MILLICOM
THE DIGITAL LIFESTYLE

Digital connectivity for tomorrow's world…

Millicom Annual Report 2017

Digital connectivity for tomorrow's world…

We are a leading provider of cable and mobile services dedicated to emerging markets. We operate under the Tigo® brand in eight countries across Latin America and three in Africa. We set the pace when it comes to providing high-speed broadband, innovative services and our trademark The Digital Lifestyle® to more than 50 million customers.

Our purpose is to build the **digital highways** that **connect people**, **improve lives** and **develop our communities**. Our mission is to provide the best, most secure digital highways to be the first choice for customers in all our markets.

For further information on Millicom's results, please refer to our Reporting Center: www.millicom.com/investors/

What's inside this report...

Integrated reporting

This is our second integrated Annual Report that combines our corporate responsibility and financial reports to provide all our stakeholders with a clear and comprehensive overview of our business. It reflects both the strong social and economic impact of our products and services on the communities we serve, and our responsible business practices throughout our operations. Our reporting is also in line with our commitment to transparency, and is a key element of building trust with all stakeholders.

Note: The financial information presented in the front section of the Annual Report is with Guatemala (55% owned) and Honduras (66.7% owned) as if fully consolidated, while the Group equity accounts for those operations in the IFRS consolidated financial statements. See Additional information on pages 157 to 160.

Our services...

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

B2C Mobile | B2C Home | B2B

In Latin America (Latam), we provide both mobile and fixed services in six countries – Bolivia, Colombia, El Salvador, Guatemala, Honduras, and Paraguay. In addition, we provide fixed services in Costa Rica and Nicaragua. In Africa, we provide mobile services in Tanzania and Chad, as well as Ghana, where we operate as a joint venture since the last quarter of 2017.
In 2017, we reached agreements to divest our operations in Rwanda and Senegal, with regulatory approval still pending in the latter country.

We provide services to 50.8 million mobile customers and 3.3 million cable and broadband households. We have 21.2 million mobile data subscribers, including more than seven million on the 4G networks available in eight of our nine mobile markets.

Our year in numbers…

Comparative figures at Group level for:

Operating Cash Flow ($m)[1]
Year-over-year growth

+6%

2017	**1,197**
2016	1,126
2015	973

4G smartphone data users (m)[2]
Year-over-year change

2x

2017	**7.2**
2016	3.4
2015	0.9

HFC homes passed (m)[3]
Year-over-year change

+18%

2017	**8.4**
2016	7.2
2015	6.4

Employees[4]
As of year end 2017

18,802

Footnotes:
1 Operating Cash Flow (OCF) is EBITDA less capex (excluding spectrum, license and finance lease capitalization).
2 Total Group (Latam and Africa).
3 Hybrid fiber-coaxial (HFC) homes passed is the total number of premises that have capability to be connected to the network without any significant investment in the network.
4 Excluding Senegal and Ghana. Emtelco (Colombia call center) headcount is excluded from this report and any internal reporting because their costs are classified as direct costs and not employee related costs.

Chairman's statement

"The change we have driven in our business for the past two years has not only increased our effectiveness but also helped us transform the lives and businesses of millions of customers in all our markets."

Ours is a powerful story of transformation and growth, for Millicom and for all our stakeholders.

Our strategy is clear and simple; we build high-speed data networks, both mobile and fixed. The simplicity of our strategy, which you can read about on pages 14 to 15, helps drive operational effectiveness, and our business is leaner and more agile than ever. We now have a solid foundation on which to build – and I am pleased to see that revenue growth is already beginning to reflect this.

Our strategy is transforming the external landscape, too. By accelerating deployment of our high-speed data networks, we have substantially increased access to the digital highways for millions of people across our markets. Our new networks also benefit thousands of businesses, from start-ups to large multinationals, as you can discover in our Performance review on pages 17 to 46.

By creating a more efficient organization and keeping a sharp focus on costs, we have continued to increase our free cash flow generation and strengthen our financial position. We are pleased to recommend a final dividend of US$2.64 per share this year. You can read more about this in our Financials section on pages 88 to 160.

Corporate responsibility

We think of our core business as a social good. Our corporate responsibility program, pages 162 to 188, directly addresses the wider impacts our business operations have in our communities. We focus on applying our technological expertise to address gaps in development in the societies where we operate. We believe that our commitment to corporate responsibility differentiates us in our markets, makes us more competitive, and helps us strengthen our position as an employer of choice in the region. In May 2017, we were ranked among the top 20 multinational employers of choice in Latin America in the Great Place to Work awards – and we were the only telecommunications company featured.

Board, management and colleagues

We would like to thank Mr. José Miguel García Fernández and Mr. Lorenzo Grabau, our Board members who have stepped down this year, for their contribution.

We welcome Mr. Anders Jensen, Mr. José Antonio Ríos García, and Mr. Roger Solé Rafols to the Board.

Once again, we thank Mauricio Ramos, our CEO, and his leadership team for their dedication and drive, and for inspiring every colleague to achieve our vision of enabling our trademark The Digital Lifestyle for millions of customers and for the benefit of all our stakeholders.

Outlook

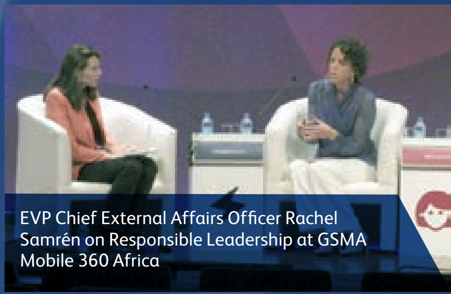
The opportunities before us are many. Some external conditions in our markets remain challenging but thanks to prudent stewardship, we are now better placed than ever to capitalize on these to create and deliver sustainable value for shareholders and digital connectivity for our customers.

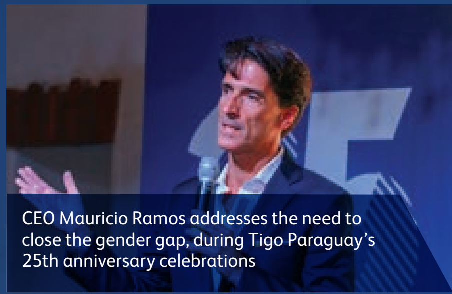
Tom Boardman
Chairman of the Board of Directors

> **"Embracing change has been absolutely central to our success."**

For information on our business model, please see pages 10-11

Digital connectivity for tomorrow's world... connected women


EVP Chief External Affairs Officer Rachel Samrén on Responsible Leadership at GSMA Mobile 360 Africa


CEO Mauricio Ramos addresses the need to close the gender gap, during Tigo Paraguay's 25th anniversary celebrations

Today, 200 million fewer women than men own a mobile phone across low and middle income countries. This is a reality that hinders the growth and development of these countries as women are being left behind in this connected world. It also represents a great opportunity for companies to step up while reaping the benefits of a more inclusive society.

We are proud to be part of the Connected Women initiative set up by the GSMA (the mobile network industry's main organization) that aims at reducing this gap and promoting the use of mobile technology by women.

All of our operations in Africa have made a commitment with this initiative and, during 2017, five of our operations in Latin America added their commitment as well, with the sixth on track to join in Q1 2018.

We have also rolled out specific actions aimed at incorporating more women into The Digital Lifestyle. We have trained more than 24,000 women in how to make better use of their mobile phones not only in their day-to-day lives but also as business entrepreneurs.

Opportunities for growth

Operating in emerging markets brings its share of challenges, however the opportunities for growth make these markets both exciting and rewarding.

In its detailed research into the mobile economy in Latin America (Latam), the GSMA regards the region as one of the most dynamic in the mobile marketplace of the future.

Penetration levels for both fixed and mobile in our markets are lower than in larger, more developed Latam markets.

We believe these markets offer high opportunities for superior growth, given their relatively young and growing populations with steadily increasing disposable incomes and purchasing power.

Competitive position in the mobile market

As mobile broadband connections continue to increase, the use of smartphones is also surging ahead, and 4G adoption rates are soaring at double-digit growth rates.

The mobile ecosystem is a major contributor to the regional economy and provides a large, scalable platform for innovation.

There are also differences between the individual countries in which we operate and between our regions of Africa and Latam themselves. For instance, higher income levels in Latam are reflected in both higher Average Revenue per User (ARPU) and higher smartphone penetration than in Africa; in addition, Latam public and private operators have invested in fixed-line telephone, cable and broadband networks which are often less developed in Africa.

While the level of market maturity varies between countries, we believe the following key themes are relevant across our footprint.

Mobile

The rapid increase in the consumption of mobile and data services has been bolstered by the prevalence of multiple SIM card usage in our markets.

However, customer penetration rates where we operate still lag behind those of developed markets. This suggests that there is further potential for growth as these economies develop.

According to the GSMA, some 37% of mobile users in emerging markets now own a smartphone, up from 21% five years ago. The availability of lower-end smartphones sold for around US$40 is improving affordability for a growing number of people wishing to access the Internet. This is also driving demand for data services across our markets.

While smartphone adoption is strong, 4G remains a minority at around 22% of our mobile base in Latin America. Nevertheless, 4G mobile coverage throughout Latam continues to grow, with our 4G networks now covering more than 50% of the population in our Latam footprint.

Fixed communications, cable and pay-TV

Fixed-line telecommunications infrastructure has historically been underdeveloped in most of our markets. Coverage is limited to the main urban centers, with typically poor infrastructure in rural or remote areas and limited availability of fixed-line telecommunications services overall.

Meanwhile, the cable industry is highly fragmented, with multiple providers operating only in some municipalities or regions. Due to their lack of scale, many of these smaller players operate network services constrained by lack of investment. This provides an opportunity for larger, well-capitalized operators like us to consolidate this industry.

MILLICOM
THE DIGITAL LIFESTYLE

tigo

What we do…

…in Latin America

Bolivia, El Salvador, Guatemala, Honduras, Paraguay, Colombia
B2C Mobile, B2C Home, B2B

Costa Rica
B2C Home, B2B

Nicaragua
B2B

…in Africa

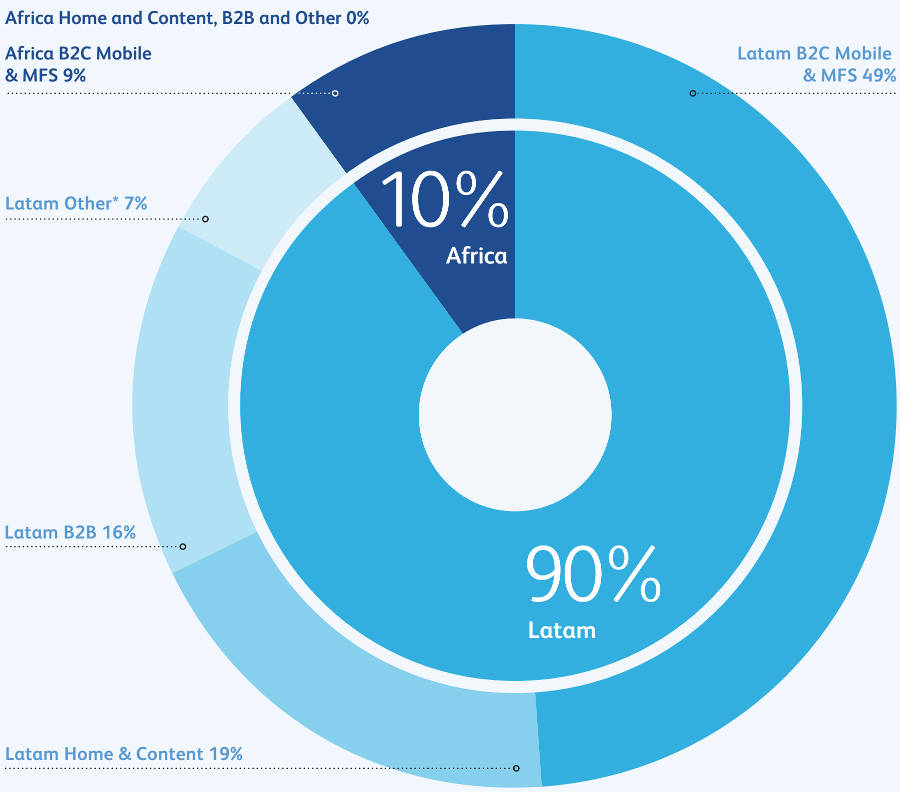
Tanzania, Chad, Ghana
B2C Mobile, B2B

We also see an opportunity to grow our B2B business. For businesses, both large and small, commercial success increasingly depends on being connected, offering online distribution and sales channels, enabling web-based customer communications and service, and operating business-critical functions in the cloud. As the economies in our markets grow, so does demand from our business and government customers for high-speed business broadband services and datacenters.

Mobile financial services

Many of our current and potential customers have limited access to traditional banking services and live in largely cash-based economies. This creates an opportunity for mobile operators to provide mobile financial services (MFS) to bridge the gap and drive greater financial inclusion. We believe the rapid uptake of MFS in some of our markets reflects the growth potential of these services in markets where banking regulation allows.

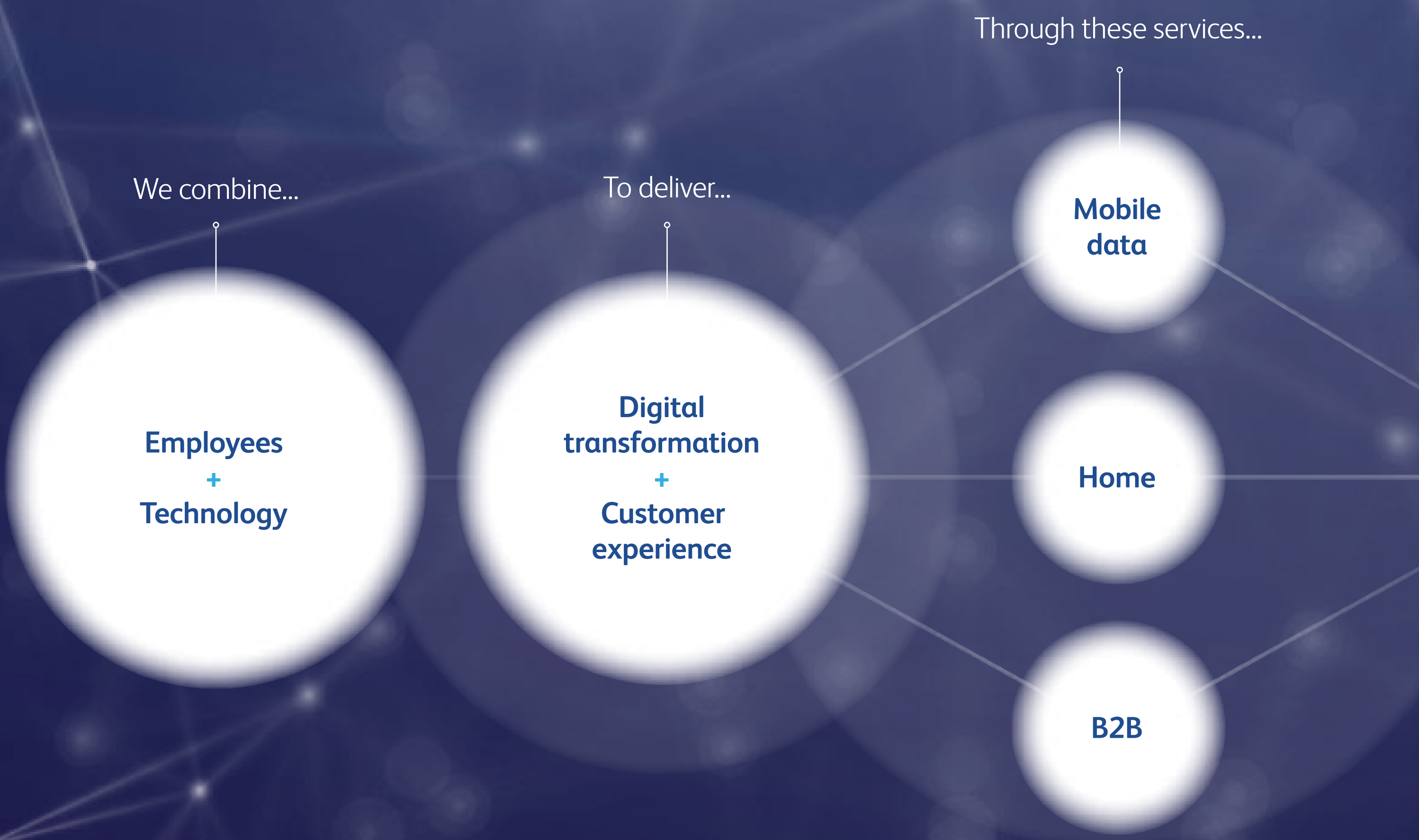
Revenue by region…



*Other revenue is mostly revenue related to telephone and equipment sales.

How we create value

To become a high-performing, high-growth, fixed-mobile convergent operator requires digital innovation, the best-connected customers, and a talented and engaged workforce.



Driving digital connectivity for tomorrow's world is at the heart of our business. We provide state-of-the-art voice, cable, data, and B2B services to customers in emerging markets. We do so in a responsible and sustainable way that benefits all our stakeholders.

By empowering our customers to join the digital highways, we are creating value for them and for Millicom.

4G mobile coverage throughout Latin America continues to grow, with 4G networks now covering more than 50% of our Latam footprint

We do this first, by building high-speed networks to support our growing Mobile data, Home and B2B businesses. For mobile, we are expanding the coverage of our 4G networks, as these enable us to deliver high volumes of data at faster speeds in a more cost-efficient manner than on 3G networks. We are also accelerating the roll-out of our high-speed Hybrid Fiber-Coaxial (HFC) fixed network.

Second, we do this by bringing the best services and relevant content to our customers, including sports, movies, video and music, through a growing number of partnerships with global and local digital content providers and media. We rely on innovation to drive mobile data adoption and usage in the price-sensitive and predominantly prepaid markets in which we operate.

Third, we invest heavily to provide a seamless and integrated experience to our customers across sales and care touchpoints that link our digital innovation and business processes with a highly engaged and talented workforce.

Providing digital connectivity is only part of the story. In many of our markets, our Tigo services are part of the national fabric, and we take that responsibility seriously. We are in business for the long haul, not simply for short-term gain. Consequently, we are deeply committed to our corporate responsibility and being agents of positive change throughout our footprint.

Doing business the right way protects the future. Our corporate responsibility framework helps to empower, protect and enhance our customers, our staff, our suppliers and as a result, our reputation and ability to create sustainable value.

To help in this, we work through a variety of partnerships with local and international organizations, such as the GSMA, UNICEF, Reach for Change and Global Network Initiative, to acquire a deeper knowledge of some of the issues we face and how best to tackle them in our markets.

Which create...

Efficiencies
+
Revenue growth
+
Customer satisfaction
+
Social progress

Read more in the Performance section of our Annual Report see pages 17-46

Chief Executive Officer's statement

"Thanks to the continuing commitment to our strategy, Millicom is well positioned to capitalize on the significant growth opportunity before us."

I am pleased to report that 2017 was a year of impressive progress against our strategy – we accelerated the pace at which we deploy our high-speed data networks, and we connected a record number of new customers.

Our financial results improved throughout the year, and our company starts 2018 with strong momentum and with confidence that our strategy is working.

In the past 12 months, we expanded our hybrid fiber-coaxial (HFC) network to pass an additional 1.3 million homes. This is our fastest-ever build rate and well ahead of our target. We also connected a record number of more than 250,000 homes, confirming our view that there is significant pent-up demand in our markets for affordable and reliable high-speed data and pay-TV services.

On the mobile front, we continue to focus our investment dollars and our commercial activity on 4G, which enables a superior customer experience and fosters increased data consumption. We added 3.7 million new 4G customers in 2017, more than doubling our 4G subscriber base during the year.

Our strategy is to provide the best data network – both fixed and mobile – in our markets.

Opportunity

We currently serve around 33 million mobile users in our Latin American (Latam) markets, but only seven million of these consume our 4G data services using a smartphone. This implies a very low 4G penetration rate of only 22%, and we are therefore taking advantage of the growing proliferation of low-cost smartphones to drive increased adoption of 4G going forward.

The same is true for cable, where our networks currently pass around 9.1 million homes out of a total of some 27 million households in our Latam footprint. Given rapid household formation and expansion of the middle-class in most of our markets, we see an opportunity to expand our network to reach at least 15 million homes over the next few years. This implies a planned 66% increase in our footprint – and yet this target still only represents slightly more than half of the total number of homes.

Finally, we see significant growth potential in B2B. In our markets, the number of small and medium-sized businesses (SMBs) has doubled in the past seven years; and under our Tigo Business brand we already serve more than 240,000 customers from the one million plus SMBs registered today. With our growing infrastructure, dedicated staff, and a unique set of assets, we have scope to grow faster than the market and gain B2B share in the majority of our Latam markets.

Convergence

As we expand the size of our HFC network, our ability to offer both fixed and mobile services provides us with another way to differentiate ourselves from the competition in most of our markets. Convergence also allows us to leverage our existing tangible and intangible assets, such as our network, our brand, and our local management talent and market knowledge, to capture business synergies, generate new revenue streams from existing customers, attract new customers, and reduce overall customer churn.

Sustainable benefits

As a leading operator in our markets, we have a unique ability to bring about positive change. While part of this is facilitating digital connectivity for everybody – and boosting the economies in the communities we serve – it is also about doing so in a responsible manner to ensure the benefits are sustainable.

That is why governance is so important and why we regard compliance in particular as an integral part of our business.

By fostering a culture of ethics and compliance from the top, across all our lines of business, we help everyone make the right decisions, and our business becomes more agile, responsive and competitive.

The more we can do to promote compliance – to our business partners, our suppliers, government agencies, employees, and everyone we work with – the more we create a multiplier effect that makes our markets prosperous places to invest, live and work.

It is equally important that we monitor and manage the risks we face in each region to ensure Millicom, our customers, and everyone we work with is protected. The Risk Management section of this report provides visibility of those risks.

Performance

Revenue of USD$6.02 billion for the year increased 0.8% year-over-year, while service revenue increased 1.2% to reach USD$5.66 billion; and EBITDA expanded 3.6% to USD$2.19 billion. Our results improved throughout the year, capped by the fourth quarter, the strongest of the year by most measures. Meanwhile, our laser-focused strategy is making us more efficient when making capital investments, allowing us to maintain our overall capex almost flat year-over-year in 2017 even as we expanded our HFC network in Latam by 65%. This improved efficiency drove a 39% increase in equity Free Cash Flow, which reached USD$356 million in 2017, compared to USD$256 million in 2016.

People

Our people underpin the strategy that is driving our success. It is important that we continue to develop a diverse, high-performance, operationally excellent, and customer-centric culture and that our talent remains best-in-class throughout the organization. We already have a competitive advantage by recruiting and retaining the best talent in the countries where we operate.

I can't be more proud of the fact that our Tigo operations in Latin America made it to the top 20 companies across industries in the Great Place to Work ranking; the only telecommunications company to do so. And I'd like to take this opportunity to thank our Executive team and every single one of our 18,802 employees who have helped deliver our success.

Mauricio Ramos
Chief Executive Officer

Read more about our Executive management team in the Governance section of our Annual Report on pages 76-79

Our strategy…

We have developed a simple and focused customer-centric strategy that will enable us to grow and prosper in an increasingly data-centric world. Our goal remains to become a high-performing, high-growth, fixed-mobile convergent operator focused on sustainable value creation.

Monetizing mobile data

Our mobile networks continue to experience rapid data traffic growth, and we are very focused on making sure that incremental traffic translates into additional revenues. Our mobile data monetization strategy is built around several key drivers:

- 4G/LTE network expansion: Our 4G networks enable us to deliver high volumes of data at faster speeds in a more cost-efficient manner than with 3G networks.
- Smartphone adoption: More data-capable smartphone devices, particularly 4G/LTE, with a strong device portfolio and post-paid strategy to enable our customers to use data services on the move.
- Stimulating data usage: More compelling data-centric products and services to encourage our consumers to consume more data, while maintaining price discipline and sustaining our mobile data margins. For example, we have introduced digital innovations with access to specific applications charged according to time-usage rather than data consumption.

Building cable

We are moving quickly to meet the growing demand for high-speed data from residential and business customers alike in our Latin American markets. We are doing this by:

- Accelerating our hybrid fiber-coaxial (HFC) network expansion: We are hastening the roll-out of our high-speed HFC fixed network while complementing our organic build-out with small, targeted acquisitions. In 2016, we expanded our HFC network to pass an additional 777,000 homes. In 2017 we've nearly doubled this, adding 1.3 million.
- Increasing our commercial efforts to fill the HFC network: As we expand the network, we also deploy commercial resources necessary to begin monetizing our investment. Specifically, the HFC network allows us to sell additional services to existing customers that drive ARPU growth over time.
- Product innovation: We drive customer adoption by expanding our range of digital services and aggregating third-party content, as well as some exclusive local and international content, enabling us to differentiate ourselves from our competitors. For example, we have agreements with local soccer teams, leagues and sports channels in Bolivia, El Salvador, Colombia, Guatemala and Paraguay to air matches exclusively on our pay-TV channels. We are committed to bringing the best content to our customers, and for that we partner with various players in the ecosystem, from studios to Over-the-Top providers (OTTs) and sports industry players.

Expanding B2B

The expansion of our HFC network as well as the development of state-of-the-art datacenters, analytics and Cloud services is also creating new opportunities for us to target B2B customers by offering a more complete suite of Information and Communications Technology (ICT) services.

Our strategy is to selectively evolve our portfolio into ICT-managed services to avoid excessive fragmentation and operational risk, while building the Tigo Business brand and differentiating ourselves through our service model and frontline execution. We believe that the small and medium-size business (SMB) segment represents a particularly attractive opportunity for growth, as SMBs digitize their business and operations using digital communications, and implement Cloud and datacenter solutions in line with what we see in more developed markets.

Digital innovation and customer-centricity

We are focusing our digital innovation on products and customer-facing developments that drive user adoption of high-speed data services such as: data monetization and video consumption, including Tigo Play; and this year's launch of Tigo ONEtv with TiVo. Through Tigo ONEtv, our next-generation user experience platform, we bring a cutting-edge pay-TV entertainment experience for our customers, with advanced personalization and recommendations, seamless integration of content across linear, on-demand, and robust multiscreen capabilities. We also provide a superior digital user experience through our Tigo Shop App for prepaid, Mi Tigo App for post-paid, and MFS.

Our focus remains firmly set on driving the adoption and enjoyment of these digital channels by our customers.

Total channel active users (m)

2017	5.1
2016	3.8

Year-over-year growth 35%

We are evolving our strong commercial distribution network to operate digitally, which we believe will improve both customer experience and operational efficiency. To enable a seamless and integrated experience across sales and care touchpoints, we are implementing a business transformation that interlinks user experience, digital innovation, business processes, and our back-end information and Communications Technology systems.

We have also adopted and deployed a net promoter score (NPS) program, designed to strengthen our customer-centric culture.

Measuring progress against strategy…

Monetize mobile data

Financial*

19.6%

Organic revenue growth[1]

2017	1,336
2016	1,101

Revenue (US$m)

Operational

3.5m

4G smartphone data users additions[3]

Build cable

Financial*

7.6%

Organic revenue growth[2]

2017	1,126
2016	1,032

Revenue (US$m)

Operational

253,300

HFC homes connected net additions[4]

Grow B2B

Financial*

4.0%

Organic revenue growth

2017	936
2016	887

Revenue (US$m)

Operational

36,000

Total SMBs customers increase[5]

17.2%

SMBs customer base YoY growth %

*These financial and operational KPIs focus on the Latin America business which represents the majority of Millicom's business in 2017 (90% of total revenue), excluding Africa which has a different business and operational profile

Corporate Responsibility

Employees who have acknowledged the Code of Conduct

96%

Read more on compliance. See pages 172-174

Children reached by Child Online Protection Training[6]

188,615

Read more on Child rightws and online protection. See pages 169-171

Women in senior management

33%

Read more on diversity. See pages 179-181

Strategic suppliers who signed the Supplier Code of Conduct

89%

Read more on responsible supply chain management. See pages 184-186

† Service revenue is Group revenue related to the provision of ongoing services excluding Telephone and equipment sales.

1 Mobile Data revenue is Group revenue related to the provision of data to residential customers.
2 Home revenue is Group revenue related to the provision of residential services such as broadband internet, TV and fix telephony.
3 Active subscribers with a smartphone and using Data in 4G network. Only residential users are included.
4 Homes passed that has at least one connected Revenue Generating Unit (RGU).
5 Number of unique accounts between 0-50 FTE and with both fixed and mobile services. Small and Medium size Business (SMB) = clients with less than 50 Full Time Employees (FTE).
6 Cumulative since 2016.

Performance...

This section provides a multifaceted overview of our performance in 2017, including a report from our Chief Financial Officer, our risk profile and how it impacts our strategy, an operational review of our regions, and a performance review of our corporate responsibility.

Chief Financial Officer's review

"Throughout 2017, we saw a steady improvement in revenue growth across the vast majority of our markets and business lines. We maintained our cost discipline and produced another year of margin expansion and free cash flow growth, and we made great strides to improve our return on capital by disposing of under-performing assets and by opportunistically refinancing some of our debt."

Chief Financial Officer's review – continued

Key financial highlights of the year[1 2]

US$m	2017	2016	% change
Revenue	**6,024**	5,979	0.8
Service revenue	**5,659**	5,591	1.2
Organic growth (%)	**0.2**	0.5	
EBITDA	**2,190**	2,114	3.6
Capex	**993**	988	0.5
Operating cash flow (OCF)	**1,197**	1,126	6.2
Return on Invested Capital (ROIC)[3]	**16.2**	13.1	NM
Net debt	**4,071**	4,181	(2.6)

1 Guatemala and Honduras businesses fully consolidated. See Additional information on page 157 to 160 for reconciliation with IFRS numbers.
2 Alternative performance measures are non-GAAP measures that are presented to provide readers with additional financial information that is regularly reviewed by management and used to make decisions about operating matters. It should not be viewed in isolation or as an alternative to the equivalent GAAP measure. See Additional information on pages 157 to 160 for definitions and reconciliations to the closest respective equivalent IFRS measures.
3 Group ROIC after corporate costs.

Revenue
Revenue was $6,024 million, a gain of 0.8% on a reported basis but a decrease of 0.4% in local currency terms. Service revenue in the full year was $5,659 million, 0.2% higher than in 2016 on an organic basis. Handset and equipment sales declined 6.0% on a reported basis, mainly a result of our strategy to focus on providing reliable and high-quality service, and to rely more heavily on third parties for the sale of handsets, where growth potential and return on investment are less attractive for us.

Gross margin
Gross profit was $4,445 million, 0.7% higher year-over-year, and the gross margin of 73.8% was stable compared to 2016, reflecting the benefit of a lower proportion of handset sales in the revenue mix, offset by modest service margin erosion in Africa.

Earnings before interest and tax
Operating expenses totaled $2,255 million, a reduction of $47 million, or 2.0%, compared to $2,301 million in 2016. For the year, we reduced general and administrative costs by $77 million and corporate costs by $18 million, and we increased spending in selling and marketing by $41 million to support revenue growth initiatives in some of our Latam markets. Smaller items explain the remaining $6 million difference versus 2016. EBITDA totaled $2,190 million, an increase of 3.6% year-over-year in reported terms and of 2.2% organically.

Operating profit
Depreciation increased 1.3% year-over-year to $993 million, and amortization of intangibles decreased 5.8% to $317 million, mostly due to the impact of the decommissioning of our fixed wireless network in Colombia at the end of 2016, which caused us to accelerate and complete the amortization of related spectrum assets during 2016. Other operating income of $39 million in 2017 compares to a loss of $38 million in 2016, primarily due to gains on the sale of towers and other assets in 2017, whereas the loss in 2016 largely reflects a $23 million impairment of assets related to a large government contract in Guatemala. Operating profit reached $919 million, an increase of 21.1% or $160 million year-over-year, compared to the $759 million reported in 2016.

Profit (loss) before tax
Net financial expenses were $471 million in 2017, an increase of $15 million year-over-year primarily due to a $17 million increase in finance lease expenses related to the leaseback of a portion of our tower portfolios in Paraguay and Colombia. Interest on our debt decreased by $20 million as a result of refinancing activity, which allowed us to extend maturities and lower the cost of our debt funding. However, these savings were largely offset by early redemption charges, which increased $18 million year-over-year in 2017 due to our debt refinancing activity, which was concentrated mostly in the second half of the year.

Other non-operating income of $6 million in 2017 compares to income of $2 million in 2016 and mostly reflects gains from foreign exchange, as the currencies where we operate appreciated slightly on average for the year. Losses from associates of $85 million in 2017 increased from $49 million in 2016 mainly due to an impairment of our investment in Latin America Internet Holding (LIH). Profit before tax increased 43.7% year-over-year to $368 million compared to a profit of $256 million in 2016, as higher operating profit was partially offset by an increase in the other non-operating items described above.

Tax
Tax expense was $252 million in 2017, almost unchanged compared to $251 million in 2016.

Net profit
Profit for continuing operations totaled $116 million in 2017, up $110 million year-over-year from $6 million in 2016. The share of profits attributable to non-controlling interests also increased to $102 million in 2017, from $38 million in 2016, mostly due to the impact of restructuring charges incurred in Colombia in 2016. Discontinued operations, which include Senegal, Ghana and the Democratic Republic of Congo (DRC), generated profits of $71 million in 2017 compared to a profit of $1 million in 2016. The improved performance in 2017 largely reflects a gain stemming from the merger involving our Ghana operations in 2017 and to the result on the sale of our business in DRC in 2016. The net profit for

Reconciliation from operating profit to EBITDA

US$m	2017	2016
Operating profit	**919**	759
Depreciation and amortization	**1,310**	1,317
Other operating income (expenses), net	**(39)**	38
EBITDA	**2,190**	2,114
EBITDA as a % of revenue	**36.4**	35.4

Performance

US$m	2017	2016	% change
Revenue	**6,024**	5,979	0.8
Cost of sales	**(1,580)**	(1,564)	1.0
Gross profit	**4,445**	4,415	0.7
Operating expenses	**(2,255)**	(2,301)	(2.0)
EBITDA	**2,190**	2,114	3.6
Depreciation and amortization	**(1,310)**	(1,317)	(0.5)
Other operating income (expenses), net	**39**	(38)	NM
Operating profit	**919**	759	21.1
Net financial expenses	**(471)**	(456)	3.4
Other non-operating income (expenses), net	**6**	2	NM
Gains (losses) from associates, net	**(85)**	(49)	74.0
Profit (loss) before tax	**368**	256	43.7
Net tax credit (charge)	**(252)**	(251)	0.7
Profit (loss) for the period from continuing operations	**116**	6	NM
Non-controlling interests	**(102)**	(38)	NM
Profit (loss) from discontinued operations	**71**	1	NM
Net profit (loss) for the period	**85**	(32)	NM
Adjusted net profit (loss) for the period	**108**	91	18.8
Adjusted earnings per share	**1.08**	0.91	18.3

Scope changes

During 2017, Millicom announced an agreement to dispose of its business in Senegal, and the results from this operation are reported as discontinued operations in our financial statements.

Also in 2017, we agreed with Bharti Airtel to combine our operations in Ghana to form a joint venture in which we retain a 50% ownership stake. The results from these operations are now accounted for as a joint venture.

Finally, we reached an agreement to sell our operations in Rwanda, but as regulatory approval had not yet been obtained as of December 31, 2017, we did not classify our Rwanda operations as discontinued.

2017 was $85 million, or $0.85 per share, compared to a net loss of $32 million, or $0.32 per share in 2016. When adjusting for non-operating items, adjusted net profit reached $108 million, or $1.08 per share, in 2017, an 18.3% increase as compared to $91 million, or $0.91 per share, in 2016.

Return on invested capital

The Group's return on invested capital (ROIC) was 16.2% in 2017, compared to 13.1% in 2016. The ROIC improvement was underpinned by operating efficiencies mainly in Latam, as well as the benefit of the tower transactions in Colombia and Paraguay, and the disposal of operations in Senegal and Ghana.

Latam

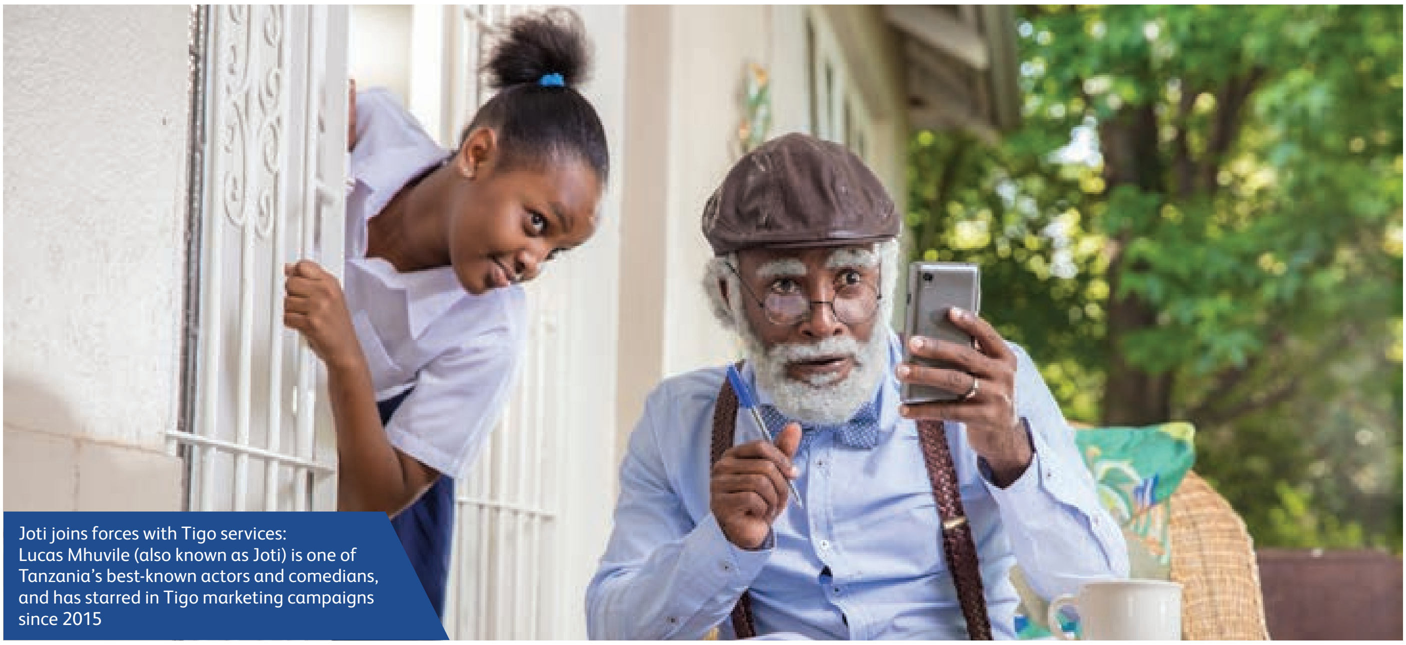
Total revenue in Latin America grew 1.7% in reported terms and 0.2% on an organic basis to $5,441 million in 2017. Service revenue increased 0.9% organically year-over-year, to $5,078 million. In our B2C Mobile unit, data revenue expanded 19.6% organically, but this was not quite enough to offset the continued erosion of our voice and SMS revenue, such that B2C Mobile revenue declined 2.4% organically for the year. Our Home business continued to perform well in 2017, with service revenue growth of 7.6% year-over-year similar to the 7.4% achieved in 2016. Our B2B unit grew 4.0% organically, with our fixed business expanding 6.8%, while Mobile was negative at -1.3%, both on an organic basis.

EBITDA in Latam increased 4.2% on a reported basis and by 2.8% organically, and the EBITDA margin increased 98 basis points year-over-year to 39.5% in 2017. The improved profitability is the result of both increased revenue and reductions to our operating expenses.

Capex for the region reached $907 million in 2017, up 5% from $867 million in 2016, due mostly to higher levels of spending on customer premise equipment (CPE) to support the growth of our Home business. Investments in our networks accounted for 88% of Latam capex, while the remaining 12% went towards IT and Other. Network investment was split approximately 63% fixed and 37% mobile. Spending on CPE increased 39% year-over-year and accounted for more than 25% of our total capex in the region. Within Mobile, the bulk of our capital investment remains focused on adding coverage and capacity to our 4G networks.

Operating cash flow (OCF) in Latam grew 4.0% year-over-year to $1,244 million, representing an OCF margin of 22.9%, an improvement of 50 basis points compared to 22.4% in 2016.

Chief Financial Officer's review – continued



Joti joins forces with Tigo services: Lucas Mhuvile (also known as Joti) is one of Tanzania's best-known actors and comedians, and has starred in Tigo marketing campaigns since 2015

Africa

2017 was a challenging year for our African operations, due to a combination of higher taxes, new regulatory obligations, intense competition and a weaker macro backdrop in some of our key markets.

Our B2C Mobile customer base declined by 1.0% or almost 175,000, mostly due to our strict adherence to new SIM card registration regulation, which caused higher levels of churn and slowed our ability to sign up new customers. On the other hand, the number of customers who use our mobile financial services increased 13.7% year-over-year to reach almost eight million at the end of 2017.

Revenue declined 7.1% on a reported basis and 5.6% organically, with the difference reflecting slightly weaker currencies in our markets.

EBITDA of $173 million in 2017 was 12.1% lower than $200 million in 2016, and the EBITDA margin contracted 212 basis points to 29.8% in 2017 from 31.9% in 2016.

Capex for the year reached $81 million in 2017, down $36 million compared to $118 million in 2016, as we continue to focus on improving capacity utilization after years of significantly investing in our mobile networks. As a result, OCF improved to $93 million in 2017, an improvement of $11 million from $82 million in 2016.

Free cash flow

US$m	2017	2016
EBITDA (excluding discontinued operations)	2,190	2,114
EBITDA from discontinued operations	58	62
EBITDA (including discontinued Operations)	2,248	2,176
Net cash capex (excluding spectrum and licenses)	(955)	(1,053)
Change in working capital and other non-cash items	(69)	2
Operating cash flow	1,224	1,125
Taxes paid	(255)	(276)
Operating free cash flow	969	850
Interest paid, net	(449)	(429)
Free cash flow	520	421
Advances for dividends to non-controlling interests	(164)	(165)
Equity free cash flow	356	256

Equity free cash flow

Equity free cash flow for the full year 2017 was $356 million, $100 million above the level generated in 2016 and more than covering the proposed Millicom Group dividend payment of $265 million. The increase stems largely from lower levels of cash capex in 2017, as higher EBITDA generation was offset by higher working capital, while lower cash taxes were offset by higher interest paid.

Excluded from cash capex and from equity free cash flow are cash payments related to spectrum and licenses, which totaled $53 million in 2017, a reduction compared to $39 million paid in 2016. Spectrum costs in 2017 include a $16 million deposit related to the recent 4G spectrum auction in Paraguay.

Assets, liabilities and equity

US$m	2017	2016	Change
Intangible assets, net	4,313	4,618	(305)
Tangible assets, net	3,971	4,205	(234)
Investments in joint ventures and associates	337	331	6
Cash and cash equivalents and restricted cash	1,095	1,103	(8)
Other (non-)current assets	1,841	1,627	214
Total assets	**11,556**	11,884	(328)
Equity attributable to owners	2,905	2,976	(71)
Non-controlling interests	964	1,095	(131)
Debt and financing	5,168	5,290	(122)
Other (non-)current liabilities	2,519	2,523	(4)
Total equity and liabilities	**11,556**	11,884	(328)

Intangible assets
Intangible assets decreased by $305 million during the year due primarily to the amortization of assets including the purchase price adjustment in Guatemala and, to a lesser extent, from the deconsolidation of our Senegal and Ghana operations.

Tangible assets
Tangible assets declined by $234 million, as the impact from the deconsolidation of our Senegal and Ghana operations, and of regular depreciation charges, were partially offset by net additions to our network equipment.

Investment in joint ventures and associates
Investment in joint ventures and associates increased slightly to $337 million, as the inclusion of our 50% stake in our Ghana joint venture was largely offset by our share in the loss of Helios Towers Africa (HTA) and an impairment loss in LIH.

Equity and non-controlling interests
Equity attributable to the owners of the company declined by $71 million mainly because declared dividends of $265 million exceeded our reported net income of $85 million in 2017. Foreign exchange translation explains the rest. Non-controlling interests declined by $131 million mainly due to the effects of dividends declared by our Guatemala and Honduras operations in 2017, partly offset by profits and currency gains.

Debt and key financing activities
Gross debt as of December 31, 2017, including finance leases, decreased to $5,168 million from $5,290 million at the end of 2016, driven by the final redemption of the 2021 Notes on October 15, 2017.

Approximately 69% of group gross debt at December 31, 2017 was held in Latam, with approximately 7% held in Africa and the remaining 24% held at the corporate level.

Finance leases of $365 million represented 7% of group gross debt, and these liabilities increased by almost $73 million in the year as we sold and leased-back towers in Paraguay and Colombia, and we renegotiated our contract with HTA in Tanzania.

As of December 31, 2017, 67% of group gross debt was at fixed rates, and 40% was in local currency, in line with our targets and in order to mitigate our exposure to currency volatility. The average maturity of our debt stood at 5.5 years, and our average cost of debt excluding finance leases was 6.2%.

Group net debt, including Guatemala and Honduras on a fully consolidated basis, was $4,071 million at the end of 2017, down from $4,181 million as of end of 2016. The decline in net debt reflects cash flow generation, as well as the net benefit from the tower transactions. Net debt-to-EBITDA, based on the last twelve-month EBITDA, was 1.86x at December 31, 2017, compared to 1.93x as of year-end 2016.

Digital connectivity for tomorrow's world... connected classrooms

Accra schoolchildren take part in Tigo Ghana's literacy drive "Raising Readers"

Tigo El Salvador's social investment programs are highlighting tech education for girls

Tigo Ghana's Digital Changemaker Ernestina Appiah teaches pupils how to code

When we signed up to the 2030 Information and Communication Technologies Alliance for the Americas, we made a pledge to provide Internet connection to 2,100 schools and public institutions across Latin America by 2030. This continues to be one of the drivers of our social investment focus.

By 2017, Millicom has provided Internet access to 1,259 schools and public institutions across Latin America and also Africa. So far, through this initiative, Millicom has given Internet access to more than 467,000 students, up from 375,000 students connected last year.

We strongly believe in the impact that being connected to the Internet can have for the education and overall lives of the children in the countries where we operate, which is why we continue seeking opportunities for investment and are determined to meet our pledge ahead of schedule.

Connected students

+25%

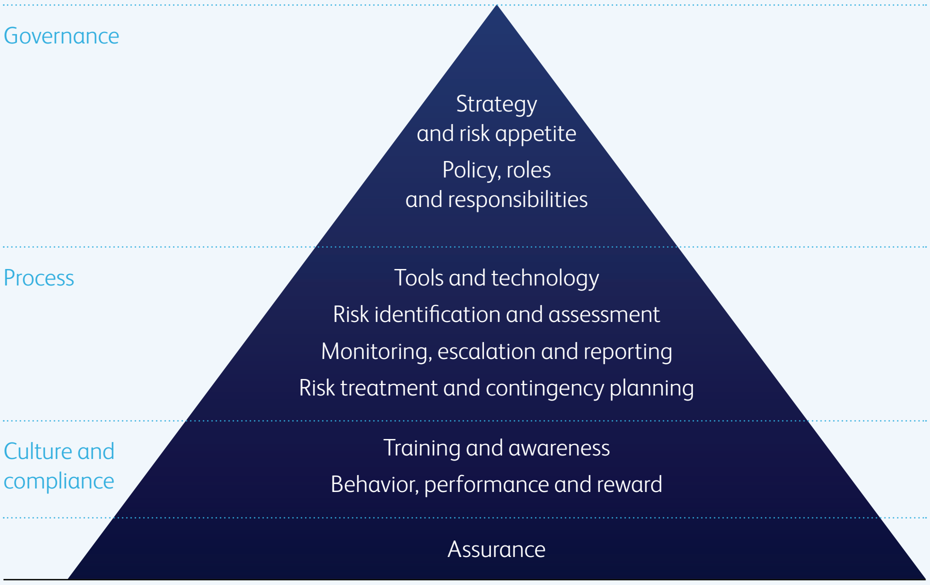
Connected schools and public institutions

+1,259

Risk management

Our approach to balancing risk with reward is carefully aligned with our business strategy to protect our stakeholders and deliver sustainable value

Risk management framework and approach



Millicom's Enterprise Risk Management (ERM) framework is illustrated in the pyramid shown above. Governance is provided by the Board and oversight by the Audit Committee, in conjunction with those who make up the team in our Risk function.

Risk management processes are embedded operationally both geographically (by country) and functionally (by business area). Risk and control culture activities are led by the CEO and Executive team, and supported by the Business Controls, Compliance, Risk, Corporate Responsibility and Internal Audit functions.

We recognize that both strategic and operating risks are influenced by both internal and external factors, some of which are outside our control, and some of which cannot be insured against. Risks are inherent in business and we accept these risks to the extent that opportunities for sufficient returns exist and that systems and controls are in place and are operating effectively to manage risks to an acceptable level.

Our approach to risk management is consistent across the entire business. Key strategic and operating risks are assessed from an overall Group perspective, as well as by individual country and business unit. Action plans that seek to balance risks with returns are developed, implemented and modified over time as the underlying risks evolve. Actions are implemented both globally and locally by country executives and key decision makers.

A network of Risk Officers is in place at the Group level and each significant operating country level. The risk function is tasked with identifying, analyzing, monitoring and coordinating our approach to balancing risk with return and reporting to the Executive team. The Audit Committee, on behalf of the Board, reviews the effectiveness of risk function activities on a regular basis.

On the inside
Over the past year we have continued to manage efficiencies and develop more effective digital solutions in key areas such as the prevention of cybercrime.

Risk landscape and appetite

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

We operate in the rapidly evolving mobile telephony and cable services business, where the pace of technological change can have a significant impact on the demand for services, and the ability of service providers to generate sufficient returns on investment. This pace of change is expected to continue as consumers seek to improve their lifestyles with new and higher quality products and services wherever they may be.

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

Evolution of risk in 2017

In 2017, Millicom continued to experience a degree of regulatory and macro-economic uncertainty in many countries. However, the significant negative impact of currency movements experienced in 2016 (particularly in Colombia) was not repeated.

The past year continued to see the rapid transformation of our business and in our geographic footprint – both internally, as we manage efficiencies and develop more effective digital solutions, and externally, as we build fixed networks at unprecedented pace, and bring more customers into the digital data experience. We carefully focus on those risks that most closely reflect the execution of our strategy to facilitate this transformation and growth.

Information and network access security, and in particular the protection of customer data, continue to emerge as significant risks for all consumer-based businesses. With the increased global threat of cybercrime, and denial of service attacks, in 2017 we allocated additional specialized resources and executed a number of prevention-related projects and controls to increase our defences in this area.

Risk assessment and measurement

Our risk assessment and measurement activities are performed from both top-down and bottom-up and both functional and geographic perspectives. Risks are identified and managed, from strategy and strategic direction at Board and Senior Management levels, down to specific transactional processes by business owners in our operating countries.

During 2017, Millicom continued to refine the way in which risks are classified and these fall within five broad categories: strategic, financial and competition, operations and execution, political and regulatory, governance, compliance and reputational. While we manage and monitor many more risks within the Millicom risk universe, we have highlighted as follows, areas of risk that were a key focus and significance to Millicom in 2017.

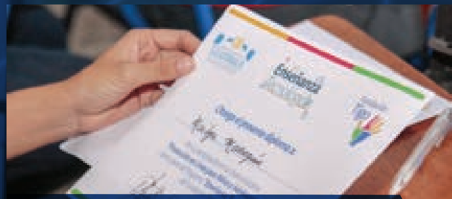
Risk management – continued

Competition and Customer Experience	Demand for new and a wider range of products and services has created opportunity, but added complexity. We also face markets which are now saturated in terms of mobile operators and mobile penetration rates. Choices of product and service, development and delivery (internal, strategic partnerships, acquisitions) are carefully considered to fit with business objectives, size of opportunity, expected payback, and ability to deliver. We strive to deliver a first-rate customer service, and are never complacent. Poor customer experience could dramatically affect our reputation and our ability to compete effectively in our markets. To ensure we continue to improve our quality, and being mindful of evolving customer demands, we use a variety of tools including customer engagement, local and regional trends, and consumption patterns to identify and improve access channels. We have standardized and digitized our customer experience metrics across all markets to provide a consistent and positive experience and make it easier for customers to promote and receive instant feedback.
Financial and Macro-economic	Unfavorable macro-economic conditions (including local currency devaluation against the US dollar, inflation and other factors impacting consumer spending power) may reduce customer ARPU and impact our dollar-based results and cash flows. Our cash flow planning process involves careful analysis of the timing and amounts of cash flows required to service Group level debt while balancing cash flow needs of each of our operations. The diverse geographical spread of the countries, economies and currencies in which we generate revenues and cash flows reduces our exposure to fluctuations in individual countries or currencies. We repatriate cash as early as possible.
Political and Regulatory	Lack of transparency and predictability in regulation and regulatory and tax rulings can lead to associated penalties and reputational damage, as well as operational change requirements. We constantly monitor and review potential changes in regulations. Efficiency programs are sought in all aspects of our business to offset the impact of newly introduced or expected changes in taxes and regulations. Indirect taxation and regulatory pressure through tariffs, taxes and service penalties continued to increase in 2017. In Chad, for example, legislation was enacted requiring a tax of 18% to be levied on revenue. As a result, we were forced to increase our prices.
Technical Transformation and Convergence	Failure to set up business structures and models that facilitate efficient and effective operations could negatively impact competitive positions, and business value. Millicom has now evolved from a traditional mobile operator to a provider of a comprehensive range of services through fixed line, mobile, satellite, and MFS platforms. As we expand our HFC networks, our ability to offer convergent services is enhanced, and we are investing to deploy IT solutions that allow us to efficiently market and support convergent solutions for our customers. We expect that convergence will help differentiate us in the marketplace and will increase customer satisfaction and loyalty, thereby lowering customer churn and costs. Our focus on convergence also reflects our expectation that future network deployments, such as 5G, will require significant fiber network capacity and capillarity, as well as the spectrum, radio, and other components of today's mobile networks. In essence, we expect future networks to be convergent by nature.

Portfolio Management	The acquisition or retention of businesses either poorly aligned to strategy, or which are overpriced, risk bringing lower than required return on investment, and inefficient allocation of capital and resource. Opportunities to acquire, merge or divest businesses are carefully considered in light of market dynamics, portfolio balance and long-term value creation. This year, as part of this process, we have reached agreements to sell our operations in Senegal and Rwanda, and merged with Bharti Airtel in Ghana.
Networks and Infrastructure Resilience	Our customers rely upon our networks to provide them access to the services they need on a daily basis. Any disruption to that service, or compromised ability to restore services to customers in acceptable timeframes, needs to be minimized to reduce any consequential loss of revenue, impact on customer experience, and cost of restoration to required levels of service. Our network resilience controls, and mitigating activities include network redundancy, as well as business continuity management plans which are tested on a regular basis.
Cyber Security and Data Protection	Information security and data protection are increasingly placing a burden of compliance and responsibility on companies such as Millicom who retain, handle and process sensitive customer data. Our network and IT system development processes include regular assessments of threats and vulnerabilities to security breaches, and deployment of resources to mitigate those risks.
Spectrum and Licenses	The availability of licenses and spectrum is limited, closely regulated and can be expensive. We may not be able to obtain these from the regulator or third parties at all or at a price that we deem to be commercially acceptable given competitive conditions. Our license and spectrum planning are critical components of our mobile business. Renewal/retention is often negotiated in initial allocation contracts and opportunities to acquire new spectrum are carefully considered in terms of spectrum quality, fit with network needs, and driven by customer demand.
People – workplace and wellbeing	Most of our employees live and work in emerging markets. Many of these countries have security issues, including civil unrest, armed and organized criminal activity and, to a lesser extent, the threat of terrorism. As a result, staff are sometimes exposed to situations which may threaten their personal security. We manage the health, safety, and wellbeing of staff based on international (OHSAS) standards, industry best practice, as well as advice and support from local authorities. With a central security and safety team, we have empowered and trained operational teams, and every market has a professionally trained and certified physical security and health and safety officer. All our third-party partners must also abide by our security and safety standards.
Compliance and Ethics	A lack of accountability and discipline in ensuring sufficient anti-bribery, anti-corruption and anti-money laundering procedures and controls could have a catastrophic effect on our business. It could result in potential penalties, fines, reputational damage, and operational restrictions. We have zero tolerance for bribery and corruption in all of our business dealings. Through clear policies, risk awareness training and monitoring activities, we ensure that all our staff are aware of the risk to them as individuals and to the Company and know how to act if faced with the risk. Our Global Compliance and Business Ethics team works closely to follow up on all concerns raised. We also work with our suppliers and other third parties to ensure they have clarity on our principles and policies in this area.

Digital connectivity for tomorrow's world... connected responsibly

Tigo-hosted workshops are raising awareness around child rights, privacy and freedom of expression



Enseñanza Tecnologica (education in technology) training certificates, awarded by Fundacion Tigo

During 2017 we trained 121 suppliers in Latin America on key issues like Child Rights, Health and Safety, Anti Bribery and Anti Corruption (ABAC) and Eco-Efficiency, amongst others. This training program consisted of eight face-to-face training sessions as well as onsite visits totaling more than 45 hours of training for each supplier.

These suppliers were chosen for being key to the company's activity and also for being categorized as being of risk to Millicom's corporate responsibility.

Suppliers who graduated from this program have gone on to create policies and procedures aimed at reducing their risk to corporate responsibility standards. This has allowed them to better compete in the market place.

Suppliers trained on ABAC and CSR policies

121

Training hours per supplier

45

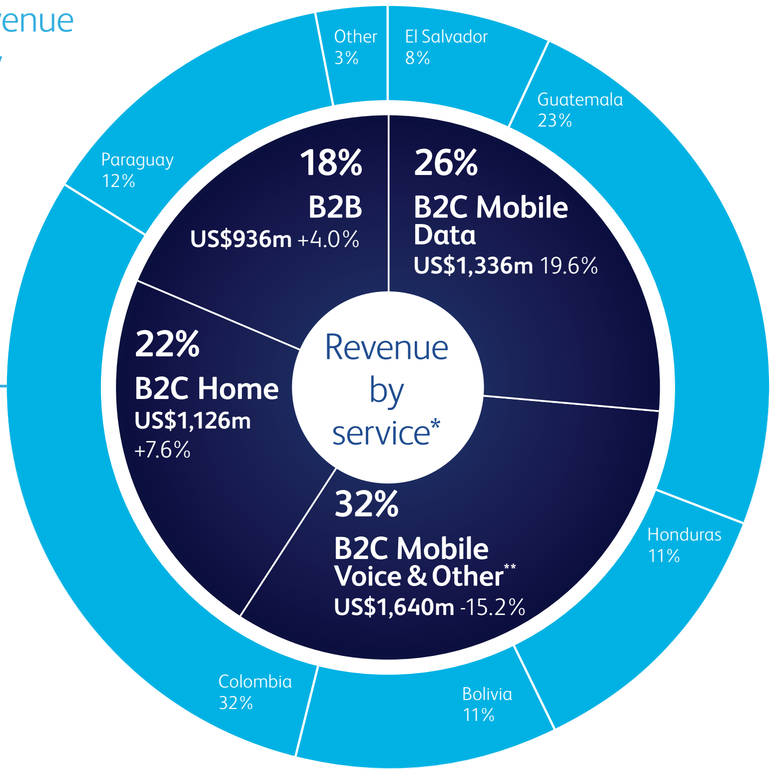
How we are doing in Latin America...

Our Latin American footprint covers eight countries and contributes 90% to Millicom's Group revenue. Our Tigo brand has often become part of the national fabric. Our strategy has paved the way for positive revenue growth as we continue to build the digital highways across the region.

5,078
Service Revenue
Organic growth +0.9%

2,151
EBITDA
Organic growth +2.8%

Service revenue by country



The financial information is based on the Management reporting numbers, with Guatemala (55% owned) and Honduras (66.7% owned) as if fully consolidated. See Additional information on pages 157 to 160.

* Other service revenue non-allocated to the Business Units includes revenues from towers rental and contact center services.

** Other includes SMS, Mobile Financial Services (MFS), other VAS services and Visitors roaming revenue; DVNE, DVNO, MVNO network access revenue and other small atomized items

More than 60,000 people attended Tigo Music's three-day international Estereo Picnic festival in Bogota #FEP2017

We have deep roots in many of the countries where we operate. In some cases, we have been providing services for 25 years. Where we work we are committed to growing our presence and supporting their economic and social development.

Our goal

Our goal remains to become a high performing, customer-centric, high-growth fixed mobile convergent (FMC) digital operator in Latin America. We want to be the leading provider of digital services and content to promote and develop the adoption of The Digital Lifestyle by our customers.

Our markets

Millicom is well established in Latin America and has developed strong connections to the countries where we operate, helping us achieve our goals. In many of our markets we are one of the largest employers in the country, and have robust talent identification programs that help us fill our management ranks with local employees who know our markets best. Our expertise can only come from decades of working in our communities, all of which contribute to our success.

We are also one of the largest tax payers in each of the markets we operate in.

Thanks to our local commitments, we have a historically strong position in our markets with a revenue market share near or above 40%, with the exception of Colombia where we are the challenger.

Our services

We provide Mobile Voice, SMS, and Mobile Data services through our 2G, 3G, and 4G enabled wireless networks in El Salvador, Guatemala, Honduras, Bolivia, Colombia and Paraguay.

Our fixed business provides television and Internet in El Salvador, Guatemala, Honduras, Costa Rica, Bolivia, Colombia, Paraguay and Nicaragua, and wireline voice in El Salvador, Guatemala, Honduras, Costa Rica, and Colombia. We provide these services through a mix of technologies, but are increasingly focused on expanding our Hybrid Fiber-Coaxial (HFC) network which offers the best customer experience and highest quality service in our markets.

Revenue reconfiguration

As our customers' expectations change and the appetite for Mobile data and fixed Internet grows while use of legacy services such as Voice and SMS decline across the world, we have been adapting our business to the new reality by focusing on bringing high quality Internet access to more customers and providing more services to the corporate segment. This focus is paying off and in the second half of 2017 revenue grew 19.6% year-over-year for mobile data and 11.8% in fixed, more than compensating for the decline in legacy revenue.

To drive this reconfiguration we have been investing heavily in our mobile and fixed networks and expanding our service offering for businesses.

For Mobile, over the past year we have expanded our 4G Points of Presence (PoP) by 53%, and increased our 4G network coverage to more than half of the population in our markets. This has allowed us to more than double our 4G smartphone users to 6.9 million in the region.

In addition, we have grown the size of our Fixed HFC network by 18.1%, adding almost 1.3 million Homes Passed, reaching 56.3% of our 15 million opportunity. We have also been filling this network with subscribers, adding more than 250,000 HFC Homes Connected in 2017 and 673,000 HFC Revenue Generating Units (RGUs) in our Home business.

Over the past six years we have created a near billion-dollar Tigo Business revenue stream, and seen the segment grow rapidly as we continue to expand our infrastructure and service portfolio to become the first-choice partner for the diverse range of private and public clients in the markets where we operate.

One example of this expansion is in Colombia where we inaugurated a Tier-3 datacenter in Q4 to expand our portfolio of Cloud services. This way we now include Infrastructure as a Service (IaaS) and Platform as a Service (PaaS) to support our clients by backing up and managing their critical information.

In addition, we continued presenting relevant new technologies to business leaders and current and potential clients through hosting Tigo Business Forums, to show how we can support our clients' growth and their transition to a digital environment.

This approach of building, educating, and partnering helped us grow our client base by 16.4% in 2017.

Latin America performance review – continued

Our results

Our strategy is starting to pay off as service revenue has grown by 0.9% year-over-year in 2017 but year-over-year by 2.3% in Q3 and by 3.1% in Q4. This growth has been driven by our 12.9% year-over-year growth in strategic service revenue (Mobile Data + Home) and 6.4% growth in subscription revenue (B2C Postpaid + B2C Home + B2B). This reconfiguration, along with a series of efficiency initiatives whose effects will be felt even more in the future, has helped us drive EBITDA growth by 2.8% year-over-year.

Within each business unit our results were also very positive.

B2C Mobile service revenue declined by 2.4% year-over-year due to the drop in legacy revenue, but growth improved to 0.2% in Q4 as Mobile data fully compensated for the decline in legacy Voice and SMS revenue.

This compensation in mobile revenue is the result of our strategy to connect more users with 4G through smartphones. With this strategy, B2C Mobile data revenue grew 19.6%, driven by our addition of almost 3.5 million new 4G smartphone data users bringing our total close to seven million. These customers are particularly important and are proving our strategy as they use over 50% more data per month when they migrate from 3G to 4G.

In our Home business, our investments in building new fixed HFC infrastructure are paying off. This year we passed 1.3 million new homes with HFC and connected more than 250,000 new homes with 673,000 new HFC RGUs. This strategy, combined with renewed focus on bundling, has driven Home service revenue up by 7.6% this year. At the same time, we have increased our differentiation in the market with the launch of our next generation TV service, Tigo ONEtv, in Colombia, which we plan to deploy across the rest of our markets in 2018.

Customers first

As our markets become more competitive, we are responding by retooling our operations, touch points, and processes to align with our customers' needs and wants. This focus on our customers is central to our continued success, and it touches everything we do.

Digital innovation

We operate in fast-moving and competitive markets and sell our products through some of the largest commercial distribution networks in the region and interact with millions of customers every day through our stores, call centers, and online portals. With our need to respond quickly to market changes and customer needs, we continuously develop and implement solutions across our business to improve efficiency and serve our customers better.

In 2017, for our B2C Mobile customers we developed the Tigo Shop and Mi Tigo apps that allow customers themselves to answer the most common questions and permit us to know our customers better and communicate with them more effectively. Internally we have put in place high performance data platforms to speed up transaction times. These also give us the ability to perform just-in-time marketing campaigns to support our fast-moving commercial business. For our front-line staff we provide state-of-the-art digital care tools that allow for greater customer understanding and more personalized care.

In 2018 we will continue improving our internal processes and procedures to help us be more lean and better able to serve our customers.

A member of our communities

Corporate responsibility is an integral part of our business success and strategy. The very nature of our relationships with many of our countries means that our growth is intrinsically linked to theirs. When they grow, we grow.

Therefore, supporting local development is not simply a side effect, but a shared goal, inextricably linked with our business.

We work with key stakeholders in understanding where we can make a difference in the communities where we operate, where we can have greater positive impacts in people's lives and how we can work together to bring them the benefits of the online world through an understanding of a productive and responsible use of online tools.

We understand the significance of incorporating corporate responsibility principles throughout our organization and throughout our value chain. That's why for example we work closely with suppliers, promoting sustainable practices that will make them more competitive while managing our own risks.

> **Building, educating, and partnering has helped us grow our client base."**

Tigo Bolivia's customer service network features more than 2,800 agents nationwide in addition to customer care centers, flagship stores and Tigo branches

Tigo ONEtv:
Bringing the next generation of TV to Latin America

The future is now. We continue to enhance our products and services through convergence-focused IT capabilities that bring entertainment to our customers' fingertips.

2017 marked an important milestone in the way Millicom offers TV content to customers. In collaboration with TiVo Corporation, we launched Tigo ONEtv in Colombia, with plans for expansion across the rest of our Latin American markets. This cutting-edge service, a first in the region, combines a high-quality entertainment experience with advanced personalization and recommendations, seamless integration of content, and robust multiscreen capabilities.

As pay-TV, fixed line broadband and mobile continue to grow at a fast pace in Latin America, Tigo ONEtv caters to a very real need in our customers' lives providing them with content that they value.

Millicom has therefore integrated content from cable television and video streaming websites under one roof. With an offer that includes content from Sony's Crackle, FOX, YouTube and HBO, customers can now watch a full range of content, integrated through one set-top box, using one remote control.

Tigo ONEtv is enabling Millicom to effectively address its diverse customer segments and take advantage of the opportunities offered demand for content.

Since its launch in mid-September 2017, more than ten thousand homes have accessed the service across Colombia. We will roll it out to the rest of our Latin American markets during 2018. With the increasing rollout, and by expanding the possibility of streaming lineal channels out of the set-top box, Millicom positions itself as the provider of choice for content among customers looking for a personalized and integrated experience.

Latin America performance review – continued

> Millicom creates value by being proactive to change."

Marc Beuls,
CEO, 1997


During the 1990s Millicom reported simultaneous interests in more than 20 countries worldwide, as rapid economic development created significant demand

1991
President Jaime Paz Zamora places Bolivia's first mobile call

1992
Paraguay and El Salvador launch their first mobile network services

Telecel (later Tigo) becomes first mobile operator in Paraguay

1997
Pre-paid SIM cards launched in ten markets, first in Latin America, no contract needed

CPP (Calling Party Pays) products launched

70 million Internet users worldwide, according to the International Data Corporation (IDC)

1999
Wireless Personal Communication Service (PCS) phone systems introduced, providing faster mobile Internet access

2000
Tigo Paraguay launches Internet Service Provider brand Telesurf, for faster wireless Internet access

2004
Millicom's commercial Tigo brand is launched; inspired by an abbreviation of the Spanish word "contigo" ("with you")

2005
Enhanced Data GSM Environment technology launched to speed up data services

Tigo revolutionizes mobile service affordability with charge-per-second and mini-charge products

2006
Millicom is the second best performing stock on the NASDAQ

2007
Growth in data services for Blackberry and WiMAX

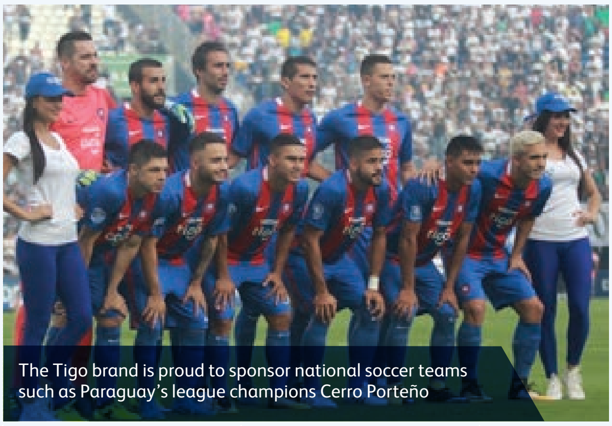
iPhone launched thanks to ARM 11 chip

Paraguay's fiber optic network goes nationwide

Micro recargas (micro recharges) from $500 pesos

Millicom shares listed on Nasdaq Global Select Market

"Triple A" strategy in place: Affordability, Accessibility and Availability



The Tigo brand is proud to sponsor national soccer teams such as Paraguay's league champions Cerro Porteño

Millicom has been on a transformational journey."

Tom Boardman,
Chairman, 2018

25 years of innovation

2008

3G and 3.5G networks launch in key Tigo markets

Acquisition of Amnet in Central America adds residential cable network services to Tigo portfolio

Mobile money platform Tigo Cash launches in Paraguay

2009

Open-band phones launched to market

Devolvato campaign rewards customers with minutes to the value of their purchased phone

Broadband penetration in Latin America at 4.9%

Paraguay has access to international Internet backbone

2010

USSD communications protocol for more responsive messaging services

First Tigo Fest (multi-artist concert)

2011

HSPA+ (3G tech known as Evolved High Speed Packet Access) in Colombia

Smartphone purchase prices fall below US$100

"Paquetigos" voice and SMS customized packages

High Definition tv channels on-air in Costa Rica

New fibre optic cable connects Bolivia to international networks

Tigo Mobile Financial Services (MFS) launch in El Salvador

Navega acquisition expands fixed line B2B services

2012

Unlimited music streaming service (Tigo Music)

Colombia concession contract renewed for ten years

International remittance services in Guatemala

Tigo launches Mobile Financial Services (MFS) in Guatemala and Honduras

Tigo TV soccer coverage in HD

2013

4G LTE network in Colombia / shared spectrum with Empresa de Telecomunicaciones de Bogota

Tigo Money launched in Bolivia

B2B services unveiled via new Tigo Online platform

2014

TigoUne merger completed in Colombia

Tigo Star broadband and cable network launched

First Tigo Business Forum hosted in Guatemala

FIFA World Cup App launched

Direct to Home satellite technology launched in Bolivia

4G LTE launched in Honduras and Bolivia

Tigo Sports Paraguay launched

LatAm's first Child Online Protection workshop, hosted in Paraguay

2015

Exclusive social media partnerships announced

Tigo Guatemala introduces 4G

Tigo Sports App launches in key markets

Tigo Shop App launch

Tigo passes 60 million mobile customers, operating in 15 markets

2016

506k Homes Passed added to fixed-line network (4 new cities)

Tigo Play launch in Guatemala

NETFLIX partnership and residential services bundles

All you can App launch in El Salvador

First Tigo Business Forum exclusive for SMBs

First state-of-the-art Tier 3 data center

Tigo Paraguay launches Telemedicina

Tigo El Salvador's "connecting schools" program wins LatAm region CEMEFI award for best practice in public / private sector alliance

Millicom's 25th anniversary film The Digital Torch wins global PR award for Best Employee Communications

2017

Tigo launches fully convergent, next-generation TV service ONEtv

Titanium Tier 3 datacentre opens in Colombia

Tigo HFC cable network in LatAm adds 1.3 million homes passed. New record!

Tigo Sports unveils new central broadcasting center and recording studios in Asuncion, Paraguay

Tigo Guatemala launches App by App

Millicom operations sign GSMA's Connected Women Commitment initiative

Tigo LatAm operations partner with Crianza Tecnologica as part of Child Online Protection program

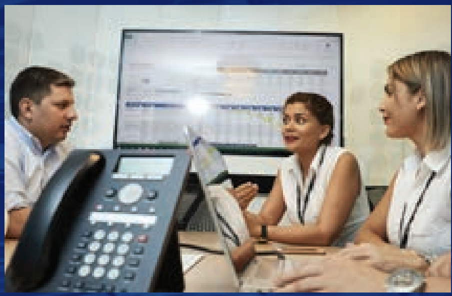
Tigo ranks for the first time among top 20 multinational companies across all industries to work for in Latin America, in Great Place to Work (GPTW) awards

Tigo Paraguay (3.6 million customers) celebrates 25 years of service

Business Impact on Child Rights assessment tool co-developed by Millicom / UNICEF for wider use within the mobile network industry

Digital connectivity for tomorrow's world... connected business

"The Internet of Things – connecting your business to the future". Tigo Guatemala hosts its annual Tigo Business Forum.



Empowering our Business Customers
Through Tigo Business we empower our business customers and support them as they strive for greater innovation, cost reduction, process optimization or growth.

To illustrate, when Shell Guatemala needed help with reducing the monitoring and patrolling costs of their service station and delivery trucks, we created a tailor-made solution.

It was important for Shell to retain the real-time analytics, video footage and GPS location of their distribution system while the trucks were moving. They also wanted secure storage for their data.

Our solution focused on data linking and Cloud storage using our state-of-the-art datacenters, with optimized video analytics.

We installed cameras in 110 stations with a direct connection to Tigo Cloud , allowing operators to monitor footage in real time, with every second of data safely stored for a month. We also installed a GPS device and cameras on 30 delivery trucks, which transmit data through a dedicated fiber optic link.

Number of SMBs within Tigo Guatemala's fiber network footprint in Guatemala City

25,000

Tigo Business Guatemala is the market leader for large companies

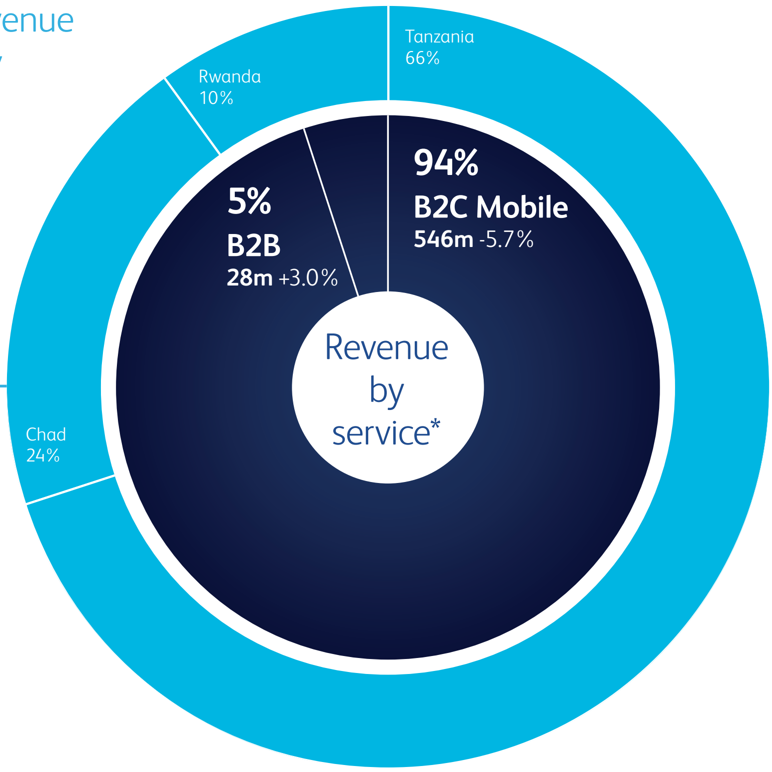
How we are doing in Africa...

Our Africa operations deliver around 10% of Millicom's Group revenue. We are continuing to accelerate and monetize mobile data, while growing our B2B and Mobile Financial Services capabilities.

580
Service Revenue
Organic growth -5.5%

173
EBITDA
Organic growth -12.1%

Service revenue by country



Revenue and EBITDA organic growth represents year-over-year growth in local currency at constant perimeter.
See Additional information on pages 157 to 160.

*Other Service Revenue non-allocated to the Business Units includes revenues from towers rental.

Since 1995, Tigo Tanzania's commitment has been to ensure everybody can enjoy the benefits of mobile technology. We currently cover 80% of the population

Our markets and goals

While business in Africa continues to be extremely challenging in parts, we have seen growth in revenue driven by data, B2B and MFS.

One of our goals is to continue focusing on the High Value Segment, retaining and growing our existing customer base which accounts for 50% of our revenues. We have deployed our efforts on increasing data and MFS penetration in this segment.

We are also focusing on the youth market (who account for more than 40% of the population in the region) with the launch of dedicated value propositions targeting young people in Chad as well as social packs across our markets.

Increasing mobile data connections and smartphone adoption will help us continue executing our strategy to monetize data and strengthen our MFS and B2B services.

Our revenue from voice over the past year has been flat or in decline, especially driven by a decline in net revenues in Chad and competitive pressures in Rwanda, but this has been mostly offset by the diversification of our offering.

MFS continues to offer opportunities for growth as we continue to optimize our agent network across our markets and develop the ecosystem. With an active subscriber penetration greater than 45% of our base, MFS also helps us to retain subscribers and uplift their ARPU through access to a wider range of services.

Mobile data revenues continue to show year-over-year growth driven by an increase in data penetration and smartphone adoption. We also saw a substantial increase in our 4G subscriber base driving higher data usage and ARPU.

Our B2B services are also gaining traction and our growing reputation as an innovative and reliable information and communications technology provider has enabled us to make significant inroads within the corporate sector as well the public sector. We have strengthened our position with the launch of innovative solutions, the rapid development of our direct and indirect sales channels as well as investments in fiber networks and datacenters to provide future proof services to businesses in Africa.

A major milestone has been the delivery of positive equity free cash-flow for the first time. Most of our operations are now self-funding as our strategy maintains momentum.

We continue to operate in Tanzania and Chad and we have a joint venture in Ghana with Bharti Airtel. In 2017, we discontinued our operations in Senegal and we signed an agreement to sell our operations in Rwanda.

In Chad, pressure on revenue was increased following the introduction of an 18% tax on revenue, forcing us to raise our prices. While our customer numbers increased and their spending went up, our net revenues fell.

The introduction of stricter controls around customer identity in Tanzania, our biggest market, has also had an impact on subscriber numbers as compared to 2016. The process is now electronic and since its introduction, sales of SIM cards have fallen by a quarter, although in Q4 this was offset by churn reduction, recovering growth prospects for 2018.

Nevertheless, after a challenging first semester Tanzania delivered a stronger performance in the second half of the year, following a number of commercial actions, and improved customer experience that increased ARPU and accelerated growth in data, MFS and B2B.

Our results

The number of B2C mobile customers at the year end was above 17 million, while operating cash flow increased 16% to US$93 million with an EBITDA of US$173 million – a fall of 12.1%.

> **"Our turnaround plan in Tanzania had positive impact on revenue growth."**
>
> **Mohamed Dabbour,**
> Head of Africa

Africa performance review – continued

The Tigo brand is a major contributor to national economies as a top tax payer and as a major investor in infrastructure, goods and services

Mobile

B2C Mobile accounts for 94% of our African service revenue which this year is down 5.5% at US$580 million, as the number of customers dipped slightly to a total of just over 17 million. This was largely as a result of taxation in Chad and competitive pressures in Rwanda.

B2C ARPU slightly declined by 4.4% to US$2.6.

MFS revenues have grown 11.5%, with Tanzania as our biggest growth contributor, driven mainly by increased ARPU and transactions as a result of improved customer engagement and partnerships.

Efforts to increase mobile adoption and effectively monetize traffic yielded a 14.4% year on year growth in data revenues while mobile data penetration increased to 31%. Smartphone penetration increased to slightly over 20%. 4G subscribers reached 0.3m.

> **Our impact in accelerating financial inclusion continues to be significant."**
>
> **Mohamed Dabbour,**
> Head of Africa

Tigo Korosho: an innovative solution for rural farmers to access financial services

Tigo Tanzania launched Tigo Korosho, the first of its kind mobile money payment system specifically for cashew nut farmers, and has entered into a contract with 40 cashew nut Agricultural Marketing Cooperative Unions (AMCOs) to have their payments for the 2017/2018 season transacted directly via the innovative Tigo Korosho service.

Tigo Korosho offers farmers the reliability of receiving their payments on time whenever expected, security of receiving their payments directly into their mobile accounts thus eliminating the hassle of traveling and risk of carrying cash, and the efficiency of being able to receive and access their cash from anywhere in the country, enabling them to conduct transactions through their mobile phone.

So far payments worth TZS 90m (US$755,000) have already been disbursed to 10 AMCOs, giving the farmers added convenience, security, efficiency and proximity for them to access their money from our Tigo brand's wide and secure network of Tigo Pesa agents.

This project aims to effectively address the long-standing issues of delayed payments to cashew nut farmers as well as the issue of access to financial services for rural communities.

> "We are proud to contribute to the digital transformation of Africa"
>
> **Mohamed Dabbour,**
> Head of Africa

B2B

Our enterprise division, focused on meeting the needs of all business segments within our footprint, continues to deliver growth, up 3% this year with revenues of about US$28 million.

Over the past two years, Tigo Business has transformed from a pure value challenger to a world-class solutions provider now recognized for its high quality of service and future proof technologies. In 2017, Tigo Business secured landmark, multinational deals by delivering the only state of the art datacenter facilities in Chad, Ghana and Tanzania. Tigo Business now serves almost 130,000 business customers in Africa.

People

Our succession planning has helped us through several leadership changes this year and allowed us to promote from within in the majority of cases. We now have a stable and strong cadre of leaders throughout all our operations.

Training was a key focus throughout the year. Almost all staff were involved in a range of opportunities from sustainability to anti-bribery and corruption training to modules on compliance, diversity and change management.

Corporate responsibility

We feel a powerful responsibility to support all the communities in which we work. When countries do well, so does Tigo. We are committed to improving social, digital and financial inclusion across our footprint and invest in a large number of diverse corporate responsibility projects.

This year our partnership with Reach for Change celebrates five years of driving locally-led development of youngsters in Africa. Since 2012, the partnership has supported 194 young social entrepreneurs who are bringing innovative solutions to improve communities and who have in turn improved the lives of nearly 900,000 children in Africa.

To mark the event, we have created a special 5th anniversary social impact report

Information and communications technology training for women in Chad

It is essential for Millicom to increase the participation of women in the growing mobile economy and to unlock significant commercial and socio-economic opportunities for them through access to mobile internet and mobile financial services.

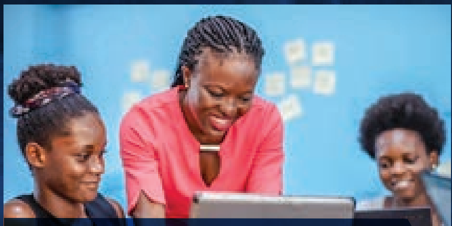
That's why Millicom is taking concrete actions to accelerate digital and financial inclusion for women and help them advance.

In Chad, Tigo partnered with the Women's association liaison unit (CELIAF) to train women in the use of digital technologies.

The goal is to familiarize the 16,000 members of the CELIAF with information and communications technology tools through 'train the trainers' sessions taking place across the country.

CELIAF members are also receiving training on Tigo products and services via Tigo Sales School, giving them an opportunity to become sales agents and sell Tigo products in their communities.

The Tigo brand is transforming the lives of young generations through Internet connectivity and supporting improvements to their learning environments


Regina Honu won Tigo financial and business support for her Tech needs Girls program


Technidev is promoting gender equality in Chad by empowering girls with tech skills

Reach for Change's relationship with Millicom started with Millicom being one of the co-founders of Reach for Change in 2009 alongside Kinnevik and other key members of the Kinnevik Group (MTG, Tele2 and the Stenbeck Foundation).

The goal was to set up an organization that could take entrepreneurial leadership which is the DNA of Millicom and the other organizations in the Kinnevik Group and apply it to social issues for the benefit of children. Currently Reach for Change is an independent foundation operating in 17 countries and Millicom and the other co-founders are represented on our board of directors and make financial contributions to the organization.

In addition in 2012 Millicom also began to work with Reach for Change in its African operations to bring the success the organization had achieved in Sweden to Millicom's African operations. The Tigo Digital Changemakers competition is designed to create social impact in a way the also drives Tigo's business objectives. The Reach for Change team also supports Millicom with strategic social investment tasks as requested by Millicom.

Digital connectivity for tomorrow's world... connected communities

At Millicom, it's not about how much we spend on social investment efforts. It's about how much we can be a responsible leader and agent of positive change in the communities where we operate.

Growing responsibly and with purpose

We think of our core business as promoting social good. By building the digital highways of the future, we become agents of positive change in our markets. Our commitment to corporate responsibility is central to our success as a company, it enhances and protects our customers and the communities in which we operate. By monitoring and measuring our eight most important corporate responsibility topics, we help not only to safeguard our reputation but we also enhance our ability for ongoing development and success.

How corporate responsibility contributes to our success...

We regard corporate responsibility as integral to our business and, consequently, as a fundamental part of our strategy. Our aim is to move beyond compliance and industry standards to nurture and embed a culture of social responsibility that extends to every touchpoint of our operations.

There are many benefits created through mobile communications. By operating in emerging markets, we are in an excellent position to empower people with our services and to positively influence social and economic development in our markets.

Our corporate responsibility strategy has three long-term objectives:

- Measure the success and health of our company beyond financials;
- Promote, protect, and strengthen our reputation; and
- Demonstrate thought leadership in areas that couple with business success.

In 2017, we continued to focus on the eight topics identified as most material in 2016 to enable continuity and maturation. That said, materiality is a dynamic concept, even more so in a fast-evolving industry such as ours.

As a result, in 2018, we will perform a new materiality assessment. This will give us a better understanding of the changes that have taken place over the past few years, deepen our knowledge of what matters most to our stakeholders, and help us to better align our strategy and goals with the topics where we make the most impact. 2018 is the fifth year of the five-year plan laid out in 2014, therefore it's marking the opportunity to build on the lessons learned and capabilities acquired, to renew and redefine targets.

See key performance indicators as outlined under each topic, from page 166 onwards.

The eight material topics were:

1 Privacy and freedom of expression

2 Child rights and online protection

3 Acting responsibly; anti-corruption compliance

4 Reducing our environmental footprint

5 Diversity

6 Taking care of our people

7 Responsible supply chain management

8 Social investment

Corporate responsibility – continued

Each of these topics is monitored internally, understanding the integral and transversal approach necessary for managing them.

Engaging with our stakeholders is also part of our commitment to responsible leadership, through which we work towards becoming leaders in our industry by doing business in the right way. It is, indeed, a crucial aspect in how we define issue-specific courses of action and seek feedback in the effort to address our impacts and their expectations with improved precision year after year.

Stakeholder engagement is a part of each one of our focus areas. We are constantly improving our abilities to listen, and establishing fluent dialogs with governments, NGOs, our communities, our suppliers and our own people, among others.

Through this, we can better understand where we can have greater impact and how we can optimize our work.

Throughout this report you will find examples of our work with UNICEF, our participation in the Global Network Initiative (GNI) and our engagement with governments. All of these – and the rest of the vital work we do – help illustrate our commitment to corporate responsibility at Millicom.

Our social and environmental priorities

Key
- Key corporate responsibility focus areas
- Other topics

High importance for stakeholders

- Disaster preparedness and response
- Land acquisition and management for our network: community engagement, fair pricing and anti-corruption measures
- Tax transparency
- Right to join trade unions and freedom of association
- Living wage
- Conflict minerals
- Raising awareness on health impacts of electromagnetic frequency
- Employee training

1. Privacy and freedom of expression
2. Child rights and online protection
3. Acting responsibly: anti-corruption compliance
6. Taking care of our people
7. Responsible supply chain management
- Social innovation through our products and services
- Clarity of pricing and billing

- Talent attraction and development
- Local recruitment and ethnic diversity
- Responsible marketing
- LGBT rights
- Safe use of mobile phones while driving
- Employment of disabled people
- Digital inclusion of blind and deaf people
- Executive and Board remuneration

4. Reducing our environmental footprint
5. Diversity
8. Social investment
- Stability and reliability of the network

High importance for our business strategy

Governance…

For the year ended December 31, 2017

Chairman's report

The Governance section of Millicom's 2017 Annual Report sets out Millicom's commitment to good corporate governance and describes what has been achieved during the year.

Millicom's Board of Directors "the Board" and its committees have dealt with a number of significant strategic, operational and compliance matters during the year. These have included the enhancement of governance structures related to the Guatemala, Honduras and Ghana joint ventures, and further development of compliance and control programs.

Governance and compliance are the cornerstones from which decision making and strategic direction are based.

Role of the Board

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

Board changes

In May 2017, we welcomed three new Board members: Mr. José Antonio Ríos García, Mr. Anders Jensen, and Mr. Roger Solé Rafols.

Mr. José Antonio Ríos García brings to the Board significant experience in leading consumer technology businesses in Latin America, including in the telecommunications and electronics industries. Mr. Ríos is the Chairman of the Compensation Committee.

Mr. Anders Jensen also brings us extensive knowledge in telecommunications and media businesses, in particular his knowledge of company transformations and consumer insight in both mature and emerging markets. Mr. Jensen is a member of the Compliance and Business Conduct Committee.

Mr. Roger Solé Rafols complements the existing Board with his in-depth knowledge of the telecommunications sector, marketing and convergence.

I would like to thank Mr. Lorenzo Grabau and Mr. José Miguel García Fernández, the departing members of the Board, for their service to the Board and its committees.

Strength through diversity and teamwork

One of Millicom's key strengths is the diversity of people in our operating countries, offices and headquarters. We value different perspectives, promote equal opportunity, and encourage sharing of viewpoints, benefiting from the wide range of experience and backgrounds across the Group. These are important elements that we continue to foster as part of Millicom's corporate culture. We are proud of our success in fostering strong work place environments and the accolades received in this respect.

Compliance

During 2017, we continued building and enhancing our compliance program, supported by the Executive Committee and our Compliance and Business Ethics team.

On behalf of the Board, I would like to reconfirm our commitment to strong corporate governance, and supporting the success and strength that comes with a culture of compliance and strong internal control. We firmly believe that Millicom can lead the way in its dedication to ethics and compliance in all our markets. We look forward to engaging with you and thank you for being part of our journey.

Tom Boardman
Chairman of the Board
of Directors

Corporate Governance Framework

Background

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

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

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

Swedish Corporate Governance Code

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

Compliance with applicable stock exchange rules

There has been no infringement of applicable stock exchange rules and no breach of good practice on the securities market reported by the stock exchange's disciplinary committee or the Swedish Securities Council in 2017.

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
Good Stock Market Practice	Guiding Principles	Corporate Citizenship

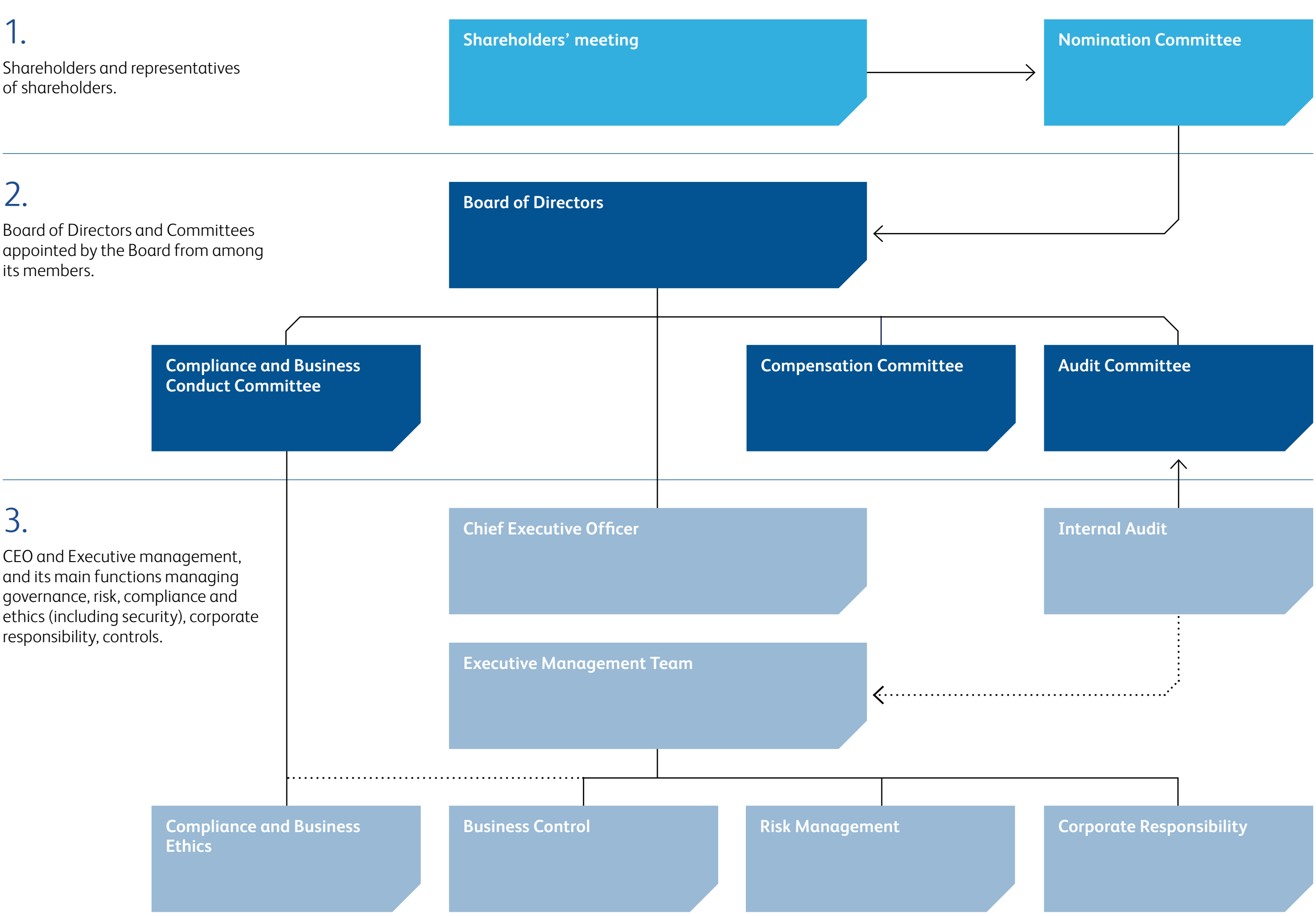
Millicom governance deviated in 2017 in relation to the Swedish Code in the following areas:

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% of granted shares after one year, 16.5% after two years, and 67% after three years.	The Company believes that this vesting schedule ensures alignment between the interests of the Company's shareholders and its employees.

Shareholder and Board governance – continued

Corporate Governance structure

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



(i) During 2017 it was resolved by the Board to combine the activities of the Special Committee (which was established in 2015 to manage the Board's response to the potential improper payments on behalf of its Guatemala joint venture) into the mandate of the Compliance and Business Conduct Committee.

1. Shareholders and shareholders' meeting

The shareholders' meeting is the highest decision-making body of Millicom and a forum for shareholders to exercise influence. Each shareholder has the right to participate in the shareholders' meeting and to vote according to the number of shares owned. Shareholders who are not able to attend in person may exercise their rights by proxy.

Millicom's Articles of Association (as amended on May 4, 2017) set the Annual General Meeting of Shareholders (AGM) to be held within six months of the close of the financial year in Luxembourg.

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

At the 2017 AGM which was held on May 4, 2017, within six months of the end of the financial year (as required by the Articles of Association, as amended, and the Swedish Code), the following key items were decided:

- Approval of the 2016 Consolidated Financial Statements and distribution of a dividend of US$2.64 per share;
- Election and re-election of the Directors until the date of the 2018 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; and
- On the same date an Extraordinary General Meeting was held during which several amendments were made to the Articles of Association of the Company, including amendment of the setting of the date of future AGMs.

Nomination Committee

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

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

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

Under the terms of the Nomination Committee charter, the Nomination Committee consists of at least three members, with a majority representing the larger shareholders of the Company.

The current Nomination Committee was formed during September 2017, in consultation with larger shareholders of the Company at August 31, 2017 and in accordance with the resolution of the 2017 AGM.

The table below sets out beneficial ownership of Millicom common shares, par value US$1.50 each, by each person who beneficially owns more than 5% of Millicom common stock at December 31, 2017.

Promoting Board diversity

Millicom's Nomination Committee recognizes the importance of diversity in its Board of Directors for promoting strong corporate governance, competitive advantage and effective decision-making.

The Nomination Committee is responsible for periodically determining the appropriate skills, perspectives, experiences and characteristics required of Board candidates, considering the Company's needs and current Board composition.

This determination will include knowledge, experience and skills in areas that are critical to understanding the Company and its business; richness of views brought by different personal attributes such as gender, race, age and nationality; and other personal characteristics, such as integrity and judgment; and candidates' commitment to the boards of other publicly-held companies. The ambition to further improve gender diversity on the Board has been added to the Nomination Committee charter.

Shareholder	Number of shares	% Shareholding
Kinnevik AB	38,559,080	37.9
Dodge & Cox	10,744,648	10.6

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.

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 together with the CEO, and the Chairman acts as the communicator for Board decisions where appropriate.

Role of the Board

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

As set forth in the Company's Articles of Association, the Board must comprise at least six members. The 2017 AGM set the number of Directors at nine, comprising a Chairman and eight members (all of whom are Non-Executive Directors).

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

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

Independence of the Board:

Board of Directors →	Chairman and eight members
Non-Executive Directors →	100% Tom Boardman Odilon Almeida Simon Duffy Tomas Eliasson Alejandro Santo Domingo Janet Davidson Anders Jensen José Antonio Ríos García Roger Solé Rafols
Independent from the Company and its Executive Management →	
Not independent of the major shareholders →	16% Tom Boardman Anders Jensen

Powers and limitations of the Board

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

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

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

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

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

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

Share ownership requirements

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

Chairman of the Board

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

Deputy Chairman of the Board

If elected, the Deputy Chairman of the Board acts as a sounding board and provides support for the Chairman. The Deputy Chairman convenes Board meetings and leads its work in the event the Chairman is unavailable or is excused from Board meetings. The Deputy Chairman may act as an intermediary for other Directors if there are conflicts among Board members or between the Chairman and the CEO, as and when necessary.

The Deputy Chairman is elected by the Board, if appropriate. The position of Deputy Chairman is not mandatory and varies according to the particular circumstances.

Corporate Secretary

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

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

Chief Executive Officer

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

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

Board membership, balance and independence

The Board periodically reviews 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, 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. A director's independence is determined by a general assessment of all factors that may give cause to question the individual's independence of the Company or its Executive Management. Factors that are considered include whether the individual:

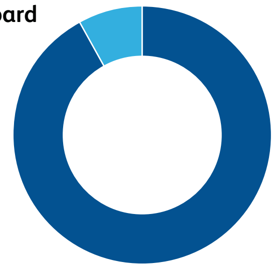
- is the chief executive officer, or has been the chief executive officer, of the Company or a closely-related company within the past five years;
- is employed, or has been employed, by the Company or a closely related company within the last three years;
- receives a not insignificant remuneration for advice or other services beyond the remit of the Board position from the Company, a closely-related company or a person in the executive management of the Company;
- has, or has within the last year, had a significant business relationship or other significant financial dealings with the Company or a closely-related company as a client, supplier or partner, either individually or as a member of the Executive Management, a member of the Board or a major shareholder in a company with such a business relationship with the Company;
- is or has within the last three years been a partner at, or has, as an employee, participated in an audit of the Company conducted by, the Company's or a closely-related company's current or then auditor;
- is a member of the executive management of another company if a member of the board of that company is a member of the executive management of the Company; or
- has a close family relationship with a person in the executive management or with another person named in the points above, if that person's direct or indirect business with the Company is of such magnitude or significance as to justify the opinion that the Board member is not to be regarded as independent.

In accordance with the Swedish Code:

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

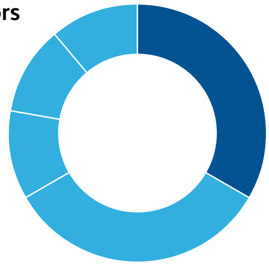
Gender of the Board

Male	92%
Female	8%



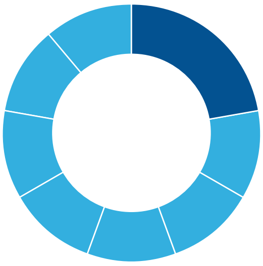
Tenure of Directors

1st year	3
2nd year	3
3rd year	1
4th year	1
5th year	1



Nationalities

Swedish	2
Spanish	1
British	1
Venezuelan	1
American	1
Colombian	1
Brazilian	1
South African	1



Board profile – skills and experience

Mr. Tom Boardman (South African)
Chairman, Non-Executive Director

(First appointed: May 2016)

Mr. Tom Boardman was re-elected as a Director and Chairman of the Board in May 2017. He is a member of the Compensation Committee, the Audit Committee, and the Compliance and Business Conduct Committee.

Mr. Boardman, born in 1949, is Chairman of the Board of Kinnevik AB ("Kinnevik"), a leading Swedish entrepreneurial investment group with investments across mobile telecommunications, e-commerce, entertainment and financial services.

Mr. Boardman is also a Non-Executive Director of Woolworths Holdings and African Rainbow Minerals, and was a Non-Executive Director of Vodacom Group between 2009 and 2011.

Mr. Boardman holds a Bachelor of Commerce degree and CTA from the University of Witwatersrand in South Africa and is a chartered accountant.

Mr. Boardman brings to the Millicom Board in-depth experience in leadership, corporate governance, risk management and oversight of both technology-driven entrepreneurial businesses as well as financial groups and retail businesses.

Independent from the Company and its Executive Management.

Non-Independent from the major shareholder Kinnevik AB.

Millicom shareholding at January 31, 2018: 7,000 shares.

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

(First appointed: May 2017)

Mr. José Antonio Ríos García was elected a new member of the Board in May 2017. He is Chairman of the Compensation Committee.

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

Mr. Ríos holds an Industrial Engineering degree from the Universidad Católica Andrés Bello, Caracas, Venezuela.

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

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

Millicom shareholding at January 31, 2018: 868 shares.

Mr. Odilon Almeida (Brazilian)
Non-Executive Director

(First appointed: May 2015)

Mr. Odilon Almeida was re-elected to the Board in May 2017. He is Chairman of the Compliance and Business Conduct Committee.

Mr. Almeida, born in 1961, is the President for Western Union Global Money Transfer. He leads Western Union's global consumer omni-channel business across more than 200 countries and territories, bridging all continents.

His board experience, along with business leadership at Western Union, includes BankBoston (now Bank of America), The Coca- Cola Company and Colgate-Palmolive.

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

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

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

Millicom shareholding at January 31, 2018: 2,421 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 2017. She is a member of the Compliance and Business Conduct Committee.

Ms. Davidson, born in 1956, has been a Supervisory Board member of STMicroelectronics since 2013. Prior to that, Ms. Davidson held various managerial positions in Alcatel Lucent from 1979 to 2011 including the role as Chief Strategy Officer, Chief Compliance Officer and Executive Vice President, Quality & Customer Care.

She has also been recognized by Working Woman Foundation and in 1999, she was inducted into the Academy of Women Achievers of the YWCA of the City of New York, which honors women of high achievement.

She brings to Millicom's Board her long experience in strategy, compliance and customer care in the telecommunications and IT sectors.

Ms. Davidson has a Bachelor of Arts degree in physics from Lehigh University, a Masters degree in Electrical Engineering from Georgia Tech, and a Master of Science in Computer Science through Bell Laboratories.

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

Millicom shareholding at January 31, 2018: 1,763 shares.

Mr. Simon Duffy (British)
Non-Executive Director

(First appointed: May 2016)

Mr. Simon Duffy was re-elected to the Board in May 2017. He is a member of the Audit Committee.

Mr. Duffy, born in 1949, is Non-Executive Chairman of YouView TV and a Non-Executive Director of Modern Times Group, Oger Telecom, Telit Communications and Wizz Air.

Previously Mr. Duffy has been the Executive Chairman of Tradus, Executive Vice Chairman of ntl: Telewest and formerly CEO. He has also served as CFO of Orange, CEO of wireless data specialist End2End, CEO and Deputy Chairman of WorldOnline International, and held senior positions at EMI Group and Guinness.

Mr. Duffy holds a BA from Oxford University and an MBA from Harvard University.

He brings to Millicom's Board his extensive experience in leading telecommunications and media businesses as well as governance and risk management in emerging industries and markets.

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

Millicom shareholding at January 31, 2018: 1,763 shares.

Mr. Tomas Eliasson (Swedish)
Non-Executive Director

(First appointed: May 2014)

Mr. Tomas Eliasson was re-elected to the Board in May 2017. He chairs the Audit Committee.

Mr. Eliasson, born in 1962, is Executive Vice President, Chief Financial Officer of Sandvik.

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

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

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

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

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

Millicom shareholding at January 31, 2018: 3,008 shares.

Mr. Anders Jensen (Swedish)
Non-Executive Director

(First appointed: May 2017)

Mr. Anders Jensen was elected to the Board of Millicom in May 2017. He is a member of the Compensation Committee.

Mr. Jensen, born in 1969, is Executive Vice President, CEO Sweden and Chairman of Nordic Entertainment at Modern Times Group MTG.

Between 2011 and 2014, Mr. Jensen was Head of Consumer and Group Chief Marketing Officer at Danish telecommunications company TDC Group. Between 2005 and 2011, Mr. Jensen held various leadership positions at Norwegian telecommunications company Telenor Group, including CEO of Telenor Hungary, CEO of Grameenphone in Bangladesh, and Chief Marketing Officer and Head of Consumer at Telenor Sweden.

Mr. Jensen brings to the Millicom Board his significant experience in company transformations and knowledge of consumers in both mature and emerging markets in the telecommunications and media industries.

Independent from the Company, its Executive Management, but **Non-Independent** due to his role as CEO of MTG, owned by Kinnevik AB.

Millicom shareholding at January 31, 2018: 1,368 shares.

Mr. Alejandro Santo Domingo (Colombian)
Non-Executive Director

(First appointed: May 2013)

Mr. Alejandro Santo Domingo was re-elected to the Board in May 2017. He is a member of the Compliance and Business Conduct Committee.

Mr. Santo Domingo, born in 1977, is a Senior Managing Director at Quadrant Capital Advisors, Inc. in New York City.

He is a member of the Board of Directors of Anheuser-Busch Inbev (ABI).

Mr. Santo Domingo is Chairman of the Board of Bavaria S.A. in Colombia, and Chairman of the Board of Valorem, a company which manages a diverse portfolio industrial and media assets in Latin America.

Mr. Santo Domingo is also a Director of JDE (Jacobs Douwe Egberts) Keurig Green Mountain; ContourGlobal plc.; Florida Crystals, the world's largest sugar refiner; Caracol TV, Colombia's leading broadcaster; El Espectador, a leading Colombian Daily; and Cine Colombia.

Mr. Santo Domingo brings to the Millicom Board his knowledge and experience of business in Latin America and consumers in FMCG markets.

Mr. Santo Domingo holds a Bachelor of Arts Degree from Harvard University.

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

Millicom shareholding at January 31, 2018: 8,008 shares.

Mr. Roger Solé Rafols (Spanish)
Non-Executive Director

(First appointed: May 2017)

Mr. Roger Solé Rafols was elected to the Board in May 2017.

Mr. Solé, born in 1974, is the Chief Marketing Officer of Sprint Corporation, the leading American telecommunications company.

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

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

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

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

Millicom shareholding at January 31, 2018: 868 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 Corporate Responsibility;
5 Government relations;	6 Corporate culture;	7 External financial reporting;	8 Risk management;
9 Dividend policy;	10 Acquisitions and divestments;	11 Evaluation of CEO and self-evaluation; and	12 Human Resource matters, including compensation, health, safety and well-being.

Summary of Board activities in 2017

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

There will be specific projects and topics that will arise in the normal course of business which will be added to the program of the Board.

Some of these topics are dealt with in the specific Board committees.

Summary of areas of focus in 2017

Activity/issues covered	Board actions
Reports of committees	• The Board regularly reviewed reports from its Audit, Compliance and Business Conduct, and Compensation Committees on recent activities. • Discussion of Nomination Committee Director appointment proposals.
Operational Review	• Priorities and challenges for each of the Latin American and African businesses were regularly presented and discussed by the Board, including development of cable and mobile data businesses, efficiency measures and capital expenditure allocation. • The Board discussed and approved the 2018 budget.
Strategic Review	• The Board devotes one full Board meeting every year exclusively to discuss strategy. • The Board discussed with the Executive Team industry and geographic trends and the operational and financial strategy for each region of the Group, including the portfolio strategy.
Organizational structure	• The Board was involved in the process of appointment of new hires into the Executive Team, and management organizational and reporting structures.
Review and approval of capital structure and dividend	• Refinancing of the US$ bond. • Amendment of existing terms and conditions of certain bonds. • Additional financing in several markets. • Recommendation of a dividend of US$2.64 per share to the 2017 AGM.
Review and approval of corporate governance	• Revisions to the Corporate Policy Manual (including Board and Committee charters). • Updates to the Authority matrix. • Election of Committee members.
Mergers, acquisitions, disposals and joint ventures	• The Board discussed acquisition and disposal developments across the Group, including approval of and disposals transactions such as the sale of the Group's businesses in Senegal and Rwanda and the joint venture in Ghana.
Review and approval of financial reports	• 2016 Annual Report including the 2016 Consolidated Financial Statements of the Group, and interim consolidated financial statements. • Standalone financial statements of Millicom International Cellular SA (the parent company).
Risk management	• Review of the key risks facing the Group and approach to managing risk. • Setting of risk appetite.
The external affairs organization	• Review of the finalized external affairs strategic framework and functions for suitability for the organization's need.
Political environment	• Periodical reviews of the political situation per market with a specific focus on election periods and advice on risk management required in relation thereto.
Government relations, engagement and Regulatory affairs	• Review of regulatory and engagement challenges with advice from the Board on best-practice engagement strategy. • Review of the state of government relations in our markets and internationally.
Millicom's non-financial performance	• Review of main non-financial performance and trends. • Recommendation for continued focus in line with existing non-financial focus areas.
Update on privacy and freedom of expression issues	• Updates provided to the Board on continued proactive approach being taken by Millicom in relation to these issues, including specific country cases. The Board recognizes the significant importance of these topics and is supportive of continued efforts to improve engagement and in-house expertise in this area.

Shareholder and Board governance – continued

Induction and training

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

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

Millicom Directors also attend an annual visit to one of Millicom's operations (in 2017 to El Salvador), during which time they are informed of the specific characteristics of the local market, conduct field trips to see aspects of the business in operation, and interact with local management.

Board effectiveness

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

The evaluation of the Board's performance during 2017 was conducted by an external evaluation firm by way of interviews and assessment of the Board's performance against its key duties, the Board's composition and processes, as well as the performance of individual Board members. The results of the evaluation were presented to the Nomination Committee by the Chairman of the Board, and were also reported in full to the Nomination Committee in writing.

Board meetings/attendance at scheduled meetings of the Board in the 2017 financial year

Director	Meeting	Attendance %
Mr. Tom Boardman (Chairman)	7/7	100
Mr. José Antonio Ríos García	5/5	100
Mr. Odilon Almeida	6/7	86
Ms. Janet Davidson	7/7	100
Mr. Simon Duffy	7/7	100
Mr. Tomas Eliasson	7/7	100
Mr. Anders Jensen	5/5	100
Mr. Alejandro Santo Domingo	7/7	100
Mr. Roger Solé Rafols	5/5	100
Attendance of current Directors	56/57	98
Former Directors (until May 2017):		
Mr. José Miguel García Fernández	2/2	100
Mr. Lorenzo Grabau	2/2	100
Overall attendance	60/61	98

Board committees

The Board and each of its Committees have written approved charters which set out the objectives, limits of authority, organization and roles and responsibilities of the Board and its Committees. The Board and Committee charters can be found on our website www.millicom.com/governance. Details of the roles and responsibilities, activities in 2017 and Directors' emoluments are set out on the following pages.

In 2015, the Board established two new committees. A Special Committee was set up to oversee the investigation into potential improper payments on behalf of the Guatemalan joint venture. The work of this committee continued in 2016.

The same year, the Board also established a new permanent Compliance and Business Conduct Committee to cover compliance related activities. Since then this Committee assumed oversight of non-financial compliance related matters from the Audit Committee.

In 2017, the Board incorporated activities previously delegated to the Special Committee into the already existing Compliance and Business Conduct Committee. The Board believed that, due to the status of the work of the Special Committee, future activities would be manageable within the wider compliance program and mandate of the Compliance and Business Conduct Committee.

Audit Committee

2017 was a very active year for the Audit Committee, with specific focus and attention on control activities of the Group, as well as oversight over implementation projects of new accounting standards, regular reporting and internal audit activities. The Committee convened eight scheduled meetings during the year – two more than last year – and covered internal audit and internal control activities during all meetings.

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

I would like to thank my fellow Committee members for their dedication and commitment to the activities of the Audit Committee and look forward to continuing our mandate through to the 2018 AGM.

Mr. Tomas Eliasson
Chairman of the Audit Committee

Shareholder and Board governance – continued

Audit Committee membership and attendance in 2017

Audit Committee	Position	First appointment	Meetings/Attendance %	
Mr. Tomas Eliasson	Chairman*	May 2014	**8/8**	**100**
Mr. Tom Boardman	Member	May 2016	**8/8**	**100**
Mr. Simon Duffy	Member	May 2016	**8/8**	**100**
Mr. José Miguel García Fernández	Former member	May 2016	**3/3**	**100**
Overall attendance			**27/27**	**100**

* Designated as having specific accounting competence per EU Directive.

Appointment and role of the Audit Committee

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

The Board has delegated to the Audit Committee the responsibilities for oversight of the robustness, integrity and effectiveness of financial reporting, risk management, internal controls, internal audit, the external audit process, as well as compliance with related laws and regulations.

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

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

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

The agenda for meetings is prepared by the Audit Committee Chairman in conjunction with the Chief Financial Officer. Each meeting includes a private session, attended only by Audit Committee members and the external auditor, to provide an opportunity for open dialogue without management presence. At each 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 Group Risk Officer, together with reports from other officers of the Company as required. More particularly, the Audit Committee has received from the external auditor the required information in accordance with the Luxembourg regulations.

2017 meetings

During 2017, the Audit Committee met eight times, mainly coinciding with key dates in Millicom's external reporting:

Activity/issues covered	How the Audit Committee addressed the issues
Governance	• Reviewed and amended Audit Committee Charter.
Financial reporting	• Reviewed key accounting and reporting issues at each meeting. • Reviewed and approved each quarter's earnings release, the 2016 annual earnings release and summary financial statements, and the 2017 half year earnings release and interim financial statements. • Reviewed and discussed activities around the implementation of IFRS 15 ("Revenue from Contracts with Customers"), IFRS 9 ("Financial Instruments") and IFRS 16 ("Leases"), as well as 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. • Approved the 2017 external audit strategy and fees. • Reviewed the new format of the external audit report. • Considered the results of control testing performed by the external auditor. • Considered the performance of the external auditor and independence, including monitoring of the nature and value of non-audit services, as well as approving these fees.
Internal audit activities	• Approved the 2017 internal audit plan. • Reviewed internal audit findings arising from the delivery of the 2017 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. • Reviewed the implications of Base Erosion Profit Schemes (BEPS) driven disclosures, including the 'Country by Country' Reporting.
Risk management	• Provided guidance and oversight over risk management processes. • Reviewed alignment of top risks with strategy. • Reviewed regular risk reports and IT remediation plan.
Internal controls	• Reviewed the remit and proposed activities of the Business Controls team. • Received the summary findings of internal control self-assessments performed in the year against the 2017 internal targets. • Approved 2018 targets for internal control maturity.
Fraud management	• Reviewed fraud policies and quarterly fraud reports, as well as proposed actions to remediate identified cases.
Finance transformation	• Were presented with the initiatives taken to transform the Group's finance function.
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 was performed at each meeting.

Shareholder and Board governance – continued

Main activities of the Audit Committee during the year

Financial reporting

The Audit Committee reviewed earnings releases for each quarter and financial statements, having received reports from management and the external auditor. In 2017, attention was mainly focused on:

- Significant accounting issues where judgment has been applied;
- The review of the effectiveness of internal financial control;
- The implementation projects around the adoption of new accounting standards, in particular the future adoption of the new revenue recognition and lease standards, IFRS 15 and IFRS 16, respectively;
- The appropriateness of and application of the Group's accounting policies and practices;
- Compliance with financial reporting standards and other financial reporting requirements;
- The completeness and compliance of all structural disclosures made in the financial statements; and
- The financial reporting implication of BEPS legislation for future reporting, including the 'Country by Country' Reporting.

A summary of all related party transactions was presented quarterly. The significant issues considered by the Audit Committee in relation to the financial statements for the year ended December 31, 2017 were:

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

During 2017, Millicom entered into several agreements for the disposal or merger of multiple operations in Africa, namely Senegal, Ghana and Rwanda. As of December 31, 2017, the deals in Senegal and Rwanda are still to complete, pending necessary approvals. These transactions and their classification as assets held for sale and/or discontinued operations require management's judgment. The effect of disposal and assessment have been presented and discussed with the Committee.

2) Measurement of the Group's interests in our newly created joint venture in Ghana – also refer to note A.2.4 of the consolidated financial statements

As required by IFRS, the Group has completed the measurement at fair value of its investment in the joint venture in Ghana (with Airtel) as of October 12, 2017, date of completion of the deal. Millicom determined the fair value of this investment based on a discounted cash flow model. Accounting effects and valuation based on external advice were presented to the Committee for discussion.

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

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

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

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

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

Following consideration, the Audit Committee agreed with Management's proposal that impairment losses had to be recognized on our operation in Rwanda, on a minor investment in Guatemala as well as on our investment in MKC Brilliant Holding GmbH ('LIH').

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

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

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

6) Revenue recognition – also refer to note B.1. of the consolidated financial statements
Judgment is required in assessing the application of revenue recognition principles. This includes the application of revenue between multiple deliverables, such as the sale of a set top box with service in a bundled package, or managed services contracts that have complex contractual agreements. The Group has developed revenue recognition rules compliant with IFRS, tailored to the services and products sold. In addition, Management is currently completing the implementation of the new revenue standard, IFRS 15. The Audit Committee received reports and presentations from both Management and the external auditor covering matters relating to revenue recognition in general and to the implementation project.

7) Capitalization and assets useful lives – also refer to note G.3.1. of the consolidated financial statements
The assessment and timing of whether assets meet the capitalization criteria set out in the relevant accounting standards, the estimation of appropriate useful economic lives and the assessment of whether any impairment indicators are present, such as redundant assets, as well as the identification and the classification of leases, all require judgment. In addition, Management regularly review and benchmark its assets useful lives with peers.

Once a year, Management presents its conclusions to the Audit Committee.

8) Potential improper payments on behalf of the Guatemala joint venture and Tanzania share ownership issue – also refer to note G.3.1. of the consolidated financial statements
On October 21, 2015, Millicom reported to law enforcement authorities in the United States and Sweden potential improper payments made on behalf of the Company's joint venture in Guatemala.

On July 14, 2017, the International Commission Against Impunity in Guatemala (CICIG), disclosed an ongoing investigation into alleged illegal campaign financing that includes a competitor of Comcel, our Guatemalan joint venture. The CICIG further indicated that the investigation would include Comcel.

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

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

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

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

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

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

The Group Head of Business Controls made a progress report at each meeting. Regular updates were provided on the Group's program of Internal Control Self-Assessment and also the status of ongoing control improvement projects.

Targets for internal control improvement in 2017 were established. At the December meeting, the Audit Committee evaluated progress on a country and process level against the targets and discussed the strategy for internal control development for 2018.

Internal Audit
The execution of the 2017 Internal Audit Plan provided Executive Management and the Audit Committee an independent view on the effectiveness of Millicom's internal control environment and governance processes. It was developed to ensure alignment with the strategic risks of the Millicom Group, along with consideration of the overall Group strategy, input from senior management across multiple geographies and functions, external audit findings and Internal Audit's knowledge of the business.

In December 2016, the Audit Committee ratified the Internal Audit Plan for the following year, which included reviews focusing on revenue assurance and billing, information security, IT and network resilience, financial control, regulatory compliance and the successful implementation of large business and IT change programs. Follow-up audits were also built into the plan, to provide independent assurance that management actions from previous audits had been addressed effectively.

The plan was primarily executed by the in-house Internal Audit team based in London, Luxembourg and Miami, with specialist support provided by one of the "Big 4" accounting firms. At each meeting, the Audit Committee received an update on Internal Audit activities, progress against the plan and results of the audits completed in the period, including associated recommendations and management action plans where findings had been identified.

Fraud risk and whistleblowing
The Audit Committee received and reviewed quarterly fraud reports in accordance with the Group's Fraud policy. The Policy was reviewed and updated during the year. Individual events greater than defined quantitative and qualitative thresholds were discussed and remediation activities assessed.

The Group provides an ethics helpline which is administered by an independent third party and is available to all employees, contractors and third parties.

Shareholder and Board governance – continued

External Audit effectiveness

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

Audit quality is assessed by reference to the standard of the reports received by the Audit Committee, the caliber of senior members of the audit team and the level of challenge provided to Management. Also, feedback is received by the Audit Committee from Management.

In addition, on a regular basis the performance of the external auditors is reviewed by Management both centrally and in each of Millicom's operating countries against a set of 17 criteria ranging from knowledge of the business, to timeliness of communication and quality of reporting.

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

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. Permitted and prohibited services are clearly identified along with the processes to be followed for the approval of non-audit and audit services, in accordance with the latest EU and local regulations. All engagements require Audit Committee approval and additionally all engagements with an expected fee in excess of US$100,000 require the prior approval of the Audit Committee Chairman. A schedule of all non-audit engagements with the external auditor is reviewed at each meeting.

For the year ended December 31, 2017, the Audit Committee approved fees for audit services of US$4.7 million, together with fees for non-audit work of US$0.9 million.

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

Audit tendering

EY was first appointed auditor of the Company for the year ended December 31, 2012 following a competitive tender.

Based on the EU audit regulations and applicable Luxembourg law, EY would have to rotate off by 2032 (20 years) at the latest, with mandatory tender in 2022 (after ten years).

Compliance and Business Conduct Committee

The Board of Millicom continues to assign the highest priority to upholding compliance and standards of business conduct across every level of the organization. The Board's core objective is to reinforce a culture of compliance that is practiced wholeheartedly by every employee, across all ranks, with no exceptions.

As Millicom advances through its financial, operational, and strategic goals – the company has adopted a living theme under the hashtag #IntegrityStartsWithYou. Under this theme, we educate the employees by operationalizing compliance, as part of everyday life.

During 2017, the Compliance and Business Conduct Committee met six times and continued to focus on the three pillars of Prevent, Detect, and Respond. The Committee members were actively engaged in the Global Compliance Awareness Week, hosted in November to support a corporate culture change program and help drive ownership and accountability at all levels of the company.

The Committee oversaw processes and procedures in setting up the major building blocks of the governance framework. This included implementation of a new third party due diligence tool and the restructure of the Ethics & Compliance team to enhance capacity and capability of the function.

Regional and Local Compliance Officers were appointed, and Information Security was moved into the Ethics & Compliance team. A new global role was created, and the new Chief Information Security Officer was appointed, aimed at achieving greater alignment of security processes in the digital area.

We saw important additions to the Compliance Investigations team with the appointment of three senior investigators at global level to respond to needs throughout all local operations and help determine and deal with potential threats.

During the year, increased emphasis was placed on the Anti-Money Laundering (AML) program, with the appointment of the new Global AML Director, and updating the AML framework to comply with new regulatory requirements in the Know-Your-Customer (KYC) area.

Great effort towards a step change in advancing the standards of the compliance program over the past year saw diligent pursuit of a best-in-class compliance framework.

I want to thank the members of the Compliance and Business Conduct Committee, the Company's management team and Millicom's Board and Chairman for their unwavering commitment and dedication to the compliance program in 2017. I look forward to continuing this journey in 2018.

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

Compliance and Business Conduct Committee membership and attendance 2017

Committee	Position	First appointment	Meetings	Attendance %
Mr. Odilon Almeida	Chairman	November 2015	**6/6**	**100**
Mr. Alejandro Santo Domingo	Member	November 2015	**6/6**	**100**
Ms. Janet Davidson	Member	May 2016	**6/6**	**100**
Mr. Tom Boardman	Member	May 2016	**6/6**	**100**
Overall attendance			**24/24**	**100**

Shareholder and Board governance – continued

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 results of investigations resulting from cases brought through the Group's ethics line or otherwise;
- oversees allocation of resources and personnel to the Compliance area;
- assesses the Group's performance in the Compliance area; and
- ensures that the Group maintains proper standards of business conduct.

Management representatives invited to attend the Compliance and Business Conduct Committee include the Group CEO, the Chief Compliance and Ethics Officer, General Counsel, and Group CFO.

Summary of Committee activities in 2017

The Committee convened, as planned, six times during the year. The Committee Chairman prepares the agenda in conjunction with the Chief Ethics and Compliance Officer and the Chief Ethics and Compliance Officer, reports on the status of the Compliance Program and any compliance related issues including investigations and issues, anti-money laundering, and information security. The CEO and Executive Team have been demonstrably committed and continue to be actively involved in driving a compliance change program to strengthen the Compliance function, culture, and tone at Millicom.

Summary of areas of focus in 2017

Activity/issues covered	How the Compliance and Business Conduct Committee addressed the issues
Restructure Compliance	• In order to better meet the needs of the company compliance program a new structure was implemented with enhanced resources at global, regional and local level.
Key roles appointed	• A series of key roles were appointed including the new Chief Information Security Officer, Vice President Investigations, and Global Anti-Money Laundering Director.
New building blocks	• Third Party Management – A new, group-wide third-party due diligence tool was implemented to enhance the KYC and third-party management process. • Information Security – Recognizing this growing global threat, the Chief Technology and Information Officer and Chief Ethics and Compliance Officer worked together to better structure the assurance activities in this area. • Millicom Ethics Line – With increased focus on concerns raised, the company brought in a highly-qualified investigator to increase quality of case management and improve response time to issues raised.
Program enhancements	• Simplified compliance policies and digitalization of key compliance processes, e.g. conflicts of interest disclosure procedures • Training of high-risk third parties • Internal audit issue remediation following the compliance focused auditor added to the Internal Audit team

Compensation Committee

In 2017, the Compensation Committee continued to focus on the review of Millicom's reward strategy to ensure that senior management compensation reflects company performance closely.

The Committee also reviewed Millicom's renewed approach to benchmarking compensation and talent, which led to important work in recalibrating job grades and roles.

We are confident that these steps will ensure that Group Management is incentivized to take a longer-term view on positive business performance in alignment with company and shareholder interests.

I would like to thank my fellow Compensation Committee members for their dedication and commitment to the activities of the Compensation Committee and look forward to continuing our expanded mandate through to the 2018 AGM.

Mr. José Antonio Ríos García
Chairman of the Compensation Committee

Compensation Committee membership and attendance 2017

Committee	Position	First appointment	Meetings/attendance %	
Mr. José Antonio Ríos García	Chairman	May 2017	**5/5**	**100**
Mr. Tom Boardman	Member	May 2016	**6/6**	**100**
Mr. Anders Jensen	Member	May 2017	**4/5**	**80**
Mr. José Miguel García Fernández	Former member	May 2016	**1/1**	**100**
Mr. Lorenzo Grabau	Former Chairman	May 2015	**1/1**	**100**
Overall attendance			**17/18**	**94**

Shareholder and Board governance – continued

Appointment and role of the Compensation Committee

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

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

The evaluation of the CEO is conducted by the Compensation Committee. The evaluation criteria and the results of the evaluation are then discussed by the Chairman with the entire Board. The Board considered that the CEO provided strong leadership for the Company during 2017. The results of the review and evaluation were communicated to the CEO by the Chairman. The Compensation Committee comprises three members.

Main activities of the Committee during 2017

The Compensation Committee met five times in 2017.

Activity/issues covered	How the Compensation Committee addressed the issues
Bonus and performance reports	• Reviewed and approved the variable compensation target and performance results. • Received and reviewed senior executive performance reports and Executive Committee rewards for exceptional performance. • Reviewed and decided on Africa stretch incentives.
Compensation review	• Reviewed guidelines and methodology for setting 2018 compensation. • Approved all payments for Executive Committee members. • Approved of Peer group for Executive Benchmarking. • Reviewed Executive Benchmarking for CEO and all Executive Committee members. • Approved of changes to CEO and Executive Committee compensation elements based on market competitiveness.
Share-based incentive plans	• Approved 2017 Share Plan Rules. • Reviewed and approved all equity grants. • Review performance and projections of outstanding LTI plans.
Global reward strategy and executive remuneration review	• Reviewed the new HR Calendar timeline and planned activities for all the reward components. • Reviewed and discussed the company's Remuneration Approach, emphasizing importance of a performance-based incentive opportunity culture. • Reviewed the performance of individual members of the Executive Team and their compensation packages.
Variable pay design	• Reviewed and approved the Variable Plans Redesign (STI / LTI) for 2018.
Recruitment	• Reviewed employment conditions for candidate for the position of Chief Human Resources Officer.
Separation arrangements at Executive level	• Discussed, modified and subsequently approved separation arrangements with former members of the Executive Team.
Remuneration Committee governance	• Reviewed and updated Remuneration Committee Remit and Obligations. • Selected Mercer as the Remuneration Committee consultant, after reviewing 3 potential alternatives. • Reviewed and aligned Remuneration Committee's Annual Cycle and Calendar, added one annual Remuneration Committee meeting for 2018.

Remuneration guidelines

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

Remuneration policy

Remuneration packages for members of the Executive Team at 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 to the Consolidated Financial Statements) are based on actual performance. Share-based compensation is granted once a year by the Compensation Committee of the Board.

Base salary – The Executives' base salary shall be competitive and based on the individual Executive's responsibilities and performance.

Variable 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, the actual amount can reach 200%. The variable amounts or percentages are considered to be competitive within market standards at total compensation levels. The variable remuneration shall be based on the performance of the Executives in relation to established goals and targets along with Millicom's financial performance.

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

Long-term share based incentive plans (LTIPs)

The aim of the LTIPs is to complement and support Millicom's long-term business view and strategy. The plans and the amounts need to be competitive in order to attract and retain key executives.

Other benefits

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

Pension

The Executives are entitled to participate in a global pension plan, in accordance with European 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, for example additional variable remuneration in the case of exceptional performance. In such a case the Board of Directors will explain the reason for the deviation at the following AGM.

Payment for loss of office

If the employment of a Millicom Executive is terminated, a notice period of up to 12 months potentially applies.

Bonus measurements	Rationale	Weighting
Service Revenue(i)	Recurring revenue is a key growth measure used by the Group as it seeks to monetize opportunities in all countries and all business units	23.33%
EBITDA	EBITDA is used as a measurement of ongoing earning power/value creation in the Group and is used as a measure of how well management controls the operational cost of growing revenue.	23.33%
Operating Free Cash Flow	Operating Free Cash Flow is a measure aligned to return on invested capital and is used to measure how efficiently management are generating cash flow.	23.33%
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%
Total		**100%**

(i) The use of Service Revenue as a performance measure replaced use of Total Revenue from January 2016.

Executive Team remuneration 2017

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

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

Compensation of the Executive Team (US$ '000)	CEO	CFO	Other Executives (9 members)(iv)
2016			
Base salary	1,000	599	3,797
Bonus (for 2016 performance)	660	450	1,411
Pension	150	82	513
Other benefits	48	18	720
Termination benefits	—	—	—
Total salary and benefits	1,858	1,149	6,441
Compensation shares (number)			
Performance share plan(i)	—	—	13,024
Deferred share plan(ii)	15,017	10,250	32,122
Sign-on grant(iii)	2,358	—	—
Total shares (number)	**17,375**	**10,250**	**45,146**
Value of shares(v) (US$ '000)	**743**	**450**	**2,385**

(i) Amounts relating to the 2014 performance share plan based on the actual performance over the three year period to December 31, 2016. The value of shares is based on the closing market value of Millicom shares in US$ at December 31, 2016 of US$42.76. These shares vested on January 1, 2017.
(ii) Amounts relating to the 2016 deferred share plan (awarded in 2017). The value of shares is based on the closing market value of Millicom shares in US$ at December 31, 2016 of US$42.76. These shares will vest over three years from the award date, dependent on continued service of the employee.
(iii) The value is calculated on the basis described above which differs from the value calculated for the IFRS financial statements.
(iv) Includes former Executives who left Millicom during 2016.
(v) The value is calculated on the basis described above which differs from the value calculated for the IFRS financial statements.

Share-based incentive plans

The share-based incentive plans currently consist of a Deferred Share Plan (DSP) and a Performance Share Plan (PSP). Shares granted under the DSP are based on personal and corporate performance of the previous year and the awards vest over three years, 16.5% after one year, 16.5% after two years and 67% after three years. Shares granted under the PSP vest at the end of a three-year period, whereby vesting is subject to certain company performance conditions.

The CEO and CFO are participating in the Group's PSP, with target opportunities as per the table below.

In 2017, long-term share-based incentive plans were offered to Executives, other senior management, as well as to high potential employees and employees in key roles (by nomination exception) under the plans set out in the following table. In addition, the rules of the plans set out certain criteria and conditions in which new employees can be awarded sign-on awards.

LTIP Plans	**Eligibility**	Participants	Maximum shares awarded in 2017	Basis for calculating award	Comment
Deferred Share Plan (DSP)	CEO, CFO, other Executives and other (global) senior management*	354	467,911**	20–50% on base salary, as per 31.12.16	
Performance Share Plan (PSP)	CEO, CFO, other Executives and other (global) senior management	47	282,675	200% 160% 35%–160% on base salary, as per 01.01.17	CEO CFO Global senior management team

*A limited number of High-Potential employees and employees in key roles can be nominated by exception.
** *Does not included Extraordinary Dividend Award, 1,179 shares

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

LTIP Plans	**Additional vesting criteria (terms and conditions)**	Vesting period 1 year	Vesting period 2 years	Vesting period 3 years
Deferred Share Plan	–	16.5%	16.5%	67%
Performance Share Plan	Achievement of absolute and relative total shareholder return target measures plus a Free Cash Flow target measure over the three-year vesting period.	–	–	100%

Shareholder and Board governance – continued

CEO compensation

At the AGM on May 15, 2015, the Board of Directors proposed and the meeting approved a sign-on share grant to the CEO of 77,344 Millicom shares, as part of the CEO remuneration.

One-third of the total share amount vests (and is deliverable to the CEO along with accrued dividends) on each of January 1, 2016, January 1, 2017 and January 1, 2018. The vesting of shares is conditional upon the CEO not being dismissed for cause.

The share grant was proposed by the Board following review by the Compensation Committee of the entire compensation package for the CEO. The 2017 components of this package are:

- an annual base salary of US$1 million;
- variable remuneration with a target of 100% of base salary;
- participation in Millicom's share-based compensation plans;
- the continued vesting of the sign-on share grant; and
- other standard benefits, as described under the senior management remuneration principles earlier in this report.

CEO earnings opportunity from 2017 award levels

The tables below provide estimates of the potential future remuneration for the Chief Executive Officer based on the remuneration opportunity granted in the 2017 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, 2017.
- Benefits are valued using the figures in the total remuneration for the 2017 financial year table detailed above.
- Pension contributions are made at 15% of base salary as at December of the preceding year.

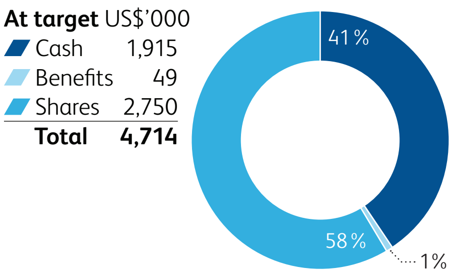
	Base (US$'000)	Benefits (US$'000)	Pension (US$'000)	Total Fixed (US$'000)
Mauricio Ramos	1,000	64	150	1,214

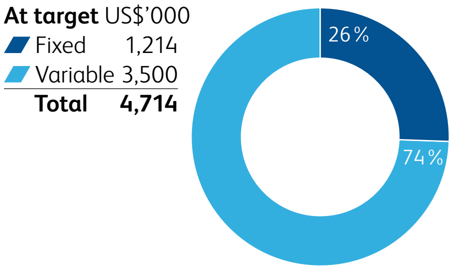
Variables on target

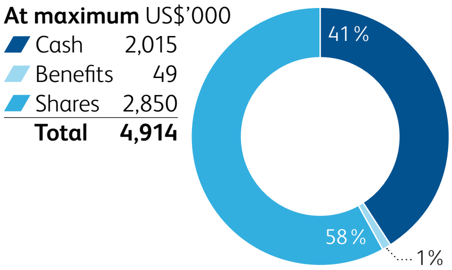
- Values are based on what the Chief Executive Officer would receive if performance was in line with Incentive Performance Targets.
- The target award opportunity for the annual cash bonus is 100% of base salary.
- The target award opportunity for the Deferred Share Plan (DSP) is 50% of base salary for the Chief Executive Officer.
- The target award opportunity for the Performance Share Plan (PSP) is 200% of base salary for the Chief Executive Officer, assuming total shareholder return (TSR) performance being positive and at peer group median.

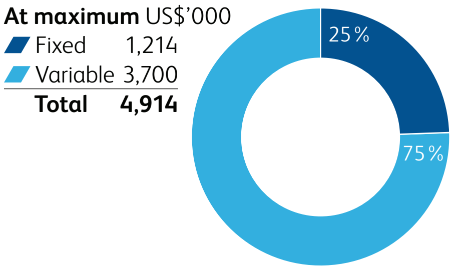
Variables at maximum

- Maximum award opportunity under the annual cash bonus is 120% of base salary.
- The maximum award for performance under the DSP is 75% of base salary.
- The maximum award for performance under the PSP is 200% of base salary, where TSR outperforms the peer group by at least 5 percentage points.









Details of share purchase and sale activity

During 2017 Millicom's CEO, Mauricio Ramos acquired 25,000 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. Unless this requirement is filled each year no vested Millicom shares can be sold by the individual.

Global Senior Management Level	2017 Transition requirements %	2018 onwards Full requirement %
CEO	400	400
CFO	200	200
EVPs	50–100	100
General managers and VPs	25	50

Shares and unvested share awards granted from company equity plans

(number of shares)	CEO	Other Executives	Total
December 31, 2017			
Shares	53,920	58,129	112,049
Share awards not vested	148,324	299,067	447,391
December 31, 2016			
Shares	25,781	34,472	60,253
Share awards not vested	114,739	173,340	288,079

2017 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. However, Directors may vote on the number of shares they may be allotted under any share-based compensation scheme. The Nomination Committee reviews and recommends the Directors' fees which are approved by the shareholders at the AGM. Fees are set based on the role (Chairman, Deputy Chairman), and for participation in and roles of Chairman of the Audit Committee, the Compliance and Business Conduct Committee, and Compensation Committee.

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

Board and committees	**Remuneration 2017 SEK 000's**	Remuneration 2016 SEK 000's
Directors		
Mr. Tom Boardman (Chairman)	**2,150**	2,025
Mr. José Antonio Ríos García	**1,075**	—
Mr. Odilon Almeida	**1,050**	1,050
Ms. Janet Davidson	**950**	950
Mr. Simon Duffy	**1,050**	1,050
Mr. Tomas Eliasson	**1,250**	1,250
Mr. Anders Jensen	**950**	—
Mr. Alejandro Santo Domingo	**950**	950
Mr. Roger Solé Rafols	**850**	—
Former Directors (until May 2017):		
Ms. José Miguel García Fernández (former Deputy Chairman)	**—**	1,300
Mr. Lorenzo Grabau	**—**	950
Total in SEK 000's	**SEK 10,275**	SEK 9,525
Total (US$'000)[(i)]	**US$1,122**	US$1,143

(i) Cash compensation converted from SEK to USD at exchange rates on payments dates each year. Share based compensation based on the market value of Millicom shares on the 2017 AGM date (in total 8,731 shares). Net remuneration comprised 52% in shares and 48% in cash (2015: 50% in shares and 50% in cash).

Shareholder and Board governance – continued

Millicom CEO and Executive Team

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

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

During his career at Liberty Global, Mauricio held several leadership roles, including positions as Chairman and CEO of VTR in Chile and President of Liberty Puerto Rico.

Mauricio is also Chairman of TEPAL, the Latin American Association of Cable Broadband Operators, Member of the Board of Directors of Charter Communications (US), and a Member of the Board of Directors of the GSMA.

He is a dual Colombian and US 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, 2018: 80,159 shares

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

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

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

Mr. Tim Pennington

Executive Vice President, Chief Financial Officer

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

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

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

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

Millicom shareholding at January 31, 2018: 10,386 shares

Mr. Esteban Iriarte

Executive Vice President, Chief Operating Officer, Latin America

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

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

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

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

In 2016 Esteban joined Sura Asset Management board. Sura is one of Latin America's biggest financial groups.

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

Millicom shareholding at January 31, 2018: 14,057 shares

Mr. Mohamed Dabbour

Executive Vice President, Head of Africa Division

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

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

Mohamed holds an Executive MBA degree from London Business School.

Millicom shareholding at January 31, 2018: 3,105 shares

Shareholder and Board governance – continued

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

Mr. Xavier Rocoplan

Executive Vice President, Chief Technology and Information Officer

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

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

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

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

Millicom shareholding at January 31, 2018: 18,073 shares

Ms. Rachel Samrén

Executive Vice President, Chief External Affairs Officer

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

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

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

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

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

Millicom shareholding at January 31, 2018: 500 shares

Mr. Salvador Escalón

Executive Vice President, General Counsel

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

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

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

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

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

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

Millicom shareholding at January 31, 2018: 9,467 shares

Ms. Susy Bobenrieth

Executive Vice President, Chief Human Resources Officer

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

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

Susy was raised in the USA by her Chilean immigrant parents and is one of 8 children.

She has deep international experience having lived and worked in Mexico, USA, Brazil, Netherlands, and Spain.

She received a degree from the University of Maryland, University College in 1989

Millicom shareholding at January 31, 2018: no shares

Mr. HL Rogers

Executive Vice President, Chief Ethics and Compliance Officer

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

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

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

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

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

Millicom shareholding at January 31, 2018: no shares

Mr. Rodrigo Diehl

Executive Vice President, Chief Strategy Officer

Rodrigo Diehl was appointed as Millicom's Executive Vice President, Chief Strategy Officer in September 2016.

Previously, Rodrigo was a partner at McKinsey & Co. both in Germany and in Brazil where, from 2003, he advised telecommunications, technology and media leaders throughout Europe, the USA, Middle East and Latin America.

He also previously worked as a Senior Analyst and Planning Manager at Techint Group.

At Millicom, Rodrigo is supporting the company's drive to constantly improve its strategic rigor and maintain its competitive advantage in a rapidly transforming industry.

He graduated with honors from the University of Buenos Aires and holds an MBA from Harvard Business School.

Millicom shareholding at January 31, 2018: 300 shares

Management governance

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

Each function has clear reporting lines through to the Executive Management Team and the CEO. Reporting is also to the Board committees, as previously described, based on the responsibilities of each committee.

For instance, the Chief Ethics and Compliance Officer reports directly to the relevant Board committee with a dotted line report to the CEO.

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

Business Control

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

Responsibility for maintaining effective internal controls is delegated to the CEO and the Executive Team with oversight provided by the Audit Committee. Millicom continued to invest significantly during the year to further strengthen its internal control framework.

Within the Millicom control framework, controls are performed by operational and functional management teams. The Group's key controls are documented in the Millicom internal control manual, and covers both financial and non-financial controls across 15 core business processes. The control manual was updated at the start of the year. Each country has its own dedicated, local Business Control team responsible for monitoring and development of the local internal control environment.

Monitoring systems

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

Self-assessment results are reported to the Audit Committee and the Executive Team. The results enable an assessment of the relative maturity of our internal control environment by both business process and by country. In 2017, three self-assessment exercises were performed (2016:3). All in-scope countries and operations met their internal targets for 2017.

Fraud management and reporting

Business Control has responsibility for fraud risk management. During the year, the Group's Fraud Policy, first adopted in 2015, was updated and communicated. Education activities continued, including an awareness campaign aligned with International Fraud Awareness Week in November.

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

Internal controls over financial reporting

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

Management has assessed the effectiveness of internal control over financial reporting as of December 31, 2017 and concluded that it was effective.

Risk Management

Millicom has a risk management framework which our business units and corporate functions utilize. Millicom has a network of risk officers at headquarters, regional and each significant operating country level, led by the Chief Risk Officer. The risk function is tasked with identifying, analyzing, monitoring and coordinating Millicom's approach to balancing risk with return and reporting to the Executive Team. The Audit Committee, on behalf of the Board, is responsible for reviewing the effectiveness of risk activities.

Key strategic and operating risks are assessed from an overall Group perspective as well as individual country and business units. Risk action plans that seek to balance risks with returns are developed, implemented and modified over time as the underlying risks evolve. Action steps are implemented both globally and locally by Executives and key decision makers.

The principal risks identified by the Group are set out on in the Risk Management section of this report.

Ethics and Compliance

The Millicom Ethics and Compliance function has overall responsibility for the group-wide Millicom compliance program including the anti-bribery and anti-corruption program. It also manages the anti-money laundering (AML) program, has overall responsibility for investigations and manages the Information Security and the Corporate Security areas.

The Ethics and Compliance function is built around the three pillars: Prevent, Detect, and Respond. All our initiatives and achievements in 2017 were focused around these three pillars of a complete compliance function.

Management and governance of compliance activities

The Millicom Management Team fundamentally believes in the positive impact of the Compliance program on the organization as well as the world around us. This is not simply a tick-box exercise. We aim to be a driver of positive change in the countries where we operate and therefore we strive to have a best-in-class compliance function to help us differentiate ourselves as a partner of choice for our customers, our business partners, and our employees.

The corporate and local compliance committees have been expanded to cover more areas of the Compliance program and will continue to be the focus of oversight and assurance for the planned and new compliance initiatives.

The Corporate Compliance Committee consists of all members of the Millicom Executive Team including the Chief Ethics and Compliance Officer. The local committees are managed by the Local Compliance Managers, together with the local general managers and their management teams.

The Chief Ethics and Compliance Officer reports on all matters relating to the Compliance program to the Executive Team and Corporate Compliance Committee. On a regular basis reports are shared with the general Millicom Board and the Compliance and Business Conduct Committee of the Board.

Speak up Policy and Issue Management

The Millicom Group operates the Millicom Ethics Line with the help of an independent third party to safeguard anonymity and non-retaliation of reporters of potential issues. The Millicom Ethics Line is managed by the Ethics and Compliance Team and any investigative work needed is managed by the Vice President Investigations. The Millicom Ethics Line is available on the Millicom website, and is available to all employees as well as third parties.

A quarterly report on matters raised is reviewed by the Investigation Review Committee, headed by the Vice President Investigations and with members of the corporate compliance team, Human Resources, Internal Controls, Legal and Internal Audit. Regular updates are shared with the Corporate Compliance Committee, consisting of the Executive Team, and to the Compliance and Business Conduct Committee of the Board.

Key governance initiatives

The areas of responsibility under the Chief Ethics and Compliance Officer have been expanded to include Information Security and Corporate Security. A new compliance structured was implemented with several new key roles appointed.

The Corporate Compliance Team added resources at global regional and local level. Most notable was the introduction and appointment of Regional Compliance Officers for Latin America and Africa and the introduction of Local Compliance Officers in all local operations.

The Vice President Investigations was appointed, with key members of the global investigation team, to increase the quality and focus on issued raised through the Millicom Ethics Line and other channels of communication. The Corporate Security responsibilities were assumed by the Vice President Investigations. The cross-functional Investigations Review Committee (IRC) continued to oversee and manage all ethics and compliance concerns raised in one central clearing house.

A new Global AML Officer was appointed and a new Regional AML Officer for Latin America. A new role, Chief Information Security Officer, was created and appointed under the Chief Ethics and Compliance Officer focusing on group wide Information Security.

Management governance – continued

The Code of Conduct and Anti-Corruption training completion continues to be linked to bonus eligibility. The target threshold is 90% of staff completion rate, which was achieved enterprise wide (see Corporate Responsibility Performance Appendix pages 172 to 174). Internal Audit appointed a new auditor focusing on Compliance audits. There were frequent reviews of the Compliance framework and associated risks during the year and the Compliance team focused efforts on issue remediation through the scorecard deliverables and additional initiatives.

Heavy emphasis was put on managing our third-party space. We have an ability to be an agent of positive change with our third parties. We want to work with business partners that see the value of operating with high ethical standards and together we can help make a positive difference in the lives of the customers and employees we touch.

To help us understand who we are doing business with and identify the risks that a genuine business relationship can expose us to, we implemented a new third party due diligence process and on-boarded a new group-wide tool to support the process.

The compliance program in Guatemala continues to strengthen with the appointment of a dedicated Local Compliance Officer. The internal control environment continued to strengthen with several operational initiatives such as an updated Code of Conduct and subsequent employee training.

Corporate responsibility

This is the second year that Millicom has integrated corporate responsibility-related performance data and information in our annual financial and operational report to demonstrate how managing key "growing responsibly" topics and subsequent risks support successful delivery of our business strategy.

Millicom's Corporate Responsibility (CR) team manages the Group's "growing responsibly" reporting process and publishes CR-related strategy, management and performance information in the annual integrated report. Our integrated report will continue to be a key vehicle in promoting transparency towards investors and other key stakeholders on CR risks and opportunities.

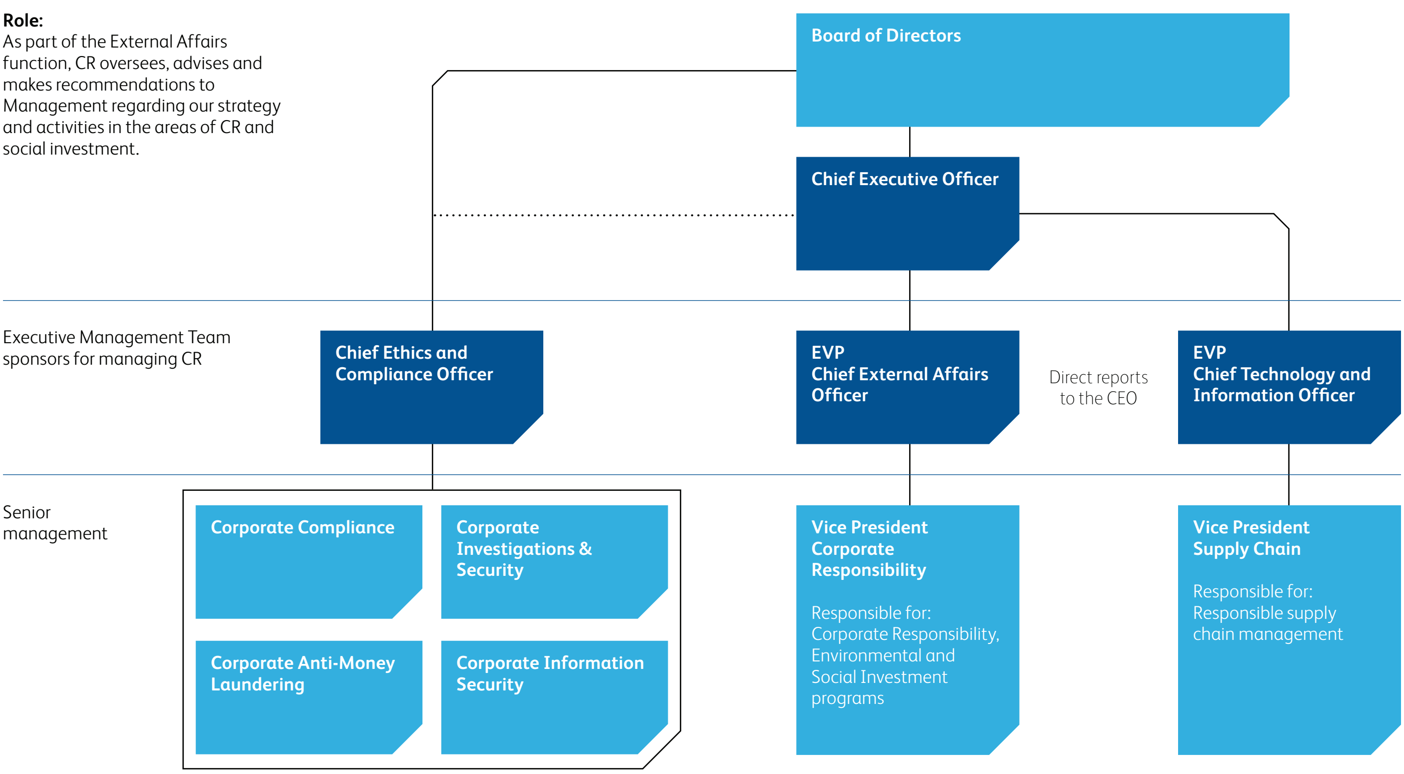
The CR team actively interacts with external stakeholders to ensure that Millicom understands and addresses CR issues that are important and relevant to its stakeholders. This is done in a formal way in a bi-annual materiality analysis, and for the most part via ongoing interaction with our key stakeholders.

In addition to anticipating and improving preparedness on risks, the CR function also adds value by seeking responsible leadership opportunities for the Group to improve reputation and brand perception, and monitoring cost savings from environmental initiatives.

Governance of CR

Millicom's Board of Directors oversees the Government Relations (GR), Regulatory Affairs, Corporate Responsibility (CR) and Social Investment (SI) functions of the Group which fall under the umbrella of External Affairs. This is due to the depth and materiality of these topics, the current maturity level of the programs, and the importance of monitoring risks and opportunities relating to them. The Executive Vice President (EVP) Chief External Affairs Officer, a direct report of the CEO, is accountable for delivering updates on the CR and SI strategy to the Board. Progress on CR and SI strategy implementation and issues management is also reported to the Millicom Executive Committee on a monthly basis through the EVP Chief External Affairs Officer, and in specific cases directly.

How CR is governed



Security

Millicom has a robust professional security and safety model, managed by the Vice President of Global Investigations, reporting into the Executive Vice President, Chief Ethics & Compliance Officer. The Security team identifies, mitigates, and manages developments that may pose a threat to the resilience and continued operations of the organization. Moreover, Corporate Security oversees the implementation of policy and Group standards in physical security, health and safety, crisis management/business continuity, and information security by local operational teams.

The focus of the Corporate Security team is to protect life, assets, and reputation; to promote well-being; and to build resilience throughout the business to unexpected events or crises.

The Corporate Security team continues to implement international standards such as OHSAS 18001, and ISO 22301 and 31000 in order to secure additional services as well as mitigating risk to the business.

Business Continuity and Crisis Management

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

All critical services and business processes are identified by a business impact analysis, and are required to have a disaster recovery and business continuity plan. All critical assets identified in the impact analysis have a risk assessment performed to address all relevant operational threats. All relevant risks are then subjected to a formal risk mitigation plan. Risk assessment is a continuous process.

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

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

Information Security

In 2017, Millicom reorganized its Information Security effort in order to further the maturity of the global program. Reporting into the Executive Vice President, Chief Ethics & Compliance Officer, the program is managed by the Global Chief Information Security Officer (CISO), who is responsible for the identification, management, and mitigation of technology-centric risks throughout the company. The CISO oversees the regional Information security teams to ensure the confidentiality, integrity, and availability of all business-critical systems and assets; identifying emerging threats and risks potentially detrimental to Millicom; and safeguard proprietary and personal customer information. Additionally, the regional teams work closely with business and technology leadership to ensure compliance to corporate policies and regional Information security-related regulatory requirements within the various countries where Millicom conducts business.

The Global CISO meets regularly with the Compliance Committee and Audit Committee to ensure appropriate risks have been elevated and are being addressed. As part of the move to centralize Information Security services, the Information Security team will be re-evaluating the existing technology risk management processes and consolidating all identification and mitigation efforts under the new global function beginning in 2018.

Health and Safety Management

All operating entities across Millicom including corporate are in compliance with the current internal OHSAS 18001 standard , seven of which – or 46% – were externally certificated this year with those remaining central America and Africa due in 2018. Additionally, there will be a transitional period at the later end of 2018 as the company prepares to move to the new ISO 45001 standard.

There was a total of 10 fatalities, ranging from road traffic accidents (RTA), falls from height, violent crime associated with criminal gangs, and one case of suicide, among our contracted staff or our managed service supplier.

In 2017, there was a 120% increase in the overall number of reported health, safety and security incidents in comparison to 2016. The increase in reported numbers in 2017 compared to 2016 is likely the result of a substantial reporting campaign across the company on accidents and incidents reporting.

Significant improvements in our due diligence process have been completed for our staff and suppliers in the health and safety area, bolstering training and awareness in auditing, health and safety vetting and site inspections. In 2016, we targeted the top 20 suppliers across each operating entity and during 2017 our teams targeted the top five suppliers with the most significant health and safety and security risks, and carried out a comprehensive audit of their business to ensure they comply with our strict requirements in this area.

The external verification of our OHSAS 18001 standards highlighted several observations in regard to the management of occupational health across the company. As such areas around capturing sickness absence, health awareness campaign messages and trend analysis to identify specific levels of absenteeism and their underlying causes have been a key focus area.

This will continue to be a major focus for all departments in the coming year.

Directors' Financial and Operating Report…

Group performance

Growth returned to our Latam markets during the second half of 2017, thanks largely to our strategic focus on building digital highways and accelerating the transition from legacy voice and SMS to high-speed data services, both in mobile and fixed.

In 2017, our financial statements show total revenue for the Group was US$4,133 million.

Gross profit was US$2,915 million, or a margin of 70.5%.

Operating expenses represented 39.3% of revenue. The Group has continued delivering on operational efficiencies which underpinned our margins and cash flows, delivering a lower operating cost run rate as well as Capex.

Our operating profit amounted to US$629 million, an 15.2% margin impacted positively by the gain on tower deals completed in Colombia and Paraguay.

Net financial expenses were US$385 million, including one-off costs in respect of early redemptions of the 2020 and 2021 Senior Notes outstanding bonds.

Profit before taxes at US$155 million included the effects of the increase in interest expenses described above, the gains on disposals of part of our towers in Paraguay and Colombia as well as the impairments of the value of our operations in Rwanda, of a minor investment in Guatemala and of our interest in LIH, an equity investment.

The Group net tax charge in 2017 was US$158 million leaving a net loss for the year from continuing operations at US$(3) million. The profit of US$71 million from discontinued operations reflected the profit on the merger of our business in Ghana.

As a result, the net profit for the year was US$68 million. The share of losses of non-controlling interests was US$17 million.

The net profit for the year attributable to Millicom owners was US$85 million. Earning per share was 0.85 cents.

Share Capital

At December 31, 2017, Millicom had 101.7 million issued and paid up common shares of par value US$1.50 each, of which 1.2 million were held by the Company as treasury shares (2016: 1.4 million). During the year, the Company acquired approximately 32,000 shares and issued around 224,000 shares to management and employees under the LTIP remuneration plans and approximately 9,000 shares to Directors as part of their annual remuneration.

Distribution to shareholders and proposed distributions

On May 4, 2017, at the Annual General Meeting of shareholders, a dividend distribution of US$2.64 per share was approved, and subsequently paid to shareholders.

This year's proposed dividend is consistent with distributions in 2016 and 2015.

Risks and uncertainty factors

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

The telecommunications, cable and content industries are evolving at an unprecedented pace. Demand and supply of access to the internet and content channels continues to gather pace, particularly in emerging markets.

Remaining competitive in this increasingly diverse and interconnected business requires innovation, constant commitment and attention to customer experience, relevant products and services, strategic partnerships, and provision of high-quality content.

Access to, and allocation of, capital and resources in the right place at the right time directly impacts competitive advantage. Decision making in this regard remains key to ensuring the right balance of risk with return in the Group.

Further information on these and other key risks faced by the Group are set out in section Risk Management from pages 24 to 27.

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 set out in the Governance section from pages 47 to 83.

Non-financial information

Non-financial information, such as environmental, social, human rights and the fight against corruption, are set out in the Corporate Responsibility Performance Appendix pages 161 to 188 of this Annual Report.

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. During 2017, the Executive Management team position of chief human resources officer, was filled. In addition, we hired our first chief information security officer.

At December 31, 2017, the Group's headcount from continuing operations reached approximately 19,000, up from almost 18,000 at December 31, 2016.

Outlook for the Group

For our Latam segment, we expect 2018 service revenue growth of 2-4% and EBITDA growth of 3-6% year-on-year in constant currency, and capex for the region should total approximately US$1 billion. In our B2C mobile unit, we expect to add three million new 4G data customers and to end the year with ten million. In our B2C Home business, we anticipate adding one million new HFC homes passed to reach ten million total homes, and we expect to connect an incremental 300,000 hybrid fiber-coaxial (HFC) homes to our network. For Africa, we expect the region will continue to produce positive equity Free Cash Flow.

Tom Boardman
Chairman of the Board of Directors

Management responsibility statement

We, Mauricio Ramos, Chief Executive Officer and Tim Pennington, Chief Financial Officer, confirm, to the best of our knowledge, that these 2017 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 6, 2018

Mauricio Ramos
Chief Executive Officer

Tim Pennington
Chief Financial Officer

Our financials...

This section details our financial performance for 2017

Independent auditor's report on the consolidated financial statements

To the shareholders of Millicom International Cellular S.A.

Opinion

Following our appointment by the General Meeting of the shareholders dated May 4, 2017, we have audited the accompanying consolidated financial statements of Millicom International Cellular S.A. (the Group) included on page 93 to page 156, which comprise the consolidated statement of financial position as of December 31, 2017, the consolidated income statement, 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, 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of July 23, 2016, on the audit profession (the "Law of 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 the 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 Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Luxembourg, and we have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. **Revenue recognition – accuracy of revenue recorded given the complexity of systems**

   Risk identified

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

   Our answer

   Our audit procedures over revenue included, among others:

   - Testing of controls, assisted by our information technology specialists including those over: set-up of customer accounts, pricing data, segregation of duties and the linkage to usage data that drives revenue recognition;
   - Testing the end-to-end reconciliation from business support systems to billing and rating systems to the general ledger. This testing included validating material journal entries processed between the billing systems and general ledger;
   - Testing of transactions for main revenues streams (calls, data, SMS, content);
   - Assessing the accounting applied to commercial offers, particularly in light of the revenue recognition criteria set by IAS 18;
   - Performing tests on the accuracy of customer bill generation on a sample basis and testing of a sample of the credits and discounts applied to customer bills;
   - Substantive testing of deferred income, through validation reports used in its determination at period end;
   - Testing cash receipts for a sample of customers back to the customer invoice;
   - Performing substantive analytical procedures on revenue and deferred revenue based on our industry knowledge, forming an expectation of revenue based on key performance indicators taking into consideration disconnections, installations, changes in rates and trends in deferred income;
   - Assessing the adequacy of the provision for impairment of trade receivables, including the appropriateness of the methodology used to calculate the provision, and analyzing individual significant long outstanding balances;
   - Assessing the adequacy of the Group's disclosures in respect of the accounting policies on revenue recognition as disclosed in note B1 of the consolidated financial statements;

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2. **Carrying value of goodwill and cash generating units (CGUs)**
Risk identified

Under EU-IFRSs, the Group is required to annually test the amount of goodwill for impairment. This annual impairment test was significant to our audit because the balance of US$599 million as of December 31, 2017, is material to the consolidated financial statements. In addition, the Group's assessment process includes significant judgments and is based on assumptions derived from the Group's five year plans, which are affected by expected future market or economic conditions.

Our answer

Our audit procedures included, amongst others, an assessment of the historical accuracy of management's estimates and budgets, evaluation and challenge of the assumptions, methodologies, CGU determination, the WACC and data used by the Group, for example by comparing them to external data. We have involved our valuation experts to assist us with our assessment of the WACC, expected inflation rates and the appropriateness of the model used. Furthermore, we have analyzed sensitivities if a lower growth rate or higher WACC were used.

The Company's disclosures about goodwill are included in note E.1.5. and E.1.6.

3. **Recognition of tax contingencies and tax assets**
Risk identified

Income tax positions were significant to our audit because the assessment process is complex and involves a high degree of judgment and the amounts involved are material to the consolidated financial statements as a whole. The Group's operations are subject to income taxes in various jurisdictions resulting in different subjective and complex interpretation of local tax laws as uncertainty prevails in the emerging markets economies in which Millicom is operating. Management exercises judgment in assessing the level of provision required for taxation when such taxes are based on the interpretation of complex tax laws. The future actual outcome of the decisions concerning these tax exposures may result in materially higher or lower amounts than the accrual included in the accompanying consolidated financial statements.

The Group's deferred income tax assets as at December 31, 2017, amount to US$180 million. Under EU-IFRS, the Group is required to periodically determine the valuation of deferred tax asset positions. This area was significant to our audit because of the related complexity of the valuation process which involves significant management judgment, given it is based on assumptions that are affected by expected future market or economic conditions.

Our answer

Our procedures included, among others, assessing the appropriateness of management's assumptions and estimates in relation to uncertain tax positions, and considering advice received by management from external parties to support their position. We have involved our tax specialists, where relevant, to consider management's assessment of the tax positions and related provision/liability accruals when necessary.

We assessed the business plans to determine the appropriateness of management assessment that recovering the deferred tax assets based on future taxable profits within the five year plan approved by the Board of Directors is probable and assessed the adequacy of disclosures on the assumptions and sensitivities in such business plans.

We also assessed the adequacy of the Group's disclosures in respect of the tax contingencies and tax positions as set out in note B.6. and G.3.2.

4. **Discontinued operation and asset held for sale classification of Ghana and Senegal**
Risk identified

Discontinued operations are those which have identifiable operations and cash flows and represent a major line of business or geographic area which has been disposed of, or are held for sale. As disclosed in notes A.4 and E.3.2 of the consolidated financial statements, Millicom disposed of its Ghana operation on October 12, 2017, and classified the operation as discontinued operation. In addition, Millicom has announced on July 28, 2017, the sale of its Senegal operation to a consortium consisting of NJJ, Sofima and Teylium Group, subject to customary closing conditions and regulatory approvals. While the transaction is still subject to regulatory approval at December 31, 2017, management assessed that there is a high probability that the sale will be completed and has classified the operation as discontinued operation and as held for sale.

This area is relevant to our audit since the classification of asset held for sale and discontinued operation requires significant judgment over the likelihood of the transaction and it impacts the presentation in the consolidated income statement and the statement of financial position including restatements of prior year results for comparison purposes.

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Our answer

As part of our audit procedures, we have considered the share purchase agreements for both Ghana and Senegal operations and management documentation to assess that the criteria for classification as asset held for sale under IFRS 5 have been met.

We have also assessed that the criteria to qualify for discontinued operation have been met.

We also assessed the adequacy of the Group's disclosures in respect of discontinued operations as set out in note A.4. and E.3.2..

5. IT systems and controls

Risk identified

The Group is heavily dependent on its information technology infrastructure for the continuity of the business processes. To be in a position to place a high level of reliance on the Group's information technology system and key internal controls, a significant proportion of our audit effort was conducted in this area.

Our answer

We understood and assessed the overall IT control environment and the controls in place, which included controls over access to systems and data, as well as system changes. We tailored our audit approach based on the financial significance of the system and whether there were automated procedures supported by that system.

The procedures performed, among others, included testing the operating effectiveness of controls over appropriate access rights and validating that only appropriate users had the ability to create, modify or delete user accounts for the relevant in-scope applications.

In addition, we tested the operating effectiveness of controls around system development, program changes and IT dependent business controls to establish that changes to the system were appropriately authorized and also developed and implemented properly.

6. Capitalization and asset lives

Risk identified

The net book value of fixed assets at December 31, 2017, is US$2,880 million. The assessment and timing of whether assets meet the capitalization criteria set out in the relevant accounting standards, the estimation of appropriate useful economic lives and the assessment of whether any impairment indicators are present, such as redundant assets, as well as the identification and the classification of leases all require judgment.

Our answer

Our audit procedures included, among others:

- Evaluating the design and testing the operating effectiveness of controls around the asset capitalization cycle;
- Considering material contracts signed during the year regarding new indefeasible rights of use (IRU), licenses, frequency charges or broadcasting rights to assess the appropriateness of accounting treatment;
- Assessing management assumptions over the carrying value and useful economic life of key assets by consideration of internal and external available data;
- Testing a sample of fixed asset additions to third party evidence such as purchase invoice and bank statement to assess the validity, valuation and appropriateness of capitalization of those additions;
- Considering the circumstances as to whether any additions or prevailing events would give rise to indicators of impairment such as redundant assets;
- Assessing the adequacy of the Group's disclosures in respect of PP&E and intangible assets as set out in Notes E.2. and E.1.

7. Potential improper payments in Guatemala

Risk identified

On October,21, 2015, Millicom reported to law enforcement agencies in the USA and Sweden potential improper payments made on behalf of the Company's joint venture in Guatemala (Comcel). On July 14, 2017, the International Commission Against Impunity in Guatemala (CICIG), disclosed an ongoing investigation into alleged illegal campaign financing that includes a competitor of Comcel. The CICIG further indicated that the investigation would include Comcel. On November 23/24, 2017, Guatemala's attorney general and CICIG executed search warrants on the offices of Comcel.

Considering the current situation, the Group has not been able to estimate the outcome of these cases and therefore the potential financial impact on its financial position and accordingly, has disclosed these matters in note G.3. of the consolidated financial statements.

Our answer

Our audit procedures included, amongst others:

- Inquiring of Millicom's lawyers dealing with the matter and we obtained external confirmation from these lawyers as part of our audit procedures. We also inquired of Group management on the matter;
- Inquiring of the head of compliance to understand the remediation actions taken from an internal control perspective and involved our forensic specialists to discuss such remediation with management;
- Testing the fact that Millicom's updated anti-bribery and anti-corruption policy and Code of Conduct have been rolled out in Group's operations;
- Performing test of controls over the procure to pay process;
- Assessing the adequacy of the Group's disclosures in respect of these matters as set out in Note G.3.

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Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the consolidated management report from pages 84 to 85 and the accompanying corporate governance statement from pages 47 to 83, 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 Company'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

Our objectives 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 July 23, 2016, and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company'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 Company 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.

Independent auditor's report on the consolidated financial statements – continued

To the shareholders of Millicom International Cellular S.A.

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 or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the General Meeting of the shareholders on May 4, 2017, and the duration of our uninterrupted engagement, including previous renewals and reappointments, is six years.

The consolidated management report from pages 84 to 85, and which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The accompanying corporate governance statement from pages 47 to 83 is the responsibility of the Board of Directors. The information required by article 68ter paragraph (1) letters c) and d) of the law of December 19, 2002, on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

Other matter.
The corporate governance statement includes the information required by article 68ter paragraph (1) of the law of December 19, 2002, on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Olivier Lemaire
Luxembourg, February 6, 2018

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Introduction

Corporate information

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

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

On 6 February, 2018, the Board of Directors (the Board) authorized these consolidated financial statements for issuance. The approval will be submitted for ratification by the shareholders at the Annual General Meeting (AGM) to be held on May 4, 2018.

Business activities

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

Millicom operates various cable and fixed line businesses in Latam (Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Bolivia and Paraguay). Millicom also provides direct to home satellite service in many 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 (see note A.2.2., for further details).

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

IFRS consolidated financial statements

Basis of preparation

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

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

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

Consolidation

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

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

Foreign currency

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

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

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

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

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

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

Introduction – continued

IFRS consolidated financial statements - continued

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, 2017 and 2016.

Exchange rates to the US dollar	Functional currency	2017 Average rate	2017 Year-end rate	2016 Year-end rate	Change %
Bolivia	Boliviano (BOB)	**6.91**	**6.91**	6.91	n/a
Chad and Senegal	CFA Franc (XAF)	**588**	**558**	626	12
Colombia	Peso (COP)	**2,961**	**2,984**	3,001	1
Costa Rica	Costa Rican Colon (CRC)	**571**	**573**	561	(2)
El Salvador	US dollar	**n/a**	**n/a**	n/a	n/a
Ghana	Cedi (GHS)	**4.36**	**4.42**	4.20	(5)
Guatemala	Quetzal (GTQ)	**7.36**	**7.34**	7.52	2
Honduras	Lempira (HNL)	**23.58**	**23.67**	23.59	—
Luxembourg	Euro (EUR)	**0.89**	**0.83**	0.95	12
Nicaragua	Cordoba (NIO)	**30.05**	**30.79**	29.32	(5)
Paraguay	Guarani (PYG)	**5,626**	**5,590**	5,767	3
Rwanda	Rwandan Franc (RWF)	**832**	**845**	820	(3)
Sweden	Krona (SEK)	**8.53**	**8.18**	9.11	10
Tanzania	Shilling (TZS)	**2,233**	**2,245**	2,181	(3)
United Kingdom	Pound (GBP)	**0.77**	**0.74**	0.81	9

New and amended IFRS accounting standards

Standards or amendments	Objective	IASB effective date
Adopted by Millicom on January 1, 2017, with no material impact to the consolidated financial statements		
IAS 7 Disclosure Initiative – Amendment to IAS 7	The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment did not have a material impact for the Group. The disclosure required has been added to these consolidated financial statements, see note C.5.	January 1, 2017
IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses	The IASB issued the amendments to IAS 12 Income Taxes to clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value. The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explains in which circumstances taxable profit may include the recovery of some assets for more than their carrying amount. This amendment did not have a material impact for the Group.	January 1, 2017
Not yet effective and not early adopted by Millicom on January 1, 2017		
IFRS 15 Revenue from Contracts with Customers	IFRS 15 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 will adopt the accounting standard on January 1, 2018, and identified a limited impact on its Group financial statements. IFRS 15 mainly affects the timing of recognition of revenue as it introduces more differences between the billing and the recognition of the revenue. However, it will not affect the cash flows generated by the Group. As a consequence of adopting this standard in 2018: 1) Some revenue will be recognized earlier, as a larger portion of the total consideration received in a bundled contract will be attributable to the component delivered at contract inception (i.e. typically a subsidized handset). Therefore, this will produce a shift from service revenue (which will decrease) to the benefit of telephone and equipment revenue. This will result 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 along the subscription period (which is usually between 12 to 36 months). Contract assets (and liabilities) will be reported on a separate line in current assets 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) will be capitalized in the statement of financial position and amortized over either the average customer retention period or the contract term, depending on the circumstances. This will result in the recognition of a contract costs capitalized on the statement of financial position; 3) There will be no material changes for the purpose of determining whether the Group acts as principal or an agent in the sale of products. Management identified some other adjustments that are much less meaningful than the adjustments explained above. The Group will adopt the standard using the cumulative catch-up transition method. Hence, the cumulative effect of initially applying the standard will be recognized as an adjustment to the opening balance of retained earnings as at January 1, 2018, and comparatives will not be restated. The Group expects an increase of approximately US$50 million on the retained earnings as of January 1, 2018. Expected impact has been determined based on outstanding contracts as of September 30, 2017, and are therefore estimates. The cumulative effect that will be recorded on January 1, 2018, will be based on December 31, 2017,figures.	January 1, 2018

Standards or amendments	Objective	IASB effective date
IFRS 15 Revenue from Contracts with Customers –continued	Additionally, the Group has decided to take some of the practical expedients foreseen in the standard, such as: • Millicom will not adjust 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 significant financing component will be adjusted, if material; • Millicom will disclose 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 will not be disclosed); • Millicom will apply the practical expedient not to disclose the price allocated to unsatisfied performance obligations, if the consideration from a customer directly corresponds to the value to the customer of the entity's performance to date (i.e. if billing = accounting revenue); • Millicom will apply 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 Millicom otherwise would have recognized is one year or less.	
IFRS 9 Financial Instruments	IFRS 9 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 entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. A final standard on hedging (excluding macro-hedging) has been issued in November 2013 which aligns hedge accounting more closely with risk management and allows hedge accounting to continue 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 will not have an impact for the Group on classification, measurement and recognition of financial assets and financial liabilities compared to current rules, but it will have a limited impact on impairment of trade receivables and contract assets (IFRS 15) as well as on amounts due from joint ventures and related parties – with the application of the expected credit loss model instead of the current incurred loss model. Similarly to IFRS 15 adoption, the Group will adopt the standard using the cumulative catch-up transition method and will therefore not restate comparative periods. Hence, the cumulative effect of initially applying the Standard will be recognized as an adjustment to the opening balance of retained earnings as at January 1, 2018, and comparatives will not be restated. The Group expects a decrease of approximately US$20 million on the retained earnings as of January 1, 2018. Additionally, the Group will continue 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 will have no impact for the Group.	January 1, 2018
IFRS 16 Leases	The application of the standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has operating lease commitments of US$808 million, see note G.2.2. However, the Group is still assessing to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows. This said, the application of this standard will affect net debt and leverage ratios of the Group. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16. The new standard is effective January 1, 2019.	January 1, 2019

Standards or amendments	Objective	IASB effective date
IFRIC 22 Foreign currency transactions and advance consideration	This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. The Group does not expect this amendment to have a material impact on the consolidated financial statements.	January 1, 2018
IFRIC 23 Uncertainty over income tax treatments	IFRIC 23 clarifies how the recognition and measurement requirements of IAS 12 Income taxes, are applied where there is uncertainty over income tax treatments. The interpretation is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted. This interpretation has not been endorsed by the EU yet. The Group is currently assessing the impact of this interpretation but does not expect any significant effect of applying it.	January 1, 2019
Annual improvements 2014–2016	These amendments impact three standards: IFRS 1, First-time adoption of IFRS, regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10. IFRS 12, Disclosure of interests in other entities regarding clarification of the scope of the standard (effective 1 January 2017). IAS 28, Investments in associates and joint ventures regarding measuring an associate or joint venture at fair value. The Group does not expect these improvements to have a material impact on the consolidated financial statements. These improvements have not been endorsed by the EU yet.	January 1, 2018
Annual improvements 2015–2017	These amendments impact four standards: IFRS 3, Business Combinations and IFRS 11 Joint Arrangements regarding previously held interest in a joint operation. IAS 12, Income Taxes regarding income tax consequences of payments on financial instruments classified as equity. And finally, IAS 23, Borrowing Costs regarding eligibility for capitalization. Again, the Group does not expect these improvements to have a material impact on the consolidated financial statements. These improvements have not been endorsed by the EU yet.	January 1, 2019

Introduction – continued

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 and actions, and actual results may ultimately differ from these estimates. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in each note and are summarized below:

Judgments

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

- **Contingent liabilities** – whether or not a provision should be recorded for any potential liabilities (see note G.3.);
- **Leases** – whether the substance of leases meets the IFRS criteria for recognition as finance or operating leases or services contracts, or elements of each (see notes E.2. and G.2.);
- **Control** – whether Millicom, through voting rights and potential voting rights attached to shares held, or by way of shareholders agreements or other factors, has the ability to direct the relevant activities of the subsidiaries it consolidates, or jointly direct the relevant activities of its joint ventures (see notes A.1., A.2.);
- **Discontinued operations and assets held for sale** – definition, classification and presentation (see notes A.4., E.3.1.) as well as measurement of potential provisions related to indemnities;
- **Deferred tax assets** – recognition based on likely timing and level of future taxable profits together with future tax planning strategies (see notes B.6.3. and G.3.2.);
- **Acquisitions** – measurement at fair value of existing and newly identified assets and goodwill, the measurement of property, plant and equipment and intangible assets, and the assessment of useful lives (see notes A.1.2., E.1.1., E.1.5., E.2.1.);
- **Defined benefit obligations** – key assumptions related to life expectancies, salary increases and leaving rates, mainly related to UNE Colombia (see note B.4.3.);
- **Impairment testing** – key assumptions related to future business performance (see notes E.1.2., E.1.6., E.2.2.).

Estimates

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

- **Accounting for property, plant and equipment, and intangible assets** in determining fair values at acquisition dates, particularly for assets acquired in business combinations and sale and leaseback transactions (see note E.2.1.);
- **Useful lives of property, plant and equipment and intangible assets** (see notes E.1.1., E.2.1.);
- **Provisions, in particular provisions for asset retirement obligations, legal and tax risks** (see note F.4.);
- **Revenue recognition** (see note B.1.1.).
- **Impairment testing including** WACC and long term growth rates (see note E.1.6.);
- **Estimates for defined benefit obligations** (see note B.4.3.);
- **Accounting for share-based compensation** in particular estimates of forfeitures and future performance criteria (see notes B.4.1., B.4.2.).

Consolidated statement of income

for the year ended December 31, 2017

US$ millions	Notes	2017	2016[(i)]
Revenue	B.1.	**4,133**	4,105
Cost of sales	B.2.	**(1,218)**	(1,187)
Gross profit		**2,915**	2,918
Operating expenses	B.2.	**(1,623)**	(1,661)
Depreciation	E.2.2.	**(711)**	(698)
Amortization	E.1.3.	**(150)**	(178)
Share of profit in our joint ventures in Guatemala and Honduras	A.2.	**142**	115
Other operating income (expenses), net	B.2.	**57**	(15)
Operating profit	B.3.	**629**	481
Interest expense	C.3.3.	**(401)**	(377)
Interest and other financial income		**16**	21
Other non-operating (expenses) income, net	B.5.	**(4)**	13
Income (loss) from other joint ventures and associates, net	A.3.	**(85)**	(49)
Profit (loss) before taxes from continuing operations		**155**	88
Charge for taxes, net	B.6.	**(158)**	(179)
Profit for the year from continuing operations		**(3)**	(91)
Profit (loss) for the year from discontinued operations, net of tax	E.3.2.	**71**	1
Net profit (loss) for the year		**68**	(90)
Attributable to: The owners of Millicom		**85**	(32)
Non-controlling interests	A.1.4.	**(17)**	(58)
Earnings per common share for profit (loss) attributable to the owners of the Company: **Basic (US$ per common share):** — from continuing operations		**0.14**	(0.33)
— from discontinued operations		**0.71**	0.01
— total	B.7.	**0.85**	(0.32)
Diluted (US$ per common share) — from continuing operations		**0.14**	(0.33)
— from discontinued operations		**0.71**	0.01
— total	B.7.	**0.85**	(0.32)

(i) Re-presented for discontinued operations (shown in note A.4.).

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

Consolidated statement of comprehensive income

for the year ended December 31, 2017

US$ millions	2017	2016
Net profit (loss) for the year	**68**	(90)
Other comprehensive income (to be reclassified to the income statement in subsequent periods), net of tax:		
Exchange differences on translating foreign operations[i]	**85**	(14)
Change in value of cash flow hedges, net of tax effects	**4**	(3)
Other comprehensive income (not to be reclassified to the income statement in subsequent periods), net of tax:		
Remeasurements of post-employment benefit obligations, net of tax effects	**(2)**	(2)
Total comprehensive income (loss) for the year	**156**	(109)
Attributable to:		
Owners of the Company	**171**	(60)
Non-controlling interests	**(15)**	(49)
Total comprehensive income (loss) for the period arises from:		
Continuing operations	**96**	(108)
Discontinued operations	**60**	(1)

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

Consolidated statement of financial position

at December 31, 2017

US$ millions	Notes	December 31 2017	December 31 2016
ASSETS			
NON-CURRENT ASSETS			
Intangible assets, net	E.1.	**1,265**	1,359
Property, plant and equipment, net	E.2.	**2,880**	3,057
Investments in joint ventures	A.2.	**2,967**	2,945
Investments in associates	A.3.	**241**	331
Deferred tax assets	B.6.	**180**	166
Derivative financial instruments	D.1.2.	**—**	32
Other non-current assets	G.5.	**113**	72
TOTAL NON-CURRENT ASSETS		**7,647**	7,961
CURRENT ASSETS			
Inventories, net	F.2.	**45**	62
Trade receivables, net	F.1.	**386**	387
Amounts due from non-controlling interests, associates and joint ventures	G.5.	**37**	17
Prepayments and accrued income		**145**	171
Current income tax assets		**99**	101
Supplier advances for capex		**18**	23
Other current assets		**90**	110
Restricted cash	C.4.	**145**	145
Cash and cash equivalents	C.4.	**619**	646
TOTAL CURRENT ASSETS		**1,585**	1,661
Assets held for sale	E.3.2.	**233**	5
TOTAL ASSETS		**9,465**	9,627

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

Consolidated statement of financial position

at December 31, 2017 – continued

US$ millions	Notes	December 31 2017	December 31 2016
EQUITY AND LIABILITIES			
EQUITY			
Share capital and premium	C.1.	**637**	638
Treasury shares		**(106)**	(123)
Other reserves	C.1.	**(470)**	(562)
Retained profits		**2,950**	3,247
Profit (loss) for the year attributable to equity holders		**85**	(32)
Equity attributable to owners of the Company		**3,096**	3,167
Non-controlling interests	A.1.4.	**185**	201
TOTAL EQUITY		**3,282**	3,368
LIABILITIES			
NON-CURRENT LIABILITIES			
Debt and financing	C.3.	**3,600**	3,821
Derivative financial instruments	D.1.2.	**—**	84
Amounts due to associates and joint ventures	G.5.	**124**	113
Provisions and other non-current liabilities	F.4.2.	**335**	286
Deferred tax liabilities	B.6.	**56**	57
TOTAL NON-CURRENT LIABILITIES		**4,116**	4,361
CURRENT LIABILITIES			
Debt and financing	C.3.	**185**	80
Payables and accruals for capex		**304**	326
Other trade payables		**288**	297
Amounts due to non-controlling interests, associates and joint ventures	G.5.	**296**	273
Accrued interest and other expenses		**353**	376
Current income tax liabilities		**81**	68
Derivative financial instruments	D.1.2.	**56**	—
Provisions and other current liabilities	F.4.1.	**425**	477
TOTAL CURRENT LIABILITIES		**1,989**	1,898
Liabilities directly associated with assets held for sale	E.3.2.	**79**	—
TOTAL LIABILITIES		**6,183**	6,258
TOTAL EQUITY AND LIABILITIES		**9,465**	9,627

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

Consolidated statement of cash flows

for the year ended December 31, 2017

US$ millions	Notes	2017	2016[i]
Cash flows from operating activities			
Profit (loss) before taxes from continuing operations		**155**	88
Profit (loss) before taxes from discontinued operations	E.3.2.	**71**	(5)
Profit (loss) before taxes		**226**	83
Adjustments to reconcile to net cash:			
Interest expense (income), net		**416**	397
Interest and other financial income		**(16)**	(22)
Adjustments for non-cash items:			
Depreciation and amortization		**879**	932
Share of profit in our joint ventures in Guatemala and Honduras	A.2.	**(142)**	(115)
Loss on disposal and impairment of assets, net	E.1.6., E.3.2.	**(99)**	19
Share based compensation	C.1.	**24**	14
(Income) loss from other joint ventures and associates, net	A.3.	**85**	49
Other non-cash non-operating (income) expenses, net	B.5.	**(2)**	(22)
Changes in working capital:			
Decrease (increase) in trade receivables, prepayments and other current assets		**6**	102
(Increase) decrease in inventories		**16**	19
Increase (decrease) in trade and other payables		**(83)**	(109)
Total changes in working capital		**(61)**	12
Interest (paid)		**(372)**	(357)
Interest received		**16**	19
Taxes (paid)		**(132)**	(130)
Net cash provided by operating activities		**820**	878
Cash flows from investing activities:			
Acquisition of subsidiaries, joint-ventures and associates, net of cash acquired	A.1.	**(22)**	—
Dividend received from joint-ventures	A.2.2.	**203**	143
Proceeds from disposal of subsidiaries and associates, net of cash disposed	E.3.2., A.3.2.	**22**	147
Purchase of intangible assets and licenses	E.1.4.	**(133)**	(143)
Proceeds from sale of intangible assets		**4**	6
Purchase of property, plant and equipment	E.2.3.	**(650)**	(719)
Proceeds from sale of property, plant and equipment	C.3.4.	**179**	6
Cash (used in) provided by other investing activities, net	D.1.2	**31**	8
Net cash used in investing activities		**(367)**	(552)
Cash flows from financing activities:			
Proceeds from debt and financing	C.3.	**996**	713
Repayment of debt and financing	C.3.	**(1,195)**	(821)
Advances for, and dividends to non-controlling interests	A.1./A.2.	**—**	(68)
Payment of dividends to equity holders	C.2.	**(265)**	(265)
Net cash from (used by) financing activities		**(464)**	(441)
Exchange impact on cash and cash equivalents, net		**4**	(8)
Net (decrease) increase in cash and cash equivalents		**(8)**	(123)
Cash and cash equivalents at the beginning of the year		**646**	769
Effect of cash in disposal group held for sale	E.3.2	**(19)**	—
Cash and cash equivalents at the end of the year		**619**	646

(i) Re-presented for discontinued operations.

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

Consolidated statement of changes in equity

for the year ended December 31, 2017

US$ millions	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
Balance on December 31, 2015	**101,739**	**(1,574)**	**153**	**486**	**(143)**	**3,513**	**(531)**	**3,477**	**251**	**3,728**
Total comprehensive income for the year	—	—	—	—	—	(32)	(28)	(60)	(49)	(109)
Dividends(iv)	—	—	—	—	—	(265)	—	(265)	—	(265)
Purchase of treasury shares	—	(37)	—	—	(3)	—	—	(3)	—	(3)
Share based compensation(v)	—	—	—	—	—	—	14	14	—	14
Issuance of shares under share based compensation schemes	—	216	—	(1)	23	(1)	(17)	4	—	4
Balance on December 31, 2016	**101,739**	**(1,395)**	**153**	**485**	**(123)**	**3,215**	**(562)**	**3,167**	**201**	**3,368**
Total comprehensive income for the year	—	—	—	—	—	85	87	171	(15)	156
Dividends(iv)	—	—	—	—	—	(265)	—	(265)	—	(265)
Purchase of treasury shares	—	(32)	—	—	(3)	—	—	(3)	—	(3)
Share based compensation(v)	—	—	—	—	—	—	24	24	—	24
Issuance of shares under share based compensation schemes	—	233	—	(1)	21	1	(18)	1	—	1
Balance on December 31, 2017	**101,739**	**(1,195)**	**153**	**484**	**(106)**	**3,035**	**(470)**	**3,096**	**185**	**3,282**

(i) Share capital and share premium – see note C.1.
(ii) Retained profits – includes profit for the year attributable to equity holders, of which $345 million (2016: $321 million) are not distributable to equity holders.
(iii) Other reserves – see note C.1.
(iv) Dividends – see note C.2.
(v) Share-based compensation – see note C.1.

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

Overview
Strategy
Performance
Governance
Financials
CR performance

A. The Millicom Group

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

A.1. Subsidiaries

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

Our main subsidiaries are as follows:

Entity	Country	Activity	December 31 2017 % holding	December 31 2016 % holding
Latin America				
Telemovil El Salvador S.A.	El Salvador	Mobile, MFS	**100.0**	100.0
Cable El Salvador S.A. de C.V.	El Salvador	Cable, DTH	**100.0**	100.0
Navega.com SA, Succursal El Salvador	El Salvador	Cable, DTH	**100.0**	100.0
Cable Costa Rica S.A.	Costa Rica	Cable, DTH	**100.0**	100.0
Telefonica Celular de Bolivia S.A.	Bolivia	Mobile, DTH, MFS, Cable	**100.0**	100.0
Telefonica Celular del Paraguay S.A.	Paraguay	Mobile, MFS, Cable, PayTV	**100.0**	100.0
Colombia Móvil S.A. E.S.P.(i)	Colombia	Mobile	**50.0-1 share**	50.0-1 share
UNE EPM Telecomunicaciones S.A.(i)	Colombia	Fixed-line, Internet, PayTV, Mobile	**50.0-1 share**	50.0-1 share
Edatel S.A. E.S.P.(i)	Colombia	Fixed-line, Internet, PayTV, Cable	**50.0-1 share**	50.0-1 share
Africa				
Millicom Ghana Company Limited(ii)	Ghana	Mobile, MFS	**—**	100.0
Sentel GSM S.A.(iii)	Senegal	Mobile, MFS	**100.0**	100.0
MIC Tanzania Limited(iv)	Tanzania	Mobile, MFS	**100.0**	100.0
Millicom Tchad S.A.	Chad	Mobile, MFS	**100.0**	100.0
Millicom Rwanda Limited (iii)	Rwanda	Mobile, MFS	**100.0**	100.0
Zanzibar Telecom Limited	Tanzania	Mobile, MFS	**85.0**	85.0
Unallocated				
Millicom International Operations S.A.	Luxembourg	Holding Company	**100.0**	100.0
Millicom International Operations B.V.	Netherlands	Holding Company	**100.0**	100.0
MIC Latin America B.V.	Netherlands	Holding Company	**100.0**	100.0
Millicom Africa B.V.	Netherlands	Holding Company	**100.0**	100.0
Millicom Holding B.V.	Netherlands	Holding Company	**100.0**	100.0
Millicom Spain S.L.	Spain	Holding Company	**100.0**	100.0

(i) Fully consolidated as Millicom has the majority of voting shares to direct the relevant activities.
(ii) Merged with Airtel Ghana in October 2017 and classified as discontinued operations for the year then ended (see note E.3.2.). Merged entity is accounted for as a joint venture as from merger date (see note A.2.3)
(iii) See note A.1.3.
(iv) See note H.

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 to non-controlling interests are recorded in equity. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is also recorded in equity.

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

During the year ended December 31, 2017, Tigo Paraguay completed the acquisition of TV Cable Parana for a total consideration of approximately US$18 million, net of cash acquired. The purchase accounting was finalized in March 2017. The purchase price has been mainly allocated to a customer list (US$14 million) and to other tangible and intangible fixed assets (US$3 million). As a result, the final goodwill amounted to US$1 million.

In addition, the Group did some other minor acquisitions for US$4 million.

During the year ended December 31, 2016, Millicom did not make any significant acquisition.

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

Rwanda

On December 19, 2017, Millicom announced that it has signed an agreement for the sale of its Rwanda operations to subsidiaries of Bharti Airtel Limited. The total consideration of the transaction is approximately 6x 2017 adjusted EBITDA, payable over two years, consisting of a mix of cash, vendor loan note and earn out. As of December 31, 2017, the transaction was subject to regulatory approvals whose obtention remained uncertain and, as a consequence, operations had not been classified as assets held for sale and discontinued operations as of December 31, 2017.

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. The transaction was completed on October 12, 2017 (see note E.3.).

Senegal

On February 2, 2017, Millicom announced that it had agreed to sell its Senegal business to Wari Group, a financial services company, for a cash consideration of US$129 million, subject to regulatory approvals and customary closing conditions. On July 28, 2017, Millicom exercised its right to terminate that agreement and subsequently agreed to sell the Senegal business to a consortium consisting of NJJ, Sofima (managed by the Axian Group) and Teylium Group, subject to customary closing conditions and regulatory approvals (see note E.3.).

DRC

On February 8, 2016, Millicom announced that it had signed an agreement for the sale of its businesses in the Democratic Republic of Congo (DRC) to Orange S.A. (see note E.3.).

Other disposals

For the years ended December 31, 2017 and 2016, Millicom did not dispose of any other significant investments.

A.1.4. Summarized financial information relating to significant subsidiaries with non-controlling interests

At December 31, 2017, Millicom's subsidiaries with material non-controlling interests were the Group's operations in Colombia.

Balance sheet – non-controlling interests December 31 (US$ millions)	2017	2016
Colombia	**197**	207
Others	**(11)**	(6)
Total	**185**	201

Profit (loss) attributable to non-controlling interests (US$ millions)	2017	2016
Colombia	**(13)**	(55)
Others	**(4)**	(3)
Total	**(17)**	(58)

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

Colombia (US$ millions)	2017	2016
Revenue	**1,739**	1,717
Total operating expenses	**(647)**	(660)
Operating profit	**106**	40
Net (loss) for the year	**(25)**	(110)
50% non-controlling interest in net (loss)	**(13)**	(55)
Total assets (excluding goodwill)	**2,193**	2,221
Total liabilities	**1,771**	1,776
Net assets	**422**	445
50% non-controlling interest in net assets	**211**	223
Consolidation adjustments	**(14)**	(16)
Total non-controlling interest	**197**	207
Dividends and advances paid to non-controlling interest	**—**	67
Net cash from operating activities	**331**	366
Net cash from (used in) investing activities	**(209)**	(340)
Net cash from (used in) financing activities	**(46)**	(24)
Exchange impact on cash and cash equivalents, net	**3**	1
Net increase in cash and cash equivalents	**80**	3

A.2. Joint ventures

Joint ventures are businesses over which Millicom exercises joint control as decisions over the relevant activities of each require unanimous consent of shareholders. Millicom determines the existence of joint control by reference to joint venture agreements, articles of association, structures and voting protocols of the Board of Directors of those ventures.

Our main joint ventures are as follows:

Entity	Country	Activity	December 31 2017 % holding	December 31 2016 % holding
Latin America				
Comunicaciones Celulares S.A.	Guatemala	Mobile, MFS	**55**	55
Navega.com S.A.	Guatemala	Cable, DTH	**55**	55
Telefonica Celular S.A.	Honduras	Mobile, MFS	**66.7**	66.7
Navega S.A. de CV	Honduras	Cable	**66.7**	66.7
Bharti Airtel Ghana Holdings B.V.	Ghana	Mobile, MFS	**50**	—

The carrying values of Millicom's investments in joint ventures were as follows:

Carrying value of investments in joint ventures at December 31 (US$ millions)	%	2017	2016
Honduras operations(i)	66.7	**726**	766
Guatemala operations(i)	55	**2,145**	2,179
Ghana operations	50	**96**	—
Total		**2,967**	2,945

(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:

	2017		
US$ millions	**Guatemala(i)**	**Honduras(i)**	**Ghana(ii)**
Opening balance at January 1, 2017	**2,180**	**765**	**—**
Change in scope	**—**	**—**	**102**
Results for the year	**127**	**16**	**(6)**
Dividends declared during the year	**(168)**	**(46)**	**—**
Currency exchange differences	**7**	**(6)**	**—**
Closing balance at December 31, 2017	**2,145**	**726**	**96**

(i) Share of profit (loss) is recognized under 'Share of profit in our joint ventures in Guatemala and Honduras' in the income statement.
(ii) Share of profit (loss) is recognized under 'Income (loss) from other joint ventures and associates, net' in the income statement.

At December 31 2017 and 2016 the Group had not incurred obligations, nor made payments on behalf of 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 (i.e. fair value in case it was a subsidiary of the Group before transaction). 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 income statement 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 income statement.

After application of the equity method, including recognizing the joint venture's losses, the Group applies IAS 39 to determine whether it is necessary to recognize any additional impairment loss with respect to its net investment in the joint venture.

A.2.2. Material joint ventures – Guatemala and Honduras operations

Summarized financial information for the years ended December 31, 2017 and 2016, of the Guatemala and Honduras operations is as follows. This information is based on amounts before inter-company eliminations.

Guatemala(i) (US$ millions)	2017	2016
Revenue	**1,328**	1,284
Depreciation and amortization	**(295)**	(281)
Operating profit(ii)	**352**	330
Financial income (expenses), net	**(60)**	(73)
Profit before taxes	**305**	261
Charge for taxes, net	**(74)**	(67)
Profit for the year	**230**	194
Net profit for the year attributable to Millicom	**127**	106
Dividends and advances paid to Millicom	**162**	77
Total non-current assets (excluding goodwill)	**2,406**	2,297
Total non-current liabilities	**1,052**	1,039
Total current assets	**756**	909
Total current liabilities	**220**	211
Cash and cash equivalents	**303**	289
Debt and financing – non-current	**995**	987
Debt and financing – current	—	—
Net cash from operating activities	**498**	438
Net cash from (used in) investing activities	**(171)**	(174)
Net cash from (used in) financing activities	**(315)**	(127)
Exchange impact on cash and cash equivalents, net	**2**	(3)
Net increase in cash and cash equivalents	**14**	134

(i) Includes all operations under the combined Guatemala group.
(ii) In 2016, operating profit included a provision for impairment of $24 million related to amounts receivables from the video surveillance contracts with the Civil National Police. In 2017, it also includes an additional impairment of $10 million (2016: US$18 million) on the fixed assets bought in the context of the video surveillance contracts.

A.2.2. Material joint ventures – Guatemala and Honduras operations – continued

Honduras[(i)] (US$ millions)	2017	2016
Revenue	**585**	609
Depreciation and amortization	**(156)**	(160)
Operating profit	**70**	54
Financial income (expenses), net	**(27)**	(27)
Profit before taxes	**41**	13
Charge for taxes, net	**(18)**	—
Profit for the year	**24**	13
Net profit for the year attributable to Millicom	**16**	9
Dividends and advances paid to Millicom	**40**	66
Total non-current assets (excluding goodwill)	**576**	645
Total non-current liabilities	**407**	454
Total current assets	**208**	259
Total current liabilities	**282**	237
Cash and cash equivalents	**16**	13
Debt and financing – non-current	**308**	339
Debt and financing – current	**80**	63
Net cash from operating activities	**152**	85
Net cash from (used in) investing activities	**(74)**	(17)
Net cash from (used in) financing activities	**(74)**	(69)
Net (decrease) increase in cash and cash equivalents	**3**	(1)

(i) Includes all operations under the combined Honduras group.

A.2.3. Ghana merger

As mentioned in note A.1.3., Millicom and Airtel have 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%. Necessary regulatory approvals were received on September 18, 2017. As part of the transaction, Millicom, to a certain extent, and Bharti granted to the government of Ghana an option to acquire a 25% stake in the newly combined entity for a period of two years.

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 owns a US$40 million loan against Tigo Ghana (the "Millicom Note"), which shall rank in priority to all other obligations of the Group owed to its shareholders. The Millicom Note bears interest and is classified under 'other non-current assets' in the statement of financial position.

Decisions about the relevant activities require the unanimous consent of the parties sharing control. Therefore, based on IFRS 11, this agreement results in Millicom and Airtel having joint control over the combined entity, which is a joint venture. Millicom therefore uses the equity method to account for its investment in the combined entity since October 12, 2017.

On the same date, each investor agreed and committed to fund the operations of the JV in accordance with the approved business plan on an equal basis and on the same terms. In this regard, both parties have agreed to provide, on an equal basis, a committed credit facility in the total aggregate amount of US$50 million, with Millicom providing a commitment of US$25 million and Airtel providing the same. The credit facility would bear interest and would be subordinated to the Millicom Note.

As a consequence, on that date, 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 US$102 million, resulting in a gain on the deconsolidation of these operations amounting to US$118 million, excluding recycling of foreign currency exchange losses accumulated in equity of US$79 million. The net gain of US$36 million has been recognized under 'Profit (loss) for the year from discontinued operations, net of tax'. As of December 31, 2017, the purchase price allocation is still provisional.

Fair value has been determined using valuation techniques such as discounted cash flows and comparable transaction multiples. As of December 31, 2017, Millicom determined the fair value of the option granted to the government to be immaterial.

A.2.3. Ghana merger – continued

AirtelTigo Ghana (US$ millions)	2017[i]
Revenue	**58**
Depreciation and amortization	**(11)**
Operating loss	**(1)**
Financial income (expenses), net	**(10)**
Loss before taxes	**(12)**
Charge for taxes, net	**—**
Loss for the period	**(12)**
Net loss for the period attributable to Millicom	**(6)**
Dividends and advances paid to Millicom	**—**
Total non-current assets (excluding goodwill)	**184**
Total non-current liabilities	**214**
Total current assets	**60**
Total current liabilities	**106**
Cash and cash equivalents	**15**
Debt and financing – non-current	**145**
Debt and financing – current	**—**
Net cash from operating activities	**13**
Net cash from (used in) investing activities	**—**
Net cash from (used in) financing activities	**(3)**
Net increase in cash and cash equivalents	**10**

(i) From the date of merger (October 12, 2017) to December 31, 2017, for income statement and cash flow metrics.

A.2.4. Impairment of investment in joint ventures

While no impairment indicators were identified for the Group's investments in joint ventures in 2017, according to its policy, management have completed an impairment test for its joint ventures in Guatemala and Honduras.

The impairment test in respect of the Group's investments in joint ventures (both equity and loans) is conducted on the same basis as for goodwill impairment test (see note E.1.6.). 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 or more. Cash flows beyond this period have been extrapolated using a perpetual growth rate of 3.1%–3.2% (2016: 1.0%–2.0%). Discount rates used in determining recoverable amounts were 9.3% and 10.2%, respectively (2016: 8.3% and 9.9%).

Our investment in Ghana JV has not been tested for impairment given the recent transaction and valuation performed in October 2017.

For the year ended December 31, 2017, and as a result of the impairment testing described above, management concluded that none of the Group's investments in joint ventures should be impaired.

Sensitivity analysis was performed on key assumptions within the impairment tests. The sensitivity analysis determined that sufficient margin exists from realistic changes to the assumptions that would not impact the overall results of the testing.

A.3. Investments in associates

Millicom's investments in associates mainly represent its shareholding in Helios Towers Africa Ltd (HTA) and its investments in the African and Latam online businesses (AIH and LIH). Millicom has significant influence over these companies but not control or joint control.

Our main associates are as follows:

Entity	Country	Activity(ies)	December 31 2017 % holding	December 31 2016 % holding
Africa				
Helios Towers Africa Ltd (HTA)[i]	Mauritius	Holding of Tower infrastructure company	**22.83**	22.83
Africa Internet Holding GmbH (AIH)	Germany	Online marketplace, retail and services	**10.15**	10.15
West Indian Ocean Cable Company Limited (WIOCC)[ii]	Republic of Mauritius	Telecommunication carriers' carrier	**9.1**	9.1
Latin America				
MKC Brilliant Holding GmbH (LIH)	Germany	Online marketplace, retail and services	**35.0**	35.0
Unallocated				
Milvik AB	Sweden	Other	**12.3**	26.75

(i) On February 8, 2017, Millicom announced that it initiated a process to sell its stake in HTA. At December 31, 2017, this process is still ongoing.
(ii) WIOCC was acquired as part of Zantel acquisition..

At December 31, 2017, the carrying value of Millicom's main associates was as follows:

Carrying value of investments in associates at December 31 (US$ millions)	2017	2016
MKC Brilliant Holding GmbH (LIH)	—	55
African Internet Holding GmbH (AIH)	**61**	64
Helios Tower Africa Ltd (HTA)	**149**	189
Milvik AB	**16**	9
West Indian Ocean Cable Company Limited (WIOCC)	**14**	14
Total	**241**	331

The summarized financial information for the Group's main material associates (i.e. HTA and AIH) is provided below.

Summary of statement of financial position of associates at December 31 (US$ millions)	2017	2016
Total current assets	**409**	384
Total non-current assets	**766**	707
Total assets	**1,176**	1,091
Total current liabilities	**268**	528
Total non-current liabilities	**602**	170
Total liabilities	**870**	698
Total net assets	**306**	429
Millicom's carrying value of its investment in HTA and AIH	**211**	253
Millicom's carrying value of its investment in other associates	**30**	78
Millicom's carrying value of its investment in associates	**241**	331

Share of net profit (loss) from associates (US$ millions)	2017	2016
Revenue	**449**	378
Operating expenses	**(321)**	(302)
Operating profit (loss)	**(148)**	(167)
Net loss for the year	**(220)**	(228)
Millicom's share of results from HTA and AIH	**(34)**	(39)
Millicom's share of results from other associates	**(45)**	(39)
Millicom's share of results from other joint ventures (Ghana)	**(6)**	—
Millicom's share of results from other joint ventures and associates	**(85)**	(39)

A.3.1. Accounting for investments in associates

The Group accounts for associates in the same way as it accounts for joint ventures.

A.3.2. Acquisitions and disposals of interests in associates

Africa Internet Holding GmbH (AIH)

AIH indirectly owns a number of companies that provide online services and online marketplaces in certain countries in Africa mainly under the brand name of Jumia.

Various shareholder funding rounds were signed in 2016. Millicom did not participate and therefore maintained its initial investment at EUR70 million. In addition, during June 2016, there was a capital restructuring whereby all investors rolled up into AIH. During 2016, these transactions were duly executed and as a result Millicom's shareholding in AIH was reduced to 10%. This triggered the recognition of a net dilution gain of US$43 million in the 2016 Group income statement under Income (loss) from associates, net.

Millicom investment in African towers company, Helios Towers Africa

During 2016, Millicom's shareholding was diluted from 28.2% to 22.8% as a result of previous committed cash calls and new investors' funding. This resulted in Millicom recognizing a gain on dilution of US$16 million. The gain was recorded in the 2016 Group income statement under Income (loss) from associates, net.

MKC Brilliant Holding GmbH (LIH)

In April 2017, LIH completed the disposal of its shareholding in Easy Taxi to Cabify. As a result, and ultimately, LIH received cash and shares in Cabify. The transaction resulted in Millicom recognizing a loss of US$11 million (Millicom's share). Additionally, as a result of the annual impairment test conducted in 2017, Management decided to fully impair the remaining carrying value of its investment in LIH for US$48 million. These losses are recorded under the caption Income (loss) from other joint ventures and associates, net.

During 2016, Millicom's 35% investment in LIH had been impaired by US$40 million mainly as a result of the drop in fair value of LIH's investment in the Global Fashion Group.

Milvik AB ('BIMA')

On December 19, 2017, Millicom announced that it sold a portion of its ownership stake in BIMA (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 US$24 million in cash and recognized a gain on disposal of US$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 US$11 million. Both gains have been recorded under the caption Income (loss) from other joint ventures and associates, net, in the income statement. Both transactions were carried out at the same fair value on an arm's length basis.

A.4. Discontinued operations

A.4.1. Classification of discontinued operations

Discontinued operations are those which have identifiable operations and cash flows (for both operating and management purposes) and represent a major line of business or geographic area which has been disposed of, or are held for sale. Revenue and expenses associated with discontinued operations are presented retrospectively in a separate line in the consolidated income statement. Millicom considers 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) does not require presentation as a discontinued operation.

A.4.2. Millicom's discontinued operations

In accordance with IFRS 5, the Group's businesses in Senegal and Tigo Ghana have been classified as assets held for sale as from February 7 and September 28, 2017, respectively, and their results were classified as discontinued operations. The comparative figures presented in the notes to these consolidated financial statements have also been restated accordingly and when necessary. For further details, refer to note E.3.

B. Performance

B.1. Revenue

Millicom's revenue comprises sale of services from its mobile, cable and digital media, and Mobile Financial Services businesses, 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 business unit (US$ millions)	2017	2016
Mobile	**2,307**	2,380
Fixed	**1,520**	1,394
Telephone and equipment and other	**305**	331
Total	**4,133**	4,105

Revenue from continuing operations by country or operation (US$ millions)	2017	2016
Colombia	**1,739**	1,717
Paraguay	**662**	623
Bolivia	**555**	542
El Salvador	**422**	425
Tigo Tanzania	**348**	347
Chad	**140**	166
Costa Rica	**153**	152
Other countries	**114**	133
Total	**4,133**	4,105

B.1.1. Accounting for revenue

Revenue recognition

Revenue is measured at the fair value of consideration received or receivable for the sale of goods and services, net of value added tax, rebates and discounts and after eliminating intra-group sales. Generally, this is the value of the invoice to the customer.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Generally, this occurs when the service has been provided to the customer, or when the related equipment is delivered or passed to the customer.

Recurring revenue is recognized on an accrual basis, i.e. as the related services are rendered. Unbilled revenue for airtime and data usage and subscription fees resulting from services provided from the billing cycle date to the end of each month are estimated and recorded.

Subscription product and service revenue is deferred and recognized over subscription period. Related costs are deferred and recognized over the same period.

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 deferred revenue within other current liabilities.

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

Bundled offers, such as various services sold together, are divided into separate units of accounting if the products and services in the bundle meet certain criteria. The price paid by the customer is then allocated among the separate products and services based on their relative fair values or using the residual method. Revenue is then recognized separately for each product and service.

Revenue from content services such as video messaging, ringtones, games, music, etc., are recognized net of payments to the content providers under certain conditions. These include whether the providers are responsible for the content, determining the price paid by the customer, and where the provider assumes the credit risk. For such services the Group is considered to be acting in substance as an agent. Other revenue is recognized on a gross basis with any third-party costs recognized as cost of sales and services.

Revenue from provision of MFS is recognized once the primary service has been provided to the customer.

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 capacity has been delivered to the customer, based on the amount expected to be received from the customer.

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

B.2. Expenses

The cost of sales and operating expenses incurred by the Group can be summarized as follows:

Cost of sales (US$ millions)	2017	2016
Direct costs of services sold	(925)	(869)
Cost of telephone, equipment and other accessories	(220)	(255)
Bad debt and obsolescence costs	(73)	(64)
Cost of sales	**(1,218)**	(1,187)

Operating expenses, net (US$ millions)	2017	2016
Marketing expenses	(469)	(451)
Site and network maintenance costs	(223)	(203)
Employee related costs (B.4.)	(459)	(458)
External and other services	(154)	(221)
Rentals and operating leases	(118)	(129)
Other operating expenses	(199)	(199)
Operating expenses, net	**(1,623)**	(1,661)

The other operating income and expenses incurred by the Group can be summarized as follows:

Other operating income (expenses), net (US$ millions)	Notes	2017	2016
Income from tower deal transactions	C.3.4.	63	—
Impairment of intangible assets and property, plant and equipment	E.1., E.2.	(23)	(7)
Gain (loss) on disposals of intangible assets and property, plant and equipment		1	(8)
Other income (expenses)		16	—
Other operating income (expenses), net		**57**	(15)

B.2.1. Accounting for cost of sales and operating expenses

Cost of sales

Cost of sales is recorded on an accrual basis.

Customer acquisition costs

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

Operating leases

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

B.3. Segmental information

Management determines operating and reportable segments based on the reports that are used by the chief operating decision maker (CODM) to make strategic and operational decisions from both a business and geographic perspective. The Group's risks and rates of return for its operations are predominantly affected by operating in different geographical regions. The Group has businesses in two main regions: Latam and Africa. The 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 about operating matters. Honduras and Guatemala are shown under the Latam segment. Our 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, 2017 and 2016, were as follows:

Year ended December 31, 2017 (US$ millions)	Latin America	Africa	Unallo-cated	Total (a)	Guatemala and Honduras(vi) (b)	Eliminations and transfers (c)	Subtotal (a)+(b)+(c)	Disc ops(vii)	Total
Revenue	5,441	582	—	6,024	(1,892)	—	4,133	242	4,375
Operating profit (loss)	1,025	44	(150)	919	(431)	142	629	79	709
Add back:									
Depreciation and amortization	1,174	129	6	1,310	(450)	—	861	18	878
Share of profit in our joint ventures in Guatemala and Honduras	—	—	—	—	—	(142)	(142)	—	(142)
Other operating income (expenses), net	(49)	—	10	(39)	(18)	—	(57)	(39)	(96)
EBITDA(i)	2,151	174	(134)	2,190	(899)	—	1,291	58	1,349
EBITDA from discontinued operations	—	58	—	58					
EBITDA incl. discontinued operations	2,151	232	(134)	2,248					
Capex(ii)	(855)	(99)	(1)	(955)					
Changes in working capital and others(iii)	(59)	(7)	(2)	(69)					
Taxes paid	(239)	(18)	1	(256)					
Operating Free Cash Flow(iv)	998	108	(136)	969					
Total assets(v)	10,411	1,298	782	11,556	(5,400)	3,309	9,465		
Total liabilities	5,484	1,673	1,465	7,687	(1,941)	439	6,183		

B.3. Segmental information – continued

Year ended December 31, 2016 (US$ millions)	Latin America	Africa	Unallo-cated	Total (a)	Guatemala and Honduras[vi] (b)	Eliminations and transfers (c)	Subtotal (a)+(b)+(c)	Disc ops[vii]	Total
Revenue	5,352	626	—	5,979	(1,875)	—	4,105	309	4,414
Operating profit (loss)	848	60	(150)	759	(394)	115	481	16	497
Add back:									
Depreciation and amortization	1,173	137	7	1,317	(440)	—	877	54	931
Share of profit in our joint ventures in Guatemala and Honduras	—	—	—	—	—	(115)	(115)	—	(115)
Other operating income (expenses), net	42	3	(6)	39	(24)	—	15	(9)	6
EBITDA[i]	2,063	200	(148)	2,114	(858)	—	1,257	62	1,319
EBITDA from discontinued operations	—	62	—	62					
EBITDA incl. discontinued operations	2,063	262	(148)	2,176					
Capex[ii]	(886)	(161)	(6)	(1,053)					
Changes in working capital and others [iii]	37	(2)	(33)	2					
Taxes paid	(233)	(33)	(9)	(275)					
Operating Free Cash Flow[iv]	981	66	(197)	850					
Total assets[v]	10,386	1,406	1,357	11,883	(5,589)	3,332	9,627		
Total liabilities	5,229	1,852	1,997	7,812	(1,942)	388	6,258		

(i) EBITDA is used by the management to monitor the segmental performance and for capital management. EBITDA is defined in the front section of the Annual Report.
(ii) Cash spent for capex excluding spectrum and licenses of US$53 million (2016: US$39 million) and cash received on tower deals of US$167 million (2016: nil).
(iii) 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.
(iv) Operating Free Cash Flow is EBITDA less capex (excluding spectrum and license costs) less change in working capital, other non-cash items (share-based payment expense) and taxes paid.
(v) Segment assets include goodwill and other intangible assets.
(vi) Including eliminations for Guatemala and Honduras as reported in the Latam segment.
(vii) See note E.3.2. DRC, Senegal and Ghana operations were part of the Africa segment.

B.4. People

Number of permanent employees	2017	2016
Continuing operations[i]	**14,548**	13,368
Joint ventures (Guatemala, Honduras and Ghana – for 2017)	**4,326**	4,023
Discontinued operations	**253**	594
Total	**19,127**	17,985

(i) Emtelco headcount are excluded from this report and any internal reporting because their costs are classified as direct costs and not employee related costs.

(US$ millions)	Notes	2017	2016
Wages and salaries		**(325)**	(296)
Social security		**(57)**	(68)
Share based compensation	B.4.1.	**(24)**	(14)
Pension and other long-term benefit costs	B.4.2.	**(8)**	(6)
Other employee related costs		**(45)**	(74)
Total		**(459)**	(458)

B.4.1. Share based compensation

Millicom shares granted to management and key employee compensation includes share based compensation in the form of long-term share incentive plans. In 2015, Millicom issued four types of plans, a deferred share plan, a performance share plan, an executive share plan and the sign-on CEO share plan (which is a one-off plan). Up until 2015, Millicom had two types of plan, a future performance plan and a deferred share plan. Since 2016, Millicom has two types of plans, a performance share plan and a deferred share plan. The different plans are further detailed below.

Cost of share based compensation (US$ millions)	**2017**	2016
2014 incentive plans	**—**	(1)
2015 incentive plans	**(3)**	(3)
2016 incentive plans	**(6)**	(10)
2017 incentive plans	**(14)**	—
Total share based compensation	**(24)**	(14)

Deferred share plan (unchanged from 2014)

For the deferred awards plan, participants are granted shares based on past performance, with 16.5% of the shares vesting on January 1 of each of year one and two, and the remaining 67% on 1 January of year three. Vesting is conditional upon the participant remaining employed with Millicom at each vesting date. The cost of this long-term incentive plan, which is not conditional on performance conditions, is calculated as follows:

Fair value (share price) of Millicom's shares at grant date x number of shares expected to vest.

Sign-on CEO share plan (new in 2015 – one off)

As part of his employment contract Millicom CEO (from April 1, 2015) received a sign-on grant of 77,344 shares. Vesting is conditional, among other conditions, on the CEO not being dismissed for cause. The cost of this long-term incentive plan, which is not conditional on market conditions, is calculated in the same way as the deferred share plan above. The expense for this plan has been taken in full during 2015.

Performance share plan (issued in 2015)

Under this plan, shares granted will vest at the end of the three-year period, 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 adjustment for future market-based conditions at grant date.

For this, a specific valuation has 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 has 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. As at December 31, 2017, this plan is vested.

Executive share plan (new 2015)

Under this plan, shares were granted to the CEO and CFO based on an allocated holding of 3,333 (CEO) and 2,000 (CFO) shares for which vesting occurs based on three components at multipliers based on market conditions (a TSR for component A and B) and performance conditions (on actual vs budgeted FCF for component C). The maximum number of shares that might vest under the plan is 26,664 (CEO) and 14,000 (CFO). Subject to the vesting criteria, shares under this plan will vest at the end of a three-year period.

Similarly to the performance share plan, a specific valuation has been performed based on the probability of the TSR conditions being met (and to which extent) and the expected payout based upon leaving conditions. The FCF condition being a non-market measure, it has been considered together with the leaving estimate and based initially on a 100% fulfillment expectation. Therefore, the reference share price is the share price on the date that the CEO and the CFO agreed to the executive share plan.

B.4.1. Share based compensation – continued

Performance share plan (issued since 2016)

Shares granted under this performance share plan vest at the end of the three-year period, subject to performance conditions, 25% based on Positive Absolute Total Shareholder Return (Absolute TSR), 25% based on Relative Total Shareholder Return (Relative TSR) and 50% based on budgeted Earnings Before Interest Tax Depreciation and Amortization (EBITDA) minus Capital Expenditure (Capex) minus Change in Working Capital (CWC) (Free Cash Flow).

This performance share plan is measured similarly to the performance share plan issued in 2015, see above.

For the performance share plans and the executive share plan, and in order to calculate the fair value of the TSR portion of those plans, it is necessary to make a number of assumptions which are set out below. The assumptions have been set based on an analysis of historical data as at grant date.

Assumptions and fair value of the shares under the TSR portion	**Risk-free rate %**	**Dividend yield %**	**Share price volatility[(i)] %**	**Award term (years)**	**Share fair value (in US$)**
Performance share plan 2017 (Relative TSR)	**(0.40)**	**3.80**	**22.5**	**2.92**	**27.06**
Performance share plan 2017 (Absolute TSR)	**(0.40)**	**3.80**	**22.5**	**2.92**	**29.16**
Performance share plan 2016 (Relative TSR)	**(0.65)**	**3.49**	**30**	**2.61**	**43.35**
Performance share plan 2016 (Absolute TSR)	**(0.65)**	**3.49**	**30**	**2.61**	**45.94**
Performance share plan 2015	**(0.32)**	**2.78**	**23**	**2.57**	**32.87**
Executive share plan 2015 – Component A	**(0.32)**	**N/A**	**23**	**2.57**	**53.74**
Executive share plan 2015 – Component B	**(0.32)**	**N/A**	**23**	**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 (number of shares)	**2017 plans**		2016 plans		2015 plans				2014 plans	
	Performance plan	**Deferred plan**	Performance plan	Deferred plan	Performance plan	Executive plan	CEO plan	Deferred plan	Future plan	Deferred plan
Initial shares granted	**279,807**	**438,505**	200,617	287,316	98,137	40,664	77,344	237,620	164,015	219,767
Additional shares granted[(i)]	**2,868**	**29,406**	—	—	—	—	3,537	—	—	1,306
Revision for forfeitures	**(6,590)**	**(32,884)**	(30,649)	(53,653)	(37,452)	—	—	(67,528)	(124,603)	(79,702)
Total before issuances	**276,085**	**435,027**	**169,968**	**233,663**	**60,685**	**40,664**	**80,881**	**170,092**	**39,412**	**141,371**
Shares issued in 2015	**—**	**—**	—	—	—	—	—	—	—	(32,555)
Shares issued in 2016	**—**	**—**	(1,214)	(1,733)	(771)	—	(25,781)	(38,745)	—	(25,508)
Shares issued in 2017	**—**	**(2,686)**	(752)	(43,579)	(357)	—	(28,139)	(30,124)	(39,412)	(83,308)
Performance conditions	**—**	**—**	—	—	—	—	—	—	—	—
Shares still expected to vest	**276,085**	**432,341**	**168,002**	**188,351**	**59,557**	**40,664**	**26,961**	**101,223**	**n/a**	**n/a**
Estimated cost over the vesting period (US$ millions)	**10**	**21**	**5**	**6**	**4**	**2**	**6**	**12**	**n/a**	**n/a**

(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 income statement in subsequent years.

Past service costs are recognized in the income statement 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 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, the Group's Colombian subsidiary 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, 2017, the defined benefit obligation liability amounted to US$39 million (2016: US$37 million) and payments expected in the plans in future years totals US$87 million (2016: US$86 million). The average duration of the defined benefit obligation at December 31, 2017 is seven years (2016: seven 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) (US$ '000)	**2017**	2016
Chairperson	**233**	243
Other members of the Board	**889**	900
Total(i)	**1,122**	1,143

(i) Cash compensation converted from SEK to USD at exchange rates on payment dates each year. Share based compensation based on the market value of Millicom shares on the 2017 AGM date (in total 8,731 shares). Net remuneration comprised 52% in shares and 48% in cash (SEK) (2016: 50% in shares and 50% in cash).

Shares beneficially owned by the Directors (number of shares)	**2017**	2016
Chairperson	**7,000**	3,000
Other members of the Board	**20,067**	24,316
Total	**27,067**	27,316

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.

B.4.3. Directors and executive management – continued

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 (US$ '000)	**CEO**	**CFO**	**Executive Team (9 members)** [iii]
2017			
Base salary	**1,000**	**648**	**3,822**
Bonus	**707**	**455**	**1,590**
Pension	**150**	**97**	**629**
Other benefits	**64**	**15**	**1,193**
Total before share based compensation	**1,921**	**1,215**	**7,233**
Share based compensation[i][ii] in respect of 2017 LTIP	**2,783**	**1,492**	**5,202**
Total	**4,704**	**2,707**	**12,435**

Remuneration charge for the Executive team (US$ '000)	**CEO**	**CFO**	**Executive team (9 members)**
2016			
Base salary	1,000	599	3,797
Bonus	660	450	1,411
Pension	150	82	513
Other benefits	48	18	720
Termination benefits	—	—	—
Total before share based compensation	1,858	1,149	6,441
Share based compensation[i][ii] in respect of 2016 LTIP	2,660	1,481	4,031
Total	4,518	2,630	10,472

(i) See note B.4.1.
(ii) Share awards of 61,724 and 167,371 were granted in 2017 under the 2017 LTIPs to the CEO, and Executive Team (2016: 49,171 and 104,573, respectively).
(iii) 'Other Executives' compensation includes Daniel Loria, former CHRO.

Shares and unvested share awards beneficially granted to the Executive team (number of shares)	**CEO**	**Executive team**	**Total**
2017			
Shares	**53,920**	**58,129**	**112,049**
Share awards not vested	**148,324**	**299,067**	**447,391**
2016			
Shares	25,781	34,472	60,253
Share awards not vested	114,739	173,340	288,079

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 results of the Group.

US$ millions	**Year ended 31 December 2017**	Year ended 31 December 2016
Change in fair value of derivatives (see note D.1.2.)	**(22)**	3
Exchange gain (loss), net	**18**	19
Other non-operating income (expenses), net	**(1)**	(8)
Total	**(4)**	13

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 income statement, except when deferred in equity as qualifying cash flow hedges.

B.6. Taxation

B.6.1. Income tax expense

Tax mainly comprises income taxes of subsidiaries and withholding taxes on intragroup dividends and royalties for use of Millicom trademarks and brands. Millicom operations are in jurisdictions with income tax rates of 10% to 40% levied on either revenue or profit before income tax (2016: 10% to 40%). Income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated income statement.

Income tax charge (US$ millions)	**2017**	2016
Income tax (charge) credit		
Withholding tax	**(74)**	(44)
Other income tax relating to the current year	**(85)**	(73)
	(159)	(117)
Adjustments in respect of prior years	**(12)**	(27)
	(171)	(144)
Deferred tax (charge) credit		
Origination and reversal of temporary differences	**23**	48
Effect of change in tax rates	**19**	1
	42	49
(Increase) decrease in unrecognized deferred tax assets	**(38)**	(91)
	4	(42)
Adjustments in respect of prior years	**9**	7
	13	(35)
Tax (charge) credit on continuing operations	**(158)**	(179)
Tax (charge) credit on discontinuing operations	**—**	5
Total tax (charge) credit	**(158)**	(174)

Reconciliation between the tax expense and tax at the weighted average statutory tax rate is as follows:

	2017			2016		
Income tax calculation (US$ millions)	**Continuing operations**	**Discont'd operations**	**Total**	Continuing operations	Discont'd operations	Total
Profit before tax	**155**	**71**	**226**	88	(5)	83
Tax at the weighted average statutory rate	**(6)**	**(16)**	**(22)**	13	2	15
Effect of:						
Items taxed at a different rate	**(11)**	**—**	**(11)**	14	—	14
Change in tax rates on deferred tax balances	**19**	**—**	**19**	1	—	1
Expenditure not deductible and income not taxable	**(63)**	**4**	**(59)**	(65)	8	(57)
Unrelieved withholding tax	**(74)**	**—**	**(74)**	(44)	—	(44)
Accounting for associates and joint ventures	**17**	**—**	**17**	29	—	29
Movement in deferred tax on unremitted earnings	**1**	—	**1**	(16)	—	(16)
Unrecognized deferred tax assets	**(39)**	—	**(39)**	(109)	(11)	(120)
Recognition of previously unrecognized deferred tax assets	**1**	**12**	**13**	18	—	18
Adjustments in respect of prior years	**(3)**	**—**	**(3)**	(20)	6	(14)
Total tax (charge) credit	**(158)**	**—**	**(158)**	(179)	5	(174)
Weighted average statutory tax rate	**3.9%**		**9.7%**	(14.8)%		(17.9)%
Effective tax rate	**101.9%**		**69.9%**	203.4%		207.1%

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.

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 (US$ millions)	Fixed assets	Unused tax losses	Unremitted earnings	Other	Offset	Total
Balance at January 1, 2016	**(47)**	**109**	**(16)**	**92**	**—**	**138**
Acquisitions	—	—	—	—		—
Transfers to Assets Held for Sale	(1)	—	—	—		(1)
(Charge)/credit to income statement	24	3	(16)	(47)		(36)
(Charge)/credit to other comprehensive income	—	—	—	1		1
Exchange differences	1	1	—	5		7
	(23)	113	(32)	51		109
Deferred tax assets	84	113	—	65	(96)	166
Deferred tax liabilities	(107)	—	(32)	(14)	96	(57)
Balance at December 31, 2016	**(23)**	**113**	**(32)**	**51**	—	**109**
(Charge)/credit to income statement	53	(61)	1	20		13
Exchange differences	2	—	(1)	1		2
	32	52	(32)	72		124
Deferred tax assets	88	52	—	79	(39)	180
Deferred tax liabilities	(56)	—	(32)	(7)	39	(56)
Balance at December 31, 2017	**32**	**52**	**(32)**	**72**	**—**	**124**

B.6.3. Deferred tax – continued

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

Deductible temporary differences (US$ millions)	Fixed assets	Unused tax losses	Other	Total
At December 31, 2017	**68**	**4,844**	**162**	**5,074**
At December 31, 2016	68	4,501	190	4,759

Unrecognized loss carryforwards expire as follows:

Unrecognized tax losses related to continuing operations (US$ millions)	2017	2016
Expiry:		
Within one year	**39**	27
Within one to five years	**494**	493
No expiry	**4,311**	3,981
Total	**4,844**	4,501

With effect from 2017, Luxembourg tax losses incurred may be carried forward for a maximum of 17 years. Losses incurred before 2017 may be carried forward without limitation of time.

At December 31, 2017, Millicom had US$842 million of unremitted earnings of Millicom operating subsidiaries for which no deferred tax liabilities were recognized (2016: US$873 million). Except for intragroup dividends to be paid out of 2017 profits in 2018 for which deferred tax of US$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 per share are calculated by dividing net profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

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

Net profit/(loss) used in the earnings per share computation (US$ millions)	2017	2016
Basic and diluted:		
Net profit/(loss) attributable to equity holders from continuing operations	**14**	(33)
Net profit attributable to equity holders from discontinued operations	**71**	1
Net profit/(loss) attributable to all equity holders to determine the basic earnings per share	**85**	(32)

Weighted average number of shares in the earnings per share computation (thousands of shares)	2017	2016
Weighted average number of ordinary shares (excluding treasury shares) for basic earnings per share	**100,384**	100,337
Potential incremental shares as a result of share options	**—**	—
Weighted average number of ordinary shares (excluding treasury shares) adjusted for the effect of dilution	**100,384**	100,337

C. Capital structure and financing

C.1. Share capital, share premium and reserves

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

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

Share capital, share premium	2017	2016
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	**US$1.50**	US$1.50
Share capital (US$ millions)	**153**	153
Share premium (US$ millions)	**484**	485
Total (US$ millions)	**637**	638

Other equity reserves (US$ millions)	Legal reserve	Equity settled transaction reserve	Hedge reserve	Currency translation reserve	Pension obligation reserve	Total
As of December 31, 2015	16	46	(1)	(593)	1	(531)
Share based compensation	—	14	—	—	—	14
Issuance of shares – 2013, 2014, 2015 LTIPs	—	(17)	—	—	—	(17)
Remeasurements of post-employment benefit obligations	—	—	—	—	(2)	(2)
Cash flow hedge reserve movement	—	—	(3)	—	—	(3)
Currency translation movement	—	—	—	(23)	—	(23)
As of December 31, 2016	16	43	(4)	(616)	(1)	(562)
Share based compensation	—	24	—	—	—	24
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**	**49**	**—**	**(532)**	**(4)**	**(470)**

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 2016 or 2017 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. Income statements or income statement captions (including those of joint ventures and associates) are translated to US dollars at monthly average exchange rates during the year. The currency translation reserve includes foreign exchange gains and losses arising from these translations.

C.2. Dividend distributions

On May 4, 2017, a dividend distribution of US$2.64 per share from Millicom's retained profits at December 31, 2016, was approved by the shareholders at the AGM and distributed in May 2017.

On May 17, 2016, a dividend distribution of US$2.64 per share from Millicom's retained profits at December 31, 2015, was approved by the shareholders at the AGM and distributed in May 2016.

The ability of the Company to make dividend payments is subject to, among other things, the terms of indebtedness, legal restrictions and the ability to repatriate funds from Millicom's various operations. At December 31, 2017, US$345 million (December 31, 2016: US$321 million) of Millicom's retained profits represent statutory reserves that are unavailable to be distributed to owners of the Company.

C.3. Debt and financing

Debt and financing by type (US$ millions)	Note	2017	2016
Debt and financing due after more than one year			
Bonds	C.3.1.	**2,147**	2,561
Banks	C.3.2.	**1,158**	940
Finance leases	C.3.3.	**362**	290
Other financing		**74**	95
Total non-current financing		**3,742**	3,886
Less: portion payable within one year		**(142)**	(65)
Total non-current financing due after more than one year		**3,600**	3,821
Debt and financing due within one year			
Bonds	C.3.1.	**—**	—
Banks	C.3.2.	**40**	—
Finance leases	C.3.3.	**3**	5
Other financing		**—**	10
Total current debt and financing		**43**	15
Add: portion of non-current debt payable within one year		**142**	65
Total		**185**	80
Total debt and financing		**3,785**	3,901

Debt and financing by location (i) (US$ millions)	2017	2016
Millicom International Cellular S.A. (Luxembourg)	**1,255**	1,747
Colombia	**1,130**	841
Paraguay	**488**	408
Bolivia	**352**	306
Tanzania	**217**	192
Rwanda	**50**	80
Chad	**70**	76
Ghana (i)	**—**	54
Senegal (i)	**—**	14
Costa Rica	**76**	92
El Salvador	**147**	89
Total debt and financing	**3,785**	3,901

(i) Classified as assets held for sale in the course of 2017. See note E.3.2.

C.3. Debt and financing – continued

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

C.3.1. Bond financing

Bond financing (US$ millions)	Note	Country	Maturity	Interest rate %	**2017**	2016
SEK Senior Unsecured Variable Rate Notes	(1)	Luxembourg	2019	STIBOR +3.3[(i)]	**243**	217
USD 4.75% Senior Notes	(2)	Luxembourg	2020	4.75	**—**	333
USD 6% Senior Notes	(3)	Luxembourg	2025	6	**496**	495
USD 6.625% Senior Notes	(4)	Luxembourg	2021	6.625	**—**	652
USD 5.125% Senior Notes	(5)	Luxembourg	2028	5.125	**494**	—
USD 6.75% Senior Notes	(6)	Paraguay	2022	6.75	**296**	296
BOB 4.75% Notes	(7)	Bolivia	2020	4.75	**86**	112
BOB 4.05% Notes	(7)	Bolivia	2020	4.05	**11**	15
BOB 4.85% Notes	(7)	Bolivia	2023	4.85	**85**	85
BOB 3.95% Notes	(7)	Bolivia	2024	3.95	**50**	50
BOB 4.30% Notes	(7)	Bolivia	2029	4.30	**25**	25
BOB 4.30% Notes	(7)	Bolivia	2022	4.30	**30**	—
BOB 4.70% Notes	(7)	Bolivia	2024	4.70	**35**	—
BOB 5.30% Notes	(7)	Bolivia	2026	5.30	**13**	—
UNE Bond 1 (tranches A and B)	(8)	Colombia	2020	CPI + 5.10	**50**	50
UNE Bond 2 (tranches A and B)	(8)	Colombia	2023	CPI + 3.70 / 4.80	**50**	50
UNE Bond 3 (tranche A)	(8)	Colombia	2024	9.35	**54**	53
UNE Bond 3 (tranche B)	(8)	Colombia	2026	CPI+4.15	**85**	85
UNE Bond 3 (tranche C)	(8)	Colombia	2036	CPI+4.89	**43**	43
Total bond financing					**2,147**	2,561

(i) STIBOR – Swedish Interbank Offered Rate.

(1) SEK Senior Unsecured Notes

In April and September 2016, Millicom redeemed for cash any and all of its SEK 250 million (approximately US$31 million) 5.125% Senior Unsecured Fixed Rate Notes due 2017 (the Fixed Rate Notes) and its SEK 1.75 billion (approximately US$219 million) STIBOR +3.500% Senior Unsecured Floating Rate Notes due 2017 (the Floating Rate Notes, and together with the Fixed Rate Notes, the Notes).

The total early redemption fees amounting to US$8 million have been recorded under interest expenses. The remaining US$1 million of related unamortized costs were also expensed during 2016.

On April 21, 2016, Millicom also completed the placing of a new SEK 2 billion (approximately US$250 million) three-year floating rate bond in the Swedish market. The new bond has a floating rate coupon of three months STIBOR +3.3% and will mature on April 17, 2019, with a first call option on April 17, 2018. The bond was issued at 100% of the principal. US$2.5 million of withheld and upfront costs are being amortized over the three year life of the bond. The covenant is set at 3.0x net debt/EBITDA.

C.3.1. Bond financing – continued

(2) USD 4.75% Senior Notes

On May 22, 2013, Millicom issued a US$500 million fixed interest rate bond to refinance most of the external debt outstanding at the time in its African operations. Withheld costs of issuance of US$10 million and paid costs of US$9 million are amortized over the seven-year life of the notes (effective interest rate of 5.29%).

In November 2016, MIC S.A. announced an offer to purchase for cash up to US$300 million of its 4.750% Senior Notes due 2020 and its 6.625% Senior Notes due 2021 (the Notes). In December 2016, the Company confirmed that it had accepted to purchase US$300 million in aggregate principal amount of the Notes of which US$158 million of its 4.750% Senior Notes due 2020. The early redemption fees amounting to US$3 million and US$3 million of related unamortized costs have been expensed in December 2016 under interest expenses.

In June 2017, the Company announced the redemption of all of the aggregate principal amount of the outstanding 4.750% Senior Notes due 2020 ($342 million). The early redemption fees amounting to US$8 million and US$7 million of related unamortized costs have been expensed in June 2017 under interest expenses. At December 31, 2017, there are no 2020 Notes outstanding.

(3) USD 6% Senior Notes

On March 11, 2015, Millicom issued a US$500 million 6% fixed interest rate bond repayable in ten years, to repay the El Salvador 8% Senior Notes and for general corporate purposes. The bond was issued at 100% of the principal and has an effective interest rate of 6.132%. US$7.2 million of withheld and upfront costs are being amortized over the ten-year life of the bond.

(4) USD 6.625% Senior Notes

On October 16, 2013, Millicom issued a US$800 million bond. The funds were used to finance the Colombian Merger (see note A.1.2.), and released from the escrow account prior to completion of the merger on August 14, 2014 (effective interest rate of 7.17%).

As part of the offer for early redemption described in (2) above, the Company confirmed that it had accepted for purchase US$142 million of principal of its 6.625% Senior Notes due 2021. The early redemption fees amounting to US$8 million and US$2 million of related unamortized costs had been expensed in December 2016 under interest expenses.

On September 11, 2017, the Group made a tender offer for the outstanding 6.625% Senior Notes. On September 20, 2017, MIC S.A. repurchased US$186 million in principal amount in the tender offer using the proceeds of the issue of the 5.125% Notes – see below. Also on September 11, 2017, the Group delivered a redemption notice for the 6.625% Senior Notes. MIC S.A. redeemed the remaining US$473 million in principal amount on October 15, 2017. The total early redemption fees amounting to US$22 million and US$6 million of related unamortized costs have been expensed in September 2017 under interest expenses. At December 31, 2017, there are no 2021 Notes outstanding.

(5) USD 5.125% Senior Notes

On September 20, 2017, MIC S.A. issued a US$500 million, ten-year bond with an interest rate of 5.125% at an issue price of 100% (the 5.125% Notes) and will mature in 2028. Withheld costs of issuance of US$7 million are amortized over the seven-year life of the notes (effective interest rate is 5.24%).

(6) USD 6.75% Senior Notes

On December 7, 2012, Telefónica Cellular del Paraguay S.A., Millicom's fully owned subsidiary in Paraguay issued US$300 million of notes at 100% of the aggregate principal amount. Distribution and other transaction fees of US$7 million reduced the total proceeds from issuance to US$293 million. The 6.75% Senior Notes have a 6.75% per annum coupon with interest payable semi-annually in arrears on June 13 and 13 December. The effective interest rate is 7.12%.

The 6.75% Senior Notes are general unsecured obligations of Telefónica Celular del Paraguay S.A. and rank equal in right of payment with all future unsecured and unsubordinated obligations of Telefónica Celular del Paraguay S.A. The 6.75% Senior Notes are unguaranteed.

C.3.1. Bond financing – continued

(7) BOB Notes

In May 2012, Telecel Bolivia issued Boliviano (BOB) 1.36 billion of notes repayable in installments until April 2, 2020. Distribution and other transaction fees of BOB5 million reduced the total proceeds from issuance to BOB 1.32 billion (US$191 million). The bond has a 4.75% per annum coupon with interest payable semi-annually in arrears in May and November each year. The effective interest rate is 4.79%.

In November 2015, Telecel Bolivia issued BOB696 million (approximately US$100 million) of notes in two series, A for BOB104.4 million (approximately US$15 million), with a fixed annual interest rate of 4.05%, maturing in August 2020 and series B for BOB591.6 million (approximately US$85 million) with a fixed annual interest rate of 4.85%, maturing in August 2023. The bond has coupon with interest payable semi-annually in arrears in March and September during the first two years, thereafter each February and August. The effective interest rate is 4.84%. In the placement, the final interest rate was reduced as Telecel Bolivia took advantage of strong demand for the bonds resulting in a reduction of the average interest rate to 4.55%. Telecel Bolivia received BOB4.59 million in excess of the BOB696 million issued (upfront premium).

On August 11, 2016, our operation in Bolivia issued a new bond for a total amount of BOB522 million consisting of two tranches (approximately US$50 million and US$25 million, respectively). Tranche A and B bear fixed interest at 3.95% and 4.30%, and will mature in June 2024 and June 2029, respectively.

On October 12, 2017, Tigo Bolivia placed approximately US$80 million of local currency debt in three tranches, which will mature in 2022, 2024 and 2026 and bear an average interest rate of 4.66%.

(8) UNE Bonds

In March 2010, UNE issued a COP300 billion (approximately US$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 US$126 million) bond consisting of two equal tranches with five and 12-year maturities. Interest rates are variable and depend on the tranche. Tranche A bears variable interest, based on CPI, in Colombian peso and paid in Colombian peso. Tranche B bears variable interest, based on fixed term deposits, in Colombian peso and paid in Colombian peso. UNE applied the proceeds to finance its investment plan. Tranche A matured in October 2016 and tranche B will mature in October 2023.

In May 2016, UNE issued a COP540 billion bond (approximately US$176 million) consisting of three tranches (approximately US$52 million, US$83 million and US$41 million respectively). Interest rates are either fixed or variable depending on the tranche. Tranche A bears fixed interest at 9.35%, while tranche B and C bear variable interest, based on CPI, (respective margins of CPI + 4.15% and CPI + 4.89%), in Colombian peso.

UNE applied the proceeds to finance its investment plan and repay one bond (COP150 billion tranche). Tranches A, B and C will mature in May 2024, May 2026 and May 2036, respectively.

C.3.2. Bank and Development Financial Institution financing

(US$ millions)	Country	Maturity	Interest rate %	2017	2016
Fixed rate loans					
Long-term loans	Paraguay	2020/2023	9.0	**106**	103
PYG Long-term loan	Paraguay	2022	10.0	**65**	—
Variable rate loans					
USD Long-term loans	Costa Rica	2021	4 variable	**76**	92
USD Long-term loans	Chad	2019	4 variable	**3**	7
USD Long-term loans	Rwanda	2019	2.9 variable	**40**	69
USD Long-term loans	Tanzania (Zantel)	2020	4.1 variable	**96**	99
BOB Long-term loans	Bolivia	2019	6 variable	**—**	1
USD Short-term loans	Ghana	2018	3.5 variable	**—**	40
COP Long-term loans	Colombia (UNE)	2025/2028	10.4 variable(i)	**363**	400
USD Long-term loans	Colombia (Tigo)	2021/2022	LIBOR + 2.5	**297**	—
USD Senior Unsecured Term Loan Facility	El Salvador	2021	LIBOR + 3.0	**50**	50
USD Credit Facility	El Salvador	2021	LIBOR + 2.25	**29**	33
USD Credit Facility	El Salvador	2022	LIBOR + 3	**50**	—
Other Long-term loans	Various		Various	**25**	46
Total Bank financing				**1,198**	940

(i) IBR – Colombia Interbank Rate.

Colombia
In June 2017, Colombia Movil completed a $300 million syndicated loan. The loan, denominated in US dollars, which carries an interest rate of LIBOR + 2.50% will be repaid in three tranches of $100 million in June and December 2021 for the two first tranches, and in June 2022 for the last tranche. Proceeds have been used to repay an inter-company loan from Millicom, which used the funds to reduce holding company debt (see note C.3.1.) and for general corporate purposes.

Paraguay
On July 4, 2017, our Paraguayan subsidiary signed a five-year loan agreement with the IPS (Instituto de Prevision Social) and the Inter-American Development Bank for a total amount of PYG367,000 million (approximately US$66 million). The loan, denominated in local currency carries a 9.75% interest rate per annum and start amortizing in Q4 2019. This facility is guaranteed by the Company.

MIC S.A. term loan facility
In July 2016, MIC S.A. entered into a US$50 million term loan facility agreement, of which half was repaid in 2017 and half was repaid in January 2018. The facility bears variable interest rate at six-month LIBOR + 2.25% per annum.

El Salvador
On April 15, 2016, Telemovil El Salvador, S.A. de C.V. entered into a Senior Unsecured Term Loan Facility up to US$50 million maturing in April 2021 and bearing variable interest at LIBOR + 3.0% per annum, which was restated and amended with date May 30, 2017, for a second tranche of US$50 million and bearing an interest rate at LIBOR + 3% per annum. This facility is guaranteed by the Company.

On June 6, 2016, Telemovil El Salvador, S.A. de C.V. entered into a US$30 million Credit Facility for general corporate purposes maturing in June 2021 and bearing variable interest rate at LIBOR + 2.25% per annum. The facility is guaranteed by the Company.

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

MIC S.A. revolving credit facility
On January 30, 2017, the Company announced the closing of a new $600 million, five years revolving credit facility (RCF) and notified the lenders in the 2014 RCF of the formal cancellation of the commitments outstanding under the 2014 RCF (none of which were drawn at such date).

Interest on amounts drawn under the revolving credit facility is payable at LIBOR or EURIBOR, as applicable, plus an initial margin of 1.5%. As of December 31, 2017, the committed facility was fully undrawn.

In addition to the bank financing arrangements described above, as of December 31, 2017, a Millicom subsidiary has an agreement with a bank whereby the bank provided loans amounting to EUR134 million (2016: EUR134 million) to the Millicom subsidiary with a maturity date in 2020. Simultaneously Millicom deposited the same amount with the bank.

C.3.2. Bank and Development Financial Institution financing– continued

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 income statement.

C.3.3. Interest expenses

The Group's interest expense comprised the following:

(US$ millions)	Year ended December 31 2017	Year ended December 31 2016
Interest expense on bonds and bank financing	**(246)**	(262)
Interest expense on finance leases	**(70)**	(54)
Early redemption charges	**(43)**	(25)
Others	**(42)**	(36)
Total interest expenses	**(401)**	(377)

C.3.4. Finance leases

Millicom's finance leases mainly consist of long-term lease of tower space from tower companies or competitors on which Millicom locates its network equipment.

Finance lease liabilities

Leases which transfer substantially all risks and benefits incidental to ownership of the leased item to the lessee are capitalized at the inception of the lease. The amount capitalized is the lower of the fair value of the asset or the present value of the minimum lease payments.

Lease payments are allocated between finance charges (interest) and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recorded as interest expenses in the income statement.

The sale and leaseback of towers and related site operating leases and service contracts are accounted for in accordance with the underlying characteristics of the assets, and the terms and conditions of the lease agreements. When sale and leaseback agreements are concluded, the portions of assets that will not be leased back by Millicom are classified as assets held for sale as completion of their sale is highly probable. Asset retirement obligations related to the towers are classified as liabilities directly associated with assets held for sale. On transfer to the tower companies, the portion of the towers leased back are accounted for as operating leases or finance leases according to the criteria set out above. The portion of towers being leased back represents the dedicated part of each tower on which Millicom's equipment is located and was derived from the average technical capacity of the towers. Rights to use the land on which the towers are located are accounted for as operating leases, and costs of services for the towers are recorded as operating expenses. The gain on disposal is recognized upfront for the portion of towers that is not leased back. It is deferred and recognized over the term of the lease for the portion leased back.

C.3.4. Finance leases – continued

Finance lease liabilities (US$ millions)	Country	Maturity	2017	2016
Lease of tower space	Tanzania	2029	**121**	78
Lease of tower space	Colombia Movil	2023/2029	**87**	77
Lease of tower space	Ghana	2023/2025	**—**	14
Lease of poles	Colombia (UNE)	2029	**100**	83
Lease of tower space	Paraguay	2029	**21**	—
Other finance lease liabilities	various	various	**37**	43
Total finance lease liabilities			**365**	295

Tower Sale and Leaseback – Paraguay

On April 26, 2017, the Group announced an agreement to sell and leaseback approximately 1,400 wireless communications towers in Paraguay to a subsidiary of American Tower Corporation (ATC) whereby Millicom agreed the sale of tower assets and to lease back a dedicated portion of each tower to locate its network equipment in exchange for cash. As a result of this transaction, our operation in Paraguay will receive approximately Gs700 billion (equivalent to US$125 million) in cash. The portions of the assets that will be transferred and that will not be leased back by our operation in Paraguay are classified as assets held for sale as completion of their sale is highly probable.

The first closing of 836 towers occurred on August 11, 2017 and ATC paid Gs426 billion (approximately US$76 million). This triggered the recognition of an upfront gain on sale of US$26 million under Other operating income (expenses), net. The financial lease liability recognized in respect of the lease back of a portion of these towers amount to US$21 million. An additional closing occured early January 2018.

Tower Sale and Leaseback – Colombia

On July 18, 2017, the Group announced that its subsidiary Colombia Móvil S.A. E.S.P (Tigo Colombia) agreed to sell approximately 1,200 wireless communications towers to a subsidiary of ATC in Colombia. As a result of the transaction, Tigo Colombia will receive approximately COP448 billion, equivalent to US$147 million, in cash.

The first closing of 696 towers occurred in December 2017 and ATC paid COP258 billion (approximately US$85 million). This triggered the recognition of an upfront gain on sale of US$37 million under Other operating income (expenses), net. The financial lease liability recognized in respect of the lease back of a portion of these towers amount to US$7 million. The next closing is expected to occur early 2018.

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 (US$ millions)	**At December 31, 2017**		At December 31, 2016	
Term	**Outstanding exposure(i)**	**Maximum exposure(ii)**	Outstanding exposure(i)	Maximum exposure(ii)
0–1 year	**159**	**159**	38	38
1–3 years	**368**	**368**	348	348
3–5 years	**144**	**144**	250	250
More than 5 years	**—**	**—**	4	4
Total guarantees	**671**	**671**	640	640

(i) The outstanding exposure represents the carrying amount of the related liability at December 31.
(ii) The maximum exposure represents the total amount of the Guarantee at December 31.

Pledged assets

The Group's share of total debt and financing secured by either pledged assets, pledged deposits issued to cover letters of credit, or guarantees issued by the Company at December 31, 2017, was US$671 million (2016: US$643 million), out of this, assets pledged by the Group over this debt and financing at the same date amounted to US$1 million (2016: US$3 million). The remainder represented primarily guarantees issued by Millicom S.A. to guarantee financings raised by other Group operating entities.

C.3.6. Covenants
Millicom's financing facilities are subject to a number of covenants including net leverage ratio, debt service coverage ratios, debt to earnings ratios, and cash levels. In addition, certain of its financings contain restrictions on sale of businesses or significant assets within the businesses. At December 31, 2017 there were no breaches in financial covenants.

C.4. Cash and deposits

C.4.1. Cash and cash equivalents

(US$ millions)	2017	2016
Cash and cash equivalents in USD	**302**	411
Cash and cash equivalents in other currencies	**317**	235
Total cash and cash equivalents	**619**	646

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

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

C.4.2. Restricted cash

(US$ millions)	2017	2016
Mobile Financial Services	**143**	136
Others	**2**	9
Restricted cash	**145**	145

Cash held with banks related to MFS which is restricted in use due to local regulations is denoted as restricted cash.

C.4.3. Pledged deposits

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

At December 31, 2017, there were no non-current pledged deposits (2016: US$nil).

At December 31, 2017, current pledged deposits amounted to US$1 million (2016: US$3 million).

C.5. Net debt

Net debt **(US$ millions)**	2017	2016
Total debt and financing	**3,785**	3,901
Less:		
Cash and cash equivalents	**(619)**	(646)
Restricted cash	**(145)**	(145)
Pledged deposits	**(1)**	(3)
Time deposits related to bank borrowings	**—**	(2)
Net debt at the end of the year	**3,019**	3,105
Add (less) derivatives related to debt (SEK currency swap)	**56**	84
Net debt including derivatives related to debt	**3,075**	3,189

	Assets		Liabilities from financing activities			
	Cash and cash equivalents	Restricted cash	Other	Bond and bank debt and financing	Finance lease liabilities	Total
Net debt as at January 1, 2017	646	145	4	3,606	295	**3,105**
Cash flows	10	17	(1)	(177)	(22)	**(226)**
Additions / acquisitions	(22)	—	—	3	195	**219**
Interest accretion	—	—	—	8	(1)	**7**
Foreign exchange movements	4	(3)	—	34	(2)	**31**
Transfers to/from assets held for sale	(19)	(14)	(2)	(49)	(13)	**(27)**
Transfers	—	—	—	10	—	**10**
Other non-cash movements	—	—	—	(14)	(86)	**(101)**
Net debt as at December 31, 2017	619	145	2	3,420	365	**3,019**

C.6. Financial instruments

Financial instruments at fair value through profit or loss

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

Financial instruments that contain obligations to purchase own equity instruments

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

Financial instruments that contain call options over non-controlling interests

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

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

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 2017. 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 income statement as finance costs or income. The change in fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the income statement as finance costs or income.

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

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time is recycled to the income statement 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 income statement within Other non-operating (expenses) income, net.

C.6.1. Fair value measurement hierarchy

Millicom uses the following fair value measurement hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade ratings. Interest rate swaps and foreign exchange forward contracts are valued using valuation techniques, which employ the use of markets observable data. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, interest rate curves and forward curves.

C.6.2. Fair value of financial instruments

The fair value of Millicom's financial instruments are shown at amounts at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair value of all financial assets and all financial liabilities, except debt and financing approximate their carrying value largely due to the short-term maturities of these instruments. The fair values of all debt and financing have been estimated by the Group, based on discounted future cash flows at market interest rates.

Fair values of financial instruments at December 31 (US$ millions)[ii]	Note	Carrying value		Fair value[i]	
		2017	2016	**2017**	2016
Financial assets					
Pledged deposits	C.4.3.	**—**	—	**—**	—
Derivative financial instruments		**—**	32	**—**	32
Other non-current assets		**73**	72	**73**	72
Trade receivables, net		**386**	387	**386**	387
Amounts due from non-controlling interests, associates and joint venture partners		**77**	17	**77**	17
Prepayments and accrued income		**145**	171	**145**	171
Supplier advances for capital expenditures		**18**	23	**18**	23
Other current assets		**90**	110	**90**	110
Restricted cash		**145**	145	**145**	145
Cash and cash equivalents		**619**	646	**619**	646
Total financial assets		**1,553**	1,603	**1,553**	1,603
Current		**1,440**	1,499	**1,440**	1,499
Non-current		**113**	104	**113**	104
Financial liabilities					
Debt and financing[ii]	C.3.	**3,785**	3,901	**3,971**	4,234
Trade payables		**288**	297	**288**	297
Payables and accruals for capital expenditure		**304**	326	**304**	326
Derivative financial instruments		**56**	84	**56**	84
Amounts due to non-controlling interests, associates and joint venture partners		**420**	386	**420**	386
Accrued interest and other expenses		**353**	376	**353**	376
Other liabilities		**371**	400	**371**	400
Total financial liabilities		**5,577**	5,770	**5,763**	6,103
Current		**1,753**	1,531	**1,753**	1,531
Non-current		**3,824**	4,239	**4,010**	4,572

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

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 2017. As part of the annual review of the above mentioned risks, the Group agrees to a strategy over the use of derivatives and natural hedging instruments ranging from raising debt in local currency (where the Company targets to reach 40% of debt in local currency over the medium term) to maintain a 70/30% mix between fixed and floating rate debt or agreeing to cover up to six months forward of operating costs and capex denominated in non-functional currencies through a rolling and layering strategy. Millicom's risk management strategies may include the use of derivatives to the extent a market would exist in the jurisdictions where the Group operates. Millicom's policy prohibits the use of such derivatives in the context of speculative trading.

Accounting policies for derivatives is further detailed in note C.6.

On December 31, 2017, fair value of derivatives held by the Group can be summarized as follows:.

Derivatives (US$ millions)	2017	2016
Cash flow hedge derivatives	(55)	(84)
Derivatives held for trading (on swaps on Euro denominated debt)	—	32
Net derivative asset (liability)	**(55)**	(52)

D.1. Interest rate risk

Debt and financing issued at floating interest rates expose the Group to cash flow interest rate risk. Debt and financing issued at fixed rates expose the Group to fair value interest rate risk. The Group's exposure to risk of changes in market interest rates relate to both of the above. To manage this risk, the Group's policy is to maintain a combination of fixed and floating rate debt with target for the debt to be distributed between fixed (up to 70%) and variable (up to 30%) rates. The Group actively monitors borrowings against this target. The target mix between fixed and floating rate debt is reviewed periodically. The purpose of Millicom's policy is to achieve an optimal balance between cost of funding and volatility of financial results, while taking into account market conditions as well as our overall business strategy. At December 31, 2017, approximately 65% 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 (2016: 70%).

D.1.1. Fixed and floating rate debt

Financing at December 31, 2017 (US$ millions)	Amounts due within						
	1 year	1–2 years	2–3 years	3–4 years	4–5 years	>5 years	Total
Fixed rate financing	87	365	141	104	396	1,369	2,462
Weighted average nominal interest rate	7.17%	5.52%	8.28%	9.92%	7.73%	7.68%	7.48%
Floating rate financing	98	134	206	327	188	370	1,323
Weighted average nominal interest rate	4.24%	2.37%	8.40%	12.20%	1.98%	2.25%	3.06%
Total	185	500	347	431	584	1,738	3,785
Weighted average nominal interest rate	5.61%	4.68%	8.35%	11.65%	5.88%	6.52%	5.94%

Financing at 31 December 2016 (US$ millions)	Amounts due within:						
	1 year	1–2 years	2–3 years	3–4 years	4–5 years	>5 years	Total
Fixed rate financing	41	85	314	435	720	1,141	2,736
Weighted average nominal interest rate	7.52%	7.54%	5.41%	5.62%	7.11%	8.51%	7.28%
Floating rate financing	39	168	204	213	130	411	1,165
Weighted average nominal interest rate	4.20%	9.46%	3.63%	2.89%	1.21%	3.86%	3.16%
Total	80	252	518	649	850	1,552	3,901
Weighted average nominal interest rate	5.90%	8.81%	4.71%	4.72%	6.20%	7.28%	6.05%

A 100 basis point fall or rise in market interest rates for all currencies in which the Group had borrowings at December 31, 2017 would increase or reduce profit before tax from continuing operations for the year by approximately US$13 million (2016: US$12 million).

D.1.2. Interest rate swap contracts

From time to time, Millicom enters into currency and interest rate swap contracts to manage its exposure to fluctuations in interest rates and currency fluctuations in accordance with its Financial Risk Management policy. Details of these arrangements are provided below.

Interest rate and currency swaps on SEK denominated debt

These swaps are accounted for as a cash flow hedge 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 April 2018 but might be extended. The hedging relationship is highly effective and related fluctuations are recorded through other comprehensive income. At December 31, 2017, the fair values of the swaps amount to a liability of US$56 million (December 31, 2016: a liability of US$84 million). These instruments are measured with reference to Level 2.

Interest rate and currency swaps on Euro-denominated debt

In June 2013, Millicom entered into interest rate and currency swaps whereby Millicom will sell Euros and receive USD to hedge against exchange rate fluctuations on an intercompany seven-year Euro 134 million principal and related interest financing of its operation in Senegal (Note C.3.2.). . The outstanding 2020 Notes were repaid in August 2017 and as a result these swaps have been settled. The year-to-date revaluation of the swap resulted in a US$22 million loss. The Group finally received US$10 million in cash on settlement date. This instrument was measured with reference to Level 2.

The above hedge was considered ineffective, with fluctuations in the fair value of the hedge recorded through profit and loss.

No other financial instruments have a significant fair value at December 31, 2017.

D.2. Foreign currency risks

The Group is exposed to foreign exchange risk arising from various currency exposures in the countries in which it operates. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

Millicom seeks to reduce its foreign currency exposure through a policy of matching, as far as possible, assets and liabilities denominated in foreign currencies, or entering into agreements that limit the risk of exposure to currency fluctuations against the US dollar reporting currency. In some cases, Millicom may also borrow in US dollars where it is either commercially more advantageous for joint ventures and subsidiaries to incur debt obligations in US dollars or where US dollar denominated borrowing is the only funding source available to a joint venture or subsidiary. In these circumstances, Millicom accepts the remaining currency risk associated with financing its joint ventures and subsidiaries, principally because of the relatively high cost of forward cover, when available, in the currencies in which the Group operates.

D.2.1. Debt denominated in US dollars and other currencies

Debt denomination at December 31 (US$ millions)	**2017**	2016
Debt denominated in US dollars	**1,983**	2,266
Debt denominated in currencies of the following countries:		
Colombia	**834**	841
Chad	**61**	69
Tanzania	**121**	93
Bolivia	**337**	288
Ghana	**—**	13
Paraguay	**191**	103
Luxembourg (SEK denominated)	**243**	217
Other	**15**	11
Total debt denominated in other currencies	**1,802**	1,635
Total debt	**3,785**	3,901

At December 31, 2017, 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 US$95 million and US$(116) million respectively (2016: US$51 million and US$(63) million respectively). This increase/decrease in profit before tax would have mainly been as a result of the conversion of the USD-denominated net debts in our operations with functional currencies other than the US dollar.

D.2.2. Foreign currency swaps

See note D.1.2. Interest rate swap contracts.

D.3. Non-repatriation risk

Most of Millicom's operating subsidiaries and joint ventures generate most of the revenue of the Group and in the currency of the countries in which they operate. Millicom is therefore dependent on the ability of its subsidiaries and joint venture operations to transfer funds to the Company.

Although foreign exchange controls exist in some of the countries in which Millicom Group companies operate, none of these controls currently significantly restrict the ability of these operations to pay interest, dividends, technical service fees, royalties or repay loans by exporting cash, instruments of credit or securities in foreign currencies. However, existing foreign exchange controls may be strengthened in countries where the Group operates, or foreign exchange controls may be introduced in countries where the Group operates that do not currently impose such restrictions. If such events were to occur, the Company's ability to receive funds from the operations could be subsequently restricted, which would impact the Company's ability to make payments on its interest and loans and, or pay dividends to its shareholders. As a policy, all operations which do not face restrictions to deposit funds offshore and in hard currencies should do so for the surplus cash generated on a weekly basis. The Company and its subsidiaries make use of notional and physical cash pooling arrangements in hard currencies to the extent permitted.

In addition, in some countries it may be difficult to convert large amounts of local currency into foreign currency because of limited foreign exchange markets. The practical effects of this may be time delays in accumulating significant amounts of foreign currency and exchange risk, which could have an adverse effect on the Group. This is a relatively rare case for the countries in which the Group operates.

Lastly, repatriation most often gives raise to taxation, which is evidenced in the amount of taxes paid by the Group relative to the Corporate Income Tax reported in its statement of income.

D.4. Credit and counterparty risk

Financial instruments that subject the Group to credit risk include cash and cash equivalents, pledged deposits, letters of credit, trade receivables, amounts due from joint venture partners and associates, supplier advances and other current assets and derivatives. Counterparties to agreements relating to the Group's cash and cash equivalents, pledged deposits and letters of credit are significant financial institutions with investment grade ratings. Management does not believe there are significant risks of non-performance by these counterparties and maintain a diversified portfolio of banking partners. Allocation of deposits across banks are managed such that the Group's counterparty risk with a given bank stays within limits which have been set, based on each bank's credit rating.

A large portion of revenue of the Group is comprised of prepaid products and services. For postpaid customers, the Group follows risk control procedures to assess the credit quality of the customer, taking into account its financial position, past experience and other factors. Accounts receivable also comprise balances due from other telecom operators. Credit risk of other telecom operators is limited due to the regulatory nature of the telecom industry, in which licenses are normally only issued to credit-worthy companies. The Group maintains a provision for impairment of trade receivables based upon expected collectability. The provision for impairment will be impacted in 2018 with the application of IFRS 9 Financial Instruments.

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 30% of its gross financing (2016: 24%), bonds 57% (2016: 66%), Development Finance Institutions 3% (2016: 2%) and finance leases 10% (2016: 8%).

Maturity profile of net financial liabilities at December 31 2017 (US$ millions)	Less than 1 year	1 to 5 years	> 5 years	Total
Total debt and financing	(185)	(1,862)	(1,738)	(3,785)
Cash and cash equivalents	619	—	—	619
Restricted cash	145	—	—	145
Pledged deposits (related to bank borrowings)	1	—	—	1
Time deposits	—	—	—	—
Derivative financial instruments (SEK currency swap)	(56)	—	—	(56)
Net cash (debt) including derivatives related to debt	524	(1,862)	(1,738)	(3,075)
Future interest commitments	(255)	(785)	(68)	(1,108)
Trade payables (excluding accruals)	(427)	—	—	(427)
Other financial liabilities (including accruals)	(1,239)	(124)	—	(1,363)
Trade receivables	386	—	—	386
Other financial assets	144	113	—	257
Net financial liabilities	(867)	(2,658)	(1,806)	(5,331)

Maturity profile of net financial liabilities at December 31, 2016 (US$ millions)	Less than 1 year	1 to 5 years	> 5 years	Total
Total debt and financing	(80)	(2,269)	(1,552)	(3,901)
Cash and cash equivalents	646	—	—	646
Restricted cash	145	—	—	145
Pledged deposits (related to bank borrowings)	3	—	—	3
Time deposits	2	—	—	2
Derivative financial instruments (SEK currency swap)	—	(84)	—	(84)
Net cash (debt) including derivatives related to debt	716	(2,353)	(1,552)	(3,189)
Future interest commitments	(283)	(916)	(71)	(1,270)
Trade payables (excluding accruals)	(443)	—	—	(443)
Other financial liabilities (including accruals)	(1,174)	—	—	(1,174)
Trade receivables	387	—	—	387
Other financial assets	131	71	—	202
Net financial liabilities	(666)	(3,199)	(1,622)	(5,487)

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, 2017, Millicom is rated at one notch below investment grade by the independent rating agencies Moody's (Ba1 negative) and Fitch (BB+ stable). The Group primarily monitors capital using net debt to EBITDA.

The Group reviews its gearing ratio (net debt divided by total capital plus net debt) periodically. Net debt includes interest bearing loans and borrowings, less cash and cash equivalents (included restricted cash) and pledged and time deposits related to bank borrowings. Capital represents equity attributable to the equity holders of the parent.

Net debt to EBITDA (US$ millions)	Note	2017	2016
Net debt(i)	C.5.	**4,071**	4,181
EBITDA(ii)	B.3.	**2,190**	2,172
Net debt to EBITDA		**1.86**	1.93

Gearing ratio (US$ millions)	Note	2017	2016
Net debt(i)	C.5.	**4,071**	4,181
Equity(iii)	C.1.	**2,905**	2,976
Net debt and equity		**6,976**	7,157
Gearing ratio		**58%**	58 %

(i) Including net debt of Guatemala and Honduras operations for US$1,052 million (2016: US$1,076 million).
(ii) Including EBITDA of Guatemala and Honduras operations for US$898 million (2016: US$858 million).
(iii) Including equity of Guatemala and Honduras operations for US$(191) million (2016: US$(191) million).

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 income statement 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 income statement in the expense category consistent with the function of the intangible assets.

Goodwill

Goodwill represents the excess of cost of an acquisition over the Group's share in the fair value of identifiable assets less liabilities and contingent liabilities of the acquired subsidiary, 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.

Overview Strategy Performance Governance Financials CR performance

E.1.1. Accounting for intangible assets – continued

Licenses

Licenses are recorded at either historical cost or, if acquired in a business combination, at fair value at the date of acquisition. Cost includes cost of acquisition and other costs directly related to acquisition and retention of licenses over the license period. These costs may include estimates related to fulfillment of terms and conditions related to the licenses such as service or coverage obligations, and may include up-front and deferred payments.

Licenses have a finite useful life and are carried at cost less accumulated amortization and any accumulated impairment losses. Amortization is calculated using the straight-line method to allocate the cost of the licenses over their estimated useful lives.

The terms of licenses, which have been awarded for various periods, are subject to periodic review for, among other things, rate setting, frequency allocation and technical standards. Licenses are initially measured at cost and are amortized from the date the network is available for use on a straight-line basis over the license period. Licenses held, subject to certain conditions, are usually renewable and generally non-exclusive. When estimating useful lives of licenses, renewal periods are included only if there is evidence to support renewal by the Group without significant cost.

Trademarks and customer lists

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

Estimated useful lives are:

Estimated useful lives	Years
Trademarks	1 to 15
Customer lists	4 to 9

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.

E.1.1. Accounting for intangible assets – continued
IRU arrangements will qualify as a lease if, and when:

- The purchaser has an exclusive right for a specified period and has the ability to resell (or sublet) the capacity; and
- The capacity is physically limited and defined; and
- The purchaser bears all costs related to the capacity (directly or not) including costs of operation, administration and maintenance; and
- The purchaser bears the risk of obsolescence during the contract term.
- If all of these criteria are not met, the IRU is treated as a service contract.

If an IRU is determined to be a lease, the following indicators need to be present in order for the capitalization of an IRU as a finance lease to be considered:

- The Group will be consuming the major part of the useful economic life of the asset (generally considered to be 75% of the total remaining useful economic life of the asset). The Group assumes that the useful economic life of a new fiber cable is 15 years;
- Substantially, all of the risks and rewards of ownership are transferred to the Group (e.g. Millicom can sublease excess capacity on the cables to other operators; Millicom is responsible for maintaining the cables during the contract period);
- Neither party has the right to terminate the contract early (other than for "force majeure");
- The contract price is not subject to renegotiation or change (other than for inflationary increases);
- The minimum contractual payments are for substantially all of the fair value of the asset (generally considered to be greater or equal to 90% of the fair value of the leased asset);
- The Group can determine the fair value of the leased asset;
- The Group has physical access rights to the cable.
- Otherwise the IRU will be considered as an operating lease.

A finance lease of an IRU of network infrastructure (cables or fiber) is accounted for as a tangible asset. A finance lease of a capacity IRU (wavelength) is accounted for as an intangible asset.

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

The costs of an IRU recognized as operating lease is recognized as prepayment and amortized in the income statement on a straight-line basis over the lease term.

The costs of an IRU recognized as service contract is recognized as prepayment and amortized in the income statement as incurred over the duration of the contract.

E.1.2. Impairment of non-financial assets
At each reporting date Millicom assesses whether there is an indication that a non-financial asset may be impaired. If any such indication exists, or when annual impairment testing for a non-financial asset is required, an estimate of the asset's recoverable amount is made. The recoverable amount is determined based on the higher of its fair value less cost to sell, and its value in use, for individual assets, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

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

At each reporting date an assessment is made as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. Other than for goodwill, a previously recognized impairment loss is reversed if there has been a change in the estimate used to determine the asset's recoverable amount since the last impairment loss was recognized. If so, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

E.1.3. Movements in intangible assets

Movements in intangible assets in 2017 (US$ millions)	Goodwill	Licenses	Customer lists	IRUs	Broadcast and other rights	Other[i]	Total
Opening balance, net	**615**	**380**	**32**	**114**	**—**	**219**	**1,359**
Change in scope [ii]	**3**	**—**	**15**	**—**	**—**	**1**	**20**
Additions	**—**	**40**	**—**	**(2)**	**—**	**92**	**130**
Amortization charge	**—**	**(49)**	**(15)**	**(14)**	**—**	**(75)**	**(153)**
Impairment	**(7)**	**(8)**	**—**	**—**	**—**	**—**	**(15)**
Disposals, net	**—**	**—**	**—**	**—**	**—**	**(1)**	**(1)**
Transfers	**(2)**	**3**	**—**	**8**	**—**	**(28)**	**(19)**
Transfers to/from assets held for sale (see note E.3.)	**(8)**	**(50)**	**(1)**	**—**	**—**	**(5)**	**(64)**
Exchange rate movements	**(1)**	**7**	**1**	**—**	**—**	**2**	**9**
Closing balance, net	**599**	**324**	**33**	**105**	**—**	**204**	**1,265**
Cost or valuation	**599**	**650**	**225**	**181**	**11**	**621**	**2,288**
Accumulated amortization and impairment	**—**	**(327)**	**(192)**	**(76)**	**(11)**	**(417)**	**(1,022)**
Net	**599**	**324**	**33**	**105**	**—**	**204**	**1,265**

Movements in intangible assets in 2016 (US$ millions)	Goodwill	Licenses	Customer lists	IRUs	Broadcast and other rights	Other[i]	Total
Opening balance, net	621	387	57	119	32	213	1,429
Additions	—	89	—	4	—	98	192
Amortization charge	—	(64)	(26)	(13)	(3)	(80)	(186)
Impairment	—	—	—	(2)	—	(1)	(3)
Disposals, net	—	—	—	—	—	(6)	(6)
Transfers	—	(6)	—	1	(29)	(4)	(38)
Transfers to/from assets held for sale (see note E.3.)	(11)	(23)	—	—	—	(7)	(42)
Exchange rate movements	5	(3)	1	4	—	5	13
Closing balance, net	615	380	32	114	—	219	1,359
Cost or valuation	615	702	210	177	11	579	2,293
Accumulated amortization and impairment	—	(321)	(178)	(64)	(11)	(360)	(934)
Net	615	380	32	114	—	219	1,359

(i) Other includes intangible assets identified in business combinations (including trademarks – see note E.1.1.).
(ii) See note A.1.2.

E.1.4. Cash used for the purchase of intangible assets

Cash used for intangible asset additions (US$ millions)	2017	2016
Additions	**130**	192
Change in accruals and payables for intangibles	**3**	(49)
Cash used from continuing operations for additions	**133**	143

E.1.5. Goodwill

Allocation of Goodwill to cash generating units (CGUs), net of exchange rate movements and after impairment (US$ millions)	2017	2016
El Salvador	**194**	194
Costa Rica	**123**	126
Paraguay	**57**	53
Colombia	**199**	198
Tanzania (Zantel)	**10**	11
Other	**16**	33
Total	**599**	615

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 recoverable amount (value-in-use) and, if appropriate, the fair value less costs to sell of the CGU (or group of CGUs), to which the goodwill relates. Where the recoverable amount and fair value less costs to sell of the CGU (or group of CGUs) is less than the carrying amount, an impairment loss is recognized for the lower amount.

Impairment testing at December 31, 2017

Goodwill was tested for impairment by assessing the recoverable amount (first using a value-in-use model) against the carrying amount of the CGU based on discounted cash flows. The cash flow projections used (adjusted operating profit margins, income tax, working capital, capex and license renewal cost) are extracted from financial budgets approved by management and the Board usually covering a period of five years. This planning horizon reflects industry practice in the countries where the Group operates and stage of development or redevelopment of the business in those countries. Cash flows beyond this period are extrapolated using a perpetual growth rate of 1.1%–3.8% (2016: 2.0%–2.5%). When value-in-use model resulted in the carrying values of the CGUs being higher than their recoverable amount, management has determined the fair value less cost of disposal (FVLCD) of the CGUs. Fair value less cost of disposal has been determined by using recent offers received from third parties (Level 1).

As a result of the annual impairment testing and the recent deal signed with Airtel for the disposal of the Group's operations in Rwanda, management concluded that this CGU, part of the Africa segment, should be impaired. Hence, in accordance with IAS 36, an impairment loss of US$8 million has been allocated to reduce the carrying amount of the fixed assets of our operations in Rwanda (there was no goodwill remaining) pro rata on the basis of the carrying amount of each asset to the extent the carrying amount of each asset was not below the highest of its fair value less costs to sell, its value in use and zero. Management has determined that the impairment loss should be allocated, for most of it, to intangible assets. In addition, the Group recorded an impairment of US$7 million on a minor investment held in Guatemala. The impairment has been classified within the caption Other operating expenses, net, in the Group's income statement. At December 31, 2017, the carrying value of the CGU corresponds to its fair value less costs of disposal (Level 1).

No impairment losses were recorded on goodwill for the year ended December 31, 2016.

E.1.6. Impairment testing of goodwill – continued

Sensitivity analysis was performed on key assumptions within the impairment tests. The sensitivity analysis determined that sufficient margin exists from realistic changes to the assumptions that would not impact the overall results of the testing.

Discount rates used in determining recoverable amount (US$ millions)	Discount rate after tax (%)	
	2017	2016
Bolivia	**11.2**	9.4
Chad	**15.8**	16.5
Colombia	**9.9**	8.6
Costa Rica	**11.9**	10.9
El Salvador	**13.2**	11.9
Ghana (See note E.3.)	**na**	17.7
Paraguay	**10.2**	9.3
Rwanda (See note A.1.3.)	**14.7**	14.6
Senegal (See note E.3.)	**na**	14.0
Tanzania	**14.6**	14.3

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 income statement in the financial period in which they are incurred.

Costs of major inspections and overhauls are added to the carrying value of property, plant and equipment and the carrying amount of previous major inspections and overhauls is 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 2017 (US$ millions)	**Network equipment(ii)**	**Land and buildings**	**Construction in progress**	**Other(i)**	**Total**
Opening balance, net	**2,525**	**147**	**250**	**135**	**3,057**
Change in scope	**2**	**1**	**—**	**—**	**3**
Additions	**201**	**—**	**616**	**7**	**824**
Impairments	**(6)**	**—**	**1**	**(2)**	**(8)**
Disposals, net	**(115)**	**—**	**3**	**(1)**	**(114)**
Depreciation charge	**(663)**	**(9)**	**—**	**(53)**	**(725)**
Asset retirement obligations	**18**	**2**	**—**	**—**	**20**
Transfers	**613**	**7**	**(650)**	**48**	**19**
Transfers from/(to) assets held for sale (see note E.3.)	**(184)**	**(3)**	**(16)**	**(8)**	**(211)**
Exchange rate movements	**9**	**2**	**3**	**1**	**15**
Closing balance, net	**2,399**	**147**	**206**	**127**	**2,880**
Cost or valuation	**6,164**	**191**	**206**	**477**	**7,038**
Accumulated amortization and impairment	**(3,764)**	**(44)**	**—**	**(349)**	**(4,158)**
Net at December 31, 2017	**2,399**	**147**	**206**	**128**	**2,880**

Movements in tangible assets in 2016 (US$ millions)	Network equipment(ii)	Land and buildings	Construction in progress	Other(i)	Total
Opening balance, net	2,476	149	431	142	3,198
Additions	45	—	632	5	683
Impairments	(2)	—	(2)	(4)	(7)
Disposals, net	(11)	—	(3)	—	(14)
Depreciation charge	(677)	(12)	—	(58)	(747)
Asset retirement obligations	15	2	—	—	17
Transfers	775	9	(814)	62	31
Transfers from/(to) assets held for sale (see note E.3.)	(123)	(5)	(2)	(9)	(139)
Exchange rate movements	27	3	9	(4)	36
Closing balance, net	2,525	147	250	135	3,057
Cost or valuation	6,138	185	250	474	7,047
Accumulated amortization and impairment	(3,613)	(38)	—	(339)	(3,990)
Net at December 31, 2016	2,525	147	250	135	3,057

(i) Other mainly includes office equipment and motor vehicles.
(ii) The net carrying amount of network equipment under finance leases at December 31, 2017, was US$329 million (2016: US$245 million).

Borrowing costs capitalized for the years ended December 31, 2017 and 2016 were not significant.

E.2.3. Cash used for the purchase of tangible assets

Cash used for property, plant and equipment additions (US$ millions)	2017	2016
Additions	**824**	683
Change in advances to suppliers	**(8)**	(16)
Change in accruals and payables for property, plant and equipment	**26**	51
Finance leases	**(192)**	1
Cash used from continuing operations for additions	**650**	719

E.3. Assets held for sale

If Millicom decides to sell subsidiaries, investments in joint ventures or associates, or specific non-current assets in its businesses, these items qualify as assets held for sale if certain conditions are met.

E.3.1. Classification of assets held for sale

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

E.3.2. Millicom's assets held for sale

The following table summarizes the nature of the assets and liabilities reported under assets held for sale and liabilities directly associated with assets held for sale as at December 31, 2017:

Assets and liabilities reclassified as held for sale (US$ millions)	As at December 31 2017	As at December 31 2016
Senegal operations	**223**	—
Towers Paraguay (see note C.3.4.)	**7**	—
Towers Colombia (see note C.3.4.)	**1**	—
Other	**2**	5
Total assets of held for sale	**233**	5
Senegal operations	**77**	—
Towers Paraguay	**2**	—
Total liabilities directly associated with assets held for sale	**79**	—
Net assets held for sale / book value	**154**	5

Ghana merger

As mentioned in note A.2.3., on March 3, 2017, Millicom and Bharti Airtel Limited (Airtel) announced that they have entered into an agreement for Tigo Ghana Limited and Airtel Ghana Limited to combine their operations in Ghana. As per the agreement, Millicom and Airtel would have equal ownership and governance rights in the combined entity. Necessary regulatory approvals were received in the course of September. As a result, our operations in Ghana have been classified as assets held for sale and discontinued operations as from September 28, 2017. The merger was completed on October 12, 2017.

E.3.2. Millicom's assets held for sale –continued

The assets and liabilities deconsolidated as a result of the merger were as follows:

Assets and liabilities reclassified as held for sale – Ghana (US$ millions)	**October 12 2017**
Intangible assets, net.	**12**
Property, plant and equipment, net	**77**
Current assets	**29**
Cash and cash equivalents	**8**
Total assets of disposal group held for sale	**126**
Non-current financial liabilities	**51**
Current liabilities	**50**
Total liabilities of disposal group held for sale	**102**
Net assets / book value	**24**

For further details on the effect of the deconsolidation of our operations in Ghana, refer to note A.2.3..

Senegal

As mentioned in note A.1.3. Millicom announced that it had agreed to sell its Senegal business to a consortium consisting of NJJ, Sofima (managed by the Axian Group) and Teylium Group, subject to customary closing conditions and regulatory approvals. While the transaction is still subject to regulatory approval at December 31, 2017, there is a high probability that the sale will be completed. Management concluded that, given the conditions and circumstances, the operations in Senegal should remain classified as discontinued operations and assets held for sale.

The assets and liabilities were transferred to assets held for sale in relation to our operations in Senegal as at February 7, 2017. The following assets and liabilities are classified as assets held for sale as at December 31, 2017:

Assets and liabilities reclassified as held for sale – Senegal (US$ millions)	**December 31 2017**
Intangible assets, net.	**50**
Property, plant and equipment, net	**124**
Other non-current assets	**1**
Current assets	**37**
Cash and cash equivalents	**11**
Total assets of disposal group held for sale	**223**
Non-current financial liabilities	**17**
Current liabilities	**60**
Total liabilities of disposal group held for sale	**77**
Net assets held for sale / book value	**146**

DRC

On February 8, 2016, Millicom announced that it had signed an agreement for the sale of its businesses in the Democratic Republic of Congo (DRC) to Orange S.A. for a total cash consideration of US$160 million adjusted for working capital movements and including US$10 million of cash hold-back subject to the completion of the disposal of the mobile financial services business (DRC Mobile Cash). The transaction was completed in respect of the mobile business (Oasis S.A.) on April 20, 2016, and includes certain indemnity and warranty clauses as well as other expenses directly linked with the disposal, which have been provided for as of December 31, 2017. The separate disposal of DRC Mobile Cash was completed in September 2016. As a result, US$10 million of the cash hold-back was received in October 2016. The sale of these operations generated a cash inflow of US$147 million, net of US$33 million of cash disposed.

E.3.2. Millicom's assets held for sale –continued

The following assets and liabilities of DRC were classified as assets held for sale as at the date of disposal:

Assets and liabilities reclassified as held for sale – Oasis S.A. (US$ millions)	**April 20, 2016**
Intangible assets, net.	**58**
Property, plant and equipment, net	**133**
Other non-current assets	**11**
Current assets	**42**
Cash and cash equivalents	**33**
Total assets of disposal group held for sale	**277**
Non-current financial liabilities	**44**
Current liabilities	**84**
Total liabilities of disposal group held for sale	**128**
Net assets / Book value	**149**

In accordance with IFRS 5, the Group's businesses in DRC (2016), Senegal and Ghana have also been classified as discontinued operations in the income statement. Comparative figures have therefore been represented accordingly. Financial information relating to the discontinued operations for the year ended December 31, 2017, is set out below. Figures shown below are after intercompany eliminations.

Results from discontinued operations (US$ millions)	**As at December 31 2017**	As at December 31 2016
Revenue	**242**	309
Cost of sales	**(81)**	(106)
Operating expenses	**(103)**	(141)
Depreciation and amortization	**(18)**	(54)
Other operating income (expenses), net	**7**	(5)
Gross gain on disposal of discontinued operations	**39**	32
Other expenses linked to the disposal of discontinued operations	**(7)**	(19)
Operating profit	**79**	16
Interest income (expense), net	**(15)**	(18)
Other non-operating (expenses) income, net	**6**	(3)
Profit before taxes	**71**	(5)
Credit (charge) for taxes, net	**—**	5
Net profit from discontinued operations	**71**	1

Cash flows from discontinued operations (US$ millions)	**Year ended December 31 2017**	Year ended December 31 2016
Cash from (used in) operating activities, net	**26**	10
Cash from (used in) investing activities, net	**(33)**	(53)
Cash from (used in) financing activities, net	**(22)**	18

4G spectrum (UNE)

During 2016, the 4G spectrum in Colombia has been reclassified from Assets held for sale to intangible assets, as the value of the spectrum will not be recovered through sale, but through use. A depreciation catch-up has been recorded for US$11 million. In October 2016, the date on which UNE stopped rendering 4G services, the 4G spectrum was fully depreciated.

F. Other assets and liabilities

F.1. Trade receivables

Millicom's trade receivables mainly comprise interconnect receivables from other operators, postpaid mobile and residential cable subscribers, as well as B2B customers. The nominal value of receivables adjusted for impairment approximates the fair value of trade receivables.

(US$ millions)	2017	2016
Gross trade receivables	597	593
Less: provisions for impairment of receivables	(211)	(206)
Trade receivables, net	**386**	387

Aging of trade receivables (US$ millions)	Neither past due nor impaired	Past due (net of impairments) 30–90 days	>90 days	Total
2017:				
Telecom operators	29	16	4	49
Own customers	186	52	34	273
Others	43	16	5	64
Total	**259**	**83**	**43**	**386**
2016:				
Telecom operators	26	20	9	54
Own customers	162	66	25	252
Others	57	23	3	82
Total	244	108	36	387

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment is recorded when there is objective evidence that the Group will not be able to collect amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are indicators of impairment. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The provision is recognized in the consolidated income statement 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 income statement 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 (US$ millions)	2017	2016
Telephone and equipment	28	32
SIM cards	6	7
IRUs	3	6
Other	9	17
Inventory at December 31	**45**	62

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, 2017, is recognized in Trade payables for an amount of US$25 million (2016: US$20 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 income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, risks specific to the liability. Where discounting is used, increases in the provision due to the passage of time are recognized as interest expenses.

F.4.1. Current provisions and other liabilities

Current (US$ millions)	**2017**	2016
Deferred revenue	**86**	112
Customer deposits	**13**	9
Current legal provisions	**24**	12
Tax payables	**57**	44
Customer and MFS distributor cash balances	**144**	139
Withholding tax on payments to third parties	**17**	17
Other provisions	**1**	10
Other current liabilities	**83**	134
Total	**425**	477

F.4.2. Non-current provisions and other liabilities

Non-current (US$ millions)	**2017**	2016
Non-current legal provisions	**15**	28
Long-term portion of asset retirement obligations	**69**	78
Long-term portion of deferred income on tower sale and leasebacks	**73**	18
Long-term employment obligations	**76**	76
Accruals and payables in respect of spectrum and license acquisitions	**31**	31
Other non-current liabilities	**70**	54
Total	**335**	286

G. Additional disclosure items

G.1 Fees to auditors

(US$ millions)	2017	2016
Audit fees	**4.7**	4.3
Audit related fees	**0.3**	0.3
Tax fees	**0.2**	0.2
Other fees	**0.7**	1.8
Total	**5.9**	6.6

G.2. Capital and operational commitments

Millicom has a number of capital and operational commitments to suppliers and service providers in the normal course of its business. These commitments are mainly contracts for acquiring network and other equipment, and leases for towers and other operational equipment.

G.2.1. Capital commitments

At December 31, 2017, the Company and its subsidiaries and joint ventures had fixed commitments to purchase network equipment, land and buildings, other fixed assets and intangible assets of US$194 million of which US$182 million are due within one year (December 31, 2016: US$179 million of which US$162 million are due within one year). Out of these commitments, respectively US$25 million and US$23 million related to Millicom's share in joint ventures. (December 31, 2016: US$17 million of which US$14 million are due within one year).

G.2.2 Lease commitments

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and involves an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and whether or not the arrangement conveys a right to use the asset. The sale and leaseback of towers and related site operating leases and service contracts are accounted for in accordance with the underlying characteristics of the assets, and the terms and conditions of the lease agreements. On transfer to the tower companies, the portion of the towers leased back are accounted for as operating leases or finance leases according to the criteria set out above. The portion of towers being leased back represents the dedicated part of each tower on which Millicom's equipment is located and was derived from the average technical capacity of the towers. Rights to use the land on which the towers are located are accounted for as operating leases, and costs of services for the towers are recorded as operating expenses.

Operating leases

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

Operating leases mainly comprise land in which cell towers are located (including those related to towers sold and leased back) and buildings. Total operating lease expense from continuing operations for the year ended December 31, 2017, was US$118 million (2016: US$129 million – see note B.2.).

Annual operating lease commitments from continuing operations

(US$ millions)	2017(i)	2016
Within one year	**135**	121
Between one and five years	**396**	332
After five years	**277**	209
Total	**808**	663

(i) The Group's share in joint ventures operating lease commitments amount to US$194 million (2016: US$210 million) and are excluded from the table above.

Finance leases

Finance leases, which transfer substantially all risks and benefits incidental to ownership of the leased item to the lessee, are capitalized at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Where a finance lease results from a sale and leaseback transaction, any excess of sales proceeds over the carrying amount of the assets is deferred and amortized over the lease term. Capitalized leased assets are depreciated over the shorter of the estimated useful lives of the assets, or the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

G.2.2 Lease commitments – continued

Finance leases mainly comprise lease of tower space in Paraguay, Tanzania and Colombia (see note C.3.3.), lease of poles in Colombia and tower sharing in other countries. Other financial leases mainly consist of lease agreements relating to vehicles and IT equipments.

Annual minimum finance lease commitments from continuing operations (US$ millions)	**2017**(i)	2016
Within one year	**103**	81
Between one and five years	**424**	330
After five years	**489**	353
Total	**1,016**	764

(i) The Group's share in joint ventures finance lease commitments amount to US$5 million (2016: nil) and are excluded from the table above.

The corresponding finance lease liabilities at December 31, 2017, were US$365 million (2016: US$295 million). Interest expense on finance lease liabilities amounts to US$70 million for the year 2017 (2016: US$54 million).

G.3. Contingent liabilities

G.3.1. Litigation and legal risks

The Company and its operations are contingently liable with respect to lawsuits, legal, regulatory, commercial and other legal risks that arise in the normal course of business. As of December 31, 2017, the total amount of claims and litigation risks against Millicom and its operations was US$438 million, of which US$5 million related to its share in joint ventures (December 31, 2016: US$406 million, of which US$3 million related to its share in joint ventures).

As at December 31, 2017, US$29 million, of which US$2 million related to its share in joint ventures (December 31, 2016: US$43 million, of which US$1 million related to its share in joint ventures), has been provided for these risks in the consolidated statement of financial position. While it is not possible to ascertain the ultimate legal and financial liability with respect to these claims and risks, the ultimate outcome is not anticipated to have a material effect on the Group's financial position and operations.

In June 2016, Millicom was served with claims by a third party seeking to exert rights as a shareholder of Millicom Tanzania Ltd (Tigo Tanzania). In June 2015, Millicom identified that an incorrect filing related to Tigo Tanzania had been made in the commercial register, causing the register to incorrectly indicate that shares in the local subsidiary were owned by this third party. Millicom remains engaged in legal proceedings regarding this issue. Millicom believes that these claims are entirely without merit and, moreover, maintains that there is no valid basis whatsoever for any third party to claim any interest in Tigo Tanzania or be registered as one of its shareholders. Millicom continues to fully consolidate Tigo Tanzania and no provision has been recorded in relation of this claim.

On July 14, 2017, the International Commission Against Impunity in Guatemala (CICIG), disclosed an ongoing investigation into alleged illegal campaign financing that includes a competitor of Comcel, our Guatemalan joint venture. The CICIG further indicated that the investigation would include Comcel. On November 23 and 24, 2017, Guatemala's attorney general and CICIG executed search warrants on the offices of Comcel. As at December 31, 2017, the matter is still under investigation and management has not been able to assess the potential impact on these consolidated financial statements of any remedial actions that may need to be taken as a result of the investigations, or penalties that may be imposed by law enforcement authorities. Accordingly, no provision has been recorded as of December 31, 2017.

The following specific risks are excluded from the US$438 million above:

Colombia

A claim filed with the Civil Chamber of Bogota in Colombia against all mobile operators in Colombia in 2013, including our subsidiary in Colombia, by a group of approximately 20 individuals of approximately US$794 million. The claimants allege damages and losses suffered from third parties through illegal use of cellular phones in extortion attempts against the claimants.

The case has been inactive, with the exception of a mandatory settlement conference held among the parties under the court's supervision, which did not result in a settlement agreement. This claim is considered by management to be entirely spurious and without foundation or substance. As a result, no provision has been made for this claim.

Other

At December 31, 2017, Millicom has various other less significant claims which are not disclosed separately in these consolidated financial statements.

Potential improper payments on behalf of the Guatemala joint venture

On October 21, 2015, Millicom reported to law enforcement authorities in the United States and Sweden potential improper payments made on behalf of the Company's joint venture in Guatemala. On May 4, 2016, Millicom received notification from the Swedish Public Prosecutor that its preliminary investigation has been discontinued on jurisdictional grounds. Millicom continues to cooperate with law enforcement authorities in the United States. As at December 31, 2017, this matter is still under investigation and management has not been able to assess the potential impact on these consolidated financial statements of any remedial actions that may need to be taken as a result of the investigations, or penalties that may be imposed by law enforcement authorities. Accordingly, no provision has been recorded as of December 31, 2017.

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 application of tax law and interpretation of tax treatments. The Group is also subject to regular tax audits in the countries where it operates. When there is uncertainty over whether the taxation authority will accept a specific tax treatment under the local tax law, that tax treatment is therefore uncertain. The resolution of tax positions taken by the Group, through negotiations with relevant tax authorities or through litigation, can take several years to complete and, in some cases, it is difficult to predict the ultimate outcome. Therefore, judgment is required to determine provisions for taxes.

In assessing whether and how an uncertain tax treatment affects the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, the Group assumes that a taxation authority with the right to examine amounts reported to it will examine those amounts and have full knowledge of all relevant information when making those examinations.

The Group has a process in place to identify its uncertain tax positions. Management then considers whether or not it is probable that a taxation authority will accept an uncertain tax treatment. On that basis, the identified risks are split into three categories (i) remote risks (risk of outflow of tax payments are 0 to 20%), (ii) possible risks (risk of outflow of tax payments are 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 it reflects 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, 2017, potential tax risks estimated by the Group amount to US$313 million of which provisions of US$53 million have been recorded representing the probable amount of eventual claims and required payments related to those risks (2016: US$311 million of which provisions of US$65 million were recorded). Out of these potential claims and provisions, respectively US$38 million (2016: US$96 million) and US$2 million (2016: US$9 million) related to Millicom's share in joint ventures.

G.4. Non-cash investing and financing activities

Non-cash investing and financing activities from continuing operations (US$ millions)	Note	2017	2016
Investing activities			
Acquisition of property, plant and equipment, including finance leases	E.2.2.	**(174)**	34
Asset retirement obligations	E.2.3.	**(20)**	(17)
Financing activities			
Finance leases	G.2.2.	**192**	1
Share based compensation	B.4.1.	**24**	14

G.5. Related party balances and transactions

The Company conducts transactions with certain related parties on normal commercial terms and conditions. The Group's significant related parties are:

Kinnevik AB (Kinnevik) and subsidiaries, Millicom's principal shareholder;

Helios Towers Africa Ltd, in which Millicom holds a direct or indirect equity interest (see note A.3.2.);

EPM and subsidiaries, the non-controlling shareholder in our Colombian operations (see note A.1.2.);

Miffin Associates Corp and subsidiaries, our joint venture partner in Guatemala.

Kinnevik

Millicom's principal shareholder is Kinnevik. Kinnevik is a Swedish holding company with interests in the telecommunications, media, publishing, paper and financial services industries. At December 31, 2017, Kinnevik owned approximately 38% of Millicom (2016: 38%). During 2017 and 2016, Kinnevik did not purchase any Millicom shares. There are no significant loans made by Millicom to or for the benefit of Kinnevik or Kinnevik controlled entities.

During 2017 and 2016, the Company purchased services from Kinnevik subsidiaries including fraud detection, procurement and professional services. Transactions and balances with Kinnevik Group companies are disclosed under Other in the tables below. Also refer to note A.3. for further details with respect to the disposal of one portion of our investment in Milvik AB.

Helios Towers

Millicom sold its tower assets and leased back a portion of space on the towers in several African countries and contracted for related operation and management services with HTA. The Group has future lease commitments in respect of the tower companies (see note G.2.2.).

Miffin Associates Corp (Miffin)

The Group purchases and sells products and services from Miffin Group. Transactions with Miffin represent recurring commercial operations such as purchase of handsets, and sale of airtime.

Expenses from transactions with related parties (US$ millions)	**2017**	2016
Purchases of goods and services from Miffin	**(181)**	(167)
Purchases of goods and services from EPM	**(36)**	(22)
Lease of towers and related services from Helios	**(28)**	(35)
Other expenses	**(4)**	(9)
Total	**(250)**	(233)

Income and gains from transactions with related parties (US$ millions)	**2017**	2016
Sale of goods and services to EPM	**18**	18
Sale of goods and services to Miffin	**277**	261
Other revenue	**1**	10
Total	**295**	289

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

US$ millions	**Year ended December 31 2017**	Year ended December 31 2016
Non-current and current liabilities		
Payables to Guatemala joint venture(i)	**273**	245
Payables to Honduras joint venture(ii)	**135**	118
Payables to EPM	**3**	3
Other accounts payable	**10**	20
Sub-total	**421**	386
Finance lease liabilities to tower companies(iii)	**108**	85
Total	**529**	471

(i) Shareholder loans bearing interests. Out of the amount above, US$124 million are due over more than one year.
(ii) Amounts payable mainly consist in dividend advances. Dividend is expected to be declared in 2018.
(iii) Disclosed under Debt and other financing in the statement of financial position.

G.5. Related party balances and transactions – continued

US$ millions	Year ended December 31 2017	Year ended December 31 2016
Non-current and current assets		
Receivables from EPM	**3**	4
Receivables from Guatemala and Honduras joint ventures	**25**	—
Advance payments to Helios Towers Tanzania	**8**	10
Receivable from TigoAirtel Ghana(i)	**40**	—
Other accounts receivable	**1**	3
Total	**77**	17

(i) Disclosed under Other non-current assets in the statement of financial position. See note A.2.3..

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 authorized share capital in a public offering on the Dar Es Salaam Stock Exchange by December 31, 2016. As of December 31, 2017, only one company had completed a public offering. Early 2017, Tigo Tanzania, Zantel and Telesis each received from the Tanzanian Communications Regulatory Authority (TCRA) a notice of material breach of the license giving thirty-days to comply. Millicom has signaled its intention for its subsidiaries to comply with the law and list its businesses but did not complete the public offerings by such time and will not be able to do so until the incorrect filing related to Tigo Tanzania made in the commercial register are corrected (see note G.3.1.). Accordingly, Millicom's businesses in Tanzania may face sanctions from the regulator or other government bodies, which could include financial penalties, or even suspension or cancellation of its license although to-date there has been no notification from the TCRA of any indication or intention to proceed with sanctions. Management is currently not able to assess the financial impact on its consolidated financial statements (although the Company deems the suspension or cancellation of the license to be unlikely) and therefore, no provision has been recorded as of December 31, 2017.

I. Subsequent events

Dividend

On February 6, 2018, Millicom's Board decided to propose to the AGM of the shareholders a dividend distribution of US$2.64 per share to be paid in two equal installments in May and November 2018, out of Millicom profits for the year ended December 31, 2017 subject to the Board's approval of the 2017 Consolidated Financial Statements of the Group.

Africa disposals

On January 31, 2018, the Group announced that it has completed the transaction announced on December 19, 2017 for the sale of its Rwanda operation to subsidiaries of Bharti Airtel Limited.

Tower sale and lease back – El Salvador

On February 6, 2018, we entered into a sale-leaseback agreement with SBA Communications related to a portfolio of approximately 800 towers in El Salvador. As a result of the transaction, Millicom expects to receive cash proceeds of around US$145 million.

Additional information

Alternative performance measures (APMs)

In the front section of the Group's Annual Report, APMs are used to provide readers with additional financial information that is regularly reviewed by management and used to make decisions about operating matters. These measures are usually used for internal performance reporting and in defining Director and management remuneration. They are useful in connection with discussion with the investment analyst community. However, this additional information presented is not uniformly defined by all companies including those in the Group's industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies. Additionally, certain information presented is derived from amounts calculated in accordance with IFRS but is not itself an expressly permitted GAAP measure. Such measures should not be viewed in isolation or as an alternative to the equivalent IFRS measure.

Definitions, use and reconciliations to the closest IFRS measures are presented in the table below and on the following pages.

APMs	Descriptions
Management reporting numbers	The financial information presented in the front section of this Annual Report is with Guatemala (55% owned) and Honduras (66.7% owned) as if fully consolidated, while the Group equity accounts those operations in the IFRS consolidated financial statements. See next pages for reconciliation with IFRS numbers.
Service, mobile data and cable revenue	• 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, MFS commissions and fees from other telecommunications services such as data services, short message services and other value added services excluding telephone and equipment sales; • Mobile data revenue is Group revenue related to the provision of data for smartphone users. Mobile data revenue is included in service revenue; • Home revenue is Group revenue related to the provision of residential services such as broadband internet and TV. Home revenue is included in service revenue.
Organic growth	Organic growth represents year-over-year growth in local currency (includes regulatory changes) and constant perimeter. See next pages for reconciliation with reported numbers.
Operating profit	Operating profit is profit before taxes before results from associates, other non-operating expenses (such as foreign exchange losses and changes in fair value of derivatives) and net financial expenses. Operating profit includes our share of profit from joint ventures in Guatemala and Honduras, as these 2 operations are considered as strategic investments for the Group. However, the operating profit does not include the share of income from joint venture in Ghana, which is therefore accounted for under Income (loss) from other joint ventures and associates, net.
EBITDA	EBITDA is operating profit excluding impairment losses, depreciation and amortization and gains/losses on the disposal of fixed assets.
Adjusted net profit	Adjusted net profit is net profit adjusted for exceptional or non-operating items such as gain on tower sales, foreign exchange gains / losses and changes in fair value of derivatives attributable to the owners of the Company, early redemption premium for debts and other financing, dilution gains and impairments on investments in subsidiaries and associates and similar items classified under Other non-operating (expenses) income, as well as excluding results from discontinued operations.
Adjusted EPS	Adjusted EPS is computed based on adjusted net profit divided by the number of shares outstanding.
Return on Invested Capital	Return on Invested Capital is used to assess the Group's efficiency at allocating the capital under its control to profitable investments.
Net debt	Net debt is gross debt (including finance leases) less cash, restricted cash and pledged deposits.
Capex measures	• Capex is balance sheet capex excluding spectrum and license costs, and finance lease capitalizations from tower sale and leaseback transactions; • Cash Capex represents the cash spent in relation to capex, excluding spectrum and licenses.
Cash flow measures	• Operating cash flow is EBITDA less capex (excluding spectrum and license costs, and finance lease capitalizations from tower sale and leaseback transactions); • Operating Free Cash Flow is operating cash flow less change in working capital and other non-cash items and taxes paid; • Equity Free Cash Flow is operating cash flow less taxes paid, interest paid (net) and advances for dividends to non-controlling interests. These measures allow us and third parties to evaluate our liquidity and the cash generated by our operations.

Additional information – continued

Reconciliation with Guatemala and Honduras as if fully consolidated vs. IFRS (unaudited)

As previously noted, the table reconciles the management reporting numbers which include Guatemala and Honduras on a 100% consolidation basis with the IFRS numbers which account for these businesses as joint ventures using the equity method.

Consolidated statement of income

US$ millions	Year ended December 31, 2017 Management reporting (Unaudited)	Guatemala and Honduras	Joint Venture adjustment	Year ended December 31, 2017 IFRS (Audited)
Revenue	6,024	(1,892)		4,133
Cost of sales	(1,580)	322		(1,218)
Gross profit (loss)	4,445	(1,530)		2,915
Operating expenses	(2,255)	631		(1,623)
EBITDA	2,190	(899)		1,291
EBITDA margin	36.4%	47.5%		31.2%
Depreciation & amortization	(1,310)	450		(861)
Share of profit in our joint ventures in Guatemala and Honduras	—	—	142	142
Other operating income (expenses), net	39	18		57
Operating profit (loss)	919	(431)	142	629
Net financial expenses	(471)	86		(385)
Other non-operating income (expenses), net	6	(10)		(4)
Income (loss) from other joint ventures and associates, net	(85)	—		(85)
Profit (loss) before tax from continuing operations	368	(355)	142	155
Net tax credit (charge)	(252)	95		(158)
Profit (loss) for the year from continuing operations	116	(260)	142	(3)
Profit (loss) from discontinued operations	71	—		71
Non-controlling interests	(102)	119		17
Net profit (loss) for the year	85	(142)	142	85

Consolidated statement of financial position

US$ millions	December 31, 2017 Management reporting (Unaudited)	IFRS adjustments	December 31, 2017 IFRS (Audited)
Assets			
Non-current assets			
Intangible assets, net	4,313	(3,047)	1,265
Property, plant and equipment, net	3,971	(1,090)	2,880
Investments in joint ventures	96	2,871	2,967
Investments in associates	241	—	241
Other non-current assets	411	(118)	293
Total non-current assets	9,031	(1,384)	7,647
Current assets			
Inventories, net	75	(30)	45
Trade receivables, net	487	(101)	386
Other current assets	635	(245)	389
Restricted cash	157	(12)	145
Cash and cash equivalents	938	(319)	619
Total current assets	2,292	(707)	1,585
Assets held for sale	233	—	233
Total assets	11,556	(2,091)	9,465

Consolidated statement of financial position – continued

US$ millions	December 31, 2017 Management reporting (Unaudited)	IFRS adjustments	December 31, 2017 IFRS (Audited)
Equity and liabilities			
Equity			
Equity attributable to owners of the Company	**2,905**	**191**	**3,096**
Non-controlling interests	**964**	**(778)**	**185**
Total equity	**3,869**	**(587)**	**3,282**
Liabilities			
Non-current liabilities			
Debt and financing	**4,903**	**(1,303)**	**3,600**
Provisions and other non-current liabilities	**547**	**(31)**	**515**
Total non-current liabilities	**5,450**	**(1,335)**	**4,116**
Current liabilities			
Debt and financing	**265**	**(80)**	**185**
Provisions and other current liabilities	**1,893**	**(89)**	**1,804**
Total current liabilities	**2,158**	**(169)**	**1,989**
Liabilities directly associated with assets held for sale	**79**	**—**	**79**
Total liabilities	**7,687**	**(1,504)**	**6,183**
Equity and liabilities	**11,556**	**(2,091)**	**9,465**

Consolidated statement of cash flows

US$ millions	Year ended December 31, 2017 (Unaudited)	IFRS adjustments	Year ended December 31, 2017 IFRS (Audited)
Cash flows from operating activities (including discontinued operations)			
Profit (loss) before taxes from continuing operations	**368**	**(213)**	**155**
Profit (loss) for the year from discontinued operations	**71**	**—**	**71**
Profit (loss) before taxes	**439**	**(213)**	**226**
Net cash provided by operating activities	**1,475**	**(655)**	**820**
Net cash used in investing activities	**(828)**	**460**	**(367)**
Net cash from (used by) financing activities	**(642)**	**178**	**(464)**
Exchange impact on cash and cash equivalents, net	**5**	**(2)**	**4**
Net (decrease) increase in cash and cash equivalents	**10**	**(18)**	**(8)**
Cash and cash equivalents at the beginning of the year	**947**	**(301)**	**646**
Effect of cash in disposal group held for sale	**(19)**	**—**	**(19)**
Cash and cash equivalents at the end of the year	**938**	**(319)**	**619**

Additional information – continued

Organic growth adjustments

Group revenue	Q4 2017	Q4 2016	12M 2017	12M 2016
Prior period	**1,526**	1,636	**5,979**	6,572
Current period	**1,558**	1,526	**6,024**	5,979
Reported growth	**2.1%**	(6.7%)	**0.8%**	(9.0%)
Local currency growth	**1.3%**	(2.6%)	**(0.4%)**	(1.1%)
Change in perimeter impact	**—**	(3.8%)	**—**	(2.8%)
FX impact	**(0.8%)**	(0.3%)	**1.1%**	(5.1%)

Group service revenue	Q4 2017	Q4 2016	12M 2017	12M 2016
Prior period	**1,417**	1,505	**5,591**	6,056
Current period	**1,456**	1,417	**5,659**	5,591
Reported growth	**2.8%**	(5.9%)	**1.2%**	(7.7%)
Local currency growth	**2.0%**	(1.5%)	**0.2%**	0.5%
Change in perimeter impact	**—**	(4.0%)	**—**	(3.0%)
FX impact	**0.8%**	(0.4%)	**1.0%**	(5.2%)

Group EBITDA	Q4 2017	Q4 2016	12M 2017	12M 2016
Prior period	**520**	502	**2,114**	2,188
Current period	**561**	520	**2,190**	2,114
Reported growth	**7.9%**	3.6%	**3.6%**	(3.4%)
Local currency growth	**6.9%**	4.1%	**2.2%**	1.8%
Change in perimeter impact	**—**	(0.2%)	**—**	(0.6%)
FX impact	**1.0%**	(0.2%)	**1.4%**	(4.6%)

Corporate responsibility performance…

This section details our corporate responsibility performance for 2017

Independent limited assurance report

To the Management and Directors of Millicom International Cellular S.A.

Scope of work

We have undertaken a limited assurance engagement in relation to the Millicom International Cellular S.A (Millicom) Corporate Responsibility Performance section the Corporate Responsibility Report) of the Millicom Annual Report 2017.

The scope determined by Millicom for the preparation of this independent limited assurance report is described below:

Reporting Section	Indicator Description	KPI Reference Review Period 2017
Privacy and freedom of expression	% of operations with controls systematically applied in line with the Group guideline	Q4 2016 – Q3 2017
	Total number of law enforcement requests (Group)	Q4 2016 – Q3 2017
	Number of major events	Q1 2017 – Q4 2017
Acting with integrity	% of employees who acknowledged the Code (of conduct)	Q1 2017 – Q4 2017
	% of employees who have completed the Code training	Q1 2017 – Q4 2017
	% of procurement staff trained on ABAC	Q1 2017 – Q4 2017
	% of senior managers trained on ABAC	Q1 2017 – Q4 2017
	Number of cases of unethical behavior reported and investigated	Q1 2017 – Q4 2017
	Investigations resulting in written warning	Q1 2017 – Q4 2017
	Investigations resulting in termination of employee contract	Q1 2017 – Q4 2017
	Turnover of procurement staff	Q4 2016 – Q3 2017
Reducing our environmental footprint	Total Energy Consumption / Sources of energy by asset type	Q4 2016 – Q3 2017
	Scope 1 and 2 carbon emissions	Q4 2016 – Q3 2017
Diversity	% of women in senior management positions	Q1 2017 – Q4 2017
Taking care of our people	Absentee rate	Q4 2016 – Q3 2017
Responsible supply chain management	Total number of suppliers invited to complete an EcoVadis assessment	Q4 2016 – Q3 2017
	% of strategic suppliers who signed the supplier code	Q4 2016 – Q3 2017
	% of all suppliers who have signed the supplier code	Q4 2016 – Q3 2017

The Millicom Corporate Responsibility Report was prepared in accordance with AA1000 AccountAbility Principles Standard 2008 (AA1000 APS 2008).

Criteria

Our review was carried out based on:

- AA1000 AccountAbility Assurance Standard 2008, with a moderate level of type 2 assurance.
- Standard ISAE 3000, Assurance Engagements, issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accountants (IFAC), with a limited scope of assurance.

Management's Responsibility

The management of Millicom is responsible for the preparation and fair presentation of the Corporate Responsibility Report in accordance with the Criteria, and is also responsible for the selection of methods used in the Criteria. Further, Millicoms' management is responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Corporate Responsibility Report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate criteria; maintaining adequate records and making estimates that are reasonable in the circumstances.

Assurance Practitioner's Responsibility

Our responsibility is to provide with independent third-party limited assurance of the content of Millicom's Corporate Responsibility Report 2017, pages 161 to 188.

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion, and, as such, do not provide all of the evidence that would be required to provide a reasonable level of assurance. The procedures performed depend on the assurance practitioner's judgment including the risk of material misstatement of the Corporate Responsibility Report, whether due to fraud or error. While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems, which would have been performed under a reasonable assurance engagement.

Independence

We have performed our work in accordance with the standards of independence required by the Code of Ethics of the International Federation of Accountants (IFAC).

Applied procedures

Our assurance procedures consisted in requesting information from Millicom Corporate Responsibility department and business areas participating in the preparation of the Corporate Responsibility Report and applying analytical procedures and sampling tests as described in general terms below:

1. Interviews with senior managers responsible for management of Corporate Responsibility issues and review of selected evidences to support issues discussed. The list of interviewees included Executives with overall responsibility for Millicom's Corporate Responsibility strategy and programmes and for specific functions, including Supply Chain, Health and Safety, Privacy and Compliance. The purpose of these interviews was to obtain awareness of the Corporate Responsibility objectives and policies as well as how they are put into practice and integrated into Millicom's strategy

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2. Review of Millicom's approach to stakeholder's engagement and outputs.
3. Review of the processes for gathering and consolidating the specified performance data and, for a sample, checking the data consolidation.
4. Checks on a sample basis of the quantitative information included in the Corporate Responsibility Report as well as its adequate compilation from data supplied by information sources. The tests have been defined to provide limited assurance levels in line with the criteria described in this report.
5. Site visits in Millicom's operations in El Salvador and Paraguay to review process and systems for preparing site level corporate responsibility data and implementation of corporate responsibility strategy.

Conclusions

Based on our limited assurance procedures described above, nothing has come to our attention that causes us to believe that the Corporate Responsibility Report is not presented fairly, in all material respects, in accordance with the Criteria (the principles established in standard AA1000 APS 2008) such as:

1. **Inclusiveness**
   - During the site visits in Paraguay and El Salvador, it has been observed that the local Corporate Responsibility representatives concretely engage with stakeholders and organizations on various Corporate Responsibility (CR) initiatives.
   - Millicom developed trainings for both internal and external stakeholders in 2017. For example, suppliers in Latin America were trained on sustainability topics through an external agency and a company-wide Compliance training was conducted in November 2017 in order to refresh employees' commitment to the Code of Conduct.
   - Millicom has a mechanism in place to identify stakeholders and has developed two registers in order to keep track of stakeholder engagement: one of them at a corporate level and the other one compiles all the information regarding stakeholder engagement related to the top-20 priority stakeholders for each of the country operations.
   - Millicom strives to follow a collaborative approach on Corporate Responsibility issues as they are not only managed by the Corporate Responsibility department, but also by all the relevant internal stakeholders and departments within the organization.
2. **Materiality**
   - Millicom takes into account the changing sustainability context and maturity of issues and concerns through regular meetings with stakeholders.
   - Millicom has in place and has access to the necessary competencies to apply the materiality determination process.
3. **Responsiveness**
   - Millicom involves stakeholders and considers the relationship between the maturity of an issue and the appropriateness of a response.
   - As part of its active membership within GNI, Millicom interacted with key market players on privacy topics.
   - Most of the Corporate Responsibility operations and actions planned to address stakeholders expectations have been pursued in spite of the changes of CR Vice President and CR Reporting Manager during the reporting period.
   - In 2017, Millicom introduced a 'vendor pre-qualification process' that includes sustainability criteria for a better monitoring and response on supply chain matters.

Recommendations

We also presented to Millicom our recommendations regarding areas of improvement related to the application of standard AA1000 APS 2008 as well as to actions taken with main stakeholders. The most significant recommendations are summarized below:

1. **Inclusiveness**
   - Although Millicom has identified its stakeholders, we maintain our recommendation from the previous year, to better include key stakeholders such as customers and employees in the yearly materiality assessment consultation and to formalize the process for identifying stakeholders (that could be briefly described it in the Corporate Responsibility Report).
   - While some local trainings were provided on Corporate Responsibility Reporting, further awareness and capacity building sessions of internal stakeholders at various levels of Millicom's organization should be considered for 2018.
2. **Materiality**
   - We maintain our recommendation to further develop the materiality assessment process according to a staged approach in order to first broaden the spectrum of material issues and in a second phase eventually better monitor materiality assessment at country level.
   - As Environment is a material issue for Millicom, the data collection system and control of the most material items could be further enhanced to get more granularity.
3. **Responsiveness**
   - Although an H&S reporting system has been put in place, the data collection, the control and setup for the categorization of events could be improved to get more clarity and ability to ensure a more detailed follow-up. Moreover the focus on better communication with external providers on H&S issues should be pursued and strengthened.
   - A formalized process to communicate with stakeholders that is applied across the organization (at local and group level) allowing more integrated and traceable way to engage with the Millicom's stakeholders can be recommended.

Ernst & Young
Société Anonyme
Cabinet de Révision Agréé

Olivier Lemaire
Partner

David Cau
Director

Luxembourg, 6 February 2018

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Corporate responsibility is crucial to our success…

At Millicom, we believe that our commitment to corporate responsibility differentiates us in our markets, makes us more competitive and helps us strengthen our position as a partner and employer of choice.

As our CR strategy has evolved, we have moved from taking a centralized approach to operating in a more integrated, multi-functional manner across our business. This has fostered greater collaboration between subject matter experts and created more opportunities to embed corporate responsibility policies and strategies into different areas of our organization.

We regard corporate responsibility as an invaluable means of learning more about our capabilities and contributions to local economies and communities which we serve. For Millicom, corporate responsibility is critical to our success in business and with our communities and stakeholders. That is why our corporate responsibility strategies and objectives are directly linked and dependent upon our core business competencies, strategies and objectives.

Learning in community
Instructor delivering computing lessons to senior citizens at a telecenter in Colombia. Learning is a common theme across the different aspects of our corporate responsibility strategy

Our eight most important corporate responsibility topics…

1 Privacy and freedom of expression;

2 Child rights and online protection

3 Acting responsibly: anti-corruption compliance

4 Reducing our environmental footprint

5 Diversity

6 Taking care of our people

7 Responsible supply chain management

8 Social investment

Our corporate responsibility objectives…

The table on the right shows our progress against our three long-term objectives, per our 5-year plan laid out in 2014. The rest of this appendix highlights what we have achieved over the past year in each of the material CR topics we have identified.

As mentioned on page 45, 2018 is a milestone year given that it is the last of the 2014 five-year plan. This is why no 2018 targets have been included in the performance tables, as, starting as early as January 2018, we will set a new 5-year plan which will include updated targets and metrics per internal and stakeholder feedback and cross-functional collaboration.

This corporate responsibility report includes the Honduras and Guatemala joint ventures as if fully consolidated in accordance with our management reporting. Reported indicators exclude Senegal, EMTELCO and Ghana. Additional exclusions, where applicable, are detailed in footnotes.

Measure the success and health of our company beyond financials	**What we did in 2017** • Continued to implement joint initiatives with other business functions. • Decentralized the data-gathering process to foster higher ownership among functions and areas.
Promote, protect and strengthen our performance and reputation	**What we did in 2017** • Continued to actively engage with our investors, partners and other key stakeholders. • Became full Global Network Initiative (GNI) members.
Demonstrate thought leadership in areas that link to business success	**What we did in 2017** • Consolidated our leadership in Child Online Protection and broadened our child protection scope. • Rolled out Corporate Responsibility training for suppliers in Latam. • Committed to GSMA's Connected Women initiative.

1. Privacy and freedom of expression

Millicom is committed to the responsible stewardship of personal data and the protection of the right to privacy and freedom of expression for all our customers, each of whom remains at the center of all we do.

As a founding member of the Telecommunications Industry Dialogue (TID) on Freedom of Expression and Privacy, Millicom played an active part in creating principles, tools and joint advocacy on privacy and freedom of expression goals and challenges. Given the strong cross-over of work and topics, as well as its widening stakeholder reach, we strongly urged the TID to merge with the Global Network Initiative (GNI).

We are pleased to report that in March 2017, we became a full member of this new multi-stakeholder group. Millicom and its former TID colleagues (Vodafone, Orange, Telefonica, Nokia, TeliaCompany and Telenor) now play an active part in the GNI, collaborating on Freedom of Expression and Privacy issues alongside investors, academics, NGOs and internet companies, including Facebook, Google, Oath and Microsoft.

Our activity has included:

- Active engagement in the GNI, including board meetings and policy and learning committees;
- Attending RightsCon, the world's largest digital rights conference which took place in Brussels in March. The conference covered a diverse range of the leading topics and challenges facing human rights in the digital age and we participated in several major panels, including the UNICEF panel on Freedom of Expression and Children's Rights;
- Taking part in the Stockholm Internet Forum – an international event for in-depth dialogue and discussions on how a free, open and secure internet promotes human rights and development worldwide;
- Regular engagement with UN Special Rapporteur David Kaye, providing input to his 2016 and 2017 reports to the UN Human Rights Council; and
- Engaging with local NGOs such as TEDIC (Paraguay) and Karisma (Colombia) to discuss their transparency assessments/ rankings which include Millicom's local subsidiaries in those countries.

We also continue to engage with wider civil society outside of the GNI, and partnering with NGOs and multilateral organizations to advocate for the protection our customers' rights.

Our customers trust us to respect their privacy and freedom of expression. This is of paramount importance for our business. At the same time, we recognize the right to privacy and freedom of expression must be balanced with our duty to comply with local laws in the countries where we operate.

Local laws sometimes require us to disclose information to law enforcement agencies and other government authorities citing national security or public safety issues, or to prevent or investigate crime. Whenever we face such a legal request, we seek to minimize the impact on our customers' right to privacy and freedom of expression.

Moreover, when any conflict between local law and the Universal Declaration of Human Rights and other international human rights standards arise, we strive to resolve that conflict in a manner which respects the right to privacy and freedom of expression as well as the fundamental right to access the internet and/or communications services.

In 2017, we carried out a human rights risk assessment of our operating environment to assess the risk level for government requests that may impact on our customers' rights. We analyzed the legal frameworks for government interventions in each of our markets and identified the salient and material risks posed by each country using the Verisk Maplecroft's risk indices.

Our significant presence in our markets means that we have a strong understanding of potential risks. Nevertheless, we plan to formalize this assessment across our network and broaden our analysis by working with external stakeholder groups to create an ongoing and dynamic assessment tool.

Law Enforcement Disclosure

During 2017, our internal Millicom Law Enforcement Disclosure (LED) Committee met twice to review risks and actions related to freedom of expression and privacy. The committee consists of senior members of Millicom's management team – from the Regulatory, Legal, Corporate Responsibility, Compliance, Communications and Security functions.

The LED Committee provides guidance and input on how Millicom can best approach these issues, and balance national security interests in each of our countries with our customers' right to privacy, freedom of expression and assembly. The meetings also provide members with an overview of the extent and context of government requests for information.

Given the sensitive nature of some government investigations, the LED Committee also discusses the levels of disclosure it can legally provide on such topics within Millicom's law enforcement disclosure report. We strive for maximum transparency but we must also comply with local laws which prohibit public disclosure altogether or in varying degrees across all our markets. We must protect the safety of our staff and assets which may be impacted in the course of government investigations.

In 2017, we revised our internal policies and processes relating to law enforcement assistance and major events escalation to ensure they are readily accessible and clear to all our operations. To this end, we assessed the current state of our policies and processes with external expert support and against generally accepted international standards and best practices to identify any gaps and learnings so that we better understand how best to improve our policies and processes.

We also provided training on law enforcement requests for our Latam in-country staff at our regional team summits, and plan to do the same for our Africa team members this year.

We will continue to revise and adjust these resources as part of an ongoing process, to ensure that they are robust and that our staff is equipped with the tools to deal with the challenges and risks posed in our markets.

Once completed during 2018, we will formally launch a company-wide privacy program including related policies, training and human rights impact assessments as part of our continued efforts to improve transparency and to conduct business in a way that respects rights across our footprint.

The LED annual report

Millicom's annual Law Enforcement Disclosure (LED) report, provides information about the nature and extent of our interaction with law enforcement agencies and governments. It highlights the key issues that affect the privacy or freedom of expression of our customers connected to our telecommunications networks in Latam and Africa.

This year marks the third edition of our standalone LED report, and we continue to raise our reporting and transparency standards by providing a case study of the types and sources of requests received in one unnamed country. We made the decision to anonymize this data in order to respect local disclosure requirements and protect our local staff. We hope that this level of granularity will provide further context to the nature of government requests and demonstrate the complexity and variety of actors involved in these processes.

What we learned this year

Increased stakeholder engagement is the best way to tackle challenges and risks around privacy and freedom of expression. That is why we joined the GNI and why we continue to increase our participation with a wide range of stakeholders in our markets on these key topics.

Read more about our progress in implementing the Principles of the TID/GNI and our work on privacy and freedom of expression in our Law Enforcement Disclosure Report 2017

Corporate responsibility performance – continued

Key
✓ Completed/achieved
− In progress

Our performance

Five-year plan objectives (by 2018):

- Complete an external assessment of Millicom's policies and processes relating to privacy and freedom of expression.

KPI	2016 value	2017 value	2017 target	Status
% of operations with controls systematically applied in line with the Group guideline[1]	92%	100%	All operations to have controls assessed and systematically applied in line with the Group guideline	✓
Total number of law enforcement requests (Group)	47,632	41,323	Conduct human rights impact assessment focused on privacy and freedom of expression in all our Latam operations	−
Number of major events	18	14		

1 2017 data is based on 11 operations.

Law enforcement requests

KPI	2016 value	2017 value
Number of law enforcement requests – Latam		
Interception	927	971
Customer metadata	39,279	32,340
MFS	267	181
Content Takedown	0	1
Number of law enforcement requests – Africa		
Interception	5	0
Customer metadata	6,827	7,705
MFS	326	251
Content Takedown	1	3

Overview of major events by type[2]

KPI	2016 value	2017 value
Shutdown of services	8	2
Proposals for significant changes in local laws	5	4
Proposals for significant changes in technical or operational procedures	2	1
Disproportionate interception or customer data requests	1	2
Politically motivated messages	1	0
Other	1	5

2 Data reported for financial year, including 2016 data..

2. Child rights and online protection

We take great pride in our recognition as leaders in Child Online Protection (COP) and we will continue our work in this area to ensure that we address the wellbeing of children and their ability to thrive with the safe and responsible use of our products and services.

Our child rights work in the past has positioned us as a strong leader in child protection within our industry. We have worked closely with expert organizations, such as the UN, to better understand our impact on Child Rights and we continue to help provide a safe online environment for children, while focusing on the importance of the responsible and productive use of the internet as a catalyst for their development and education.

Our focus on COP goes beyond creating awareness of risks. We believe that an integral approach includes optimizing the responsible use of the internet amongst children for their education, communication and understanding, while exercising of their rights.

In a report published by UNICEF highlighting our work on child rights, Andrew Mawson, Chief of Child Rights and Business for UNICEF, stated:

> **"I commend Millicom for taking leadership on child rights, for being transparent on its findings, learnings and areas for improvement. Above all, I commend them for recognizing that the job is never done and that this is a continuous work in progress. I encourage other companies to think carefully about what child rights means for them and hope that this report serves as an example for how to undertake or broaden their own child rights journey."**

Our COP program centers on three pillars: Education, Thought Leadership and Protection. With this approach, we cover a broad scope of actions on a global and a local level that we execute jointly with partner organizations.

Three pillars of the program

Pillar	Actions	
1. Education	• Trainings for teachers, parents, students • Customer awareness resources: portal, brochure • eLearning/app to customer-facing teams • Tigo volunteers	↑ Responsible use and online risks
2. Thought leadership	• COP Workshops • UNICEF collaboration • Regulatory advocacy • Industry level collaboration and advocacy • Research into use of ICT by children	
3. Protection	• Helplines support • Parental controls • Child Sexual Abuse Content (CSAC) blocking • Notice and takedown procedures • Hotlines for CSAC reporting	↓ Child sexual abuse and victimization

Corporate responsibility performance – continued

Ongoing collaboration with UNICEF
Continuing our fruitful cooperation for the past three years developing tools and best practices for the industry on Child Rights and Business, in 2018 we signed a new agreement that will fund projects in the Latam region for the next three years, focused on violence prevention amongst youth, particularly through the strengthening of child helplines that will allow children to seek help and assistance on a wide range of topics regarding their rights and protection.

Child Helplines – support when it is most needed
At Millicom, we support independent child helplines by waiving their fees if any of our customers calls a helpline in Latam, where it's available.

Calls received by helplines cover a broad range of risk situations; children often use these helplines to seek advice because of bullying at school, because they live in abusive households, or simply to better understand their rights. In some extreme cases, calls come in from boys and girls who are considering suicide. Child helplines not only help children, they can also save lives.

We are currently in partnership with UNICEF and Child Helpline International (CHI), to support the creation of additional child helplines in Honduras and El Salvador, as well as to strengthen the existing helpline in Guatemala. Through these efforts we hope that, soon, thousands of children in these countries will have a go-to space to find advice, support and a friendly voice that can help them in tough times.

In Costa Rica, we sponsored the Latin America regional consultation where organizations that host helplines from all over the continent came together to share experiences and learn best practices.

Child Online Protection training at a school in Medellín, Colombia. October, 2017.

What we learned this year
There is significant potential for us to further engage with children, their families and teachers. We want to include their concerns in our product and service design processes, and optimize our approach to COP. We will also continue advancing the safe and responsible use of our products and services by children, their families and teachers.

Generally, most findings at the country level revealed the need to work on the implementation of our policies in greater detail with specific internal teams.

In all operations, there was a clear need to provide training on COP to all customer-facing employees. To this end, we worked with Crianza Tecnológica (Raising Children in a Digital World), an informative website with content developed by the Paniamor Foundation in Costa Rica. It provides information for adults on how to raise children in an online world. Crianza Tecnológica is now available in all of our Latam markets, and it has proven to be a valuable asset.

As COP remains one of the cornerstones of our corporate responsibility strategy, we have created a more consistent approach across our operations to better leverage our best practices and lessons learned. When appropriate, we adapt our practices and tailor them to local culture, needs and opportunities[1].

As represented in the table on next page, our COP program has been steadily evolving and is now more aligned across all operations, particularly those in Latin America. We have done this by prioritizing actions that hold measurable and positive impacts for children. We will continue to establish child online protection portals, and strengthen the operations that block child sexual abuse content, as well as increase the number of children – and adults – we reach through our training.

1 See more examples in our Social Investment section (pages 187 and 188)

Key
✓ Completed/achieved
⊖ In progress

Our performance

Five-year plan objectives (by 2018):

- The Mobile Operator Child Rights Impact Assessment (MO CRIA) tool we jointly developed with UNICEF is used across the mobile operator community.
- Conduct the MO CRIA in all operations in Africa and 50% of operations in Latam.
- Integrate promotion of parental controls and distribution of safe internet into mobile, fixed and cable TV customer processes in Latin America.
- Publish child online protection (COP) policy and accompanying guidelines, and roll out across all operations.

KPI	2016 value	2017 value	2017 target	Status
% of operations with controls systematically applied in line with the minimum age policy	100%	100%	All operations to continue to maintain systematic controls in line with the minimum age policy	✓
% of operations with child risk impact assessments conducted to date	38%	57%	Action plans in place in all operations where MO CRIA has been completed	⊖
% of operations that have hosted a multi-stakeholder COP workshop to date	54%	86%	Organize COP workshops in Guatemala and Ghana	⊖
% of operations with a child online protection portal	0%	71%	All operations in Latam to integrate a COP portal on the Tigo brand websites	⊖
% of operations in Latam with customer leaflets on COP	29%	43%	At least three additional operations in Latam to roll out customer leaflets	⊖
Number of children reached by COP training ('000)	122	188.6 [1]	Increase number of children trained by 20%	⊖
% of operations in Latam blocking child sexual abuse content	14%	71%	Implement CSAC blocking in at least 50% of our operations across Latam	✓

1 Cumulative from 2016. From October 1, 2016 to September 30, 2017, the number of children reached by COP training was 66,115 in Latam.

Corporate responsibility performance – continued

3. Acting with integrity: anti corruption compliance

At Millicom we are determined to drive positive change in the countries where we operate. It is important for us to be the preferred partner for our employees, our customers and all other business partners. A strong compliance culture not only helps us do the right thing, it helps us create an ethical environment where our business can thrive.

Throughout 2017, we focused on the enhancement of our compliance framework to become world class. We continued improving the basic building blocks including updated policies, enhanced tools and training. We strengthened our people resources and centralized key risk areas under the umbrella of Ethics & Compliance, such as Information Security and Corporate Security. We put more compliance officers in place at local level and created new roles at regional and global levels. We also added resources to our investigations and information security teams for additional focus and emphasis on both reactive and proactive risk management.

We also further improved our third-party management program, where we redesigned our due diligence process and updated our control framework and policies. We did this by introducing a new business-wide due diligence platform, fully configured to Millicom's high ethical standards, to manage our relationships with third-parties in a standardized manner across the business.

We have also adopted a standalone Government Interactions Policy. Our business has bona fide interactions with government and public officials. We put in place a separate policy to help our employees gain a deeper understanding of the compliance risks that may arise in connection with our dealings with government representatives.

As part of our updated suite of policies we designed new disclosure procedures for conflicts of interests and hospitality. A key decision was made to adopt a no-gifts policy across all operations.

To ensure the right level of awareness and provide adequate guidance, we placed strong emphasis on compliance training with a mix of e-learning, workshops and deep-dives, and in-person training to accommodate the diverse needs of our staff. This maximizes our reach and provides constant reminders to our staff on the importance of a strong compliance culture.

Our first Global Compliance Awareness campaign took place across the business during a full week in November to highlight the importance of acting with integrity.

We had daily messages, visual aids and videos by members of the Board and Executive Committee, setting the tone at the top, demonstrating their commitment and support, and emphasizing the links between compliance, the company, and the world in which we operate.

We made use of various channels of communication and had very positive feedback from our employees.

As part of the Global Compliance Awareness week, there was a day dedicated to the Millicom Ethics Line through a Speak Up campaign. This was supported by the updated Speak Up policy that we launched alongside the other updated compliance policies and the additional resources provided by the Global Compliance Investigation team.

We ran our annual refresher training on the Code of Conduct (the Code) and anti-corruption principles, which cover a wide range of risk-based topics and examples. The training is linked to our annual bonus scheme and acts as a gateway to bonus eligibility. Our minimum acceptable goal is to reach at least a 90% completion rate as the threshold. The overall completion rate was 96% for 2017 as compared to 92% last year.

In 2018, efforts will focus on continued quality in the three pillars of Prevent, Detect and Respond and on moving the needle from compliance to ethics with emphasis on behavior, culture, training and communication.

Strengthening anti-money Laundering Controls

In 2017, the global Anti-Money Laundering (AML) team was expanded when we introduced regional AML managers in Africa and Latam, as well as a new global AML director. This has enabled us to continue identifying and mitigating risk, as well as establishing specific plans to improve our processes.

Throughout the year, we conducted independent, external AML assessments in three of our Latam operations using an external auditor. These assessments provided us with an additional view of new opportunities for improvement in the AML area of these operations.

New controls are being implemented across the operations following these assessments. Through these practices, we seek to ensure compliance with local AML regulatory requirements and internal policies. We strive to align our approach to AML with our Mobile Financial Services (MFS), and its capability for life-changing financial inclusion, so that it remains a powerful tool for progress.

What we learned this year

Having significantly diversified the capabilities and specialization of our global compliance team, we became more aware of the dynamic nature of an integrity culture.

Our business is constantly changing, and we need to ensure our compliance framework is more agile in order to adapt and evolve our practices at the same pace as the business. With a compliance officer in each of our operations, the compliance team will play a key role in effectively anticipating and tackling compliance in a relevant, timely and effective manner.

Key
- Completed/achieved
- In progress

Millicom has a set of indicators that monitor maturity and progress of the compliance program on a quarterly and annual basis. These indicators are shared with the Corporate Compliance Committee (Executive Committee) and the Compliance and Business Conduct Committee (Board of Directors) of the Millicom Board. We believe that continuous training, reviews of conflict of interest disclosures and detecting and responding to potential concerns or breaches of laws and our policies are key to maintaining a healthy compliance program. It is equally important that we transparently share prudent information about such indicators with our external stakeholders. In the table below we have listed the results for 2017 in these three key areas.

Our performance

Five-year plan objectives (by 2018):
- Continue external and internal monitoring of the Anti-Bribery and Anti-Corruption (ABAC) program enhancements with a view to measure the maturity level of the compliance framework over time.
- Embed compliance risk management into business risk management at global, regional and local level.
- Third party due diligence for end-to-end process, from landowners to suppliers, IT software providers etc. based on risk level.

KPI	2016 value	2017 value	2017 target	Status
% of employees who acknowledged the Code	81	96[1]	All employees to acknowledge the Code	In progress
% of employees who have completed the Code training	92	96[2]	90% of employees to complete the Code and ABAC training	Completed/achieved
% of procurement staff trained on ABAC	44	96	Incorporate elements of the Code and ABAC training into onboarding training	In progress
% of senior managers trained on ABAC	65	98[3]	Incorporate elements of the Code and ABAC training into onboarding training	In progress
% of employees who filled and signed the conflict of interest declaration form	74	90.5	All employees to complete and sign the conflict of interest declaration form	In progress
Number of cases of unethical behavior reported and investigated	97	164[4]	Continue strengthening the global investigations process	In progress
Investigations resulting in written warning	6	6	Run a communication campaign around Millicom Ethics Line	Completed/achieved
Investigations resulting in termination of employee contract	18	58	90% completion rate on the Code and ABAC trainings, which feature guidelines on how to raise concerns and non-retaliation policies for all good-faith reports of wrong-doing.	Completed/achieved
% revenue from MFS represented by operations audited for AML controls	83	27[5]	Conduct audits in each market in a three-year cycle	In progress
% of operations (where) we conducted a compliance risk assessment or audit	new KPI for 2017	45	Include land rights management and related transactional elements in the quarterly compliance monitor plan.	In progress
Turnover of procurement staff (%)	14	17	Monitor turnover of procurement staff as a high-risk employee group	In progress

1 The percentages of employees who acknowledged the Code and who have completed the Code training are the same as both were done simultaneously for 2017.
2 In the framework of the 2017 Global Compliance Awareness Week, held in November 2017, acknowledgment of the Code was simultaneous with the training, hence the identical percentages. Employees are required to complete a training session on both the Code and Anti-Bribery and Anti-Corruption at least once a year. The Corporate Offices' training completion rate excludes employees on long-term leave.
3 Training completion is a bonus gateway, therefore training completion was a clearly communicated goal for all employees.
4 Incidents reported through Millicom Ethics Line, Linea Etica TigoUne and Linea Etica Tigo Guatemala. Incidents reported through Linea Etica Tigo Guatemala are included as of 2017. In addition to the inclusion of the incidents reported through Línea Ética Tigo Guatemala, the increase in incident count can be attributed to the efforts placed in promoting the Ethics lines.
5 In 2017, our operations Bolivia, Honduras, El Salvador and Paraguay were subject to external assessments on their AML controls.

Corporate responsibility performance – continued

Overview of cases reported to Millicom Ethics Line[1]

Bribery and corruption

KPI	2016 value	2017 value
Number of cases reported and investigated	8	7
Cases resulting in written warning	0	0
Cases resulting in termination	1	0

Discrimination and harassment

KPI	2016 value	2017 value
Number of cases reported and investigated	12	12
Cases resulting in written warning	0	0
Cases resulting in termination	0	0

Human rights and labor

KPI	2016 value	2017 value
Number of cases reported and investigated	17	22
Cases resulting in written warning	0	2
Cases resulting in termination	0	0

Conflict of interest

KPI	2016 value	2017 value
Number of cases reported and investigated	14	7
Cases resulting in written warning	2	0
Cases resulting in termination	1	0

Fraud

KPI	2016 value	2017 value
Number of cases reported and investigated	15	10
Cases resulting in written warning	1	0
Cases resulting in termination	5	3

Other

KPI	2016 value	2017 value
Number of cases reported and investigated	19	22
Cases resulting in written warning	0	4
Cases resulting in termination	2	1

1 The metric "Cases resulting in written warning or termination" reports number of cases with that outcome; not number of written warning and/or terminations. One case can include warnings and/or terminations to multiple employees.

4. Reducing our environmental footprint

Reducing our environmental footprint holds in it the potential of becoming a leaner and more innovative business, while contributing to the protection and wise use of the natural systems and resources we depend on.

Reducing our environmental footprint and becoming a more competitive and productive operation are far from being unrelated goals. On the contrary, when the two are paired, there is greater opportunity for innovative business solutions that drive success without compromising responsible environmental stewardship. During 2017, our greatest areas of focus have been on improving our energy efficiency and increasing the reach of our e-waste program.

Since its launch in 2016, our global efficiency program HEAT has continued to provide the framework within which several initiatives have been deployed, with environmental and financial benefits.

Our projects are diverse, but they can be grouped in three main, often overlapping, categories:

- Technology modernization: we are moving to more efficient technologies, which have inherently lower energy consumption, such as LED lighting;
- Improved programming and planning: this allows for smarter equipment setup, which enables energy savings through adjustments made in consumption to accommodate real-time demand; and
- Smart architecture: this entails the reconfiguration of our network layout to reduce our environmental footprint and lower the consumption of energy through more efficient network access.

The sum of these initiatives, among others, have enabled us to maintain our operational expenses as stable as possible while our network has almost doubled, keeping the same or better levels of service. The benefits of achieving network growth without a proportional increase of energy consumption (and its related costs) range from environmental to financial. This, in turn, provide our customers with affordable service and improved coverage.

Furthermore, several of our operations are implementing projects of varying scales involving the increase of alternative energy sources. This not only allows us to reduce our carbon emissions, but also to achieve greater coverage, stability and continuity despite potential outages in the grid or remote locations.

Electronic waste management program

Given the rapid growth of the industry in which we operate and the importance of electronics for all our business areas, we have an undeniable responsibility of caring for the end-of-life of these electronics. By partnering with ethical and committed local e-waste suppliers, we are effectively protecting natural resources by reducing the need for extraction of raw materials, ensuring toxic substances are not released into the environment and additionally, we are guarding ourselves against possible corporate fines imposed for dumping hazardous waste.

Data virtualization

Since 2014, and especially in Latam, we have aggressively adopted virtualization technology to consolidate our physical servers (hardware and data centers). This has resulted in a significant reduction in the use of electricity and physical space required, as well as valuable optimization and operational efficiency in the countries where this initiative has been deployed.

The physical waste resulting from this process is diverted from landfills and recovered or recycled. By the end of 2017, we consolidated 836 physical servers and have migrated 96% of data initially targeted. In Latam, this initiative achieved the removal of 4,353,720 kWh of energy (the average electric power consumption per capita in our countries is 959kWh[1]).

1 World Bank, https://data.worldbank.org/indicator/EG.USE.ELEC.KH.PC

Corporate responsibility performance – continued

Minimizing electronic waste is a key aspect of reducing our environmental footprint. It prevents the accumulation of waste that may contain hazardous materials and prevents pollution. In addition, it reduces natural resource depletion by recovering valuable materials that would otherwise end up discarded.

For the period from October 1, 2016 to September 30, 2017, over 2,496 tonnes of e-waste were recycled, more than tripling the amount of the previous reporting period which, in turn, had more than tripled the baseline in 2015.

Total weight of e-waste recycled through our responsible e-waste management program (tonnes)

To be eligible for the e-waste disposal process, the suppliers that provide us with this service must meet several criteria. Their score in the EcoVadis tool[1], is used to assess their sustainability performance, and reflects whether e-waste is disposed of correctly and in compliance with applicable local laws.

Ensuring the right framework for environmental stewardship

In 2017, we focused on updating and implementing our core Environmental Policy and Standards enabling us to establish a clear governance structure to manage our environmental impact and outline the roles and responsibilities for each function whilst protecting the environment.

Our corporate offices were certified to the ISO 14001 management system and all operating entities have an environmental management system established, with Honduras and Paraguay having been certified during 2017.

Solar reach in Guatemala

During 2017, our Operation in Guatemala achieved up to 40% reductions in fossil fuel consumption per site, in 45 sites currently operating with solar panel systems and batteries with significant backup capacity. In most cases, we could not have provided service had it not been for the access to that source of energy. In addition, a total of US$422,000 in energy related cost savings was captured through this initiative.

What we learned this year

We are proud of the progress achieved during the year in our efforts to consolidate our efficiency programs and in finding alternative ways to positively mitigate our impacts. Next year, we plan to standardize the procedures across the region and scale some of the pilot projects launched during the year. There are many opportunities on which we can capitalize and we will further explore using Big Data, Internet of Things (IoT) and Smart services.

As in other parts of our business, we face environmental challenges, which affect the way in which we operate. By making use of new technologies and innovation, we can help to better address the environmental issues affecting our business.

At Millicom we are ready to continue our mission and build digital highways in a sustainable manner.

Over three times more recycled e-waste in 2017 vs 2016.

1 See our Supply Chain chapter, pages 184 to 186.

Inauguration of TigoUne's Titanium Datacenter in Colombia, in October, 2017

New energy-efficient datacenter in Bogotá, Colombia

With an investment of $14 million, in 2017 Colombia has inaugurated a new 10,000 sq. meters. Uptime Institute-certified Tier 3 data center near Bogotá. Cooling is the main source of energy consumption for data centers and this one, which uses free-cooling as primary source of temperature management, will allow us to remarkably lower our energy consumption. This investment in cutting edge technology is expected to not only significantly reduce the running costs and environmental footprint, but also promote the digital economy in Colombia by offering to individuals and corporations, IoT, cloud servers, virtual desktops, big data and analytics services, among the others).

Tier III Certification of Constructed Facility and Tier III Certification of Design Documents.

Our performance

Five-year plan objectives (by 2018):

- Establish a cross-functional steering committee and global energy reduction and green energy strategy.
- Global e-waste process implemented in all operations to manage e-waste through responsible vendors.
- Extend environmental reporting to consider emissions relating to logistics and supply chain.

e-waste recycled through responsible waste management program (tonnes)[1]

KPI	2016 value	2017 value
Bolivia		474
Colombia	206	77
Costa Rica	89	44.5
El Salvador	101	162
Guatemala		1,037
Honduras		3.52
Paraguay	267	236
Tanzania	75	462

1 Program also set up in Ghana and Chad. No values available for these operations.

Corporate responsibility performance – continued

Key
- Completed/achieved
- In progress

Energy use

Total Energy Consumption/Sources of energy by asset type

KPI	2016 value	2017 value
Base station and fixed network sites		
Fuel ('000 l)	16,474	14,732[1]
Energy from fuel (MWh)	164,469	147,073[1]
Electricity	464,483	354,949
Our fleet[2]		
Fuel ('000 l)	9,713	6,335
Energy from fuel (MWh)	93,202	60,756
Electricity (MWh)	N/A	N/A
Datacenters and offices[3]		
Fuel ('000 l)[3]	4,218	988[4]
Energy from fuel (MWh)	42,084	24,082[4]
Electricity (MWh)	50,235	55,885[5]
Shops		
Fuel ('000 l)	268	332
Energy from fuel (MWh)	2,678	3,312
Electricity (MWh)	17,254	15,509[6]

1 Zantel excluded.
2 Fuel consumption for fleet includes gasoline and diesel consumption. Fleet fuel consumption from Guatemala is calculated based on number of vehicles in fleet and distance driven.
3 Many of our data centers are co-located with our offices. Therefore, they often do not have separate meters to enable us to report on data center consumption separately.
4 Fuel consumption and Energy from fuel for offices and datacenters excludes Chad.
5 Electricity consumption for offices and datacenters in El Salvador excluded.
6 Rwanda excluded.

KPI	2016 value	2017 value	2017 target	Status
Total weight of e-waste recycled through our responsible e-waste management program	822			
Scope 1 emissions (tonnes CO_2e) Scope 2 emissions (tonnes CO_2e) Scope 3 emissions (tonnes CO_2e)	78,799 118,000 54,541	58,787[1] 114,883[2] NA[3]		
% of operations set up on global responsible e-waste recycling program	62	91	Roll out the program in at least 10 operations, accounting for over 75%	Completed/achieved
% of operations with controls systematically applied in line with the environment policy	New KPI for 2017	100	Develop and roll out an implementation manual for the environment policy and update the internal control manual accordingly	Completed/achieved
Tonnes of CO_2e emissions per USD1,000 revenue	0.031[4]	0.029	Quantify emissions savings achieved through key HEAT initiatives, including network energy consumption and logistics	In progress

1 Emissions from fuel are calculated using World Resources Institute (2015) GHG Protocol tool for stationary combustion, version 4.1.
2 Emissions from electricity are calculated using Electricity Emission Factors from IEA, version 2016, except in the cases of Paraguay, Chad and Rwanda, where other official sources were used.
3 Not included, as we are currently reassessing our methodology for reporting Scope 3 emissions.
4 For reasons of comparability, we recalculated this indicator excluding Scope 3 emissions. Reported value in Annual Report 2016 (which included Scope 3 emissions) was 0.04 tonnes of CO_2e per USD 1,000 revenue; see Annual Report 2016, page 71.

5. Diversity

Diversity is both a given and a challenge. We have a rich, multicultural organization and we strive to continue building a workplace where our staff's talent has an opportunity to flourish regardless – or, better yet, because of different perspectives, styles, backgrounds, generations, religions, genders and sexual orientation.

At Millicom, we aspire to create an environment in which we maximize the potential and power of our team by embracing our differences and developing passionate people who energize others with respect. We promote working with integrity and communicating with transparency as we drive innovation and accelerate the growth of our business.

As part of our positive work environment campaign, we have developed a set of principles to which we expect every employee to adhere, including those in the most senior positions. The campaign seeks to foster a culture of inclusion where equality is non-negotiable and where there is no retaliation but only collaboration, transparency and dignity for all employees.

The support and development of women into leadership roles is central to our business performance and to economic prosperity everywhere. We know that organizations in which women thrive increase their profitability and innovation.

Today, many women still do not have the same access to technology as men, particularly in many of the markets where Tigo operates. Companies cannot afford to ignore women as potential customers and need to better understand the impact that access to technology can have on their lives and their communities. Technology allows them to flourish as leaders and entrepreneurs. This entails having a workforce that is successful at closing the gap we seek to address in our communities.

Supporting gender equality

Diversity and inclusion are increasingly important as we seek to implement innovative ways to remove barriers that prevent women from joining and flourishing in the workforce.

We understand this reality and are implementing initiatives that expand global awareness and incorporate local insight.

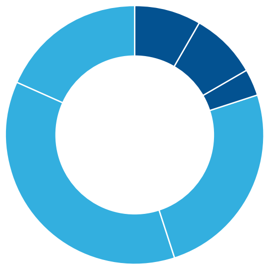
In El Salvador, for example, we are one of 10 companies in the country that have pioneered an alliance with the Ministry of Labour to create policies, agreements and practices that help drive equality in the workplace.

We are encouraged by trends which demonstrate that we are headed in the right direction. For instance, between 2016 and 2017, female representation in the Global Strategic Management Team (our company's top 60 positions) increased from 16% to 20%.

Global Strategic Management Team representation

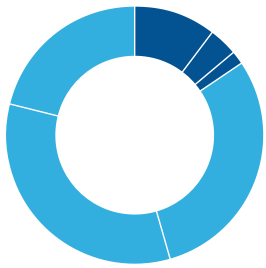
2017

Female	12
Europe	5
USA	5
Ops	2
Male	48
Europe	15
USA	22
Ops	11



2016

Female	9
Europe	6
USA	2
Ops	1
Male	48
Europe	17
USA	19
Ops	12



> **In 2017, both the percentages of women in senior management positions and women across our employee base have increased; a positive trend that has been ongoing for over four years.**

Access to Technology
Tigo understands the impact that access to technology can have on lives and communities.

Corporate responsibility performance – continued

Tapping into our potential
It is not just about what we do, but about who we are.

Training and awareness

We have maintained a focus on creating greater awareness of our goals regarding gender diversity, inclusion and unconscious bias across our senior executives and management teams through a range of training initiatives, assessment tools and mentoring.

Last year, Guatemala was the first country to implement a one-day workshop focused on creating more inclusive workspaces. This workshop was also implemented in Costa Rica and laid the groundwork for initiatives that have been shared among our other offices.

Paraguay continues the "Women's Talent and Leadership Program", which has trained more than 50 women this year alone. The goal is for women to reach their full potential through workshops designed to harness their skills, as well as to provide coaching on career development.

Bolivia launched a "Women Leadership" program, in which 25 women participated in 2017. This is a 12-month intensive training course for high-potential women in the organization.

El Salvador launched the "Empoderate" mentoring program. With the slogan "Tigo women empowering Tigo women", 12 women managers have helped to empower 12 female apprentices through a series of mentoring sessions.

Tigo El Salvador also signed a number of agreements with UN Women to raise awareness about gender equality in Millicom. Part of this alliance includes the implementation of a self-assessment survey to detect actions that help empower women in their workplace.

Millicom is also committed to providing suitable breastfeeding facilities in each of our main offices in our operations. All our operations in Latam have dedicated nursing rooms, to help support new mothers. In Africa, our Ghana operation has been the first to enable this facility.

Broadening diversity

We understand that diversity goes well beyond gender equality so we are also working on promoting inclusion for people with disabilities. In Honduras, for example, we are working closely with organizations that specialize in rehabilitation to increase the number of talented people with disabilities in the Tigo brand.

Tigo Guatemala has also launched a pilot program to attract people who are visually and hearing impaired, ensuring they are fully supported at work.

Connected Women

GSM (Groupe Spéciale Mobile) Association (GSMA)'s Connected Women Initiative has continued to inspire our operations to launch local projects.

GSMA Connected Women works with partners to close the gender gap in mobile data and mobile money usage through inclusive programs that promote the access to and use of mobile phones and life-enhancing mobile services by women in developing markets.

As examples of how we are working on bringing more women online is the Connected Women initiative in El Salvador through which our objective is to train 100,000 women by 2020 in using technology.

Indeed, the success of the program has been highlighted by one of the country's leading supermarket chains which has adopted it to use in their own community outreach programs.

The Municipality of El Salvador has also participated with 100 women of their workforce taking part in the program last year.

In Guatemala, Tigo is working in partnership with Sheva, an organization dedicated to teach girls and women on how to use the internet and mobile tools to improve their lives. They focus on three areas: entrepreneurship, education and personal growth. The initiative seeks to facilitate access to information through mobile learning workshops as a means to reduce the digital gender gap by teaching women and girls how to use and take advantage of existing and life-changing tools found on mobile technology, targeting economically active women between the ages of 16 and 30. Since May 2017, a total of 10,407 women and girls have been trained in these workshops.

In 2018, we will continue to expand these partnerships to include universities and companies from other industries to reach more and more women.

What we learned this year

Almost half of those identified as high-potential employees in our most recent talent mapping exercise are women. These are the people from across our network who will drive the future of our company.

This shows we are well-positioned to continue advancing towards increasing the percentage of women in senior positions. We do need to continue understanding and creating the conditions for all key talent to thrive and reach their full potential while continuing to be their employer of choice.

The business case of diversity is as strong as ever, and we look forward to bringing forth the best of everyone that works with us.

Key
- ✔ Completed/achieved
- ⊖ In progress

Our performance

Five-year plan objectives (by 2018):

- Increase the number of women among senior managers each year.
- Establish a Group-wide maternity and paternity leave policy, to also include a shortened working week for breastfeeding mothers.

KPI	2016 value	2017 value	2017 target	Status
% of operations with breastfeeding rooms	38	64	Establish nursing rooms in all remaining Latam operations and our London corporate office	Completed/achieved
% of women in senior management positions	29	33	Increase % of women in senior management positions to align with % of women across our employee base	In progress
% of women across our employee base	39	40.3		

Overview
Strategy
Performance
Governance
Financials
CR performance

6. Taking care of our people

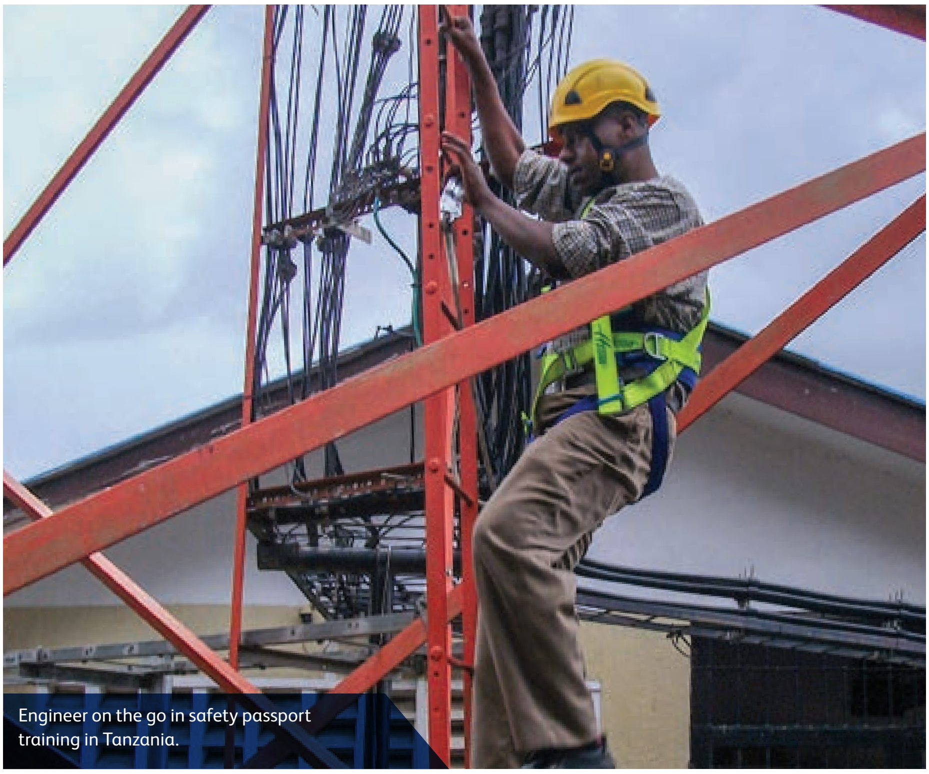
We want to hold all our staff and those of suppliers working with us to the highest safety standards, as it is only in a safe workplace that people can function at their best and prosper.

We are pleased that all operating entities across Millicom, including corporate offices, are compliant with the current internal OHSAS 18001 standard[1]. Seven were externally certified in 2017, with those remaining in Central America and Africa due later this year.

We are committed to being a zero-fatality business. Unfortunately, we had one employee and nine contracted or managed service supplier fatalities, ranging from road traffic accidents (RTA) to falls from heights, violent crime and one suicide.

Raising awareness about the importance of proper and timely incident reporting remains a priority. We have invested in upgrading our reporting systems to include more data. This will allow for more accurate and detailed incident information and, in turn, for more learning opportunities and effective prevention measures.

Significant improvements in our Health and Safety due diligence process have been completed for our staff and suppliers, bolstering training and awareness in auditing, health and safety vetting, site inspections and more. In 2016, we included the top 20 suppliers across each operating entity in our specialist training sessions. Last year, our teams worked with the top five suppliers with the most significant health and safety and security risks to carry out a comprehensive audit of their business to ensure compliance with our strict requirements. Millicom engaged Safety Management Systems to conduct external auditing and support of Chain and Due Diligence to contracted services.



Engineer on the go in safety passport training in Tanzania.

Audits where completed in Bolivia, Paraguay, El Salvador, Costa Rica, Tanzania Tigo and Zantel and Ghana.

The Health and Safety Committees in our operations strive to interface across the workplace to support the implementation of our core policies and safe working practices. In addition, they provide vital information to address underlying risks and concerns affecting the local workforce.

What we learned this year

The external verification of our OHSAS 18001 standards highlighted several issues about the management of occupational health across the company. This resulted in enhancements in our health awareness campaign messages, and improved trend analysis to identify specific levels of absenteeism and their underlying causes. This will be a major focus for us in the year ahead.

1 OHSAS 18001 is the globally recognized Health and Safety Management System.

Key
- ✓ Completed/achieved
- ⊖ In progress

Our performance

Five-year plan objectives (by 2018):
- Continue our zero-fatality commitment.
- Review risk assessments for each country on a quarterly basis and update and manage as required.
- Continue reporting to senior management and the Board on progress and incidents on a monthly basis.

KPI[1]	2016 value	2017 value	2017 target (status)	2018 target
% of operations with controls systematically applied in line with our Group health and safety policy	100	100	Continue conducting internal audits to assess compliance with our H&S policy and internal controls	⊖
% of operations in line with OHSAS 18001	100	100		✓
% of operations certified against OHSAS 18001	23	46	Achieve OHSAS 18001 certification for all remaining operations	⊖
Number of employee fatalities[1]	0	1[2]	Continue zero-fatality commitment for our employees and all contractors	⊖
Number of contractor fatalities	5	9[2]	Improve incident reporting across all operations	⊖
Number of health and safety incidents reported	155	387[2]	All significant events to be reported within 24 hours	✓
Lost-time injury rate per 1000 workers	1.47	2.6[2]		
Absentee rate	0.68	0.8		

1 Numbers of employee and contractor fatalities reported for 2017 are aligned with the financial year, same as 2016 numbers reported.
2 Indicators not included in external assurance as in 2017 we migrated our previous information to a new upgraded version of our Incident Management risk analysis system.
The upgraded version will allow us to record, investigate and mitigate in greater detail in order to deliver a safer workplace and environment for all our staff, managed services and customers.

7. Responsible supply chain management

Our impacts do not end with our own behavior, but with that of the partners we do business with. Therefore, we need to be aware of our suppliers' ethical, social and environmental performance and work with them to ensure they have values aligned with ours.

In 2017, our sustainable procurement journey focused on capitalizing on the achievements of the past three years, with the establishment of Supplier Code of Conduct signature from our suppliers as a mandatory requirement, strengthening participation of our suppliers considered high-risk in the EcoVadis rating solution[1] and development of procurement teams' awareness on responsible supply chain benefits.

On supplier Code of Conduct, all our operations have strongly developed management and monitoring of signatures and refusal, with the support of our New Internal Control targets and the Global supplier due diligence program. Also, at a global level, we have clarified the content to make it more understandable to suppliers and align with new corruption and anti-bribery policies.

Regarding EcoVadis coverage, we achieved as end of 2017-Q3 (excluding Corporate Responsibility Training):

- 9% increase of companies invited compared to the total number of supplier invited since 2015,
- 2% of invitations converted in a score,
- 7% of scores above the minimum threshold set by the Group.

With the aim to continuously monitor and support our current suppliers to align with our business values, we have enhanced our Supply Chain Relationship management practices, by integrating sustainable procurement criteria as part of our Business Review Meetings (BRMs) with our top 20 suppliers. Using Ecovadis as a reference, during the BRM suppliers are requested to either take the assessment for the first time, or to re-assess to evaluate improvements in score. Furthermore, we launched a new global supplier due diligence program, which integrates industry-specific CR risks as part of supplier pre-qualification and identifies mitigation actions

Corporate responsibility training for suppliers

In 2017, we launched a successful Corporate Responsibility Training program. The training, which covered topics such as Child Rights, Health and Safety, Anti Bribery and Anti Corruption (ABAC) and Eco-Efficiency, was delivered to 121 of our suppliers in Latin America by a non-profit organization covering the region (Paraguay, Bolivia, Colombia, Guatemala, Costa Rica, Honduras and El Salvador). It included seven workshops, e-learning, two site visits and a final EcoVadis assessment, totaling more than 45 hours of training for each supplier.


Closing of supplier training in Paraguay with participants and local Supply Chain and Corporate Responsibility teams.

1 The EcoVadis online rating solution helps businesses to reduce risks and drive performance and innovation in their supply chain.

Cross functional collaboration with Compliance

With the expertise and guidance of the Compliance department, we ran one and two-day workshops on third-party management, our updated third party duediligence process and new platform. The training was in the form of a classroom session with the Africa, Latam and corporate Supply Chain teams.

The Latam session was held in our offices in El Salvador and the Africa session including Corporate staff members was held off-site in the United Arab Emirates. The sessions were attended by between one and five staff members from each local operation and regional/global Compliance and Supply Chain teams.

What we learned this year

Our supplier Corporate Responsibility Training was a remarkable success. It was a first of its kind in the telecommunications industry in Latam and, building on this success, our procurement teams will work on growing the numbers of participants this year.

This year has been a milestone for Millicom's sustainable procurement initiatives. Our Supplier Code of Conduct coverage was extended efficiently and set as a business pre-requisite for all new suppliers.

CR training in Latin America facilitated higher awareness in our procurement teams and amongst our supplier base, highlighting the importance of building business partnerships with a sustainability approach.

> **“Thanks to Tigo's initiative, our company now has another point of view regarding social responsibility; considering that before it was not as relevant for us, we now understand the importance of all the social aspects that promote the sustainable growth our company wants to have. Being part of these workshops has left us interested in further understanding more of what it means to be a socially responsible company. I thank Tigo for making us part of this.”**

Roberto Moran
Country Manager, Resuelva de Honduras SA (supplier of callcenter services for Tigo Honduras), who participated in the supplier training program

Corporate responsibility performance – continued

Key
- Completed/achieved
- In progress

Our performance

Five-year plan objectives (by 2018):

- Full supplier monitoring program in place, including self-assessments and on-site audits.
- Support capacity building of local suppliers to manage corporate responsibility-related risks.

KPI	2016 value	2017 value	2017 target	Status
Total number of suppliers invited to complete an EcoVadis assessment	221	321		
Total number of suppliers who completed the assessment	100	68		
Total number of suppliers that do not fulfill our requirements	38	42		
Number of suppliers with improved scores following implementing corrective action plans (CAPs)	2	47		
Number of CAPs requested from suppliers by EcoVadis categories				
Environmental	35	58		
Labor rights	108	127		
Fair business practices	73	88		
Sustainable procurement	44	63		
% of strategic suppliers who signed the supplier code	79	89%	Expand reporting to % of suppliers who refuse to sign the Code and how we manage those cases, in line with our Supplier Code Guidelines	In progress
% of all suppliers who have signed the supplier code	36	61%[1]	Expand reporting to % of suppliers who refuse to sign the Code and how we manage those cases, in line with our Supplier Code Guidelines	In progress
% of spend represented by suppliers who completed assessments on EcoVadis to date	48	47.3	Increase response rate to EcoVadis assessment requests	In progress
% of procurement teams trained on responsible supply chain management	79	96%[2]	Continue to provide training to procurement staff on implementing and following corrective action plans on EcoVadis[3]	Completed/achieved
Number of suppliers trained on Millicom's corporate responsibility strategy and requirements	New KPI for 2017	121	Identify a training partner that specializes in corporate responsibility and jointly roll out training to suppliers across Latam[3]	Completed/achieved

1 Guatemala's information excluded from this percentage, as a different definition was applied to calculate the indicator locally.
2 Procurement teams training focused on Anti-Bribery, Anti-Corruption (ABAC) in 2017, as reported in the Compliance section (page 173).
3 This target was addressed through the inclusion of the Ecovadis requirements explicitly included in Business Review Meetings (page 184).

8. Social investment

Our goal is to align our social investment activities with our core business strategy. To that end, our activities are focused on supporting digital and financial inclusion, education and entrepreneurship, Child Online Protection, and gender diversity.

In Latam, we have been particularly active in promoting child online protection (as detailed on pages 169-170 and facilitating dialogue on this topic across our industry.

As part of the ICT Alliance for the Americas, we have committed to connect 2,100 schools and public institutions in Latin America by 2030, and to launch training programs for teachers and parents around COP. Driven by the Organization of American States, the ICT Alliance for the Americas aims to provide not only connectivity but also educational programs to children and teachers about the use of technology, and connecting safely.

We have made satisfactory progress on this commitment to connecting schools, thanks in part to our collaboration with governments and NGOs.

- In May, **Tigo Honduras**, in partnership with CONATEL, the National Commission of Telecommunications, launched a free internet service in 28 learning centers, benefiting approximately 11,500 students.
- **El Salvador** connected 19,000 students and 329 public schools in cooperation with USAID and the Ministry of Education through portable modems. This allows teachers to research and plan lessons, students to access information online, and faculties to communicate more effectively with each other.
- Through education and volunteer programs, **Tigo Guatemala** worked with the Ministry of Education to help build and remodel 21 schools and equip them with digital classrooms. 306 computers and 236 water eco-filters were donated, which benefited over 5,630 children and 250 teachers.
- **Tigo Tanzania** has selected 50 secondary schools to launch its e-schools' projects across the country, as part of its initiative to digitize secondary education by providing digital learning materials. In 2016, Tigo partnered with the Ministry of Communications, Works and Infrastructure to facilitate a two-year program which rolls out internet access points in the country's secondary schools. This complemented the government's e-schools project.

Corporate volunteering

Through our "Crianza Tecnológica" program, we have trained volunteers to become trainers themselves, showing adults how to raise their children safely in an online world, our first audience being teachers. So far, we have trained over 500 teachers in Latam, and have created a condensed course for all employees to understand the risks children are exposed to by being online as well as all the opportunities for development.

As we transition towards a more strategic approach to corporate volunteering, the number of volunteering hours has decreased. Seizing opportunities to make a difference by doing what we do best is at the core of Millicom's Responsible Leadership strategy, and we will continue to encourage employees to become agents of positive change through an increasingly focused framework.

Volunteers at work: teaching digital literacy skills to children with disabilities in Sucre, Bolivia

Corporate responsibility performance – continued

Key
- Completed/achieved
- In progress

Five years supporting entrepreneurs in Africa

Millicom and Reach for Change have partnered in Africa for the past five years, helping hundreds of communities and children alike.

Through the Accelerator and Incubator programs run by Reach for Change and funded by Millicom, a total of 194 social entrepreneurs with innovative ideas received coaching and business advice that have allowed them to scale their ventures and provide sustainable social impact for children.

You can read the Reach for Change social impact report here.

What we learned this year

We see great potential in aligning our core CR initiatives with the United Nations Sustainable Development Goals (SDGs) to help reduce poverty and help people prosper, especially in emerging markets.

In 2018, we will place a particular focus on helping to achieve gender equality and to empower all women and girls (Sustainable Development Goal 5) both inside our organization and by promoting digital inclusion in our markets. We will also strengthen the means of implementation and revitalize the global partnership for sustainable development (Sustainable Development Goal 17) by continuing to foster partnerships that enhance and broaden the impact of our programs.

Our performance

Long-term objectives:
- Connect 2,100 schools and public institutions to the internet by 2030 in Latin America.
- Implement a volunteering program with digital education initiatives in all our markets by 2020.

KPI	2016 value	2017 value	2017 target	Status
Monetary value of employee volunteering (US$ '000)	237	170	Continue social investment through cash and in-kind contributions	In progress
Total cash contributions (US$ '000)	4,921	3,203	Continue social investment through cash and in-kind contributions	Completed/achieved
In-kind giving (US$ '000, at cost)	2,420	6,399	Continue social investment through cash and in-kind contributions	Completed/achieved
Schools and public institutions connected to the Internet	1,061	1,259	Additional 100 schools connected in Latam	Completed/achieved
Number of students connected ('000)	375	467.6	Additional 50000 students connected	Completed/achieved
% of in-kind contributions directed at digital inclusion initiatives	20	73.8	Increase to 25%	Completed/achieved
Number of social entrepreneurs supported in operations with Tigo Digital Changemakers Award or similar activities per year	322	53 [1]	Focus on increasing the social impact of entrepreneurs winning the award to date	In progress
Number of volunteering hours	21,915	14,841	Increase volunteering hours by 15%	In progress

1 In 2017 we did not issue a Tigo Digital Changemakers Award, hence the difference in entrepreneurs supported for the year.

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