including challenges in meeting customer demand for new technology and the cost of upgrading existing infrastructure;
- The capacity to upstream cash generated in operations through dividends, royalties, management fees, and repayment of shareholder loans; and
- Other factors or trends affecting our financial condition or results of operations.

A further list and description of risks, uncertainties, and other matters can be found in Millicom's annual report on Form 20-F, including those risks outlined in "Item 3. Key Information-D. Risk Factors," and in Millicom's subsequent U.S. Securities and Exchange Commission filings, all of which are available at www.sec.gov.

All forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by this cautionary statement. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. Except to the extent otherwise required by applicable law, we do not undertake any obligation to update or revise forward-looking statements, whether as a result of new information, future events, or otherwise.

Disclaimer

Non-IFRS Measures

This document contains financial measures not prepared in accordance with IFRS. These measures are referred to as "non-IFRS" measures and include: non-IFRS service revenue, non-IFRS EBITDA, and non-IFRS Capex, among others defined below. Annual growth rates for these non-IFRS measures are often expressed in organic constant currency terms to exclude the effect of changes in foreign exchange rates, the adoption of new accounting standards such as IFRS 15, and are proforma for material changes in perimeter due to acquisitions and divestitures.

The non-IFRS financial measures are presented in this document as Millicom's management believes they provide investors with additional information for the analysis of Millicom's results of operations, particularly in evaluating performance from one period to another. Millicom's management uses non-IFRS financial measures to make operating decisions, as they facilitate additional internal comparisons of Millicom's performance to historical results and to competitors' results, and provides them to investors as a supplement to Millicom's reported results to provide additional insight into Millicom's operating performance. Millicom's Remuneration Committee uses certain non-IFRS measures when assessing the performance and compensation of employees, including Millicom's executive directors.

The non-IFRS financial measures used by Millicom may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies—refer to the section "Non-IFRS Financial Measure Descriptions" for additional information. In addition, these non-IFRS measures should not be considered in isolation as a substitute for, or as superior to, financial measures calculated in accordance with IFRS, and Millicom's financial results calculated in accordance with IFRS and reconciliations to those financial statements should be carefully evaluated.

Non-IFRS Financial Measure Descriptions

Service revenue is revenue related to the provision of ongoing services such as monthly subscription fees, airtime and data usage fees, interconnection fees, roaming fees, mobile finance service commissions and fees from other telecommunications services such as data services, short message services and other value-added services excluding telephone and equipment sales.

EBITDA is operating profit excluding impairment losses, depreciation and amortization, and gains/losses on fixed asset disposals.

Underlying measures, such as *Service revenue, EBITDA,* and *Net debt,* include Guatemala and Honduras as if fully consolidated.

Proportionate EBITDA is the sum of the EBITDA in every country where Millicom operates, including its Guatemala and Honduras joint ventures, pro rata for Millicom's ownership stake in each country, less unallocated costs and inter-company eliminations.

Organic growth represents year-on year-growth excluding the impact of changes in FX rates, perimeter, and accounting.

Net debt is Gross debt (including finance leases) less cash and pledged and term deposits.

Proportionate net debt is the sum of the net debt in every country where Millicom operates, including its Guatemala and Honduras joint ventures, pro rata for Millicom's ownership stake in each country.

Net debt to EBITDA is the ratio of net debt over LTM (last twelve month) EBITDA.

Proportionate net debt to EBITDA is the ratio of proportionate net debt over LTM proportionate EBITDA.

Capex is balance sheet capital expenditure excluding spectrum and license costs and finance lease capitalizations from tower sale and leaseback transactions.

Cash Capex represents the cash spent in relation to capital expenditure, excluding spectrum and licenses costs and finance lease capitalizations from tower sale and leaseback transactions.

Operating Cash Flow (OCF) is EBITDA less Capex.

Operating Free Cash Flow is OCF less changes in working capital and other non-cash items and taxes paid.

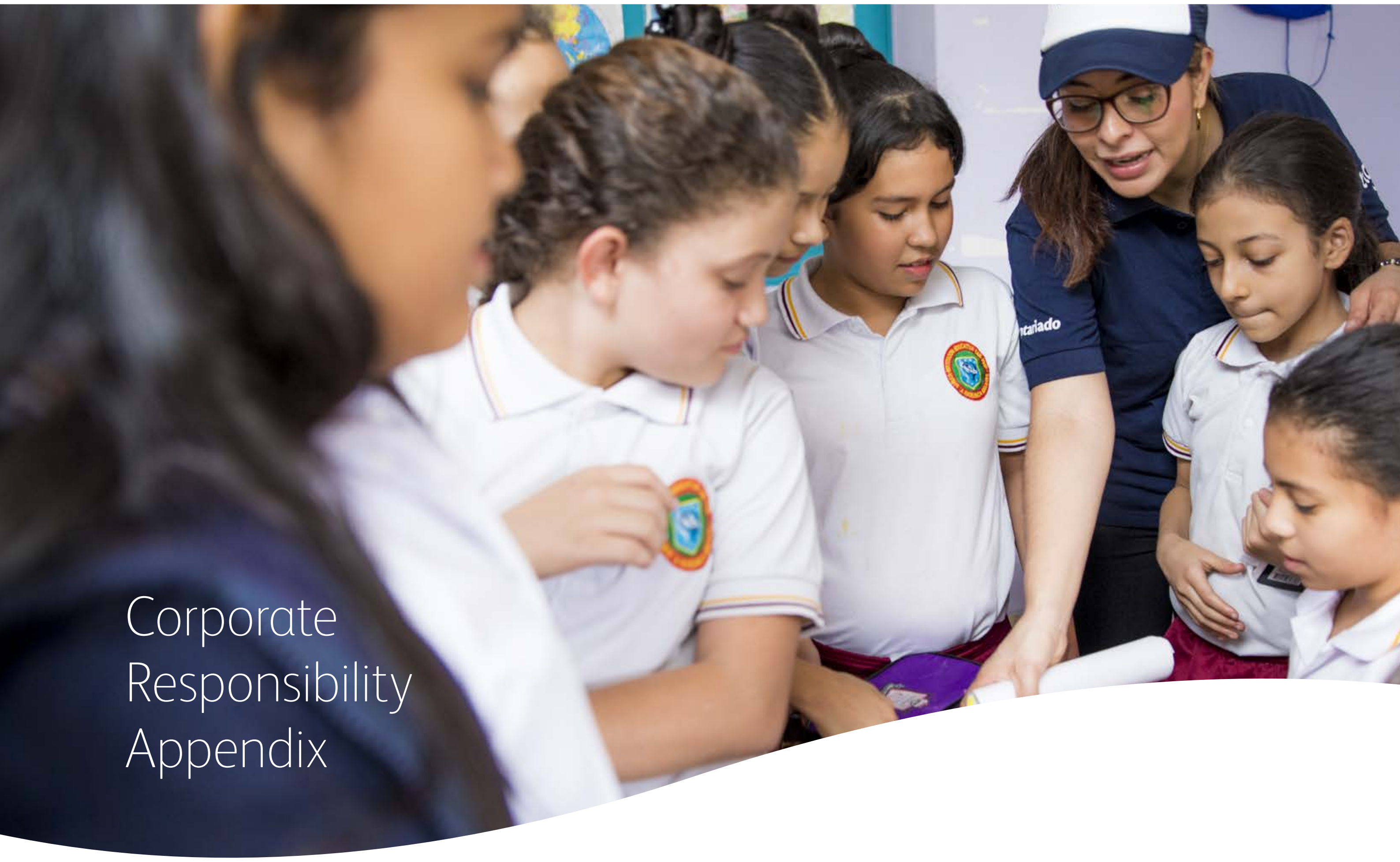
Equity Free Cash Flow is Operating Free Cash Flow less finance charges paid (net), plus dividends received from joint ventures less advances for dividends to non-controlling interests.

Return on Invested Capital (ROIC) is used to assess the Group's efficiency at allocating the capital under its control to and is defined as Operating Profit After Tax, including Guatemala and Honduras as if fully consolidated, divided by the average invested Capital during the period.

Operating Profit After Tax displays the profit generated from the operations of the company after statutory taxes.

Average Invested Capital is the capital invested in the company operation throughout the year and is calculated with the average of opening and closing balances of the total assets minus current liabilities (excluding debt, joint ventures, accrued interests, deferred and current tax, cash as well as investments and non-controlling interests), minus assets and liabilities held for sale.

Appendix:
Corporate Responsibility



Corporate Responsibility Appendix

Wrapping Up a Great Five Years

This appendix highlights what we have achieved over the past year in each of the material CR topics we have identified.

2018 has been a milestone year given that it as the last of the 2014 five-year plan. It has found us with CR firmly embedded in the day-to-day practices of many of our core business areas, leading to mutual learning, as well as an increasingly regional scope and positive impacts of our flagship programs. In the following pages we will share the main achievements and lessons learned which are at the core of the work laid out in our new five-year plan.

This corporate responsibility report includes the Honduras and Guatemala joint ventures as if fully consolidated in accordance with our management reporting. Reported indicators exclude Emtelco, Ghana, Nicaragua, and recently acquired Panama operation. Additional exclusions, where applicable, are detailed in footnotes.

Measure the success and health of our company beyond financials

What we did in 2018
- Strenghthened the collaboration with other business functions to best align CR and business objectives.
- Revised our data-management processes to enhance continuous improvement of our reports to stakeholders.
- Launched an updated CR Framework that stresses the intrinsic connection between our CR and business strategies.

Promote, protect, and strengthen our performance and reputation

What we did in 2018
- Continued to actively engage with our investors, partners, and other key stakeholders.
- Conducted our first external GNI Assessment.

Demonstrate thought leadership in areas that link to business success

What we did in 2018
- Conducted a one-of-a-kind study in Colombia to understand how children use the internet.
- Relaunched a best-in-class Supplier Training Program on CR.
- Rolled out a Women's Digital Inclusion program in all Latam.

Our Performance

Five-year plan objectives (by 2018)	Where we are today	What we learned
1. Privacy and freedom of expression » Complete an external assessment of Millicom's policies and processes relating to privacy and freedom of expression.	» Millicom has evolved its Privacy and Freedom of Expression (FoE) framework with a new Global Privacy Policy and an updated set of Law Enforcement Assistance and Major Events Guidelines, fit for today's technological and security challenges. Our LED report has been recognized as best practice in the industry.	» We will continue our engagements with peers/ other stakeholders on our policies and practices. It is our firm belief that positive outcomes for human rights will only come from collaboration via a multi-stakeholder forum such as the GNI - this is the best way to address such complex challenges.
2. Child rights and online protection » The Mobile Operator Child Rights Impact Assessment (MO CRIA) tool we jointly developed with UNICEF is used across the mobile operator community. » Conduct the MOCRIA in all operations in Africa and 50% of operations in Latam. » Integrate promotion of parental controls and distribution of safe internet into mobile, fixed, and cable TV customer processes in Latin America. » Publish child online protection (COP) policy and accompanying guidelines, and roll out across all operations.	» While to our knowledge no other companies of the industry have publicly adopted the use of the MOCRIA, it has been conducted in all our Latam operations with action plans in place. Parental controls are available for digital cable TV devices. COP Policy is in place, with COP training programs well established across the region, targeting parents, teachers and caregivers.	»Through our work on COP, we learned that our assessment and work needed to be expanded to the broader concept of Child Rights. We are also introducing findings from the MOCRIA into business processes, products and services.
3. Acting with integrity: anti-corruption compliance » Continue external and internal monitoring of the Anti-Bribery and Anti-Corruption (ABAC) program enhancements with a view to measure the maturity level of the compliance framework over time. » Embed compliance risk management into business risk management at global, regional, and local level. » Third-party due diligence for end-to-end process, from landowners to suppliers, IT software providers etc. based on risk level.	» We have established a robust Anti-corruption Program, rolling out policies across the organization to meet our legal compliance obligations and acquired automated solutions for third party vetting to improve corruption risk management within the organization	» While having policies and screening tools may mitigate corruption risks, implementing a comprehensive framework where anti-corruption procedures are embedded in business processes have proven effective, as well has the risk based training modules that enables employees to assess potential risk of corruption in their day to day function.
4. Reducing our environmental footprint » Establish a cross-functional steering committee and global energy reduction and green energy strategy. » Global e-waste process implemented in all operations to manage e-waste through responsible vendors. » Extend environmental reporting to consider emissions relating to logistics and supply chain.	» Our operations have directed investments and technology into our infrastructure to reduce our energy consumption, and have implemented e-waste programs with vendors. We will establish a steering committee which will focus on a comprehensive climate strategy and targets.	» While we have examples of good practices throughout our operations, an improved governance process will allow us to further replicate, scale and measure the results of these practices with common metrics.

Our Performance–*continued*

Five-year plan objectives (by 2018)	Where we are today	What we learned
5. Diversity » Increase the number of women among senior managers each year. » Establish a Group-wide maternity and paternity leave policy, to also include a shortened working week for breastfeeding mothers.	» Percentage of women in senior management has increased Company-wide from 22 to 29 % and gender equality at all levels will continue to be at the forefront of our inclusion efforts.	Our work towards a more inclusive workplace focuses on a broad range of life circumstances and needs. We are working with our operations to enhance inclusion across all dimensions of diversity.
6. Taking care of our people » Continue our zero-fatality commitment. » Review risk assessments for each country on a quarterly basis and update and manage as required. » Continue reporting to senior management and the Board on progress and incidents on a monthly basis.	» Since 2017, Health and Safety is part of the Integrated Services' team scope of work for a comprehensive approach across risk categories. » Zero Fatality is a commitment that never expires and we will continue to seek ways to reduce the occurrence of all incidents by root cause analysis, remediation action plans, and targeted training.	» Learning is part of everyday management and each incident is carefully analyzed to enhance prevention. We will continue to focus on management protocols, reporting, trend analysis to identify key risks and refurbish our mitigation controls. These points are tied in with an extensive program of accident/ incident awareness training.
7. Responsible supply chain management » Full supplier monitoring program in place, including self-assessments and on-site audits. » Support capacity building of local suppliers to manage corporate responsibility-related risks.	» We have increased the maturity level of our supplier assessment and monitoring programs by integrating a Supplier Due Diligence platform in our vetting process. » We have an established supplier CR training in Latam.	» We will step up our efforts to incorporate relevant CR criteria in our Procurement analysis and decision-making processes, further the collaboration between CR and Procurement teams, and provide CR training tailored to Procurement staff members.
8. Social investment » Connect 2,100 schools and public institutions to the internet by 2030 in Latin America. » Implement a volunteering program with digital education initiatives in all our markets by 2020.	» Our Social Investments (SI) have become more regional and strategic. We have already achieved 5 % of the goal for 2030. In addition, all Latam markets have ongoing volunteer programs focused on COP and the use of technology.	» SI is more a tool than an issue in and of itself. Therefore, we are discontinuing "Social Investment" as a separate focus area. Our updated CR framework contains our flagship programs under Responsible Leadership in Action. This will enable a more regional, strategic and measurable approach to our investments.

Our Performance–*continued*

1. Privacy and freedom of expression

KPI	2017 value	2018 value
% of operations with controls systematically applied in line with the Group guidelines[1]	100%	100%
Total number of law enforcement requests (Group)	41,323	45,666[2]
Number of major events	14	20

1 Based on 11 operations.

Law Enforcement Requests

KPI	2017 value	2018 value
Number of law enforcement requests - Latam		
Interception	971	2116
Customer metadata	32,340	33,868
MFS	181	523[2]
Content Takedown	1	0
Number of law enforcement requests - Africa		
Interception	0	0
Customer metadata	7,705	8,930
MFS	251	228
Content Takedown	3	1

Overview of Major Events by Type[3]

KPI	2017 value	2018 value
Shutdown or restriction of services[4]	2	7
Proposals for significant changes[5] **in local laws**	4	5
Proposals for significant changes[5] **in technical or operational procedures**	1	2
Disproportionate interception or customer data requests	2	2
Politically motivated messages	0	1
Other	5	3

2 MFS values for requests in Paraguay derived from estimates.
3 Data reported for financial year, including 2017 data.
4 Renamed from “Shutdown of services” to “shutdown or restriction of services”.
5 Concerning government surveillance, interception or other (with Privacy or FoE-related implications).

Our Performance–*continued*

2. Child rights and online protection

KPI	2017 value	2018 value
% of operations with controls systematically applied in line with the minimum age policy	100%	100%
% of operations with child risk impact assessments conducted to date	57%	100%
% of operations that have hosted a multi-stakeholder COP workshop to date	86%	100%
% of operations with a child online protection portal	71%	71%
Number of children reached by COP training (000)	188.6	360.1[1]
% of operations in Latam blocking child sexual abuse content	71%	71%

1 Cumulative from 2016. From October 1, 2017 to September 30, 2018, the number of children reached by COP training was 171,500 in Latam.

3. Acting with integrity: anti-corruption compliance

KPI	2017 value	2018 value
% of employees who acknowledged the Code of Conduct	96[1]	91
% of employees who have completed the Code training	96[2]	90
% of procurement staff trained on ABAC	96	97
% of senior managers trained on ABAC	98	99
% of employees who filled and signed the conflict of interest declaration form	90.5	92[3]
Number of cases of unethical behavior reported and investigated	164	336[4]
Investigations resulting in written warning	6	72
Investigations resulting in termination of employee contract	58	31
% revenue from MFS represented by operations audited for AML controls	27	97[5]
% of operations (where) we conducted a compliance risk assessment or audit	45	30
Turnover of procurement staff (%)	17	28

1 The percentages of employees who acknowledged the Code and who have completed the Code training are the same as both were done simultaneously for 2017.
2 In the framework of the 2017 Global Compliance Awareness Week, held in November 2017, acknowledgment of the Code was simultaneous with the training, hence the identical percentages. Employees are required to complete a training session on both the Code and Anti-Bribery and Anti-Corruption at least once a year. The Corporate Offices' training completion rate excludes employees on long-term leave.
3 Guatemala not included because, as of December 31st, 2018, authorization of the conflict of interest form and policy is pending by local compliance committee.
4 Incidents reported through Millicom Ethics Line and Linea Etica TigoUne. Incidents reported from Guatemala were channeled through Millicom Ethics Line in 2018, as Linea Ética Tigo Guatemala, currently going through an upgrading process, was. Incidents reported through Linea Ética Tigo Guatemala are included as of 2017. In addition to the inclusion of the incidents reported through Línea Ética Tigo Guatemala, the increase in incident count can be attributed to the efforts placed in promoting the Ethics lines.
5 In 2018, 6 of our 8 operations offering MFS were audited on their AML controls.

Our Performance–*continued*

3. Acting with integrity: anti-corruption compliance—continued

Overview of cases reported to Millicom Ethics Line[1]

Bribery and Corruption

KPI	2017 value	2018 value
Number of cases reported and investigated	7	10
Cases resulting in written warning	0	2
Cases resulting in termination	0	3

Discrimination and Harassment

KPI	2017 value	2018 value
Number of cases reported and investigated	12	49
Cases resulting in written warning	0	16
Cases resulting in termination	0	10

Human Rights and Labor

KPI	2017 value	2018 value
Number of cases reported and investigated	22	0
Cases resulting in written warning	2	0
Cases resulting in termination	0	0

Conflict of Interest

KPI	2017 value	2018 value
Number of cases reported and investigated	7	24
Cases resulting in written warning	0	4
Cases resulting in termination	0	3

Fraud

KPI	2017 value	2018 value
Number of cases reported and investigated	10	16
Cases resulting in written warning	0	3
Cases resulting in termination	3	2

Other

KPI	2017 value	2018 value
Number of cases reported and investigated	22	89
Cases resulting in written warning	4	21
Cases resulting in termination	1	4

1 The metric "Cases resulting in written warning or termination" reports number of cases with that outcome; not number of written warning and/or terminations. One case can include warnings and/or terminations to multiple employees.

Our Performance–*continued*

4. Reducing our environmental footprint

e-waste recycled through responsible waste management program (tonnes)[1]

KPI	2017 value	2018 value
Bolivia	474	7.74
Colombia	77	587
Costa Rica	44.5	310
El Salvador	162	147
Guatemala	1,037	400
Honduras	3.52	0
Paraguay	236	105.18
Tanzania	462	400

1 Program also set up in Chad. No values available for this operation.

Energy use

Total Energy Consumption/Sources of Energy by Asset Type

KPI	2017 value	2018 value
Base station and fixed network sites[1]		
Fuel (000 l)	14,732	10,435.32
Energy from fuel (MWh)	147,073	104,178.29
Electricity (MWh)	354,949	444,885.99
Our fleet[2]		
Fuel (000 l)	6,335	4,063.98
Energy from fuel (MWh)	60,756	38,609.45
Electricity (MWh)	N/A	N/A
Datacenters and offices[3]		
Fuel (000 l)[3]	988	449.74
Energy from fuel (MWh)	24,082	4,489.88
Electricity (MWh)	55,885[5]	89,582.09
Shops[6]		
Fuel (000 l)	332	23.44
Energy from fuel (MWh)	3,312	233.94
Electricity (MWh)[7]	15,509	16,916.97

1 Zantel excluded.
2 Fuel consumption for fleet includes gasoline and diesel consumption.
3 Many of our data centers are co-located with our offices. Therefore, they often do not have separate meters to enable us to report on datacenter consumption separately. Zantel excluded for 2017 and Chad excluded for 2017 and 2018. Estimated data for Colombia Movil.
5 Electricity consumption for offices and datacenters in El Salvador excluded in 2017.
6 Zantel and Chad excluded for 2018.
7 Electricity consumption for shops in Guatemala is calculated based on electricity cost.

Our Performance–*continued*

Emissions and e-waste overview

KPI	2017 value	2018 value
Total weight of e-waste recycled through our responsible e-waste management program	2,496.02	1,956.92
Scope 1 emissions (tonnes CO_2e)[1]	58,787	39,181
Scope 2 emissions (tonnes CO_2e)[2]	114,883	141,439
Scope 3 emissions (tonnes CO_2e)[3]	NA	NA
% of operations set up on global responsible e-waste recycling program	91	91
% of operations with controls systematically applied in line with the environment policy	100	100
Tonnes of CO_2e emissions per USD$1,000 revenue	0.029	0.03

1 Emissions from fuel are calculated using World Resources Institute (2015) GHG Protocol tool for stationary combustion, version 4.1.
2 Emissions from electricity are calculated using Electricity Emission Factors from IEA, version 2016, except in the cases of Paraguay and Chad, where other official sources were used. Zantel excluded.
3 Not included, as we are currently reassessing our methodology for reporting Scope 3 emissions.

5. Diversity

KPI	2017 value	2018 value
% of operations with breastfeeding rooms in Latam	64	100
% of women in senior management positions	33	28
% of women across our employee base	40	41

6. Taking care of our people

KPI[1]	2017 value	2018 value
% of operations with controls systematically applied in line with our Group health and safety policy	100	100
% of operations in line with OHSAS 18001	100	100
% of operations certified against OHSAS 18001	46	91
Number of employee fatalities[1]	1	0
Number of contractor fatalities	9	2
Number of health and safety incidents reported	387	369
Lost-time injury rate per 1,000 workers	2.6	0.54
Absentee rate	0.8	1.29

1 Numbers of employee and contractor fatalities reported are aligned with the reporting period from October 1st 2017 to September 30th, 2018. Fatalities for previous years have been reported between the same dates.

Our Performance–*continued*

7. Responsible supply chain management

KPI	2017 value	2018 value
Total number of suppliers invited to complete an EcoVadis assessment	321	326
Total number of suppliers who completed the assessment	68	129
Total number of suppliers that do not fulfill our requirements	42	58
Number of suppliers with improved scores following implementing corrective action plans (CAPs)	47	73
Number of CAPs requested from suppliers by EcoVadis categories		
Environmental	58	35
Labor rights	127	81
Fair business practices	88	59
Sustainable procurement	63	36
% of strategic suppliers who signed the supplier code	89	89
% of all suppliers who have signed the supplier code	61[1]	65
% of spend represented by suppliers who completed assessments on EcoVadis to date	47.3	42
% of procurement teams trained on responsible supply chain management	96[2]	81[3]
Number of suppliers trained on Millicom's corporate responsibility strategy and requirements	121	108

1 Guatemala's information excluded from this percentage for 2017 as a different definition was applied to calculate the indicator locally. The 2018 value includes Guatemala.
2 Procurement teams training focused on Anti-Bribery, Anti-Corruption (ABAC) in 2017, as reported in the Compliance performance table for that year (page 103).
3 Colombia excluded

8. Social investment

KPI	2017 value	2018 value
Number of volunteering hours	14,841	24,732
Monetary value of employee volunteering (US$ 000)	170	235
Total cash contributions (US$ 000)	3,203	3,776
In-kind giving (US$ 000, at cost)	6,399	6,737
Schools and public institutions connected to the internet[1]	1,259	1,361
Women enrolled in digital inclusion programs[2]	New KPI for 2018	117,340
Women enrolled in financial inclusion programs[2]	New KPI for 2018	97,978

1 Cumulative since 2016, then the commitment with the ICT 2030 Alliance was signed with the OAS (see page 80 of our 2016 Annual Report).
2 Depending on local curriculum, women enrolled in training programs receive training on both digital and financial inclusion, therefore the two figures partially overlap and should not be combined.

Independent Limited Assurance Report

To the Management and Directors of Millicom International Cellular S.A.

Scope of work

We have undertaken a limited assurance engagement in relation to the Millicom International Cellular S.A (Millicom) Corporate Responsibility Report (Pages 100 – 109) of the Millicom Annual Report 2018 (the "Corporate Responsibility Report").

The scope determined by Millicom for the preparation of this independent limited assurance report is described below:

Reporting Section	Indicator Description	KPI Reference Review Period 2018
Privacy and freedom of expression	% of operations with controls systematically applied in line with the Group guideline	Q4 2017 -Q3 2018
	Total number of law enforcement requests (Group)	Q4 2017 - Q3 2018
	Number of major events	Q1 2018 - Q4 2018
Acting with integrity	% of employees who acknowledged the Code of conduct	Q1 2018 - Q4 2018
	% of employees who have completed the Code training	Q1 2018- Q4 2018
	% of procurement staff trained on ABAC	Q1 2018- Q4 2018
	% of senior managers trained on ABAC	Q1 2018- Q4 2018
	% of employees who filled and signed the conflict of interest declaration form	Q1 2018- Q4 2018
	Number of cases of unethical behavior reported and investigated	Q1 2018 - Q4 2018
	Investigations resulting in written warning	Q1 2018 - Q4 2018
	Investigations resulting in termination of employee contract	Q1 2018 - Q4 2018
	Turnover of procurement staff	Q4 2017 - Q3 2018
Reducing our environmental footprint	Total Energy Consumption / Sources of energy by asset type	Q4 2017 - Q3 2018
	Scope 1 and 2 carbon emissions	Q4 2017 - Q3 2018
Diversity	% of women in senior management positions	Q1 2018 - Q4 2018
Taking care of our people	Absentee rate	Q4 2017- Q3 2018
Responsible supply chain management	Total number of suppliers invited to complete an EcoVadis assessment	Q4 2017 - Q3 2018
	% of strategic suppliers who signed the supplier code	Q4 2017 - Q3 2018
	% of all suppliers who have signed the supplier code	Q4 2017 - Q3 2018
	% of procurement teams trained on responsible supply chain management	Q4 2017 - Q3 2018

The Millicom Corporate Responsibility Report was prepared in accordance with AA1000 AccountAbility Principles Standard 2008 (AA1000 APS 2008).

Criteria

Our review was carried out based on:

- AA1000 AccountAbility Assurance Standard 2008, with a moderate level of type 2 assurance.
- Standard ISAE 3000, Assurance Engagements, issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accountants (IFAC), with a limited scope of assurance.

Management's Responsibility

The management of Millicom is responsible for the preparation and fair presentation of the Corporate Responsibility Report in accordance with the Criteria, and is also responsible for the selection of methods used in the Criteria. Further, Millicoms' management is responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Corporate Responsibility Report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate criteria; maintaining adequate records and making estimates that are reasonable in the circumstances.

Assurance Practitioner's Responsibility

Our responsibility is to provide with independent third-party limited assurance on the content of Millicom's Corporate Responsibility Report according to the scope previously defined.

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion, and, as such, do not provide all of the evidence that would be required to provide a reasonable level of assurance. The procedures performed depend on the assurance practitioner's judgement including the risk of material misstatement of the Corporate Responsibility Report, whether due to fraud or error. While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems, which would have been performed under a reasonable assurance engagement.

Independence

We have performed our work in accordance with the standards of independence required by the Code of Ethics of the International Federation of Accountants (IFAC).

Applied procedures

Our assurance procedures consisted in requesting information from Millicom Corporate Responsibility department and business areas participating in the preparation of the Corporate Responsibility Report and applying analytical procedures and sampling tests as described in general terms below:

1. Interviews with senior managers responsible for management of Corporate Responsibility issues and review of selected evidences to support issues discussed. The list of interviewees included Executives with overall responsibility for Millicom's Corporate Responsibility strategy and programmes and for specific functions, including Supply Chain, Health and Safety, Privacy and Compliance. The purpose of these interviews was to obtain awareness of the Corporate Responsibility objectives and policies as well as how they are put into practice and integrated into Millicom's strategy
2. Review of Millicom's approach to stakeholder's engagement and outputs.
3. Review of the processes for gathering and consolidating the specified performance data and, for a sample, checking the data consolidation.
4. Checks on a sample basis of the quantitative information included in the Corporate Responsibility Report as well as its adequate compilation from data supplied by information sources. The tests have been defined to provide limited assurance levels in line with the criteria described in this report.
5. Site visits in Millicom's operations in Guatemala and Paraguay to review process and systems for preparing site level corporate responsibility data and implementation of Corporate Responsibility strategy.

Conclusions

Based on our limited assurance procedures described above, nothing has come to our attention that causes us to believe that the Corporate Responsibility Report is not presented fairly, in all material respects, in accordance with the Criteria (the principles established in standard AA1000 APS 2008) such as:

1. Inclusiveness

- In 2018, Millicom continued its efforts to engage and establish relationships with its key stakeholders, with regards to CR, such as, quarterly updates for the Board of Directors and for investors, interactions with civil society and active participation in GNI. Specifically, they used the opportunity of the materiality assessment this year to include various stakeholders across four key groups, namely investors, civil society, customers and employees into CR discussions.
- Millicom partnered with the EAFIT University in Medellin, Colombia to launch a pioneering assessment on the use of ICT by children, that not only conducted research but also actively involved members of civil society and Millicom employees.

2. Materiality

- In 2018, Millicom developed a new materiality matrix with the support of an external provider. This materiality matrix has been based on a series of more than 40 interviews in total, covering various types of internal and external stakeholders. With this initiative, Millicom has responded to the prior years' assurance observations regarding materiality assessment and demonstrates its commitment to continuous improvement in this area.
- Millicom has developed the necessary competencies of internal CR stakeholders to apply the materiality based reporting process and to strengthen their awareness on importance of data management and quality.

3. Responsiveness

- Millicom's Law Enforcement Disclosure (LED) committee is formed by a cross functional team of internal stakeholders that views relevant issues of privacy, cybersecurity and freedom of expression in a combined manner. It keeps track of trends and concerns in this sector, and regularly interacts with key external stakeholders. One of the key responses to these challenges was carrying out the GNI assessment and development of the 'Global Privacy Policy' in 2018.
- In 2018, Millicom developed both a "Corporate Responsibility Reporting Governance Process" and a "Reporting Guidelines" that aim at strengthening the Corporate Responsibility Reporting process by detailing roles and responsibilities, definitions of the key indicators, data flow, required evidences for indicators and calculations and data control. Moreover, Millicom trained the whole "CR team" in the various local operations including "Data contributors" and "Data validators" to this new "Corporate Responsibility Reporting Governance Process".
- Through its continuous improvement of learning processes, Millicom further enhanced the training provided to its key suppliers with one-on-one follow-up sessions to ensure that suppliers understand the high expectations and standards of Millicom regarding critical issues, such as Ethics, Privacy, Child Rights, Diversity, Health and Safety and Environment.

Recommendations

We also presented to Millicom our recommendations regarding areas of improvement related to the application of standard AA1000 APS 2008 as well as to actions taken with main stakeholders. The most significant recommendations are summarized below:

1. Inclusiveness

- We support the commitment of Millicom to go further in the holistic dissemination of information and expectations across the entire value chain, by ensuring that the content of the Responsible Supply Chain Management training, currently provided to the procurement team, is aligned and made consistent with that of the Supplier training program carried out for LATAM suppliers in 2018.
- While already implemented throughout 2018, we recommend that Millicom continues to identify opportunities to develop communication platforms in order to broaden and strengthen its dialogue on CR with all its stakeholders, such that their expectations and priorities can be consistently incorporated into Millicom's CR strategy and action plan.

2. Materiality

- We recommend Millicom to not only continue to implement its plan to conduct the materiality assessment on a biennial basis, but also to monitor key trends and context that can assist in regularly updating their CR action plan.
- We further recommend Millicom to use the opportunity of the results of the new materiality assessment and creation of the new CR action plan to further refine material requirements and their actions at the country level.

3. Responsiveness

- Although Millicom deployed the "Corporate Responsibility Reporting Governance Process" and "Reporting Guidelines", the on-ground application and integration of these processes and guidelines needs further efforts. As already started in 2018, we recommend Millicom to pursue its implementation in all locations and departments. In this regard, we also recommend to further strengthen data collection and control processes regarding the monitoring and follow up of Health & Safety (H&S) incidents and continue to develop communication with external providers on H&S issues. We also recommend Millicom to pursue its efforts for an enhanced reporting of Environmental data.
- In order to continue and enhance dialogue with key stakeholders, we recommend Millicom to respond to its stakeholder's material CR concerns by developing a process and methodology of communication on achievements of commitments and progress against goals of its CR action plan.

Ernst & Young
Société Anonyme
Cabinet de Révision Agréé

Olivier Lemaire	*David Cau*
Partner	*Director*

Luxembourg, February 28, 2019

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Corporate Information

BOARD OF DIRECTORS

José Antonio Ríos García
Chairman, Director

Pernille Erenbjerg
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Odilon Almeida
Director

Janet Davidson
Director

Tomas Eliasson
Director

Lars-Åke Norling
Director

Roger Solé Rafols
Director

James Thompson
Director

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Tim Pennington
Chief Financial Officer

Esteban Iriarte
Chief Operating Officer—Latam

Mohamed Dabbour
Head of Africa Division

Xavier Rocoplan
Chief Technology and Information Officer

Rachel Samrén
Chief External Affairs Officer

Salvador Escalón
General Counsel

Susy Bobenrieth
Chief Human Resources Officer

HL Rogers
Chief Ethics and Compliance Officer

AUDITOR

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STOCK TRANSFER AGENT

Questions or requests related to stock transfers, lost certificates, or account changes should be directed to:

Shareholder Services
1-800-937-5449 ext. 4801
1-718-921-8200 ext. 4801
help@astfinancial.com
www.astfinancial.com

INVESTOR RELATIONS

Investors@millicom.com

MEDIA CONTACT

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ANNUAL MEETING

The 2019 Annual Meeting of Shareholders will be held on May 2, 2019 at the Hotel Le Royal, 12 Boulevard Royal, Luxembourg, L-2449.

HEADQUARTERS

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