Unaudited Interim Condensed Consolidated Financial Statements

For the three-month period and year ended December 31, 2018

February 7, 2019

Unaudited interim condensed consolidated income statements for the year ended December 31, 2018

$ millions	Notes	Year ended December 31, 2018	Year ended December 31, 2017 (i)
Revenue	**5**	**4,074**	**4,076**
Cost of sales		(1,146)	(1,205)
Gross profit		**2,928**	**2,871**
Operating expenses		(1,674)	(1,593)
Depreciation		(685)	(695)
Amortization		(144)	(146)
Share of profit in the joint ventures in Guatemala and Honduras	14	154	140
Other operating income (expenses), net		76	68
Operating profit	**5**	**655**	**645**
Interest and other financial expenses	10	(371)	(396)
Interest and other financial income		21	16
Other non-operating income (expenses), net	6	(40)	(4)
Profit (loss) from other joint ventures and associates, net		(136)	(85)
Profit before taxes from continuing operations		**129**	**176**
Charge for taxes, net		(116)	(158)
Profit for the year from continuing operations		**13**	**18**
Profit (loss) for the year from discontinued operations, net of tax	4	(39)	51
Net profit for the year		**(26)**	**69**
Attributable to:			
Owners of the Company		(10)	86
Non-controlling interests		(16)	(17)
Earnings per common share for net profit (loss) attributable to the owners of the Company:			
Basic ($)	7	(0.10)	0.86
Diluted ($)	7	(0.10)	0.86

(i) Re-presented for discontinued operations (see note 4). Not restated for the application of IFRS 15 and 9, as the Group elected the modified retrospective approach for both standards (see note 2).

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

Unaudited interim condensed consolidated income statements for the three-month period ended December 31, 2018

$ millions	Notes	Three months ended December 31, 2018	Three months ended December 31, 2017 (i)
Revenue	5	**1,010**	**1,056**
Cost of sales		(282)	(322)
Gross profit		**728**	**734**
Operating expenses		(460)	(403)
Depreciation		(169)	(177)
Amortization		(41)	(31)
Share of profit in the joint ventures in Guatemala and Honduras	14	45	25
Other operating income (expenses), net		10	44
Operating profit	5	**113**	**193**
Interest and other financial expenses	10	(99)	(86)
Interest and other financial income		7	4
Other non-operating (expenses) income, net	6	(46)	1
Profit (loss) from other joint ventures and associates, net		(35)	(32)
Profit before taxes from continuing operations		**(61)**	**81**
Charge for taxes, net		(46)	(33)
Profit (loss) for the period from continuing operations		**(107)**	**48**
Profit (loss) for the period from discontinued operations	4	(4)	33
Net profit (loss) for the period		**(111)**	**82**
Attributable to:			
Owners of the Company		(94)	69
Non-controlling interests		(17)	12
Earnings per common share for net profit (loss) attributable to the owners of the Company:			
Basic ($)	7	(0.94)	0.69
Diluted ($)	7	(0.94)	0.69

(i) Re-presented for discontinued operations (see note 4). Not restated for the application of IFRS 15 and 9, as the Group elected the modified retrospective approach for both standards (see note 2).

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

Unaudited interim condensed consolidated statements of comprehensive income for the three-month period and the year ended December 31, 2018

$ millions	Year ended December 31, 2018	Year ended December 31st, 2017 (i)
Net profit for the year	(26)	69
Other comprehensive income (to be reclassified to income statement in subsequent periods), net of tax:		
Exchange differences on translating foreign operations	(81)	85
Cash flow hedges	(1)	4
Other comprehensive income (not to be reclassified to profit and loss in subsequent periods), net of tax:		
Remeasurements of pension obligations, net of taxes	—	(2)
Total comprehensive income for the year	**(108)**	**158**
Attributable to:		
Owners of the Company	(78)	173
Non-controlling interests	(30)	(15)
Total comprehensive income for the period arises from:		
Continuing operations	(97)	120
Discontinued operations	(11)	38

(i) Re-presented for discontinued operations (see note 4). Not restated for the application of IFRS 15 and 9, as the Group elected the modified retrospective approach for both standards (see note 2).

$ millions	Three months ended December 31, 2018	Three months ended December 31, 2017 (i)
Net profit (loss) for the period	(111)	82
Other comprehensive income (to be reclassified to income statement in subsequent periods), net of tax:		
Exchange differences on translating foreign operations	(62)	63
Cash flow hedges	(1)	—
Other comprehensive income (not to be reclassified to profit and loss in subsequent periods), net of tax:		
Remeasurements of pension obligations, net of taxes	—	(2)
Total comprehensive income for the period	**(172)**	**145**
Attributable to:		
Owners of the Company	(140)	136
Non-controlling interests	(32)	10
Total comprehensive income for the period arises from:		
Continuing operations	(168)	114
Discontinued operations	(4)	32

(i) Re-presented for discontinued operations (see note 4). Not restated for the application of IFRS 15 and 9, as the Group elected the modified retrospective approach for both standards (see note 2).

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

Unaudited interim condensed consolidated statement of financial position as at December 31, 2018

$ millions	Notes	December 31, 2018	December 31, 2017 (audited) (i)
ASSETS			
NON-CURRENT ASSETS			
Intangible assets, net	9	2,374	1,265
Property, plant and equipment, net	8	3,041	2,880
Investments in joint ventures	14	2,867	2,966
Investments in associates		169	241
Contract costs, net	2	4	—
Deferred tax assets		202	180
Other non-current assets	12	126	113
TOTAL NON-CURRENT ASSETS		**8,784**	**7,646**
CURRENT ASSETS			
Inventories		39	45
Trade receivables, net		343	386
Contract assets, net	2	37	—
Amounts due from non-controlling interests, associates and joint ventures	12	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		158	145
Cash and cash equivalents		528	619
TOTAL CURRENT ASSETS		**1,529**	**1,585**
Assets held for sale	4	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 (see note 2).

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

Unaudited interim condensed consolidated statement of financial position as at December 31, 2018 (continued)

$ millions	Notes	December 31, 2018	December 31, 2017 (audited) (i)
EQUITY AND LIABILITIES			
EQUITY			
Share capital and premium		635	637
Treasury shares		(81)	(106)
Other reserves		(538)	(472)
Retained profits		2,535	2,950
Profit for the year attributable to equity holders		(10)	86
Equity attributable to owners of the Company		**2,542**	**3,096**
Non-controlling interests		249	185
TOTAL EQUITY		**2,790**	**3,281**
LIABILITIES			
Non-current liabilities			
Debt and financing	10	4,123	3,600
Amounts due to non-controlling interests, associates and joint ventures	12	135	124
Provisions and other non-current liabilities		351	335
Deferred tax liabilities		233	56
Total non-current liabilities		**4,841**	**4,116**
Current liabilities			
Debt and financing	10	458	185
Put option liability	3	239	—
Payables and accruals for capital expenditure		335	304
Other trade payables		282	288
Amounts due to non-controlling interests, associates and joint ventures	12	348	296
Accrued interest and other expenses		383	353
Current income tax liabilities		58	81
Contract liabilities	2,13	87	—
Derivative financial instruments	13	—	56
Provisions and other current liabilities		494	425
Total current liabilities		**2,684**	**1,989**
Liabilities directly associated with assets held for sale	4	—	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 (see note 2).

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

Unaudited interim condensed consolidated statement of cash flows for the year ended December 31, 2018

$ millions (i)	Notes	December 31, 2018	December 31, 2017 (i)
Cash flows from operating activities (including discontinued operations)			
Profit before taxes from continuing operations		129	176
Profit (loss) before taxes from discontinued operations	4	(39)	51
Profit before taxes		**91**	**226**
Adjustments to reconcile to net cash:			
Interest and other financial expenses		373	416
Interest and other financial income		(21)	(16)
Adjustments for non-cash items:			
Depreciation and amortization	5	830	879
Share of profit in Guatemala and Honduras joint ventures		(154)	(141)
Loss (gain) on disposal and impairment of assets, net	4	(36)	(99)
Share-based compensation		22	22
Transaction costs assumed by Cable Onda	3	30	—
(Profit) loss from other joint ventures and associates, net		136	85
Other non-cash non-operating (income) expenses, net		39	(2)
Changes in working capital:			
Decrease (increase) in trade receivables, prepayments and other current assets, net		(128)	6
(Increase) decrease in inventories		2	16
Increase (decrease) in trade and other payables, net		69	(83)
Changes in contract assets, liabilities and costs, net		(9)	—
Total changes in working capital		**(66)**	**(61)**
Interest (paid)		(318)	(372)
Interest received		20	16
Taxes (paid)	5	(153)	(132)
Net cash provided by operating activities		**792**	**820**
Cash flows from investing activities (including discontinued operations):			
Acquisition of subsidiaries, joint ventures and associates, net of cash acquired	3	(953)	(22)
Proceeds from disposal of subsidiaries and associates, net of cash disposed	4	176	22
Purchase of intangible assets and licenses	9	(148)	(133)
Proceeds from sale of intangible assets		—	4
Purchase of property, plant and equipment	8	(632)	(650)
Proceeds from sale of property, plant and equipment	8	154	179
Dividends received from joint ventures	14	243	203
Settlement of derivative financial instruments	13	(63)	—
Cash (used in) provided by other investing activities, net		24	31
Net cash used in investing activities		**(1,199)**	**(367)**
Cash flows from financing activities (including discontinued operations):			
Proceeds from debt and other financing	10	1,155	996
Repayment of debt and other financing	10	(546)	(1,195)
Dividends paid to non-controlling interests		(2)	—
Dividends paid to owners of the Company		(266)	(265)
Net cash provided by (used in) financing activities		**341**	**(464)**
Exchange impact on cash and cash equivalents, net		(33)	4
Net (decrease) increase in cash and cash equivalents		**(98)**	**(8)**
Cash and cash equivalents at the beginning of the year		619	646
Effect of cash in disposal group held for sale	4	6	(19)
Cash and cash equivalents at the end of the year		**528**	**619**

(i) Re-presented for discontinued operations (see note 4). Not restated for the application of IFRS 15 and 9, as the Group elected the modified retrospective approach for both standards (see note 2).

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

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

$ millions	Number of shares (000's)	Number of shares held by the Group (000's)	Share capital	Share premium	Treasury shares	Retained profits (i)	Other reserves	Total	Non-controlling interests	Total equity
Balance on December 31, 2016	**101,739**	**(1,395)**	**153**	**485**	**(123)**	**3,215**	**(562)**	**3,167**	**201**	**3,368**
Total comprehensive income for the period	—	—	—	—	—	86	87	173	(15)	158
Dividends (ii)	—	—	—	—	—	(265)	—	(265)	—	(265)
Purchase of treasury shares	—	(32)	—	—	(3)	—	—	(3)	—	(3)
Share-based compensation	—	—	—	—	—	—	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) (iii)	—	—	—	—	—	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	—	—	—	—	—	—	22	22	—	22
Issuance of shares under share-based payment schemes	—	351	—	(2)	31	(5)	(22)	2	—	2
Effect of change in consolidation scope (v)	—	—	—	—	—	—	—	—	111	111
Put option reserve (v)	—	—	—	—	—	(239)	—	(239)	—	(239)
Balance on December 31, 2018	**101,739**	**(913)**	**153**	**482**	**(81)**	**2,525**	**(538)**	**2,542**	**249**	**2,790**

(i) Retained profits — includes profit attributable to equity holders, of which at December 31, 2018, $324 million (2017: $345 million) are not distributable to equity holders.
(ii) Dividends — A dividend distribution of $2.64 per share was approved by the Annual General Meeting of shareholders and distributed in May 2017.
(iii) See note 2 for details about changes in accounting policies.
(iv) Dividends — A dividend distribution of $2.64 per share was approved by the Annual General Meeting of shareholders and paid in equal portions in May 2018 and November 2018.
(v) Effect of the acquisition of Cable Onda S.A. See note 3 for further details.

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

Notes to the unaudited interim condensed consolidated statements

1. ORGANIZATION

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

On February 7, 2019, the Board of Directors authorized these interim condensed consolidated financial statements for issuance.

2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES

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

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

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

- IFRS 15 "Contracts with customers" establishes a five-step model related to revenue recognition from contracts with customers. Under IFRS 15, revenue is recognized at amounts that reflect the consideration that an entity expects to be entitled to in exchange for transferring goods or services to a customer. The Group adopted the accounting standard on January 1, 2018 using the 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. 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 capitalised cost incurred to obtain a contract (mainly commissions).

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

2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES (Continued)

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 profits as at January 1, 2018 and comparative financial statements have not been restated in accordance with the transitional provisions in IFRS 15. The impact on the opening balance of retained earnings as at January 1, 2018 is 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.

<u>The revenue recognition accounting policy applied from January 1, 2018 is as follows:</u>

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 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 within other current liabilities. Upon expiration of the validity period, the portion of the contract liability relating to the expiring credit is recognized as revenue, since there is no longer an obligation to provide those services.

Telephone and equipment sales are 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). In cases the Group determines that it acts as a principal, revenue is recognized in the gross amount, whereas in cases the Group acts as an agent revenue is recognized in the net amount (i.e. provision payment).

2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES (Continued)

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

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

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

The application of IFRS 9 did not have an impact for the Group on classification, measurement and recognition of financial assets and financial liabilities compared to IAS 39, but it has an impact on impairment of trade receivables and contracts assets (IFRS 15) as well as on amounts due from joint ventures and related parties – with the application of the expected credit loss model instead of the current incurred loss model. Similarly to IFRS 15 adoption, the Group adopted the standard using the cumulative catch-up transition method. Hence, the cumulative effect of initially applying the Standard has been recognized as an adjustment to the opening balance of retained profits as at January 1, 2018 and comparative consolidated financial statements have not be restated in accordance with the transitional provisions in IFRS 9. The impact on the opening balance of retained profits as 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.

<u>The Financial Instruments accounting policies applied from January 1, 2018 is as follows:</u>

i) Equity and debt instruments

Classification

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

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

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

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

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

Measurement

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

2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES (Continued)

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

Debt instruments

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

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is 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 income statement.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, 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 income statement.
- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is 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 income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

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

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

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

ii) Derivative financial instruments and hedging activities

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

The application of the following new standards or interpretations 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'.
- Annual improvements to IFRS Standards 2014–2016.

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

2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES (Continued)

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

FINANCIAL POSITION $ millions	As at January 1, 2018 before application	Effect of adoption of IFRS 15	Effect of adoption of IFRS 9	As at January 1, 2018 after application	Reason for the change
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 (current)	425	(46)	—	379	*(vii)*
Deferred tax liability (non-current)	56	7	(1)	62	*(viii)*
EQUITY					
Retained profits	3,035	48	(38)	3,045	*(ix)*
Non-controlling interests	185	—	(4)	181	*(ix)*

(i) *Impact of application of IFRS 15 and IFRS 9 for our joint ventures in Guatemala, Honduras and Ghana.*
(ii) *This mainly represents commissions capitalised and amortized over the average contract term.*
(iii) *Effect of the application of the expected credit losses required by IFRS 9 on amounts due from joint ventures.*
(iv) *Effect of the application of the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.*
(v) *Contract assets mainly represents subsidised 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.

2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES (Continued)

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

	For the year ended December 31, 2018			
INCOME STATEMENT $ millions	**As reported**	**Without adoption of IFRS 15**	**Effect of Change Higher/(Lower)**	**Reason for the change**
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)*

	For the three month period ended December 31, 2018			
INCOME STATEMENT $ millions	**As reported**	**Without adoption of IFRS 15**	**Effect of Change Higher/(Lower)**	**Reason for the change**
Total revenue	1,010	1,026	(16)	*(i)*
Cost of sales	(282)	(289)	8	*(ii)*
Operating expenses	(460)	(469)	9	*(ii)*
Share of profit in the joint ventures in Guatemala and Honduras	45	42	3	*(iii)*
Tax impact	(46)	(46)	—	*(iv)*

(i) *Mainly for adjustments of "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 capitalisation and amortization of contract costs and for adjustments for 'principal vs agent' considerations 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.*

	As at December 31, 2018			
FINANCIAL POSITION $ millions	**As reported**	**Without adoption of IFRS 15**	**Effect of Change Higher/(Lower)**	**Reason for the change**
ASSETS				
Investment in joint ventures (non-current)	2,867	2,839	28	*(i)*
Contract costs, net (non-current)	4	—	4	*(ii)*
Deferred tax assets (non-current)	202	200	2	*(vi)*
Contract asset, net (current)	37	—	37	(iii)
LIABILITIES				
Contract liabilities (current)	87	—	87	*(iv)*
Provisions and other current liabilities (current)	494	576	(82)	*(v)*
Current income tax liabilities (current)	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 asset 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 period 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 period.*

2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES (Continued)

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

- IFRS 16 "Leases" will affect primarily the accounting for the Group's operating leases. 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 building 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 and 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 recognises 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.

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

Acquisitions

On October 7, 2018, the Company signed 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 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 which are exercisable from May 12, 2022 or earlier upon the occurrence of certain events (such as a change of control). In respect of the put option provided to Millicom's partners who hold a 20% non-controlling interest in Cable Onda, 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 reserve. The put option liability is payable in Millicom's shares or in cash at the discretion of the partners. 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.

Millicom also received an unconditional call option which becomes exercisable either 42 months after the December 13, 2018 closing date, or if our 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.

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%) ($ 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 income statement. These, together with acquisition-related costs of $11 million, have been recorded under operating expenses in the income statement 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).

In 2018, the Group also completed minor additional acquisitions for $9 million (2017: $22 million).

4. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

Discontinued operations – Rwanda

On December 19, 2017, Millicom announced that it has signed an agreement for the sale of its Rwanda operations to subsidiaries of Bharti Airtel Limited. The sale was subsequently completed on January 31, 2018. A loss of $32 million has been recognized in Q1 2018 corresponding to the recycling of foreign currency exchange losses accumulated in equity since the creation of the local operation. This loss has been recognized under 'Profit (loss) for the year from discontinued operations, net of tax'. 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.

Discontinued operations – Senegal

In 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. The sale completed on April 27, 2018 and our operations in Senegal have been deconsolidated resulting in a net gain on disposal of $5 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'.

Summary

In accordance with IFRS 5, the Group's businesses in Rwanda (Q1 2018), Ghana (Q3 2017) and Senegal (Q1 2017) had been classified as assets held for sale and their results were classified as discontinued operations. Comparative figures of the income statement have been represented accordingly. Financial information relating to the discontinued operations for the three-month periods and years ended December 31, 2018 and 2017 are set out below. Figures shown below are after inter-company eliminations.

Results from Discontinued Operations ($ millions)	Year ended December 31, 2018	Year ended December 31, 2017
Revenue	62	299
Cost of sales	(23)	(95)
Operating expenses	(26)	(131)
Other expenses linked to the disposal of discontinued operations	(10)	(7)
Depreciation and amortization	—	(37)
Other operating income (expenses), net	(10)	(4)
Gain/(loss) on disposal of discontinued operations	(29)	39
Operating profit (loss)	**(36)**	**64**
Interest income (expense), net	(3)	(20)
Other non-operating (expenses) income, net	—	6
Profit (loss) before taxes	**(39)**	**51**
Credit (charge) for taxes, net	—	—
Net profit (loss) from discontinued operations	**(39)**	**51**

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

Results from Discontinued Operations ($ millions)	Three months ended December 31, 2018	Three months ended December 31, 2017
Revenue	—	51
Cost of sales	—	(18)
Operating expenses	—	(16)
Other expenses linked to the disposal of discontinued operations	(3)	(5)
Depreciation and amortization	—	(4)
Other operating income (expenses), net	—	(11)
Gross gain/(loss) on disposal of discontinued operations	(1)	39
Operating profit (loss)	**(4)**	**35**
Interest income (expense), net	—	(2)
Profit (loss) before taxes	**(4)**	**33**
Credit (charge) for taxes, net	—	—
Net profit (loss) from discontinued operations	**(4)**	**33**

Cash Flows from Discontinued Operations ($ millions)	Year ended December 31, 2018	Year ended December 31, 2017
Cash from (used in) operating activities, net	(4)	26
Cash from (used in) investing activities, net	(6)	(33)
Cash from (used in) financing activities, net	—	(22)
Net cash inflows/(outflows)	(10)	(29)

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

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

Assets and liabilities reclassified as held for sale ($ millions)	As at December 31, 2018	As at December 31, 2017
Senegal operations	—	223
Towers Paraguay	2	7
Towers Colombia	—	1
Towers El Salvador	1	—
Others	—	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**

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

Rwanda

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

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

Senegal

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

Assets and liabilities reclassified as held for sale – Senegal ($ millions)	April 27, 2018
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**

Tower Sale and Leasebacks

In 2017 and 2018, the Group announced agreements to sell and leaseback wireless communications towers in Paraguay, Colombia and El Salvador. 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 to December 31, 2018	1,276	902	481
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)	26	37	—
Upfront gain on sale recognized in 2018 ($ millions)	19	13	33

5. SEGMENT 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 figures have been re-presented. Revenue, operating profit (loss), EBITDA and other segment information for the years ended December 31, 2018 and 2017, are as follows:

Year ended December 31, 2018 ($ millions)	**Latin America**	**Africa**	**Unallo-cated**	**Guatemala and Honduras (vii)**	**Eliminations and transfers**	**Total**
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 revenue *(i)*	415	1	—	(203)	—	213
Total Revenue	**5,485**	**526**	—	**(1,937)**	—	**4,074**
Operating profit (loss)	**995**	**40**	**(47)**	**(487)**	**154**	**655**
Add back:						
Depreciation and amortization	1,133	107	5	(415)	—	830
Share of profit in joint ventures in Guatemala and Honduras	—	—	—	—	(154)	(154)
Other operating income (expenses), net	(51)	(3)	(2)	(20)	—	(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**
Capital expenditure *(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**

Year ended December 31, 2017 ($ millions) *(viii)*	**Latin America**	**Africa**	**Unallo-cated**	**Guatemala and Honduras (vii) (b)**	**Eliminations and transfers**	**Total**
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 revenue *(i)*	363	2	—	(165)	—	200
Total 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**
Capital expenditure *(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**

5. SEGMENT INFORMATION (Continued)

Three-month period ended December 31, 2018 ($ millions)	**Latin America**	**Africa**	**Unallo -cated**	**Guatemala and Honduras (vii)**	**Eliminations and transfers**	**Total**
Mobile revenue	803	129	—	(372)	—	559
Cable and other fixed services revenue	447	3	—	(67)	—	383
Other revenue	13	1	—	(3)	—	11
Service revenue *(i)*	**1,263**	**132**	—	**(442)**	—	**953**
Telephone and equipment revenue *(i)*	118	—	—	(61)	—	57
Total Revenue	**1,381**	**133**	—	**(503)**	—	**1,010**
Operating profit (loss)	**248**	**11**	**(58)**	**(132)**	**45**	**113**
Add back:						
Depreciation and amortization	283	26	1	(99)	—	211
Share of profit in joint ventures in Guatemala and Honduras	—	—	—	—	(45)	(45)
Other operating income (expenses), net	(6)	(1)	3	(7)	—	(10)
EBITDA *(ii)*	**524**	**37**	**(54)**	**(238)**	—	**268**
EBITDA from discontinued operations	—	(3)	—	—	—	(3)
EBITDA incl discontinued operations	**524**	**33**	**(54)**	**(238)**	—	**265**
Capital expenditure *(iii)*	(230)	(15)	—	67	—	(178)
Changes in working capital and others *(iv)*	42	(17)	68	3	—	95
Taxes paid	(78)	(12)	(2)	32	—	(60)
Operating free cash flow *(v)*	**258**	**(11)**	**10**	**(136)**	—	**123**

Three-month period ended December 31, 2017 ($ millions) *(viii)*	**Latin America**	**Africa**	**Unallo -cated**	**Guatemala and Honduras (vii)**	**Eliminations and transfers**	**Total**
Mobile revenue	839	134	—	(385)	—	587
Cable and other fixed services revenue	456	4	—	(56)	—	403
Other revenue	11	1	—	(1)	—	11
Service revenue *(i)*	**1,307**	**137**	—	**(442)**	—	**1,002**
Telephone and equipment revenue *(i)*	101	1	—	(47)	—	55
Total Revenue	**1,407**	**138**	—	**(489)**	—	**1,056**
Operating profit (loss)	**260**	**24**	**(17)**	**(101)**	26	**192**
Add back:						
Depreciation and amortization	289	29	1	(112)		208
Share of profit in joint ventures in Guatemala and Honduras	—	—	—	—	(26)	(26)
Other operating income (expenses), net	(28)	(14)	12	(15)	—	44
EBITDA *(ii)*	**520**	**39**	**(4)**	**(228)**	—	**330**
EBITDA from discontinued operations	—	18	—	—	—	18
EBITDA incl discontinued operations	**520**	**57**	**(4)**	(228)	—	**349**
Capital expenditure *(iii)*	(241)	(13)	2	66	—	(186)
Changes in working capital and others *(iv)*	63	(17)	10	(8)	—	49
Taxes paid	(69)	(9)	(1)	35	—	(45)
Operating free cash flow *(v)*	**275**	**17**	**6**	**(135)**	—	**168**

(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) *Excluding spectrum and licenses of $61 million (2017: $53 million) and cash received on tower deals of $141 million (2017: $167 million).*

(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.*

5. SEGMENT INFORMATION (Continued)

(vii) Including eliminations for Guatemala and Honduras as reported in the Latin America segment.
(viii) Restated as a result of classification of certain of our African operations as discontinued operations (see notes 4 and 14).

Revenue from contracts with customers from continuing operations

		Year ended December 31, 2018			Three months ended December 31, 2018		
$ millions	***Timing of revenue recognition***	***Latin America***	***Africa***	***Total Group***	***Latin America***	***Africa***	***Total Group***
Mobile	*Over time*	*1,701*	*401*	*2,102*	*421*	*100*	*520*
Mobile Financial Services	*Point in time*	*37*	*109*	*147*	*10*	*29*	*39*
Cable and other fixed services	*Over time*	*1,556*	*12*	*1,568*	*380*	*3*	*383*
Other	*Over time*	*42*	*3*	*46*	*11*	*1*	*11*
Service Revenue		***3,336***	***526***	***3,861***	***821***	***132***	***953***
Telephone and equipment	*Point in time*	*212*	*1*	*213*	*57*	*—*	*57*
Revenue from contracts with customers		***3,548***	***526***	***4,074***	***878***	***133***	***1,010***

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

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

$ millions	**Year ended December 31, 2018**	**Year ended December 31, 2017**
Change in fair value of derivatives (see note 13)	(1)	(22)
Exchange gains (losses), net	(41)	18
Other non-operating income (expenses), net	2	—
Total	**(40)**	**(4)**

$ millions	**Three months ended December 31, 2018**	**Three months ended December 31, 2017**
Exchange gains (losses), net	(47)	—
Other non-operating income (expenses), net	1	1
Total	**(46)**	**1**

7. EARNINGS PER COMMON SHARE

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

$ millions	Year ended December 31, 2018	Year ended December 31, 2017
Basic and Diluted		
Net profit attributable to owners of the Company from continuing operations	29	36
Net profit (loss) attributable to owners of the Company from discontinuing operations	(39)	51
Net profit attributable to owners of the Company used to determine the earnings per share	(10)	86
in thousands		
Weighted average number of ordinary shares for basic and diluted earnings per share	**100,793**	**100,384**
$		
Basic and diluted		
- EPS from continuing operations attributable to owners of the Company	0.29	0.36
- EPS from discontinuing operations attributable to owners of the Company	(0.38)	0.50
- EPS for the period attributable to owners of the Company	(0.10)	0.86

$ millions	Three months ended December 31, 2018	Three months ended December 31, 2017
Basic and Diluted		
Net profit (loss) attributable to owners of the Company from continuing operations	(90)	36
Net profit (loss) attributable to owners of the Company from discontinuing operations	(4)	33
Net profit (loss) attributable to owners of the Company used to determine the earnings per share	(94)	69
in thousands		
Weighted average number of ordinary shares for basic and diluted earnings per share	**100,819**	**100,550**
$		
Basic and diluted		
- EPS from continuing operations attributable to owners of the Company	(0.89)	0.36
- EPS from discontinuing operations attributable to owners of the Company	(0.04)	0.33
- EPS for the period attributable to owners of the Company	(0.94)	0.69

8. PROPERTY, PLANT AND EQUIPMENT

During the year ended December 31, 2018, Millicom added property, plant and equipment for $698 million (December 31, 2017: $824 million) and received $154 million in cash from disposal of property, plant and equipment (December 31, 2017: $179 million).

9. INTANGIBLE ASSETS

During the year ended December 31, 2018, Millicom added intangible assets of $158 million (December 31, 2017: $130 million) and did not receive any proceeds from disposal of intangible assets (December 31, 2017: $4 million).

10. DEBT AND FINANCING

MICSA

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

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.

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 expenses.

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 3). Costs of issuance of $6 million are amortized over the eight-year life of the notes (the effective interest rate is 6.75%).

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).

Panama

In August 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 Cable Onda. See note 3 for further details on the acquisition.

El Salvador

In January 2018, Telemovil El Salvador entered into an amended and restated 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.

Costa Rica

In April 2018, Millicom Cable Costa Rica S.A. entered into a $150 million variable rate loan with Citibank as agent. Simultaneously, an 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. As of the end of the fourth quarter, interest rate and currency swap agreements had been made on $35 million of the principal amount and interest rate swaps for an additional $40 million.

Colombia

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

Paraguay

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

Bolivia

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

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

Rwanda

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

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10. DEBT AND FINANCING (Continued)

Analysis of debt and other financing by maturity

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

$ millions	As at December 31, 2018	As at December 31, 2017
Due within:		
One year	458	185
One-two years	338	500
Two-three years	403	347
Three-four years	570	431
Four-five years	468	584
After five years	2,345	1,738
Total debt	**4,580**	**3,785**

As at December 31, 2018, the Group's share of total debt and financing secured by either pledged assets, pledged deposits issued to cover letters of credit or guarantees issued was $626 million (December 31, 2017: $671 million). Assets pledged by the Group for these debts and financings amounted to $2 million at December 31, 2018 (December 31, 2017: $1 million).

Analysis of debt and other financing by maturity

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

	Bank and financing guarantees (i)			
$ millions	As at December 31, 2018		As at December 31, 2017	
Terms	Outstanding exposure	Theoretical maximum exposure	Outstanding exposure	Theoretical maximum exposure
0-1 year	133	133	159	159
1-3 years	281	281	368	368
3-5 years	212	212	144	144
More than 5 years	—	—	—	—
Total	**626**	**626**	**671**	**671**

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

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

$ millions	Year ended December 31, 2018	Year ended December 31, 2017
Interest expense on bonds and bank financing	(234)	(246)
Interest expense on finance leases	(92)	(65)
Early redemption charges	(4)	(43)
Other	(41)	(41)
Total	**(371)**	**(396)**

$ millions	Three months ended December 31, 2018	Three months ended December 31, 2017
Interest expense on bonds and bank financing	(68)	(55)
Interest expense on finance leases	(22)	(22)
Other	(9)	(9)
Total	**(99)**	**(86)**

11. COMMITMENTS AND CONTINGENCIES

Litigation & claims

The Company and its operations are contingently liable with respect to lawsuits, legal, regulatory, commercial and other legal risks that arise in the normal course of business. As of 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 filing 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 (Tigo Tanzania). In June 2015, Millicom identified that an incorrect filing related to Tigo Tanzania had been made in the commercial register, causing the register to incorrectly indicate that shares in the local subsidiary were owned by this third party. On July 26, 2018, the Court of Appeal of Tanzania, the country's highest court, reaffirmed in a ruling that Tigo Tanzania remains owned and controlled by Millicom. Late 2018, the third party in question 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 Tigo Tanzania.

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 interim condensed consolidated financial statements of any remedial actions that may need to be taken as a result of the investigations, or penalties that may be imposed by law enforcement authorities. Accordingly, no provision has been recorded as of December 31, 2018.

Taxation

At December 31, 2018, the Group estimates potential tax claims amounting to $254 million. Tax risks amounting to $47 million have been assessed as probable and recorded as tax provisions (December 31, 2017: claims amounting to $313 million and provisions of $53 million). Out of these potential claims and provisions, respectively $29 million and $2 million relate to Millicom's share in joint ventures (December 31, 2017: claims amounting to $38 million and provisions of $2 million).

Capital commitments

At 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 are 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 and $23 million).

12. RELATED PARTY TRANSACTIONS

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

$ millions	Year ended December 31, 2018	Year ended December 31, 2017
Expenses		
Purchases of goods and services from Miffin	(173)	(181)
Purchases of goods and services from EPM	(40)	(36)
Lease of towers and related services from HTA	(28)	(28)
Other expenses	(3)	(4)
Total	**(244)**	**(250)**

$ millions	Year ended December 31, 2018	Year ended December 31, 2017
Income / gains		
Sale of goods and services to Miffin	284	277
Sale of goods and services to EPM	17	18
Other income / gains	2	1
Total	**303**	**295**

$ millions	Three months ended December 31, 2018	Three months ended December 31, 2017
Expenses		
Purchases of goods and services from Miffin	(46)	(49)
Purchases of goods and services from EPM	(9)	(26)
Lease of towers and related services from HTA	(7)	-
Other expenses	(1)	(1)
Total	**(63)**	**(76)**

$ millions	Three months ended December 31, 2018	Three months ended December 31, 2017
Income / gains		
Sale of goods and services to Miffin	79	77
Sale of goods and services to EPM	4	5
Other income / gains	2	(3)
Total	**85**	**79**

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

$ millions	At December 31, 2018	At December 31, 2017
Liabilities		
Payables to Guatemala joint venture (i)	315	273
Payables to Honduras joint venture (i)	143	135
Payables to EPM	14	3
Other accounts payable	9	10
Sub-total	**482**	**421**
Finance lease liabilities to HTA (ii)	99	108
Total	**580**	**529**

(i) *Amount payable mainly consist of dividend advances for which dividends are expected to be declared later in 2019 and/or shareholder loans.*
(ii) *Disclosed under "Debt and other financing" in the statement of financial position.*

12. RELATED PARTY TRANSACTIONS (Continued)

$ millions	At December 31, 2018	At December 31, 2017
Assets		
Receivables from Guatemala and Honduras joint ventures	20	25
Receivables from EPM	5	3
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.

13. FINANCIAL INSTRUMENTS

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

$ millions	Carrying Value		Fair Value (i)	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Financial liabilities				
Debt and financing	4,580	3,785	4,418	3,971

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

Currency and interest rate swap contracts

Interest rate and currency swaps on SEK denominated debt

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

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

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

14. INVESTMENTS IN JOINT VENTURES

Joint ventures are businesses over which Millicom exercises joint control as decisions over the relevant activities of each, such as the ability to upstream cash from the joint ventures, 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 previously unrecognized 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 the Group. 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.

		2018	
$ millions	Guatemala	Honduras	Ghana (i)
Opening balance at January 1, 2018	**2,145**	**726**	**96**
Adjustment on adoption of IFRS 15 and IFRS 9 (net of tax)	18	5	—
Results for the year	131	23	(68)
Capital increase	—	3	—
Dividends declared during the year	(177)	—	—
Currency exchange differences	(14)	(26)	3
Closing balance at December 31, 2018	**2,104**	**730**	**32**

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

15. IPO – MILLICOM'S OPERATIONS IN TANZANIA

In June 2016, an amendment to the Electronic and Postal Communications Act ("EPOCA") in the Finance Act 2016 required all Tanzanian licensed telecom operators to sell 25% of the authorised share capital in a public offering on the Dar Es Salaam Stock Exchange. The Group is currently working on the preliminary steps (e.g., converting Tigo Tanzania into a public limited company) with a view to listing in the first half of 2019.

16. 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 $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 on this matter is scheduled forMay 2, 2019.