GROWING OUR

Connections and Impact

2019 Millicom Annual Report

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

Growing Our Connections and Impact

Millicom drives its business success through connections that matter. Connections that open doors to knowledge, enable people to thrive in the digital economy and help businesses realize financial opportunities that would otherwise go untapped. We continually pursue new ways to extend the reach and impact of our digital highways through innovations that fuel productive, sustainable growth in the markets where we operate.

As we create vital connectivity through our fixed and mobile networks, we also lead responsibly to foster an environment where our employees, customers and communities can prosper and reach their full potential. We strive to lead by example, particularly in ethical business practices and responsiveness to the needs of all people in our communities.

We are headquartered in Luxembourg, with a U.S. corporate office in Miami. 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. We serve customers in nine Latin American markets—Bolivia, Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama and Paraguay—as well as in Tanzania.

SPOTLIGHTS IN THIS REPORT

We seek to make a positive difference in the lives of individuals, the success of businesses, and the progress of communities through our actions as a company. The impact of our work throughout 2019 can be seen in various feature stories bearing a Spotlight icon that appears throughout the pages that follow. They demonstrate how our 22,000-plus employees help put Millicom's strategy, purpose and responsible leadership into action.

About This Report

Our fourth integrated annual report combines our corporate responsibility (CR) and financial reports to provide all our stakeholders with a clear and comprehensive overview of our business and activities in 2019. The report conveys our progress against our business strategy and identifies and quantifies the ways in which our practices and programs under our CR Framework deliver business value, transform communities, and protect our environment as contemplated under the UN Sustainable Development Goals.

Our CR Framework and Five-Year CR plan, against which we are reporting this year, were built on our 2018 Materiality Assessment and ongoing dialogue with internal and external stakeholders. We will continue to seek feedback from investors, customers, employees and community leaders to inform about our corporate responsibility efforts. [Click here] to find out more about our CR reporting approach.

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. We also report in this way to provide increased transparency to investors on those operations. Unless otherwise noted, the data in this report includes the operations of Cable Onda and Telefónica Central America assets in Panama and Nicaragua that Millicom acquired in 2018 and 2019, respectively.

What's Inside This Report

Chairman's Message

At the end of 2019, I completed my first year as Chair of Millicom's Board. I am more impressed than ever with how our digital highways help communities overcome obstacles to access the digital world and enable technological breakthroughs. We are making connections that matter and doing it in the right way.

In 2019, Millicom continued straight and true on a path of delivering on our value proposition and business strategy. Steadfast execution against our strategic pillars resulted in the company delivering key operational targets and achieving a solid financial performance, despite periods of weaker economic activity and political uncertainty in parts of Latin America.

Our unprecedented investments to extend the reach of Millicom's cable and 4G network across nine countries further strengthened our position as the leading telecommunications provider in these markets. Along with integrating the businesses in Central America from acquired operations from Telefonica and Cable Onda in Panama, we also finalized the sale of Tigo operations in Chad as part of our strategic focus on Latam.

As always, our Governance structure and Business Ethics and Compliance programs were key to navigating some of the risks inherent to operating in emerging markets. Doing business in the right way is a fundamental driver embodied in our new "Sangre Tigo" framework that sets the tone from the top and cascading down through the whole organization. We believe our commitment to ethics and compliance builds strength and success for our company, and positions Tigo as a force for positive change in the countries and communities we serve.

The listing of Millicom's common shares in the U.S. in NASDAQ Stock Market in January 2019 has opened greater opportunities to reach potential investors and provided additional support for our growth strategy. We paid special attention this year to enhancing controls and policies in our first year of compliance with the Sarbanes-Oxley Act.

This was also a transformational year of progress in our efforts to bring lasting social, environmental and economic value to the people and communities we serve. I am proud of how we are building our market leadership on a sound strategy that intertwines Millicom's Corporate Responsibility framework with our business objectives. For us, doing good business and doing what's right are two sides of the same coin.

Ultimately, it's our people who bring our ambitious vision to life. We recognize the importance of ensuring that Millicom is a place where employees feel safe, protected and supported in ways that enable them to do well, and enhance their lives and the lives of those around them. I am pleased that we took steps in 2019 to create a more robust Diversity and Inclusion strategy.

2019 ended with another important milestone in our history as the company's largest long term shareholder, Kinnevik AB, exited as a shareholder through a distribution of its entire 37% stake in Millicom. On behalf of the Board, I want to extend our gratitude for the valuable role Kinnevik has played in our company's story. Now begins an exciting new chapter for Millicom as a business 100% owned by public shareholders who can trade TIGO on both the U.S. and Stockholm NASDAQ exchanges.

In my first year as Chairman, I deeply appreciated the ways that our newest Board members—Pernille Erenbjerg, Mercedes Johnson and Jim Thompson—stepped into their responsibilities with poise and enthusiasm. We are fortunate to gain their deep business experience and regional knowledge. I also want to recognize the contributions made by Tom Boardman, Anders Jensen and Roger Sole Rafols, who ended their Board service in 2019.

Lastly, I thank the Executive Team for executing our business strategy so capably. Their commitment made a tremendous impact on our performance in 2019 and positioned us for even greater success in 2020 and beyond.

It is my pleasure to share our Annual Report with you. I hope you find this summary of our business and Corporate Responsibility achievements to be as exciting and inspiring as I have.

José Antonio Ríos García
Chairman of the Board of Directors

"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."

Chief Executive Officer's Message

2019 was a pivotal year for our company, with several game-changing milestones. Our collaborative approach to executing our business and corporate responsibility strategies provided results that truly benefited our shareholders, our customers, our employees and the communities of the countries we serve.

We reinforced our commitment to Central America with an unparalleled inorganic investment of more than $3 billion over the last 18 months, adding Cable Onda in Panama and Telefónica's operations in Nicaragua, Panama and Costa Rica[1] to our existing operations. These transactions enhanced our footprint and advanced our goal to redeploy capital from under-performing to higher-performing regions.

As a result, we significantly enhanced Tigo's mobile and fixed convergence capabilities in 2019. Tigo is now the No. 1 or No. 2 provider of mobile, broadband internet and pay TV services in eight out of our nine Latam markets.

Our business strategy—in place since 2016—is working, and the results can be seen in our revenue growth over the past year. Revenue for 2019 increased 9.9% to $4,336 million, and net profit for the year attributable to shareholders improved to $149 million, or $1.48 per share. We are confident that by executing our strategy, we will continue to create long-term value for shareholders.

Our customers benefited from our investments last year as well. We added a record number of customers to our 4G network, giving them faster, more reliable mobile internet access. We capitalized on our enhanced infrastructure capabilities to expand our business-to-business services, gaining 4,000 new customers in the past year. In 2019, we also advanced our goal to become a "content supermarket" for our Latam customers, creating strategic partnerships with Google, Amazon and others to deliver the richest selection of consumer experiences and business solutions. These enhanced offerings and our commitment to "give 1,000% to our customers" resulted in a tangible uptick in the Net Promoter Score metrics we use to measure customer satisfaction.

Ultimately, our success as a company ties back to our purpose and the transformational benefits that individuals and communities gain from being connected and participating in the digital lifestyle. Last year, we catapulted our long-standing corporate responsibility efforts to a new level as we put into action our updated and more cohesive Corporate Responsibility Framework, including measurable targets. The refined framework includes five Corporate Responsibility Fundamentals that guide us in how we manage our business, as well as our Responsible Leadership in Action initiatives to empower women, protect children, and connect communities. (More details can be found on pages 34-63 of this year's report.) This also highlights our ongoing commitment to the United Nations Global Compact.

1 Reflects our pending acquisition of Telefonica Costa Rica.

Highlights of our CR progress in 2019 clearly demonstrate how we create shared value for our multiple stakeholders:

- ***Promoting safe and productive Internet use among youth.*** *Through our Conectate Segur@ program, we provided thousands of children, parents, teachers and caregivers with practical lessons on how to avoid potential dangers online so they can more fully enjoy the benefits of technology.*
- ***Narrowing the digital gender divide.*** *Through our Conectadas program, we moved closer to our goal of training 400,000 women on digital tools and entrepreneurial skills by 2023, empowering them to support their families and contribute to their communities' economic vitality.*
- ***Issuing our first Sustainability Bond.*** *Valued at approximately $211 million, our inaugural Sustainability Bond is helping us reduce our climate footprint and promote greater digital and financial inclusion in emerging markets. The enthusiastic response from investors for this bond underscores how our company can be a powerful vehicle for channeling funds from capital markets in Sweden, the United States, and elsewhere to developing countries in Latin America.*
- ***Sharing the talent of our people.*** *We created opportunities for hundreds of Tigo employees to volunteer in our Conectate Segur@ and Conectadas digital inclusion programs, allowing our employees to engage directly with communities to create positive changes in their lives through technology, which in turn, create positive rewards for our employees.*

In our business operations and CR programs alike, our talented and committed employees are the lifeblood that propels us forward with great momentum. We call this powerful force our "Sangre Tigo." In 2019, we dedicated ourselves to defining the essence of Sangre Tigo—those attitudes, behaviors and beliefs that our people bring to work—to ensure our company remains a great place to work as we grow. Our more than 22,000 employees now have a clearer sense of our purpose and are channeling their energy to have a positive impact for all our stakeholders.

I want to thank our Board, our community partners and our employees for their invaluable role in fulfilling our purpose in 2019. As you'll see on the pages that follow, our attention to growing our connections and impact, and the results that accrued to all our strategic stakeholders last year give us many reasons to feel optimistic about 2020. We know there are challenges ahead, and we look forward to tackling them with enthusiasm, with Sangre Tigo.

Mauricio Ramos
Chief Executive Officer

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

Financial and Operational Highlights

FINANCIAL RESULTS

Revenue
($m)

2017	$3,936
2018	$3,946
2019	$4,336

+9.9% Year-on-year growth

Gross Profit
($m)

2017	$2,767
2018	$2,829
2019	$3,135

+10.8% Year-on-year growth

HOME

HFC Homes Passed
(m)

2017	8.4
2018	10.6
2019	11.5

+8.5% Year-on-year growth

HFC Customer Relationships
(m)

2017	2.3
2018	3.1
2019	3.5

+11.3% Year-on-year growth

MOBILE

4G customers
(m)

2017	7.2
2018	10.5
2019	15.4

+47% Year-on-year growth

22K+

Full-time employees and approximately 30,000 contractors

11.6K

Points of presence

Indicator reflects Latam segment.
- *Points of presence*
- *4G Customers*
- *HFC Homes Passed*
- *HFC Customer Relationships*

Corporate Responsibility Highlights

200

Key Staff trained on Human Rights

89%

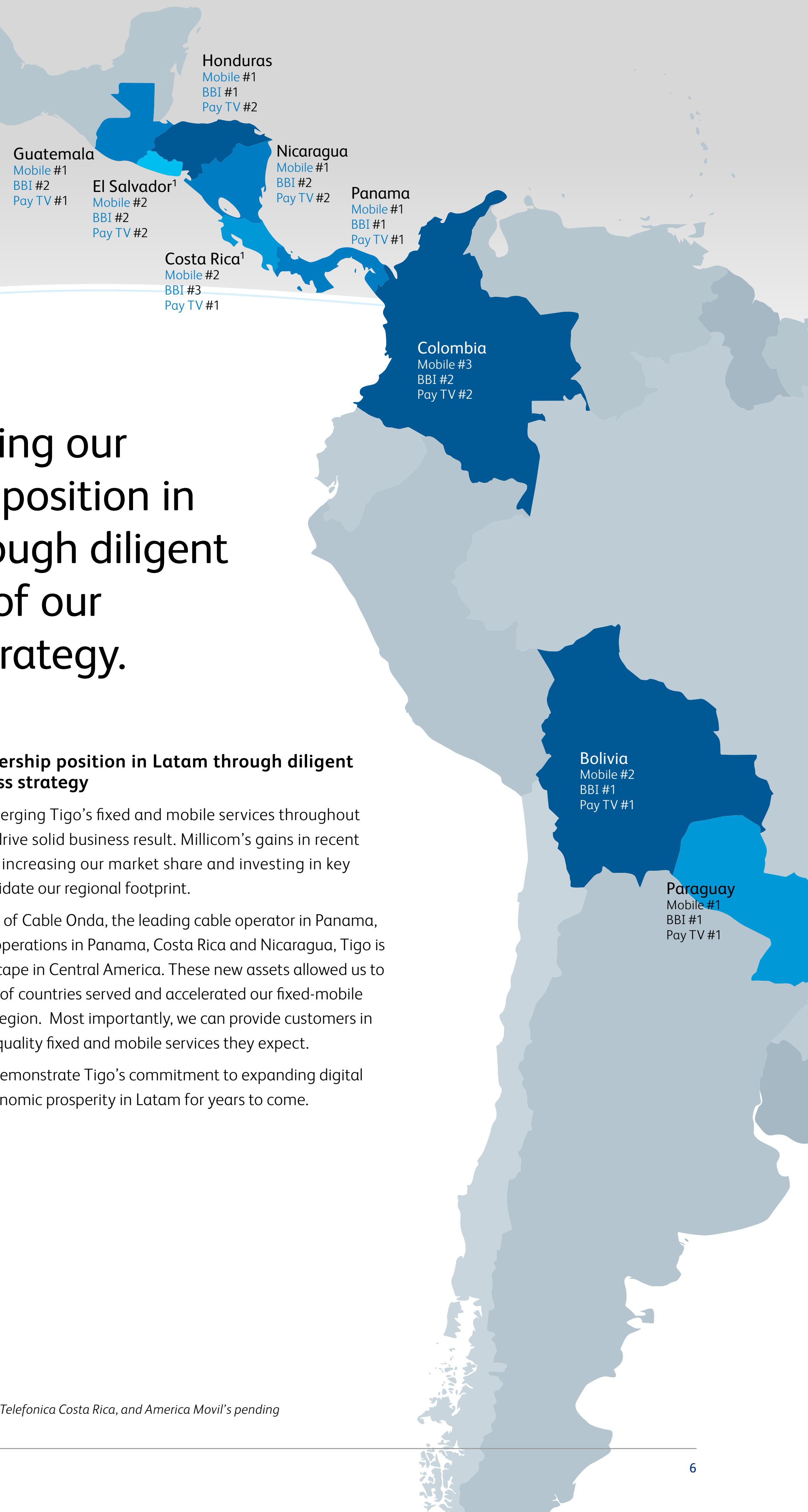
Strategic suppliers who signed the Supplier Code of Conduct

1,400+

Connected schools

207K

Women who participated in our digital inclusion and training programs



Consolidating our leadership position in Latam through diligent execution of our business strategy.

Strengthening our leadership position in Latam through diligent execution of our business strategy

Our long-term focus on converging Tigo's fixed and mobile services throughout Latin America continues to drive solid business result. Millicom's gains in recent years from both organically increasing our market share and investing in key acquisitions to further consolidate our regional footprint.

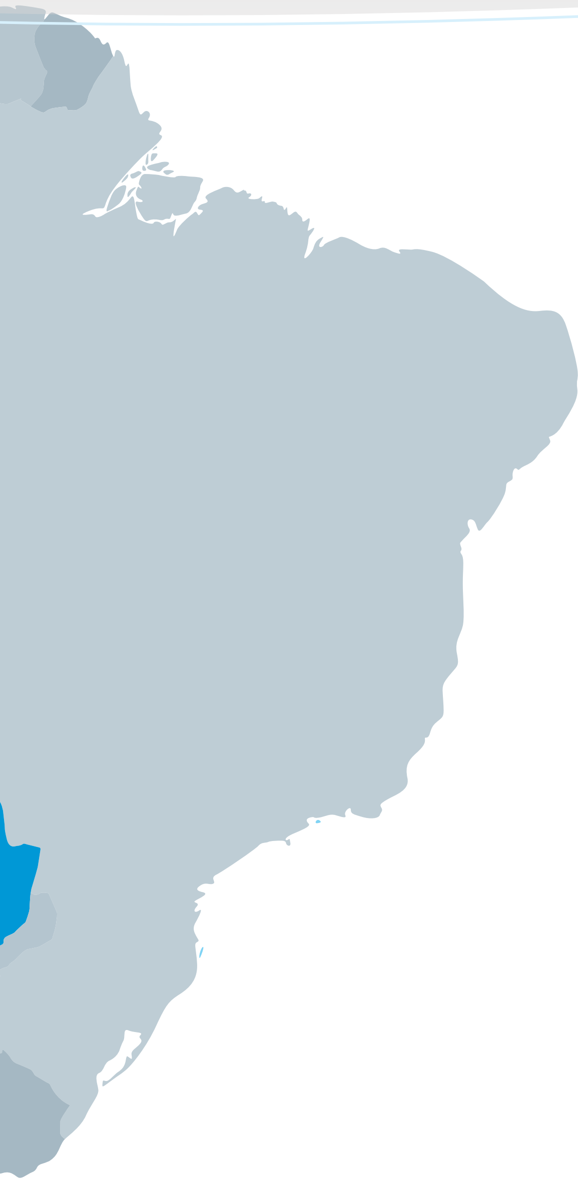
As a result of our acquisitions of Cable Onda, the leading cable operator in Panama, and of Telefonica's telecom operations in Panama, Costa Rica and Nicaragua, Tigo is reshaping the industry landscape in Central America. These new assets allowed us to add Panama to our portfolio of countries served and accelerated our fixed-mobile convergence strategy in the region. Most importantly, we can provide customers in these markets with the high quality fixed and mobile services they expect.

Our significant investments demonstrate Tigo's commitment to expanding digital highways and advancing economic prosperity in Latam for years to come.

1 Reflects our pending acquisition of Telefonica Costa Rica, and America Movil's pending acquisition in El Salvador.

A Single Integrated Company

By executing on our business strategy, Tigo is now the only convergent operator in each of its 9 Latin American markets.[1]



OUR BUSINESS STRATEGY

Monetizing Mobile Data

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

» Expansion of our 4G/LTE network
» Transition to a postpaid subscription revenue model
» Products and services that stimulate data usage

Building Cable

Demand for high-speed data from both the business sector and individual customers drives 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
» Adding content and services to drive further growth in Average Revenue Per User (ARPU).

Accelerating Convergence

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
» Prepare for future network deployments such as 5G.

Driving B2B Growth

To accelerate growth among multinational corporations, large local companies and small and medium size businesses (SMBs), we have made B2B fundamental to our strategy by:

» Differentiating the Tigo Business brand through excellent service and frontline execution
» Selectively evolving our portfolio into Information and Communications Technology (ICT)-managed services.
» Investing in state-of-the-art infrastructure, including tier 3 datacenters
» Developing and supporting sales and marketing capabilities to penetrate and serve new customers.

Promoting a Digital Experience

Increased digitization of our processes and operations continue to benefit our company and customers 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.

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

1 Reflects our pending acquisition of Telefonica Costa Rica.

Managing Our Business

Millicom's performance reflects the interconnected work of teams across many disciplines. We stay on track to excel by diligently studying and monitoring our markets, continually supporting and developing our human capital and honing and measuring our progress against our business strategy. Our continued success also hinges on how we mitigate risks and optimize opportunities in our organization, meet our rigorous ethical and compliance standards, and govern our company. This section of our Annual Report lays out how all those components contribute to our success.

Our Market Outlook

We take a long-term view and follow a rigorous and disciplined approach to capital allocation as we expand the company's digital infrastructure throughout Latin America. The assets that we have built over the past several years, together with our recent cable and mobile acquisitions in Central America, have enabled us to provide new services and to add customers and increase usage of our network in markets where a growing middle class is devoting a larger share of its disposal income to communication and information services.

Our strategy to further consolidate Tigo operations in Latam holds some degree of planned risk, but we see significant potential growth ahead for this region. In its Latin America Economic Outlook forecast from October 2019, Oxford Economics predicted several encouraging trends in many of the countries we serve. Among them:

» Steady GDP growth for much of the region

» Reduced volatility in exchange rates for Latam as a whole, with a few exceptions

» 6.6% annual growth in the number of households with an average income of more than $20,000 over the next decade—from about 8 million in 2018 to roughly 15 million by 2028

We are positioning Tigo to both profit from and contribute to the region's upward momentum. As our customer base and portfolio offerings grow, we bring more capital and a deeper well of expertise to emerging markets. In turn, the people and businesses that use our digital highways to improve their economic stature bring follow-on benefits—such as added disposable income, new jobs and greater civic involvement—to their communities.

In these and many other respects, our strong competitive position in Latam not only benefits Millicom shareholders but also our customers, employees and communities. Managing our business is truly inseparable from advancing economic development and social progress in the countries where we operate.

Chief Financial Officer's Message

We continued to focus on capturing the broadband opportunity in our Latin America markets during 2019, as we saw positive results in both mobile and cable during the year. Additionally, we completed our footprint in Central America, acquiring and integrating mobile operations in Nicaragua and Panama. We continued to execute on our capital allocation strategy, selling Chad and supporting Jumia and Helios Towers with their successful stock exchange listings.

Group highlights[1]

Revenue for the year ended December 31, 2019 increased 9.9% to $4,336 million, as revenue from acquisitions more than offset the impact of weaker foreign currencies.

Operating income for the year declined 10.1% to $575 million, as we recognized other operating losses primarily due to a non-cash loss on disposal of equity investments and fair value adjustments. Operating expenses decreased 0.8%, while depreciation and amortization increased 37.2% resulting from newly acquired operations, and the impact of IFRS 16 adoption. The share of net profit in our joint ventures in Guatemala and Honduras increased 16.0%, due to positive results in these operations during 2019.

Net interest expense increased 57.1% to $544 million, mainly due to an increase in our gross debt during the year resulting from acquisitions, and the impact of IFRS 16.

In order to finance our acquisitions in Central America, we were active in the debt capital markets in 2019, issuing our first bond in Panama and our first Sustainability Bond in Stockholm.

Following the acquisitions of mobile assets in Central America, our leverage ended 2019 at 3.19x on a proforma proportionate net debt-to-EBITDA basis. Our leverage ratio is currently above our long-term target of 2.0x, primarily due to the acquisitions, but we expect that future EBITDA growth and cash generation will allow us to return to our target leverage ratio in the medium term.[2]

Income from other non-operating items increased by $266 million to $227 million during the year, due to an increase in value in our equity investment in Helios Towers, offset by a decrease in value in our equity investment in Jumia as well as foreign exchange losses during the year.

Tax expense increased 7.2% to $120 million, due to the net movement between lower profitability in Latin America resulting in a lower income tax charge, offset by the inclusion of acquisitions and a higher net deferred tax expense during the year.

As a result of the above factors, net profit for the year atributable to shareholders was $149 million, or $1.48 per share.

For more extensive details on Millicom's financial performance, please refer to pages 120-213.

Tim Pennington
Chief Financial Officer

1 Group highlights are presented on an IFRS basis and therefore do not consolidate the results from our Guatemala and Honduras joint ventures.

2 This paragraph includes Non-IFRS measures. Please refer to the non-IFRS disclosures in this annual report for a description and for a reconciliation of non-IFRS measures.

This section provides a summary of the financial and operating performance of our Latin America and Africa segments through selected performance indicators[1] that are based on our management reporting, presenting Guatemala and Honduras joint ventures as if fully consolidated in the Latin America segment.

Our 2019 Financial Performance in Latin America[2]

2019 was a challenging macroeconomic year for some of our markets. Paraguay, for example, experienced negative GDP growth during the first half of the year due to volatility in neighboring economies and to fluctuations in commodity prices which impacted the agricultural sector. Meanwhile, Bolivia and Nicaragua were impacted by periods of widespread political protests and social unrest, which dampened economic activity. In Panama, economic growth slowed during the first half of the year.

The slower macroeconomic growth environment, combined with increased competition in some markets, meant that our Latin American organic service revenue growth was 2.2% in 2019 representing a slowdown compared to 4.3% growth in 2018. EBITDA growth was 2.1% (2018: 3.5%) on an organic basis during the year. However, OCF (this is EBITDA minus Capex) growth was robust and rose 8.3% (2018: 3.2%), demonstrating our capability to deliver strong cash flow growth even under challenging market conditions.

In our Mobile business, which accounts for 59% of Latam service revenue (2018: 63%), we increased our footprint by adding operations in Nicaragua and Panama, which added 5.2 million mobile users to our network. Aided by these acquisitions, our customer base increased to 39.8 million customers and our 4G customers increased to 15.4 million, and we continued to improve our penetration rates, with 4G reaching 39% of our mobile customers at the end of 2019, an improvement from the 31% penetration rate at the end of 2018. Mobile service revenue increased 1.4% year-over-year from 2019 (2018: -2.1%) as revenue from acquisitions more than offset the impact of weaker currencies and a slight decline in our organic growth during the period.

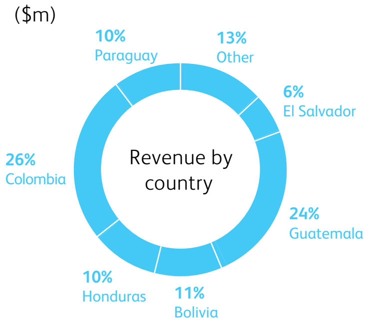
In our Cable and other fixed business, which generates about 40% of our Latin American service revenue (2018: 36%), we expanded our HFC network during 2019 to cover an additional 901,000 homes, bringing the total to 11.5 million at year-end 2019 (2018: 10.6 million). We added 351,000 net HFC customer relationships, ending the year with 3.5 million, a penetration rate of 30% (2018: 29%). Revenue in our Cable business increased 21.5% year-on-year (2018: 3.1%) fueled by the acquisition of Cable Onda, as well as robust organic growth in most markets, which more than offset the drag from weaker currencies.

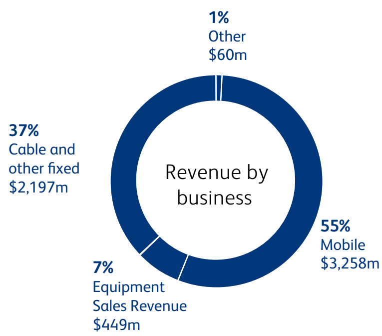
By country, organic service revenue growth was positive in seven of our nine markets, while EBITDA grew in Bolivia, Colombia, Panama, Guatemala and Honduras. Our Colombia business showed improvement in both the mobile and home businesses; Guatemala and Honduras performed strongly, as our market-leading mobile businesses continued to drive success in these countries. Results in Bolivia and Paraguay were afected by competition as well as by the macroeconomic and political situations, respectively. Despite social unrest, our Bolivia home business was one of our strongest performers during the year. A slowing economy also afected our Panama operations, but our focus on synergies during the integration resulted in strong EBITDA, and cash flow growth during the year.

Capex in Latin America was $1 billion in 2019, as we continued to invest to support the ongoing expansion of both our mobile and fixed networks in the region. By year-end, our 4G networks covered approximately 69% of the population of our markets, which now include Nicaragua and Panama. Strong 4G mobile network coverage and performance allowed us to allocate a majority of our capex toward our cable network expansion in 2019, consistent with recent years. 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 a significant portion of our capex is success-driven and variable in nature, which helps to reduce volatility in cash flow generation.

Latam

($m)





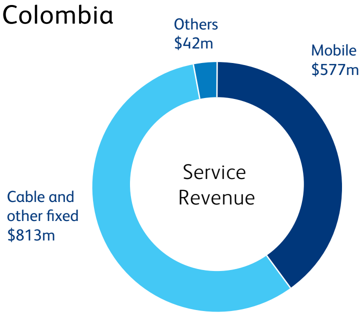
Service revenue
Organic growth +2.2 %
$5,514

EBITDA
Organic growth +2.1 %
$2,443

1 Non-IFRS measure. Please refer to the non-IFRS disclosures in this annual report for a description and for a reconciliation of non-IFRS measures.

2 Our Latin America (Latam) segment includes our Guatemala and Honduras joint ventures as if they were fully consolidated. Service revenue, EBITDA, OCF, CAPEX and organic growth are non-IFRS measures. Please refer to page 103 for description of non-IFRS measures

Colombia



CABLE AND OTHER FIXED *('000)*

Home customer relationships[1]

1,710
As of year end 2019

36
Net additions

+2.1 %
YOY Growth

MOBILE *('000)*

4G smartphone data users

3,570
As of year end 2019

870
Net additions

+32.2 %
YOY Growth

Service revenue[2] *$m*
Organic growth +2.8 %

2019	$1,432
2018	$1,553

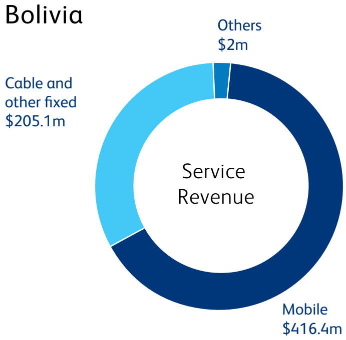
EBITDA *$m*
Organic growth +3.0 %

2019	$510
2018	$494

EBITDA margin[3] *%*

2019*	33.3 %
2018	29.7 %

Bolivia



CABLE AND OTHER FIXED *('000)*

Home customer relationships[1]

511
As of year end 2019

122
Net additions

+31.3 %
YOY Growth

MOBILE *('000)*

4G smartphone data users

2,171
As of year end 2019

359
Net additions

+19.8 %
YOY Growth

Service revenue[2] *$m*
Organic growth +4.5 %

2019	$624
2018	$597

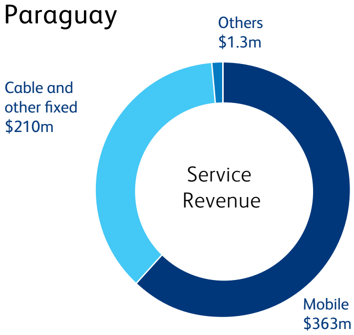
EBITDA *$m*
Organic growth +6.3 %

2019	$257
2018	$232

EBITDA margin[4] *%*

2019	40.2 %
2018	37.8 %

Paraguay



CABLE AND OTHER FIXED *('000)*

Home customer relationships[1]

437
As of year end 2019

30
Net additions

+7.5 %
YOY Growth

MOBILE *('000)*

4G smartphone data users

1,520
As of year end 2019

436
Net additions

+40.2 %
YOY Growth

Service revenue[2] *$m*
Organic growth –1.2 %

2019	$575
2018	$632

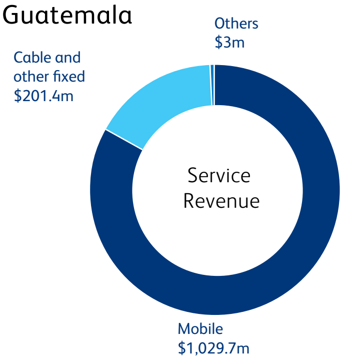
EBITDA *$m*
Organic growth –5.6 %

2019	$294
2018	$332

EBITDA margin[5] *%*

2019	48.2 %
2018	48.8 %

Guatemala



CABLE AND OTHER FIXED *('000)*

Home customer relationships[1]

519
As of year end 2019

34
Net additions

+7.1 %
YOY Growth

MOBILE *('000)*

4G smartphone data users

3,894
As of year end 2019

906
Net additions

+30.3 %
YOY Growth

Service revenue[2] *$m*
Organic growth +5.3 %

2019	$1,234
2018	$1,200

EBITDA *$m*
Organic growth +4.7 %

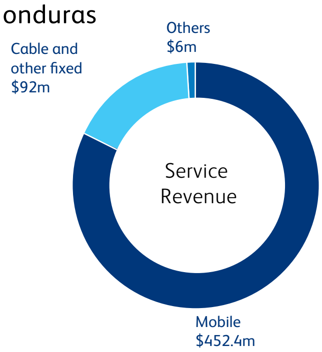
2019	$748
2018	$689

EBITDA margin[6] *%*

2019	52.2 %
2018	50.2 %

1 Includes HFC, DTH, Copper and other technologies.
2 Organic growth represents year-on year-growth excluding the impact of changes in FX rates, perimeter, and accounting.
3 Excluding the benefit of IFRS 16, 2019 EBITDA margin would have been 29.8 %.
4 Excluding the benefit of IFRS 16, 2019 EBITDA margin would have been 38.5 %.
5 Excluding the benefit of IFRS 16, 2019 EBITDA margin would have been 47.2 %.
6 Excluding the benefit of IFRS 16, 2019 EBITDA margin would have been 49.1 %.

Honduras



CABLE AND OTHER FIXED *('000)*

Home customer relationships[1]

176

As of year end 2019

11

Net additions

+6.9 %

YOY Growth

MOBILE *('000)*

4G smartphone data users

1,747

As of year end 2019

469

Net additions

+36.7 %

YOY Growth

Service revenue[2] *$m*

Organic growth +1.7 %

2019 $551

2018 $555

EBITDA *$m*

Organic growth +0.5 %

2019 $280

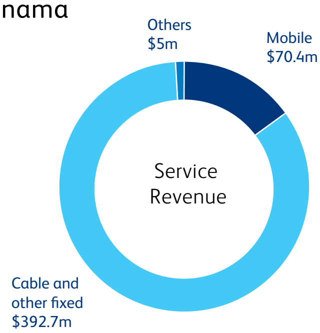
2018 $268

EBITDA margin[3] *%*

2019 47.1 %

2018 45.8 %

Panama



CABLE AND OTHER FIXED *('000)*

Home customer relationships[1]

437

As of year end 2019

23

Net additions

-5.1 %

YOY Growth

MOBILE *('000)*

4G smartphone data users

787

As of year end 2019

68

Net additions

Service revenue[2] *$m*

Organic growth +0.4 %

2019 $468

2018 $17

EBITDA *$m*

Organic growth +9.1 %

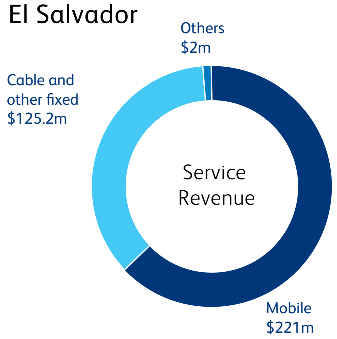
2019 $223

2018 $4

EBITDA margin[4] *%*

2019 46.9 %

El Salvador



CABLE AND OTHER FIXED *('000)*

Home customer relationships[1]

274

As of year end 2019

1

Net additions

+0.4 %

YOY Growth

MOBILE *('000)*

4G smartphone data users

924

As of year end 2019

299

Net additions

+47.8 %

YOY Growth

Service revenue[2] *$m*

Organic growth –6.2 %

2019 $349

2018 $371

EBITDA *$m*

Organic growth –4.4 %

2019 $140

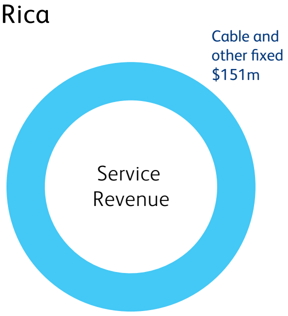
2018 $133

EBITDA margin[5] *%*

2019 36.2 %

2018 32.9 %

Costa Rica



CABLE AND OTHER FIXED *('000)*

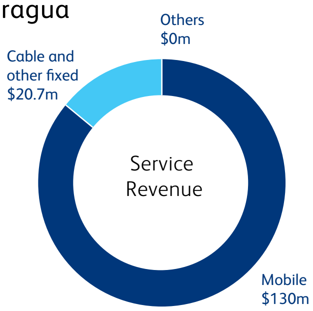
Home customer relationships[1]

256

As of year end 2019

1 Includes HFC, DTH, Copper and other technologies.
2 Organic growth represents year-on year-growth excluding the impact of changes in FX rates, perimeter, and accounting.
3 Excluding the benefit of IFRS 16, 2019 EBITDA margin would have been 44.4 %.
4 Excluding the benefit of IFRS 16, 2019 EBITDA margin would have been 44.3 %.
5 Excluding the benefit of IFRS 16, 2019 EBITDA margin would have been 33.0 %.

Nicaragua



CABLE AND OTHER FIXED *('000)*
Home customer relationships[1]
13
As of year end 2019

MOBILE *('000)*
4G smartphone data users
785
As of year end 2019

Our 2019 Financial Performance in Africa[2]

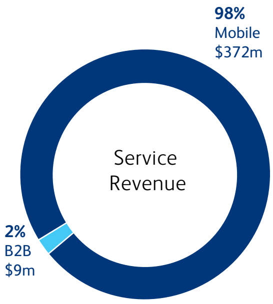
During 2019 we continued to execute our strategy to improve our financial performance and the returns we generate on the capital we have invested in the region. This includes selling lower performing businesses in our Africa segment, where our return on capital has historically been less than in our Latin America segment. In line with this strategy, we successfully divested our operation in Chad in 2019. In addition, we supported Jumia and Helios Towers Africa, two companies in which Millicom holds minority interests, as they completed IPOs and listed their shares on the New York Stock Exchange and the London Stock Exchange, respectively.

Following the disposal of Chad, our Africa segment now comprises our operation in Tanzania, representing 6.0% of underlying revenue and 4.8% of underlying EBITDA. During 2019, we made significant progress toward preparing our Tanzanian business for an IPO of 25% of its shares on the Dar es Salaam Stock Exchange, as mandated by the Tanzanian authorities. Following receipt of the necessary government approvals, we successfully combined our three operating subsidiaries into a single operating entity, and we secured long-term debt to support future growth. Finally, we have filed a prospectus and await approval by the local authority to complete the IPO.

Africa organic service revenue declined 2.9% (2018: 5.8% growth) during 2019, partly attributable to lower interconnection rates, which resulted in a reduction in our ARPU. Our EBITDA decreased 19.9% (2018: growth 7.7%).mainly due to a regulatory fine.

Africa

($m)



Service revenue
Organic growth –2.9%
$382

EBITDA
Organic growth –19.9%
$122

The comparative 2018 financial information in this report has been adjusted for the classification of our operations in Chad as discontinued operations. We disposed of our operations in Chad on June 26, 2019.

1 Includes HFC, DTH, Copper and other technologies.

2 Non-IFRS measure. Please refer to the non-IFRS disclosures in this annual report for a description and for a reconciliation of non-IFRS measures.

Supporting Our People

Our 22,000-plus full-time employees and 30,000 contractors embody our "Sangre Tigo"; they are the lifeblood essential to our culture, business and success. As one of the largest companies in Latin America, we embrace our role in fueling region-wide economic development and individual prosperity through the career opportunities we create. Therefore, we strive to be the employer of choice across all our markets by building a culture inside of Tigo where passionate, committed individuals are empowered to drive positive change and where they are encouraged to succeed.

This work was particularly critical over the past year. Millicom's 2018 acquisition of Cable Onda in Panama and 2019 acquisition of Telefonica's operating subsidiaries in Panama and Nicaragua spurred our rapid market expansion and added almost 3,000 experienced and valued employees to our team.

"I can't imagine working in any other place. I've had opportunities to work in seven countries with people who believed in me and challenge me to grow professionally."

Carolina Bernal

Chief Financial Officer, Tigo Une Colombia

Carolina joined our company 26 years ago, mailing invoices to customers in Paraguay while she was still in high school.

BLENDING ACQUIRED OPERATIONS INTO TIGO WITH OPENNESS AND RESPECT

The integration of almost 3,000 new employees from Cable Onda and Telefonica in 2019 came with both opportunities and inherent risks and challenges. To ensure the mergers succeeded, we formed an intentional strategy that included the following steps:

- *Launched a new Business Integration Office, comprising people of various nationalities from the new entities and Tigo, that worked with HR and other key departments to create a values-driven process based on transparency, balanced representation, equity and fluid communication*
- *Took the time to get to know the countries and the new employees and to learn from each other through interviews and meetings*
- *Hired external advisors Spencer Stuart and Boston Consulting Group to help us evaluate the skills of managers and executives from Telefonica alongside those of current Tigo employees with potential to take on leadership roles in our merged operations*
- *Created a steering committee that reported to our CEO and was charged with ensuring we built leadership teams with the right levels of cultural diversity, local market knowledge and understanding of our core business objectives*

Ultimately, we believe this thoughtful process enabled us to create teams with an optimal blend of strengths coming from both sides and to retain a high percentage of key executives from the former Telefonica operations.

Our HR Strategic Pillars

We are proud to have been recognized in recent years as one of the best companies to work for in Latin America. To strengthen the foundations of our company and continue cultivating a great place to work, our HR organization implemented a four-dimensional strategy in 2019:

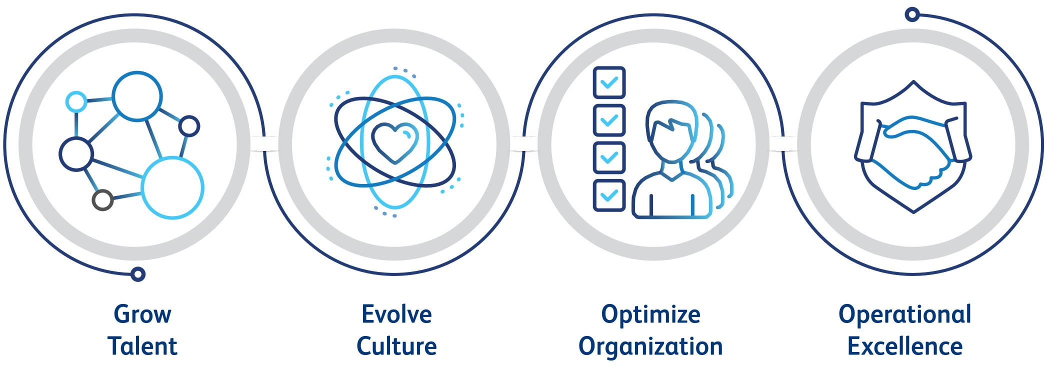
» **Grow our talent** across Millicom and cultivate a diverse pipeline of future leaders within the company

» **Evolve our culture** to be even more inclusive and strengthen our lines of engagement with all our employees

» **Optimize our organization** as it grows, which includes smoothing the integration of people from acquired companies and aligning all our resources with Millicom's strategic priorities

» **Build operational excellence** by streamlining our HR processes and giving employees more convenient, digitized access to services and benefits

These four priorities guide our responsive approach to creating exceptional experiences for our invaluable people and advancing the company's purpose.



"We are one of the most recognized brands in Latam, and one of the largest taxpayers in most of the countries we serve. Being such an important force in these developing markets carries an incredible responsibility that we take seriously. Our Employee Value Proposition provides amazing opportunities for our people to transform their lives and ultimately their communities."

Susy Bobenrieth
Chief Human Resources Officer, EVP

Pathways to Leadership and Career Growth

We recognize that inspired employees produce excellent results. As we build Millicom's teams in our ever-evolving markets, we must create meaningful incentives that attract, retain and develop the best talent to maintain our competitive edge. This includes finding new ways to motivate employees and develop their talents—both personally and professionally.

Our focused approach to leadership and talent development centers on promoting team-oriented, committed employees—those who consistently produce exceptional results in the face of "sink-or-swim" challenges. We are the first-ever employer for many of our people, and some of our most senior leaders started their careers on the front lines of Tigo operations. As we identify people with high leadership potential, we invest in creating more opportunities for them to expand their skills through on-the-job experiences in different areas of our company. (See related highlight story on this page)

Along with rewarding these employees for their commitment and supporting their long-term career growth, our promote-from-within approach also helps us reduce costly and disruptive turnover. During 2019, we retained 88% of our employees compared with 84% in 2016.

"Millicom has given me the opportunity to live and work in totally different environments than I was used to. That allowed me to grow, to strengthen my resilience and to become a better person."

Pablo Guardia

General Manager, Tigo Bolivia,

Who started as a sales supervisor in 2002 and helped manage several of our African operations early in his career.

SHAPING TOMORROW'S LEADERS

WHERE: All markets

WHAT: Identifying career paths for our top talent to advance their careers at Millicom and continue to produce exceptional results for our company.

HOW: As part of our yearly Organizational Talent Review process in 2019, we launched the Plan 100 strategy to develop the next generation of senior executives and reduce organizational risk from turnover in top leadership positions. We believe many of our future C-suite leaders and senior managers are already here at Millicom and that our company is more successful when we have a strong bench of talent with the right skills to ascend our leadership chain.

Through Plan 100, we analyze:

- *The top-25 leadership roles, from the CEO down*
- *The 25 people currently in those roles*
- *The top 25 people with high potential to become future leaders*
- *The 25 "springboard" jobs that place employees in an ideal position to develop skill sets that will enable them to move into a top-25 leadership role*

We are creating new executive team development tracks and succession plans that bring timely opportunities for highly successful general managers and regional leaders to work in new environments with greater responsibilities. Plan 100 also supports our efforts to identify possible talent gaps across the organization and to develop a deeper pool of individuals within Millicom to fill those roles.

Bringing "Sangre Tigo" to Life

At Tigo, we are proud that our work has purpose. We transform lives and communities by increasing access to digital highways for millions of individuals and hundreds of thousands of businesses.

Our employees are at the heart of this transformation. They are the passion and fuel that serve our purpose and the essence of what we call Sangre Tigo.

Sangre Tigo is the DNA of our company culture. It is our identity today and our continued aspiration for the future.

A 2018 survey involving more than 11,000 employees within the Tigo leadership team and across all our markets provided the foundation of our Sangre Tigo cultural framework. In 2019, we solidified this framework by clearly articulating Tigo's four pulses, which encompass the key values, practices, behaviors and beliefs that we all share.

To bring Sangre Tigo to life, in 2019 we initiated a series of dynamic and interactive workshops designed to provide employees with clarity on our workplace culture and values. We expect to have rolled out these workshops to all our operations by the end of 2020.

Sangre Tigo Cultural Framework

PULSES

We are ONE TIGO	TIGO runs in our veins	We make it happen the right way	We give 1,000% for our customers

BEHAVIORS

We are ONE TIGO	TIGO runs in our veins	We make it happen the right way	We give 1,000% for our customers
We have one purpose and we make an impact	We are proud of our company and our history	We lead by example and we do what we preach	Our customers are at the center of everything we do
We are inclusive and united	We are innovators	We never compromise our integrity	We are direct, honest and open
Together we win	We are fast and we go the extra mile	We are transparent and accountable	We always do it right, from the first time
We value our differences	We are passionate	We find solutions and deliver results	We make decisions based on data insights
We manage Tigo assets as if they were our own	We care for our communities	We see challenges as opportunities	We think, act and live digital

What does Sangre Tigo mean to our ambassadors?

"Sangre Tigo is something magical and incomparable, it represents the passion which we work in day-to-day and the satisfaction that comes from working with different people who converge on a single feeling. It is a challenge for me to have the responsibility to strengthen this passion in all Tigo employees, I feel very motivated to achieve it."

Mayra Rodríguez

B2B Productivity Head, Honduras

"For me, Sangre Tigo is ethics; it's passion for the things I do, and the joy of knowing that we improve lives on a daily basis.

To be an example and solution for my customers and colleagues, and be able to replicate the Sangre Tigo lifestyle".

Leslie Rosales

Sales supervisor HFC, Costa Rica

11,000+

Employees trained in our Sangre Tigo cultural framework through December 2019

170

Sangre Tigo employee ambassadors

The Value of Volunteerism

Caring for the communities we serve is a value embedded in our Sangre Tigo culture and our company's very purpose. We deepened our commitment to this value in 2019 by instituting a policy to provide up to 2 days of paid time annually for all our full-time employees to volunteer on behalf of local organizations.

Many of our people choose to give back to communities through our Responsible Leadership in Action programs. For example, this year, more than 4,400 employee volunteers helped entrepreneurial women, teachers, and children of all ages to adopt digital technology in ways that transform their lives and elevate their communities. Working directly with communities not only demonstrates how we live our Sangre Tigo values, it also brings deeper meaning and purpose to our employees' day to day work and inspires them to do their very best. *Learn more in the* ***Fulfilling Our Corporate Responsibility*** *section on pages 34-49.*

Building a More Diverse and Inclusive Workplace

Our newly articulated Sangre Tigo culture framework encompasses our foundational commitment to respect all people at Millicom. The value of diversity and inclusion to our business reaches far beyond a simple belief in doing what's right. We believe that an inclusive workplace culture attracts talented professionals and empowers them to innovate and contribute their perspectives and experiences in a supportive environment that values people's differences. In turn, our business, products and services benefit from being truly reflective of diverse customer and community interests.

In 2019, we launched a two-year initiative to define the essential components of diversity and inclusion (D&I) in Sangre Tigo culture and establish a new D&I strategy. Our HR leads, in conjunction with the Boston Consulting Group (BCG), gathered insights from Millicom employees company-wide to understand their present experiences of D&I in the workplace.

This process confirmed that our company is rich in ethnic diversity—with 38 nationalities represented among the 200+ employees in our Miami regional office alone. We also uncovered areas of opportunities to improve our work environment related to gender equity, sexual orientation and age. We emerged with a strong conviction that we must do even more to ensure all employees feel included and valued at Millicom. Our next step on this journey is to form a D&I Council with broad representation across our cultural spectrum to help Millicom's senior leaders set the priorities of our new D&I strategy. We will focus on leadership development and opportunities for all and ensuring that all employees feel their voices are being heard.

We are one Tigo. We are inclusive and united, we value our differences, we have one purpose and we make an impact.

Transforming Our HR Processes

As we continue moving into new markets, we also need to support a larger and more dispersed employee base. This challenge has led us to review Millicom's HR systems with the goal of enhancing our process transformation and ensuring that our practices comply with specific areas of the Sarbanes-Oxley Act and other financial accounting and reporting requirements of the NASDAQ Stock Market in the U.S..

We engaged Deloitte Consulting in 2019 to help identify opportunities for greater efficiency, consistency and accuracy in our current systems and practices. When finalized, this assessment will guide our development of a company-wide operating model that can support one global HR information system. It will provide self-service access to employees as well as simplify, automate and standardize HR processes across all operations and countries. We plan to implement this new environment in 2020.

Promoting Health, Safety and Wellness

Many of our employees live and work in emerging markets where security issues—including civil unrest, armed and organized criminal activity, and terrorism—may compromise personal safety. We seek to minimize such threats and maintain a safe workplace environment by enacting a wide range of controls and promoting actions that help keep our people out of harms way.

Millicom has managed the health, safety, and well-being of employees based on international (OHSAS) standards and industry best practices, with advice and support from local authorities, and is currently transitioning to ISO 45001. 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.

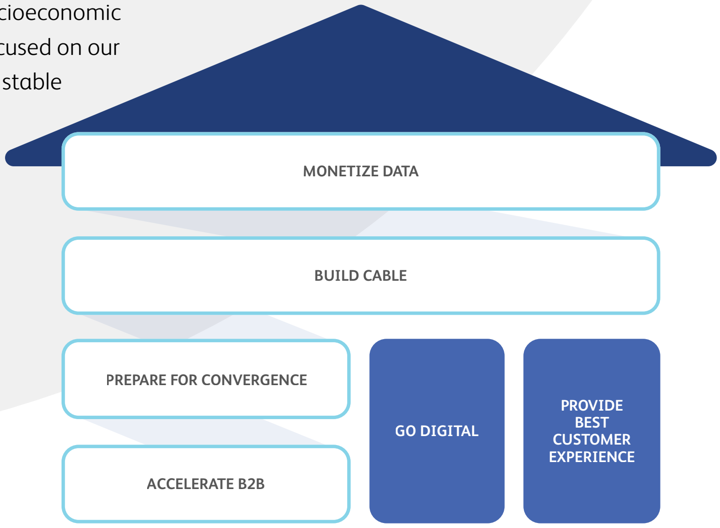
For the fourth straight year, we improved our supplier due-diligence and vetting processes and conducted comprehensive compliance audits for those suppliers considered to be at greatest risk of significant health, safety, and security issues.

The systems implemented also provided the operations the relevant frameworks to identify improvements to further reduce the risk of injury, illness and fatal incidents.

In 2019, most operations in Latam and Africa transitioned to and received certification for the new ISO Health and Safety 45001 standard. We expect to have all operations certified by the end of Q2 2020.

Our Business Strategy and Performance

We continued generating robust financial returns and socioeconomic benefits in our markets in 2019 by staying relentlessly focused on our business strategy, which is designed to propel long-term, stable growth in six interconnected areas.



Millicom CEO Mauricio Ramos chats with Panamanian football star Jaime Penedo via a real-time holographic call, the first ever in Latin America, using 5G technology powered by Ericsson.

Monetize Mobile Data

Our 2019 Telefónica acquisitions added new mobile markets in Panama and Nicaragua. Through our expanded 4G/LTE network—which now covers 69% of people in our Latam markets—we are connecting 15 million 4G mobile customers to content and experiences from providers such as Amazon Prime (see highlight story on page 26) as well as through our own TigoONEtv and Tigo Sports content services.

Our network and datacenter investments in 2019 have also set the foundation for us to become the leading 5G operator in Latam as the standard evolves and market demand grows in the coming years. We are piloting 5G capability in Panama, Colombia and other countries with telecom partners such as Ericsson.

As we accelerate our transition from a prepaid to a postpaid subscription model, these new products and services help stimulate customers' data usage and bring in additional revenue.

Build Cable

Having completed the acquisition of Cable Onda at the end of 2018, Tigo's fixed network now passes more than 11.8 millions of homes in Latam. Our expanded hybrid fiber coaxial (HFC) network meets growing demand for high-speed data from business and consumer subscribers.

With a cable footprint that now extends uninterrupted from Guatemala to Colombia, we can drive even greater operational and logistical efficiency in our network. Our larger scale and broadened coverage enable us to deliver improved service and more content options for customers while keeping our prices competitive. Our cable and other fixed services business generates aproximately 40% of Tigo's Latam revenue.

Prepare for Convergence

With integrated fixed and mobile networks in all nine of our Latam markets, we have tremendous room to grow our portfolio of converged services that customers can seamlessly access as they move between work, home and leisure. In 2019 we created new agreements with partners such as Amazon Web Services that enable us to provide a hybrid public/private cloud infrastructure with enhanced content and data access as well as improved security for businesses and public-sector organizations.

TRANSFORMING PUBLIC HEALTHCARE ACCESS IN PANAMA

WHERE: Panama

WHAT: Working with the Caja Del Seguro Social (Social Security) agency in Panama to create a fully digitized medical radiology platform that simplifies and speeds information sharing with medical practitioners. Cable Onda launched the project in 2014 and Tigo continues to implement it.

HOW: Physicians and other practitioners can access digitized x-rays and medical records on mobile devices while attending to patients who might otherwise have to travel further from their homes to be seen at a larger medical facility. Tigo manages the platform and provides maintenance services for all the biomedical and technological components of the initiative.

RESULTS:

- *5.1 million patients observed since 2014*
- *Replacement of analog equipment with 185 digital radiology units*
- *More than 90 new remote digital stations across the country help radiologists serve patients more efficiently*
- *700 doctors and technicians trained on the new platform*
- *Reduced time patients had to wait for laboratory results from 45-60 days to seven days or less*
- *Images and diagnostic notes integrated into the patient's digital file, reducing errors and costs associated with transferring and storing medical records*

Accelerate B2B

Our high-speed fixed and mobile networks now pass approximately seven out of ten businesses in our Latam markets. In 2019, we focused on growing B2B adoption of our secure and reliable network capabilities. In the process, we increased our Net Promoter Score (NPS) among business customers by 9.6 pts from January to December 2019.

More companies are choosing the communications, datacenter, cloud and business continuity services that Tigo Business provides. Our fiber ring, which connects the 13 countries from United States to Argentina and Chile, enables us to deliver high availability, consistent support and greater resilience for multinational companies—leading to greater satisfaction for their customers.

Our offerings to small and midsized businesses (SMBs) also grew in 2019. Building upon the success of our first-ever SMB convergent offer that Tigo Business rolled out in Bolivia in 2018, we extended these capabilities to SMBs in Honduras in 2019. For a fixed monthly price, customers can purchase a service package with internet, HFC, mobile and cloud solutions tailored to their individual needs.

4G NETWORKING IMPROVES COLLABORATION AT BANCOLOMBIA

WHERE: Throughout Latam

WHAT: An entire virtualized network that integrates Bancolombia's telecommunications, business processes, data and content across 10 countries.

HOW: Tigo has served Bancolombia, one of the largest financial institutions in Latam, since 2014 when we merged with broadband and telephony provider UNE. In 2019, we implemented a set of networking solutions that enables Bancolombia's 46,500 employees from Colombia to Jacksonville, Florida, to communicate and share information more flexibly. Our platform applies software-defined wide-area-network (SD-WAN) technology along with 4G mobile networking capabilities to enhance and secure the bank's telecommunications.

The results include:

» *Connectivity for 695 Bancolombia branches and six administrative offices*

» *Integration of instant messaging, audio, video, and web communications among bank employees*

» *Faster and more efficient customer service*

» *Added voice capabilities at bank ATMs*

HIGH-PERFORMANCE, ENERGY-EFFICIENT LATAM DATACENTERS

As part of our strategic plans for delivering faster, more reliable and more secure services, we have invested more than $68 million in improving our datacenter infrastructure to world-class standards throughout Latam. These new datacenters deliver improved uptime for the Millicom cloud environment which, in turn, provides better service to our customers.

2019 Highlights:

- *Completed five new datacenters as of December 2019*
- *Closed two older facilities in Honduras and one in Colombia, with plans to close four more in Latam in 2020*
- *Incorporated three Tier III-certified datacenters in Panama that were part of the Cable Onda acquisition completed in early 2019*
- *Earned a CEEDA Level Silver Energy Efficiency certification from Datacenter Dynamics for our new Paraguay datacenter and began the certification process for four others*

Along with the benefits they create for our business-to-business (B2B) customers, these new and upgraded datacenters, combined with the decomissioning of older facilities, will reduce Millicom's energy consumption, GHG emissions and operational costs—signifying our commitment to adopt business practices that minimize our environmental impact.

The new datacenters are 40% more efficient than traditional sites due to the use of higher-efficiency equipment and the implementation of real-time energy management software, which is running at our datacenters in Paraguay and Bolivia, and will soon be rolled out in Colombia, Guatemala, Panama and Honduras.

20%

Additional reduction in energy use through replacement of legacy technology in our datacenters and network

"We are proud to be a leading operator investing in technology infrastructure in Latin America for the long term. We believe this strategy and investment will make us a premier provider of B2B solutions in all of the markets where we operate."

Xavier Rocoplan
Chief Technology Officer

Go Digital

We are evolving our digital tools and operational model to be more efficient for our internal teams. We're also creating simpler and more satisfying digital avenues for our customers to interact with us.

Through our e-care support platform, Tigo customers can now resolve 80% of the most common service and account issues—including plan upgrades, username/password resets and billing questions—on their own. In 2019, we also started to connect the Tigo ecosystem with digital platforms such as WhatsApp and Google Mobile Android, which allow even more users of our prepaid mobile services to check their balance and recharge their account without having to install the Tigo app.

In addition, subscribers in every country can now pay their bills online using Tigo Money, our mobile wallet app. They can also renew Tigo services from home through their set-top box and set up automatic payments using a variety of methods. By digitizing our activation process and requiring fewer manual steps, we can bring services into customers' homes more quickly and efficiently.

AMAZON PRIME AND THE "CONTENT SUPERMARKET"

WHERE: All Latam markets

WHAT: Bring an unprecedented wealth of digital content to our audiences through partnerships with Amazon Prime and Google Android

HOW: Tigo subscribers can now stream videos, music and other offerings from Amazon Prime through their set-top boxes and on mobile devices. Through another new partnership with Google Android, we added Android TV to the TigoONEtv service.

These groundbreaking partnerships give Latam residents access to globally sought-after content for the first time—providing greater customer choice and bringing additional returns to Tigo on our investments in 4G and cable.

"We are bringing customers the seamless and always-connected experience they expect, with access to premium content from around the world through Amazon Prime. Together with our fast-growing TigoONEtv and Tigo Sports offerings, we're creating a virtual 'content supermarket' that provides more options and flexibility than ever."

Luciano Marino

Vice President of B2C Initiatives

Provide the Best Customer Experience

Beyond offering more digital self-service tools for customers, we are working to create an even more customer-centric culture throughout Millicom. Our 2019 efforts included gleaning more actionable details about customer satisfaction and needs through our various touchpoints—online, by phone and in person.

We're using these insights to create more effective support behind our products and services—which contributed to a 9 points rise in Millicom's overall NPS this year. As a result of better understanding our customers, and to garner even more granular knowledge about their needs and experiences, in 2019 we introduced nine new customer service interaction evaluations to our experience model and improved the way we interact with our customers in existing channels.

A CLEARER VIEW OF HOW OUR NETWORKS PERFORM

WHERE: Bolivia, Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Paraguay

WHAT: Enhancing how we measure network performance and use that information to continuously improve our customers' experiences.

HOW: We use Tutela's crowdsourced mobile network quality data—collected from more than 10 million mobile devices in the region—to benchmark our signal strength and quality, device usage and download speed patterns. This helps us better understand how users are experiencing our fixed and mobile networks, troubleshoot network performance issues and identify key areas for investment to improve our quality of service.

Risk Landscape

As an international mobile and cable services company operating in emerging markets, predominantly in Latin America, managing risk plays a significant role in our decision-making.

The developing, and sometimes volatile nature of the markets and economies in which we operate, exposes us to an inherently higher level, and potentially different set 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.

Risk Appetite

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

Our consideration of risk plays a critical part in reducing uncertainty. This supports decision making in the allocation of capital and resources, which increases the likelihood of successfully formulating and executing on the right strategy. We carefully align our approach to balancing risk with reward to protect our stakeholders and deliver sustainable value.

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.

Key risks are determined based on likelihood or occurrence and impact to the business, based on a number of financial and non-financial criteria. These criteria include the potential operational, financial, reputational and human impact of the risk. Each risk is owned by an individual risk owner at the relevant decision-making level. For example, key risks of the Group are owned by members of the executive management team, whereas key risks of each country are owned by the leadership team of each country. Oversight of the Group's key risks is provided by the Board and its Committees, while oversight of key risks in the countries is provided by the executive management team and the central functions.

MILLICOM'S RISKS ARE CLASSIFIED INTO SIX BROAD CATEGORIES:

Evolution of risk in 2019

Key events in 2019 have had a significant impact on the risk profile of the Group – in particular, inorganic strategy, financial structure, and growth. However, many of these changes are due to the successful execution of Millicom's operational strategy and investor proposition plan.

The company started the year with the re-listing of its shares on the NASDAQ Stock Market in the U.S. Many activities were undertaken in 2018 to ensure that governance structures are fully compliant with the relevant rules and regulations. In 2019 significant focus was placed on improvements in the control environment (including fulfillment of requirements under the Sarbanes Oxley Act).

In Q1 Millicom announced the agreement to acquire mobile businesses in Nicaragua, Costa Rica and Panama, and the sale of its business in Chad. The portfolio of businesses has therefore continued its shift toward Latin America and in particular increased its exposure to Central America. The ability to successfully merge and integrate the acquired businesses is a key opportunity and challenge, which will continue in 2020.

Political and economic stability are key determining factors in the ability of our businesses to grow and continue to be successful. While the underlying currencies in which we generate revenue remained relatively stable in 2019, political and civil unrest in some of the Central American countries continued to impact some of our businesses. In addition, toward the end of the year, civil unrest following elections in Bolivia caused instability in the country and temporary disruption to our business.

International sanctions and restrictions placed on certain suppliers of devices and equipment were a key focus of risk management activities during the year. A full assessment of the possible outcomes and implications for our business was performed, with contingency plans formulated. This risk will continue to be monitored closely in 2020 as global discussions on national security and communications continue.

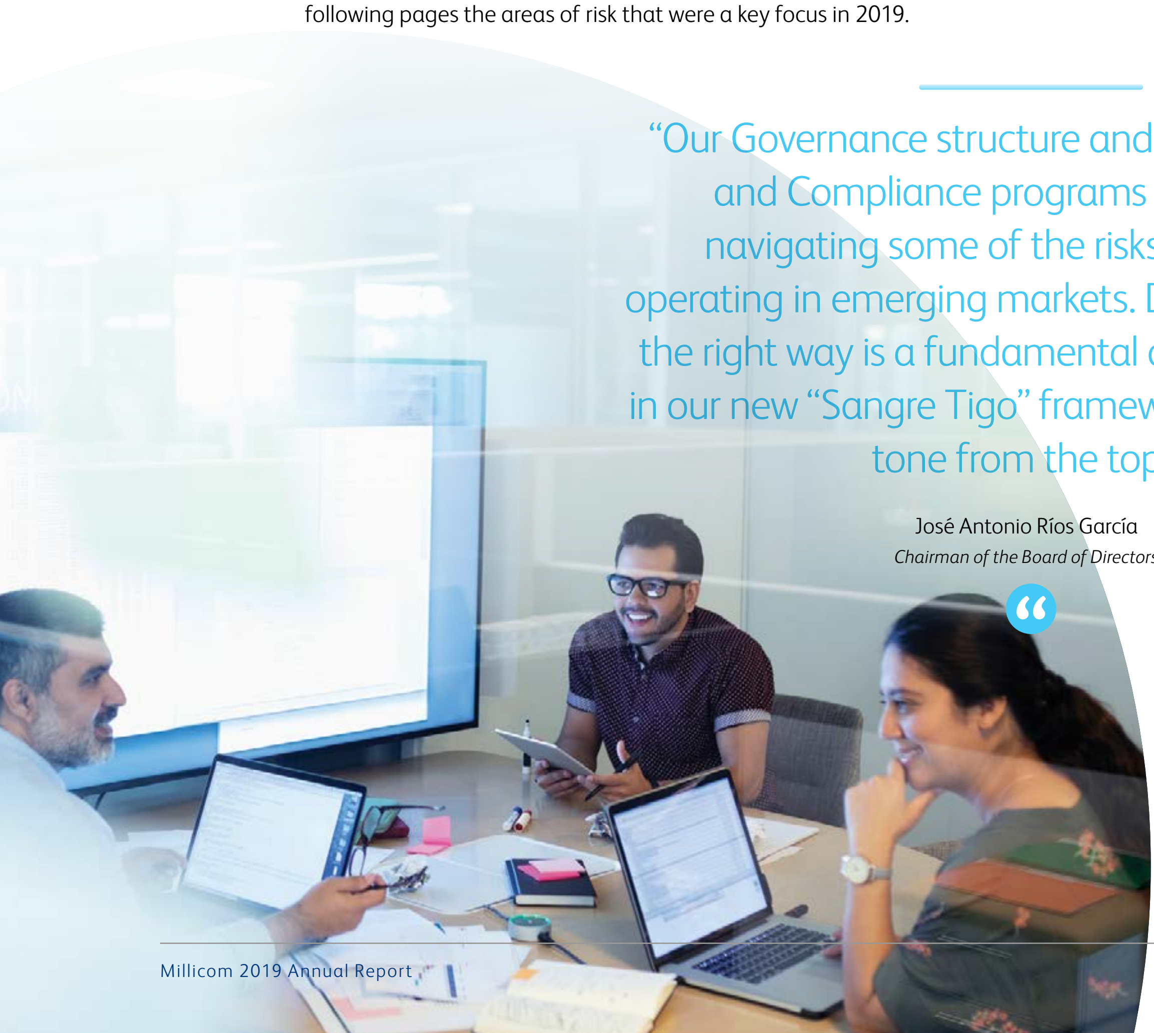
Information and network access security, including protection of customer data and cyber security in general, continue to increase in importance for all consumer-based businesses. We continued to invest in this area (detailed on pages 97 and 98 in the Governance section) in 2019.

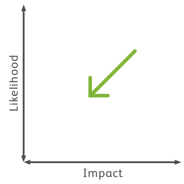
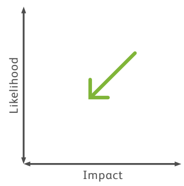
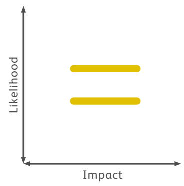
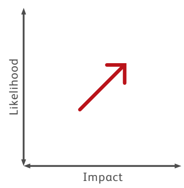
Our senior leadership team remained largely unchanged during 2019, a key enabler in executing on our strategy and driving both short-term and longer-term initiatives, including those on leadership, culture and succession planning.

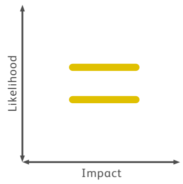
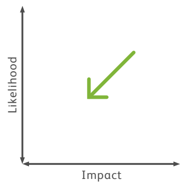
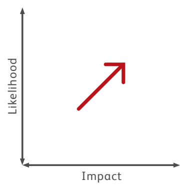
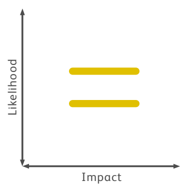
While we manage and monitor many more risks within the Millicom risk universe, we have highlighted on the following pages the areas of risk that were a key focus in 2019.

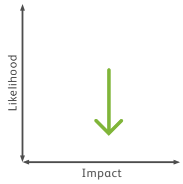
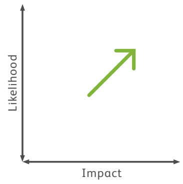
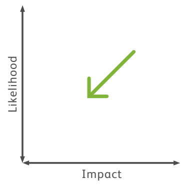
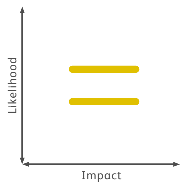
"Our Governance structure and Business Ethics and Compliance programs were key to navigating some of the risks inherent to operating in emerging markets. Doing business in the right way is a fundamental driver embodied in our new "Sangre Tigo" framework and sets the tone from the top."

José Antonio Ríos García
Chairman of the Board of Directors



Risk	**Mitigation and actions**	**Evolution in 2019** *(likelihood and impact of the risk materializing)*	**Board Perspective**
1. Strategy and strategic direction: Uncertainty in the formulation and governance of an appropriate and executable strategy and strategic direction that supports the vision of the company. Inadequate processes for gathering and analyzing information in formulation of the strategy.	*Our strategy has been developed based on our vision of building digital highways that connect people in our target markets. We have a relentless focus on the six key pillars of our strategy, and monitor execution of the strategy with relevant financial and operational KPIs as well as external factors such as macro, political and key demographics in our markets.* *Our Board oversees and approves our strategy and any refinements that may be required.* *Our strategy is set out on pages 22-27.*		*Millicom's growth profile in recent years is a strong indicator that the strategy deployed since 2016 is working. In 2019 the company continued to meet key operational targets, including in building cable, monetizing data, and positioning itself with fixed and mobile presence in all its LATAM markets.* *Relisting on NASDAQ in the U.S. has provided an easier path for investment in Millicom's growth story.*
2. Portfolio management and capital allocation: Acquisition or retention of businesses poorly aligned to strategy, overpriced, and /or generate lower than required return on investment. Investment and capital management that enable the company to meet its strategic objectives within its financial and operational capabilities.	*We carefully consider opportunities to acquire, merge, or divest businesses based on market dynamics, portfolio balance, and opportunities for long-term value creation.* *We are focused on LATAM where we see the best opportunities for future growth and value creation. In 2018 and 2019 we reallocated capital from Africa, and significantly increased our presence and position in Central America through the purchase of Cable Onda in Panama and the Telefonica mobile businesses.*		*Building digital highways in growth economies in Latin America is a key strategic focus.* *Divestiture of the Chad business and acquisition of mobile businesses in Central America in 2019 fit perfectly with these longer-term goals of the Company.*
3. Macro-economic conditions: Volatility or uncertainty in macro-economic conditions (e.g. but not limited to; currency, inflation, and remittances) and underlying drivers impacting our markets and the disposable income of consumers, and the currencies in which we generate and remit cash flows.	*We actively manage macro-economic risks in a number of ways.* *We commission studies on economic development and prospects in our countries, we consider currency volatility in our budgeting, forecasting, tax and treasury management processes, and we raise debt in local currency where it is available..* *See page 10 for a review of the financial performance in 2019.*		*While the countries in which Millicom operates in Latam may, from time to time, experience short-term macro-economic volatility, average GDP growth is forecast to be in the range of 2%-4% per annum through to 2028.* *Currency fluctuations are a key risk inherent to Millicom's business. The Board oversees management's processes and controls governing financial and macro-economic risk against pre-determined levels of risk appetite.*
4. Political, civil and regulatory environments: Instability, unrest, or lack of predictability in regulation or rule of law in the countries in which we conduct business. Uncertainty in regulatory and tax rulings, including indirect taxation and regulatory pressure through tariffs, taxes and service penalties.	*We closelty monitor politial developments in the countries where we operate and review potential changes in regulations on an ongoing basis.* *A number of countries in our footprint held planned government elections during 2019. The election result and ensuing civil unrest in Bolivia had a short-term negative impact on our ability to provide services to our customers.* *We implement efficiency programs in all aspects of our business to offset the impact of newly introduced or expected changes in taxes and regulations.*		*Political and regulatory risks for Millicom's businesses remain relatively high in many of our countries, particular those seeking to increase income from the telecommunications industry.* *In 2019, the imposition of regulatory fines and lack of transparency in certain countries signaled a continued trend of increasing risk in this area.* *The Board oversees Millicom's interaction with key governmental and regulatory agencies, and promotes transparency and predictability in regulation. The Board sponsors doing business in the right way.*

Risk	Mitigation and actions	Evolution in 2019 *(likelihood and impact of the risk materializing)*	Board Perspective
5. Competition and customer experience: Market structure, market position, actions taken by competitors, and customer experience have a significant impact on attracting and retaining customers. Lack of attention to market and customer needs or poor customer experience negatively impact the subscriber base, and operator reputation. Competition for mobile and home subscribers continues to increase, while prepaid customers remain a large and important contributor to revenue. Quality of service, innovation and converged offerings as key differentiating factors.	*With a focus on home penetration, and 4G subscriptions, Millicom also has partnerships with key content and service providers such as Netflix and Amazon, as well as broadcast rights including football in many of our markets.* *In recent years we have implemented processes and tools to continuously track customer satisfaction across all our markets and services, and use this data to refine and enhance our customers' experiences.* *See page 27 for information on how we have invested in processes to improve customer experience and gain insights.*		*In a world where demand for content, access to information and communication services is increasingly critical in enhancing and improving lives, positive customer experience is a vital attribute.* *'Best Customer Experience' is one of the key pillars of Millicom's strategy, and a key differentiator in customer choice of operator.* *Millicom's comprehensive customer satisfaction program in place facilitates a continuous cycle of improvement across all facets of customer experience in all operating markets.*
6. Licenses and spectrum: The availability of licenses and spectrum is limited, closely regulated, and increasingly expensive. Inability to obtain the required quantity or band of spectrum from regulators or third parties at a price we deem to be commercially acceptable, could have significant negative consequences for the operation of our businesses.	*We have a carefully formulated spectrum and license strategy and management plan for each of our markets.* *We actively monitor and engage with government and regulatory bodies on spectrum and license related matters.* *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 2019, we successfully obtained and renewed the spectrum we need to continue to operate our businesses, including acquiring new spectrum in Colombia and El Salvador.*		*The landscape related to spectrum and licenses to operate is constantly changing, particularly in our markets as governments seek higher financial and consumer benefits from spectrum auctions, competition for lower spectrum bands, and industry consolidation.* *Millicom actively engages with regulators and governments, and promotes fair and transparent allocation and pricing of spectrum and licenses.*
7. Financial structure and capacity Millicom may be at a disadvantage compared to competitors in access and cost of capital. Risk that financial limitations such as debt covenants, debt service requirements and credit ratings could negatively impact ability to execute the organic and inorganic growth strategy.	*We carefully manage our sources and uses of capital to enable us to meet our operating, investing and financing needs.* *We manage our debt maturity and monitor opportunities for lowering our cost of debt and increasing our debt efficiency on an ongoing basis.* *In 2018 and 2019 we successfully raised additional finance to acquire the businesses in Central America, while maintaining comfortable headroom against covenants and maintaining our credit rating.*		*Millicom's financial structure is both a key facilitator and inhibitor of its ability to grow its business and create value.* *The Board closely monitors balance sheet structure and the sources and uses of funds in the business. Operating and equity free cash flow, leverage, and shareholder remuneration are key areas of focus of the Board in approving annual budgets and monitoring results.*
8. 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 ongoing vulnerability assessments, simulation exercises and business continuity management plans, tested on a regular basis.* *We develop our investment programs with consideration of elements including outage risks, external dependences, and network redundancy.*		*Millicom's vision of building digital highways that connect people, improving lives and developing our communities, relies heavily on the quality and availability of its networks and infrastructure.* *Capital allocation in expanding, modernizing, maintaining and protecting networks are vital in the successful execution of Millicom's strategy.*

Risk	**Mitigation and actions**	**Evolution in 2019** *(likelihood and impact of the risk materializing)*	**Board Perspective**
9. Technical transformation and convergence Failure to identify / anticipate drivers of technological change together with adaptability and resource to implement change. Threat of cross-industry convergence and further commoditization of existing products and services. Strategic risk of 'betting on the wrong technology' or 'missing the technology of the future'.	*With fixed and mobile businesses in each of our strategic markets, we now have the necessary building blocks for fixed / mobile convergence.* *We now deploy more than $1bn each year in expanding, developing and modernizing our networks and infrastructure to enable customer growth and enhance customer experience.* *To learn more about our business strategy and goals to prepare for convergence see pages 22-27*		*Advancements in technology, and increasing demand for more and higher quality services are trends that have defined the telecommunications and media industries. These trends are expected to continue and accelerate.* *Millicom's strategy seeks to balance its short-term operating and financial goals with key technological and transformational investments that will ensure the business remains strong and prepared for the medium and long term.*
10. Cyber security and data protection: Intrusion into systems or networks and inappropriate access to sensitive data could have significant operational, regulatory, legal and reputational implications. Failure to implement systems and processes to prevent, detect and respond to information security threats, and properly manage data requests (e.g. from governments and regulatory authorities).	*We have established a Global Information Security Office and Global Security Operations Center to centrally manage and coordinate risk mitigation related to cyber security and data protection.* *We have implemented processes to regularly assess threats and vulnerabilities to security breaches, and training programs in place to raise awareness and control consciousness of employees.* *Learn more on page 98 about the initiatives we implemented in 2019 to improve protection of critical systems, and ensure compliance with relevant data protection rules.*		*Cyber security attacks have emerged as a significant threat to the successful operation of any organization, particular those that rely on information systems to collect, process, and manage date.* *Innovation, technological advancements and an ever increasingly regulatory environment heighten risks in this area. Millicom has responded by dedicating resources and allocating capital to strengthen its cyber control environment.*
11. People, workplace and well-being: Our geographical footprint sometimes exposes our employees and contractors to situations which may subject them to physical, psychological or emotional harm.	*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 21.*		*It is our people that bring our vision to life. Everyday thousands of Millicom employees and contractors work towards building the digital highways and providing the services that benefit our customers and their communities.* *We recognize the importance of ensuring that Millicom is a place where our people can feel safe, protected and supported in ways that enable them to do well, and enhance their lives and the loves of those around them.*
12. Conduct: Actions and behaviors of our employees, business partners and other stakeholders impact the Company's reputation, compliance with rules and regulations and may impact our ability to operate our businesses.	*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 Governance Section of this report for more information on our anti-money laundering, anti-corruption and other business ethics action items in 2019.*		*Doing business in the right way is a fundamental driver embodied in the tone from the top through the organization.* *The Board's Compliance and Business Ethics Committee maintains oversight of Millicom's Compliance program and initiatives that strengthen controls and enhance the culture of compliance in its business and with its business partners.*

Compliance and Business Ethics

Corruption in government and the private sector can raise potent risks for our business that we must counter decisively and transparently in order to protect our reputation, maintain stakeholders trust and sustain our long-term growth. Our ability to operate in the heavily regulated telecommunications industry and maintain a competitive advantage also hinges on diligently adhering to requirements that often vary considerably between different markets. At Millicom, we maintain a zero tolerance for any form of corruption.

Our Ethics and Compliance Group meets these challenges by setting the highest standards of integrity, backed by clear guidance and support for our employees in upholding our expectations. Along with our Board and Executive Team, the group provides front-line protection against legal, financial, regulatory and reputational missteps that could interrupt our operations and jeopardize our customer relationships.

As Millicom completed the acquisitions of Cable Onda in Panama and Telefónica's Central American operations in 2019, much of our attention went into training nearly 3,000 new employees from those companies on our Code of Ethics and our compliance policies. We presented a series of face-to-face training sessions at the former Cable Onda and Telefónica operations to ensure that senior leaders and individuals whose roles carry a higher level of compliance or ethical risk fully understood our ethics policies and procedures. Most other employees completed online training as a mandatory part of their overall onboarding experience.

One of our focal points for all Millicom employees who interact with customers, suppliers and other stakeholders is how to recognize and avoid potential conflicts of interest. We also want to ensure that our people feel empowered and safe to raise any ethical concerns. As a result, 97% of our employees have now been trained in our conflict of interest policy.

In 2019, we rolled out country-specific extensions of our anonymous whistleblower hotline and EthicsPoint reporting database for the people in our newly acquired operations. In addition, we hired compliance officers in Panama and Nicaragua. We have seen a steady increase in the reporting of ethics cases in 2019. As we continue to onboard, integrate and train employees from new operations in 2020, we expect this trend will continue.

Our group also worked closely with Millicom HR and Corporate Responsibility leaders to help shape the new Sangre Tigo cultural framework (see related story on pages 18-19.) and to establish new goals for our Ethics program. We will use this expression of our corporate attitudes and behaviors—among them, "We make it happen the right way" and "Integrity starts with you"—as one of the touchpoints in our ethics and compliance training to help us achieve our goals.

328

Cases reported on Millicom Ethics Line

97%

Employees trained in our conflict of interest policy

Fulfilling Our Corporate Responsibility

Millicom's purpose is at the core of our corporate responsibility (CR) actions, and always has been. We channel the power of technology delivered through our digital highways into programs that create life-changing opportunities for people and transformative economic, social and educational benefits for communities. We also work with teams across the company to reflect CR values such as environmental stewardship, integrity, inclusivity and respect for human rights in every facet of our business.

The unrivaled power of mobile technology to connect and improve lives and bring businesses in emerging markets into the global economy cannot be understated. As our business grows through the adoption of digital technologies, so does our ability to fuel even greater opportunities and bring socio-economic progress to the countries where we operate.

We do not divorce technology and innovation from human rights, ethics or sustainable development. They reinforce each other. As our markets prosper, our business prospers.

2019 was a pivotal year for our CR efforts on many levels. We put a highly cohesive strategy and framework into action with more specific goals, stronger regional impact and greater reach through partnerships.

Embedded Responsibility

2019 is the first year that we managed and reported against our refreshed CR Framework and 5-Year Plan. The framework builds on our longstanding commitment to corporate responsibility and the fulfillment of our purpose. But it is more than just a document—everything we do as an organization related to corporate responsibility now flows from this comprehensive and ambitious plan. Through collaboration between CR, B2C, B2B, technical, procurement, facilities, environmental, human resources and other teams globally and at the country level, we brought the framework to life by co-creating specific goals and metrics so that responsible practices are fully integrated into our business and drive our community and industry leadership.

Regional Impact

As part of our integration efforts, we significantly scaled our activities and impact by building on the insights gained from experience and successful pilots to address key socio-economic challenges facing women, children and communities. We leveraged the lessons learned through a multi-year process to replicate and adapt country-level programs to larger regions, advancing each facet of our CR Framework. Our more cohesive and structured approach has already created a greater positive impact in communities—helping people move out of poverty and into the mainstream economy, enhancing quality of life through improved access to education, financial services, and employment. (See stories on pages 43 to 48).

Powerful Partnerships

We know we can achieve greater impact and transform more lives when we partner with others, so in 2019 we ramped up our work with regional and local partners like UNICEF and the Crecer Foundation to channel our products, services, financial resources and employees' talents where they are most effective in elevating communities. Whether it's women entrepreneurs earning more income, or children learning how to code and responsibly use the internet, stories in following pages provide examples of how, working together with partners, we can move the needle on priority issues for the countries we serve and bring positive benefits to our business as well.

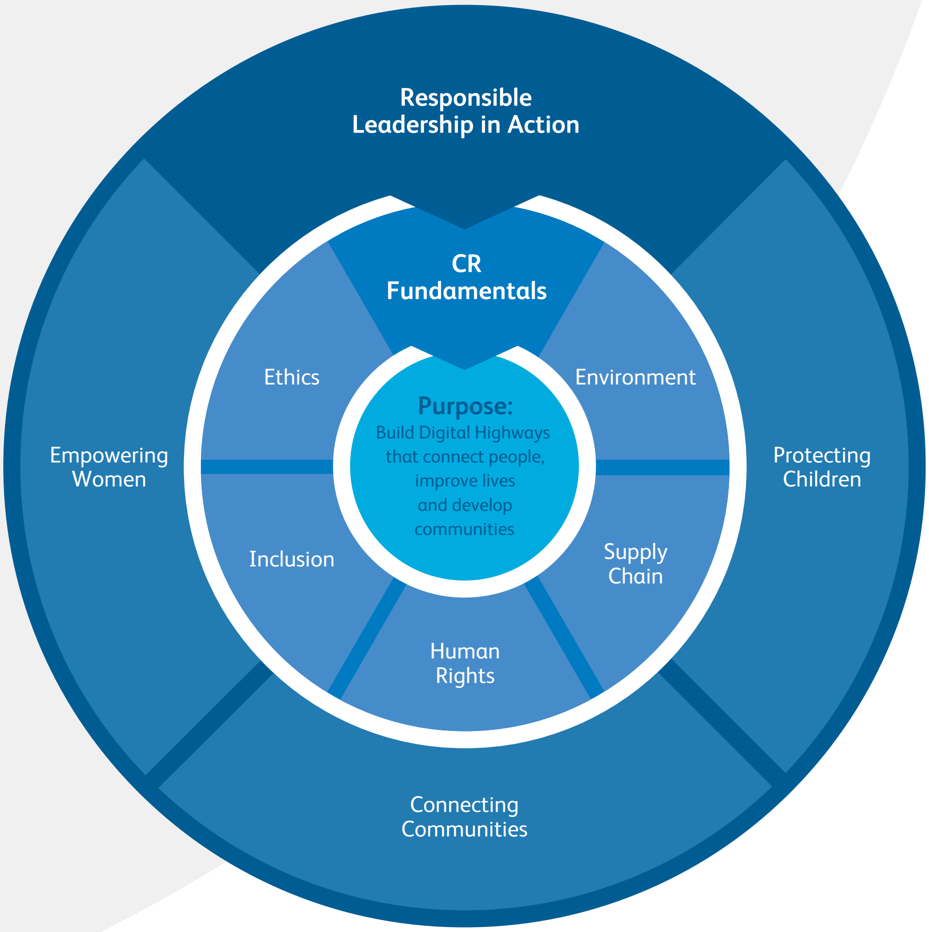
"Millicom is leading by example by integrating child rights in its CR framework… We are working together to make digital spaces for children and young people a safe place to learn, to play, and to connect with other children and young people."

Charlotte Petri Gornitzka
Deputy Executive Director, United Nations Children's Fund

Our CR Framework

Anchored by Millicom's core purpose, our CR Framework spans five CR Fundamentals within our business and three Responsible Leadership in Action pillars to benefit children, women and communities. Across each of these areas, we have set a Five-Year Plan with specific goals for measuring our progress.

Our progress on the CR Fundamentals and Responsible Leadership in Action pillars is featured in this section as well as under **Supporting Our People,** pages 15-21; **Managing Our Business,** page 25; and **Compliance and Business Ethics,** page 33. We also present detailed statistics about Millicom's CR performance, including how our work aligns with the United Nations Sustainable Development Goals (SDGs), in the tables on pages 50-56.



"Millicom stands out for the way the company's purpose, corporate responsibility strategy and reporting are closely bound together and focused on the long-term."

Dunstan Allison-Hope
Managing Director, BSR

SEEDING TRANSFORMATIVE CHANGE WITH OUR $211M SUSTAINABILITY BOND

We believe that by investing to advance socio-economic progress and environmental stewardship in the emerging markets that we serve, our actions not only move communities forward but also sustain our own future success. With the launch of Millicom's Sustainability Bond Framework and the issuance of our inaugural Sustainability Bond in May 2019, we stepped up to further align our financing strategy with CR.

Our Sustainability Bond of SEK 2 billion (or about $211 million) is the first Green and Social Bond issued from Latin America. It supports initiatives geared toward reducing our climate footprint and promoting greater digital and financial inclusion for the unconnected and underserved as well as the thriving middle class and businesses in Latin America. To be eligible for funding through a Sustainability Bond, all projects must comply with either the Social Bond Principles or Green Bond Principles published by the International Capital Markets Association.

We allocated the first year of the bond to a range of projects that encompass distinct social and environmental objectives and benefits.

Our projects under the bond include:

- **DataCenters:** *We developed an UPTIME Tier III certified facility in Bolivia, designed to operate at PUE 1.6 and with an estimated power reduction of 40% when compared to our previously existing traditional Datacenter in Santa Cruz.* *(see related story on page 25).*

We've also earmarked proceeds from the Sustainability Bond for a range of projects focused on expanding digital and financial inclusion, such as:

- **Broadening Technology Access:** *Expand our fixed and mobile networks that will extend coverage to unconnected and underserved population.*
- **Empowering Women:** *Training more than 200,000 women in El Salvador, Paraguay and Bolivia to use mobile and internet technology as a pathway to employment, higher income and greater potential.*
- **Protecting Children:** *We have delivered training to more than 60,000 students, parents and teachers in El Salvador, Paraguay and Bolivia on digital literacy and tools, computer and programming skills, robotics and child online protection.*
- **Improving Supplier Performance:** *Training more than 170 of our suppliers on corporate responsibility issues including health and safety, compliance, fair labor, ethics, eco-efficiency and child rights.*

The Sustainability Bond Framework gives us a potent means of attracting capital from investors who share Millicom's interest in seeding environmental and social progress in Latin America through our business.

"At Millicom, corporate responsibility lies at the heart of everything we do. Our updated Corporate Responsibility Framework sets the scope for our focus, and we are excited that we are now able to apply it to our financing strategy as well."

Rachel Samrén

Executive VP and Chief External Affairs Officer

CR Fundamentals

The first element of Millicom's Corporate Responsibility Framework involves what we believe are the prerequisites for the health of Millicom's business and the societies where we operate. CR Fundamentals are core to Millicom's purpose, culture and relationships. They guide our employees on how to conduct business in the right way.

Our CR team collaborates with business units across the company to help ensure Millicom is conducting business in ways that maximize our positive impact, manage risk, reduce costs and build lasting trust with key stakeholders. The consolidated approach we launched in 2019 and accelerated over the past year is generating strong results across all five areas of our CR Fundamentals.

Our CR framework and Sangre Tigo are mutually reinforced: we put our people's talent and passion to the service of fulfilling our purpose and this, in turn, feeds into our everyday tasks and contribution to creating positive ripple effects in our communities.

Environment

Reducing our environmental footprint and conserving natural resources isn't just responsible business. For us, it's a strategic imperative as we seek to expand our services and connect more customers to the digital economy while also managing the associated operational costs and keeping our technology affordable to customers. Our 2023 Environmental goals are laid out as stepping stones towards a comprehensive and robust environmental approach that we are improving and building day by day, embedding efficiency, resiliency and circular economy criteria in our key processes and infrastructure.

From our investments in energy-efficient datacenters (see related story on page 25) and networking equipment to our e-waste recovery and reverse logistics initiatives (see sidebar on the right), we are laying the foundation for sustainable long-term growth and competitive advantage in our markets. As we improve network efficiency, we're also making our operations more resilient in the face of extreme weather events and power outages that could disrupt vital communications or information access.

We took big steps in 2019 to more accurately identify and measure the sources of our electricity and fossil fuel consumption as well as our carbon emissions. We're using this knowledge to continue developing action plans and set reduction targets by 2021.

A worker packing recovered CPE, ready to be reinjected in our market, at our partner facilities in Bogotá, Colombia.

NEW LIFE FOR OLD ELECTRONICS

WHERE: All our Latam operations

WHAT: Retrieving equipment that can be repaired and reused in our network or recycled, to reduce waste and save costs.

HOW: Through our reverse logistics and E-waste recycling program, we recover Customer Premises Equipment (CPE) as customers upgrade or discontinue our service. Our Five-Year Plan for CR Fundamentals set a target of recovering at least 78% of CPE by 2023 through 3 "R"s:

» ***Reduce*** *the need for new pieces of CPE and thereby avoid the cost and energy consumption associated with manufacturing new equipment.*

» ***Reuse*** *items recovered from customers due to service termination or upgrade.*

» ***Recycle*** *as much of our CPE as possible at the end of the useful life.*

When these approaches are not feasible for the whole piece due to obsolescence or deterioration, we work with vetted waste management providers to appropriately dispose of any remaining materials.

REVERSE LOGISTICS RESULTS IN 2019

69% of units retrieved from disconnections

•

1,751 tons of CO_2 emissions avoided

•

1,084.8 tons of plastic waste diverted from landfill

•

1.1 million cubic meters of water saved

•

$62 million capital expenditure savings

El Salvador Tigo campus seen from the air: the solar panels cover a vast area of our roof surfaces, one of the many environmentally-responsible features that make this facility eligible for one of the first LEED-Platinum certifications in the country.

"We always strive to do better than the day before, and we always look to see the big picture. We cannot fulfill our purpose of connecting people, improving lives and developing communities unless we also do our part to protect the environment."

Mauricio Ramos
Chief Executive Officer

LEED PLATINUM-CERTIFIED TIGO CAMPUS

WHERE: El Salvador

WHAT: One of our newest offices is also among the most environmentally sustainable and cost-efficient commercial buildings in Latin America.

HOW: With an investment of over USD 500,000, Tuscania Corporate & Business Park (TCBP), the developer of the corporate campus where Tigo El Salvador operates, inaugurated the solar energy plant with which they expect to achieve a significant reduction in the campus' carbon footprint while also reducing reliance on the grid and therefore making the campus more resilient in case of power outages.

The 1,238 solar panels installed will generate 606,000 Kwh per year—equivalent to the energy consumption of 200 households—avoiding 413 tons of CO_2 emissions every year.

With the installation of the solar energy plant, the facility met all the requirements to obtain the LEED (Leadership in Energy and Environmental Design) Platinum certification, becoming one of the first projects in El Salvador to achieve this recognition.

Human Rights

We work to respect people's dignity and safeguard their rights, including freedom of expression (FoE) and privacy. This extends from our role as a digital services and content provider that handles sensitive data for millions of customers, to the workplace standards we uphold with our employees and supply chain partners.

To help us follow through on these commitments and identify areas to improve, we regularly seek input from and share best practices with experts, investors, NGOs, other companies and the academic community.

Our Privacy Policy

Our Millicom and country websites provide detailed information to our customers regarding our policy and practices, including how we use, process and protect customer data, their rights related to the use of their data and channels and contact points where they can raise concens about their privacy.

In December 2018, we updated our Global Privacy Policy to meet GDPR requirements and best practices and continued its implementation in 2019.

Our Privacy department in our Miami regional office rolled out a "train the trainer" program to local privacy officers, almost 200 key staff in Latam on safeguards related to processing customers' personal data.

200

Key Millicom and Tigo staff trained on Human Rights in 2019

Privacy Protection Tools

We also continued to strengthen our privacy processes by implementing a privacy management platform that helps our global and regional legal departments ensure that personal data processing activities comply with applicable laws and our privacy policies and procedures.

The platform allows Millicom to determine the types of personal data that are being processed by headquarters and various Tigo operations. We can perform data mapping to determine what personal data is collected, where it is stored, whether it is processed by third parties or transferred to other countries and how long it is retained. The platform creates greater visibility and transparency around how we use personal data across the organization.

Implementation of GNI Principles

As part of the Global Network Initiative (GNI), Millicom contributes to solving complex situations in which people's fundamental rights to freedom of expression (FoE) and privacy come into conflict with government measures. Examples of this include addressing governmental demands to censor content, restrict access to communications services or hand over user data.

In 2019, we completed our first-ever GNI assessment, which reviewed Millicom's efforts to implement the GNI Principles on FoE and Privacy. The assessment report found that Millicom is making good-faith efforts to implement the GNI Principles and that we are improving over time. This is the first time that telecommunications companies have been assessed as part of the GNI and we were among the first to complete the assessment.

Human Rights Impact Assessments

Working with Business for Social Responsibility, a global nonprofit consultancy, we began conducting human rights impact assessments (HRIAs) of Millicom operations in Colombia, Bolivia and Paraguay as part of our Five-Year Plan benchmarks and our alignment with the UN Guiding Principles for Business and Human Rights. All our CR teams also received training in human rights issues and the HRIA toolkit process.

Each business unit whose activities may impact human rights also received the training. We will continue these HRIAs and trainings in 2020.

Ethics

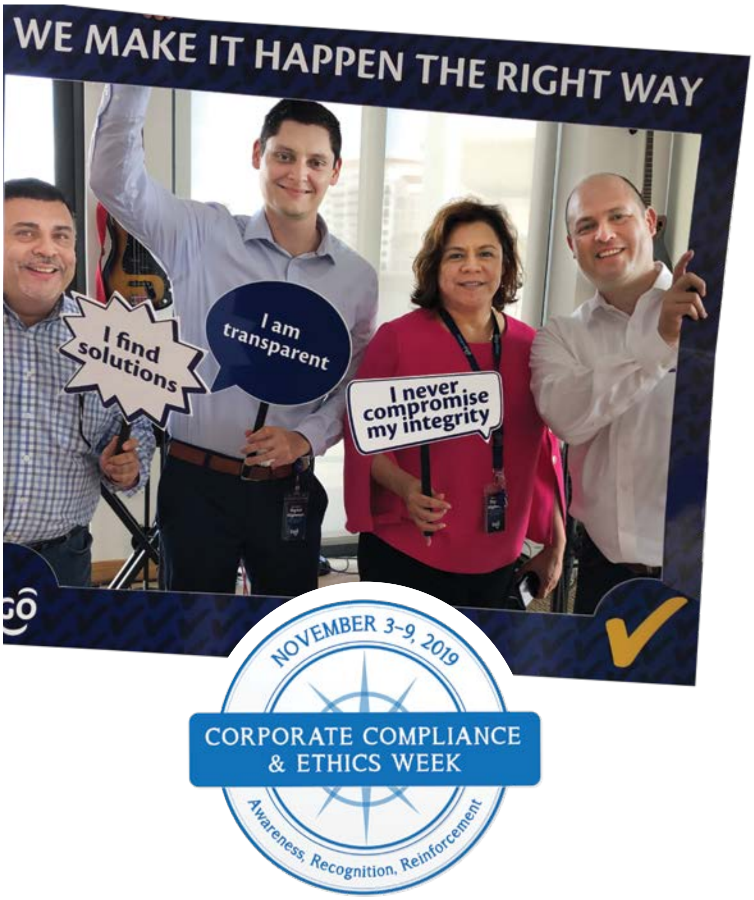
Millicom's success is grounded in a culture that reinforces and rewards ethical behavior. We strive to lead our industry in demonstrating the values of integrity, transparency and accountability—not just with each other but also in our interactions with government representatives, customers, partners and community leaders.

Acting with integrity, which includes zero tolerance for any form of corruption, helps uphold our reputation and earn stakeholders' trust. We also recognize that our people can work most effectively in an atmosphere that allows them to raise ethical concerns without fear of retaliation and feel confident that Millicom will treat those concerns seriously.

In 2019, members of our CR group assisted the Ethics and Compliance and HR teams with integrating employees from newly acquired companies into Millicom's values, culture and compliance practices. We also helped formulate better ways to encourage, recognize and reward integrity among people at all levels of Millicom. For example, we built compliance KPIs into remuneration packages for GMs and executive team members.

In addition to our work internally, we collaborate with other companies and government leaders on ethics issues. Our strides in 2019 included joining the World Economic Forum's Partnering Against Corruption Initiative, a cross-industry effort to address corruption, transparency and emerging market risks.

More details about Millicom's ethics and compliance activities can be found in **Our Business Strategy and Performance** on page 33, **Supply Chain** on page 43, **CR Performance Tables** on pages 51,58 and 59 and **Governance** on pages 67-100,



"We look forward to continuing our leadership as ambassadors for anti-corruption activities while we champion the implementation of high ethical standards among partners and stakeholders."

HL Rogers
EVP Chief Ethics and Compliance Officer

Inclusion

We are One Tigo—yet also a vibrant tapestry of backgrounds, beliefs, experiences and orientations. People of more than 50 nationalities work here. We value employees for who they are and what they bring to our company, because we recognize that diverse perspectives lead us toward smarter ways of working and inspire us to create more innovative products and services. We all prosper from building an inclusive work environment that not only reflects, but also celebrates, the broad spectrum of our workforce, the markets where we operate and the customers whom we serve.

Our CR group works closely with Millicom's human resources leadership on strategies for fostering greater inclusion—from adapting workspaces for people with disabilities to promoting gender equality and leadership opportunities for women—as part of the values, beliefs and practices that shape our Sangre Tigo company culture.

Learn more about these company-wide efforts and achievements in **Supporting Our People** on pages 15-21 and the **CR Performance Tables** on page 54 and 61.

One of the engineers in our technical teams Jenny Carrasco, Manager Fixed Rollout Honduras

346

Suppliers trained in the CR Program since 2017

Supply Chain

How our supply chain partners conduct their business is a direct reflection on Millicom in the eyes of our customers, shareholders and other stakeholders. As we invest in helping suppliers improve their CR and sustainability practices, we also strengthen our reputation, long-term stability and overall efficiency.

Our Supplier Code of Conduct requires suppliers to conduct themselves with the highest standards of honesty, fairness and ethics. The Code of Conduct also sets core expectations in the areas of health & safety, environment, fair labor and compliance. As part of the updates to our Code, set for release in early 2020, we simplified much of the language to more clearly state Millicom's expectations of suppliers and help make our standards more accessible to them.

2019 was our fifth year working with the platform and methodology of EcoVadis, a third-party ratings provider. We evaluate suppliers in key CR areas such as environmental stewardship, labor and human rights, ethics and sustainable procurement. The results enable us to monitor supplier performance in these areas and evolution over time. They are also a key element in customizing action plans for the suppliers participating in our CR training program, described below. Based on the 2023 CR goals communicated at the beginning of the year for supply chain, we are adapting the reporting metrics accordingly.

In Q4 of 2019 we delivered the third edition of our Supplier CR Training Program to 117 key suppliers throughout Latam on topics such as Health & Safety, Anti-Corruption; Fair Labor Practices; Child Rights; and Eco-Efficiency. Suppliers each received over 16 hours of direct training aimed at identifying risks and developing action plans to help improve their corporate responsibility performance over time. We also use feedback from suppliers who have completed our training to help shape our overall supply chain program and Code.

This year, our local CR and Procurement teams were also trained on responsible supply chain management within the same program but with focus on their end of the process, monitoring progress on action plans created by the participating suppliers.

Our Responsible Leadership in Action

There are more than four billion people unconnected in the world, roughly 60 percent of the global population. Over 95 percent come from emerging markets. These are the people who stand to benefit the most from online connectivity as a means to improve their quality of life and economic opportunities.

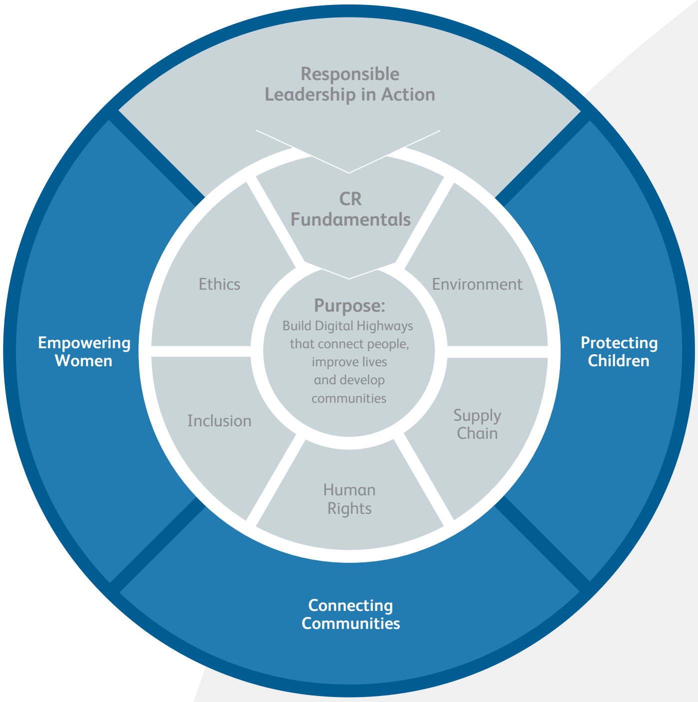
Once connected, these individuals have the potential to become our new customers and, in many cases, new employees who will fuel our next waves of business innovation and growth. They join a continuous cycle of development, prosperity and giving back in our shared communities.

The second element of our Corporate Responsibility Framework focuses on the promotion of a safe and productive adoption of the digital lifestyle by the company's customers and the communities where we work. Responsible Leadership in Action programs channel the power of our products and the talents and passion of our employees into three initiatives that empower women, protect children and connect communities. These are the areas where we often see the most profound opportunity gaps that prevent people from thriving in the digital realm.

They are also the areas where we and our stakeholders believe our company is best positioned to make a distinctive impact.

"To be a volunteer is to passionately tackle the work that enhances the responsible, healthy and creative use of the internet. We impact communities with our knowledge so that they can find in technology an ally for the development of their lives."

Hannia Enith Muñoz Rodriguez
Digital Specialist, Colombia



In 2019, thousands of Millicom employees helped energize our Responsible Leadership in Action programs, volunteering over 51,000 hours on projects across the countries where we operate. Along with opening more avenues for our people to contribute their knowledge and skills in 2019, we also focused on expanding some of the most successful projects and approaches into more communities.

Protecting Children

Information and communications technologies provide invaluable and nearly boundless learning and enjoyment opportunities for children. However, young users of technology are also especially vulnerable to harm from inappropriate digital content, cyberbullying, online predators and other threats lurking on the Internet.

Our Child Online Protection (COP) efforts help young people understand how to use technology safely and productively. We teach children to maximize the productive use of technology, and recognize and avoid potential dangers on the web so they can continue developing their skills in ways that multiply their lifelong opportunities for education, employment and innovation.

OVER 480,000 CHILDREN LEARN DIGITAL SKILLS, ONLINE SAFETY

Since 2016, through our child online protection (COP) efforts, we have trained more than 480,000 children in the opportunities and risks of digital technology.

In 2019, we consolidated and enhanced our regional COP initiative under the name Conectate Segur@. Building upon the success of Tigo Colombia's Contigo Conectados program, Conectate Segur@ uses interactive quizzes, games, stories and other materials—tailored for children as young as eight and up through high school age—to help young people develop safe, productive online habits. The curriculum includes lessons on cyberbullying, appropriate use of social networking, avoiding illegal and inappropriate content and recognizing signs of predatory behavior on the internet.

All our Latam markets have rolled out Conectate Segur@ initiatives in 2019. We aim to reach 70,000 teachers, 200,000 parents and caregivers and 700,000 children and adolescents by 2023.

For more details on our progress against these and other COP targets, please see the **CR Performance Tables** on page 55.

"This activity (COP) is very important for the institution because it enables parents to understand their responsibilities regarding their children's use of social media and the internet. For children, it's also very important as it can help them be aware of how they can make better use of the internet for academic and learning purposes."

Luz Nuyereth Vazquez
Coordinator, Antonio Derka School, Santo Domingo, Colombia

UNICEF SCHOOL OF INFLUENCERS

Young people look to each other for cues on what to do and how to act in almost every aspect of life. Recognizing that the world of technology is no exception, we teamed up with UNICEF last year on a project that trains young people to guide their peers in staying safe—online and offline.

Launched in Colombia, the School of Influencers program is creating a nationwide network of adolescent leaders who are actively involved in promoting responsible uses of technology and deterring harmful behaviors. Participants use an online platform hosted by Tigo Colombia to build their knowledge and engage with peers. By the end of 2019, 2,436 Influencers between 10 and 19 years old had been trained in four cities.

"We have to be cyber-aware," says Carolina Castañeda, a School of Influencers peer leader in Soacha. "The internet allows us to travel through different worlds where we can live many emotions, but we must be cautious and responsible."

Beyond the School of Influencers program, Millicom and UNICEF have collaborated since 2012 to promote and respect the rights of children and adolescents in every Latin American market where TIGO operates. Our other joint projects have included:

- *The Mobile Industry Child Rights Impact Assessment (MOCRIA) tool, which helps ICT companies better understand how our business may affect children and develop action plans to address key issues*
- *Helplines in Guatemala and El Salvador that provide children with professional resources to overcome abuse and other situations that endanger their physical or psychological health*

Millicom's CEO, Mauricio Ramos, spoke about the impact of our work with UNICEF at the organization's Executive Board Meeting, which took place during the UN General Assembly in September 2019. Mr. Ramos reinforced our company's commitment to pooling our resources and skills with UNICEF's expertise on child rights and its network of local stakeholders to help improve conditions for young people.

700,000

Children and adolescents we aim to reach through our online safety programs by 2023

"The School of Influencers seeks to promote good use of the internet through workshops for adolescents, by adolescents. Thus, we strengthen our leadership abilities and generate safe digital spaces."

María Fernanda Narváez

National Leader, School of Influerces, Pasto

Empowering Women

In many of the communities where Millicom operates, we see a disparity in women's access to digital tools, content and technological skills. According to GSMA, in almost all low middle and low income countries, "the mobile gender gap extends beyond ownership and access—even when women own a mobile phone, they use a smaller range of mobile services."[1] We are responding at a company-wide level with services and training specifically aimed at integrating more girls and women into the digital ecosystem.

Our approach to closing the gender gap includes equipping women with mobile technology tools, digital literacy and the entrepreneurial skills that will enable them to build lasting prosperity. We're also broadening women's access to financial knowledge and resources, such as microloans, that can serve as the springboard for starting or growing their own businesses. In all, we have committed to empowering 400,000 Latam women entrepreneurs between 2019 and 2023 with digital skills to benefit themselves and their families in all of our markets.

Our Conectadas program provides women in our markets with training on how mobile internet can connect them with the mainstream society and economy and improve their lives.

Initially deployed in Guatemala in partnership with the Sheva Foundation in 2017, we expanded Conectadas to more of our operations in 2019 with the objective of creating a regional strategy and program.

In 2019, El Salvador, Bolivia and Paraguay rolled out the Conectadas programs under the same concept and methodology used in Guatemala, and adapted the program to also include women micro-entrepreneurs and Tigo Money agents.

Through the Conectadas digital literacy programs that we support in partnership with nonprofit organizations such as Fundemas, women throughout Latin America learn internet and mobile technology skills as well as how to obtain microfinancing for their small-business ventures. Along with contributing technology and course materials to the program, we helped train more than 324,000 women from 2017 to 2019.

We have also set a goal to train and empower 26 women micro-entrepreneurs per year in El Salvador to conduct their business transactions through Tigo Money, a mobile tool that advances the digitalization of small and midsize enterprises. As Tigo Money agents, these women will be able to help others complete financial transactions—making them promoters of financial inclusion in their communities.

We see the benefits of this transformation rippling through families and entire communities. With greater digital inclusion comes greater opportunities for women to rise above poverty, build confidence and become self-sufficient. The adoption of mobile technology also drives financial inclusion where the unbanked move to safer and more productive financial practices such as mobile money transfers, remittances and bill payments. Meanwhile, we also grow the demand for Tigo products and services throughout the developing countries that we serve.

"My life changed after this training. I learned to organize, to set targets and to use technology…so that my business can do better."

Sonia Zelada de Girón

Tigo Money agent, Librería Los Héroes, El Salvador

1 Source: The Mobile Gender Gap Report, GSMA, 2019, page 3.
https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2019/02/GSMA-The-Mobile-Gender-Gap-Report-2019.pdf

COMMUNAL BANKING HELPS WOMEN ACCESS MICROFINANCE RESOURCES

Over 159,000 women in Bolivia are gaining greater financial control and stability through a new partnership between Tigo and the Crecer IFD Foundation. Tigo Bolivia's program is part of our regional strategy for helping boost the productivity of women's businesses and entrepreneurship through training on digital tools and technology.

Participants in Bolivia receive training in how to apply for microfinance opportunities and manage their money through mobile banking services. Through the microfinance program, groups of women set up communal banks through which they can apply for microloans and distribute the funds to support each other in launching or growing a small business. These communal bank members are all accountable for the repayment of their loans as a group, which helps strengthen their teamwork and sense of community.

Conectadas and the communal banking program helped Alejandra Mendoza Perez, 28, gain the skills to create online advertisements for her small beauty salon. With higher income from the ads and other improvements to her business, she became able to pay her microloan off more quickly.

"I search tutorials to learn new things about products and on beauty salon management. This helps me a lot to improve," Mendoza Perez says of the training she received through Conectadas. "These sessions also help us to manage our social media accounts safely."

324,000+

Adolescent girls and women trained through our Conectadas digital inclusion program from 2017 to 2019.

"Women of communal banks are their families' main productive engine. Their businesses need to be strengthened. In our times, this strengthening is more successful if it goes hand in hand with technology and internet use."

Isabel Rueda

National Manager of Development Services, Crecer IFD

Connecting Communities

We believe that connected communities are resilient communities—which, in turn, are the best possible environment for people to reach their full potential. Therefore, this pillar of our strategy encompasses and reinforces positive results within our other two Responsible Leadership in Action focus areas.

We achieve progress by providing internet connectivity to organizations that can be multiplying agents, such as schools, universities, public institutions and community centers. To step up our work in communities, however, we must better understand how our programs are impacting the individuals that are part of them. With this in mind, during 2019 we looked into ways of assessing the outcomes of our programs and have developed a pilot program in Paraguay through which we intend to create a methodology for measuring impact throughout all our operations.

For this project we partnered with Global Infancia, and will focus on the impacts that our Telecentros have had on the communities they have been deployed in. The results, which are expected during Q1 2020, will give us a clearer view of how our actions can create change in the communities where we operate, and also provide us with a scalable methodology to continue to measure the impact of our programs in the rest of our operations.

Sharing Our Energy as Volunteers

One of the most powerful ways that we connect communities is through channeling the talents and passion of our employees as volunteers. We more than doubled our 2018 volunteering hours, with 51,425 hours this year. This was achieved through a more strategic and focused approach. For example, Tigo Paraguay organized a company-wide "Dia V" volunteering event with the goal of bringing together collaborators and beneficiaries of the country's Telecentros, or technology access centers. More than 700 volunteers at 10 Telecentros locations, which are attended by over 4,000 children, spent the day helping with:

» Games that teach children how to recycle

» Fun activities designed to start meaningful conversations about risks and opportunities on the Internet

» Repairs, cleaning and beautification projects to improve children's everyday surroundings

» Friendly sports competitions to reinforce the value of teamwork and fair play

Also, in celebration of International Volunteering Day on December 5, we held simultaneous volunteering activities in all our Latam countries and our Miami regional office, with the participation of over 500 volunteers and benefiting more than 1,400 people.

TECH SKILL-BUILDING FOR YOUNG PEOPLE

WHERE: Bolivia

WHAT: Tigo and our employee volunteers help students learn computer programming and create projects to showcase their new-found talents.

HOW: Our Pixel a Pixel teaches school-age children "computational thinking" skills such as coding, logical analysis and problem solving. Since 2017, more than 64,000 children and hundreds of teachers from 135 schools have benefited from Pixel a Pixel. This learning platform is also accessible online at www.pixelapixel.org.bo.

In May 2019, we gave children a chance to test their skills and knowledge at our first Technological Fair of Coding Education. Nearly 70 children from 10 communities presented computer programming projects that addressed societal problems and needs in Bolivia. Featured technology creations included anti-bullying resources, digital organizational tools for students and accessibility aids for the visually impaired.

Over 2x

Year-on-year increase in total employee volunteering hours

Corporate Responsibility Performance Tables

We report our progress against the Millicom CR Framework and Five-Year CR plan, which are built on our 2018 Materiality Assessment as well as our ongoing engagements with internal and external stakeholders.

Our Support for the UNs Sustainable Development Goals

Millicom supports the United Nations Sustainable Development Goals (SDGs) as part of our commitment to a business strategy that is aligned with the objective of shared and sustainable growth. Our CR framework prioritizes and focuses us on the SDGs that intersect most directly with Millicom's resources, expertise and ability to add the greatest value in addressing societal needs. The performance tables on the following pages indicate how our efforts connect with, and help advance, specific UN SDGs.

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, Nicaragua, and our recently acquired Telefonica operation in Panama. Additional exclusions, where applicable, are detailed in footnotes. The majority of our performance data on pages 57 to 63 is reported on the October 1, 2018 to September 30, 2019 basis, except where noted.

SUSTAINABLE DEVELOPMENT GOALS

CR Fundamentals Overview

	Our Goals	5-Y	What we did in 2019	Our performance	SDG relevance
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.	100% GMs and executive teams with compliance KPIs built into remuneration package by 2020.	Since 2018, we have tied the GM Compliance objectives with their bonuses. We want to create the right incentives where integrity is recognized, rewarded and encouraged. Heatmap and KPI scorecards have been presented to the Board of Directors, as a way to assess progress towards Compliance objectives.	100% of GMs have compliance KPIs built into remuneration package.[1]	
		100% of the above group plus their direct reports with compliance KPIs built into remuneration package by 2021.			
		95% Compliance & Ethics training for active employees yearly.	All operations and HQ deployed training on Code of Conduct and Anti-Corruption during 2019.	94% of active employees have received Compliance & Ethics training.[2]	
		Respond within 3 business days to each Ethics Line allegation submitted through hotline.	The current mechanism allows for visibility of the date an allegation is submitted to the hotline and the date on which a response is logged.	We are currently responding to each Ethics Line allegation within 3 business days of being submitted through the hotline.	
		Provide corrective action recommendations for each Ethics Line case substantiated through the investigation process.	Where a concern or allegation is substantiated, investigation findings and recommendations for corrective action are provided to the appropriate review committee.	Case-specific recommendations are provided as needed and closely tracked.	
	Have a Compliance & Ethics Program that is central to business strategy, effectively embedded in the business processes and procedures, focusing on the actual impact the company's Program has in the countries it operates in, on our employees, customers, stakeholders and communities.	100% operations with online platform deployed and functional for a high-quality program that integrates preventive measures, key controls, reporting mechanisms and due diligence processes capable of detecting and correcting misconduct and wrongdoing.	This year we completed the automation of the Conflict of Interest and Gifts and Hospitalities forms.	All of our operations have these forms standardized and accessible.[3]	
Supply Chain	Extend related training to Procurement team.	Train 100% of Procurement staff in responsible supply chain management issues related to our core risks by 2023.	We expanded the Supplier Training Program to Procurement staff to standardize content across operations and align messages and practices with those delivered to suppliers.	88% of Procurement staff in Miami headquarters and Latam operations reached by the Responsible Supply Chain module.	
	Enhance due diligence processes by including sustainable procurement criteria for global strategic suppliers.	Vet all global strategic suppliers through our sustainable procurement platform.	We have assessed the baselines against our current global strategic suppliers and identified among this key group who is already vetted through the platform.	Out of this group, 56% already has taken the assessment and we are in the process of revising the lists and planning for 2020.	
		Ensure that 100% Global strategic suppliers obtain sustainability assessment scores of 45 or greater by 2023.	As part of the above revision, we assessed how many of our global strategic suppliers already have a score of 45 or greater.	46% of our global strategic suppliers already have scores of 45 or greater.	

1 *Excludes Guatemala JV, as well as newly-acquired operations of Telefonica and Cable Onda.*
2 *Excludes recently acquired Telefonica operations.*
3 *Excludes Guatemala JV, as well as newly-acquired Telefonica operations.*

CR Fundamentals Overview–continued

	Our Goals	5-Y	What we did in 2019	Our performance	SDG relevance
Supply Chain	Train all suppliers with Group spend >$1.0m by 2023, and measure their progress on corrective action plans through sustainable procurement platform and audits.	Train all suppliers with Group spend >$1.0m by 2023, and measure their progress on corrective action plans through sustainable procurement platform and audits.	In 2019 we focused our training on local suppliers we consider critical and with greater potential of improvement- not necessarily meeting the condition of spend of over $1M. Further review will be done to determine the most strategic prioritization criteria for supplier selection.	117 suppliers trained across Latin America.	
Environment	Environmental impact assessments of all operations executed by 2021, including issue prioritization and remediation plans.	Environmental impact assessments executed, reviewed, revised, standardized and with action plans consolidated for regional execution by January 2021.	We achieved ISO 14001 standard certification in all our corporate offices and in Colombia, Costa Rica, Paraguay, Guatemala, Honduras, Bolivia, Panamá, Tigo Tanzania and Zantel, with Bolivia and Nicaragua in advanced stages. Environmental impact assessments have been conducted in the framework of this process.	100% of operations with environmental impact assessments conducted.	13
	Develop and implement a comprehensive strategy for climate change mitigation and resilience for Tigo operations and customers.	Design one pilot project for emissions reduction and one for offsetting / carbon pricing by 2020.	In addition to different existing initiatives in our operations, we are evaluating several alternatives for feasibility and are on track to meeting this goal as scheduled.	We are on track to meet-ing these commitments.	13
		Comprehensive strategy for climate change mitigation and resilience for Tigo operations and customers approved and announced by Q2, 2022.	We are taking the necessary steps towards fulfilling this commitment, internally by broadening and accelerating collaboration across the business functions that manage related impacts and risks. Externally, in late 2019 we joined the GSMA taskforce #BetterFuture in order to align, leverage and coordinate target-setting efforts with our industry peers to maximize our potential for positive impact.		
	Enhance data quality and standardization of calculation and reporting of baselines and targets to reduce carbon footprint and achieve costs savings and reduce carbon footprint.	2018 energy consumption, Scope 1 and Scope 2 baselines identified and published by 2019.	Baselines have been identified for energy consumption and scope 1 and scope 2 emissions, against which we are initiating the target-setting process.	Our baseline year is 2018 and levels are shared on page 61 of this report.	13
		Fossil fuel consumption and energy consumption reduction targets set by 2021.	Baselines have been identified for energy consumption and scope 1 and scope 2 emissions, against which we are initiating the target-setting process.	Our baseline year is 2018 and levels are shared on page 61 of this report.	13

CR Fundamentals Overview–continued

	Our Goals	5-Y	What we did in 2019	Our performance	SDG relevance
Environment	Manage and measure waste streams, and reuse and recycling of consumer devices.	Reach 78% of Consumer Premise Equipment (CPE) end to end (E2E) recovery[1] by 2023.	Ramped up our reverse logistics process across the Latam region through standardization of practices, improved materials classification and coordinated tracking of performance from the supply chain team, broadening the reach we already had through a specialized partner in Colombia, Costa Rica, El Salvador and Honduras, including assessment of in-house practices and other partners in operations that work with them.	We achieved 69% CPE E2E recovery across the region, with some individual countries like Costa Rica, Bolivia and Colombia already above the 77% recovery line.	12
		Conduct an inventory of all waste generated at operations and publish related targets by 2020.	Conducted a deep dive process to standardize e-waste management and measurement practices.	An updated scorecard has been launched in Q4, which will be a key input for the 2020 Annual Report.	12
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.	Corporate and operations Gap Assessment conducted by Q3 2019.	Corporate and operations Gap Assessment conducted by Q3 2019.	Conducted Gap Analysis of operations policies and processes against UNGPs.	
		Develop remediation plan to cover gaps by Q4 2020 for implementation under 5-year plan.	Develop remediation plan to cover gaps by Q4 2020 for implementation under 5-year plan.		
	Roll out training on human rights in all Latam markets by 2020.	Human rights training to CR Team by Q4 2019 and extended to designated business teams by Q4 2020.	We rolled out trainings on human rights and Privacy and the use of Millicom's privacy management tool to designated Privacy champions in HQ and Latam operations.	200 people trained in Miami HQ, Bolivia, Paraguay, Colombia, Costa Rica, Panama, El Salvador and Honduras.	
	Develop and deploy Human Rights Impact Assessment (HRIA) toolkit in all Latam markets.	Training on HRIA toolkit conducted in all operations by Q4 2019.	Trained CR Managers and HQ Legal, Compliance, Procurement and Business teams in Colombia, Paraguay and Bolivia.	56 people trained in HRIA.	
		Conduct HRIAs in all operations by Q4 2020.	Conducted HRIAs in Colombia, Paraguay and Bolivia.	37% of our Latam operations with HRIA conducted.	
		Develop remediation plan to cover findings of HRIAs by Q2 2021.			
	Protect customer rights to privacy and freedom of expression in accordance with Global Network Initiative's (GNI) Principles and obtain positive assessments of our policies and practices.	Develop Grievance Mechanisms for customer privacy or freedom of expression issues by Q4 2019.	Conducted gap assessment of GMs at HQ and operations.	Developed Framework for GMs for HQ and Operations levels.	
		Develop web-based one stop Privacy Center for customers on company policies, terms and conditions and practices relative to privacy and freedom of expression by Q4 2019.	Published Global Policy, User Terms and Conditions, Cookie Policy, and Privacy Notices on MIC and operations' websites. Launched a management tool to assist in the administration of our Program. Designated Privacy Officers and Privacy Champions in HQ and operations.	Obtained favorable external GNI assessment report on alignment of our policies and practices regarding freedom of expression and privacy against GNI principles.	

1 End-to-end recovery excludes obsolete equipment that cannot be reinserted

CR Fundamentals Overview–continued

<table>
<tr><th></th><th>Our Goals</th><th>5-Y</th><th>What we did in 2019</th><th>Our performance</th><th>SDG relevance</th></tr>
<tr><td rowspan="3">Inclusion</td><td>Build an inclusive work environment that is representative of our workforce, the markets where we operate and the customers who we serve.</td><td rowspan="3">» Track progress on inclusive work environment by our employee engagement survey and Tigo culture diagnostic.
» Increase employee participation in positive work environment trainings and programs.</td><td rowspan="3">In 2019, we launched a multi-year initiative to define and execute a Diversity and Inclusion (D&I) global strategy and framework. Our strategy was developed pursuant to an internal audit of our policies and practices on diversity and inclusion and included focus groups of employees throughout our company.
We analyzed internal data, considered feedback provided by more than 6000 employees, and also reviewed what companies that have been successful leading these efforts have done.</td><td rowspan="3">This information provided us significant insights and gave us the base to define our aspirations and strategic priorities. Now we have a global D&I framework aligned with our Sangre Tigo culture. In the next couple of years our goal is to "live" our aspirations, implementing initiatives that allow us to continue building an organization that welcomes diversity that is inclusive and united.
Starting in 2020 we will amplify the set of D&I metrics we disclose based on the implemented strategy.</td><td rowspan="3"></td></tr>
<tr><td>Promote a culture of inclusion through policies, procedures, and regular training, and activities that foster employee collaboration.</td></tr>
<tr><td>Enhance employee wellness and growth through policies, programs and practices designed to support their aspirations professional and personal development.</td></tr>
</table>

Responsible Leadership Overview

	Our Goals	Our targets	What we did in 2019	Our performance	SDG relevance
Protecting Children	Continue our Child Online Protection education program to reach more children, adolescents, parents, teachers and caregivers.	By 2023 reach through our COP programs: 70,000 teachers. 200,000 parents and caregivers. 700,000 children and adolescents.	We rolled out the new, regional program Conectate Segur@, in a key step towards broader impact and collaboration. All Latam operations received training on Colombia's Contigo Conectados program which, in turn, was implemented locally through volunteer trainers under the Conectate Segur@ strategy.	4,540 teachers 74,959 parents and caregivers 120,099 children and adolescents reached through COP programs	
Protecting Children	Expand Child Online Protection training program for our employee volunteer program by creating online training platform in all our operations.	Online training platform live in all our operations by 2020. By 2023 reach 120,000 volunteering hours from COP-related programs.	This goal has been revised upon further analysis and has been refocused towards in-person training as it was found to be the most effective methodology both for attendees and volunteers.	18,542 volunteering hours devoted to COP-related programs,	
Protecting Children	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.	All countries complete research on use of technology by children and adolescents by Q4 2020. All countries implement action plans based on results of the research by 2020.	Based on Colombia's 2018 research on use of internet by children and adolescents, all operations have developed plans to adapt the study for local roll out in 2020 using the same methodology to have comparable results.	All Latam countries are ready to implement the methodology standardized during 2019.	
Protecting Children	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.	All operations implement CSAM blocking mechanism by 2020.	All operations have advanced the implementation a of new management system that includes enhanced blocking measures. This system will provide region-wide coverage using an international validated list of CSAM sites.	The system is already in place in 75% of our Latam operations. We expect to have full coverage in the first half of 2020.	

Responsible Leadership Overview–continued

	Our Goals	Our targets	What we did in 2019	Our performance	SDG relevance
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.	All operations conduct assessments focused on socio-economic conditions and technological capabilities of women and girls by 2023.	Through the expansion of the Conectadas program, we are identifying benchmarks for the development of assessments in the coming years that will allow by each operation to research the socio-economic conditions and technological capabilities of the participants.	During 2019, we used the results obtained in Guatemala to create a regional framework to use as foundation for the program's next steps.	
	Continue our programs to reduce the gender gap in the use of mobile technology.	Close the digital gap in our Latam operations by 2020 in line with the acquired commitments through GSMA's Connected Women initiative.	GSMA extended the Connected Women initiative until 2023, Millicom as the only operator in Latam to have signed to commitment agreed to the extension in November 2019.	We maintain the same objectives, with each operation's local goals depending on their specific baselines.	
	Implement regional strategy to advance digital literacy with educational programs on basic and advanced digital knowledge and entrepreneurial skills.	400,000 women trained through our digital inclusion program by 2023.	We rolled out the CONECTADAS program in all operations based on Guatemala´s strategy with the Sheva Foundation.	Design and planning for regional Conectadas app is underway for delivery during 2020.	
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.	Design and roll out to operations a regional impact measurement methodology by 2020.	We deployed a pilot program in Paraguay to create a standard impact measurement tool. The results from this assessment will serve as benchmark for adaptation and replication in other operations.	Initial pilot program in Paraguay in final stages. The resulting methodology will be expanded to all other Latam countries in 2020.	
		All countries implement an impact measurement methodology related to connectivity and digital inclusion by 2022.	Pending results from Paraguay assessments, all ops will implement accordingly.		
	Continue bringing internet connections to schools and public institutions in vulnerable communities throughout Latin America through collaborative partnerships with local government and NGOs.	Provide internet to 1300 schools and public institutions by 2023 reaching our set commitment with the OAS ICT Alliance.	Operations have ongoing programs that include provision of internet access to public institutions and schools, keeping us on track with OAS 2030 goal.	1,416 schools and public institutions to date provided with internet connection. We have already exceeded our 2023 goal and are well on track to meeting the 2030 commitments.	
		Provide with digital platforms and empowerment programs through the use of technology to 1,000 public institutions and community development institutions by 2023.	We continued the implementation of programs with focus on robotics and empowerment through technology.	Further review of target is needed to adjust to new programs and development of strategy. Further opportunities in combining with Protecting Children actions to increase scope and effectiveness.	

Our Performance

1. Human Rights

KPI	2017	2018	2019
Total number of law enforcement requests[1]	41,323	45,666	40,132[2]
Number of major events	14	20	10
Law enforcement requests—LatAm			
Interception	971	2,116	2,121
Customer metadata	32,340	33,868	37,497
MFS	181	523	514
Content Takedown	1	0	0

1 We classify law enforcement requests into three categories: interception, customer metadata, and customer financial data (related to the mobile money services or MFS services we provide). These three categories encompass the vast majority of requests we receive. We report all other requests outside of the definitions as major events.
2 2019 values only for Latam; see LED report for additional details.

Overview of Major Events by Type[1]

KPI	2017	2018	2019
Shutdown or restriction of services	2	7	8
Proposals for significant changes in local laws	4	5	1
Proposals for significant changes in technical or operational procedures	1	2	1
Disproportionate interception or customer data requests	2	2	0
Politically motivated messages	0	1	0
Other	5	3	0

1 Data reported for calendar year

Our Performance–continued

2. Ethics[1]

KPI	2017	2018	2019
% of employees who acknowledged the Code of Conduct	96	91	96
% of employees who have completed the Code of Conduct training	96[2]	90	94
% of procurement staff trained on Anti-Corruption[3]	96	97	94
% of senior managers trained on Anti-Corruption	98	99	93
% of employees who filled and signed the conflict of interest declaration form	90	92	94
Number of cases of unethical behavior reported and investigated	164	336	496[4]
Investigations resulting in written warning	6	72	6
Investigations resulting in termination of employee contract	58	31	35
% revenue from MFS represented by operations audited for AML controls	27	97	95
% of operations (where) we conducted a compliance risk assessment or audit	45	30	90
Turnover of procurement staff (%)	17	28	13

1 Ethics metrics are reported on calendar year basis, with the exception of "Turnover of procurement staff" .

1 The percentages of employees who acknowledged the Code of Conduct and who have completed the Code of Conduct training are the same as both were done simultaneously for 2017.

3 Formerly ABAC.

4 Incidents reported through Millicom Ethics Line and Linea Etica TigoUne. Incidents reported from Guatemala were channeled through Millicom Ethics Line as of 2018.

Our Performance–continued

2. Ethics[1]

KPI	2017	2018	2019
Overview of cases reported to Millicom Ethics Line[5]			
Bribery and corruption			
Number of cases reported and investigated	7	10	12
Cases ending in written warning	0	2	0
Cases resulting in termination	0	3	1
Discrimination and harassment			
Number of cases reported and investigated	12	49	66
Cases ending in written warning	0	16	3
Cases resulting in termination	0	10	5
Human rights and labor			
Number of cases reported and investigated	22	0	93
Cases ending in written warning	2	0	2
Cases resulting in termination	0	0	9
Conflict of interest			
Number of cases reported and investigated	7	24	29
Cases ending in written warning	0	4	0
Cases resulting in termination	0	3	1
Fraud			
Number of cases reported and investigated	10	16	37
Cases ending in written warning	0	3	0
Cases resulting in termination	3	2	8
Other			
Number of cases reported and investigated	22	89	91
Cases ending in written warning	4	21	1
Cases resulting in termination	1	4	7

5 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

3. Environment

e-waste recycled through responsible waste management program (tonnes)

KPI	2017	2018	2019
Bolivia	474	7.74	5,586
Colombia	77	587	431
Costa Rica	44.50	310	118.14
El Salvador	162	147	123
Guatemala	1,037	400	1,303
Honduras	3.52	0	9.81
Paraguay	236	105.18	0.20
Panama	Not included	Not included	138.10
Tanzania	462	400	8,800

Energy use

Total Energy Consumption / Sources of energy by asset type			
Base station and fixed network sites			
Fuel (000 l)	14,732	10,463[1]	4,247
Energy from fuel (MWh)	147,073	104,456[2]	42,685
Electricity (MWh)	354,949	450,131[3]	441,336
Our fleet			
Fuel (000 l)	6,335	4,064	3,257
Energy from fuel (MWh)	60,756	38,609	31,230
Electricity (MWh)	N/A	N/A	N/A
Datacenters and offices[4]			
Fuel (000 l)	988	450	293
Energy from fuel (MWh)	24,082	4,490	2,926
Electricity (MWh)	55,885	89,688[5]	74,598
Shops			
Fuel (000 l)	332	23.44	71.8
Energy from fuel (MWh)	3,312	234	717
Electricity (MWh)	15,509	16,811[6]	11,618

1 Data from 2018 was restated from originally published value of 10,435.35K litres to reflect adjustments made after publication of past Annual Report.
2 Data from 2018 was restated from originally published value of 104,178.29 MWh to reflect adjustments made after publication of past Annual Report.
3 Data from 2018 was restated from originally published value of 444,885.99 MWh to reflect adjustments made after publication of past Annual Report.
4 Many of our datacenters are co-located with our offices. Therefore, they often do not have separate meters to enable us to report on datacenter consumption separately.
5 Data from 2018 was restated from originally published value of 89,582.09 MWh to reflect adjustments made after publication of past Annual Report.
6 Data from 2018 was restated from originally published value of 16,916.97 MWh to reflect adjustments made after publication of past Annual Report.

3. Environment

KPI	2017	2018	2019
Electricity (MWh)	416,343	553,330	527,553
Fuel (000 l)	22,387	14,922	7,869
Energy from fuel (MWh)	235,223	147,789	77,557
Total Energy Consumption (MWh)	711,566	701,119	605,111
Emissions and e-waste overview			
Total weight of e-waste recycled through our responsible e-waste management program	2,496.02	1,956.92	16,509
Scope 1 emissions[1] (Tonnes of CO_2e)	58,787	39,045[2]	20,553
Scope 2 emissions[3] (Tonnes of CO_2e)	114,883	140,605[4]	137,754
Scope 3 emissions (Tonnes of CO_2e)	N/A	N/A	3,994[5]
% of operations set up on global responsible e-waste recycling program	91	91	100
Tonnes of CO_2e emissions per USD1,000 revenue	0.029	0.03	0.026

1 Emissions from fuel are calculated using World Resources Institute (2015) GHG Protocol tool for stationary combustion, version 4.1.
2 Data from 2018 was restated from originally published value of 39,181 tCO2e to reflect adjustments made after publication of past Annual Report.
3 Emissions from electricity are calculated using Electricity Emission Factors from IEA, version 2016, except in the case of Paraguay and, in 2017 and 2018, Chad, where other official sources were used.
4 Data from 2018 was restated from originally published value of 141,439 tCO2e to reflect adjustments made after publication of past Annual Report.
5 We only consider air travel for Scope 3 emissions in 2019. As we standardize and build up our scope 3 calculation and reporting capabilities, we will expand this scope accordingly.

4. Diversity & Inclusion

KPI	2017	2018	2019
% of women in senior management positions[1]	33	28	36
% of women across our employee base	40	41	37

1 This metric is reported on a calendar year basis.

Our Performance–continued

5. Supply Chain

KPI	2017	2018	2019
% of strategic suppliers[1] who signed the supplier code	89	89	90
% of all suppliers who have signed the supplier code	61	65	68
% of spend represented by suppliers who completed assessments on EcoVadis to date	47	42	59
% of procurement teams trained on responsible supply chain management	96	81	88
Number of suppliers trained on Millicom's CR strategy and requirements	121	108	117

1 A supplier is considered strategic if they follow one or more of the following: significant spend, multi-year relationship in place or expected, products and services in a strategic spend category, direct impact on delivery capability, potential impact on brand and reputation and difficulty of switching to alternative suppliers.

6. Protecting Children

KPI	2017	2018	2019
% of operations with child risk impact assessments conducted to date	57	100	87[1]
Volunteering hours from COP-related programs	New KPI for 2019	New KPI for 2019	18,542
Number of children reached by COP training ('000)[2]	188.60	360.10	480.20
% of operations in LatAm blocking child sexual abuse content	71	71	75

1 The percentage decreased as the 2019 Latam base includes Panama, which has this assessment pending.
2 Cumulative from 2016. From October 1, 2018 to September 30, 2019, the number of children reached by COP training was 120,099 in Latam.

Our Performance–continued

7. Connecting Women

KPI	2017	2018	2019
Women enrolled in digital inclusion programs	New KPI for 2018	117,340	207,019[1]
Women enrolled in financial inclusion programs	New KPI for 2018	97,978	See above

1 As of 2019, we will report one unified metric, as our digital inclusion programs often, but not always, include financial inclusion programs but when we run financial inclusion programs they are always framed from a digital inclusion perspective. The 2018 values partially overlap and therefore should not be combined.

8. Connecting Communities

KPI	2017	2018	2019
Monetary value of employee volunteering	170,000	235,000	405,503
Total cash contributions ('000)	3,203	3,776	2,686
In-kind giving (at cost; '000)	6,399	6,737	6,139
Schools and public institutions connected to the Internet	1,259	1,361	1,416
Number of volunteering hours	14,841	24,732	51,425[1]

1 Total volunteering hours. For 2019, this includes the 18,442 hours from COP-related programs as reported on page 62.

9. Health and Safety

KPI[1]	2017	2018	2019
% of operations certified against ISO 45001	New KPI for 2019	New KPI for 2019	100
Number of employee fatalities	1	0	0[2]
Number of contractor fatalities	9	2	6
Number of H&S incidents reported	387	369	460
Lost-time injury rate per 1000 workers	2.60	0.54	1.77[3]
Absentee rate[4]	0.80	1.29	1.34

1 Employee and contractor fatalities aligned with reporting period from October 1st 2018 to September 30th, 2019. Previous year fatalities reported under the same reporting period.
2 Unfortunately an employee fatality occurred in Q4 2019. It is reported in our Q4 earnings release and will be included in our 2020 Annual Report.
3 The increase in this rate is due to the addition of Panama to the scope. In this country, the legal incident classification considers a broader definition of the incidents that require time off.
4 The absentee rate is the number of unplanned absences versus the average number of workdays in in the reporting period, expressed as a percentage.

Independent Assurance Statement to Millicom International Cellular S.A

ERM Certification and Verification Services (ERM CVS) was engaged by Millicom International Cellular S.A (further 'Millicom') to provide limited assurance in relation to specified information in the section 'Corporate Responsibility Performance Tables' pages 57-63 within Millicom's 2019 Integrated Annual Report and on Millicom's website as set out below.

Engagement summary	
Scope of our assurance engagement	Whether the following 2019 disclosures are fairly presented in all material respects, with the reporting criteria: **Materiality and stakeholder engagement disclosures** found at https://millicom.com/2019annualreport/ourcrreporting.html **Human Rights** • Number of law enforcement requests (Group) • Number of major events **Ethics** • % of employees who acknowledged the Code of Conduct • % of employees who have completed the Code learning • % of procurement staff trained on Anti-Bribery and Anti-Corruption [ABAC] • % of employees who have filled and signed the conflict of interest declaration form • Number of cases of unethical behavior reported and investigated • Turnover of procurement staff [%] **Inclusion** • % of women in senior management positions **Environment** • Total electricity consumption [MWh] • Total fuel consumption [liters] • Total energy consumption [MWh] • Scope 1 emissions [metric tonnes CO2e] • Scope 2 emissions [metric tonnes CO2e] **Supply Chain** • % of strategic suppliers who have signed the Supplier Code • % of all suppliers who have signed the Supplier Code • % of procurement teams trained on responsible supply chain management **Taking Care of Our People** • Number of H&S incidents reported • Number of employee fatalities • Number of contractor fatalities • Lost-time injury rate per 1,000 workers • Absentee rate
Reporting criteria	Millicom's Reporting Guidelines, as specified in footnotes on Performance Tables.
Assurance standard	ERM CVS' assurance methodology, based on the International Standard on Assurance Engagements ISAE 3000 (Revised).
Assurance level	Limited assurance.
Respective responsibilities	Millicom is responsible for preparing the data and for its correct presentation in reporting to third parties, including disclosure of the reporting criteria and boundary. ERM CVS's responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.

Our conclusions

Based on our activities, nothing has come to our attention to indicate that Millicom's 2019 disclosures, as listed above, are not fairly presented, in all material respects, with the reporting criteria.

Our assurance activities

Our objective was to assess whether the selected data are reported in accordance with the principles of completeness, comparability (across the organisation) and accuracy (including calculations, use of appropriate conversion factors and consolidation). We planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our assurance conclusions.

A multi-disciplinary team of EHS and assurance specialists performed the following activities:

- Interviews with relevant staff to understand and evaluate the data management systems and processes (including IT systems and internal review processes) used for collecting and reporting the selected data;
- A review of the internal indicator definitions and conversion factors;
- A review of the inputs of the 2018 Materiality Assessment and stakeholder engagement activities in relation to disclosures on the ongoing Five-Year CR plan;
- Visits to two markets (Colombia and Guatemala) to review local reporting processes and consistency of reported annual data with selected underlying source data for each indicator. We interviewed relevant staff, reviewed site data capture and reporting methods, checked calculations and assessed the local internal quality and assurance processes;
- An analytical review of the data from all sites and a check on the completeness and accuracy of the corporate data consolidation;
- Year-end assurance activities at corporate level including the results of internal review procedures and the accuracy of the consolidation of the data for the selected indicators from the site data;
- A review of samples of documentary evidence, including internal and external documents, to support key assertions related to assured indicators; and,
- Reviewing the presentation of information relevant to the scope of our work in the Report to ensure consistency with our findings.

The limitations of our engagement

The reliability of the assured data is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context. We have not reviewed any of the data for years prior to 2019.

ERMCVS
Informed Assured

Jennifer Iansen-Rogers
Head of Corporate Assurance
28 Feb 2020

ERM Certification and Verification Services, London
www.ermcvs.com; email: post@ermcvs.com

ERM CVS is a member of the ERM Group. The work that ERM CVS conducts for clients is solely related to independent assurance activities and auditor training. Our processes are designed and implemented to ensure that the work we undertake with clients is free from bias and conflict of interest. ERM CVS and the ERM staff that have undertaken this engagement work have provided no consultancy related services to Millicom in any respect

GOVERNANCE:

Governance and Business Ethics

Growing our connections and impact.

Chairman's Report

Millicom's Board of Directors ("the Board") and its committees dealt with many significant strategic, operational and compliance matters in 2019. These included:

- Enhancing and adapting our governance structures, and strengthening our controls and processes in connection with the listing of Millicom's shares on the Nasdaq Stock Market in the U.S.
- Acquiring and integrating mobile businesses in Central America
- Overseeing capital allocation and our strategic focus on mobile and cable businesses in Latin America

Role of the Board

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

Board Changes

In January we welcomed Ms. Pernille Erenbjerg and Mr. James Thompson to the Board. Both are also members of the Audit Committee. Ms. Erenbjerg, who is Deputy Chairman of the Board, 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. Mr. Thompson brings extensive investment management experience to the Board and will contribute significantly to discussions on Millicom's long-term strategy and capital allocation.

In May 2019 we welcomed Ms. Mercedes Johnson to the Board. Ms. Johnson brings significant experience gained at technology-oriented multinational U.S. listed companies in various capacities including Board and Committee roles and as a Chief Financial Officer.

I would like to thank the Board members who stepped down during 2019:

- Mr. Tom Boardman, who served as Chairman from May 2016 until January 2019, for his significant contributions to the Board and its Committees over this time
- Mr. Anders Jensen, who served the Board and its Compensation Committee from May 2017 to January 2019
- Mr. Roger Solé Rafols, who served the Board from May 2017 to May 2019.

Strength through Diversity, Teamwork and Sharing

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

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

Compliance and Business Ethics

During 2019, we continued building and refining our compliance program and culture with support from our Executive Team and Ethics and Compliance team.

On behalf of the Board, I would like to reaffirm our commitment to a culture of doing the right things in the right way, encompassed by "Sangre Tigo", which builds our strength and success. We are proud to be a leader on ethics and compliance in our markets. We look forward to engaging with you and thank you for being part of the Millicom journey.

José Antonio Ríos García
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. since January 9, 2019, where Millicom is registered as a foreign private issuer.

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 2019 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 develops and continuously evaluates internal guidelines and procedures, as further described below, to ensure the quality and transparency of Millicom's corporate governance practices.

Swedish Corporate Governance Code

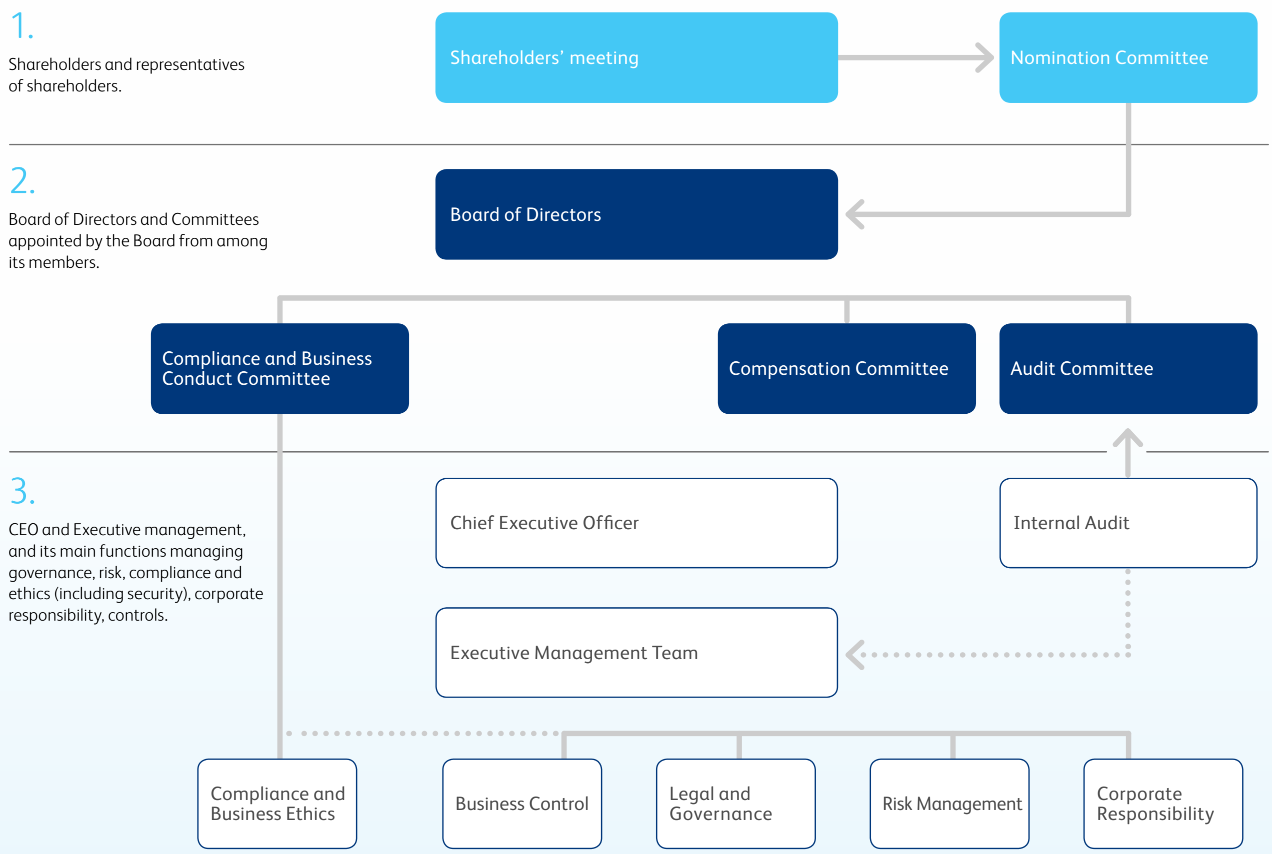
The Swedish Corporate Governance Code (the "Swedish Code") promotes positive development of corporate governance. The Code complements laws and regulations and sets its good practice level above regulatory requirements. The Swedish Corporate Governance Board states that self-regulation is often preferable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

Compliance with Applicable Stock Exchange Rules

Neither the Nasdaq Stockholm's disciplinary committee nor the Swedish Securities Council reported any infringement of applicable stock exchange rules or breach of good practice on the securities market by Millicom in 2019.

Corporate Governance Structure

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



1. Shareholders and shareholders' meeting

The shareholders' meeting is Millicom's highest decision-making body 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/vote in writing.

Millicom's articles of association (consolidated as at amended on January 7, 2019) (the "Articles of Association") set the Annual General Meeting of Shareholders ("AGM") to be held in Luxembourg within six months of the close of the financial year.

Millicom's Articles of Association are available in the governance section of our website at www.millicom.com/our-company/governance/governance-reports/. Unless otherwise required under Luxembourg law, an extraordinary general meeting ("EGM") must be convened to amend the Articles of Association.

At the 2019 AGM, held on May 2, 2019, shareholders decided the following key items:

- Approval of the 2018 Consolidated Financial Statements and the distribution of a dividend of $2.64 per share
- Election and re-election of the Directors until the date of the 2020 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
- Approval of a Share Repurchase Plan

At the EGM, held on January 7, 2019, shareholders decided the following key items:

- Resignation and election of two directors
- Amendment of the Articles of Association regarding the procedure for nomination of directors

Nomination Committee

Member	On behalf of:	Position
Mr. John Hernander	Nordea Investment Funds	Chairman
Mr. Dan Sievers	Fiduciary Management Ltd	Member
Mr. Peter Guve	AMF Pensionsförsäkring AB	Member
Ms. Juanjuan Niska	Wellington Management	Member

The Nomination Committee is appointed by the major shareholders of Millicom and is not a Board committee. Its role is to propose decisions to the shareholders' meeting in a manner that promotes all shareholders' common interests. Nomination Committee members' term of office typically begins at the time of the announcement of the interim report covering the period January to September of each year and ends when a new Nomination Committee is formed.

At the January 7, 2019 EGM, shareholders resolved that the Articles of Association 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
- Proposal of the Chairman of the AGM

Under the terms of the Nomination Committee charter, the committee consists of at least three members, with a majority representing the larger shareholders of the Company. The current Nomination Committee was formed in October 2019, in consultation with larger shareholders of the Company at May 31, 2019 and in accordance with the resolution of the 2019 AGM.

The table below sets out beneficial ownership of Millicom common shares, par value $1.50 each, by each person who beneficially owns more than 5% of Millicom common stock at December 31, 2019.

Shareholder	Number of shares	% Shareholding
Dodge & Cox	9,380,493	9.2
Swedbank Robur Fonder AB	5,276,526	5.2

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 candidate based on the Company's needs and the 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.

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. Meeting agendas are set with the CEO, and the Chairman communicates Board decisions where appropriate.

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 succession of the CEO and reviews other senior management positions.

As set forth in the Company's Articles of Association, the Board must be composed of at least six members. The 2019 AGM set the number of Directors at eight, comprising a Chairman, a Deputy Chairman and six members (none of whom are 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 the senior management of the Company. The Board reviews plans for key senior management positions, supervises, supports and empowers the senior management team, and monitors senior managers' 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, Instructions to the CEO, and Reporting Instructions".

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

Independence of the Board

Board of Directors	Chairman, Deputy Chairman and six members
Non-Executive Directors	100% José Antonio Ríos García, Pernille Erenbjerg, Odilon Almeida, Janet Davidson, Tomas Eliasson, Mercedes Johnson, Lars-Åke Norling*, James Thompson
Independent from the Company and its Executive Management	

* From September 2019 Mr. Norling is no longer an employee of Kinnevik AB, and in November 2019 Kinnevik AB distributed its 37.2% shareholding in Millicom to its own shareholders.

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 being re-elected or ending their service. Directors are typically elected annually. There are no restrictions on the maximum continuous period that a Director can serve. Directors hold office until a successor is 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. However, the following conditions apply:

- The 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, he or she shall abstain from deliberating and voting on any matters that pertain to such contract or transaction at any meeting of the Board.
- 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. The transaction and the Director's or officer's interest therein shall be reported at the next general meeting of shareholders.

Share Ownership Requirements

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.

Roles

Chairman of the Board

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

Deputy Chairman of the Board

If elected by the Board, the Deputy Chairman 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 a Board meeting. The Deputy Chairman may act as an intermediary in any conflicts among Board members or between the Chairman and the CEO. The Board can designate additional roles and responsibilities of the Deputy Chairman.

Corporate Secretary

The Corporate Secretary is appointed by the Board to ensure that Board members have the proper advice and resources for performing their duties. The Corporate Secretary is also responsible for organizing and coordinating Board and Committee meetings and ensuring that the minutes of those meetings reflect the proper exercise of Board 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.

Chief Executive Officer

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

The CEO also leads Millicom's communications with 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, 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 the specific independence requirements within 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 Director's independence of the Company or its Executive Management.

Such factors include whether the individual:

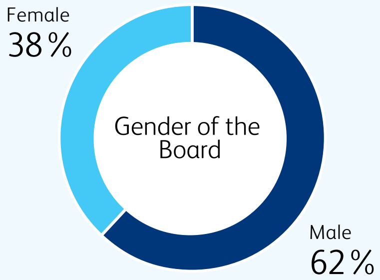
- is the CEO, or has been the CEO, of the Company or a closely related company within the past five years
- is employed, or has been employed, by the Company or a closely related company, within the last three years
- receives a not insignificant remuneration for advice or other services beyond the remit 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 team, 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
- 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.

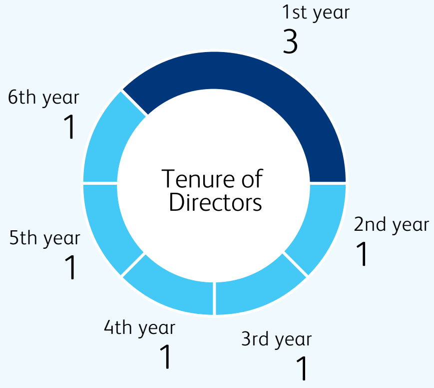
In accordance with the Swedish Code:

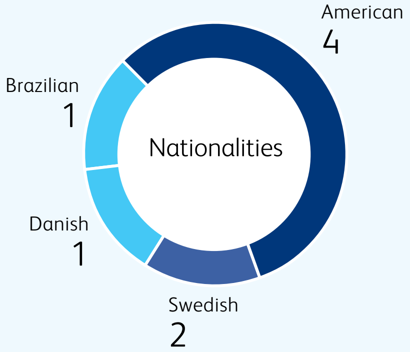
- The majority of Millicom's Board must be independent from the Company and its executive management team (all Millicom Directors meet this criterion)
- At least two of those independent Directors must also be independent from the Company's major shareholders (all of Millicom's Directors meet this criterion)
- 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 Millicom Board members are part of the executive management team).
- The majority of the members of the Audit Committee are to be independent in relation to the Company and its executive management. At least one of the members who is independent in relation to the Company and its executive management is also to be independent in relation to the Company's major shareholders.
- The Chairman of the board may chair the Compensation Committee. The other members of the committee are to be independent of the Company and its executive management.

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 the U.S. Securities and Exchange Commission definitions of independence.







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 as Chairman of the Board in May 2019.

Mr. Ríos (1945), a U.S. citizen, is 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 on the Global Management Committee of Telefónica and as President and CEO of Telefónica Media. 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 those in the telecommunications and electronics industries.

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

MILLICOM SHAREHOLDING AT JANUARY 31, 2020: 5,814 shares.

Ms. Pernille Erenbjerg (Danish)

Deputy Chairman, Non-Executive Director

(FIRST APPOINTED: JANUARY 2019)

Ms. Pernille Erenbjerg was re-elected as Deputy Chairman of the Board in May 2019. She is Chairman of the Compensation Committee, and a member of the Audit Committee.

Ms. Erenbjerg (1967), a Danish citizen, until December 2018 served as President and Group Chief Executive Officer of TDC, the leading provider of integrated communications and entertainment solutions in Denmark and Norway. Previously, she served as TDC's Chief Financial Officer and as Executive Vice President of Corporate Finance. Ms. Erenbjerg also serves on the Boards of Nordea, the largest financial services group in the Nordic region, and Genmab, a Danish international biotechnology company. She 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, 2020: 3,320 shares.

Mr. Odilon Almeida (Brazilian)

Non-Executive Director

(FIRST APPOINTED: MAY 2015)

Mr. Odilon Almeida was re-elected to the Board in May 2019. He is a member of the Compliance and Business Conduct Committee.

Mr. Almeida (1961), a citizen of Brazil, was recently appointed as President and Chief Executive Officer, of ACI Worldwide Inc, effective March 9, 2020 and will also be appointed the Board of ACI. Mr. Almeida joins ACI having most recently served as an Operating Partner at Advent International, supporting business development at the fund's portfolio companies. Previously Mr. Almeida served as President of Western Union Global Money Transfer, where he led Western Union's global consumer omni-channel business across more than 200 countries and territories. His global business leadership and board experience at Western Union, Millicom, BankBoston (now Bank of America), The Coca-Cola Company and Colgate-Palmolive give him deep knowledge of corporate governance, general management, technology platforms, regulatory and compliance issues and consumer insights in developed and emerging nations.

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

Mr. Almeida strengthens the Millicom Board with decades of experience in 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, 2020: 5,086 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 2019. She is the Chairman of the Compliance and Business Conduct Committee.

Ms. Davidson (1956), a U.S. citizen, is a Supervisory Board member of STMicroelectronics and a Director at AES Corporation. She held various managerial positions in Alcatel Lucent from 1979 to 2011, including Chief Strategy Officer, Chief Compliance Officer, and Executive Vice President of Quality & Customer Care.

Ms. Davidson was appointed to the Board of AES Corporation in February 2019 and serves on its Financial Audit Committee, Compensation Committee, and Innovation and Technology Committee. She has served on the Supervisory Board of STMicroelectronics since June 2013 and is a member of its Audit Committee and Strategy Committee. Working Woman Foundation presented Ms. Davidson 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.

She brings to Millicom's Board her long experience in the telecommunications and IT sectors.

Ms. Davidson received a Bachelor of Science in physics from Lehigh University, a Master of Science 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, 2020: 4,431 shares.

Mr. Tomas Eliasson (Swedish)

Non-Executive Director

(FIRST APPOINTED: MAY 2014)

Mr. Tomas Eliasson was re-elected to the Board in May 2019. He is the Chairman of the Audit Committee.

Mr. Eliasson (1962), a Swedish citizen, is Executive Vice President and Chief Financial Officer at Sandvik.

Previously Mr. Eliasson served as Chief Financial Officer and Senior Vice- President at Electrolux, a Swedish appliances manufacturer. Mr. Eliasson has also held various management positions in Sweden and abroad, including at ABB Group, Seco Tools AB and Assa Abloy AB.

He holds a Bachelor of Science 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 in roles that span 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, 2020: 5,703 shares.

Mr. Lars-Åke Norling (Swedish)

Non-Executive Director

(FIRST APPOINTED: MAY 2018)

Mr. Lars-Åke Norling was re-elected to the Board in May 2019 . He is a member of the Compensation Committee and a member of the Compliance and Business Conduct Committee.

Mr. Norling (1968), a Swedish citizen, became CEO of Nordnet in September 2019 and previously served as an Investment Director and Sector Head of TMT at Kinnevik. Prior to that, Mr. Norling was CEO of Total Access Communications (dtac) in Thailand where he executed a digital transformation and led a turnaround of the company's financial performance. He also served as EVP of Developed Asia at Telenor, CEO of DigiTelecommunications Malaysia and CEO 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.

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, and its major shareholders.

MILLICOM SHAREHOLDING AT JANUARY 31, 2020: 2,836 shares.

Board Profile: Skills and Experience–continued

Ms. Mercedes Johnson
(American)
Non-Executive Director
(FIRST APPOINTED: MAY 2019)

Ms. Mercedes Johnson joined the Board in May 2019 and is a member of the Audit Committee.

Ms. Johnson (1954) is a U.S. citizen and currently serves on the Boards of three other NASDAQ or NYSE listed technology companies: Synopsys, a provider of solutions for designing and verifying advanced silicon chips; Teradyne, a developer and supplier of automated semiconductor test equipment; and Maxim Integrated Products, an integrated circuits designer and producer.

Previously she served as Chief Financial Officer of Avago Technologies (now Broadcom) and Chief Financial Officer at LAM Research Corporation. Ms. Johnson holds a degree in Accounting from the University of Buenos Aires.

She brings to the Millicom Board years of experience at technology-oriented multinational U.S. listed companies in various capacities

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

MILLICOM SHAREHOLDING AT JANUARY 31, 2020: 1,748 shares.

Mr. James Thompson
(American)
Non-Executive Director
(FIRST APPOINTED: JANUARY 2019)

Mr. James Thompson was re-elected to the Board in May 2019. He is a member of the Audit Committee and the Compensation Committee.

Mr. Thompson (1961), a U.S. citizen, is a Managing Principal at Kingfisher Family Office, where he manages a portfolio focused on value-oriented investment strategies. He is also a Non-Executive Director at C&C Group plc and serves on its Audit Committee. 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 team 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 extensive investment management experience to the Millicom Board and contributes significantly to the Board's discussions of Millicom's long-term strategy and capital allocation.

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

MILLICOM SHAREHOLDING AT JANUARY 31, 2020: 9,155 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 2019

The Board of Directors has an annual program consisting 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; some of these are handled by specific Board committees.

Summary of Areas of Focus in 2019

Activity/issues covered	Board actions
Reports of committees	• Regularly reviewed reports from its Audit, Compliance and Business Conduct, and Compensation Committees on recent activities • Discussed Nomination Committee Director appointment proposals
Operational review	• Discussed priorities and challenges for each of the Latin American and African businesses, including development of cable and mobile data businesses, efficiency measures, and capital expenditure allocation • Discussed and approved the 2020 budget • Reviewed and approved spectrum acquisition, including in Colombia in December 2019
Strategic review	• Discussed, reviewed and approved the strategy • Discussed with the Executive Team industry and geographic trends and the operational and financial strategy for each region, including the portfolio strategy
Organizational structure and culture	• Participated in performance reviews of the Executive Team, and of the management organizational and reporting structures • Reviewed cultural initiatives including 'Sangre Tigo'
Review and approval of capital structure and dividend	• Approved issuance of the $750 million bond to partly finance acquisition of the Telefonica businesses in Central America • Approval of additional financing and refinancing for both the Group and operating companies in several markets • Approval of additional financing and refinancing for in several markets • Recommended the dividend of $2.64 per share to the 2019 AGM • Approved issuance of SEK 2 billion Sustainability Bond
Review and approval of corporate governance	• Revisions to the Corporate Policy Manual (including Board and Committee charters) • Updated the authority matrix • Elected the Deputy Chairman and Committee members
Mergers, acquisitions, disposals, and joint ventures	• Discussed acquisition and disposal developments across the Group, including approval of transactions such as acquisition of the Telefonica business in Central America and the disposition of the business in Chad
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 S.A. (the parent company)
Risk management	• Reviewed the key risks facing the Group and its approach to managing risks • Set the risk appetite of the Group
External affairs	• Reviewed the external affairs strategic framework, and implementation activities • Periodically reviewed the political situation by market with a specific focus on election periods and advice on related risk management requirements • Reviewed regulatory and engagement challenges with advice from the Board on best-practice engagement strategy • Reviewed the state of government relations in our markets and internationally
Non-financial performance	• Reviewed the main non-financial performance and trends, including corporate responsibility • Recommendations for continued focus in line with existing non-financial focus areas
Shareholder structure	• Support Kinnevik AB in the divestiture of its shareholding in Millicom

Induction and Training

Millicom provides incoming Board members with information on their roles and responsibilities, the Board's operating procedures, and Millicom's business and industry. We provide access to governance documents, policies, and procedures, meeting materials and Company information through a secure online tool, in meetings set with the Executive Management Team, and through ongoing dissemination of information.

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

Directors also participate in at least one annual visit to Millicom's operations (Colombia and Panama in 2019) to learn about the characteristics of the local market, see aspects of the business in operation, participate in social and corporate responsibility projects, 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. This involves assessing Board and committee actions and activities against the Board's mandate as determined in the Board Charter and those of its various committees.

In 2019, the Board used a questionnaire to assess its performance against the Board's key duties, it's composition, and processes, and 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 2019 financial year

Director	Meeting Attendance	%
Mr. José Antonio Rios Garcia	7/7	100
Mr. Odilon Almeida	7/7	100
Ms. Janet Davidson	6/7	86
Mr. Tomas Eliasson	7/7	100
Ms. Pernille Erenbjerg	6/7	86
Ms. Mercedes Johnson	4/4	100
Mr. Lars-Åke Norling	7/7	100
Mr. James Thompson	7/7	100
Attendance	**50/52**	**96**
Former Directors (until May 2019)		
Mr. Roger Solé Rafols	3/3	100
Overall attendance	**53/55**	**96**

Board Committees

Written charters set out the objectives, limits of authority, organization, and roles and responsibilities of the Board and each of its Committees. The charters are available at www.millicom.com/our-company/governance/board-committees/. Details of Board roles and responsibilities, activities in 2019, and Directors' emoluments are set out on the following pages.

I. Audit Committee

2019 was a very active year for the Audit Committee, with specific attention paid to enhancing and expanding Millicom's internal control environment in the context of the first year of its compliance with the Sarbanes-Oxley Act. 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. We held another six meetings to review the requirements of the Sarbanes-Oxley Act and the progress of the Group on this program.

The committee also reviewed and discussed actions and activities related to the important regulatory updates and upcoming changes in financial reporting, treasury, tax, risk management, revenue assurance and compliance. We continue to standardize and implement best practices both in controls and assurance across the Group's footprint.

I would like to thank my fellow Committee members for their dedication and commitment to the activities of the Audit Committee. I look forward to continuing our mandate through to the 2020 AGM.

Mr. Tomas Eliasson
Chairman of the Audit Committee

Audit Committee membership and attendance at regularly scheduled meetings in 2019

Audit Committee	Position	First appointment	Meeting Attendance	%
Mr. Tomas Eliasson	Chairman*	May 2014	8/8	100
Ms. Pernille Erenbjerg	Member	January 2019	6/8	75
Ms. Mercedes Johnson	Member	May 2019	5/5	100
Mr. James Thompson	Member	January 2019	8/8	100
Overall attendance			**29/31**	**94**

*Designated as having specific accounting competence as per the EU Directive.

In addition, the Chairman of the Board, Mr. José Antonio Rios Garcia attended all of the regularly scheduled meetings of the Audit Committee.

Appointment and role of the Audit Committee

The Audit Committee is composed solely of non-executive Directors, all of whom were independent Directors in 2019. Members are appointed to ensure there is a mixture of relevant experience in 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 resources available for it to fulfill its responsibilities.

The Board has delegated responsibility to the Audit Committee for overseeing the robustness, integrity, and effectiveness of financial reporting, risk management, internal controls, internal audit and external audit processes, and pre-approval of certain audit and non-audit services provided by the external auditor. The Audit Committee also oversees the establishment of accounting-related policies and procedures, procedure for dealing with certain other types of complaints or concerns, and compliance with related laws and regulations.

The Audit Committee focuses 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 an efficient and effective system of internal controls.

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, Head of Risk Management, and representatives from EY, the Company's external auditor, are invited to attend Committee meetings.

The Audit Committee Chairman prepares the meeting agenda 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 present.

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 Head of Risk Management. Additional reports from other officers of the Company as required. The Audit Committee received the required information from the external auditor in accordance with Luxembourg regulations.

Summary of Areas of Focus and Actions in 2019

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 2018 annual earnings release and summary financial statements, and the 2019 half-year earnings release and interim financial statements • Reviewed status of the finance onboarding of the acquisitions made in 2018 and 2019 • Reviewed and discussed transition impact 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 2019 external audit strategy and fees • Considered the results of control testing performed by the external auditor and feedback on preparedness for the first Sarbanes-Oxley attestation • Considered the performance of the external auditor and independence, including monitoring of the nature and value of non-audit services, as well as approved the related fees • Received reports and updates on SEC rules and developments
Internal audit activities	• Approved the 2020 Internal Audit plan • Oversaw the appointment of a new Head of Internal Audit • Reviewed Internal Audit findings arising from the delivery of the 2019 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 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, reviewed findings and monitored progress in the design and operating effectiveness of internal controls over financial reporting
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

2019 Meetings

The Audit Committee held eight regular meetings that 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 2019, the committee mainly focused on:

- Significant accounting issues where judgment has been applied
- The review of the effectiveness of internal financial control and the Group's Sarbanes-Oxley implementation plan and progress
- The acquisitions and integration plans of Cable Onda and the Telefonica assets in Central America
- The transition impacts of the new lease 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
- Financial reporting and other implications of the U.S. listing

A summary of all related party transactions was reviewed and approved at each quarterly meeting.

Significant issues considered by the Audit Committee in relation to the financial statements for the year ended December 31, 2019 included:

1 Acquisition of the Telefonica assets in Central America and finalization of the purchase accounting of Cable Onda—refer to note A.1.2. of the consolidated financial statements

The Group completed the acquisitions of Telefonia Celular de Nicaragua ("Nicaragua") and Telefonica Moviles Panama, S.A. ("Panama") on May 16 and August 29, 2019, respectively, for a total cash consideration of $1.02 billion. The provisional goodwill for both acquisitions amount to $646 million. The purchase accounting of Cable Onda has been finalized during 2019 and the final goodwill amounts to $504 million. The acquisition of Telefonica de Costa Rica

TC, S.A. ("Costa Rica") remains subject to regulatory approvals as of December 31, 2019.

2 Application of IFRS 16 'Leases'—refer to Introduction note and notes C.4. and E.3. of the consolidated financial statements

   The Group had to change its accounting policies as a result of adopting IFRS 16 Leases. On adoption, on January 1, 2019, an additional lease liability of $545 million was recognized. The application of the new standard decreased operating expenses by $149 million, respectively, as compared to what our results would have been if we had continued to follow IAS 17 for the three and twelve months ended December 31, 2019.

3. Africa divestment—refer to note A.1.3. of the consolidated financial statements

   On June 26, 2019, the Group completed the disposal of its operations in Chad for a cash consideration of $110 million. On the same date, Chad was deconsolidated and a net gain of $69,547 million has been recognized in the Group's statement of income.

4. Effect of listing of the shares held by the Group in Jumia Technologies AG and Helios Towers Plc—refer to note C.7.3. of the consolidated financial statements

   Jumia Technologies AG and Helios Towers Plc became listed in April and October 2019, respectively. On listing dates, the Group recognized these investments at fair value with a corresponding total gain of $242 million. As at December 31, 2019, the fair value of these investments amounts to $371 million.

5. Impairment testing—refer to note E.1.6. of the consolidated financial statements

   In 2019, the Group did not recognize any goodwill impairment losses, but disclosed potential impairment for our operations in Nicaragua that would have to be recorded in case of certain reasonable changes in key assumptions.

6. Tax provisions and contingencies—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.

7. Revenue recognition—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 Audit Committee received regular updates on revenue recognition matters.

8. Capitalization and assets useful lives—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 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.

Management Disclosure Committee

To assist with all matters related to earnings releases and financial statement disclosures, Millicom has a Disclosure Committee comprising 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, including releases that may contain material financial and other information.

Risk management

The Audit Committee received regular reports on the Group's risk management framework and process, including the formation and operation of a Management Risk Committee, as well as reports on changes to significant risks at both operational and Group level and how these risks 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 coverage.

Internal control

As a consequence of the U.S. listing, the Company commenced a program in 2018 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, delivered progress reports on the Sarbanes-Oxley program.

The Audit Committee reviewed the Company's internal control framework and the enhancements required as part of the internal control requirements of Sarbanes-Oxley. The planned scope of the program was discussed and agreed. Regular reports on the results of management testing of key internal controls and the progress made to address any control gaps identified were received.

At the meeting of February 2020, the Committee received the final results of management's testing of key controls together with the results of testing by the external auditors. Management concluded that the Group had maintained effective internal controls over financial reporting.

Those involved provided regular updates on the Group's program of Internal Control Self-Assessment and the status of ongoing control improvement projects.

Internal Audit

Execution of the 2019 Internal Audit Plan provided the Executive Management Team and the Audit Committee an independent view on the effectiveness of Millicom's internal control environment and governance processes. The plan was developed to ensure alignment with the strategic risks of the Millicom Group, as well as 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 2019, the Audit Committee approved the Internal Audit Plan for 2020, which included reviews focusing on Mobile and B2B revenue streams, information security, IT and network resilience, key financial processes, compliance and ethics activities—including the anti-money laundering ("AML") program—and management and governance supporting outsourced service contracts.

We also built follow-up audits 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 support from specialists at 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.

In December 2019 a new Head of Internal Audit joined the Company. The Audit Committee oversaw the recruitment and transition process.

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 that 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 matters greatly to the Audit Committee. A detailed audit plan outlining the key risks and proposed geographical coverage is prepared and discussed with the Audit Committee at the start of each annual audit cycle.

We assess audit quality by referring 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 Executive Management. Also, management provides feedback to the Audit Committee. In addition, management regularly reviews the performance of the external auditors both centrally and in each of Millicom's operating countries. This feedback allows the Committee to monitor and assess the performance of the external auditor as part of making a recommendation to the Board regarding the auditor's 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. The policies and approval process of non-audit services and audit-related services comply with SEC independence rules and with the latest EU and local regulations. Under these rules, the Audit Committee pre-approves 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, they 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, 2019, the Audit Committee approved fees for audit and audit related services of $8.1 million, together with fees for non-audit work of $0.7 million.

In compliance with independence rules, the previous audit partner rotated off the audit in 2019 and the current audit partner will rotate off for the audit of the consolidated financial statements as of December 31, 2025, at the latest.

Audit tendering

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

II. Compliance and Business Conduct Committee

The Compliance and Business Conduct Committee oversees the Group's Ethics & Compliance Program, and reports on the Program's status and development to the full Board of Directors.

During 2019, we continued building and refining our Ethics & Compliance Program, supported by the Executive Team's relentless commitment to maintain our culture, Sangre Tigo, which is centered around doing business the right way, with the application of ethics and compliance in our everyday interactions. Our Sangre Tigo signifies high integrity and zero tolerance for any form of corruption, and a commitment to doing business the right way.

On behalf of the Board, I would like to reconfirm our commitment to a culture of ethics and strong compliance that leads to success for the business and pride for our company.

We are proud to be a compliance leader in our markets and look forward to engaging with our customers as well as our stakeholders by making it happen the right way.

Ms. Janet Davidson
Chairman of the Compliance and Business Conduct Committee

Compliance and Business Conduct Committee Membership and Attendance 2019

Committee	Position	First appointment	Meeting Attendance	%
Ms. Janet Davidson	Chairman	May 2016	3/4	75
Mr. Lars-Åke Norling	Member	May 2018	4/4	100
Mr. Odilon Almeida	Member	November 2015	3/4	75
Overall attendance			**10/12**	**83**

In addition, the Chairman of the Board, Mr. José Antonio Rios Garcia, attended three of the four regularly scheduled meetings of the Compliance and Business Conduct Committee.

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
- 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, Chief Compliance and Ethics Officer, General Counsel, Group CFO, Chief External Affairs Officer, Head of Internal Audit and Head of Risk Management.

Summary of Committee Activities in 2019

The Committee Chairman prepares the agenda in conjunction with the Chief Ethics and Compliance Officer. During meetings, the Committee reviews the status of the Ethics & Compliance Program, compliance-related issues, Strategic Responses (such as investigations) to any alleged violations of law or policy, (AML) initiatives, information security topics, and any Internal Audit Reports and remediation plans that concern the Ethics & Compliance Program.

The CEO and Executive Team are committed to our Sangre Tigo and are 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 2019

Program elements reviewed	• Refined third party management through a centralized due diligence program • Anti-corruption program policies and automated procedures including those covering new and emerging areas of risk and strengthening of the overall program • Revision of compliance policies and procedures, and communication to the whole organization • Training completion rates on company compliance policies as part of select managers' KPIs • Results of continuing review of the compliance framework by Internal Audit as well as remediation actions and status • Improved communication campaigns on various compliance subjects • Compliance Risk Assessment—established proactive compliance risk management process. Regularly monitor, collect and analyze data to identify and remediate gaps • Resources: hired three new compliance officers. • A number of GMs were given a set of compliance KPIs to meet during the year for year-end bonus award • Integration of compliance program in newly acquired entities in Central America • Incentives program—Compliance factors were incorporated into executives' incentives program for the second consecutive year. Bonus awards are now tied to achievement of all compliance KPIs
Reporting & Investigations	• "SpeakUp" Campaign—continued to encourage employees to use the system to report issues of perceived non-compliance with our policies and values • Strengthened investigations team, and further developed investigations resources centrally and in the operations • Continued to align investigation procedures across the countries • Continued effective case management, including by taking reasonable steps after detection of misconduct
Global Anti-money laundering (AML) program	• Continued enhanced country review methodology with the implementation of a new Country Review Sheet • Completed implementation of new monitoring systems in Honduras and El Salvador, with Bolivia and Paraguay in progress. Enhanced monitoring tool in Tanzania in progress. • Deployed updated AML training and AML campaign • Created and hired a new AML Risk Management position • Conducted external assessments of central and operations, and continued to implement recommendations based on the results of the assessment

III. Compensation Committee

In 2019, the Compensation Committee continued to focus on reviewing Millicom's reward strategy to ensure that senior management compensation closely reflects company performance.

The design of our employee and executive compensation programs supports three main 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
3. Align employee and shareholder interests

We pay employees competitively compared with other opportunities they might have in their respective local markets. We also offer competitive benefits to promote the health and happiness of our employees and create a fun and invigorating work culture. Our compensation program plays a key role in promoting our company's operating and financial success and provides incentives for our management team to execute our financial and operational goals creating a supportive environment around pay for performance.

We achieved much this year, re-listing on NASDAQ in the U.S., acquiring new assets in Latin America, and selling one of our African operations, and we consider these and other developments in our shareholder base and the external marketplace in the setting of remuneration philosophy and practices.

The Compensation Committee regularly reviews best practices in executive compensation and governance and revises our policies and practices when appropriate. For example, in 2019 we revised our change in control agreements for eligible executives to include "double-trigger" provisions, which require an involuntary termination (in addition to change in control) for accelerated vesting of awards.

An important portion of compensation is tied to performance for all senior management, including 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 broader impact on company performance. We use equity awards to align employee and shareholder interests. We have share ownership requirements for our top 50 roles and track the status of each role annually. This encourages 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 members for their dedication and commitment to the activities of the Compensation Committee and look forward to continuing our mandate through to the 2020 AGM.

Ms. Pernille Erenbjerg

Chairman of the Compensation Committee

Compensation Committee Membership and Attendance in 2019

Committee	Position	First appointment	Meeting Attendance	%
Ms. Pernille Erenbjerg	Chairman	January 2019	**5/5**	**100**
Mr. Lars-Ake Norling	Member	May 2019	**4/5**	**80**
Mr. James Thompson	Member	January 2019	**5/5**	**100**
Overall attendance			**14/15**	**93**

In addition, the Chairman of the Board, Mr. José Antonio Rios Garcia, attended all of the regularly scheduled meetings of the Compensation Committee.

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 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 guidelines 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 for employees' share-based incentive plans are approved by the shareholders at the AGM.

The Compensation Committee monitor and evaluate programs for variable remuneration to the senior management, both ongoing programs and those that have ended during the year and monitor and evaluate the application of the guidelines for remuneration to the board and senior management that the shareholders' meeting has established, as well as the current remuneration structures and levels in the Company.

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 2019. The Chairman of the Board conveyed the results of the review and evaluation to the CEO.

Main Activities of the Committee during 2019

The Compensation Committee met five times in 2019.

Summary of Areas of Focus and Action Items in 2019

Bonus and performance reports	• Received and reviewed senior executive 2018 performance reports and Executive Committee individual payouts STI/LTI (cash /equity) • Reviewed and approved the 2019 variable compensation target and performance results
Compensation review	• Approved all payments for Executive Committee members, including base pay increases • Reviewed executive remuneration and governance trends and developments • Conducted a review of gender equity across all operations • Reviewed and approved the peer group for executive benchmarking • Approved changes to CEO and Executive Committee compensation elements based on market competitiveness
Share-based incentive plans	• Reviewed and approved the 2019 Share Plan Rules • Approved the 2016 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 incorporation of M&A financials into the ongoing STI and LTI • Implemented 2020 STI metrics—IFRS 16 • Discussed and approved STI/LTI design for 2019 • Reviewed and approved STI and LTI performance measures for 2020
Other	• Following U.S. best practices implemented a double-trigger change in control • Reviewed and approved exceptional items, new hire equity grants, etc • Approved LTI retirement eligibility approach • Reviewed GSMT severance plan payout • Reviewed budget for the upcoming year • Discussed diversity and Inclusion Strategy
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 Committee charter • Updated Executive Compensation dashboard • Reviewed of composition of the Compensation Committee • Reviewed and approved an external compensation consultant

Remuneration Guidelines

The Board proposes to the AGM guidelines for remuneration and other employment terms for 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. 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 is based on 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: A 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 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 toward a selected group of employees only, approximately the top 50 roles and have a three-year cliff vesting.

Other benefits: These can include a car allowance, medical coverage, and in cases of expatriate assignments, a 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: In the event of a company-initiated termination, other than for cause, of someone on our Executive Team (e.g., the CEO and his/her direct reports), a notice period of up to 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 of how well management controls the operational cost of growing revenue.	20%
Operating Free Cash Flow	Operating Free Cash Flow is OCF (EBITDA less Capex) less changes in working capital and other non-cash items and taxes paid. It 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 2019	CEO	CFO	Executives (8 members)
Cash Compensation ($ '000)*			
Base salary	1,167	654	3,498
Bonus (for 2019 performance)	1,428	626	2,098
Pension	279	98	798
Other benefits*	50	260	1,521
Termination benefits	0	0	863
Total salary and benefits	**2,924**	**1,639**	**8,779**
Equity Compensation (number of shares)			
Performance share plan(i)	40,565	20,030	55,756
Deferred share plan(ii) (for 2019 performance)	31,126	13,657	41,285
Total shares (number)	**71,691**	**33,687**	**97,041**
Value of shares(iii) ($ '000)	**3,383**	**1,592**	**4,582**

(i) Vesting amounts relating to the 2017 performance share plan based on the estimated performance over the three year period. The value of shares is based on the closing market value of Millicom shares at December 31, 2019 of $48.23. These shares will vest on March 2020. Final performance metrics will be approved by the Remuneration Committee in March 2020.
(ii) Amounts to be granted relating to the 2020 deferred share plan (awarded in 2020 based on 2019 results). The value of shares is based on the average Q4 2019 closing market value of Millicom shares of $45.86. 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 Benefits' for 'Other Executives' include medical and dental insurance for former CHRO.

Compensation of the Executive Team 2018	CEO	CFO	Other Executives (9 members)
Cash Compensation ($ '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	0	0	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 2017 performance)	25,011	9,339	40,988
Total shares (number)	**59,165**	**27,055**	**82,698**
Value of shares(iii) ($ '000)	**3,628**	**1,665**	**5,053**

(i) Amounts relating to the 2016 performance share plan based on the estimated performance over the three year period. The value of shares is based on the closing market value of Millicom shares in $ at 28 December 2018 of $62.53. These shares will vest on 1 March 2019. Final performance metrics will be approved 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 $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' includes compensation related to former EVP strategy and former EVP CHRO.
** 'Other Benefits' include relocation support when applicable with an average amount of $25K.

Share-based Incentive Plans

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

The 2020 DSP represents the portion of the STI (based on 2019 performance) that will be granted in deferred shares in Q1 2020. The 2019 PSP (LTIP) represents the grant of performance shares in Q1 2019, linked to performance for the period from 2019-2021 and vesting in Q1 2022.

Shares granted under the 2020 DSP are based on personal and corporate performance in 2019 and vest over three years (30% after one year, 30% after two years and 40% after three years). Shares granted under the 2019 PSP vest at the end of a three-year period, whereby vesting is subject to certain company performance conditions.

The CEO and CFO participate in the Group's 2019 PSP, with target opportunities as per the table below. For the 2019 year, we offered equity-based incentive plans to the CEO, the CFO, members of the executive management, other senior management, and 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 receive 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 2019	Basis for calculating award	Comment
2020 Deferred Share Plan (DSP)	CEO, CFO, other executives and other global senior management	245	377,578	20–100% of base salary	
2019 Performance Share Plan (PSP)	CEO, CFO, other executives and other global senior management	44	257,601	400% 175% 50%–160% of base salary, as per 01.01.19	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 upon 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
2020 Deferred Share Plan (DSP)	0	30.0%	30.0%	40%
2019 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.	0	0	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 2019 components of the CEO remuneration package were:

- An annual base salary of $1.173 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 2019 Award Levels

The tables below provide estimates of the potential future remuneration for the CEO based on the remuneration opportunity granted in the 2019 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, 2019.
- Benefits and pension are valued using the figures in the total remuneration for the 2019 financial year table detailed below.
- Pension contributions are made at 15% of base salary as at December of the preceding year.

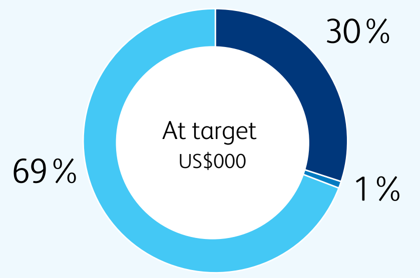
	Base ($ '000)	Benefits ($ '000)	Pension ($ '000)	Total Fixed ($ '000)
Mauricio Ramos	1,173	50	279	1,502

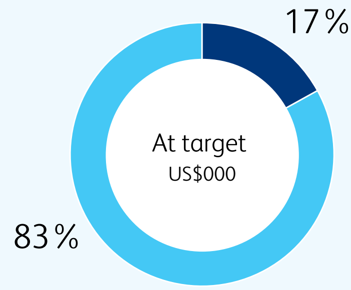
Variables on target

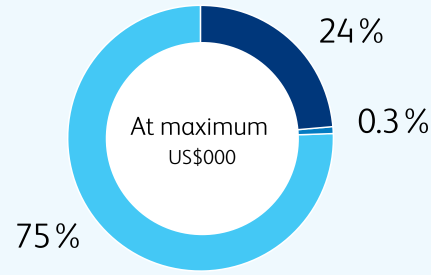
- Values are based on what the CEO would receive if performance were to align with Incentive Performance Targets.
- The target award opportunity for the annual cash bonus is 100% of base salary.
- The target award opportunity for the Deferred Share Plan (DSP) is 100% of base salary for the CEO.
- The target award opportunity for the Performance Share Plan (PSP) is 400% of base salary for the CEO, assuming Relative TSR performance is at peer group median and the CAGR for both Service Revenue and OFCF are at target.

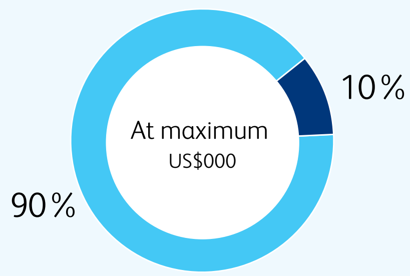
Variables at maximum

- Maximum award opportunity under the annual cash bonus is 200% of base salary.
- Maximum award for performance under the DSP is 200% of base salary.
- Maximum award for performance under the PSP is 800% of base salary.
- The maximum award would be achieved when relative total shareholder return ("RTSR") outperforms the peer group median by 20% and the CAGR for both Service Revenue and OFCF are at 120% of target.









Details of Share Purchase and Sale Activity

During 2019, Millicom's CEO, Mr. Mauricio Ramos, acquired 45,000 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.

	2019
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	CFO and EVPs	Total
December 31, 2019			
Share ownership (vested from equity plans and otherwise acquired)	190,577	136,306	326,883
Share awards not vested	236,211	334,193	570,404
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

2019 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 U.S. dollars (USD). Director remuneration for the period is as follows:

Board and committees	**Remuneration 2019 USD 000s**(i)	Remuneration 2018 USD 000s(ii)
Directors		
Mr. José Antonio Rios Garcia (Chairman)	366	124
Ms. Pernille Erenbjerg (Deputy Chairman)	350	—
Mr. Odilon Almeida	173	121
Ms. Janet Davidson	186	125
Mr. Tomas Eliasson	211	144
Ms. Mercedes Johnson	173	—
Mr. Lars-Åke Norling	206	87(iii)
Mr. James Thompson	242	—
Former Director (until May 2019):		
Mr. Roger Solé Rafols	16	98
Former Directors (until January 2019):		
Mr. Tom Boardman (former Chairman)	—	169(iv)
Mr. Anders Jensen	—	75(iv)
Total ($ '000)(i)	1,923	943

(i) Remuneration covers the period from January 7, 2019 to the date of the AGM in May 2020 as resolved at the shareholder meetings on January 7, 2019 and May 2, 2019 respectively. Share based compensation for the period from May 2, 2019 to May 2020 based on the market value of Millicom shares on May 6, 2019 (in total 16,607 shares). Net remuneration for the period from May 2, 2019 to May 2020 comprised 73% in shares and 27% in cash (2018: 51% in shares and 49% in cash).
(ii) Cash compensation was denominated in SEK in 2018 and was converted from SEK to USD at exchange rates on payments dates each year.
(iii) From the period from September 1, 2018 to the 2019 AGM on May 2, 2019.
(iv) From the period from the 2018 AGM to the date of the EGM in January 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 CEO. Previously he was President of Liberty Global's Latin American division from 2006 until February 2015.

Mauricio held several leadership roles at Liberty Global, including 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, 2020: 190,577 shares

Millicom's Executive Team members support the CEO in the day-to-day operation and management of the Group, within their specific areas of expertise. The team meets at least monthly 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. Oversight of the African businesses.
Mr. Esteban Iriarte	**Chief Operating Officer–Latam**	Operations and development of the Latin American 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, corporate responsibility and corporate security.
Mr. Salvador Escalón	**General Counsel**	Legal and corporate governance matters including oversight, identification, and management of legal issues and cases 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.
Ms. Cara Viglucci	**Interim Head of Ethics and Compliance Officer**	Compliance matters including ethics, anti-bribery, anti-corruption, anti-money laundering, and related compliance programs. Also 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 and 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 CFO of Hutchison Telecommunications International Ltd, based in Hong Kong. Tim also served as 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 as Managing Director of HSBC Investment Bank within its Corporate Finance and Advisory Department.

Tim is also a Member of the Board of Directors of Euromoney Institutional Investor plc.

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

MILLICOM SHAREHOLDING AT JANUARY 31, 2020: 28,378 shares

Mr. Esteban Iriarte

Executive Vice President, Chief Operating Officer, Latin America

Esteban Iriarte was appointed as Executive Vice President and 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, which Millicom acquired in 2008.

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

Esteban is from Argentina. He 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, 2020: 29,657 shares

Mr. Xavier Rocoplan

Executive Vice President, Chief Technology and Information Officer

Xavier Rocoplan started at Millicom in 2000 and joined the Executive Team as Chief Technology and Information Technology Officer in December 2012.

Xavier currently leads all mobile and fixed network and IT and procurement and supply chain activities across the Group.

Xavier initially served as Millicom's CTO in Vietnam and subsequently in Southeast Asia. In 2004, he became CEO of Paktel, Millicom's subsidiary in Pakistan where he launched Paktel's GSM operation and led the process that concluded with the disposal of the business in 2007.). Xavier then served as head of Corporate Business Development, where he managed the disposal of various Millicom operations in 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, 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, 2020: 38,533 shares

Ms. Rachel Samrén

Executive Vice President, Chief External Affairs Officer

Rachel joined Millicom in July 2014 and manages the group's Government Relations, Regulatory Affairs, Corporate Communications, Corporate Responsibility, and Security & Crisis Management functions.

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

Rachel's background is in the risk management consulting sector including serving 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 on the Board of MIC Tanzania Limited. She holds a BSc in International Relations from the London School of Economics and an MLitt in International Security Studies from the University of St Andrews.

MILLICOM SHAREHOLDING AT JANUARY 31, 2020: 10,309 shares

Mr. Salvador Escalón

Executive Vice President, General Counsel

Salvador Escalón became Millicom's General Counsel in March 2013 and Executive Vice President in July 2015. He leads Millicom's legal team and advises the Board of Directors and senior management on legal and governance matters.

Salvador joined Millicom as Associate General Counsel Latin America in April 2010. In this role, he 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.

As Senior Counsel at Chevron Corporation from January 2006 to March 2010, Salvador oversaw legal matters related to Chevron's downstream operations in Latin America. Previously, he practiced at the law firms Skadden, Morgan Lewis, and Akerman Senterfitt.

Salvador is an American national, holds 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, 2020: 28,940 shares

Ms. Susy Bobenrieth

Executive Vice President, Chief Human Resources Officer

Susy Bobenrieth, a global human resource professional, joined 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 agendas and leading teams. She is passionate about building great businesses and winning with high- performing teams.

Susy is one of eight children raised in the U.S. by Chilean immigrant parents. She has deep international experience having lived and worked in Mexico, the U.S., Brazil, the Netherlands, and Spain. She holds a degree from the University of Maryland, University College in 1989.

MILLICOM SHAREHOLDING AT JANUARY 31, 2020: no shares

Management Governance
The Group seeks to embed governance activities 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 practices. These functions then ensure policies and procedures are embedded in our businesses and serve to monitor compliance.

Each function has clear reporting lines through to the Executive Management Team and the CEO. Functions report 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 with a dotted line to Executive Management. This function identifies areas for improvement, assigns management actions, and monitors implementation progress.

Business Control
The Board is responsible for the Group's system of internal control, which is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. This system 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. The Executive Team are supported by a dedicated Business Control team responsible for the Internal Control framework. Each country also has its own dedicated, local Business Control team responsible for monitoring and development of the local internal control environment.

Millicom continued investing significantly in 2019 to further strengthen its internal control framework in particular in relation to controls over financial reporting to prepare for the first Sarbanes-Oxley attestation as at December 31, 2019. An extensive work program was undertaken to assess the existing Millicom control framework and develop it further to meet the requirements of Sarbanes-Oxley. We designed and implemented a process for management testing of key financial controls during the year. The updated control framework and management testing program was rolled out across our largest markets, headquarters and our shared service functions and represents a significant further investment in our Internal Controls capabilities.

In order to support our Sarbanes Oxley program, we established a Group Steering Committee comprising members of the Executive Team and other senior management in order to oversee the program, evaluate the findings of management testing and ensure the availability of appropriate resources.

Monitoring Systems
Aligned with our Sarbanes-Oxley program, we implemented a program of management testing of key financial controls. Eight management testing cycles were run during the year for our largest markets covering both business processes and IT general controls. The results, including remediation actions where required, were reported and discussed with the Executive management, the Sarbanes-Oxley Steering Committee and with the Audit Committee.

We also invested in a new Governance, Risk and Compliance ("GRC") tool to manage and monitor internal control compliance and reporting. The scope of the GRC tool will be expanded in 2020 to other assurance functions.

We also have an established process of internal control self-assessment which requires self-certification of the design and operation of key controls. Self-certified responses are then subject to review and challenge by the Group Business Controls team and Global Process Owners. We use internal control self-assessment for our smaller markets, excluding those acquired during the year, which are not directly within Sarbanes-Oxley scope.

Fraud Management and Reporting
Business Control is responsible for fraud risk management. We continued our education activities, including an awareness campaign aligned with International Fraud Awareness Week in November 2019.

Each operation prepares a quarterly fraud report and a summary of this is presented to the Audit Committee along with the key actions taken. Quantitative and qualitative thresholds govern the reporting of individual fraud incidents to the Group CFO, CEO, and Audit Committee.

Internal Control over Financial Reporting
The management of Millicom is responsible for establishing and maintaining adequate internal control over financial reporting. The process of internal control over financial reporting is 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. Due to its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements.

In May 2019, the Company completed its acquisition of 100 percent of the shares of Telefonía Celular de Nicaragua, S.A. In August 2019, Cable Onda S.A. acquired 100 percent of the shares of Telefonica Moviles Panama, S.A. The Company is engaged in refining and harmonizing the internal controls and processes of the acquired businesses with those of the Company.

Management has assessed the effectiveness of internal control over financial reporting as of December 31, 2019 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.

Risk Management
The risk function identifies, analyzes, measures, and monitors Millicom's risks. The Chief Risk Officer is responsible for providing risk owners at the central functional and country levels with a methodology and tools needed to balance risk with return. A Management Risk Committee, comprising members of the Executive Team and functions responsible for key risk meets on a regular basis to provide oversight on the evolution of risk and the approach taken to manage risk. The Chief Risk Officer also reports to the Executive Team and the Audit Committee. The Audit Committee, on behalf of the Board, oversees 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

Our Corporate Ethics & Compliance Program is central to our business strategy and is effectively embedded in the business processes and procedures. Our program integrates preventive measures, key controls, reporting mechanisms and due diligence processes capable of detecting and correcting misconduct and wrongdoing. We measure the actual impact of this program on our employees, customers, stakeholders, and communities in the countries where we operate.

Our Ethics and Compliance function consists of global resources responsible for the Group's Anti-Corruption, Anti-Money Laundering, and Information Security Programs, as well as having a Compliance Officer in each market.

Management and Governance of Compliance Activities

Millicom has set the goal of building a strong corporate culture that seeks compliance excellence; and in which employees at all levels are committed to doing what is right and upholding the Company's values and standards. To measure progress, our Great Places to Work ("GPTW") annual survey now includes questions to evaluate the culture of compliance in the Company. Millicom has used the GPTW survey with all employees to measure our workplace culture since 2015. We enhanced Ethics and Compliance knowledge through consolidated training provided in English and Spanish. All employees receive mandatory training on the Code of Conduct, Anti-Corruption, and AML policies in order to reinforce the most important compliance concepts, influence employee behavior and prevent misconduct through practice examples.

Our Compliance Communication Plan for 2019 included weekly newsletters that highlighted latest corporate enforcement actions, lessons learned, monthly campaigns on various compliance policies, and the celebration of the annual Corporate & Ethics Compliance Week in November 2019.

Aligned with our motto, #IntegrityStartsWithYou, and for the second year in a row, executive financial incentives and rewards include compliance goals and clear performance KPIs are built into the remuneration package of our General Managers in each operation.

Speak Up Policy and Issue Management

Continuing with our compliance education program, we reinforced our Speak Up Policy and launched a new Ethics Line Campaign. The Executive Team and the Compliance & Business Conduct Committee of the Board received regular updates on cases raised through the Ethics Line or through other channels.

Corporate Responsibility

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

Millicom's Corporate Responsibility ("CR") team sets CR strategy, drives best-in-class policies and processes for CR governance, guides and coordinates CR performance across business functions, and publishes CR-related performance data and information in the annual report. Our integrated report continues to promote transparency towards investors and other key stakeholders on CR risks and opportunities.

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

Stakeholder engagement occurs through a biennial materiality analysis and through ongoing interaction with our key stakeholders. In addition to anticipating and better preparing for risks, the CR function also adds value by seeking responsible leadership opportunities to assess where the Group can make the greatest positive impact on society, the environment and to our business.

Corporate Responsibility Governance

The Board oversees the Government Relations, Regulatory Affairs and CR functions, which fall under the umbrella of External Affairs. This structure signifies the depth and materiality of these topics and the importance of monitoring their interconnected risks and opportunities. The Director of Corporate Responsibility reports to the Executive Vice President ("EVP") Chief External Affairs Officer, who reports directly to the CEO and is accountable for delivering updates on the CR strategy to the Board. We also report progress on CR strategy implementation and issues management to the Executive Team on a monthly basis, either through the EVP Chief External Affairs Officer or directly in specific cases.

Health, Safety & Environment Integrated Services

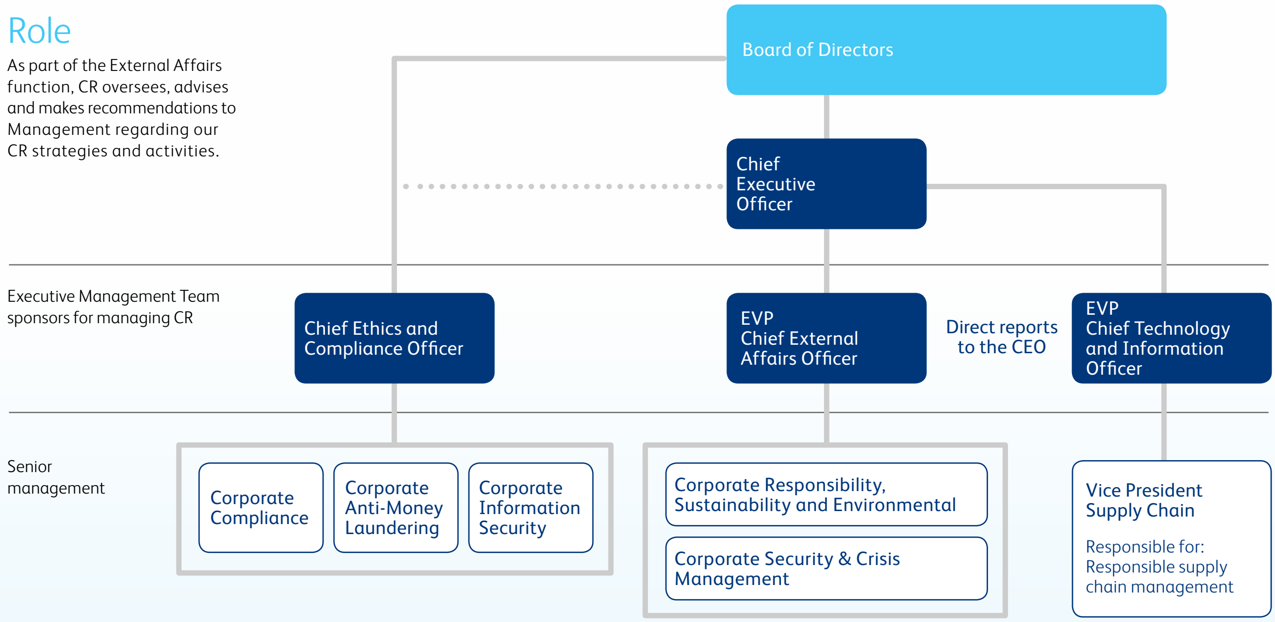
The global Integrated Services ("IS") team continues to develop and mature its compliance and risk mitigation controls. Country-specific IS teams have transitioned well throughout the year from the previous OHSAS 18001 health and safety standard to the new international ISO 45001 standard. Millicom agreed to complete the transition within a two-year period, although we are allowed 3 years to switch between certifications. To date, operations across Africa and Central America have not only transitioned but also achieved certification to the new standard. This is a remarkable result for the local countries and Millicom. The remainder of our Latin American operations along with the Group, completed the gap analysis and certification reviews during Q4 2019. We expect to have all country operations certified by the end of Q2 2020.

IS oversees the implementation of policy and Group standards in health, safety and environment as well as facilities management, fleet management, and fuel and energy resources. Teams responded quickly and professionally to several major incidents and events during 2019, including the successful evacuation of staff and families during a cyclone in Tanzania. Teams also provide effective and efficient solutions to support the Group Carbon Disclosure Program ("CDP") and environmental energy efficiency plan.

Throughout 2019 we prevented any employee fatalities or major losses to the Group. Unfortunately there were 6 fatalities in our contracted services.

In September 2019, Millicom hired a Chief Security and Crisis Management Officer to oversee physical security, asset protection and crisis management. We created this role to prepare for our increased footprint in the Latin American region through acquisitions of the Telefonica and Cable Onda businesses as well as to establish a clear distinction between the health and safety and information security management roles. The Chief Security and Crisis

How CR is governed



Management Officer leads our global Crisis Management Team and reports to the Chief External Affairs Officer.

The Vice President of Compliance Strategic Response oversees the IS team and reports to the EVP 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 critical day-to-day activities. This system continues to mature but has already responded to events such as extreme weather, civil unrest, and criminal and political activities in some of the countries where we operate.

Risk assessment is a continuous process that starts with a business impact analysis of all critical services and business processes that 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 that 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 also maintaining contractual, legal, and regulatory compliance.

In parallel, Millicom has physical security and loss prevention standards that set minimum acceptable levels of critical site protection, as defined by industry best practice. All activities undergo monitoring and compliance activities.

Information Security

At Millicom, our Global Chief Information Security Officer ("CISO") manages the information security program and reports to the EVP Chief Ethics & Compliance Officer. The CISO is responsible for identifying, managing and mitigating technology-centric risks throughout the entire company.

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

The CISO meets regularly with the Compliance and Business Conduct Committee and Audit Committee to ensure appropriate risks are elevated and addressed.

Over the past year, the following critical initiatives were undertaken:

- Formalization of the Global Information Security Office ("GISO"): This office 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 ("GSOC"). Lead by the CISO, the GISO strategy, budget, and activities are overseen by the Millicom Information Security Steering Committee. This committee comprises various Millicom executives, technical resources, and business personnel who meet monthly to discuss projects, approaches, and engagement across the company.
- Development of a a Global Security Operations Center (GSOC): During 2019, all operations moved to a consolidated, centralizing security operations center. The Millicom Information Security teams integrated business-critical environments to be monitored around the clock by the GSOC, with alerts being delivered in a near real-time manner. The teams are focused on continuing the migration over the upcoming year, with a goal to have all identified environments fully monitored by year-end.
- Development of a Global Vulnerability Management program: Due to 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. We completed our roll-out of the program in Q3 2019.
- Development of a Global Identity and Access Management program: In order to effectively manage user access, especially with respect to U.S. regulatory requirements, we have centralized all business and critical access provisioning into a central solution. Phase one of this effort addressed all regulatory requirements by the end of Q3 2019 and the remaining deployment schedule will continue through mid-2020.

Directors' Financial and Operating Report

Group Performance

In 2019, total revenue for the Group was $4,336 million, and gross profit was $3,135 million, a margin of 72.3 percent.

Operating expenses represented 37% of revenue, a decrease compared to last year, mainly due to the adoption of IFRS 16 'Leases' which reduced operating expenses by $149 million, partially offset by the additions of our acquisitions in Panama and Nicaragua.

Our operating profit amounted to $575 million, a 13.3 percent margin impacted negatively mainly by lower gain on tower deals in El Salvador, Colombia, and Paraguay , higher amortization expenses due to acquisitions, as well as the impact of IFRS 16 additional depreciation expense of $124 million.

Net financial expenses were $544 million, higher by $198 million compared to last year mainly due to higher levels of gross debt to fund recent acquisitions, and from the impact of IFRS 16.

Profit before taxes at $218 million included the effects of the decrease in operating profit and interest expense described above, but positively affected by an increase in value of our equity investment in Helios Towers.

The Group net tax charge in 2019 was $120 million, leaving a net gain for the year from continuing operations at $97 million. The gain of $57 million from discontinued operations mainly reflected the disposal of our business in Chad.

As a result, the net profit for the year was $154 million. The share of gains of non-controlling interests was $5 million reflecting our partners' share of net results in our subsidiaries in Colombia and Panama.

The net profit for the year attributable to Millicom owners was $149 million. Earnings per share was $1.48.

Share Capital

At December 31, 2019, Millicom had 101.7 million issued and paid up common shares of par value $1.50 each, of which 580 thousand were held by the Company as treasury shares (2018: 914 Thousand). During the year, the company acquired approximately 132 thousand shares and issued around 465 thousand shares to management and employees under the LTIP remuneration plans and approximately 19 thousand shares to Directors as part of their annual remuneration.

Distribution to Shareholders and Proposed Distributions

On May 2, 2019, at the Annual General Meeting of shareholders, a dividend distribution of $2.64 per share was approved, and subsequently paid to shareholders in equal portions in May and November.

On February 24, 2020, Millicom's Board approved to the Annual General Meeting of the shareholders a share buyback program to repurchase at least $500 million over the next three years. The current shareholder authorization, which expires on May 5, 2020, allows for the repurchase of up to 5% of the outstanding share capital. In addition, the Board approved to the Annual General Meeting of the shareholders a dividend distribution of $1.00 per share to be paid in 2020. The Annual General Meeting to vote these matters is scheduled to May 5, 2020.

On February 25, 2020, Millicom announced a three year $500 million share repurchase plan and on 28th February 2020 it initiated the first phase of this program comprising the purchase of not more than 350,000 shares and not more than a maximum total amount of SEK 107 million (approximately $11 million). The purpose of the repurchase program is to reduce Millicom's share capital , or to use the repurchased shares for meeting obligations arising under Millicom´s employee share based incentive programs. The repurchase program may take place during the period between February 28, 2020 and May 5, 2020. Payment for the shares will be made in cash.

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.

At December 31, 2019, the Group's headcount from continuing operations reached approximately 22,000, up from around 21,000 at December 31, 2018, the increase being mainly related to the acquisitions in Panama and Nicaragua.

Outlook for the Group

Although many of the macroeconomic and competitive challenges we faced in 2019 may continue to impact our performance in the near term, we continue to invest to capture the long term growth opportunity before us. In 2020, we expect to make meaningful progress toward our medium term goal to deliver mid-single-digit organic service revenue growth, mid-to-high single-digit organic EBITDA growth, and around 10% OCF (EBITDA less Capex) organic growth for the Latam segment.

Statements included in this report that are not historical facts, including without limitation outlook, 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. In the event such risks or uncertainties materialize, Millicom's results could be materially adversely affected. Additional information on these and other key risks faced by the Group are set out in the Risk Management section on pages 22–25. 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 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 forwardlooking 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.

Risks and Uncertainty Factors

The Group operates in an industry and in markets which are characterized by rapid change and subject to macroeconomic, 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.

Subsequent Event

On January 28, 2020, Millicom's wholly-owned subsidiary Telefónica Celular del Paraguay S.A.E ("Telecel"), closed a $250 million re-tap to its senior unsecured notes due 2027, representing an additional issuance of Telecel's outstanding $300 million 5.875% Senior Notes due 2027 issued on April 5, 2019. The New notes will be treated as a single class with the Initial Notes, and they were priced at 106.375 for an implied yield to maturity of 4.817%.

José Antonio Ríos García
Chairman of the Board of Directors
Luxembourg, February 28, 2020

Management Responsibility Statement

We, Mauricio Ramos, Chief Executive Officer, and Tim Pennington, Chief Financial Officer, confirm, to the best of our knowledge, that these 2019 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, 2020

Mauricio Ramos
Chief Executive Officer

Tim Pennington
Chief Financial Officer

Disclaimer and Non-IFRS Reconciliations

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. 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 Registration Statement 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.

Non-IFRS Reconciliations–continued

Non IFRS Measures

This report 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 16, and are proforma for material changes in perimeter due to acquisitions and divestitures. The non-IFRS financial measures are presented in this press release as Millicom's management believes they provide investors with an 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.

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.

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 corporate costs that are not allocated to any country and inter-company eliminations.

Organic growth represents year-on-year growth excluding the impact of changes in FX rates, perimeter, and accounting. Changes in perimeter are the result of acquisitions and divestitures. Results from divested assets are immediately removed from both periods, whereas the results from acquired assets are included in both periods at the beginning (January 1) of the first full calendar year of ownership.

Net debt is Gross debt less cash and pledged and term deposits.

Net financial obligations is Net debt plus lease obligations.

Proportionate net financial obligations is the sum of the net financial obligations in every country where Millicom operates, including its Guatemala and Honduras joint ventures, pro rata for Millicom's ownership stake in each country.

Leverage is the ratio of net financial obligations over LTM (last twelve month) EBITDA, proforma for acquisitions made during the last twelve months.

Proportionate leverage to EBITDA is the ratio of proportionate net debt over LTM proportionate EBITDA, proforma for acquisitions made during the last twelve months.

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 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), less advances for dividends to non-controlling interests, plus dividends received from joint ventures.

Operating Profit After Tax displays the profit generated from the operations of the company after statutory taxes.

*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.

*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), less assets and liabilities held for sale.

Underlying measures, such as *Underlying service revenue, Underlying EBITDA, Underlying equity free cash flow, Underlying net debt, etc,* include Guatemala and Honduras, as if fully consolidated.

**This non-IFRS measure is not used in this annual report as this is not directly reconcilable with IFRS measures.*

Non-IFRS Reconciliations

Reconciliation from Reported Growth to Organic Growth for the Latam and Africa segments[i]

	Revenue		Service Revenue		EBITDA		OCF	
Latam Segment ($ millions)	**FY 2019**	**FY 2018**	**FY 2019**	**FY 2018**	**FY 2019**	**FY 2018**	**FY 2019**	**FY 2018**
A- Current period	5,964	5,485	5,514	5,069	2,443	2,077	1,442	1,124
B- Prior year period	5,485	5,441	5,069	5,078	2,077	2,022	1,124	1,116
C- Reported growth (A/B)	8.7%	0.8%	8.8%	(0.2)%	17.6%	2.7%	28.3%	0.7%
D- Accounting change impact	—	2.4%	0.0%	1.0%	8.2%	0.8%	16.5%	1.4%
E- Change in Perimeter impact	11.0%	—	11.6%	—	11.9%	—	11.2%	—
F- FX impact	(5.2)%	(5.1)%	(5.2)%	(5.3)%	(5.0)%	(1.1)%	(9.2)%	(3.1)%
G- Other	0.1%	(0.1)%	0.1%	(0.2)%	0.4%	(0.4)%	1.5%	(0.7)%
F- Organic Growth (C-D-E-F-G)	2.8%	3.5%	2.2%	4.3%	2.1%	3.5%	8.3%	3.2%

[i]*Please refer to Note 5 of our Unaudited Interim Condensed Consolidated Financial Statements for more details on our segments.*

	Revenue		Service Revenue		EBITDA	
Africa Segment ($ millions)	**FY 2019**	**FY 2018**	**FY 2019**	**FY 2018**	**FY 2019**	**FY 2018**
A- Current period	382	399	382	398	122	102
B- Prior year period	399	385	398	385	102	98
C- Reported growth (A/B)	(4.2)%	3.5%	(4.2)%	3.5%	19.4%	4.3%
D- Accounting change impact	—	(0.2)%	—	(0.2)%	33.8%	(0.4)%
E- Change in Perimeter impact	—	—	—	—	—	—
F- FX impact	(1.4)%	(1.7)%	(1.4)%	(1.7)%	(1.8)%	(0.9)%
G- Other	0.1%	(0.4)%	0.1%	(0.4)%	7.3%	(2.1)%
F- Organic Growth (C-D-E-F-G)	(2.9)%	5.7%	(2.9)%	5.8%	(19.9)%	7.7%

Non-IFRS Reconciliations–continued

Reconciliation from Reported Growth to Organic Growth for the main Latam markets

Service Revenue ($ millions)	FY 2019	FY2018	Organic	FX	Perimeter	Other	Reported
Guatemala	1,234	1,200	5.3%	(2.5)%	—	—	2.8%
Colombia	1,432	1,553	2.8%	(10.5)%	—	(0.2)%	(7.8)%
Paraguay	575	632	(1.2)%	(7.9)%	—	—	(9.0)%
Honduras	551	555	1.7%	(2.5)%	—	—	(0.8)%
Bolivia	624	597	4.5%	—	—	—	4.5%
Panama	468	17	0.4%	—	NM	9.8%	NM
El Salvador	348	371	(6.2)%	—	—	—	(6.2)%
Nicaragua, Costa Rica, Eliminations & Corporate Costs	284	145	NM	NM	NM	NM	NM
Latam*	**5,514**	**5,069**	**2.2%**	**(5.2)%**	**11.6%**	**0.1%**	**8.8%**

** Perimeter impact on Latam segment reflects acquisition of Cable Onda and using service revenue as reported by the company to the Panama Stock Exchange. Panama performance in 2018 reflects only the results of the last two weeks of the month of December 2018.*

EBITDA ($ millions)	FY 2019	FY 2018	Organic	FX	Accounting	Perimeter	Other	Reported
Guatemala	748	689	4.7%	(2.5)%	6.4%	—	—	8.6%
Colombia	510	494	3.0%	(10.4)%	10.8%	—	(0.2)%	3.2%
Paraguay	294	332	(5.6)%	(7.7)%	1.7%	—	0.2%	(11.5)%
Honduras	280	268	0.5%	(2.4)%	6.1%	—	—	4.2%
Bolivia	257	232	6.3%	—	4.7%	—	—	11.0%
Panama	223	4	9.1%	—	NM	NM	NM	NM
El Salvador	140	133	(4.4)%	—	9.5%	—	—	5.1%
Nicaragua, Costa Rica, Eliminations & Corporate Costs	(8)	(75)	NM	NM	NM	NM	NM	NM
Latam*	**2,443**	**2,077**	**2.1%**	**(5.0)%**	**8.2%**	**11.9%**	**0.4%**	**17.6%**

** Perimeter impact on Latam segment reflects acquisition of Cable Onda and using EBITDA as reported by the company to the Panama Stock Exchange.Panama performance in Q4 2018 reflects only the results of the last two weeks of the month of December 2018.*

Non-IFRS Reconciliations–continued

ARPU reconciliations

Latam Segment Mobile ARPU Reconciliation	2019	2018
Mobile service revenue ($m)	3,258	3,214
Mobile Service revenue ($m) from non Tigo customers ($m)*	*(65)*	*(58)*
Mobile Service revenue ($m) from Tigo customers (A)	3,192	3,156
Mobile customers–end of period (000)	39,846	33,691
Mobile customers–average (000) (B)**	36,636	33,186
Mobile ARPU (USD/Month) (A/B/number of months)	7.3	7.9

**Refers to TV advertising, production services, MVNO, DVNO, equipment rental revenue, call center revenue, national roaming, equipment sales, visitor roaming, tower rental, DVNE, and other non-customer driven revenue.*

***Average of the last five quarters.*

Latam Home ARPU Reconciliation	2019	2018
Home service revenue ($m)	1,530	1,244
Home service revenue ($m) from non Tigo customers ($m)*	*(40)*	*(33)*
Home service revenue ($m) from Tigo customers	1,490	1,210
Customer Relationships–end of period (000)**	4,341	4,118
Customer Relationships–average (000)***	4,242	3,587
Home ARPU (USD/Month) (A/B/12)	29.3	28.1

**TV advertising, production services, equipment rental revenue, call center revenue, equipment sales and other non customer driven revenue.*
***Represented by homes connected all techonologies (HFC + Other Technologies + DTH & Wimax RGUs).*
****Average of the last five quarters.*
*****2019 includes Panama Cable Onda.*

Non-IFRS Reconciliations–continued

Foreign Exchange rates used to support FX impact calculations in the above Organic Growth reconciliations

		Average FX rate (vs. USD)			End of period FX rate (vs. USD)		
		Q4 19	Q4 18	YoY	Q4 19	Q4 18	YoY
Bolivia	BOB	6.91	6.91	0.0%	6.91	6.91	0.0%
Colombia	COP	3,413	3,166	(7.2)%	3,277	3,250	(0.8)%
Costa Rica	CRC	578	599	3.7%	576	608	5.6%
Guatemala	GTQ	7.71	7.72	0.1%	7.70	7.74	0.5%
Honduras	HNL	24.72	24.29	(1.7)%	24.72	24.42	(1.2)%
Nicaragua	NIO	33.70	33.12	(1.7)%	33.84	32.33	(4.5)%
Paraguay	PYG	6,434	5,946	(7.6)%	6,453	5,961	(7.6)%
Chad	XAF	588	588	(0.1)%	588	580	(1.4)%
Ghana	GHS	5.53	4.85	(12.3)%	5.73	4.82	(15.9)%
Tanzania	TZS	2,297	2,294	(0.1)%	2,299	2,299	0.0%

Reconciliation Net debt to EBITDA to Proportionate net debt to EBITDA as of December 31, 2019 and December 31, 2018

Debt Information - December 31, 2019

$ millions	Gross Debt	Cash	Net Debt	EBITDA	Proforma Adjustments*	Proforma EBITDA	Leverage
Millicom Group (IFRS)	**7,036**	**1,166**	**5,870**	**1,530**	**—**	**—**	**—**
Plus: Guatamala	1,172	189	983	748	—	—	—
Plus: Honduras	423	40	383	280	—	—	—
Less: Corporate Costs	—	—	—	(36)	—	—	—
Underlying Millicom Group (Non-IFRS)	**8,631**	**1,395**	**7,236**	**2,522**	**95**	**2,617**	**2.76x**
Less: 50% Minority Stake in Colombia	(606)	(107)	(499)	(255)	—	—	—
Less: 45% Minority Stake in Guatemala	(528)	(85)	(442)	(337)	—	—	—
Less: 33% Minority Stake in Honduras	(141)	(13)	(128)	(93)	—	—	—
Less: 20% Minority Stake in Panama	(201)	(12)	(189)	(45)	(13)	—	—
Less: 1.5% Minority Stake in Tanzania	(6)	—	(6)	(2)	—	—	—
Proportionate Millicom Group (Non-IFRS)	**7,149**	**1,177**	**5,973**	**1,791**	**82**	**1,873**	**3.19x**

** Proforma adjusted EBITDA related to mobile acquisitions in Nicaragua and Panama.*

Non-IFRS Reconciliations–continued

Debt Information–December 31, 2018

$ millions	Gross Debt	Cash	Net Debt	EBITDA	Proforma Adjustments*	Proforma EBITDA	Leverage
Millicom Group (IFRS)	**4,580**	**529**	**4,051**	**1,254**	**—**	**—**	**—**
Plus: Guatamala	927	221	706	689	—	—	—
Plus: Honduras	383	25	358	268	—	—	—
Less: Corporate Costs	—	—	—	(35)	—	—	—
Underlying Millicom Group (Non-IFRS)	**5,890**	**775**	**5,116**	**2,176**	**166**	**2,342**	**2.18**
Less: 50% Minority Stake in Colombia	(508)	(89)	(419)	(247)	—	—	—
Less: 45% Minority Stake in Guatemala	(417)	(99)	(318)	(310)	—	—	—
Less: 33% Minority Stake in Honduras	(128)	(8)	(119)	(89)	—	—	—
Less: 20% Minority Stake in Panama	(52)	(1)	(51)	(1)	(33)	—	—
Less: 15% Minority Stake in Zantel	(13)	(1)	(12)	(1)	—	—	—
Proportionate Millicom Group (Non-IFRS)	**4,772**	**576**	**4,197**	**1,527**	**133**	**1,660**	**2.52**

** Proforma adjusted EBITDA related to Cable Onda acquisition. EBITDA has not been adjusted for disposal of Chad.*

Equity Free Cash Flow

	Year ended December 31,	
	2019	**2018**
Net cash provided by operating activities	801	792
Purchase of property, plant and equipment	(736)	(632)
Proceeds from sale of property, plant and equipment	24	154
Proceeds from sale of towers part of tower sale and leaseback transactions	(22)	(142)
Purchase of intangible assets	(171)	(148)
Proceeds from sale of intangible assets	—	—
Purchase of spectrum and licenses	59	61
Finance charges paid, net	470	298
Operating free cash flow	425	383
Interest (paid), net	(470)	(298)
Free cash flow	(45)	85
Dividends received from joint ventures (Guatemala and Honduras)	237	243
Dividends paid to non-controlling interests	(13)	(2)
Equity free cash flow	179	326

Non-IFRS Reconciliations–continued

Fully consolidated P&L reconciliation for IFRS 16 implementation (unaudited)

($millions)	FY 2019	IFRS16 Impact	FY 2019 before IFRS 16	FY 2018	% change
Revenue	**4,336**	**—**	**4,336**	**3,946**	**9.9%**
Cost of sales	(1,201)	—	(1,201)	(1,117)	7.5%
Gross profit	**3,135**	**—**	**3,135**	**2,829**	**10.8%**
Operating expenses	(1,604)	148	(1,753)	(1,616)	8.4%
EBITDA	**1,530**	**148**	**1,382**	**1,213**	**13.9%**
Depreciation	(825)	(109)	(716)	(662)	8.1%
Amortization	(275)	—	(275)	(140)	95.9%
Share of net profit in Guatemala and Honduras	179	(6)	185	154	20.0%
Other operating income (expenses), net	(34)	1	(35)	75	NM
Operating profit	**575**	**35**	**540**	**640**	**(15.6)%**
Net financial expenses	(544)	(72)	(472)	(346)	36.3%
Other non-operating income (expenses), net	227	(4)	231	(39)	NM
Gains (losses) from other JVs and associates, net	(40)	—	(40)	(136)	(70.3)%
Profit (loss) before tax	**218**	**(41)**	**259**	**119**	**116.9%**
Net tax credit (charge)	(120)	—	(121)	(112)	7.6%
Profit (loss) for the period from continuing ops.	**97**	**(40)**	**138**	**7**	**NM**
Non-controlling interests	(5)	5	(9)	16	NM
Profit (loss) from discontinued operations	57	—	57	(33)	NM
Net profit (loss) for the period	**149**	**(36)**	**185**	**(10)**	**NM**

IFRS 16 impact by country

EBITDA ($ millions)	FY 2019 Revenue	FY 2019 EBITDA	IFRS 16 impact	EBITDA excluding IFRS 16	FY 2019 EBITDA Margin	FY 2019 EBITDA Margin excluding IFRS 16	IFRS 16 impact on margin
Guatemala	1,434	748	44	704	52.2%	49.1%	3.1pt
Colombia	1,532	510	53	457	33.3%	29.8%	3.5pt
Paraguay	610	294	6	288	48.2%	47.2%	0.9pt
Honduras	594	280	16	263	47.1%	44.4%	2.8pt
Bolivia	639	257	11	246	40.2%	38.5%	1.7pt
Panama	475	223	12	210	46.9%	44.3%	2.5pt
El Salvador	387	140	13	128	36.2%	33.0%	3.3pt
Nicaragua, Costa Rica, Eliminations & Corporate Costs	293	(8)	16	(24)	NM	NM	NM
Latam	**5,964**	**2,443**	**171**	**2,273**	**41.0%**	**38.1%**	**2.9pt**

Non-IFRS Reconciliations–continued

Capex Reconciliation

Capex Reconciliation	FY 2019	FY 2018
Consolidated:		
Additions to property, plant and equipment	719	698
Of which (finance) lease capitalizations from tower sale and leaseback transactions	—	*25*
Additions to licenses and other intangibles	202	158
Of which spectrum and license costs	*101*	*66*
Total consolidated additions	**921**	**856**
Of which is capital expenditures related to the corporate offices	*13*	*5*

Latin America Segment	FY 2019	FY 2018
Additions to property, plant and equipment	879	840
Of which (finance) lease capitalizations from tower sale and leaseback transactions	—	*22*
Additions to licenses and other intangibles	240	200
Of which spectrum and license costs	*117*	*64*
Latin America Segment total additions (Underlying)	1,119	1,040
Capex excluding spectrum and lease capitalizations	**1,002**	**954**

Africa Segment	FY 2019	FY 2018
Additions to property, plant and equipment	42	30
Of which (finance) lease capitalizations from tower sale and leaseback transactions	—	—
Additions to licenses and other intangibles	12	—
Of which spectrum and license costs	*12*	—
Africa Segment total additions	54	30
Capex excluding spectrum and lease capitalizations	**42**	**30**

Non-IFRS Reconciliations–continued

Operating Free Cash Flow Reconciliation

Cash Flow Data	FY 2019	FY 2018
Net cash provided by operating activities	801	792
Purchase of property, plant and equipment	(736)	(632)
Proceeds from sale of property, plant and equipment	24	154
Purchase of intangible assets and licenses	(171)	(148)
Proceeds from sale of intangible assets	—	—
Net purchase/proceeds for property, plant and equipment and intangible assets	**(882)**	**(626)**
(Less) Proceeds from sale of towers part of tower sale and leaseback transactions	(22)	(142)
(Less) Purchase of spectrum and licenses	59	61
(Less) Finance charges paid, net	470	298
Operating free cash flow	**425**	**383**

OCF (EBITDA- Capex) Reconciliation

Latam OCF Underlying	FY 2019	FY 2018
Latam EBITDA	2,443	2,077
(–) Capex (Ex. Spectrum)	1,002	954
Latam OCF	**1,442**	**1,124**

Africa OCF	FY 2019	FY 2018
Africa EBITDA	122	102
(–) Capex (Ex. Spectrum)	42	30
Africa OCF	**80**	**72**

Non-IFRS Reconciliations–continued

Underlying financial information

Until 2015, Millicom group results included Guatemala and Honduras on a 100% consolidation basis. Since 2016, these businesses are treated as joint ventures and are consolidated using the equity method. To aid investors to better track the evolution of the company's performance over time, we provide the following indicative unaudited financial statement data for the Millicom group on an underlying basis which include our Guatemala and Honduras joint ventures as if they had been fully consolidated.

Income statement data FY 2019 ($millions)	Millicom (IFRS)	Guatemala and Honduras JVs	Eliminations	Underlying (non-IFRS)
Revenue	**4,336**	**2,009**	**—**	**6,345**
Cost of sales	(1,201)	(469)	—	(1,670)
Gross profit	**3,135**	**1,540**	**—**	**4,675**
Operating expenses	(1,604)	(549)	—	(2,153)
EBITDA	**1,530**	**992**	**—**	**2,522**
EBITDA margin	**35.3%**	**49.4%**	**—**	**39.8%**
Depreciation & amortization	(1,100)	(444)	—	(1,544)
Share of net profit in joint ventures	179	—	(179)	—
Other operating income (expenses), net	(34)	(8)	—	(43)
Operating profit	**575**	**540**	**(179)**	**936**
Net financial expenses	(544)	(102)	—	(647)
Other non-operating income (expenses), net	227	(12)	—	215
Gains (losses) from associates	(40)	—	—	(40)
Profit (loss) before tax	**218**	**426**	**(179)**	**464**
Net tax credit (charge)	(120)	(100)	—	(220)
Profit (loss) for the period	**97**	**326**	**(179)**	**244**
Profit (loss) from discontinued operations	57	—	—	57
Non-controlling interests	(5)	(147)	—	(152)
Net profit (loss) for the period	**149**	**179**	**(179)**	**149**

Non-IFRS Reconciliations–continued

Balance Sheet data ($ millions)	Millicom IFRS	Guatemala and Honduras JVs	Underlying (non-IFRS)
ASSETS			
Intangible assets, net	3,219	2,851	6,069
Property, plant and equipment, net	2,883	929	3,811
Right of Use Assets	977	302	1,279
Investments in joint ventures and associates	2,822	(2,797)	25
Other non-current assets	310	172	482
TOTAL NON-CURRENT ASSETS	**10,210**	**1,456**	**11,666**
Inventories, net	32	38	70
Trade receivables, net	371	76	447
Other current assets	919	333	1,252
Restricted cash	155	14	169
Cash and cash equivalents	1,164	229	1,393
TOTAL CURRENT ASSETS	**2,641**	**689**	**3,330**
Assets held for sale	5	—	5
TOTAL ASSETS	**12,856**	**2,145**	**15,001**
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company	2,410	(41)	2,369
Non-controlling interests	271	589	859
TOTAL EQUITY	**2,680**	**548**	**3,228**
Debt and financing	6,753	1,535	8,288
Other non-current liabilities	1,017	(188)	829
TOTAL NON-CURRENT LIABILITIES	**7,770**	**1,347**	**9,117**
Debt and financing	283	60	343
Other current liabilities	2,124	190	2,313
TOTAL CURRENT LIABILITIES	**2,406**	**250**	**2,656**
Liabilities directly associated with assets held for sale	—	—	—
TOTAL LIABILITIES	**10,176**	**1,597**	**11,773**
TOTAL EQUITY AND LIABILITIES	**12,856**	**2,145**	**15,001**

Non-IFRS Reconciliations–continued

Cash Flow Data–FY 2019 ($millions)	Millicom IFRS	Guatemala and Honduras JVs	Underlying (non-IFRS)
Profit (loss) before taxes from continuing operations	**218**	**247**	**464**
Profit (loss) for the period from discontinued operations	59	—	59
Profit (loss) before taxes	**276**	**247**	**523**
Net cash provided by operating activities (incl. discontinued ops)	**801**	**782**	**1,583**
Net cash used in investing activities (incl. discontinued ops)	**(1,502)**	**(544)**	**(2,046)**
Net cash from (used by) financing activities (incl. discontinued ops)	**1,355**	**(251)**	**1,104**
Exchange impact on cash and cash equivalents, net	(8)	—	(8)
Net (decrease) increase in cash and cash equivalents	**645**	**(12)**	**633**
Cash and cash equivalents at the beginning of the period	528	241	769
Effect of cash in disposal group held for sale	(9)	—	(9)
Cash and cash equivalents at the end of the period	**1,164**	**229**	**1,393**

Auditor's Reports and Consolidated Financial Statements

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 120 to page 213, which comprise the consolidated statement of financial position as of December 31, 2019, 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, 2019, 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 23 July 2016 on the audit profession (the "Law of 23 July 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

Risk identified

The Group's revenue consists of mobile and data telephony services, corporate solutions, fixed-line broadband, fixed-line telephone, cable TV and mobile financial services 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 application.

Our answer

Our audit procedures over revenue included, among others:

- We tested the operating effectiveness of controls over the accounting for bundled offers and principal vs. agent considerations.
- We evaluated the design and 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 developed and implemented 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 the billing systems to the general ledger
- We tested journal entries processed between the billing systems and general ledger.
- We assessed the accounting for credits and discounts and tested the accuracy of customer invoices
- We assessed the assumptions used by management to determine the allocation of the transaction price, after consideration of these credits and discounts, to telecom services and handsets and tested the stand-alone selling prices
- We obtained a sample of customer contracts, including modifications to the contracts, and compared customer contract terms to the revenue systems.
- We evaluated management's Principal vs. Agent considerations and conclusions.
- We evaluated the adequacy of the Group's disclosures included in Note B.1.1. in relation to revenue recognition matters.

Independent Auditor's Report–continued

To the shareholders of Millicom International Cellular S.A.

2. Uncertain tax positions

Risk identified

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.

Our answer

Our procedures included, amongst others:

- We tested the Group's controls that address the risks of material misstatement relating to uncertain tax positions.
- We evaluated the assumptions the Group used to develop its uncertain tax positions and related unrecognized income tax benefit amounts by jurisdiction.
- We tested the completeness and accuracy of the underlying data used by the Group to calculate its uncertain tax positions.
- We assessed the historical accuracy of management's estimates of its unrecognized income tax benefits by comparing the estimates with the resolution of those positions.
- We involved our tax professionals to assist us in evaluating the application of relevant tax laws in the Group's recognition determination.
- We evaluated the adequacy of the Group's disclosures included in Note G.3.2. in relation to these tax matters.

3. Accounting for Business Combinations

Risk identified

The Group acquired control over, and therefore consolidated Cable Onda S.A. ("Cable Onda") in Panama for net consideration of USD 956 million, Telefonica Celular de Nicaragua S.A. in Nicaragua ("Telefonica Nicaragua") for net consideration of USD 430 million, as adjusted, and Telefonica Moviles Panama S.A. in Panama ("Telefonica Panama") for net consideration of USD 594 million as of December 13, 2018, May 16, 2019 and August 29, 2019, respectively. These transactions were accounted for as business combinations. The purchase accounting of Cable Onda was provisional as of December 31, 2018 and had been finalized as of December 31, 2019. Management has determined the purchase accounting for Telefonica Nicaragua and Telefonica Panama on a provisional basis as of December 31, 2019. The acquisitions are material, complex and contains significant judgment in relation to their purchase accounting. The Group, assisted by its external valuation specialists, determined the fair value of acquired entities identifiable assets and liabilities, which included a number of assumptions such as useful life of assets, customer churn and contingent liabilities.

Our answer

Our audit procedures included, amongst others:

- We evaluated the design and testing the operating effectiveness of controls of the Group's controls over its accounting for business combinations.
- We inspected the purchase agreements and evaluating the terms and conditions and management's accounting for such terms and conditions in its purchase price allocation.
- We involved our valuation specialists to assist with our audit procedures to test the estimated cash flows and management's valuation methodologies and assumptions (e.g. such as the discount rate, churn rate and EBITDA margin) used to determine the fair value of the acquired identifiable assets and assumed liabilities.
- Our valuation specialists assessed whether the underlying assumptions used by the management were consistent with publicly available information and external market data.
- We evaluated the adequacy of the related disclosures in Note A.1.2 to the consolidated financial statements.

4. Adoption of IFRS 16, leases

Risk Identified

The Group adopted IFRS 16, Leases, using the modified retrospective approach with the cumulative effect of applying the new standard recognized in retained profits as of January 1, 2019. At the transition date, the Group recognized lease liabilities 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 was measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. Upon adoption, the Group recognized lease liabilities of US 898 million and right-of-use assets of USD 856 million. The application of IFRS 16 effective from January 1, 2019 was especially challenging and involved complex auditor judgment particularly regarding assessing management's determination of a complete population of the Group's leases, estimation and evaluation of the incremental borrowing rates for each of the leases (including consideration of industry, country and credit risks) and

Independent Auditor's Report–continued

To the shareholders of Millicom International Cellular S.A.

estimation of the useful lives, including consideration of renewal options. These assumptions have a significant effect on the right-of-use asset, on the lease liability and the depreciation and financing costs.

Our answer

Our audit procedures included, among others:

- We evaluated the design and testing the operating effectiveness of controls over the completeness and accuracy of the Group's lease population, valuation and recognition of the right-of-use asset and the lease liability and the Group's determination of their underlying assumptions (including renewal assumptions and estimation of the incremental borrowing rate).
- We inspected a sample of the lease agreements, including modifications and we assessed management's assumptions regarding lease renewal periods including its determination that it was highly probable that the leases would be renewed.
- Regarding the incremental borrowing rates, we involved our valuation specialists to assist with our audit procedures to test management's assumptions and risk considerations as described above used in the measurement process.
- We also assessed the adequacy of the Group's disclosures in respect of the adoption of IFRS 16 as set out in the Introduction and Notes C.4. to the consolidated financial statements.

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 99 and the accompanying corporate governance statement on pages 66 to 98 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 23 July 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 23 July 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.

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Independent Auditor's Report–continued

To the shareholders of Millicom International Cellular S.A.

- 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, 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 2 May 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 7 years.

The consolidated management report on pages 99 is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The accompanying corporate governance statement on pages 66 to 98 is the responsibility of the Board of Directors. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 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 19 December 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

Bruno di Bartolomeo

Luxembourg February 28, 2020

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Consolidated statement of income for the years ended December 31, 2019, 2018 and 2017

	Notes	2019	2018 (i)	2017 (i)
			(US$ millions)	
Revenue	B.1.	4,336	3,946	3,936
Cost of sales	B.2.	(1,201)	(1,117)	(1,169)
Gross profit		**3,135**	**2,829**	**2,767**
Operating expenses	B.2.	(1,604)	(1,616)	(1,531)
Depreciation	E.2.2., E.3.	(825)	(662)	(670)
Amortization	E.1.3.	(275)	(140)	(142)
Share of profit in the joint ventures in Guatemala and Honduras	A.2.	179	154	140
Other operating income (expenses), net	B.2.	(34)	75	69
Operating profit	**B.3.**	**575**	**640**	**632**
Interest and other financial expenses	C.3.3., E.3.	(564)	(367)	(389)
Interest and other financial income		20	21	16
Other non-operating (expenses) income, net	B.5., C.7.3.	227	(39)	(2)
Profit (loss) from other joint ventures and associates, net	A.3.	(40)	(136)	(85)
Profit (loss) before taxes from continuing operations		**218**	**119**	**172**
Charge for taxes, net	B.6.	(120)	(112)	(162)
Profit (loss) for the year from continuing operations		**97**	**7**	**10**
Profit (loss) from discontinued operations, net of tax	E.4.2.	57	(33)	60
Net profit (loss) for the year		**154**	**(26)**	**69**
Attributable to:				
The owners of Millicom		149	(10)	87
Non-controlling interests	A.1.4.	5	(16)	(17)
Earnings (loss) per common share for profit (loss) attributable to the owners of the Company:				
Basic (US$ per common share):				
— from continuing operations		0.92	0.23	0.27
— from discontinued operations		0.56	(0.33)	0.59
— total	**B.7.**	**1.48**	**(0.10)**	**0.86**
Diluted (US$ per common share):				
— from continuing operations		0.92	0.23	0.27
— from discontinued operations		0.56	(0.33)	0.59
Total	**B.7.**	**1.48**	**(0.10)**	**0.86**

(i) Re-presented for discontinued operations (shown in note A.4.) 2018 and 2017 were not restated for the application of IFRS 16, and, additionally, 2017 was not restated for the application of IFRS 15 and IFRS 9, as the Group elected the modified retrospective approach.

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

Consolidated statement of comprehensive income for the years ended December 31, 2019, 2018 and 2017

	2019	2018 (i)	2017 (i)
		(US$ millions)	
Net profit (loss) for the year	154	(26)	69
Other comprehensive income (to be reclassified to statement of income in subsequent periods), net of tax:			
Exchange differences on translating foreign operations	(4)	(81)	85
Change in value of cash flow hedges, net of tax effects	(16)	(1)	4
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)
Total comprehensive income (loss) for the year	**133**	**(108)**	**158**
Attributable to			
Owners of the Company	131	(78)	173
Non-controlling interests	3	(30)	(15)
Total comprehensive income for the period arises from:			
Continuing operations	76	(102)	105
Discontinued operations	57	(7)	52

(i) Re-presented for discontinued operations (shown in note A.4.). 2018 and 2017 were not restated for the application of IFRS 16, and , additionally, 2017 was not restated for the application of IFRS 15 and IFRS 9, as the Group elected the modified retrospective approach.

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

Consolidated statement of financial position at December 31, 2019 and 2018

	Notes	December 31 2019	December 31 2018 (i) (ii)
		(US$ millions)	
ASSETS			
NON-CURRENT ASSETS			
Intangible assets, net	E.1.	3,219	2,346
Property, plant and equipment, net	E.2.	2,883	3,071
Right of use assets	E.3.	977	—
Investments in joint ventures	A.2.	2,797	2,867
Investments in associates	A.3.	25	169
Contract costs, net	F.5.	5	4
Deferred tax assets	B.6.	200	202
Other non-current assets	G.5.	104	126
TOTAL NON-CURRENT ASSETS		**10,210**	**8,785**
CURRENT ASSETS			
Inventories	F.2.	32	39
Trade receivables, net	F.1.	371	343
Contract assets, net	F.5.	41	37
Amounts due from non-controlling interests, associates and joint ventures	G.5.	29	34
Prepayments and accrued income		156	129
Current income tax assets		119	108
Supplier advances for capital expenditure		22	25
Equity investments		371	—
Other current assets		181	124
Restricted cash	C.5.	155	158
Cash and cash equivalents	C.5.	1,164	528
TOTAL CURRENT ASSETS		**2,641**	**1,525**
Assets held for sale	E.4.2.	5	3
TOTAL ASSETS		**12,856**	**10,313**

(i) Not restated for the application of IFRS 16 as the Group elected the modified retrospective approach.

(ii) The consolidated statement of financial position at December 31, 2018 has been restated after finalization of the Cable Onda purchase accounting (note A.1.2.).

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

	Notes	December 31 2019	December 31 2018 (i) (ii)
		(US$ millions)	
EQUITY AND LIABILITIES			
EQUITY			
Share capital and premium	C.1.	633	635
Treasury shares		(51)	(81)
Other reserves	C.1.	(544)	(538)
Retained profits		2,222	2,535
Profit (loss) for the year attributable to equity holders		149	(10)
Equity attributable to owners of the Company		**2,410**	**2,542**
Non-controlling interests	A.1.4.	271	251
TOTAL EQUITY		**2,680**	**2,792**
LIABILITIES			
NON-CURRENT LIABILITIES			
Debt and financing	C.3.	5,786	4,123
Lease liabilities	C.4.	967	—
Derivative financial instruments	D.1.2.	17	—
Amounts due to non-controlling interests, associates and joint ventures	G.5.	337	135
Provisions and other non-current liabilities	F.4.2.	383	351
Deferred tax liabilities	B.6.	279	236
TOTAL NON-CURRENT LIABILITIES		**7,770**	**4,845**
CURRENT LIABILITIES			
Debt and financing	C.3.	186	458
Lease liabilities	C.4.	97	—
Put option liability	C.7.4.	264	239
Derivative financial instruments	D.1.2.	—	—
Payables and accruals for capital expenditure		348	335
Other trade payables		289	282
Amounts due to non-controlling interests, associates and joint ventures	G.5.	161	348
Accrued interest and other expenses		432	381
Current income tax liabilities		75	55
Contract liabilities	F.5.	82	87
Provisions and other current liabilities	F.4.1.	474	492
TOTAL CURRENT LIABILITIES		**2,406**	**2,676**
Liabilities directly associated with assets held for sale	E.4.2.	—	—
TOTAL LIABILITIES		**10,176**	**7,521**
TOTAL EQUITY AND LIABILITIES		**12,856**	**10,313**

(i) Not restated for the application of IFRS 16 as the Group elected the modified retrospective approach.

(ii) The consolidated statement of financial position at December 31, 2018 has been restated after finalization of the Cable Onda purchase accounting (note A.1.2.).

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

Consolidated statement of cash flows for the years ended December 31, 2019, 2018 and 2017

	Notes	2019	2018(i)	2017(i)
			(US$ millions)	
Cash flows from operating activities (including discontinued operations)				
Profit before taxes from continuing operations		218	119	172
Profit (loss) before taxes from discontinued operations	E.4.2.	59	(29)	55
Profit before taxes		**276**	**91**	**227**
Adjustments to reconcile to net cash:				
(Finance) Lease interest expense		157	91	64
Financial interest expense		408	282	352
Interest and other financial income		(20)	(21)	(16)
Adjustments for non-cash items:				
Depreciation and amortization		1,111	830	879
Share of profit in Guatemala and Honduras joint ventures	A.2.	(179)	(154)	(140)
(Gain) on disposal and impairment of assets, net	B.2., E.4.2.	(40)	(37)	(99)
Share based compensation	C.1.	30	22	22
Transaction costs assumed by Cable Onda	A.1.2.	—	30	—
Loss from other joint ventures and associates,net	A.3.	40	136	85
Other non-cash non-operating (income) expenses, net	B.5.	(227)	40	(2)
Changes in working capital:				
Decrease (increase) in trade receivables, prepayments and other current assets,net		(119)	(128)	5
Decrease in inventories		11	2	16
Increase (decrease) in trade and other payables, net		(61)	69	(82)
Changes in contract assets, liabilities and costs, net		(2)	(9)	—
Total changes in working capital		**(172)**	**(66)**	**(61)**
Interest paid on (finance) leases		(141)	(89)	(84)
Interest paid on debt and other financing		(344)	(229)	(288)
Interest received		15	20	16
Taxes (paid)		(114)	(153)	(132)
Net cash provided by operating activities		**801**	**792**	**820**
Cash flows from (used in) investing activities (including discontinued operations):				
Acquisition of subsidiaries, joint ventures and associates, net of cash acquired	A.1.	(1,014)	(953)	(22)
Proceeds from disposal of subsidiaries and associates, net of cash disposed	E.4.2., A.3.2.	111	176	22
Purchase of intangible assets and licenses	E.1.4.	(171)	(148)	(133)
Proceeds from sale of intangible assets		—	—	4
Purchase of property, plant and equipment	E.2.3.	(736)	(632)	(650)
Proceeds from sale of property, plant and equipment	C.3.4.	24	154	179
Proceeds from disposal of equity investment, net of costs		25	—	—
Dividends received from joint ventures	A.2.2.	237	243	203
Settlement of financial derivative instruments		—	(63)	—
Cash (used in) provided by other investing activities, net	D.1.2.	20	24	31
Net cash used in investing activities		**(1,502)**	**(1,199)**	**(367)**

	Notes	2019	2018(i)	2017(i)
Cash flows from financing activities (including discontinued operations):				
Proceeds from debt and other financing	C.3.	2,900	1,155	996
Repayment of debt and other financing	C.3.	(1,157)	(530)	(1,176)
(Finance) Lease capital repayment		(107)	(17)	(19)
Advances for, and dividends paid to non-controlling interests	A.1./A.2.	(13)	(2)	—
Dividends paid to owners of the Company	C.2.	(268)	(266)	(265)
Net cash provided by (used in) financing activities		**1,355**	**341**	**(464)**
Exchange impact on cash and cash equivalents,net		(8)	(33)	4
Net (decrease) increase in cash and cash equivalents		**645**	**(98)**	**(8)**
Cash and cash equivalents at the beginning of the year		528	619	646
Effect of cash in disposal group held for sale	E.4.2.	(9)	6	(19)
Cash and cash equivalents at the end of the year		**1,164**	**528**	**619**

(i) Re-presented for discontinued operations (shown in note A.4. and E.4.2.). 2018 and 2017 were not restated for the application of IFRS 16, and , additionally,2017 was not restated for the application of IFRS 15 and IFRS 9, as the Group elected the modified retrospective approach.

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

Consolidated statement of changes in equity for the years ended December 31, 2019, 2018 and 2017

	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, 2017	**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) (viii)	—	—	—	—	—	10	—	10	(4)	6
Total comprehensive income for the year	—	—	—	—	—	(10)	(68)	(78)	(30)	(108)
Dividends (iv)	—	—	—	—	—	(266)	—	(266)	—	(266)
Dividends to non controlling interest	—	—	—	—	—	—	—	—	(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 acquisition of Cable Onda (vii)	—	—	—	—	—	—	—	—	113	113
Put option reserve(vii)	—	—	—	—	—	(239)	—	(239)	—	(239)
Balance on December 31, 2018	**101,739**	**(914)**	**153**	**482**	**(81)**	**2,525**	**(538)**	**2,542**	**251**	**2,792**
Total comprehensive income for the year	—	—	—	—	—	149	(19)	131	3	133
Dividends (iv)	—	—	—	—	—	(267)	—	(267)	—	(267)
Dividends to non controlling interest	—	—	—	—	—	—	—	—	(1)	(1)
Purchase of treasury shares	—	(132)	—	—	(12)	4	—	(8)	—	(8)
Share based compensation (v)	—	—	—	—	—	—	29	29	1	30
Issuance of shares under share-based payment schemes	—	465	—	(2)	41	(12)	(25)	1	—	1
Effect of restructuring in Tanzania(vi)	—	—	—	—	—	(27)	9	(18)	18	—
Balance on December 31, 2019	**101,739**	**(581)**	**153**	**480**	**(51)**	**2,372**	**(544)**	**2,409**	**271**	**2,680**

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

(ii) *Retained profits – includes profit for the year attributable to equity holders, of which $306 million (2018: $324 million; 2017: $345 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) *Effect of the restructuring in Tanzania A.1.2.*

(vii) *Effect of the acquisition of Cable Onda S.A. See notes A.1.2. and C.7.4. for further details. The consolidated statement of changes in equity at December 31, 2018 has been restated after finalization of the Cable Onda purchase accounting (note A.1.2.).*

(viii) *"IFRS 15, "Revenue from contracts with customers" and IFRS 9, "Financial Instruments" were adopted effective January 1, 2018 using the modified retrospective method. The impact of adoption was recorded as an adjustment to retained profits.*

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 November 14, 2019, Millicom's historical principal shareholder, Kinnevik AB, distributed its entire (approximately 37% of Millicom's outstanding shares) shareholding in Millicom to its own shareholders through a share redemption plan. Since that date, Kinnevik is no longer a related party or shareholder in Millicom.

On February 24, 2020, the Board of Directors authorized these consolidated financial statements for issuance.

Business activities

Millicom operates its mobile businesses in Latin America (Bolivia, Colombia, El Salvador, Guatemala, Honduras, Nicaragua, Panama and Paraguay), and in Africa (Ghana and Tanzania).

Millicom operates various cable and fixed line businesses in Latin America (Bolivia, Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama and Paraguay). 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 holds investments in online/e-commerce businesses in several countries in Africa (Jumia), in a tower infrastructure company in Africa (Helios Towers), as well as other small minority investments in other businesses such as micro-insurance (Milvik).

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 (measured at fair value), financial instruments that contain obligations to purchase own equity instruments (measured at the present value of the redemption price), and, up to December 31, 2018 prior to the adoption of IFRS 16 'Leases', 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 or significant influence over a foreign operation, exchange differences that were recorded in equity are recognized in the consolidated statement of income as part of gain or loss on sale or loss of control and/or significant influence.

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, 2019, 2018 and 2017 and the average rates for the years ended December 31, 2019, 2018 and 2017.

Exchange Rates to the US Dollar	Functional Currency	2019 Year-end Rate	2018 Year-end Rate	Change %	2019 Average Rate	2018 Average Rate	Change %	2017 Average Rate
Bolivia	Boliviano (BOB)	6.91	6.91	— %	6.91	6.91	—%	6.91
Chad	CFA Franc (XAF)	n/a	580	n/a	n/a	571	n/a	588
Colombia	Peso (COP)	3,277	3,250	0.8 %	3,296	2,973	10.9%	2,961
Costa Rica	Costa Rican Colon (CRC)	576	608	(5.2)%	588	578	1.8%	571
El Salvador	US dollar	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Ghana	Cedi (GHS)	5.73	4.82	18.9 %	5.33	4.63	15.0%	4.36
Guatemala	Quetzal (GTQ)	7.70	7.74	(0.5)%	7.71	7.52	2.5%	7.36
Honduras	Lempira (HNL)	24.72	24.42	1.2 %	24.59	23.99	2.5%	23.58
Luxembourg	Euro (EUR)	0.89	0.87	2.5 %	0.89	0.85	5.1%	0.89
Nicaragua	Cordoba (NIO)	33.84	32.33	4.7 %	33.12	31.55	5.0%	30.05
Panama	Balboa (B/.) (i)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Paraguay	Guarani (PYG)	6,453	5,961	8.3 %	6,232	5,743	8.5%	5,626
Sweden	Krona (SEK)	9.365	8.85	5.8 %	9.43	8.71	8.3%	8.53
Tanzania	Shilling (TZS)	2,299	2,299	— %	2,304	2,274	1.3%	2,233
United Kingdom	Pound (GBP)	0.75	0.78	(3.3)%	0.78	0.75	4.3%	0.77

(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.7.

The application of IFRS 15 and IFRS 9 had the following impact on the Group financial statements at 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	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			
INCOME STATEMENT $ millions	**As reported**	**Without adoption of IFRS 15**	**Effect of Change Higher/ (Lower)**	**Reason for the change**
Total revenue	3,946	4,023	(77)	(i)
Cost of sales	(1,117)	(1,165)	48	(ii)
Operating expenses	(1,616)	(1,656)	40	(ii)
Share of profit in the joint ventures in Guatemala and Honduras	154	152	2	(iii)
Tax impact	(112)	(111)	(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.

FINANCIAL POSITION $ millions	2018			
	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	202	200	2	(vi)
Contract assets, net (current)	37	—	37	(iii)
LIABILITIES				
Contract liabilities (current)	87	—	87	(iv)
Provisions and other current liabilities	492	574	(82)	(v)
Current income tax liabilities	55	52	3	(vi)
Deferred tax liabilities (non-current)	236	229	7	(vi)
EQUITY				
Retained profits and loss for the year	2,525	2,468	57	(vii)
Non-controlling interests	251	248	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 following changes to standards effective for annual periods starting on January 1, 2019 have been adopted by the Group:

IFRS 16 "Leases"primarily affects the accounting for the Group's operating leases. The commitments for operating leases are now recognized as right of use assets and lease liabilities for future payments. As a result, on adoption, on January 1, 2019, an additional lease liability of $545 million has been recognized (see note C.4.). The application of the new standard decreased operating expenses by $149 million, respectively, as compared to what our results would have been if we had continued to follow IAS 17 for year ended December 31, 2019. The impact of the adoption of the leasing standard and the new accounting policies are further explained below. The application of this standard also affects the Group's depreciation, operating and financial expenses, debt and other financing, and leverage ratios see note C.3.. The change in presentation of operating lease expenses has resulted in a corresponding increase in cash flows derived from operating activities and a decline in cash flows from financing activities.

Below you will find further details describing the impact of the adoption of IFRS 16 "Leases" on the Group's financial statements. The amended accounting policies applied from January 1, 2019 are further disclosed in note E.3..

Explanation and effect of adoption of IFRS 16

The Group adopted 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. Its application had no significant impact on the Group's retained profits. Comparatives for the 2018 and 2017 financial statements were not restated.

On adoption of IFRS 16, the Group recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were 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 was measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the leases recognized in the statement of financial position immediately before the date of initial application.

The weighted average incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 12.3%. Each lease commitment was individually discounted using a specific incremental borrowing rate, following a build-up approach including: risk-free rates, industry risk, country risk, credit risk at cash generating unit level, currency risk and commitment's maturity.

For leases previously classified as finance leases Millicom recognized the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

$ millions	**2019**
Operating lease commitments disclosed as at December 31, 2018	**801**
(Plus): Non lease components obligations	57
(Less): Short term leases recognized on a straight line basis as an expense	(3)
(Less): Low value leases recognized on a straight line basis as an expense	(2)
(Less): Contract included in the lease commitments but with starting date in 2019 and not part of the IFRS 16 opening balances	(17)
(Plus/Less): Other	(9)
Gross lease liabilities	**828**
Discounted using the lessee's incremental borrowing rate at the date of the initial application	(283)
Incremental lease liabilities recognized at January 1, 2019	**545**
(Plus): Finance lease liabilities recognized at December 31, 2018	353
Lease liabilities recognized at January 1, 2019	**898**
Of which are:	
Current lease liabilities	86
Non-current lease liabilities	812

The application of IFRS 16 affected the following items in the statement of financial position on January 1, 2019:

FINANCIAL POSITION $ millions	As at January 1, 2019 before application	Effect of adoption of IFRS 16	As at January 1, 2019 after application	Reason for the change
ASSETS				
Property, plant and equipment, net	3,071	(307)	2,764	(i)
Right-of-use asset (non-current) NEW	—	856	856	(ii)
Prepayments	129	(6)	123	(iii)
LIABILITIES				
Lease liabilities (non-current) NEW	—	812	812	(iv)
Debt and other financing (non-current)	4,123	(337)	3,786	(v)
Lease liabilities (current) NEW	—	86	86	(iv)
Debt and other financing (current)	458	(16)	442	(v)
Other current liabilities	492	(2)	490	(vi)

(i) Transfer of previously capitalized assets under finance leases to Right-of-Use assets.

(ii) Initial recognition of Right-of-Use assets, transfer of previously recognized finance leases and of lease prepayments to the Right-of-Use asset cost at transition.

(iii) Transfer of lease prepayments to the Right-of-Use asset cost at transition.

(iv) Initial recognition of lease liabilities and transfer of previously recognized finance lease liabilities.

(v) Transfer of previously recognized finance lease liabilities to new Lease liabilities accounts.

(vi) Reclassification of provisions for onerous contracts to Right-of-Use assets.

The application of IFRS 16 has also impacted classifications within the statement of income, statement of cash flows, segment information and EPS for the period starting from January 1, 2019.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made when applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

The following new or amended standards became applicable for the current reporting period and did not have any significant impact on the Group's accounting policies or disclosures and did not require retrospective adjustments.

- Amendments to IFRS 9 "Financial instruments" on prepayment features with negative compensation.
- IFRIC 23 "Uncertainty over Income Tax Treatments" clarifies how the recognition and measurement requirements of IAS 12 Income taxes, are applied where there is uncertainty over income tax treatments.
- Amendments to IAS 19 "Employee benefits" on plan amendment, curtailment or settlement.
- Amendments to IAS 28 "Investments in associates" on long term interests in associates and joint ventures.
- Annual improvements 2015-2017.

The following changes to standards, which are not expected to materially affect the Group, will be effective from January 1, 2020:

Amendments to the conceptual framework	The IASB has revised its conceptual framework. The Framework is not an IFRS standard and does not override any standard, so nothing will change in the short term.The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRS. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. The Group does not expect these amendments to have a material impact on the consolidated financial statements as such.	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 this amendment to have a material impact on the consolidated financial statements.	January 1, 2020
Amendments to IFRS 3 - 'Business Combinations' - definition of a business	This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. The Group does not expect this amendment to have a material impact on the consolidated financial statements. These amendments have not yet been endorsed by the EU.	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform.	The IASB has embarked on a two-phase project to consider what, if any, reliefs to give from the effects of IBOR reform. For Phase 1, the IASB has issued amendments to IFRS 9, IAS 39 and IFRS 7 that provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR based contracts, the reliefs will affect companies in all industries. The Group is currently assessing the impact of these amendments on the consolidated financial statements but do not expect it will have a material effect.	January 1, 2020
IFRS 17, 'Insurance contracts'	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. IFRS 17 will not have an impact on the consolidated financial statements. IFRS 17 has not been yet endorsed by the EU.	January 1, 2021

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:

- **Acquisitions** – measurement at fair value of existing and newly identified assets, including the measurement of property, plant and equipment and intangible assets (e.g. particularly the customer lists being sensitive to significant assumptions as disclosed in note A.1.2.), liabilities, contingent 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.);
- **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, when there is one or several performance obligations and the determination of stand alone selling prices (see note B.1.1.);
- **Contingent liabilities** – whether or not a provision should be recorded for any potential liabilities (see note G.3.);
- **Leases** – In determining the lease term, including the assessment of whether the exercise of extension or termination options is reasonably certain and the corresponding impact on the selected lease term (see note E.3.);
- **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.4.1.) 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.);
- **Defined benefit obligations** – key assumptions related to life expectancies, salary increases and leaving rates, mainly related to UNE Colombia (see note B.4.3.).

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 notes A.1.and 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), EBITDA margins, Capex intensity and long term growth rates (see note E.1.6.);
- For leases, estimates in determining the incremental borrowing rate for discounting the lease payments in case interest rate implicit in the lease cannot be determined (see note E.3.);
- 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 other small minority investments in other businesses such as micro-insurance (Milvik).

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, 2019	December 31, 2018	December 31, 2017
Latin America			In %	In %	In %
Telemovil El Salvador S.A. de C.V.	El Salvador	Mobile, MFS, Cable, DTH	100	100	100
Millicom Cable Costa Rica S.A.	Costa Rica	Cable, DTH	100	100	100
Telefonica Celular de Bolivia S.A.	Bolivia	Mobile, DTH, MFS, Cable	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	80	—
Telefonica Moviles Panama (ii)	Panama	Mobile	80	—	—
Telefonia Cellular de Nicaragua sa (ii)	Nicaragua	Mobile	100	—	—
Colombia Móvil S.A. E.S.P. (iii)	Colombia	Mobile	50-1 share	50-1 share	50-1 share
UNE EPM Telecomunicaciones S.A.(iii)	Colombia	Fixed-line, Internet, PayTV, Mobile	50-1 share	50-1 share	50-1 share
Edatel S.A. E.S.P. (iii)	Colombia	Fixed-line, Internet, PayTV, Cable	50-1 share	50-1 share	50-1 share
Africa					
Sentel GSM S.A.(v)	Senegal	Mobile, MFS	—	—	100
MIC Tanzania Public Limited Company (vi)	Tanzania	Mobile, MFS	98.5	100	100
Millicom Tchad S.A. (v)	Chad	Mobile, MFS	—	100	100
Millicom Rwanda Limited (v)	Rwanda	Mobile, MFS	—	—	100
Zanzibar Telecom Limited (vi)	Tanzania	Mobile, MFS	98.5	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 International Services LLC	USA	Services Company	100	100	100
Millicom Services UK Ltd (vii)	UK	Services 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) Companies acquired during the year. See note A.1.2.

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

(iv) Merged with Airtel Ghana in October 2017 and classified as discontinued operations for the year then ended (see note E.4.2.). Merged entity is accounted for as a joint venture as from merger date (see note A.2.2.).

(v) Companies disposed of in 2018 or 2019. See note A.1.3.

(vi) Change in ownership percentages as a result of the in-country restructuring . See note A.1.2.

(vii) Millicom Services UK Ltd with registered number 08330497 will take advantage of an audit exemption to prepare stand alone financial statements for the year ended December 31, 2019 as set out within section 479A of the Companies Act 2006.

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 changes in non-controlling interests in subsidiaries

Scope changes 2019

1. Telefonica CAM Acquisitions

On February 20, 2019, MIC S.A., Telefonica Centroamerica and Telefonica S.A. entered into 3 separate share purchase agreements (the "Telefonica CAM Acquisitions") pursuant to which, subject to the terms and conditions contained therein, Millicom agreed to purchase 100% of the shares of Telefonica Moviles Panama, S.A., a company incorporated under the laws of Panama, from Telefonica Centroamerica (the "Panama Acquisition"), 100% of the shares of Telefonica de Costa Rica TC, S.A., a company incorporated under the laws of Costa Rica, from Telefonica (the "Costa Rica Acquisition") and 100% of the shares of Telefonia Celular de Nicaragua, S.A., a company incorporated under the laws of Nicaragua, from Telefonica Centroamerica (the "Nicaragua Acquisition"). The Telefonica CAM Acquisitions Share Purchase Agreements contain customary representations and warranties and termination provisions. The consummation of the Costa Rica Acquisition is still subject to regulatory approvals and is expected to close in H1 2020.

Acquisition related costs for Nicaragua and Panama acquisitions included in the statement of income under operating expenses were approximately $16 million for the year.

The aggregate purchase price for the Telefonica CAM Acquisitions is $1.65 billion, subject to potential purchase price adjustments.

a) Nicaragua Acquisition

This transaction closed on May 16, 2019 after receipt of the necessary approvals and, since that date, Millicom holds all voting rights into Telefonia Celular de Nicaragua ("Nicaragua") and controls it. On the same day, Millicom paid an original cash consideration of $437 million, provisionally adjusted to $430 million as of December 31, 2019 and still subject to final price adjustment expected in Q1 2020. The purchase consideration also includes potential indemnifications from the sellers (including potential tax contingencies and litigations). For the purchase accounting, Millicom determined the provisional fair values of Nicaragua's identifiable assets and liabilities based on transaction and relative fair values. The purchase accounting is still provisional at December 31, 2019, particularly in respect of the final price adjustment and the evaluation of the right-of-use assets and lease liabilities. Management expects to finalize the purchase accounting in Q1 2020.

The provisional purchase accounting as at December 31, 2019 is as follows

	Provisional Fair values (100%)
	(US$ millions)
Intangible assets (excluding goodwill) (i)	131
Property, plant and equipment (ii)	149
Right of use assets (iii)	131
Other non-current assets	2
Current assets (excluding cash) (iv)	23
Trade receivables (v)	17
Cash and cash equivalents	7
Total assets acquired	**459**
Lease liabilities (iii)	131
Other liabilities (vi)	118
Total liabilities assumed	**249**
Fair value of assets acquired and liabilities assumed, net	**210**
Acquisition price	430
Provisional Goodwill	**220**

(i) Intangible assets not previously recognized at the date of acquisition, are mainly customer lists for an amount of $81 million, with estimated useful lives ranging from 4 to 10 years. In addition, a fair value step-up of $39 million on the spectrum held by Nicaragua has been recognized, with a remaining useful life of 14 years.

(ii) A fair value step-up of $39 million has been recognized on property, plant and equipment, mainly on the core network ($25 million) and owned land and buildings ($8 million). The expected remaining useful lives were estimated at 6-7 years on average.

(iii) The Group measured the lease liability at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired lease were a new lease at the acquisition date. The right-of-use assets have been adjusted by $7 million to be measured at the same amount as the lease liabilities.

(iv) Current assets include indemnification assets for tax contingencies at fair value for an amount of $11 million - see (v) below.

(v) The fair value of trade receivables acquired was $17 million.

(vi) Other liabilities include the fair value of certain possible tax contingent liabilities for $1 million and a deferred tax liability of $50 million resulting from the above adjustments

The goodwill is currently not expected to be tax deductible, and is attributable to expected synergies and convergence with our legacy fixed business in the country, as well as to the fair value of the assembled work force. For convenience purposes, the acquisition date was set on May 1, 2019 as there were no material transactions from this date to May 16, 2019. From May 1, 2019 to December 31, 2019, Nicaragua contributed $144 million of revenue and a net profit of $5 million to the Group. If the acquisition had occurred on January 1, 2019 incremental revenue for the year ended December 31, 2019 for the Group would have been $219 million and incremental net loss for that period would have been $16 million, including amortization of assets not previously recognized of $12 million (net of tax).

Key assumptions used in fixed assets valuation

The following valuation methods and key estimates were used for the valuation of the main classes of fixed assets:

Major class of assets	Valuation method	Key assumption 1	Key assumption 2	Key assumption 3
Spectrum	Market approach - Market comparable transactions	Discount rate : 14%	Terminal growth rate: 2.5%	Estimated duration: 14 years
Customer lists	Income approach - Multi-Period Excess Earnings Method	Discount rate: 14-15%	Monthly Churn rate: From 1.2% for B2B to 2.9% for B2C	EBITDA margin: ~ 36% to 41%
Land and buildings	Market approach	Economic useful life (range): 10-30 years	Price per square meter: from $2 to $57	N/A
Core network	Cost approach	Economic useful life (range): 5-27 years	Remaining useful life (minimum) : 1.7 years	N/A

b) Panama Acquisition

This transaction closed on August 29, 2019 after receipt of the necessary approvals and, since that date, Cable Onda, which is 80% owned by Millicom, holds all voting rights in Telefonica Moviles Panama, S.A. ("Panama") and controls it. On the same day, Cable Onda paid an original cash consideration of $594 million to acquire 100% of the shares of Panama, subject to a final price adjustment expected in Q1 2020. The purchase consideration also includes potential indemnifications from the sellers (including potential tax contingencies and litigations). For the purchase accounting, Millicom determined the fair value of Panama's identifiable assets and liabilities based on transaction and relative fair values. The purchase accounting is still provisional at December 31, 2019, particularly in respect of the evaluation of property, plant and equipment, right-of-use assets and lease liabilities, final price adjustment and their resulting impact on the current valuation of intangible assets. Management expects to finalize the purchase accounting during the first half of 2020. No non-controlling interests are recognized at acquisition date as Cable Onda acquired 100% of the shares of Panama. Though, non-controlling interests are recognized in Panama's results from the date of acquisition.

The provisional purchase accounting as at December 31, 2019 is as follows:

	Provisional Fair values (100%) (US$ millions)
Intangible assets (excluding goodwill) (i)	169
Property, plant and equipment	110
Right of use assets	57
Other non-current assets	3
Current assets (excluding cash)	23
Trade receivables (ii)	21
Cash and cash equivalents	10
Total assets acquired	**391**
Lease liabilities	48
Other debt and financing	74
Other liabilities (iii)	101
Total liabilities assumed	**224**
Fair value of assets acquired and liabilities assumed, net	**167**
Acquisition price	594
Provisional Goodwill	**426**

(i) Intangible assets not previously recognized at the date of acquisition, are mainly customer lists for an amount of $58 million, with estimated useful lives ranging from 3 to 17 years. In addition, a fair value step-up of $3 million on the spectrum held by Panama has been recognized, with a remaining useful life of 17 years.

(ii) The fair value of trade receivables acquired was $21 million.

(iii) Other liabilities include a deferred tax liability of $15 million resulting from the above adjustments

The goodwill is currently not expected to be tax deductible and is attributable to expected synergies and convergence with Cable Onda, as well as to the fair value of the assembled work force. For convenience purposes, the acquisition date was set on September 1, 2019. From September 1, 2019 to December 31, 2019, Panama contributed $80 million of revenue and a net profit of $6 million to the Group. If Panama had been acquired on January 1, 2019 incremental revenue for the twelve-month period ended December 31, 2019 for the Group would have been $158 million and incremental net profit for that period would have been $1 million, including amortization of assets not previously recognized of $3 million (net of tax).

Key assumptions used in fixed assets valuation

The following valuation methods and key estimates were used for the valuation of the main classes of fixed assets:

Major class of assets	Valuation method	Key assumption 1	Key assumption 2	Key assumption 3
Spectrum	Market approach - Market comparable transactions	Discount rate: 9.8%	Terminal growth rate: 2.9%	Estimated duration: 17 years
Customer lists	Income approach - Multi-Period Excess Earnings Method	Discount rate: 9.8-11%	Monthly Churn rate: From 0.4% for B2C postpaid to 3.9% for B2C prepaid	EBITDA margin: ~ 35% to 39%

2. Tanzania restructuring

In October 2019, with the view of listing the shares of MIC Tanzania Public Limited Company ('MIC Tanzania') on the local stock exchange (see note H), Millicom completed the restructuring of its investments in different operations in the country. Mainly, MIC Tanzania acquired all the shares of Zantel, which was partially held by the Government of Zanzibar (15%). In exchange of the contribution of its 15% shares in Zantel to MIC Tanzania, the Government of Zanzibar received 1.5% of newly issued shares in MIC Tanzania. This restructuring did not result in the Group losing control in Zantel nor MIC Tanzania, and has therefore been recognized as an equity transaction. As a consequence, the Group owners' equity decreased by a net amount of $18 million as a result of the derecognition of the 15% non-controlling interests in Zantel and the recognition of 1.5% non-controlling interests in MIC Tanzania.

3. Others

During the year ended December 31, 2019, the Group also completed minor additional acquisitions.

Scope changes 2018

1. Cable Onda acquisition

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 selling shareholders retained a 20% equity stake in the company. The transaction closed on December 13, 2018 after receipt of necessary approvals, for final cash consideration of $956 million. 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 that have been amended as a result of the acquisition of Telefonica Moviles Panama, S.A.. See note C.7.4. for further details on the accounting treatment of these options.

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 exercise has been finalized in December 2019. The main adjustments compared to the provisional fair values relate to the final valuation of the property, plant and equipment for a net increase of $30 million, as well as its related impact on the customer list fair value (a decrease of $20 million) and deferred tax liabilities (net increase of $3 million). The remaining adjustments are linked to reassessment of contingent liabilities and corresponding indemnification assets. As a result, goodwill decreased by $8 million as follows:

	Provisional Fair values (100%) (US$ millions)	Final Fair values (100%) (US$ millions)	Changes (US$ millions)
Intangible assets (excluding goodwill) (i)	673	653	(20)
Property, plant and equipment (ii)	348	378	30
Current assets (excluding cash)(iii)	54	50	(4)
Cash and cash equivalents	12	12	—
Total assets acquired	**1,088**	**1,094**	**6**
Non-current liabilities(iv)	422	425	3
Current liabilities	141	134	(7)
Total liabilities assumed	**563**	**559**	**(4)**
Fair value of assets acquired and liabilities assumed, net	**525**	**535**	**10**
Transaction costs assumed by Cable Onda (v)	30	30	—
Fair value of non-controlling interest in Cable Onda (20%)	111	113	2
Millicom's interest in the fair value of Cable Onda (80%)	444	452	8
Acquisition price	956	956	0
Final Goodwill	**512**	**504**	**(8)**

(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 $350 million, with estimated useful life of 20 years and favorable content contracts for $19 million, with a useful life of 10 years.

(ii) A net fair value step-up of $30 million has been recognized on property, plant and equipment, mainly on the core network ($11 million). The expected remaining useful lives were estimated at 5 years on average.

(iii) Current assets include trade receivables amounting to a fair value of $34 million.

(iv) Non-current liabilities include the deferred tax liability of $161 million resulting from the above adjustments.

(v) 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 completion of the purchase price allocation did not result in any material impact on the statement of income for the years ended December 31, 2018 and December 31, 2019, respectively, in respect of values previously recorded in the provisional purchase accounting.

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).

Key assumptions used in fixed assets valuation

The following valuation methods and key estimates were used for the valuation of the main classes of fixed assets:

Major class of assets	Valuation method	Key assumption 1	Key assumption 2	Key assumption 3
Brands	Income approach - Relief-from-Royalty approach	Discount rate: 10%	Royalty rate: 4.5%	Tax rate: 25%
Customer lists	Income approach - Multi-Period Excess Earnings Method	Discount rate: 10%	Yearly Churn rate: 5.8% in average	EBITDA margin: ~ 48%
Property, plant & equipment	Cost approach	Economic useful life (range): 5-15 years	Remaining useful life (minimum): 2-8 years	N/A

A.1.3. Disposal of subsidiaries and decreases in non-controlling interests of subsidiaries

Chad

On June 26, 2019, the Group completed the disposal of its operations in Chad for a final cash consideration of $110 million. In accordance with Group practices, the Chad operation has been classified as assets held for sale and discontinued operations as from June 5, 2019 and prior periods restated. On June 26, 2019, Chad was deconsolidated and a gain on disposal of $77 million was recognized (see also note E.4.).

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 for a final cash consideration of $51 million, including a deferred cash payment due in January 2020 for an amount of $18 million. The transaction also included earn-outs for $7 million that were not recognized by the Group as management does not believe these will be triggered. The sale was 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; results were therefore shown on a single line in the statements of income under 'Profit (loss) for the year from discontinued operations, net of tax' (see also note E.4.).

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. 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. The sale was completed on April 27, 2018 in exchange of a cash consideration of $151 million. (see also note E.4.)

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. The transaction was completed on October 12, 2017 (see also note E.4.).

Other disposals

For the years ended December 31, 2019, 2018 and 2017, 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, 2019 and 2018, Millicom's subsidiaries with material non-controlling interests were the Group's operations in Colombia and Panama.

Balance sheet – non-controlling interests

	December 31,	
	2019	2018(i)
	(US$ millions)	
Colombia	170	161
Panama	99	105
Others	2	(16)
Total	**271**	**251**

(i) Restated as a result of the finalization of Cable Onda purchase accounting, see note A.1.2.

Profit (loss) attributable to non-controlling interests

	2019	2018	2017
		(US$ millions)	
Colombia	11	(5)	(13)
Panama	(6)	(8)	—
Others	—	(3)	(4)
Total	**5**	**(16)**	**(17)**

The summarized financial information for material non-controlling interests in our operations in Colombia and Panama is provided below. This information is based on amounts before inter-company eliminations.

Colombia

	2019	2018	2017
		(US$ millions)	
Revenue	**1,532**	**1,661**	**1,739**
Total operating expenses	(543)	(667)	(647)
Operating profit	**164**	**147**	**106**
Net (loss) for the year	23	(10)	(25)
50% non-controlling interest in net (loss)	**11**	**(5)**	**(13)**
Total assets (excluding goodwill)	2,256	1,966	2,193
Total liabilities	1,891	1,620	1,771
Net assets	**365**	**346**	**422**
50% non-controlling interest in net assets	183	173	211
Consolidation adjustments	(13)	(12)	(15)
Total non-controlling interest	**170**	**161**	**197**
Dividends and advances paid to non-controlling interest	(12)	(2)	0
Net cash from operating activities	363	348	331
Net cash from (used in) investing activities	(260)	(270)	(209)
Net cash from (used in) financing activities	(67)	(75)	(46)
Exchange impact on cash and cash equivalents, net	—	(18)	3
Net increase in cash and cash equivalents	**36**	**(15)**	**80**

Panama

	2019 (ii)	2018 (i)
	(US$ millions)	
Revenue	**475**	**17**
Total operating expenses	(148)	(8)
Operating profit	**(15)**	**(39)**
Net (loss) for the year	(31)	(39)
20% non-controlling interest in net (loss)	**(6)**	**(8)**
Total assets (excluding Millicom's goodwill in Cable Onda)	1,866	1,082
Total liabilities	1,372	556
Net assets	**494**	**526**
20% non-controlling interest in net assets	99	105
Consolidation adjustments	—	—
Total non-controlling interest	**99**	**105**
Dividends and advances paid to non-controlling interest	—	—
Net cash from operating activities	167	(2)
Net cash from (used in) investing activities (iii)	(693)	12
Net cash from (used in) financing activities (iii)	580	(3)
Exchange impact on cash and cash equivalents, net	—	—
Net increase in cash and cash equivalents	**54**	**7**

(i) Cable Onda was acquired on December 13, 2018 and 2018 figures therefore only include results and cash flows from the date of acquisition.

(ii) 2019 figures include the full year results and cash flows of Cable Onda, as well as 4 months of Telefonica Panama which was consolidated from September 1, 2019.

(iii) In 2019, Cable Onda acquired Telefonica Panama for $594 million (note A.1.2.), financed by issuing a $600 million Senior Notes due 2030 (note C.3.1.)

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, 2019, the equity accounted net assets of our joint ventures in Guatemala, Honduras and Ghana totaled $3,346 million (December 31, 2018: $3,405 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, $142 million (December 31, 2018: $133 million) represent statutory reserves that are unavailable to be distributed to the Group. During the year ended December 31, 2019, Millicom's joint ventures paid $237 million (December 31, 2018: $243 million) as dividends or dividend advances to the Company.

Our main joint ventures are as follows:

Entity	Country	Activity	December 31, 2019 % holding	December 31, 2018 % 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.	Ghana	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

	%	2019	2018
		(US$ millions)	
Honduras operations(i)	66.7	708	730
Guatemala operations(i)	55	2,089	2,104
AirtelTigo Ghana operations	50	—	32
Total		**2,797**	**2,867**

(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, 2018	**2,145**	**726**	**96**
Adjustments on adoption of IFRS 15 and IFRS 9 (net of tax)	18	5	0
Change in scope	—	—	0
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**
Accounting policy changes	—	—	—
Capital increase	—	—	5
Results for the year	152	27	(40)
Utilization of past recognized losses	—	—	(5)
Dividends declared during the year	(170)	(37)	—
Currency exchange differences	2	(12)	8
Closing balance at December 31, 2019	**2,089**	**708**	**—**

(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, 2019 and 2018 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 IFRS 9 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, 2019, 2018 and 2017 of the Guatemala and Honduras operations is as follows. This information is based on amounts before inter-company eliminations.

Guatemala

	2019	2018	2017
		(US$ millions)	
Revenue	**1,434**	**1,373**	**1,328**
Depreciation and amortization	(313)	(283)	(295)
Operating profit(i)	**429**	**387**	**352**
Financial income (expenses), net	(66)	(56)	(60)
Profit before taxes	**356**	**309**	**305**
Charge for taxes, net	(79)	(69)	(74)
Profit for the year	**277**	**240**	**230**
Net profit for the year attributable to Millicom	**152**	**131**	**126**
Dividends and advances paid to Millicom	209	211	162
Total non-current assets (excluding goodwill)	2,517	2,280	2,406
Total non-current liabilities	1,216	981	1,052
Total current assets	717	718	756
Total current liabilities	251	221	220
Total net assets	1,767	1,796	1,890
Group's share in %	55%	55%	55%
Group's share in USD millions	972	988	1,040
Goodwill and consolidation adjustments	1,117	1,116	1,106
Carrying value of investment in joint venture	2,089	2,104	2,145
Cash and cash equivalents	189	217	303
Debt and financing – non-current	1,152	928	995
Debt and financing – current	21	—	—
Net cash from operating activities	588	545	498
Net cash from (used in) investing activities	(205)	(173)	(171)
Net cash from (used in) financing activities	(412)	(455)	(315)
Exchange impact on cash and cash equivalents, net	1	(3)	2
Net increase in cash and cash equivalents	**(28)**	**(86)**	**14**

(i) In 2017, operating profit included a provision for impairment of $10 million on the fixed assets related to video surveillance contracts with the Civil National Police.

Guatemala financing

In 2014, Intertrust SPV (Cayman) Limited, acting as trustee of the Comcel Trust, a trust established and consolidated by Comcel for the purposes of the transaction, issued $800 million 6.875% Senior Notes to refinance existing local and MIC S.A. corporate debt. The bond was issued at 98.233% of the principal and has an effective interest rate of 7.168%. The bond is guaranteed by Comcel and listed on the Luxembourg Stock Exchange.

Honduras

	2019	2018	2017
		(US$ millions)	
Revenue	**594**	**586**	**585**
Depreciation and amortization	(132)	(133)	(156)
Operating profit	**102**	**91**	**70**
Financial income (expenses), net	(37)	(29)	(27)
Profit before taxes	**60**	**52**	**41**
Charge for taxes, net	(21)	(18)	(18)
Profit for the year	**39**	**34**	**23**
Net profit for the year attributable to Millicom	**27**	**23**	**15**
Dividends and advances paid to Millicom	28	32	40
Total non-current assets (excluding goodwill)	516	506	576
Total non-current liabilities	469	386	407
Total current assets	312	304	208
Total current liabilities	183	226	282
Total net assets	176	198	95
Group's share in %	66.7%	66.7%	66.7%
Group's share in USD millions	117	132	63
Goodwill and consolidation adjustments	591	598	663
Carrying value of investment in joint venture	708	730	726
Cash and cash equivalents	40	25	16
Debt and financing – non-current	384	298	308
Debt and financing – current	39	85	80
Net cash from operating activities	169	147	152
Net cash from (used in) investing activities	(77)	(87)	(74)
Net cash from (used in) financing activities	(77)	(50)	(74)
Net (decrease) increase in cash and cash equivalents	**15**	**9**	**3**

Honduras financing

On September 19, 2019, Telefónica Celular, S.A. de C.V. entered into a new credit agreement with Banco Industrial S.A. and Banco Pais S.A for an amount up to $185 million, in tranches of $100 million, $60 million and $25 million. The Loan Agreement has a 10-year maturity and an interest rate of LIBOR plus 3.80% per annum, subject to a floor of minimum 5.25%. The new credit agreement has been used to consolidate the portion of a syndicated $250 million facility with Scotiabank dated March 27, 2015, and $90 million credit agreement with Banco Industrial S.A. dated March 20, 2018.

On September 19, 2019, Navega S.A. de C.V., entered into new facility agreement with Banco Industrial S.A. for an amount of $20 million and a duration of 10 years. The new agreement bears an annual interest of LIBOR plus 3.80% , subject to a floor of 5.25%. and will be used to refinance the portion corresponding to it as borrower under the $250 million facility with Scotiabank dated March 27, 2015.

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. This option has never been material and expired unexercised in September 2019.

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.

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'.

AirtelTigo Ghana

	2019 (US$ millions)	2018 (US$ millions)	2017 (US$ millions)
Revenue	**142**	**187**	**58**
Depreciation and amortization	(69)	(110)	(11)
Operating loss	**(72)**	**(100)**	**(1)**
Financial income (expenses), net	(77)	(42)	(10)
Loss before taxes	**(123)**	**(135)**	**(12)**
Charge for taxes, net	—	—	—
Loss for the period	**(123)**	**(135)**	**(12)**
Net loss for the period attributable to Millicom	**(40)**	**(68)**	**(6)**
Dividends and advances paid to Millicom	—	—	—
Total non-current assets (excluding goodwill)	168	277	184
Total non-current liabilities	245	277	214
Total current assets	42	71	60
Total current liabilities	187	134	106
Total net assets	(223)	(63)	(76)
Group's share in %	50%	50%	50%
Group's share in USD millions	(111)	(31)	(38)
Goodwill and consolidation adjustments	90	63	134
Unrecognised losses	(22)	0	0
Carrying value of investment in joint venture	—	32	96
Cash and cash equivalents	5	19	15
Debt and financing – non-current	245	276	145
Debt and financing – current	27	17	—
Net cash from operating activities	(5)	(19)	13
Net cash from (used in) investing activities	—	(8)	—
Net cash from (used in) financing activities	(6)	42	(3)
Net increase in cash and cash equivalents	**(11)**	**15**	**10**

A.2.3. Impairment of investment in joint ventures

While no impairment triggers were identified for the Group's investments in joint ventures in 2019, according to its policy, management have completed an impairment test for its joint ventures in Guatemala, Honduras and Ghana (up to 2018 for Ghana as investment is nil as of December 31, 2019).

The Group's investments in Guatemala and Honduras 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 1.1%–1.2% (2018: 3.2%–3.0%). Discount rates used in determining recoverable amounts were 9.5% and 9.7%, respectively (2018: 11.0% and 10.3%). For Ghana, in 2018, management used a perpetual growth rate of 3.8% and a discount rate of 14.4%.

For the year ended December 31, 2019 and 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 headroom 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 Helios Towers Africa Ltd (HTA) and in the African online business (AIH) became listed companies during 2019, and Millicom resigned from its board of directors' positions in both companies, having as an effect the loss of its significant influence. Both investments are now accounted for as equity instruments (see note C.7.3.). Millicom has significant influence over other immaterial associates as shown below.

The Group's associates are as follows:

Entity	Country	Activity(ies)	December 31, 2019 % holding	December 31, 2018 % holding
Africa				
Helios Towers Africa Ltd (HTA)(i)	Mauritius	Holding of Tower infrastructure company	—	22.83
Africa Internet Holding GmbH (AIH)(i)	Germany	Online marketplace, retail and services	—	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	11.4	12.3

(i) See note C.7.3..

At December 31, 2019 and 2018, the carrying value of Millicom's main associates was as follows:

Carrying value of investments in associates at December 31

	2019	2018
	(US$ millions)	
African Internet Holding GmbH (AIH)	—	38
Helios Tower Africa Ltd (HTA)	—	105
Milvik AB	11	13
West Indian Ocean Cable Company Limited (WIOCC)	14	14
Total	**25**	**169**

The summarized financial information for the Group's main material associates is provided below.

Summary of statement of financial position of associates at December 31,

	2018 (i)
Total current assets	473
Total non-current assets	717
Total assets	**1,190**
Total current liabilities	343
Total non-current liabilities	627
Total liabilities	**969**
Total net assets	**221**
Millicom's carrying value of its investment in HTA and AIH	142
Millicom's carrying value of its investment in other associates	27
Millicom's carrying value of its investment in associates	169

(i) The summarized financial information in 2018 includes HTA and AIH. For 2019, Millicom does not disclose such information as its remaining associates are immaterial to the Group.

Profit (loss) from other joint ventures and associates

In 2019, the loss shown under this caption in the statement of income mainly relates to the net losses recognised by our joint venture in Ghana. For further details refer to note A.2..

	2018 (i)	2017 (i)
Revenue	511	449
Operating expenses	(459)	(321)
Operating profit (loss)	(214)	(148)
Net loss for the year	(327)	(220)
Millicom's share of results from HTA and AIH	(66)	(34)
Millicom's share of results from other associates	(2)	(45)
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)**

(i) The summarized financial information in 2018 and 2017 includes HTA and AIH. For 2019, Millicom does not disclose such information as its remaining associates are immaterial to the Group.

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

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 for the year ended December 31, 2017. Both transactions were carried out at the same fair value on an arm's length basis.

MKC Brilliant Holding GmbH (LIH)

Millicom's 35.0% investment in LIH has been fully impaired in two stages (by $40 million in 2016 and $48 million in 2017) mainly as a result of the decrease in fair value of LIH's investment in the Global Fashion Group and the results the annual impairment test conducted in 2017. The impairment test performed in 2019 confirms 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.

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 Chad, Senegal, Tigo Ghana and Tigo Rwanda have been classified as assets held for sale (respectively on June 5, 2019, 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.4.

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

	2019	2018	2017
		(US$ millions)	
Mobile	2,150	2,126	2,147
Cable and other fixed services	1,928	1,565	1,551
Other	52	43	38
Service revenue	**4,130**	**3,734**	**3,737**
Telephone and equipment and other	206	212	199
Total revenue	**4,336**	**3,946**	**3,936**

Revenue from continuing operations by country or operation (i)

	2019	2018	2017
		(US$ millions)	
Colombia	1,532	1,661	1,739
Paraguay	609	679	662
Bolivia	639	614	555
El Salvador	386	405	422
Tanzania	382	399	384
Nicaragua	157	13	13
Costa Rica	153	155	153
Panama	475	17	—
Other operations	2	5	7
Total	**4,336**	**3,946**	**3,936**

(i) The revenue figures above are shown after intercompany eliminations.

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.

The Group applies the following practical expedients foreseen in IFRS 15:

- 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.

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.

Significant judgments

The determination of the standalone selling price for contracts that involve more than one performance obligation may require significant judgment, such as when the selling price of a good or service is not readily observable.

The Group determines the standalone selling price of each performance obligation in the contract in accordance to the prices that the Group would apply when selling the same services and/or telephone and equipment included in the obligation to a similar customer on a standalone basis. When standalone selling price of services and/or telephone and equipment are not directly observable, the Group maximizes the use of external input and uses the expected cost plus margin approach to estimate the standalone selling price.

B.2. Expenses

The cost of sales and operating expenses incurred by the Group can be summarized as follows:

Cost of sales

	2019	2018	2017
	(US$ millions)		
Direct costs of services sold	(878)	(799)	(881)
Cost of telephone, equipment and other accessories	(230)	(229)	(217)
Bad debt and obsolescence costs	(93)	(90)	(71)
Cost of sales	**(1,201)**	**(1,117)**	**(1,169)**

Operating expenses, net

	2019	2018	2017
	(US$ millions)		
Marketing expenses	(402)	(391)	(448)
Site and network maintenance costs	(245)	(192)	(178)
Employee related costs (B.4.)	(496)	(500)	(434)
External and other services	(204)	(181)	(163)
Rentals and (operating) leases (i)	(1)	(152)	(151)
Other operating expenses	(257)	(201)	(156)
Operating expenses, net	**(1,604)**	**(1,616)**	**(1,531)**

(i) Decrease is due to IFRS 16 application - see further explanations above in "New and amended IFRS accounting standards" section

The other operating income and expenses incurred by the Group can be summarized as follows:

Other operating income (expenses), net

	Notes	2019	2018	2017
		(US$ millions)		
Income from tower deal transactions	C.3.4.	5	61	63
Impairment of intangible assets and property, plant and equipment	E.1., E.2.	(8)	(6)	(12)
Gain (loss) on disposals of intangible assets and property, plant and equipment		—	7	1
Loss on disposal of equity investments	C.7.3.	(32)	—	—
Other income (expenses)		1	13	17
Other operating income (expenses), net		**(34)**	**75**	**69**

B.2.1. Accounting for cost of sales and operating expenses

Cost of sales

Cost of sales is recorded on an accrual basis.

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract, including dealer commissions, are capitalized as Contract Costs in the statement of financial position and amortized in operating expenses over the expected benefit period, which is based on the average duration of contracts with customer (see practical expedient in note B.1.1.).

Operating leases - until 2018 year-end

Operating leases were all leases that did not qualify as finance leases. Operating lease payments were 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. Revenue, operating profit (loss), EBITDA and other segment information for the years ended December 31, 2019, 2018 and 2017, were as follows:

(US$ millions)	Latin America	Africa	Unallocated	Guatemala and Honduras(vii)	Eliminations and Transfers	Total
Year ended December 31, 2019						
Mobile revenue	3,258	372	—	(1,480)	—	2,150
Cable and other fixed services revenue	2,197	9	—	(277)	—	1,928
Other revenue	60	1	—	(8)	—	52
Service revenue (i)	5,514	382	—	(1,766)	—	4,130
Telephone and equipment and other revenue (i)	449	—	—	(243)	—	206
Revenue	**5,964**	**382**	**—**	**(2,009)**	**—**	**4,336**
Operating profit (loss)	**1,006**	**24**	**(94)**	**(540)**	**179**	**575**
Add back:						
Depreciation and amortization	1,435	99	9	(444)	—	1,100
Share of profit in joint ventures in Guatemala and Honduras	—	—	—	—	(179)	(179)
Other operating income (expenses), net	2	(2)	42	(8)	—	34
EBITDA (ii)	**2,443**	**122**	**(43)**	**(992)**	**—**	**1,530**
EBITDA from discontinued operations	—	(3)	—	—	—	(3)
EBITDA incl discontinued operations	**2,443**	**119**	**(43)**	**(992)**	**—**	**1,527**
Capital expenditure (iii)	(1,040)	(58)	(9)	261	—	(846)
Changes in working capital and others (iv)	(86)	14	(52)	(18)	—	(143)
Taxes paid	(225)	(10)	(8)	129	—	(114)
Operating free cash flow (v)	**1,093**	**64**	**(112)**	**(619)**	**—**	**425**
Total Assets (vi)	**13,821**	**936**	**3,715**	**(5,465)**	**(151)**	**12,856**
Total Liabilities	**8,374**	**909**	**3,977**	**(2,119)**	**(965)**	**10,176**

	Latin America	Africa	Unallocated	Guatemala and Honduras(vii)	Eliminations and Transfers	Total
			(US$ millions)			
Year ended December 31, 2018 (viii)						
Mobile revenue	3,214	388	—	(1,475)	—	2,126
Cable and other fixed services revenue	1,808	10	—	(253)	—	1,565
Other revenue	48	1	—	(6)	—	43
Service revenue (i)	5,069	398	—	(1,734)	—	3,734
Telephone and equipment revenue (i)	415	—	—	(203)	—	212
Revenue	**5,485**	**399**	**—**	**(1,937)**	**—**	**3,946**
Operating profit (loss)	**995**	**25**	**(47)**	**(488)**	**154**	**640**
Add back:						
Depreciation and amortization	1,133	80	5	(416)	—	803
Share of profit in joint ventures in Guatemala and Honduras	—	—	—	—	(154)	(154)
Other operating income (expenses), net	(51)	(3)	(2)	(19)	—	(75)
EBITDA (ii)	**2,077**	**102**	**(44)**	**(922)**	**—**	**1,213**
EBITDA from discontinued operations	—	44	—	—	—	44
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)	**11,751**	**839**	**2,752**	**(5,219)**	**190**	**10,313**
Total Liabilities	**6,127**	**905**	**2,953**	**(1,814)**	**(650)**	**7,521**

	Latin America	Africa	Unallocated	Guatemala and Honduras(vii)	Eliminations and Transfers	Total
			(US$ millions)			
Year ended December 31, 2017 (viii)						
Mobile revenue	3,283	374	—	(1,510)	—	2,147
Cable and other fixed services revenue	1,755	9	—	(213)	—	1,551
Other revenue	40	2	—	(4)	—	38
Service revenue (i)	5,078	385	—	(1,727)	—	3,737
Telephone and equipment revenue (i)	363	1	—	(165)	—	199
Total Revenue	**5,441**	**386**	**—**	**(1,892)**	**—**	**3,936**
Operating profit (loss)	**899**	**28**	**(5)**	**(431)**	**140**	**632**
Add back:						
Depreciation and amortization	1,174	81	6	(450)	—	812
Share of profit in joint ventures in Guatemala and Honduras	—	—	—	—	(140)	(140)
Other operating income (expenses), net	(49)	(11)	10	(18)	—	(69)
EBITDA (ii)	**2,024**	**97**	**12**	**(898)**	**—**	**1,236**
EBITDA from discontinued operations	—	115	—	—	—	115
EBITDA incl discontinued operations	**2,024**	**212**	**12**	**(898)**	**—**	**1,351**
Capital expenditure (iii)	(855)	(99)	(1)	237	—	(718)
Changes in working capital and others (iv)	(53)	(6)	(10)	27	—	(43)
Taxes paid	(239)	(18)	1	124	—	(132)
Operating free cash flow (v)	**877**	**89**	**2**	**(511)**	**1**	**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**

(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 recurring 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. For the year ended December 31, 2019, the application of IFRS 16 had a positive impact on EBITDA as compared to what our results would have been if we had continued to follow the IAS 17 standard.

(iii) Cash spent for capex excluding spectrum and licenses of $59 million (2018: $61 million; 2017: $53 million) and cash received on tower deals of $22 million (2018: $141 million; 2017: $161 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 cash 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.4.).

Revenue from contracts with customers from continuing operations:

		Twelve months ended December 31, 2019			Twelve months ended December 31, 2018		
$ millions	**Timing of revenue recognition**	**Latin America**	**Africa**	**Total Group**	**Latin America**	**Africa**	**Total Group**
Mobile	Over time	1,747	261	2,007	1,701	280	1,981
Mobile Financial Services	Point in time	31	112	143	37	108	145
Cable and other fixed services	Over time	1,919	9	1,928	1,556	10	1,565
Other	Over time	51	1	52	42	1	43
Service Revenue		**3,748**	**382**	**4,130**	**3,336**	**398**	**3,734**
Telephone and equipment	Point in time	206	—	206	212	—	212
Revenue from contracts with customers		**3,954**	**382**	**4,336**	**3,548**	**399**	**3,946**

B.4. People

Number of permanent employees

	2019	2018	2017
Continuing operations(i)	17,687	16,725	14,134
Joint ventures (Guatemala, Honduras and Ghana)	4,688	4,416	4,326
Discontinued operations	—	262	667
Total	**22,375**	**21,403**	**19,127**

(i) Emtelco headcount are excluded from this disclosure and any internal reporting because their costs are classified as direct costs and not employee related costs.

	Notes	2019	2018	2017
			(US$ millions)	
Wages and salaries		(358)	(346)	(308)
Social security		(68)	(60)	(56)
Share based compensation	B.4.1.	(27)	(21)	(22)
Pension and other long-term benefit costs	B.4.2.	(4)	(7)	(8)
Other employees related costs		(39)	(67)	(41)
Total		**(496)**	**(500)**	**(434)**

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. 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

	2019	2018	2017
	(US$ millions)		
2016 incentive plans	—	(4)	(6)
2017 incentive plans	(7)	(8)	(12)
2018 incentive plans	(8)	(11)	—
2019 incentive plans	(14)	—	—
Total share based compensation	**(27)**	**(21)**	**(22)**

Deferred share plan (unchanged since 2014, except for vesting schedule)

Until 2018 deferred awards plan, participants were 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. Beginning with the 2019 plan, while all other guidelines remain the same, shares vest with 30% on January 1 of each of year one and two, and the remaining 40% 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.

Performance share plan (issued in 2015)

Under this plan, shares granted did vest in full in 2019, 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.

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).

As the TSRs measures are market conditions, 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 this condition is the same share price as the share price for the deferred share plan above.

Performance share plan (for plans issued from 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 year one to year three of the plan ("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 year one to year three of the plan.

For the performance share plans, 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(s)

	Risk-free rate %	Dividend yield %	Share price volatility(i) %	Award term (years)	Share fair value (in US$)
Performance share plan 2019 (Relative TSR)	(0.24)	3.01	26.58	2.93	49.79
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

	2019 plans		2018 plans		2017 plans		2016 plans	
	Performance plan	Deferred plan	Performance plan	Deferred plan	Performance plan	Deferred plan	Performance plan	Deferred plan
	(number of shares)							
Initial shares granted	257,601	320,840	237,196	262,317	279,807	438,505	200,617	287,316
Additional shares granted(i)	—	20,131	—	3,290	2,868	29,406	—	—
Revision for forfeitures	(17,182)	(9,198)	(27,494)	(26,860)	(40,946)	(88,437)	(49,164)	(78,253)
Revision for cancellations	—	—	(4,728)	—	—	—	—	—
Total before issuances	240,419	331,773	204,974	238,747	241,729	379,474	151,453	209,063
Shares issued in 2017	—	—	—	—	—	(2,686)	(1,214)	(1,733)
Shares issued in 2018	—	—	(97)	(18,747)	(2,724)	(99,399)	(752)	(43,579)
Shares issued in 2019	(150)	(24,294)	(3,109)	(54,971)	(19,143)	(82,486)	(149,487)	(163,751)
Shares still expected to vest	240,269	307,479	201,768	165,029	219,862	194,903	—	—
Estimated cost over the vesting period (US$ millions)	11	18	12	14	10	20	8	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, 2019, the defined benefit obligation liability amounted to $59 million (2018: $60 million) and payments expected in the plans in future years totals $106 million (2018: $111 million). The average duration of the defined benefit obligation at December 31, 2019 is 6 years (2018: 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)

	2019	2018	2017
		(US$ '000)	
Chairperson	366	169	233
Other members of the Board	1,557	774	889
Total (i)	**1,923**	**943**	**1,122**

(i) Cash compensation converted from SEK to USD at exchange rates on payment dates for 2017 and 2018, in 2019 cash compensation was denominated in USD. Share based compensation based on the market value of Millicom shares on the corresponding AGM date (2019: in total 19,483 shares; 2018: in total 6,591 shares; 2017: in total 8,731 shares). Net remuneration comprised 73% in shares and 27% in cash (SEK) (2018: 51% in shares and 49% in cash; 2017: 52% in shares and 48% in cash).

Shares beneficially owned by the Directors

	2019	2018
	(number of shares)	
Chairperson	5,814	8,554
Other members of the Board	32,279	15,333
Total (i)	**38,093**	**23,887**

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 (8 members)(iii)
		(US$ '000)	
2019			
Base salary	1,167	654	3,498
Bonus	1,428	626	2,098
Pension	279	98	798
Other benefits	50	260	1,521
Termination benefits	—	—	863
Total before share based compensation	**2,924**	**1,639**	**8,779**
Share based compensation(i)(ii) in respect of 2019 LTIP	5,625	1,576	5,965
Total	**8,549**	**3,215**	**14,743**

Remuneration charge for the Executive Team

	CEO	CFO	Executive Team (9 members)
		(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	628.5
Other benefits	64	15	1,192.5
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**

(i) See note B.4.1.

(ii) Share awards of 102,122 and 135,480 were granted in 2019 under the 2019 LTIPs to the CEO, and Executive Team (2018: 80,264 and 112,472, respectively; 2017: 61,724 and 167,371, 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)	
2019			
Share ownership (vested from equity plans and otherwise acquired)	190,577	136,306	326,883
Share awards not vested	236,211	334,193	570,404
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

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,		
	2019	2018	2017
	(US$ millions)		
Change in fair value of derivatives (see note C.7.2.)	—	(1)	(22)
Change in fair value in investment in Jumia (C.7.3.)	(38)	—	—
Change in fair value in investment in HT (C.7.3.)	312	—	—
Change in value of put option liability (C.7.4.)	(25)	—	—
Exchange gains (losses), net	(32)	(40)	21
Other non-operating income (expenses), net	10	2	—
Total	**227**	**(39)**	**(2)**

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 35%levied on either revenue or profit before income tax (2018: 10% to 37%; 2017: 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

	2019	2018	2017
		(US$ millions)	
Income tax (charge) credit			
Withholding tax	(56)	(64)	(74)
Other income tax relating to the current year	(88)	(82)	(81)
Adjustments in respect of prior years	(7)	1	(21)
Total	**(151)**	**(145)**	**(176)**
Deferred tax (charge) credit			
Origination and reversal of temporary differences	58	32	15
Effect of change in tax rates	(8)	(10)	19
Tax income (expense) before valuation allowances	50	22	34
Effect of valuation allowances	(9)	(8)	(28)
Total	**41**	**14**	**6**
Adjustments in respect of prior years	(10)	19	8
	31	**33**	**14**
Tax (charge) credit on continuing operations	(120)	(112)	(162)
Tax (charge) credit on discontinuing operations	(2)	(4)	4
Total tax (charge) credit	**(122)**	**(116)**	**(158)**

Reconciliation between the tax expense and tax at the weighted average statutory tax rate is as follows:

Income tax calculation

	2019			2018			2017		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
				(US$ millions)					
Profit before tax	218	59	277	119	(29)	90	171	56	227
Tax at the weighted average statutory rate	(37)	(11)	(48)	(1)	—	(1)	(10)	(12)	(22)
Effect of:									
Items taxed at a different rate	(1)	—	(1)	7	—	7	(11)	—	(11)
Change in tax rates on deferred tax balances	(8)	—	(8)	(10)	—	(10)	19	—	19
Expenditure not deductible and income not taxable	(37)	9	(28)	(59)	(2)	(61)	(64)	5	(59)
Unrelieved withholding tax	(56)	—	(56)	(64)	—	(64)	(73)	—	(73)
Accounting for associates and joint ventures	36	—	36	5	—	5	17	—	17
Movement in deferred tax on unremitted earnings	9	—	9	(2)	—	(2)	1	—	1
Unrecognized deferred tax assets	(20)	—	(20)	(8)	(2)	(10)	(29)	(12)	(41)
Recognition of previously unrecognized deferred tax assets	11	—	11	—	—	—	1	13	14
Adjustments in respect of prior years	(17)	—	(17)	20	—	20	(13)	10	(3)
Total tax (charge) credit	**(120)**	**(2)**	**(122)**	**(112)**	**(4)**	**(116)**	**(162)**	**4**	**(158)**
Weighted average statutory tax rate	17.0%		17.3%	0.8%		1.1%	5.8%		9.7%
Effective tax rate	55.0%		44.0%	94.1%		128.9%	94.7%		69.6%

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, 2017	**32**	**52**	**(32)**	**72**	**—**	**124**
(Charge)/credit to income statement	(18)	(3)	(2)	56	—	33
Change in scope	(192)	—	—	8	—	(184)
Accounting policy changes	—	—	—	4	—	4
Exchange differences	—	(5)	—	(6)	—	(11)
Balance at December 31, 2018	**(178)**	**44**	**(34)**	**134**	**—**	**(34)**
Deferred tax assets	76	44	—	134	(52)	202
Deferred tax liabilities	(254)	—	(34)	—	52	(236)
Balance at December 31, 2018	**(178)**	**44**	**(34)**	**134**	**—**	**(34)**
(Charge)/credit to income statement	41	(15)	8	(3)	—	31
Change in scope	(82)	5	—	4	—	(73)
Transfers to assets held for sale	—	—	—	(3)	—	(3)
Exchange differences	2	—	—	(2)	—	—
Balance at December 31, 2019	**(217)**	**34**	**(26)**	**130**	**—**	**(79)**
Deferred tax assets	84	34	—	134	(52)	200
Deferred tax liabilities	(301)	—	(26)	(4)	52	(279)
Balance at December 31, 2019	**(217)**	**34**	**(26)**	**130**	**—**	**(79)**

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	Fixed assets	Unused tax losses	Other	Total
		(US$ millions)		
At December 31, 2019	92	4,705	126	**4,923**
At December 31, 2018	92	4,886	134	**5,112**

Unrecognized tax losses carryforward related to continuing operations expire as follows:

	2019	2018	2017
		(US$ millions)	
Expiry:			
Within one year	1	0	39
Within one to five years	2	3	494
After five years	493	493	—
No expiry	4,209	4,390	4,311
Total	**4,705**	**4,886**	**4,844**

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, 2019, Millicom had $697 million of unremitted earnings of Millicom operating subsidiaries for which no deferred tax liabilities were recognized (2018: $584 million; 2017: $842 million). Except for intragroup dividends to be paid out of 2019 profits in 2020 for which deferred tax of $26 million (2018: $34 million; 2017 $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

	2019	2018	2017
		(US$ millions)	
Basic and Diluted			
Net profit (loss) attributable to equity holders from continuing operations	93	23	28
Net profit (loss) attributable to equity holders from discontinuing operations	57	(33)	59
Net profit attributable to all equity holders to determine the basic earnings (loss) per share	**149**	**(10)**	**87**

Weighted average number of shares in the earnings (loss) per share computation

	2019	2018	2017
		(thousands of shares)	
Weighted average number of ordinary shares (excluding treasury shares) for basic earnings (loss) per share	101,144	100,793	100,384
Potential incremental shares as a result of share options		—	—
Weighted average number of ordinary shares (excluding treasury shares) adjusted for the effect of dilution	**101,144**	**100,793**	**100,384**

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

	2019	2018
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)	480	482
Total (US$ millions)	**633**	**635**

Other equity reserves

	Legal reserve	Equity settled transaction reserve	Hedge reserve	Currency translation reserve	Pension obligation reserve	Total
			(US$ millions)			
As of January 1, 2017	**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**	**46**	**—**	**(531)**	**(3)**	**(472)**
Share based compensation	—	22	—	—	—	22
Issuance of shares –2015, 2016, 2017 LTIPs	—	(22)	—	—	—	(22)
Cash flow hedge reserve movement	—	—	(1)	—	—	1
Currency translation reserved recycled to statement of income	—	—	—	—	—	—
Currency translation movement	—	—	—	(68)	—	(67)
As of December 31, 2018	**16**	**47**	**(1)**	**(599)**	**(3)**	**(538)**
Share based compensation	—	29	—	—	—	29
Issuance of shares –2016, 2017, 2018, 2019 LTIPs	—	(25)	—	—	—	(25)
Cash flow hedge reserve movement	—	—	(16)	—	—	(16)
Currency translation movement	—	—	—	(2)	—	(2)
Effect of restructuring in Tanzania	—	—	—	9	—	9
As of December 31, 2019	**16**	**52**	**(18)**	**(593)**	**(2)**	**(544)**

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 2018 or 2019 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. When the Group disposes of or loses control or significant influence over a foreign operation, exchange differences that were recorded in equity are recognized in the consolidated statement of income as part of gain or loss on sale or loss of control and/or significant influence.

C.2. Dividend distributions

On May 2, 2019, a dividend distribution of $2.64 per share from Millicom's retained profits at December 31, 2018, was approved by the shareholders at the AGM and paid in equal portions in May and November 2019.

On May 4, 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.

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, 2019, $306 million (December 31, 2018: $324 million; December 31, 2017: $345 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	2019	2018
		(US$ millions)	
Debt and financing due after more than one year			
Bonds	C.3.1.	4,067	2,501
Banks	C.3.2.	1,805	1,324
Finance leases (ii)	C.3.4.	—	353
Other financing (iii)		43	113
Total non-current financing		5,915	4,291
Less: portion payable within one year		(129)	(168)
Total non-current financing due after more than one year		**5,786**	**4,123**
Debt and financing due within one year			
Bonds	C.3.1.	46	—
Banks	C.3.2.	11	289
Total current debt and financing		**57**	**289**
Add: portion of non-current debt payable within one year		129	168
Total		**186**	**458**
Total debt and financing		**5,972**	**4,580**

(i) See note D.1.1 for further details on maturity profile of the Group debt and financing.

(ii) Finance lease liabilities were included in Debt and Financing until 31 December 2018, but were reclassified to lease liabilities on January 1, 2019 when adopting the new leasing standard. See above in the "New and amended IFRS accounting standards" and below in notes C.4. and E.4. for further information about the change in accounting policy for leases.

(iii) 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 9.450% 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

	2019	2018
	(US$ millions)	
Millicom International Cellular S.A. (Luxembourg)	2,773	1,770
Colombia	827	1,016
Paraguay	502	504
Bolivia	350	317
Panama	918	261
Tanzania	186	201
Chad	—	64
Costa Rica	148	148
El Salvador	268	299
Total debt and financing	**5,972**	**4,580**

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	Maturity	Interest Rate %	2019	2018
					(US$ millions)	
SEK Variable Rate Notes	1	Luxembourg	2024	STIBOR (i) + 2.350%	211	—
USD 6.625% Senior Notes	2	Luxembourg	2026	6.625%	495	495
USD 6.000% Senior Notes	3	Luxembourg	2025	6.000%	492	491
USD 6.250% Senior Notes	4	Luxembourg	2029	6.250%	742	—
USD 5.125% Senior Notes	5	Luxembourg	2028	5.125%	492	493
USD 6.750% Senior Notes	6	Paraguay	2022	6.750%	—	297
USD 5.875% Senior Notes	6	Paraguay	2027	5.875%	296	—
PYG 9.250% Notes	6	Paraguay	2026	9.250%	2	—
PYG 8.750% Notes (tranche A)	6	Paraguay	2024	8.750%	18	—
PYG 9.250% Notes (tranche B)	6	Paraguay	2026	9.250%	8	—
PYG 10.000% Notes (tranche C)	6	Paraguay	2029	10.000%	10	—
PYG 10.000% Notes	6	Paraguay	2029	10.000%	4	—
BOB 4.750% Notes	7	Bolivia	2020	4.750%	30	59
BOB 4.050% Notes	7	Bolivia	2020	4.050%	4	7
BOB 4.850% Notes	7	Bolivia	2023	4.850%	57	71
BOB 3.950% Notes	7	Bolivia	2024	3.950%	36	43
BOB 4.300% Notes	7	Bolivia	2029	4.300%	21	23
BOB 4.300% Notes	7	Bolivia	2022	4.300%	26	30
BOB 4.700% Notes	7	Bolivia	2024	4.700%	32	35
BOB 5.300% Notes	7	Bolivia	2026	5.300%	13	13
BOB 5.000% Notes	7	Bolivia	2026	5.000%	61	0
BOB 4.600% Notes	7	Bolivia	2024	4.600%	40	0
UNE Bond 1 (tranches A and B)	8	Colombia	2020	CPI + 5.10%	46	46
UNE Bond 2 (tranches A and B)	8	Colombia	2023	CPI + 4.76%	46	46
UNE Bond 3 (tranche A)	8	Colombia	2024	9.350%	49	49
UNE Bond 3 (tranche B)	8	Colombia	2026	CPI+4.15%	78	78
UNE Bond 3 (tranche C)	8	Colombia	2036	CPI+4.89%	38	39
USD 4.500% Senior Notes	9	Panama	2030	4.500%	584	—
Cable Onda Bonds 5.750%	9	Panama	2025	5.750%	184	184
Total bond financing					**4,113**	**2,501**

(i) STIBOR – Swedish Interbank Offered Rate.

(1) SEK Notes

On May 15, 2019, MIC S.A. completed its offering of a SEK 2 billion floating rate senior unsecured sustainability bond due 2024. The bond carries a floating coupon of 3-month Stibor+235bps which we swapped with various banks to hedge its interest rate exposure, pursuant to which it will effectively pay fixed-rate coupons in US dollars between 4.990% and 4.880% (see D.1.2.). The bond has been listed and commenced trading on the Nasdaq Stockholm sustainable bond list on June 12, 2019. Millicom is using the net proceeds of the bond in accordance with the Sustainability Bond Framework which includes both environmental and social investments such as in energy efficiencies, and the expansion of its fixed and mobile networks. Cost of issuance of $2.4 million is amortized over the five year life of the bond (the effective interest rate is 0.200%)

(2) USD 6.625% Senior Notes

On October 16, 2018, the MIC S.A. 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 is amortized over the eight-year life of the notes (the effective interest rate is 6.750%).

(3) USD 6.000% Senior Notes

On March 17, 2015, MIC S.A. issued a $500 million 6.000% fixed interest rate notes repayable in ten years, to repay the El Salvador 8.000% senior notes and for general corporate purposes. The notes have an effective interest rate of 6.132%. A total amount of $8.6 million of withheld and upfront costs are being amortized over the ten-year life of the bond. On April 8, 2019, the Group obtained consents from the holders of its $500 million 6.000% notes to amend certain provisions of the indenture governing the notes. MIC S.A. paid a cash payment of $1 million (equal to $2.50 per $1,000 principal amount of Notes to holders of the Notes).

(4) USD 6.250% Senior Notes

On March 25, 2019, MIC S.A. issued $750 million of 6.250% notes due 2029. The notes bear interest at 6.250% p.a., payable semi-annually in arrears on March 25 and September 25 of each year, starting on September 25, 2019. The net proceeds were used to finance, in part, the completed Telefonica CAM Acquisitions (see note A.1.2.). Costs of issuance of $8.2 million are amortized over the ten-year life of the notes (the effective interest rate is 6.360%).

(5) USD 5.125% Senior Notes

On September 20, 2017, MIC S.A. issued a $500 million, ten-year bond due January 2028, with an interest rate of 5.125%. Costs of issuance of $7 million are amortized over the ten year life of the notes (effective interest rate is 5.240%).

(6) PYG Notes

In April 2019, Telefónica Celular del Paragua S.A.E. issued $300 million 5.875% senior notes due 2027. The notes bear interest at 5.875% p.a., payable semi-annually in arrears on April 15 and October 15 of each year, starting on October 15, 2019. The net proceeds were used to finance the purchase of the Telecel 6.750% 2022 notes. Costs of issuance of $4 million are amortized over the eight-year life of the notes (the effective interest rate is 6.000%).

In June, 2019, Telefónica Celular del Paraguay S.A.E. issued notes in three series under its PYG 300 billion program as follows: Series A for PYG 115 billion (approximately $18 million), with a fixed annual interest rate of 8.750%, maturing in June 2024, series B for PYG 50 billion (approximately $8 million) with a fixed annual interest rate of 9.250%, maturing in May 2026 and series C for PYG 65 billion (approximately $10 million) with a fixed annual interest rate of 10.000%, maturing in May 2029. On December 27, 2019, under the same program, they issued PYG. 35 billion (Approximately $5.4 million) in two tranches: (i) PYG 10 billion (approximately $1.5 million) which bears a fixed annual interest rate of 9.250% and matures on December 30, 2026; and (ii) PYG 25 billion (approximately $3.9 million) which bears a fixed annual interest rate of 10.000% and matures on December 24, 2029.

(7) BOB Notes

In May 2012, Telefónica Celular de Bolivia S.A. issued 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 4.750% per annum coupon with interest payable semi-annually in arrears in May and November each year. The effective interest rate is 4.790%. These bonds are listed on the Bolivia Stock Exchange.

In November 2015, they issued BOB696 million (approximately $100 million) of notes in two series, series A for BOB104.4 million (approximately $15 million), with a fixed annual interest rate of 4.050%, maturing in August 2020 and series B for BOB591.6 million (approximately $85 million) with a fixed annual interest rate of 4.850%, 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 4.840%. These bonds are listed on the Bolivia Stock Exchange.

On August 11, 2016, Telefónica Celular de Bolivia S.A.. 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 3.950% and 4.300%, and will mature in June 2024 and June 2029, respectively. These bonds are listed on the Bolivia Stock Exchange.

On October 12, 2017, they placed approximately $80 million of local currency bonds in three tranches, which will mature in 2022, 2024 and 2026 with a 4.300% , 4.700% and 5.300% respectively. These bonds are listed on the Bolivia Stock Exchange.

On July 3, 2019 they issued two bonds one for BOB 420 million (approximately $61 million) with a 5.000% coupon maturing on August 2026 and another one for BOB 280 million (approximately $40 million) with a 4.600% coupon maturing on August 2024. Interest payments is semiannual and both bonds are listed on the Bolivia Stock Exchange.

(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 had variable interest, based on CPI, in Colombian peso and paid in Colombian peso. Tranche B bears variable interest, based on CPI, 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 9.350%, while tranche B and C bear variable interest, based on CPI, (respective margins of CPI + 4.150% and CPI + 4.890%), 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 local bonds in Panama for a total amount of $185 million. These bonds are listed on the Panama Stock Exchange and bear a fixed annual interest of 5.750% and are due on August 4, 2025. The bonds were assumed by Millicom as part of the acquisition of Cable Onda. See note A.1.2. for further details on the acquisition.

On November 1, 2019, Cable Onda issued $600 million aggregate principal amount of 4.500% senior notes due 2030 payable in U.S. dollars, registered with the Superintendencia del Mercado de Valores de Panamá and listed on the Luxembourg Stock Exchange and on the Panamá Stock Exchange. The Notes bear interest from November 1, 2019 at a rate of 4.500% per annum, payable on January 30, 2020 for the first payment and thereafter semiannually in arrears on each interest payment date. The proceeds were used to fund the Panama Acquisition and to refinance certain local financing. Costs of issuance of $16 million, which include an original issue discount (OID) is amortized over the ten-year life of the notes (the effective interest rate is 4.690%).

C.3.2. Bank and Development Financial Institution financing

	Note	Country	Maturity range	Interest rate	2019	2018
					(US$ millions)	
Fixed rate loans						
PYG Long-term loans	1	Paraguay	2020-2026	Fixed	166	180
USD - Long-term loans	2	Panama	2024	Fixed	150	24
BOB Long-term loans	3	Bolivia	2023-2025	Fixed	31	20
Variable rate loans						
USD Long-term loans	4	Costa Rica	2023	Variable	148	148
USD Long-term loans		Chad	2019	Variable	—	1
USD Long-term loans	5	Tanzania	2020-2025	Variable	171	90
TZS Long-term loans	5	Tanzania	2025	Variable	14	—
USD Short-term loans	8	Luxembourg	2019	Variable	—	250
USD Long-term loans	8	Luxembourg	2024	Libor + 3.00%	298	—
COP Long-term loans	6	Colombia	2025-2030	Variable	274	277
USD Long-term loans	6	Colombia	2024	Variable	295	298
USD Credit Facility / Senior Unsecured Term Loan Facility	7	El Salvador	2021-2023	Variable	268	274
Other Long-term loans		Various		Various	—	51
Total Bank and Development Financial Institution financing					**1,817**	**1,613**

1. Paraguay

In October 2015, Telefónica Celular del Paraguay S.A.E. entered into a five -year loan facility with Banco Itau for PGY 257,700 million (approximately $40 million) which bears a fixed annual interest rate. The final maturity of the loan is on September 10, 2020.

On July 4, 2017, Telefónica Celular del Paraguay S.A.E executed a five-year loan agreement with the IPS (Instituto de Prevision Social) and the Inter-American Development Bank, who acts as a guarantor, for a total amount of PYG $367,000 million (approximately $66 million). The loan, denominated in PYG with the final maturity in 2022. The guarantee under this facility is counter-guaranteed by MICSA.

In July 2018, Telefónica Celular del Paraguay S.A.E. executed a seven-year loan with Regional Bank for PYG 115,000 million (approximately $18 million with a final maturity in 2025.

On January 2, 2019, Telefónica Celular del Paraguay S.A.E. obtained a seven-year loan from BBVA Bank for PYG 177,000 million which is due on November, 26, 2025.

On September 25, 2019, Telefónica Celular del Paraguay S.A.E. executed an amended and restated agreement with Banco Continental S.A.E.C.A., to consolidate three existing loans, for a PYG 370,000 million (approximately $57 million). The new loan has a maturity of 7 years.

2. Panama

On August 27, 2019, Cable Onda S.A entered into two credit agreements, one with Banco Nacional de Panama S.A , for $75 million which bears a fixed interest and has a 5 year duration and another one with the Bank of Nova Scotia (Sucursal Panama) for $75 million with a fixed interest and a five year duration to finance and refinance working capital and capital expenditures.

3. Bolivia

In June 2018, Telefónica Celular de Bolivia S.A.. entered into a two tranche loan agreement with Banco BISA S.A for BOB 69.6 million (approximately $10 million) each, with a fixed interest rate. The loans have a term of 7 years.

In November 19, they executed a new loan with Banco de Crédito de Bolivia S.A for Bs. 78,000,000 (approximately$11 million), with semiannual payments and a fixed interest rate. The loan has a term of 4 years.

4. Costa Rica

In April 2018, Millicom Cable Costa Rica S.A. entered into a $150 million variable rate syndicated loan with Citibank as agent.

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.

5. Tanzania

On June 4, 2019, MIC Tanzania Public Limited Company entered into a syndicated loan facility agreement with the Standard Bank of South Africa acting as an agent and a consortium of banks acting as the original lenders, for $174.75 million (tranche A) and TZS103,000 million (tranche B - approximately $45 million) which bears variable interests: for Tranche A Libor plus a margin and for Trance B T-Bill rate plus a margin. The facility agreement has an all asset debenture securing the whole amount, as well as a pledge over the shares of the immediate holding company of the borrower. The Facility was amended and restated on December 12, 2019 and has a maturity of 66 months. It is a stand-alone facility with an all asset debenture and a pledge on the shares of the immediate holding company of the borrower. .Margin and balance between USD and TSZ tranches may vary depending on the syndication demands.

6. Colombia

In December 20, 2019, our operation in Colombia executed an amendment to the $300 million loan between Colombia Móvil S.A. E.S.P. as borrower and UNE EPM Telecomunicaciones S.A., as guarantor with a consortium of banks to extend the maturity for 5 years (now due on December 20, 2024) and lower the applicable margin.

7. EL Salvador

On April 15, 2016, Telemovil El Salvador, S.A. de C.V. executed a senior unsecured term loan facility up to $50 million maturing in April 2021 and bearing variable interest per annum, which was restated and amended as of May 30, 2017, for a second tranche of $50 million. This facility is guaranteed by MICSA.. Later on, in January 2018, Telemovil El Salvador entered into a second amended and restated agreement with Scotiabank for a third tranche of $50 million with variable rate and with a 5-year bullet repayment, also guaranteed by MICSA.

In addition, they executed an interest rate swap with Scotiabank to fix interest rates for up to $100 million of the outstanding debt.

On June 3, 2016, Telemovil El Salvador, S.A. de C.V. executed a $30 million credit facility with Citibank N.A., for general corporate purposes maturing in June 2021 and bearing variable interest rate per annum. The facility is guaranteed by MICSA..

In March 2018, Telemovil El Salvador executed a $100 million credit facility with DNB at a variable rate facility with DNB and Nordea with a 5-year bullet repayment.The facility is guaranteed by MICSA..

8. Luxembourg

On April 24, 2019, MICSA. entered into a $300 million term facility agreement arranged by DNB Bank ASA, Sweden Branch and Nordea Bank Abp, Filial i Sverige. This facility has a variable interest rate and is fully drawn as at December 31, 2019 and is due on April 2024.

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,		
	2019	2018	2017
	(US$ millions)		
Interest expense on bonds and bank financing	(348)	(234)	(246)
Interest expense on (finance) leases	(157)	(91)	(65)
Early redemption charges	(10)	(4)	(43)
Others	(47)	(37)	(35)
Total interest and other financial expenses	**(564)**	**(367)**	**(389)**

C.3.4. Finance leases - until December 31, 2018

As at December 31, 2018, Millicom's finance leases mainly consisted of long-term lease of tower space from tower companies or competitors on which Millicom locates its network equipment.

Finance lease liabilities were included in Debt and Financing until December 31, 2018, but were reclassified to lease liabilities on January 1, 2019 in the process of adopting the new lease standard: IFRS 16. See above in the "New and amended IFRS accounting standards" and notes C.4. and E.4. for further information.

Finance lease liabilities

Under IAS 17, leases which transferred substantially all risks and benefits incidental to ownership of the leased item to the lessee were capitalized at the inception of the lease. The amount capitalized was the lower of the fair value of the asset or the present value of the minimum lease payments.

Lease payments were 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 were recorded as interest expenses in the statement of income.

The sale and leaseback of towers and related site operating leases and service contracts were 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 were concluded, the portions of assets that will not be leased back by Millicom were classified as assets held for sale as completion of their sale was highly probable. Asset retirement obligations related to the towers were classified as liabilities directly associated with assets held for sale. On transfer to the tower companies, the portion of the towers leased back were accounted for as operating leases or finance leases according to the criteria set out above. The portion of towers being leased back represented the dedicated part of each tower on which Millicom's equipment was located and was derived from the average technical capacity of the towers. Rights to use the land on which the towers were located were accounted for as operating leases, and costs of services for the towers were recorded as operating expenses. The gain on disposal was recognized upfront for the portion of towers that is not leased back, and was deferred and recognized over the term of the lease for the portion leased back.

Finance lease liabilities at December 31, 2018

	Country	Maturity	2018 (US$ millions)
Lease of tower space	Tanzania	2029/2030	112
Lease of tower space	Colombia Movil	2032	83
Lease of poles	Colombia (UNE)	2032	99
Lease of tower space	Paraguay	2030	27
Lease of tower space	El Salvador	2026	26
Other finance lease liabilities	various	various	6
Total finance lease liabilities			**353**

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. Total gain on sale recognized in 2019 was $5 million (2018: $61 million, 2017: $63 million) and cash received from these sales were $22 million, $141 million and $161 million, respectively.

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, 2019		At December 31, 2018	
Terms	Outstanding exposure (i)	Maximum exposure(ii)	Outstanding exposure (i)	Maximum exposure(ii)
		(US$ millions)		
0-1 year	29	29	133	133
1-3 years	134	134	281	281
3-5 years	300	300	212	212
Total	**464**	**464**	**626**	**626**

(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

As at December 31, 2019, 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 $464 million (December 31, 2018: $626 million). Assets pledged by the Group over these debts and financings amounted to $1 million at December 31, 2019 (December 31, 2018: $2 million). The remainder represented primarily guarantees issued by Millicom S.A. to guarantee financings raised by other Group operating entities.

In addition to the above, on June 4, 2019, MIC Tanzania Public Limited Company entered into a loan facility agreement which was further amended and restated in December 12, 2019, with the Standard Bank of South Africa acting as an agent and a consortium of banks acting as the original lenders. The facility agreement, maturing in 2025, has an all asset debenture securing the whole amount, as well as a pledge over the shares of the immediate holding company of the borrower.

C.3.6. Covenants

Millicom's financing facilities are subject to a number of covenants including net leverage ratio, debt service coverage ratios, or debt to earnings ratios, among others. In addition, certain of its financings contain restrictions on sale of businesses or significant assets within the businesses. At December 31, 2019, there were no breaches of financial covenants.

C.4. Lease liability

As a result of the adoption of IFRS 16 'Leases', and as of December 31, 2019 (see above in the "New and amended IFRS accounting standards") lease liabilities are presented in the statement of financial position as follows:

	December 31, 2019 (US$ millions)
Current	97
Non Current	967
Total Lease liability	**1,063**

As permitted under IFRS 16, Millicom has elected not to recognize a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are rather recognized on a straight-line basis as an expense in the statement of income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred.

The expenses relating to payments not included in the measurement of the lease liability are disclosed in operating expenses (note B.3.) and are as follows:

	2019 (US$ millions)
Expense relating to short-term leases (included in cost of sales and operating expenses)	(5)

The total cash outflow for leases in 2019 was $236 million. Lease liabilities split by maturity and future cash outflows are disclosed in note D.5..

At December 31, 2019, the Group has not committed to any material leases which had not yet commenced and has no material lease contracts with variable lease payments.

The Group's leasing activities and how these are accounted for

The Group leases various lands, sites, towers (including those related to towers sold and leased back), offices, warehouses, retail stores, equipment and cars. Rental contracts are typically made for fixed periods but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Through December 31, 2018, leases of property, plant and equipment were classified as either finance or operating leases. See note C.3.4. for further details on existing finance leases as of December 31, 2018. Payments made under operating leases (net of any incentives received from the lessor) were charged to the statement of income on a straight-line basis over the period of the lease.

From January 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the reduction of the liability and finance cost. The finance cost is charged to the statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. As it is generally impracticable to determine that rate, the Group uses the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The incremental borrowing rate applied can have a significant impact on the net present value of the lease liability recognized under IFRS 16.

The Group determines the incremental borrowing rate by country and by considering the risk-free rate, the country risk, the industry risk, the credit risk and the currency risk, as well as the lease and payment terms and dates.

The Group is also exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is adjusted against the right-of-use asset by discounting the revised lease payments using either the initial discount rate or a revised discount rate. The initial discount rate is used if future lease payments are reflecting market or index rates or if they are in substance fixed. The discount rate is revised, if a change in floating interest rates occurs. The Group reassess the variable payment only when there is a change in cash flows resulting from a change in the reference index or rate and not at each reporting date.

According to IFRS 16, lease term is defined as the non-cancellable period for which a lessee has the right to use an underlying asset, together with both: (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate if the lessee is reasonably certain not to exercise that option. The assessment of such options is performed at the commencement of a lease. As part of the assessment, Millicom introduced the 'time horizon concept': the reasonable term under which the company expects to use a leased asset considering economic incentives, management decisions, business plans and the fast-paced industry Millicom operates in. The assessment must be focused on the economic incentives for Millicom to exercise (or not) an option to early terminate/extend a contract. The Group has decided to work on the basis the lessor will generally accept a renewal/not early terminate a contract, as there is an economic incentive to maintain the contractual relationship.

Millicom considered the specialized nature of most of its assets under lease, the low likelihood the lessor can find a third party to substitute Millicom as a lessee and past practice to conclude that, the lease term can go beyond the notice period when there is more than an insignificant penalty for the lessor not to renew the lease. This analysis requires judgment and has a significant impact on the lease liability recognized under IFRS 16.

Under IFRS 16, the accounting for sale and leaseback transactions has changed as the underlying sale transaction needs to be first 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 was not material for Millicom Group as of the date of initial application.

Finally, the Group has taken the additional following decisions when adopting the standard:

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

C.5. Cash and deposits

C.5.1. Cash and cash equivalents

	2019	2018
	(US$ millions)	
Cash and cash equivalents in USD	834	229
Cash and cash equivalents in other currencies	330	299
Total cash and cash equivalents	**1,164**	**528**

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.5.2. Restricted cash

	2019	2018
	(US$ millions)	
Mobile Financial Services	150	155
Others	5	3
Restricted cash	**155**	**158**

Cash held with banks related to MFS which is restricted in use due to local regulations is denoted as restricted cash.

C.5.3. 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, 2019, there were no non-current pledged deposits (2018: nil).

At December 31, 2019, current pledged deposits amounted to $1 million (2018: $2 million).

C.6. Net financial obligations

Net financial obligations (i)

	2019	2018
	(US$ millions)	
Total debt and financing (i)	5,972	4,580
Lease liabilities (i)	1,063	—
Gross financial obligations	**7,036**	**4,580**
Less:		
Cash and cash equivalents	(1,164)	(528)
Pledged deposits	(1)	(2)
Time deposits related to bank borrowings	(1)	—
Net financial obligations at the end of the year	**5,870**	**4,051**
Add (less) derivatives related to debt (note D.1.2.)	(17)	—
Net financial obligations including derivatives related to debt	**5,853**	**4,051**

(i) As at December 31, 2018, Debt and financing included finance lease liabilities of $353 million. As at December 31, 2019, and as a result of the application of IFRS 16, these are now shown in a separate line under Lease liabilities.

	Assets		Liabilities from financing activities			
	Cash and cash equivalents	Other	Bond and bank debt and financing	Finance lease liabilities(i)	Lease liabilities(i)	Total
Net financial obligations as at January 1, 2018	**619**	**2**	**3,420**	**365**	**—**	**3,164**
Cash flows	(72)	—	621	(17)	—	676
Scope Changes	7	—	267	—	—	260
Additions/ acquisitions	—	—	—	44	—	44
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 financial obligations as at December 31, 2018	**528**	**2**	**4,227**	**353**	**—**	**4,051**
Cash flows	638	—	1,743	—	(107)	998
Scope changes	16	—	74	—	178	236
Recognition / Remeasurement	—	—	—	—	109	109
Change in accounting policy	—	—	—	—	545	545
Interest accretion	—	—	8	—	—	8
Foreign exchange movements	(8)	—	(16)	—	(6)	(14)
Transfers to/from assets held for sale	(9)	—	(53)	—	(8)	(52)
Transfers	—	—	3	(353)	353	3
Other non-cash movements	—	—	(14)	—	—	(14)
Net financial obligations as at December 31, 2019	**1,164**	**2**	**5,972**	**—**	**1,063**	**5,870**

(i) As from January 1, 2019 and as a result of the application of IFRS 16, finance leases are now shown under lease liabilities.

C.7. 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.7.1. 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.7.2. 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	2019	2018 (ii) (iii)	2019	2018 (ii) (iii)
			(US$ millions)		
Financial assets					
Derivative financial instruments		—	—	—	—
Other non-current assets		66	87	66	87
Trade receivables, net		371	343	371	343
Amounts due from non-controlling interests, associates and joint venture partners	G.5.	68	73	68	73
Prepayments and accrued income		156	129	156	129
Supplier advances for capital expenditures		22	25	22	25
Equity Investment		371	—	371	—
Other current assets		181	124	181	124
Restricted cash	C.5.2.	155	158	155	158
Cash and cash equivalents	C.5.1.	1,164	528	1,164	528
Total financial assets		2,554	1,467	2,554	1,467
Current		2,449	1,341	2,449	1,341
Non-current		104	126	104	126
Financial liabilities					
Debt and financing(i)	C.3.	5,972	4,580	6,229	4,418
Lease liabilities		1,063	—	1,063	—
Trade payables		289	282	289	282
Payables and accruals for capital expenditure		348	335	348	335
Derivative financial instruments		17	—	17	(1)
Put option liability	C.7.4.	264	239	264	239
Amounts due to non-controlling interests, associates and joint venture partners	G.5.	498	483	498	483
Accrued interest and other expenses		432	381	432	381
Other liabilities		399	399	399	399
Total financial liabilities		9,282	6,698	9,538	6,536
Current		2,045	2,330	2,045	2,329
Non-current		7,237	4,370	7,493	4,208

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

(ii) As at December 31, 2018, Debt and financing included finance lease liabilities of $353 million. As at December 31, 2019, and as a result of the application of IFRS 16, these are now shown in a separate line under Lease liabilities.

(iii) The consolidated statement of financial position at December 31, 2018 has been restated after finalization of the Cable Onda purchase accounting (note A.1.2.).

C.7.3. Equity investments

As at December 31, 2019, Millicom has the following investments in equity instruments:

	2019	2018
	(US$ millions)	
Investment in Jumia	32	—
Investment in HT	338	—
Equity investment - total	**371**	**—**

Jumia Technologies AG ("Jumia")

Jumia indirectly owns a number of companies that provide online services and online marketplaces in certain countries in Africa.

In January 2019, Millicom was diluted in the capital of the company following the entry of a new investor. This triggered the recognition of a net dilution gain of $7 million in January 2019. In addition, during Q1 2019, in preparation of Jumia's IPO, Millicom relinquished its seat on the board of directors, which resulted in the loss of the Group's significant influence over Jumia. As a result, Millicom derecognized its investment in associate in Jumia and recognized it as a financial asset (equity instrument) at fair value under IFRS 9. On April 11, 2019, Jumia completed its IPO at the offer price per share of $14.5 and shares started trading on the NYSE on April 12, 2019.

As a result, as of March 31, 2019, a net gain of $30 million had been recognized and reported under 'Income (loss) from associates, net'. Post IPO, Millicom holds 6.31% of the outstanding shares of Jumia.

At December 31, 2019, the closing price of a Jumia share was $6.73, which values Millicom's investment at $32 million (level 1). The changes in fair value of $(38) million for the year ended December 31, 2019 is shown under 'Other non-operating (expenses) income, net' (see note B.5).

Helios Towers plc ("HT")

In October 2019, Helios Towers plc (a company inserted as the holding company of HTA just prior to IPO) completed its IPO on the London Stock Exchange at a price of GBP 1.15 per share valuing the company at enterprise value of approximately $2.0 billion and a market capitalization of $1.45 billion.

As part of the listing process, on October 17, 2019, Millicom first was diluted as HT management exercised their IPO option rights (~4%). This event triggered the recognition of a non-cash dilution loss of $3 million recorded under 'Income/(loss) from other joint ventures and associates'.

On the same day, Millicom resigned from its board of directors seats, which resulted in the loss of the Group's significant influence over HT. As a result, as from that date, Millicom derecognized its investment in associate in HT and recognized it as a financial asset at fair value under IFRS 9. The derecognition of the investment in associate and recognition of the equity investment in HT at a fair value of $292 million triggered the recognition of a net non-cash P&L gain of $208 million recorded under 'Other non-operating income (expense), net'. Fair value was determined using the IPO reference share price of GBP1.15.

As a result of the IPO and the subsequent exercise of the overallotment option, Millicom disposed of a portion of its ownership (in total ~20%) yielding $57 million in gross proceeds and $25 million in net proceeds after fees and Millicom's share in tax escrow of $30 million which has been deducted in full from the gain given the high level of uncertainties used in assessing the potential tax liability. These disposals did trigger a loss of $32 million, as a result of the tax escrow and transaction fees, and are recorded under 'Other operating income (expenses), net'.

Post-IPO and overallotment option exercise, Millicom holds a 16.2% stake which, as at December 31, 2019, is valued at $338 million (level 1) using a closing share price of GBP 1.58. The gain on derecognition and changes in fair value of $312 million for the year ended December 31, 2019 is shown under 'Other non-operating (expenses) income, net' (see note B.5).

C.7.4. Call and put options

Cable Onda call and put options

As part of the acquisition of Cable Onda, shareholders agreed on certain put and call options as follows:

The put option to acquire the remaining 20% non-controlling interest in Cable Onda became 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 was payable in Millicom's shares or in cash at the discretion of the partner. Therefore, Millicom 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 became exercisable either 42 months after December 13, 2018 closing date or if Millicom's partners' shareholdings fall below 10%. The call option exercise price was 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 were assessed as not material at December 31, 2018.

As a consequence of the Telefonica Panama acquisition, on August 29, 2019 the shareholders agreed to amend the call and put options in respect of the remaining 20% non-controlling interest that were set as part of the acquisition of Cable Onda.

First, the parties agreed to new unconditional call and put options to acquire the remaining 20% non-controlling interest in Cable Onda becoming exercisable at any time from July 2022, both, at fair market value.

Second, they also agreed on 'Transaction Price' call and put options conditional to the occurrence of certain events, such as change of control of Millicom or at any time if Millicom's non-controlling partners' shareholdings fall below 10%, and becoming exercisable on the date of the Telefonica Panama closing (August 29, 2019) and extending until July 2022. The put and call options are exercisable at the purchase price in the Cable Onda transaction (enterprise value of $1.46 billion), plus interest at 5% per annum (put) and at 10% per annum (call), respectively.

Millicom determined that, both the new unconditional put option and 'Transaction Price' put option could be exercised under events which are outside the control of Millicom. The options are payable in Millicom's shares or in cash at the discretion of the partner and therefore also meet the criteria under IAS 32 for recognition as a liability and a corresponding equity decrease - which is the same conclusion as for previous put option for which a liability had already been recognized at acquisition date in 2018. The put option liability is now valued at the higher of fair market value and Transaction Price plus interest at 5% per annum and is payable in Millicom's shares or in cash at the discretion of the partner.

As of December 31, 2019, the value of the 'Transaction Price' put option is lower than fair market value, and therefore the Group recognized the put option liability at the higher of both valuations at $264 million (see note B.5). The Group is required to re-value the liability each reporting date and any further change in the value of the put option liability will be recorded in the Group's statement of income. Both call options are currently not exercisable and therefore no value at December 31, 2019.

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 combination of up to 75/25% 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.7. On December 31, 2019 and 2018 fair value of derivatives held by the Group can be summarized as follows:

	2019	2018
	(US$ millions)	
Derivatives		
Cash flow hedge derivatives	(17)	—
Net derivative asset (liability)	**(17)**	**—**

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 that more than 75% of the debt be at fixed rate. 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, 2019, approximately 76% 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 (2018: 68%).

D.1.1. Fixed and floating rate debt

Financing at December 31, 2019

	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	118	117	118	332	431	3,428	4,543
Weighted average nominal interest rate	6.32%	5.46%	5.01%	7.24%	5.44%	5.81%	5.86%
Floating rate financing	68	38	27	185	654	457	1,429
Weighted average nominal interest rate	2.97%	1.77%	1.41%	3.25%	4.26%	0.96%	1.52%
Total	**186**	**155**	**145**	**517**	**1,085**	**3,884**	**5,972**
Weighted average nominal interest rate	5.10%	4.55%	4.34%	5.81%	4.73%	5.24%	4.82%

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	3,116
Weighted average nominal interest rate	6.35%	6.59%	6.64%	6.61%	4.10%	6.47%	6.34%
Floating rate financing	318	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**	**570**	**468**	**2,345**	**4,580**
Weighted average nominal interest rate	9.08%	6.23%	4.06%	5.18%	4.28%	5.76%	4.95%

A 100 basis point fall or rise in market interest rates for all currencies in which the Group had borrowings at December 31, 2019 would increase or reduce profit before tax from continuing operations for the year by approximately $14 million (2018: $15 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.

Currency and interest rate swap contracts

MIC S.A. entered into swap contracts in order to hedge the foreign currency and interest rate risks in relation to the SEK 2 billion (~ $211 million) senior unsecured sustainability bond issued in May 2019 (note C.3.1.). These swaps are accounted for as cash flow hedges as the timing and amounts of the cash flows under the swap agreements match the cash flows under the SEK bond. Their maturity date is May 2024. The hedging relationship is highly effective and related fluctuations are recorded through other comprehensive income. At December 31, 2019, the fair values of the swaps amount to a liability of $0.2 million.

Our operations in El Salvador and Costa Rica also entered into several swap agreements in order to hedge foreign currency and interest rate risks on certain long term debts. These swaps are accounted for as cash flow hedges and related fair value changes are recorded through other comprehensive income. At December 31, 2019, the fair values of these swaps amount to liabilities of $17 million.

Interest rate and currency swaps are measured with reference to Level 2 of the fair value hierarchy

There are no other derivative financial instruments with a significant fair value at December 31, 2019.

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

	2019	2018
	(US$ millions)	
Debt denominated in US dollars	3,535	2,572
Debt denominated in currencies of the following countries		
Colombia	531	718
Chad	—	62
Tanzania	14	112
Bolivia	350	306
Paraguay	206	207
El Salvador(i)	268	299
Panama(i)	918	261
Luxembourg (COP denominated)	43	43
Costa Rica	107	—
Total debt denominated in other currencies	**2,437**	**2,008**
Total debt	**5,972**	**4,580**

(i) El Salvador's official unit of currency is the U.S. dollar, while Panama uses the U.S. dollar as legal tender. Our local debt in both countries is therefore denominated in U.S. dollars but presented as local currency (LCY).

At December 31, 2019, 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 $17 million (2018: $53 million). 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 26% of its gross financing (2018: 34%), bonds 58% (2018: 54%), Development Finance Institutions 1% (2018: 4%) and leases 15% (2018: 8%).

Maturity profile of net financial liabilities at December 31, 2019

	Less than 1 year	1 to 5 years	>5yrs	Total
		(US$ millions)		
Total debt and financing	(186)	(1,902)	(3,884)	(5,972)
Lease liability	(97)	(490)	(476)	(1,063)
Cash and equivalents	1,164	—	—	1,164
Pledged deposits (related to back borrowings)	1	—	—	1
Refundable deposit	—	—	—	—
Derivative financial instruments	(17)	—	—	(17)
Net cash (debt) including derivatives related to debt	**865**	**(2,392)**	**(4,361)**	**(5,888)**
Future interest commitments related to debt and financing	(308)	(1,088)	(106)	(1,502)
Future interest commitments related to leases	(157)	(476)	(295)	(928)
Trade payables (excluding accruals)	(510)	—	—	(510)
Other financial liabilities (including accruals)	(1,052)	(337)	—	(1,388)
Derivative instruments	(17)	—	—	(17)
Put option liability	(264)	—	—	(264)
Trade receivables	371	—	—	371
Other financial assets	602	104	—	707
Net financial liabilities	**(469)**	**(4,189)**	**(4,762)**	**(9,420)**

Maturity profile of net financial liabilities at December 31, 2018

	Less than 1 year	1 to 5 years	>5yrs	Total
		(US$ millions)		
Total debt and financing(i)	(458)	(1,778)	(2,345)	(4,580)
Cash and equivalents	528	—	—	528
Pledged deposits (related to back borrowings)	2	—	—	2
Net cash (debt) including derivatives related to debt	**72**	**(1,778)**	**(2,345)**	**(4,051)**
Future interest commitments related to debt and financing	(248)	(786)	(77)	(1,111)
Trade payables (excluding accruals)	(478)	—	—	(478)
Other financial liabilities (including accruals)	(1,212)	(135)	—	(1,347)
Put option liability	(239)	—	—	(239)
Trade receivables	343	—	—	343
Other financial assets	181	126	—	306
Net financial liabilities	**(1,582)**	**(2,573)**	**(2,422)**	**(6,577)**

(i) As at December 31, 2018, Debt and financing included finance lease liabilities of $353 million. As at December 31, 2019, and as a result of the application of IFRS 16, these are now shown in a separate line under Lease liabilities.

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, 2019, 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 financial obligations to EBITDA.

The Group reviews its gearing ratio (net financial obligations divided by total capital plus net financial obligations) periodically. Net financial obligations includes interest bearing debt and lease liabilities, 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 financial obligations to EBITDA

	Note	2019	2018
		(US$ millions)	
Net financial obligations (i)	C.6.	5,870	4,051
EBITDA	B.3.	1,530	1,213
Net financial obligations to EBITDA (ii)		3.84	3.34

(i) As at December 31, 2018, Net financial obligations included finance lease liabilities of $353 million. As at December 31, 2019, Net financial obligations also include Lease liabilities recognized under IFRS 16.

(ii) Ratio is above 3x on an IFRS basis. However, covenants are calculated on proportionate net financial obligations/EBITDA, including Guatemala and Honduras, which show results below 3x.

Gearing ratio

	Note	2019	2018
		(US$ millions)	
Net financial obligations (i)	C.6.	5,870	4,051
Equity	C.1.	2,410	2,542
Net financial obligations and equity		8,280	6,593
Gearing ratio		0.71	0.61

(i) Same comment as (i) in the table above.

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 lists 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 lists 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 lists over their estimated useful lives. The estimated useful lives for trademarks and customer lists are based on specific characteristics of the market in which they exist. Trademarks and customer lists 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.

An IRU of network infrastructure (cables or fiber) is accounted for as a right of use asset (see E.3.), while capacity IRU (wavelength) is accounted for as an intangible asset.

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 related to assets 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

On May 20, 2019 the Group renewed 10MHz of the 1900 MHz spectrum in Colombia for a period of 10 years for an amount of $47 million (payable in five installments from June 2019 to February 2023) and an obligation to build 45 sites during the 20-month period following the renewal (approximately $20 million cost, that will be capitalized once the sites are built). In December 2019, the company substituted its coverage obligation by agreeing to pay the corresponding amount of $20 million in cash in 6 installments between January to June 2020. As a result, Management recognized an addition to spectrum assets and a liability for $20 million.

On July 9, 2019, the Tanzania Communications Regulatory Authority ('TCRA') issued a notice to cancel the license of Telesis, a subsidiary of Millicom in Tanzania that shared its 4G spectrum with Tigo and Zantel operations in the country. The net carrying value of the Telesis' license amounting to $8 million has therefore been impaired during Q3 2019. As a consequence and in order to continue providing 4G services in the country, our operation in Tanzania had to purchase spectrum in the 800MHz band from the TCRA for a period of 15 years and for an amount of $12 million.

In December 2019, Millicom's wholly-owned subsidiary Telemovil El Salvador S.A. de C.V. ('Telemovil') acquired spectrum in 50Mhz AWS band and paid an advance of $14 million. On January 8, 2020, Telemovil made a final payment of $20 million and started operating the spectrum.

In December 2019, Tigo Colombia participated in an auction launched by the Ministerio de Tecnologias de la Informacion y las Comunicaciones (MINTIC), and acquired licenses granting the right to use a total of 40 MHz in the 700 MHz band. The 20-year license will expire in 2040. As a result of this auction,Tigo Colombia has strengthened its spectrum position, which also includes 55 MHz in the 1900 band and 30 MHz of AWS. Tigo Colombia agreed to a total notional consideration of COP$2.45 billion (equivalent to approximately US$736 million), of which approximately 45% is to be met by coverage obligations implemented by 2025.

The remaining 55% is payable in cash with an initial payment of approximately US$39 million to be made in Q1 2020, with the remainder payable in 12 annual installments beginning in 2026 and ending in 2037. The final permission to operate in 700 MHz will be given in February 2020.

Movements in intangible assets in 2019

	Goodwill	Licenses	Customer Lists	IRUs	Trademark	Other (i)	Total
			(US$ millions)				
Opening balance, net	**1,069**	**318**	**371**	**89**	**282**	**218**	**2,346**
Change in scope	650	139	141	10	—	20	959
Additions	—	101	—	—	—	101	202
Amortization charge	—	(55)	(37)	(14)	(99)	(67)	(272)
Impairment	—	(8)	—	—	—	—	(8)
Disposals, net	—	—	—	—	—	—	—
Transfers	—	(5)	—	23	—	15	33
Transfer to/from held for sale (see note E.3)	—	(18)	—	—	—	(3)	(21)
Exchange rate movements	(7)	(8)	(1)	—	—	(4)	(21)
Closing balance, net	**1,711**	**465**	**473**	**107**	**183**	**279**	**3,219**
Cost or valuation	1,711	922	691	214	325	806	4,670
Accumulated amortization and impairment	—	(458)	(218)	(107)	(142)	(527)	(1,451)
Net	**1,711**	**465**	**473**	**107**	**183**	**279**	**3,219**

Movements in intangible assets in 2018

	Goodwill	Licenses	Customer Lists	IRUs	Trademark	Other (i)	Total
			(US$ millions)				
Opening balance, net	**599**	**324**	**33**	**105**	**10**	**194**	**1,265**
Change in scope	504	—	350	—	280	23	1,157
Additions	—	66	—	2	—	91	158
Amortization charge	—	(48)	(11)	(14)	(8)	(65)	(145)
Impairment	(6)	—	—	—	—	—	(6)
Disposals, net	—	—	—	—	—	—	—
Transfers	—	—	—	1	—	(16)	(15)
Transfer to/from held for sale (iii)	—	(12)	—	—	—	—	(12)
Exchange rate movements	(28)	(12)	(1)	(5)	—	(9)	(55)
Closing balance, net	**1,069**	**318**	**371**	**89**	**282**	**218**	**2,346**
Cost or valuation	1,069	646	561	176	325	646	3,423
Accumulated amortization and impairment	—	(328)	(190)	(87)	(43)	(428)	(1,077)
Net	**1,069**	**318**	**371**	**89**	**282**	**218**	**2,346**

(i) Other includes mainly software costs

E.1.4. Cash used for the purchase of intangible assets

Cash used for intangible asset additions

	2019	2018	2017
		(US$ millions)	
Additions	202	158	130
Change in accruals and payables for intangibles	(32)	(10)	3
Cash used for additions	**171**	**148**	**133**

E.1.5. Goodwill

Allocation of Goodwill to cash generating units (CGUs), net of exchange rate movements and after impairment

	2019	2018
	(US$ millions)	
Panama (see note A.1.2.)(i)	930	504
El Salvador	194	194
Costa Rica	123	116
Paraguay	50	54
Colombia	181	183
Tanzania (see note E.1.6.)	12	12
Nicaragua (see note A.1.2)	217	4
Other	3	3
Total	**1,711**	**1,069**

(i) Restated as a result of the finalization of the Cable Onda purchase accounting. (note A.1.2.).

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, 2019

Goodwill was tested for impairment by assessing the recoverable amount against the carrying amount of the CGU based on discounted cash flows. The recoverable amounts are based on value-in-use. The value-in-use is determined based on the method of discounted cash flows. The cash flow projections used (operating profit margins, income tax, working capital, capex and license renewal cost) are extracted from business plans approved by management and presented to 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. When value-in-use results are lower than the carrying values of the CGUs, management determines the recoverable amount by using the fair value less cost of disposal (FVLCD) of the CGUs. FVLCD is usually determined by using recent offers received from third parties (Level 1).

For the year ended December 31, 2019, management concluded no impairment should be recorded in the Group consolidated financial statements.

Impairment testing at December 31, 2018

For the year ended December 31, 2018, management concluded that our previously independent 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 the CGU to reduce the carrying amount of this operation 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.

Key assumptions used in value in use calculations

The process of preparing the cash flow projections considers the current market condition of each CGU, analyzing the macroeconomic, competitive, regulatory and technological environments, as well as the growth opportunities of the CGUs. Therefore, a growth target is defined for each CGU, based on the appropriate allocation of operating resources and the capital investments required to achieve the target. The foregoing forecasts could differ from the results obtained through time; however, the Company prepares its estimates based on the current situation of each of the CGUs. Relevance of budgets used for the impairment test is also reviewed annually, management performing regressive analysis between actual figures and budget/5YP used for previous year impairment test.

The cash flow projections for all CGUs is most sensitive to the following key assumptions:

- EBITDA margin is determined by dividing EBITDA by total revenues.
- CAPEX intensity is determined by dividing CAPEX by total revenues.
- Gross Domestic Product ("GDP") less inflation rates are used as perpetual growth rate.
- Weighted average cost of capital ("WACC") is used to discount the projected cash flows.

The most significant estimates used for the 2019 and 2018 impairment test are shown below:

CGU	Average EBITDA margin (%) (i)		Average CAPEX intensity (%) (i)		Perpetual growth rate (%)		WACC rate after tax (%)	
	2019	2018	2019	2018	2019	2018	2019	2018
Bolivia	42.0	43.1	18.4	17.0	1.5	3.0	10.7	10.2
Chad (see note A.1.3)	n/a	26.7	n/a	15.9	n/a	2.6	n/a	14.8
Colombia	34.1	32.1	17.7	19.3	1.9	2.9	8.6	8.9
Costa Rica	36.3	41.2	23.3	19.9	1.9	3.1	10.1	10.2
El Salvador	33.4	42.2	15.2	15.7	0.8	1.6	10.7	11.7
Nicaragua (see note A.1.2)	33.7	41.0	16.2	49.6	2.0	3.6	10.9	10.1
Panamá (see note A.1.2)	42.6	n/a	14.8	n/a	1.5	n/a	8.3	n/a
Paraguay	46.9	50.4	16.0	17.3	1.6	3.0	9.0	9.8
Tanzania	31.2	37.1	12.2	18.5	1.5	4.6	14.4	14.4

(i) Average is computed over the period covered by the plan (5 years)

Sensitivity analysis to changes in assumptions

Management performed a sensitivity analysis on key assumptions within the test. The following maximum increases or decreases, expressed in percentage points, were considered for all CGUs:

Reasonable changes in key assumptions (%)	
Financial variables	
WACC rates	+/-1
Perpetual growth rates	+/-1
Operating variables	
EBITDA margin	+/-2
CAPEX intensity	+/-1

The sensitivity analysis shows a comfortable headroom between the recoverable amounts and the carrying values for all CGUs at December 31, 2019, except of our Nicaragua CGU.

In respect of Nicaragua CGU, taken individually, the below changes in key assumptions would trigger a potential impairment, which would mainly be due to the under-performance of our legacy fixed business in the country as well as the current political and economic turmoil:

Sensitivity analysis	In %	Potential impairment US$ millions
Financial variables		
WACC rate	+1	32
Perpetual growth rate	-1	18
Operating variables		
EBITDA margin	-2	1
Combining changes in variables		
WACC rate and Perpetual growth rate	+1 and -1	63

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 2019

	Network Equipment (ii)	Land and Buildings	Construction in Progress	Other(i)	Total
			(US$ millions)		
Opening balance, net	**2,455**	**175**	**284**	**156**	**3,071**
Change in scope	190	44	14	7	255
Change in accounting policy	(307)	—	—	(1)	(307)
Additions	87	4	612	16	719
Impairments/reversal of impairment, net	—	—	—	1	1
Disposals, net	(8)	(1)	(6)	(3)	(19)
Depreciation charge	(588)	(13)	—	(110)	(711)
Asset retirement obligations	14	5	—	—	19
Transfers	444	4	(537)	64	(24)
Transfer from/(to) assets held for sale (see note E.4)	(61)	(14)	(7)	(5)	(88)
Exchange rate movements	(25)	(2)	(5)	(1)	(34)
Closing balance, net	**2,201**	**202**	**355**	**125**	**2,883**
Cost or valuation	6,644	360	355	476	7,834
Accumulated amortization and impairment	(4,443)	(158)	—	(351)	(4,952)
Net at December 31, 2019	**2,201**	**202**	**355**	**125**	**2,883**

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 (iii)	253	41	32	60	386
Additions	62	1	626	7	696
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.4.)(iv)	(45)	(3)	(2)	(2)	(52)
Exchange rate movements	(124)	(8)	(8)	(7)	(147)
Closing balance, net	**2,455**	**175**	**284**	**156**	**3,071**
Cost or valuation	6,663	270	284	573	7,790
Accumulated amortization and impairment	(4,207)	(95)	—	(417)	(4,719)
Net at December 31, 2018	**2,455**	**175**	**284**	**156**	**3,071**

(i) Other mainly includes office equipment and motor vehicles.

(ii) As a result of the application of IFRS 16 finance leases were reclassified to lease liabilities on January 1, 2019. See above in the "New and amended IFRS accounting standards" and notes C.4. and E.4. for further information. The net carrying amount of network equipment under finance leases at December 31, 2018 were $307 million.

(iii) Restated after finalization of the Cable Onda purchase accounting. See note A.1.2.

Borrowing costs capitalized for the years ended December 31, 2019, 2018 and 2017 were not significant.

E.2.3. Cash used for the purchase of tangible assets

Cash used for property, plant and equipment additions

	2019	2018	2017
		(US$ millions)	
Additions	719	698	824
Change in advances to suppliers	1	2	(8)
Change in accruals and payables for property, plant and equipment	17	(25)	26
Finance leases(i)	(1)	(43)	(192)
Cash used for additions	**736**	**632**	**650**

(i) As a result of the application of IFRS 16 finance leases were reclassified to lease liabilities on January 1, 2019. See above in the "New and amended IFRS accounting standards" and notes C.4. and E.4. for further information.

E.3. Right of use assets (as from January 1, 2019 after the application of IFRS 16)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Refer to note C.4. for further details on lease accounting policies.

Movements in right of use assets in 2019

Right-of-use assets	Land and buildings	Sites rental	Tower rental	Other network equipment	Capacity	Other	Total
		(US$ millions)					
Opening balance, net	**154**	**67**	**623**	**9**	**—**	**4**	**856**
Change in scope	—	43	121	1	12	—	177
Additions	25	4	67	1	2	1	102
Modifications	6	(2)	7	—	—	—	11
Impairments	(1)	—	—	—	—	—	(1)
Disposals	(4)	(4)	(1)	—	—	—	(10)
Depreciation	(35)	(16)	(86)	(2)	—	(2)	(141)
Transfers	—	—	1	—	—	—	1
Transfers to/from assets held for sale	(1)	(5)	(3)	—	—	—	(9)
Exchange rate movements	—	(2)	(7)	—	—	—	(10)
Closing balance, net	**145**	**87**	**720**	**8**	**14**	**3**	**977**
Cost of valuation	177	103	900	11	16	8	1,216
Accumulated depreciation and impairment	(32)	(16)	(180)	(3)	(2)	(5)	(238)
Net at December 31, 2019	**145**	**87**	**720**	**8**	**14**	**3**	**977**

E.4. 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.4.1. 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.4.2. 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, 2019 and 2018:

	As at December 31,	
	2019	2018
	(US$ millions)	
Assets and liabilities reclassified as held for sale ($ millions)		
Towers Paraguay (see note E.4.1.)	—	2
Towers Colombia (see note E.4.1.)	2	—
Towers El Salvador (see note E.4.1.)	1	1
Towers Zantel	1	—
Other	—	—
Total assets of held for sale	**5**	**3**
Towers Paraguay	—	—
Total liabilities directly associated with assets held for sale	**—**	**—**
Net assets held for sale / book value	**5**	**3**

Chad

As mentioned in note A.1.3., on June 26, 2019, the Group completed the disposal of its operations in Chad for a cash consideration of $110 million. On the same date, Chad was deconsolidated and a gain on disposal of $77 million, net of costs of disposal of $4 million, was recognized. Foreign currency exchange losses accumulated in equity of $8 million have also been recycled in the statement of income accordingly. The resulting net gain of $70 million has been recognized under 'Profit (loss) for the period from discontinued operations, net of tax'. The operating net loss of the operation for the period from January 1, 2019 to June 26, 2019 was $5 million.

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

Assets and liabilities held for sale ($ millions)	June 26, 2019
Intangible assets, net	18
Property, plant and equipment, net	89
Right of use assets	9
Other non-current assets	8
Current assets	34
Cash and cash equivalents	9
Total assets of disposal group held for sale	**168**
Non-current financial liabilities	8
Current liabilities	131
Total liabilities of disposal group held for sale	**140**
Net assets held for sale at book value	**28**

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. The sale was completed on April 27, 2018 in exchange of a final cash consideration of $151 million. The operations in Senegal were deconsolidated from that date 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 held for sale	**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 / 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.for a final cash consideration of $51 million, including a deferred cash payment due in January 2020 for an amount of $18 million. The transaction also included earn-outs for $7 million that were not recognized by the Group. The sale was completed on January 31, 2018. On that day, 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 was 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 table below shows the assets and liabilities deconsolidated at the date of the disposal:

Assets and liabilities reclassified as held for sale	**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 / book value	**46**

In accordance with IFRS 5, the Group's businesses in Chad(Q2 2018), 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, 2019, 2018 and 2017 is set out below. Figures shown below are after intercompany eliminations.

Results from discontinued operations

	Year ended December 31,		
	2019	2018	2017
		(US$ millions)	
Revenue	50	189	440
Cost of sales	(14)	(51)	(130)
Operating expenses	(29)	(83)	(188)
Other expenses linked to the disposal of discontinued operations	(10)	(10)	(7)
Depreciation and amortization	(11)	(27)	(67)
Other operating income (expenses), net	—	(9)	(4)
Gain/(loss) on disposal of discontinued operations	74	(29)	38
Operating profit (loss)	**61**	**(21)**	**81**
Interest income (expense), net	(2)	(6)	(28)
Other non-operating (expenses) income, net	—	(2)	4
Profit (loss) before taxes	**59**	**(29)**	**56**
Credit (charge) for taxes, net	(2)	(4)	4
Net Profit/(loss) from discontinuing operations	**57**	**(33)**	**60**

Cash flows from discontinued operations

	Year ended December 31,		
	2019	2018	2017
		(US$ millions)	
Cash from (used in) operating activities, net	(8)	(38)	(1)
Cash from (used in) investing activities, net	5	8	(25)
Cash from (used in) financing activities, net	7	11	8

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.

	2019	2018
	(US$ millions)	
Gross trade receivables	636	592
Less: provisions for expected credit losses	(265)	(249)
Trade receivables, net	**371**	**343**

Aging of trade receivables

	Neither past due nor impaired	Past due (net of impairments) 30–90 days	Past due (net of impairments) >90 days	Total
	(US$ millions)			
2019:				
Telecom operators	23	9	8	40
Own customers	177	63	29	270
Others	40	15	5	60
Total	**241**	**88**	**43**	**371**
2018:				
Telecom operators	17	9	14	39
Own customers	158	69	19	246
Others	36	17	5	58
Total	**210**	**95**	**37**	**343**

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

	2019	2018
	(US$ millions)	
Telephone and equipment	18	26
SIM cards	3	4
IRUs	3	3
Other	9	6
Inventory at December 31,	**32**	**39**

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, 2019, is recognized in Trade payables for an amount of $40 million (2018: $26 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

	2019	2018
	(US$ millions)	
Deferred revenue	77	85
Customer deposits	14	15
Current legal provisions	36	27
Tax payables	74	68
Customer and MFS distributor cash balances	141	147
Withholding tax on payments to third parties	15	17
Other provisions	3	7
Other current liabilities(i)	113	126
Total	**474**	**492**

(i) Includes 36 million (2018: 36 million) of tax risk liabilities not related to income tax.

F.4.2. Non-current provisions and other liabilities

Non-current

	2019	2018
	(US$ millions)	
Non-current legal provisions	18	8
Long-term portion of asset retirement obligations	96	77
Long-term portion of deferred income on tower sale and leasebacks recognized under IAS 17	68	85
Long-term employment obligations	71	68
Accruals and payables in respect of spectrum and license acquisitions	61	41
Other non-current liabilities	68	71
Total	**383**	**351**

F.5. Assets and liabilities related to contract with customers

Contract assets, net

	2019	2018
	(US$ millions)	
Long-term portion	6	3
Short-term portion	37	35
Less: provisions for expected credit losses	(2)	(1)
Total	**41**	**37**

Contract liabilities

	2019	2018
	(US$ millions)	
Long-term portion	1	1
Short-term portion	81	86
Total	**82**	**87**

The Group recognized revenue for $87 million in 2019 (2018: $45 million) 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, 2019 is $61 million ($60 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)

	2019	2018
	(US$ millions)	
Net at January 1	**4**	**4**
Contract costs capitalized	7	4
Amortisation of contract costs	(6)	(4)
Net at December 31	**5**	**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

	2019	2018	2017
		(US$ millions)	
Audit fees	6.8	6.7	4.7
Audit related fees	1.3	0.4	0.3
Tax fees	0.1	0.2	0.2
Other fees	0.6	0.6	0.7
Total	**8.8**	**7.7**	**5.9**

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, 2019, the Company and its subsidiaries had fixed commitments to purchase network equipment, land and buildings, other fixed assets and intangible assets of $122 million of which $102 million are due within one year (December 31, 2018: $88 million of which $71 million were due within one year). The Group's share of commitments from the joint ventures is, respectively $52 million and $51 million. (December 31, 2018: $66 million of which $56 million were due within one year).

G.2.2. Lease commitments - until December 31, 2018

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.

From January 1, 2019, the Group has recognized right of use assets for these leases, except for short term or low value leases. See above in the "New and amended IFRS accounting standards", note C.4.and E.3. for further information.

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 2018 was $152 million–see note B.2.

Annual operating lease commitments from continuing operations

	2018 (i) (US$ millions)
Within one year	127
Between one and five years	412
After five years	262
Total	**801**

(i) The Group's share in joint ventures operating lease commitments in 2018 amount to $312 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) (US$ millions)
Within one year	99
Between one and five years	400
After five years	415
Total	**914**

(i) The Group's share in joint ventures finance lease commitments in 2018 amounted to $1 million and are excluded from the table above.

The corresponding finance lease liabilities at December 31, 2018, were $353 million. Interest expense on finance lease liabilities amounted to $91 million for the year 2018.

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, 2019, the total exposure for claims and litigation risks against Millicom and its subsidiaries is $204 million (December 31, 2018: $683 million). The decrease is mainly due to Colombia where some significant cases were closed or became time barred during the year. The Group's share of the comparable exposure for joint ventures is $4 million (December 31, 2018: $5 million).

As at December 31, 2019, $30 million has been provided by its subsidiaries for these risks in the consolidated statement of financial position (December 31, 2018: $22 million). The Group's share of provisions made by the joint ventures was $3 million (December 31, 2018: $4 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.

Ongoing investigation by the International Commission Against Impunity in Guatemala (CICIG)

Between 2017 and 2019, the CICIG and Guatemalan prosecutors have pursued investigations that have included the country's telecommunications sector and Comcel, our Guatemalan joint venture. On September 3, 2019, the CICIG's activities in Guatemala were discontinued, after the Guatemalan government did not renew the CICIG's mandate, and it is unclear whether the investigations will continue. As at December 31, 2019, Management is not 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, 2019.

Other

At December 31, 2019, 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, and applies significant judgment, in identifying uncertainties over income tax treatments. Management 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, 2019, the tax risks exposure of the Group's subsidiaries is estimated at $300 million, for which provisions of $50 million have been recorded in tax liabilities; representing the probable amount of eventual claims and required payments related to those risks (2018: $226 million of which provisions of $44 million were recorded). The Groups' share of comparable tax exposure and provisions in its joint ventures amounts to $49 million (2018: $29 million) and $4 million (2018: $2 million), respectively.

G.4. Non-cash investing and financing activities

Non-cash investing and financing activities from continuing operations

	Note	2019	2018	2017
			(US$ millions)	
Investing activities				
Acquisition of property, plant and equipment, including (finance) leases	E.2.2.	17	(65)	(174)
Asset retirement obligations	E.2.2.	19	15	(20)
Acquisition of subsidiaries, joint ventures and associates, net of cash acquired	A.1.2.	—	30	—
Financing activities				
(Finance) Leases	C.3.4.	1	(43)	192
Share based compensation	B.4.1.	27	21	22

G.5. Related party balances and transactions

The Group's significant related parties are:

- Kinnevik AB (Kinnevik) and subsidiaries, Millicom's previous principal shareholder - until November 14, 2019, date on which Millicom SDRs were paid out to the shareholders of Kinnevik (see 'Introduction' note);
- Helios Towers Africa Ltd (HTA), in which Millicom held a direct or indirect equity interest - until October 15, 2019, date on which Millicom lost significant influence on HTA and started accounting for its investments at fair value under IFRS 9 (see note A.3.1.and C.7.3.
- 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

Until November 14, 2019, Kinnevik was Millicom's principal shareholder, owning approximately 37% of Millicom (December 31, 2018: 37%). Kinnevik is a Swedish holding company with interests in the telecommunications, media, publishing, paper and financial services industries. During 2019, 2018 and 2017, Kinnevik did not purchase any Millicom shares. There were no significant loans made by Millicom to or for the benefit of Kinnevik or Kinnevik controlled entities.

During 2019, 2018 and 2017, 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.

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 E.4.). As mentioned above, Helios Towers ceased to be a related party to the Group from October 15, 2019.

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, and indirectly 20% of Telefonica Moviles Panama, S.A., which has been acquired by Cable Onda in August 2019. 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.). Transactions and balances with Cable Onda Partners companies are disclosed under 'Other' in the tables below.

Expenses from transactions with related parties	**2019**	**2018**	**2017**
		(US$ millions)	
Purchases of goods and services from Miffin	(209)	(173)	(181)
Purchases of goods and services from EPM	(42)	(40)	(36)
Lease of towers and related services from HTA(i)	(146)	(28)	(28)
Other expenses	(15)	(3)	(4)
Total	**(412)**	**(244)**	**(250)**

(i) HTA ceased to be a related party on October 15, 2019. See note C.7.3. for further details.

Income and gains from transactions with related parties	2019	2018	2017
		(US$ millions)	
Sale of goods and services to Miffin	306	284	277
Sale of goods and services to EPM	13	17	18
Other revenue	3	2	1
Total	**322**	**303**	**295**

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

	Year ended December 31	
	2019	2018
	(US$ millions)	
Non-current and current liabilities		
Payables to Guatemala joint venture(i)	361	315
Payables to Honduras joint venture(ii)	133	143
Payables to EPM	37	14
Other accounts payable	—	9
Sub-total	531	482
(Finance) Lease liabilities to HTA (iii)	—	99
Total	**531**	**580**

(i) Shareholder loans bearing interest. Out of the amount above, $337 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 2020 and/or shareholder loans.

(iii) HTA ceased to be a related party on October 15, 2019. See note C.7.3. for further details.

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	Year ended December 31	
	2019	2018
	(US$ millions)	
Non-current and current assets		
Receivables from EPM	3	5
Receivables from Guatemala and Honduras joint ventures	23	20
Advance payments to Helios Towers Tanzania(ii)	—	6
Receivables from Panama	—	—
Receivable from AirtelTigo Ghana (i)	43	41
Other accounts receivable	4	1
Total	**73**	**73**

(i) Disclosed under Other non-current assets in the statement of financial position. See note A.2.2.

(ii) Helios Towers ceased to be to be a related party on October 15, 2019.

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. In December 2019, the Group filed the draft prospectus with the Tanzania Capital Market and Securities Authority with the view to initiate the listing process in H1 2020.

I. Subsequent events

Pivot in shareholder remuneration

On February 24, 2020, Millicom's Board approved to the Annual General Meeting of the shareholders a share buyback program to repurchase at least $500 million over the next three years. The current shareholder authorization, which expires on May 5, 2020, allows for the repurchase of up to 5% of the outstanding share capital. In addition, the Board approved to the Annual General Meeting of the shareholders a dividend distribution of $1.00 per share to be paid in 2020. The Annual General Meeting to vote on these matters is scheduled for May 5, 2020.

On February 25, 2020, Millicom announced a three year $500 million share repurchase plan and on February 28, 2020 it initiated the first phase of this program comprising the purchase of not more than 350,000 shares and not more than a maximum total amount of SEK 107 million (approximately $11 million). The purpose of the repurchase program is to reduce Millicom's share capital, or to use the repurchased shares for meeting obligations arising under Millicom´s employee share based incentive programs. The repurchase program may take place during the period between February 28, 2020 and May 5, 2020. Payment for the shares will be made in cash.

Paraguay bond

On January 28, 2020, Millicom's wholly-owned subsidiary Telefónica Celular del Paraguay S.A.E ("Telecel"), closed a $250 million re-tap to its senior unsecured notes due 2027, representing an additional issuance of Telecel's outstanding $300 million 5.875% senior notes due 2027 issued on April 5, 2019. The new notes will be treated as a single class with the initial notes, and they were priced at 106.375 for an implied yield to maturity of 4.817%.

Corporate Information

BOARD OF DIRECTORS

José Antonio Ríos García
Chairman, Director

Pernille Erenbjerg
Deputy Chairman, Director

Odilon Almeida
Director

Janet Davidson
Director

Tomas Eliasson
Director

Lars-Åke Norling
Director

James Thompson
Director

EXECUTIVE TEAM

Mauricio Ramos
Chief Executive Officer

Tim Pennington
Chief Financial Officer

Esteban Iriarte
Chief Operating Officer—Latam

Xavier Rocoplan
Chief Technology and Information Officer

Rachel Samrén
Chief External Affairs Officer

Salvador Escalón
General Counsel

Susy Bobenrieth
Chief Human Resources Officer

AUDITOR

Ernst & Young
Société anonyme
35E Avenue John F. Kennedy
Luxembourg, L-1855

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

Press@Millicom.com

ANNUAL MEETING

The Annual Meeting of Shareholders will be held on May 5, 2020 in Luxembourg.

HEADQUARTERS

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