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THE DIGITAL LIFESTYLE

Millicom International Cellular S.A.
(A public limited liability company (société anonyme) incorporated under the laws of Luxembourg)
(Registration number RCS B 40630)

Management Report and Unaudited Interim Condensed Consolidated Financial Statements
For the three and six-month periods ended June 30, 2019 and 2018

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Management Report

Group performance

Revenue
Group revenue increased 5.7% ($113 million) year-on-year to $2,089 million in H1 2019. The increase largely reflects the acquisition of Cable Onda in Panama, which we acquired in December 2018, as well as a smaller contribution from the acquisition in Nicaragua, which we consolidated as of May 1, 2019.

Cost of sales
Cost of sales increased 5.2% ($29 million) year-on-year to $589 million. The increase largely reflects the impact of acquisitions, as previously mentioned, as well as lower handset costs.

Operating expenses
Operating expenses increased $0 million ($14 million) year-on-year to $798 million. The increase reflects the acquired operations as well as one-off charges related to a $21 million fine in Tanzania and $16 million in Corporate costs stemming from the Central America acquisition. These factors were partially offset by the adoption of IFRS 16, which reduced operating expenses by $68 million.

Depreciation and Amortization
Depreciation increased 21.8% ($73 million) year-on-year to $405 million, mostly due to the adoption of IFRS 16, which added $51 million, and due to the acquisitions. Amortization expense increased 74.9% ($52 million) year-on-year to $122 million, from a higher intangible asset base due to the recent acquisitions.

Share of profit in joint ventures in Guatemala and Honduras
Our share of profits in Guatemala and Honduras joint ventures reached $90 million in H1 2019, an increase of 38.1% year-on-year due to steady growth in Guatemala and to improved performance in Honduras.

Other operating income (expenses), net
Other operating income of $8 million decreased by $19 million year-on-year due primarily to smaller gains on the sale of towers.

Financial income/(expense)
Financial expenses increased $100 million to $272 million. The increase is due to higher levels of gross debt to fund our recent acquisitions, and to the impact of IFRS 16, which added $32 million to interest expense during the period.

Other non-operating (expenses) income, net
Income from other non-operating items was $45 million in H1 2019 compared to $21 million in H1 2018 due mainly to the revaluation of our equity investment in Jumia, partially offset by a revaluation of the Cable Onda put option liability.

Profit (loss) from other joint ventures and associates, net
Loss from associates and other joint ventures amounted to $15 million in H1 2019 compares to a loss of $68 million in H1 2018, due to lower losses in Ghana and to a revaluation gain on Jumia.

Charges for taxes, net
Tax expense was $42 million in H1 2019, down from $67 million in H1 2018 due to lower profitability in our operations as well as a net deferred tax credit.

Profit (loss) for the period from discontinued operations
Profit from discontinued operations of $64 million mainly reflects the gain on the sale of our operations in Chad, which we disposed of on June 26, 2019.

Net profit (loss) for the year
Net profit for the owners of the Company was $60 million or $0.59 per share for H1 2019 compared to $0.16 per share in H1 2018. Non-controlling interests share of net profit was a negative $2 million in H1 2019 compared to a positive $1 million in H1 2018, reflecting our partners' share of profits in our subsidiaries in Colombia and Panama.

Share Capital

At June 30, 2019, Millicom had 101.7 million issued and paid up common shares of par value US$1.50 each, of which 0.6 million were held by the Company as treasury shares (2018: 0.9 million). During the six months ended June 30, 2019, the Company acquired approximately 108,000 shares and issued around 405,000 shares to management and employees under the share-based remuneration plans and to Directors as part of their annual remuneration.

Distribution to shareholders and proposed distributions

On May 2, 2019, at the Annual General Meeting of shareholders, a dividend distribution of US$2.64 per share was approved. US$ 1.32 of the dividend was paid in May 2019 with the remaining US$1.32 to be paid in November 2019.

Risks and uncertainty factors

Millicom operates in a dynamic industry characterized by rapid evolution in technology, consumer demand, and business opportunities. Combined with a focus on emerging markets in various geographic locations, the Group has a proactive approach to identifying, understanding, assessing, monitoring and acting on balancing risks and opportunities. For a description of risks and Millicom's approach to risk management, please refer to the 2018 Annual Report (http://www.millicom.com/investors/reporting-centre).

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 2018 consolidated financial statements (included in our 2018 Annual Report).

Internal controls and risk management in the preparation of the consolidated financial statements are set out in the Governance section from pages 57 to 91 in our 2018 Annual Report.

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 of our 2018 Annual Report.

2019 Outlook

Organic service revenue and EBITDA growth for our Latam segment in H1 were slightly below our expectations, while OCF growth was better than expected. We had anticipated that H1 would be slower than H2 in 2019, due to the meaningful contribution from a large government contract in Colombia during H1 2018. As a result, we are maintaining our outlook for 2019. We acknowledge that organic EBITDA growth may end the year around the low end of our expected range (3-5%), and yet organic OCF growth may end near the top end of the range (Mid-to-high single-digit).

Subsequent events

On July 3, 2019, the Group issued a dual tranche new bond for an amount up to $100 million equivalent in Bolivian local currency, out of which a $60 million tranche already placed with a coupon of 5.0% (with a maturity of seven years) and further $40 million tranche already placed with a coupon of 4.6% (with a maturity of five years). Proceeds are to be used for debt refinancing and working capital. Furthermore, the Group repaid an amount of $10 million equivalent in Bolivian local currency from its BCP loan and $5 million equivalent in Bolivian local currency from its Banco Ganadero facility.

On July 9, 2019, the Tanzania Communications Regulatory Authority ('TCRA') issued a notice to cancel the license of Telesis, a subsidiary of Millicom in Tanzania that shares its 4G spectrum with the Tigo and Zantel operations in the country. Management disputes the basis for the cancellation and is currently considering its options. At June 30, 2019, the carrying value of the license is $3 million, however the Group cannot yet assess the potential outcome of this matter at this time.

/s/ José Antonio Ríos García
Chairman of the Board of Directors

Responsibility Statement

The Board of Directors and the executive management of the company reaffirm their responsibility to ensure the maintenance of proper accounting records disclosing the consolidated financial position of the Group with reasonable accuracy at any time, and ensuring that an appropriate system of internal controls is in place to ensure that the Group's business operations are carried on efficiently and transparently.

In accordance with Article 4 of the law of 11 January 2008 on transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, we declare that, to the best of our knowledge, the interim condensed consolidated financial statements for the half year ended 30 June 2019, prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted for use in the European Union, give a true and fair view of the assets, liabilities, financial position and results of the interim period.

In addition, management's report includes a fair review of the development and performance of the Group's operations during the interim period and of business risks, where appropriate, faced by the Group.

Signed in Luxembourg, on July 18, 2019

On behalf of Millicom International Cellular S.A., by:

/s/ Mauricio Ramos

Chief Executive Officer

/s/ Tim Pennington

Chief Financial Officer

Report on review of interim condensed consolidated financial statements

To the Shareholders,

Millicom International Cellular S.A.

2, rue du Fort Bourbon

L – 1249 - Luxembourg

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Millicom International Cellular S.A. as of 30 June 2019, which comprise the interim condensed consolidated statement of financial position as at 30 June 2019 and the related interim condensed consolidated statement of income, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity, the interim condensed consolidated statement of cash flow for the six-month period then ended and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting as adopted by the European Union ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young

Société anonyme

Cabinet de révision agréé

/s/

Bruno di Bartolomeo

Luxembourg, 18 July 2019

Unaudited interim condensed consolidated statements of income for the three and six-month periods ended June 30, 2019

$ millions	Notes	Six months ended June 30, 2019	Six months ended June 30, 2018 (i)	Three months ended June 30, 2019	Three months ended June 30, 2018 (i)
Revenue	5	**2,089**	**1,976**	**1,054**	**1,000**
Cost of sales		(589)	(559)	(298)	(291)
Gross profit		**1,500**	**1,417**	**757**	**710**
Operating expenses	2	(798)	(783)	(424)	(391)
Depreciation	2	(405)	(332)	(209)	(168)
Amortization		(122)	(70)	(62)	(35)
Share of profit in the joint ventures in Guatemala and Honduras	14	90	65	46	27
Other operating income (expenses), net		8	27	3	25
Operating profit	5	**274**	**324**	**110**	**168**
Interest and other financial expenses	2, 10	(272)	(172)	(132)	(88)
Interest and other financial income		8	8	4	5
Other non-operating (expenses) income, net	6	45	21	33	(6)
Profit (loss) from other joint ventures and associates, net		(15)	(68)	(18)	(48)
Profit (loss) before taxes from continuing operations		**40**	**113**	**(3)**	**31**
Charge for taxes, net		(42)	(67)	(24)	(35)
Profit before taxes from continuing operations		**(2)**	**46**	**(27)**	**(4)**
Profit (loss) for the period from discontinued operations	4	64	(32)	64	(3)
Net profit for the period		**62**	**15**	**37**	**(7)**
Attributable to :					
Owners of the Company		60	16	46	(1)
Non-controlling interests		2	(1)	(8)	(6)
Earnings per common share for net profit attributable to the owners of the Company:					
Basic ($)	7	0.59	0.16	0.45	(0.01)
Diluted ($)	7	0.59	0.16	0.45	(0.01)

(i) Re-presented for IFRS 15 assessment of wholesale carrier business as agent not principal (see note 2). Not restated for the application of IFRS 16 as the Group elected the modified retrospective approach (see note 2).

Unaudited interim condensed consolidated statements of comprehensive income for the three and six-month periods ended June 30, 2019

$ millions	Six months ended June 30, 2019	Six months ended June 30, 2018 (i)	Three months ended June 30, 2019	Three months ended June 30, 2018 (i)
Net profit (loss) for the period	62	15	37	(7)
Other comprehensive income (to be reclassified to income statement in subsequent periods), net of tax:				
Exchange differences on translating foreign operations	14	11	7	(62)
Cash flow hedges	(11)	—	(10)	1
Total comprehensive income for the period	65	25	34	(69)
Attributable to				
Owners of the Company	62	24	45	(54)
Non-controlling interests	4	2	(10)	(13)
Total comprehensive income for the period arises from:				
Continuing operations	1	32	(38)	(64)
Discontinued operations	64	(7)	72	(5)

(i) Not restated for the application of IFRS 16 as the Group elected the modified retrospective approach (see note 2).

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

Unaudited interim condensed consolidated statement of financial position as at June 30, 2019

$ millions	Notes	June 30, 2019	December 31, 2018 (i)
ASSETS			
NON-CURRENT ASSETS			
Intangible assets, net	9	2,687	2,374
Property, plant and equipment, net	8	2,680	3,041
Right of use assets	2	872	—
Investments in joint ventures	14	2,929	2,867
Investments in associates	15	122	169
Contract costs, net		5	4
Deferred tax assets		210	202
Other non-current assets	12	98	126
TOTAL NON-CURRENT ASSETS		**9,602**	**8,784**
CURRENT ASSETS			
Inventories		50	39
Trade receivables, net		367	343
Contract assets, net		40	37
Amounts due from non-controlling interests, associates and joint ventures	12	29	34
Prepayments and accrued income		186	129
Current income tax assets		87	108
Supplier advances for capital expenditure		31	25
Equity investment	15	128	—
Other current assets		162	127
Restricted cash		146	158
Cash and cash equivalents		840	528
TOTAL CURRENT ASSETS		**2,065**	**1,529**
Assets held for sale		8	3
TOTAL ASSETS		**11,676**	**10,316**

(i) Not restated for the application of IFRS 16 as the Group elected the modified retrospective approach (see note 2).

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

Unaudited interim condensed consolidated statement of financial position as at June 30, 2019 (continued)

$ millions	Notes	June 30, 2019	December 31, 2018 (i)
EQUITY AND LIABILITIES			
EQUITY			
Share capital and premium		633	635
Treasury shares		(54)	(81)
Other reserves		(545)	(538)
Retained profits		2,250	2,535
Profit (loss) for the period/year attributable to equity holders		60	(10)
Equity attributable to owners of the Company		**2,343**	**2,542**
Non controlling interests		252	249
TOTAL EQUITY		**2,595**	**2,790**
LIABILITIES			
Non current liabilities			
Debt and financing	10	4,777	4,123
Lease liabilities	2	844	—
Amounts due to non-controlling interests, associates and joint ventures	12	226	135
Provisions and other non-current liabilities		368	350
Derivative financial instruments	13	11	1
Deferred tax liabilities		225	233
Total non-current liabilities		**6,451**	**4,841**
Current liabilities			
Debt and financing	10	262	458
Lease liabilities	2	98	—
Put option liability	3	253	239
Payables and accruals for capital expenditure		239	335
Other trade payables		255	282
Amounts due to non-controlling interests, associates and joint ventures	12	346	348
Accrued interest and other expenses		459	383
Current income tax liabilities		47	58
Contract liabilities		80	87
Dividend payable		134	—
Provisions and other current liabilities		457	494
Total current liabilities		**2,630**	**2,684**
TOTAL LIABILITIES		**9,081**	**7,526**
TOTAL EQUITY AND LIABILITIES		**11,676**	**10,316**

(i) Not restated for the application of IFRS 16 as the Group elected the modified retrospective approach (see note 2).

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

Unaudited interim condensed consolidated statement of cash flows for the six-month period ended June 30, 2019

$ millions	Notes	June 30, 2019	June 30, 2018 (i)
Cash flows from operating activities (including discontinued operations)			
Profit before taxes from continuing operations		40	113
Profit (loss) before taxes from discontinued operations	4	66	(29)
Profit before taxes		**106**	**85**
Adjustments to reconcile to net cash:			
Interest and other financial expenses		273	175
Interest and other financial income		(8)	(8)
Adjustments for non-cash items:			
Depreciation and amortization	5	538	416
(Profit) loss from other joint ventures and associates,net		15	68
Loss (gain) on disposal and impairment of assets, net	4	(82)	11
Share based compensation		14	10
Share of profit in Guatemala and Honduras joint ventures		(90)	(65)
Other non-cash non-operating (income) expenses, net		(45)	(20)
Changes in working capital:			
Decrease (increase) in trade receivables, prepayments and other current assets,net		(141)	(131)
(Increase) decrease in inventories		(8)	(6)
Increase (decrease) in trade and other payables, net		19	25
Changes in contract assets, liabilities and costs, net		3	(4)
Total changes in working capital		**(128)**	**(115)**
Interest (paid)		(227)	(153)
Interest received		6	10
Taxes (paid)	5	(49)	(57)
Net cash provided by operating activities		**323**	**355**
Cash flows from investing activities (including discontinued operations):			
Acquisition of subsidiaries, joint ventures and associates, net of cash acquired	3	(430)	—
Proceeds from disposal of subsidiaries and associates, net of cash disposed	4	110	177
Purchase of intangible assets and licenses	9	(103)	(133)
Purchase of property, plant and equipment	8	(349)	(292)
Proceeds from sale of property, plant and equipment	8	12	52
Dividends received from joint ventures	14	105	94
Settlement of financial derivative instruments	13	—	(63)
Cash (used in) provided by other investing activities, net		9	11
Net cash used in investing activities		**(646)**	**(154)**

Cash flows from financing activities (including discontinued operations):			
Proceeds from debt and financing	10	1,646	286
Repayment of debt and financing	10	(855)	(239)
Dividends paid to non-controlling interests		(12)	(1)
Dividends paid to owners of the Company		(133)	(133)
Net cash provided by (used in) financing activities		**646**	**(88)**
Exchange impact on cash and cash equivalents at the beginning of the period		—	(4)
Net (decrease) increase in cash and cash equivalents		**322**	**110**
Cash and cash equivalents at the beginning of the period		528	619
Effect of cash in disposal group held for sale	4	(9)	6
Cash and cash equivalents at the end of the period		**840**	**735**

(i) Not restated for the application of IFRS 16 as the Group elected the modified retrospective approach (see note 2).

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

Unaudited interim condensed consolidated statements of changes in equity for the periods ended June 30, 2019 and June 30, 2018

$ millions	Number of shares (000's)	Number of shares held by the Group (000's)	Share capital	Share premium	Treasury shares	Retained profits (i)	Other reserves	Total	Non-controlling interests	Total equity
Balance on December 31, 2017	**101,739**	**(1,195)**	**153**	**484**	**(106)**	**3,035**	**(470)**	**3,096**	**185**	**3,282**
Adjustment on adoption of IFRS 15 and IFRS 9 (net of tax)	—	—	—	—	—	10	—	10	(4)	6
Total comprehensive income for the period	—	—	—	—	—	16	8	24	2	25
Dividends (ii)	—	—	—	—	—	(266)	—	(266)	—	(266)
Dividends to non controlling interest	—	—	—	—	—	—	—	—	(1)	(1)
Purchase of treasury shares	—	(65)	—	—	(6)	—	—	(6)	—	(6)
Share based compensation	—	—	—	—	—	—	12	12	—	12
Issuance of shares under share-based payment schemes	—	334	—	(2)	29	(5)	(21)	1	—	1
Balance on June 30, 2018	**101,739**	**(926)**	**153**	**483**	**(82)**	**2,792**	**(474)**	**2,871**	**181**	**3,052**
Balance on December 31, 2018	**101,739**	**(913)**	**153**	**482**	**(81)**	**2,525**	**(538)**	**2,542**	**249**	**2,790**
Total comprehensive income for the period	—	—	—	—	—	61	1	62	4	65
Dividends (iii)	—	—	—	—	—	(268)	—	(268)	—	(268)
Dividends to non controlling interest	—	—	—	—	—	—	—	—	(1)	(1)
Purchase of treasury shares	—	(108)	—	—	(10)	3	—	(7)	—	(7)
Share based compensation	—	—	—	—	—	—	14	14	—	15
Issuance of shares under share-based payment schemes	—	405	—	(2)	36	(11)	(22)	1	—	1
Balance on June 30, 2019	**101,739**	**(616)**	**153**	**481**	**(54)**	**2,310**	**(545)**	**2,343**	**252**	**2,595**

(i) Retained profits — includes profit attributable to equity holders, of which at June 30, 2019, $326 million (2018: $324 million) are not distributable to equity holders.

(ii) Dividends — A dividend distribution of $2.64 per share was approved by the Annual General Meeting of shareholders and paid in equal portions in May 2018 and November 2018.

(iii) Dividends - A dividend distribution of $2.64 per share was approved by the Annual General Meeting of shareholders on May 2, 2019. Half of this dividend has been paid during Q2 2019. The second half will be paid in November 2019.

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

Notes to the unaudited interim condensed consolidated statements

1. ORGANIZATION

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

On July 18, 2019, the Board of Directors authorized these interim condensed consolidated financial statements for issuance.

2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES

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

These unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2018. These financial statements are prepared in accordance with consolidation and accounting policies consistent with the 2018 consolidated financial statements, except for the changes described below.

Adjustments related to "principal vs agent" under IFRS 15 considerations for the wholesale carrier business

In Q3 2018, the Group reconsidered the accounting under IFRS 15 "Revenue from Contracts with Customers" (adopted as of January 1, 2018), of its wholesale carrier business to recognize 2018 revenue on a net basis as an agent rather than as a principal under the modified retrospective transition method. Therefore the statements of income for the six-month and three-month periods ended June 30, 2018 have been re-presented compared to last year's published results to net revenue and cost of sales by $57 million and $28 million, respectively, with no impact on gross profit and cash flows, and impact on the Latin America segment only.

New and amended IFRS standards

The following changes to standards effective for annual periods starting on January 1, 2019 have been adopted by the Group:

- **IFRS 16 "Leases"**. The Group had to change its accounting policies as a result of adopting IFRS 16 Leases.

  On adoption, an additional lease liability of $536 million has been recognized and the application of the new standard decreased operating expenses by $33 million and $68 million, respectively, as compared to what our results would have been if we had continued to follow IAS 17 for the three and six months ended June 30, 2019. The impact of the adoption of the leasing standard and the new accounting policies are further explained below. The application of this standard also affects the Group’s depreciation, operating and financial expenses, debt and other financing and leverage ratios. The change in presentation of operating lease expenses results in a corresponding increase in cash flows derived from operating activities and a decline in cash flows from financing activities.

- The following new or amended standards became applicable for the current reporting period and did not have any significant impact on the Group’s accounting policies or disclosures and did not require retrospective adjustments.
  - **Amendments to IFRS 9 "Financial instruments"** on prepayment features with negative compensation.
  - **IFRIC 23 "Uncertainty over Income Tax Treatments"** clarifies how the recognition and measurement requirements of IAS 12 Income taxes, are applied where there is uncertainty over income tax treatments.
  - **Amendments to IAS 19 "Employee benefits"** on plan amendment, curtailment or settlement.
  - **Amendments to IAS 28 "Investments in associates"** on long term interests in associates and joint ventures.
  - **Annual improvements 2015-2017**

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

- **Amendments to the conceptual framework.** The IASB has revised its conceptual framework. The Group does not expect these amendments to have a material impact on the consolidated financial statements. These amendments have not yet been endorsed by the EU.

2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES (CONTINUED)

- **Amendments to IFRS 3 - definition of a business.** This amendment revises the definition of a business. The Group does not expect these amendments to have a material impact on the consolidated financial statements. These amendments have not yet been endorsed by the EU.
- **Amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors'.** These amendments have not yet been endorsed by the EU.

Changes in accounting policies

This note explains the impact of the adoption of IFRS 16 "Leases" on the Group's financial statements and discloses the new accounting policies that have been applied from January 1, 2019.

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

a) Adjustments recognized on adoption of IFRS 16

On adoption of IFRS 16, the Group recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The right-of-use asset was measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the leases recognized in the statement of financial position immediately before the date of initial application. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 12.7%. Each lease commitment was individually discounted using a specific incremental borrowing rate, following a build-up approach including: risk-free rates, industry risk, country risk, credit risk at cash generating unit level, currency risk and commitment's maturity.

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

$ millions	2019
Operating lease commitments disclosed as at December 31, 2018	**801**
(Plus): Non lease components obligations	57
(Less): Short term leases recognized on a straight line basis as an expense	(3)
(Less): Low value leases recognized on a straight line basis as an expense	(2)
(Less): Contract included in the lease commitments but with starting date in 2019 and not part of the IFRS 16 opening balances	(17)
(Plus/Less): Other	(13)
Gross lease liabilities	**823**
Discounted using the lessee's incremental borrowing rate at the date of the initial application	(287)
Incremental lease liabilities recognized at January 1, 2019	**536**
(Plus): Finance lease liabilities recognized at December 31, 2018	353
Lease liabilities recognized at January 1, 2019	**889**
Of which are:	
Current lease liabilities	95
Non-current lease liabilities	794

2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES (CONTINUED)

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

FINANCIAL POSITION $ millions	As at January 1, 2019 before application	Effect of adoption of IFRS 16	As at January 1, 2019 after application	Reason for the change
ASSETS				
Property, plant and equipment, net	3,041	(306)	2,736	*(i)*
Right-of-use asset (non-current) NEW	—	846	846	*(ii)*
Prepayments	129	(6)	123	*(iii)*
LIABILITIES				
Lease liabilities (non-current) NEW	—	794	794	*(iv)*
Debt and other financing (non-current)	4,123	(337)	3,786	*(v)*
Lease liabilities (current) NEW	—	95	95	*(iv)*
Debt and other financing (current)	458	(16)	442	*(v)*
Other current liabilities	494	(2)	492	*(vi)*

(i) *Transfer of previously capitalized assets under finance leases to Right-of-Use assets.*
(ii) *Initial recognition of Right-of-Use assets, transfer of previously recognized finance leases and of lease prepayments being part of the Right-of-Use asset cost at transition.*
(iii) *Transfer of lease prepayments being part of the Right-of-Use asset cost at transition.*
(iv) *Initial recognition of lease liabilities and transfer of previously recognized finance lease liabilities.*
(v) *Transfer of previously recognized finance lease liabilities to new Lease liabilities accounts.*
(vi) *Reclassification of provisions for onerous contracts to Right-of-Use assets.*

The application of IFRS 16 also impacts classifications within the statement of cash flows, segment information and EPS for the period starting from January 1, 2019. Its application had nevertheless no significant impact on the Group's retained profits.

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

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

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

b) Leases accounting policy applied from January 1, 2019 are as follows:

The Group leases various lands, sites, towers (including those related to towers sold and leased back), offices, warehouses, retail stores, equipment and cars. Rental contracts are typically made for fixed periods but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Through December 31, 2018, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the statement of income on a straight-line basis over the period of the lease.

2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES (CONTINUED)

From January 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The incremental borrowing rate applied can have a significant impact on the net present value of the lease liability recognized under IFRS 16.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the statement of income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Furthermore, the Group has taken the additional following decisions in adopting the standard:

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

According to the new Standard, lease term is defined as the non-cancellable period for which a lessee has the right to use an underlying asset, together with both: (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate if the lessee is reasonably certain not to exercise that option. The assessment of such options is performed at the commencement of a lease. As part of the assessment, Millicom introduced the 'time horizon concept': the reasonable term under which the company expects to use a leased asset considering economic incentives, management decisions, business plans and the fast-paced industry Millicom operates in. The assessment must be focused on the economic incentives for Millicom to exercise (or not) an option to early terminate/extend a contract. The Group has decided to work on the basis the lessor will generally accept a renewal/not early terminate a contract, as there is an economic incentive to maintain the contractual relationship.

Millicom considered the specialized nature of most of its assets under lease, the low likelihood the lessor can find a third party to substitute Millicom as a lessee and past practice to conclude that, pending clarification from IFRIC, the lease term can go beyond the notice period when there is more than an insignificant penalty for the lessor not to renew the lease. This analysis requires judgment and has a significant impact on the lease liability recognized under IFRS 16.

Under IFRS 16, the accounting of sale and leaseback transactions has changed as the underlying sale transaction needs to be firstly analyzed using the guidance of IFRS 15. The seller/lessee recognizes a right-of-use asset in the amount of the proportional original carrying amount that relates to the right of use retained. Accordingly, only the proportional amount of gain or loss from the sale must be recognized. The impact from sale and leaseback transactions was not material for Millicom Group as of the date of initial application.

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

Acquisitions 2019

On February 20, 2019, MIC S.A., Telefonica Centroamerica and Telefonica S.A. entered into 3 separate stock purchase agreements (the "Telefonica CAM Acquisitions") pursuant to which, subject to the terms and conditions contained therein, Millicom agreed to purchase 100% of the shares of Telefonica Moviles Panama, S.A., a company incorporated under the laws of Panama, from Telefonica Centroamerica (the "Panama Acquisition"), 100% of the shares of Telefonica de Costa Rica TC, S.A., a company incorporated under the laws of Costa Rica, from Telefonica (the "Costa Rica Acquisition") and 100% of the shares of Telefonia Celular de Nicaragua, S.A., a company incorporated under the laws of Nicaragua, from Telefonica Centroamerica (the "Nicaragua Acquisition"). The Telefonica CAM Acquisitions Stock Purchase Agreements contain customary representations and warranties and termination provisions. While the consummation of the remaining Telefonica CAM Acquisitions is subject to regulatory approvals and the absence of legal impediments, we still expect to close The Panama Acquisition and the Costa Rica acquisition by the end of 2019.

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

Nicaragua Acquisition

This transaction closed on May 16, 2019 after receipt of the necessary approvals and, since that date, Millicom holds all voting rights into Telefonia Celular de Nicaragua ("Nicaragua") and controls it. On the same day, Millicom paid a cash consideration of $437 million, subject to final price adjustment expected in Q3 2019. As at June 30, 2019, the purchase accounting is still a work-in-progress and no value has been allocated yet to identifiable assets and liabilities. As a result, the excess of the acquisition price over the company's net assets as of the acquisition date is currently shown under goodwill for $338 million. In its subsequent interim financial statements, the Group will disclose the amounts and explanations of the adjustments to the purchase accounting, including any retrospective adjustments to the second quarter financial results. The goodwill is currently not expected to be tax deductible. For convenience purposes, the acquisition date was set on May 1, 2019 as there is no material adjustments from this date to May 16, 2019. From May 1, 2019 to June 30, 2019, Nicaragua contributed $37 million of revenue and a net profit of $10 million to the Group. If Nicaragua had been acquired on January 1, 2019 incremental revenue for the six-month period ended June 30, 2019 would have been $112 million and incremental net profit for that period would have been $6 million. Acquisition related costs included in the statement of income under operating expenses were approximately $5 million.

Acquisitions 2018

On October 7, 2018, the Company signed an agreement to acquire a controlling 80% stake in Cable Onda, the largest cable and fixed telecommunications services provider in Panama. The selling shareholders retained a 20% equity stake in the company. The transaction closed on December 13, 2018 after receipt of necessary approvals, for a cash consideration of $956 million. Millicom concluded that it controls Cable Onda since closing date and therefore fully consolidates it in its financial statements with a 20% non-controlling interest. The deal also includes certain liquidity rights such as call and put options which are further detailed in the audited consolidated financial statements for the year ended December 31, 2018. As of June 30, 2019, the put option liability is valued at $253 million (December 31, 2018: $239 million) (see note 6) and call options values remain immaterial.

For the purchase accounting, Millicom determined the fair value of Cable Onda's identifiable assets and liabilities based on transaction and relative values. The non-controlling interest was measured based on the proportionate share of the fair value of the net assets of Cable Onda. The purchase accounting is still provisional at June 30, 2019, particularly in respect of the evaluation of certain tangible assets and tax contingencies. Management expects to finalize the purchase accounting during Q3 2019.

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

The provisional purchase accounting remains unchanged as at June 30, 2019 and is as follows:

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

(i) Intangible assets not previously recognized at the date of acquisition, are trademarks for an amount of $280 million, with estimated useful lives of 3 years, a customer list for an amount of $370 million, with estimated useful life of 20 years and favorable content contracts for $19 million, with a useful life of 10 years.

(ii) Current assets include indemnification assets for tax contingencies at fair value for an amount of $4 million – see (v) below.

(iii) The fair value of trade receivables acquired was $34 million.

(iv) Non-current liabilities include a deferred tax liability of $158 million resulting from the above adjustments.

(v) Current liabilities include the fair value of certain tax contingent liabilities of $5 million. These are partly covered by the indemnification assets described in (ii) above.

(vi) Transaction costs of $30 million have been assumed and paid by Cable Onda before the acquisition by Millicom on the closing date. As they related to the acquisition, these costs have been accounted for as post-acquisition costs in the Millicom Group income statement. These, together with acquisition-related costs of $11 million, have been recorded under operating expenses in 2018.

Disposals 2019

On March 14, 2019, Millicom signed an agreement for the sale of its entire operations in Chad to Maroc Telecom. The Group received the necessary regulatory approvals in June 5, 2019 and the transaction completed on June 26, 2019 (see note 4).

4. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

Discontinued operations - Chad

On June 26, 2019, the Group completed the disposal of its operations in Chad. In accordance with Group practices, the Chad operation has been classified as assets held for sale and discontinued operations as from June 5, 2019. On June 26, 2019, Chad was deconsolidated and a gain on disposal of $79 million, net of costs of disposal of $3 million, was recognized. Foreign currency exchange losses accumulated in equity of $8 million have also been recycled in the statement of income accordingly. The resulting net gain of $72 million has been recognized under 'Profit (loss) for the period from discontinued operations, net of tax'. The operating net loss of the operation for the period from January 1, 2019 to June 26, 2019 was $5 million. The final sale consideration is still subject to adjustment under the terms of the sale and purchase agreement with Maroc Telecom. Management does not expect any material deviation from the initial consideration.

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

Assets and liabilities reclassified as held for sale – Chad ($ millions)	June 26, 2019
Intangible assets, net	18
Property, plant and equipment, net	93
Other non-current assets	14
Current assets	33
Cash and cash equivalents	9
Total assets of disposal group held for sale	**167**
Non-current financial liabilities	8
Current liabilities	131
Total liabilities of disposal group held for sale	**140**
Net assets held for sale at book value	**28**

Summary

Financial information relating to the discontinued operations for the three and six-month periods ended June 30, 2019 and June 30, 2018 are set out below. Figures shown below are after inter-company eliminations. 2018 statement of income figures include Rwanda (1 month), Senegal (4 months) and Chad (6 months). 2019 figures include Chad only (6 months)

Results from Discontinued Operations ($ millions)	Six months ended June 30, 2019	Six months ended June 30, 2018	Three months ended June 30, 2019	Three months ended June 30, 2018
Revenue	50	131	19	46
Cost of sales	(14)	(39)	(5)	(14)
Operating expenses	(27)	(57)	(13)	(22)
Other expenses linked to the disposal of discontinued operations	(5)	(7)	(5)	(6)
Depreciation and amortization	(11)	(14)	(4)	(7)
Other operating income (expenses), net	—	(10)	—	—
Gain/(loss) on disposal of discontinued operations	74	(28)	74	5
Operating profit (loss)	**68**	**(24)**	**67**	**2**
Interest income (expense), net	(2)	(4)	(1)	(2)
Profit (loss) before taxes	**66**	**(29)**	**65**	**—**
Credit (charge) for taxes, net	(2)	(3)	(1)	(2)
Net profit (loss) from discontinued operations	**64**	**(32)**	**64**	**(3)**

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

Cash Flows from Discontinued Operations ($ millions)	Six months ended June 30, 2019	Six months ended June 30, 2018
Cash from (used in) operating activities, net	(8)	(25)
Cash from (used in) investing activities, net	5	1
Cash from (used in) financing activities, net	7	2
Net cash inflows/(outflows)	**5**	**(22)**

Tower Sale and Leasebacks

In 2017 and 2018, the Group announced agreements to sell and leaseback wireless communications towers in Paraguay, Colombia and El Salvador. The table below summarizes the main aspects of these deals and impacts on the Group financial statements:

	Paraguay	Colombia	El Salvador
Agreement date	April 26, 2017	July 18, 2017	February 6, 2018
Total number of towers expected to be sold	1,410	1,207	811
Total number of towers transferred to June 30, 2019	1,307	942	547
Expected total cash proceeds ($ millions)	125	147	145
Cash proceeds received in 2017 ($ millions)	75	86	—
Cash proceeds received in 2018 ($ millions)	41	26	74
Cash proceeds received in 2019 ($ millions) - as of June 30	3	7	3
Gain on sale recognized in 2017 ($ millions)	26	37	—
Gain on sale recognized in 2018 ($ millions)	15	13	32
Gain on sale recognized in 2019 ($ millions) - as of June 30	—	2	1

5. SEGMENT INFORMATION

Management determines operating and reportable segments based on information used by the chief operating decision maker (CODM) to make strategic and operational decisions from both a business and geographic perspective. The Group's risks and rates of return are predominantly affected by operating in different geographical regions. The Group has businesses in two main regions: Latin America ("Latam") and Africa. The Latam figures below include Honduras and Guatemala as if they are fully consolidated by the Group, as this reflects the way management reviews and uses internally reported information to make decisions. Honduras and Guatemala are shown under the Latam segment. The joint venture in Ghana is not reported as if fully consolidated.

Revenue, operating profit (loss), EBITDA and other segment information for the periods ended June 30, 2019 and June 30, 2018, are as follows:

Six months ended June 30, 2019 ($ millions)	**Latin America**	**Africa**	**Unallocated**	**Guatemala and Honduras (vii)**	**Eliminations and transfers**	**Total**
Mobile revenue	1,580	181	—	(741)	—	1,020
Cable and other fixed services revenue	1,085	4	—	(136)	—	953
Other revenue	25	—	—	(3)	—	23
Service revenue (i)	2,689	186	—	(879)	—	1,996
Telephone and equipment revenue (i)	198	—	—	(105)	—	94
Total Revenue	**2,887**	**186**	—	**(983)**	—	**2,089**
Operating profit (loss)	**484**	**—**	**(29)**	**(271)**	**90**	**274**
Add back:						
Depreciation and amortization	695	49	4	(221)	—	527
Share of profit in joint ventures in Guatemala and Honduras	—	—	—	—	(90)	(90)
Other operating income (expenses), net	(3)	(1)	—	(4)	—	(8)
EBITDA (ii)	**1,176**	**48**	**(25)**	**(496)**	**—**	**703**
EBITDA from discontinued operations	—	4	—	—	—	4
EBITDA incl discontinued operations	**1,176**	**53**	**(25)**	**(496)**	—	**707**
Capital expenditure (iii)	(548)	(27)	(4)	136	—	(442)
Changes in working capital and others (iv)	(62)	15	(66)	—	—	(113)
Taxes paid	(95)	(6)	(6)	58	—	(49)
Operating free cash flow (v)	**471**	**34**	**(101)**	**(302)**	—	**102**
Total Assets (vi)	**13,111**	**947**	**3,510**	**(5,666)**	**3,505**	**11,676**
Total Liabilities	**7,396**	**889**	**4,067**	**(2,106)**	**583**	**9,081**

5. SEGMENT INFORMATION (Continued)

Six months ended June 30, 2018 ($ millions)	Latin America	Africa	Unallocated	Guatemala and Honduras (vii)	Eliminations and transfers	Total
Mobile revenue	1,611	188	—	(738)	—	1,061
Cable and other fixed services revenue	904	5	—	(120)	—	789
Other revenue	23	1	—	(2)	—	21
Service revenue (i)	2,538	194	—	(860)	—	1,872
Telephone and equipment revenue (i)	198	—	—	(94)	—	104
Total Revenue	**2,736**	**194**	—	**(954)**	—	**1,976**
Operating profit (loss)	**468**	**8**	**9**	**(228)**	**65**	**324**
Add back:						
Depreciation and amortization	575	40	3	(215)	—	402
Share of profit in joint ventures in Guatemala and Honduras	—	—	—	—	(65)	(65)
Other operating income (expenses), net	(15)	(2)	(3)	(7)	—	(27)
EBITDA (ii)	**1,028**	**47**	**8**	**(450)**	**—**	**634**
EBITDA from discontinued operations	—	28	—			28
EBITDA incl discontinued operations	**1,028**	**75**	**8**	**(450)**	—	**661**
Capital expenditure (iii)	(442)	(34)	—	105	—	(372)
Changes in working capital and others (iv)	(75)	6	(22)	(14)	—	(106)
Taxes paid	(121)	(11)	(4)	78	—	(57)
Operating free cash flow (v)	**390**	**36**	**(18)**	**(281)**	—	**127**
Total Assets (vi)	**10,321**	**1,078**	**240**	**(5,175)**	**3,108**	**9,127**
Total Liabilities	**5,593**	**998**	**1,487**	**(1,903)**	**346**	**6,074**

5. SEGMENT INFORMATION (Continued)

Three months ended June 30, 2019 ($ millions)	Latin America	Africa (viii)	Unallocated	Guatemala and Honduras (vii)	Eliminations and transfers	Total
Mobile revenue	802	90	—	(373)	—	519
Cable and other fixed services revenue	543	2	—	(69)	—	476
Other revenue	13	—	—	(1)	—	12
Service revenue (i)	1,358	92	—	(444)	—	1,007
Telephone and equipment revenue (i)	103	—	—	(55)	—	48
Total Revenue	**1,461**	**92**	—	**(499)**	—	**1,054**
Operating profit (loss)	**228**	**(7)**	**(21)**	**(135)**	**46**	**110**
Add back:						
Depreciation and amortization	357	24	2	(112)	—	271
Share of profit in joint ventures in Guatemala and Honduras	—	—	—	—	(46)	(46)
Other operating income (expenses), net	—	—	—	(2)	—	(3)
EBITDA (ii)	**584**	**17**	**(19)**	**(249)**	**—**	**333**
EBITDA from discontinued operations	—	(4)		—	—	(4)
EBITDA incl discontinued operations	**584**	**13**	**(19)**	**(249)**	—	**329**
Capital expenditure (iii)	(242)	(17)	(2)	59	—	(201)
Changes in working capital and others (iv)	24	22	(36)	10	—	19
Taxes paid	(72)	(3)	(7)	36	—	(46)
Operating free cash flow (v)	**294**	**15**	**(64)**	**(144)**	**—**	**101**

5. SEGMENT INFORMATION (Continued)

Three months ended June 30, 2018 ($ millions)	Latin America	Africa (viii)	Unallocated	Guatemala and Honduras (vii)	Eliminations and transfers	Total
Mobile revenue	806	93	—	(368)	—	532
Cable and other fixed services revenue	462	3	—	(62)	—	402
Other revenue	12	—	—	(1)	—	11
Service revenue (i)	1,280	96	—	(430)	—	946
Telephone and equipment revenue (i)	104	—	—	(49)	—	55
Total Revenue	**1,384**	**96**	—	**(480)**	—	**1,000**
Operating profit (loss)	**239**	**7**	**8**	**(112)**	**27**	**168**
Add back:						
Depreciation and amortization	287	20	1	(105)	—	202
Share of profit in joint ventures in Guatemala and Honduras	—	—	—	—	(27)	(27)
Other operating income (expenses), net	(12)	(4)	(4)	(5)	—	(25)
EBITDA (ii)	**514**	**23**	**6**	**(223)**	**—**	**319**
EBITDA from discontinued operations	—	3	—	—	—	3
EBITDA incl discontinued operations	**514**	**26**	**6**	**(223)**	—	**323**
Capital expenditure (iii)	(197)	(13)	—	45	—	(165)
Changes in working capital and others (iv)	(9)	1	3	(30)	—	(36)
Taxes paid	(85)	(9)	(4)	54	—	(43)
Operating free cash flow (v)	**223**	**5**	**5**	**(153)**	**—**	**79**

(i) *Service revenue is Group revenue related to the provision of ongoing services such as monthly subscription fees, airtime and data usage fees, interconnection fees, roaming fees, mobile finance service commissions and fees from other telecommunications services such as data services, SMS and other value-added services excluding telephone and equipment sales. Revenues from other sources comprises rental, sub-lease rental income and other non recurrent revenues. The Group derives revenue from the transfer of goods and services over time and at a point in time. Refer to the table below.*

(ii) *EBITDA is operating profit excluding impairment losses, depreciation and amortization and gains/losses on the disposal of fixed assets. EBITDA is used by the management to monitor the segmental performance and for capital management. For the three and six-month periods ended June 30, 2019, the application of IFRS 16 had a positive impact on EBITDA as compared to what our results would have been if we had continued to follow the IAS 17 standard.*

(iii) *Excluding spectrum and licenses of $11 million (2018: $52 million) and cash received on tower deals of $13 million (2018: $50 million).*

(iv) *'Changes in working capital and others' include changes in working capital as stated in the cash flow statement as well as share based payments expense and non-cash bonuses (see note 3).*

(v) *Operating Free Cash Flow is EBITDA less capex (excluding spectrum and license costs) less change in working capital, other non-cash items (share-based payment expense and non-cash bonuses) and taxes paid.*

(vi) *Segment assets include goodwill and other intangible assets.*

(vii) *Including eliminations for Guatemala and Honduras as reported in the Latin America segment.*

(viii) *Restated as a result of classification of certain of our African operations as discontinued operations (see notes 4 and 14).*

5. SEGMENT INFORMATION (Continued)

Revenue from contracts with customers from continuing operations

$ millions	Timing of revenue recognition	Six months ended June 30, 2019			Six months ended June 30, 2018			Three months ended June 30, 2019			Three months ended June 30, 2018		
		Latin America	Africa	Total Group	Latin America	Africa	Total Group	Latin America	Africa	Total Group	Latin America	Africa	Total Group
Mobile	Over time	824	127	951	858	136	994	422	63	484	430	67	498
Mobile Financial Services	Point in time	15	54	70	16	52	68	7	27	34	8	26	34
Cable and other fixed services	Over time	949	4	953	784	5	789	474	2	476	400	3	402
Other	Over time	23	—	23	21	1	22	11	—	12	11	—	11
Service Revenue		**1,810**	**186**	**1,996**	**1,678**	**194**	**1,872**	**914**	**92**	**1,007**	**849**	**96**	**946**
Telephone and equipment	Point in time	93	—	94	104	—	104	48	—	48	55	—	55
Revenue from contracts with customers		**1,903**	**186**	**2,089**	**1,782**	**194**	**1,976**	**962**	**92**	**1,054**	**904**	**96**	**1,000**

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

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

$ millions	Six months ended June 30, 2019	Six months ended June 30, 2018	Three months ended June 30, 2019	Three months ended June 30, 2018
Change in fair value of derivatives	—	(1)	—	(1)
Change in fair value in investment in Jumia (Note 15)	57	—	57	—
Change in value of put option liability (Note 3)	(15)	—	(15)	—
Exchange gains (losses), net	1	21	(11)	(6)
Other non-operating income (expenses), net	2	1	1	1
Total	**45**	**21**	**33**	**(6)**

7. EARNINGS PER COMMON SHARE

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

$ millions	Six months ended June 30, 2019	Six months ended June 30, 2018	Three months ended June 30, 2019	Three months ended June 30, 2018
Basic and Diluted				
Net profit (loss) attributable to owners of the Company from continuing operations	(4)	48	(19)	2
Net profit (loss) attributable to owners of the Company from discontinuing operations	64	(32)	64	(3)
Net profit attributable to owners of the Company used to determine the earnings per share	60	16	46	(1)
in thousands				
Weighted average number of ordinary shares for basic and diluted earnings per share	101,105	100,757	101,110	100,793
$				
Basic and diluted				
EPS from continuing operations attributable to owners of the Company	(0.04)	0.47	(0.19)	0.02
EPS from discontinued operations attributable to owners of the Company	0.63	(0.31)	0.63	(0.03)
EPS for the period attributable to owners of the Company	0.59	0.16	0.45	(0.01)

8. PROPERTY, PLANT AND EQUIPMENT

During the six-month period ended June 30, 2019, Millicom added property, plant and equipment for $286 million (June 30, 2018: $273 million) and received $12 million in cash from disposal of property, plant and equipment (June 30, 2018: $52 million).

9. INTANGIBLE ASSETS

During the six-month period ended June 30, 2019, Millicom added intangible assets of $89 million (June 30, 2018: $87 million) and did not receive any proceeds from disposal of intangible assets (June 30, 2018: nil).

10. DEBT AND FINANCING

MICSA

On February 20, 2019, MIC S.A. entered into a $1.65 billion term loan facility agreement with a consortium of banks (the “Telefonica Bridge Facility”), subsequently reduced to $1.05 billion and $650 million in April 2019 and June 2019, respectively. The Telefonica Bridge Facility is available to be drawn from the date of the Telefonica Bridge Facility to and including the earlier of (i) March 1, 2020 and (ii) the date the Telefonica Bridge Facility is terminated. The Telefonica Bridge Facility matures on the date following twelve months after the date of the Telefonica Bridge Facility (unless extended for a period not exceeding six months). Interest on amounts drawn under the Telefonica Bridge Facility is payable at LIBOR plus a variable margin. Amounts drawn under the Telefonica Bridge Facility may be used by MIC S.A. to (i) pay the purchase price for the Telefonica CAM Acquisitions, (ii) refinance the debts of any member of the Telefonica CAM group and/or (iii) pay any costs, fees, interests or other expenses in connection with the Telefonica CAM Acquisitions or the Telefonica Bridge Facility. On signature date, Millicom recorded structuring and syndication fees for a total amount of $12 million under 'Interest expense'.

10. DEBT AND FINANCING (Continued)

On March 25, 2019, the MIC S.A. issued a $750 million 6.25% senior notes due 2029. The Notes bear interest at 6.25% p.a., payable semi-annually in arrears on March 25 and September 25 of each year, starting on September 25, 2019. It will use the net proceeds of the Notes to finance, in part, the Telefonica CAM Acquisitions (see note 3). Costs of issuance of $8 million are amortized over the ten-year life of the notes (the effective interest rate is 6.36%). Pending the consummation of any Telefonica CAM Acquisition and the satisfaction of certain other conditions, $500 million of the gross proceeds of the offering of the Notes had been deposited into a segregated escrow account, in the name of Millicom. As of June 30, 2019, and following the completion of Nicaragua acquisition, the remaining amount has been released to cash.

On April 3, 2019, the Group obtained consents from the holders of its $500 million 6% Senior Notes due 2025 (the "Notes") to amend certain provisions of the indenture governing the Notes. It paid a cash payment of $1 million (equal to $2.50 per $1,000 principal amount of Notes to holders of the Notes).

On April 24, 2019, MIC S.A. signed a $300 million Term Facility Agreement with DNB and Nordea (the "Facility"). The Facility bears interest at maximum LIBOR + 3% p.a., payable semi-annually in arrears. The net proceeds of the Facility are intended to be used, among others, to finance the Telefonica CAM Acquisitions (see note 3).

On May 15, 2019, MIC S.A. issued a SEK 2 billion (~$208 million) senior unsecured sustainability bond under its inaugural Sustainability Bond Framework. The senior unsecured bond due 2024 carries a floating coupon priced at 3m Stibor+235bps (see also note 13). It has been listed and commenced trading on the Nasdaq Stockholm sustainable bond list on June 12, 2019. Millicom intends to use the net proceeds of the bond in accordance with the Sustainability Bond Framework which includes both environmental and social investments such as in energy efficiencies, and the expansion of its fixed and mobile networks.

Paraguay

In January 2019, Telecel obtained a seven-year loan from BBVA Bank for PYG 177,000 million (approximately $20 million), denominated in Paraguayan guaranies ("PYG") which bears a fixed annual interest rate of 8.94%.

In April 2019, Telecel early redeemed its $300 million 6.75% Senior Notes due 2022 (the "Telecel 2022 Notes"). As a result, Telecel made cash payments of $307 million including early redemption premium of $7 million. As the amount of the repurchase was able to be estimated at March 31, 2019, the $7 million premium and $3 million of related unamortized costs were included as financial expenses in the statement of income in the three month period ended March 31, 2019 and the Notes were disclosed in current liabilities as at March 31, 2019.

On April 8, 2019, Telecel issued $300 million 5.875% senior notes due 2027 (the "Telecel 2027 Notes"). The Telecel 2027 Notes bear interest at 5.875% p.a., payable semi-annually in arrears on April 15 and October 15 of each year, starting on October 15, 2019. The net proceeds of the Telecel 2027 Notes were used to finance the purchase of the Telecel 2022 Notes (see above).

On June 3, 2019, the global bond program for bonds up to PYG 300.000.000.000 (approximately $50 million with the closing rate as of June 2019) was registered to be issued in different series from 1 year to 10 years. On June 5, 2019, 3 initial series for up to PYG 230.000.000.000 (approximately $37 million) were registered and issued as follows: (i) PYG 115.000.000.000 (approximately $19 million) , at 8.75%, due June 3, 2024, (ii) PYG 50.000.000.000 (approximately $ 8 million), at 9.25%, due May 29, 2026 and (iii) PYG 65.000.000.000 (approximately $ 10 million), at 10%, due May 31, 2029.

Tanzania

On June 4, 2019, MIC Tanzania Public Limited Company ("MIC Tanzania") entered into a loan facility agreement with the Standard Bank of South Africa acting as an agent and a consortium of banks acting as the original lenders, for $174.75 million (tranche A) and TZS103,000 million (tranche B - approximately $45 million) which bears the following interests: for Tranche A Libor plus Margin and for Trance B T-Bill rate plus Margin. Margin is set on 4.25% per annum. The facility agreement has a maturity of 66 months and is available to be drawn until the end of 2019. Amounts drawn under this facility agreement will be used by MIC Tanzania (i) to pay an amount of $25 million towards an intercompany loan, (ii) to repay the installment of the existing Zantel Facility falling due in October 2019 amounting to $25 million, (iii) to provide intercompany loans to or the making of equity injections into any member of the Group, (iv) for general corporate purposes including capital expenditure and license fee payments.

10. DEBT AND FINANCING (Continued)

Analysis of debt and financing by maturity

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

$ millions	As at June 30, 2019	December 31, 2018
Due within:		
One year	263	458
One-two years	120	338
Two-three years	243	403
Three-four years	495	570
Four-five years	703	468
After five years	3,216	2,345
Total debt and financing	**5,039**	**4,580**

(i) As at December 31, 2018, Debt and financing included finance lease liabilities of $353 million. As at June 30, 2019, and as a result of the application of IFRS 16, these are now shown under Lease liabilities in the statement of financial position and therefore excluded from the table above in 2019.

As at June 30, 2019, the Group's share of total debt and financing secured by either pledged assets, pledged deposits issued to cover letters of credit or guarantees issued was $680 million (December 31, 2018: $626 million). Assets pledged by the Group for these debts and financings amounted to $3 million at June 30, 2019 (December 31, 2018: $2 million).

The table below describes the outstanding and maximum exposure under these guarantees and the remaining terms of the guarantees as at June 30, 2019 and December 31, 2018.

	Bank and financing guarantees (i)			
$ millions	As at June 30, 2019		As at December 31, 2018	
Terms	Outstanding exposure	Theoretical maximum exposure	Outstanding exposure	Theoretical maximum exposure
0-1 year	176	176	133	133
1-3 years	134	134	281	281
3-5 years	370	370	212	212
More than 5 years	—	—	—	—
Total	**680**	**680**	**626**	**626**

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

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

$ millions	Six months ended June 30, 2019	Six months ended June 30, 2018	Three months ended June 30, 2019	Three months ended June 30, 2018
Interest expense on bonds and bank financing	(168)	(109)	(82)	(53)
Interest expense on leases	(75)	(43)	(38)	(23)
Loan redemption charges	(10)	—	(3)	—
Other	(19)	(20)	(9)	(11)
Total	**(272)**	**(172)**	**(132)**	**(88)**

11. COMMITMENTS AND CONTINGENCIES

Litigation & claims

The Company and its operations are contingently liable with respect to lawsuits, legal, regulatory, commercial and other legal risks that arise in the normal course of business. As at June 30, 2019, the total amount of claims and litigation risks against Millicom and its operations was $370 million, of which $4 million related to its share in joint ventures (December 31, 2018: $687 million, of which $5 million related to its share in joint ventures). Decrease is mainly due to reassessment of risks in Colombia from probable to remote.

As at June 30, 2019, $27 million has been provided for these risks in the consolidated statement of financial position (December 31, 2018: $26 million). The Group's share of provisions made by the joint ventures was $4 million (December 31, 2018: $4 million). While it is not possible to ascertain the ultimate legal and financial liability with respect to these claims and risks, the ultimate outcome is not anticipated to have a material effect on the Group's financial position and operations.

Improper filing of shareholding in MIC Tanzania Public Limited Company

In June 2016, Millicom was served with claims by a third party seeking to exert rights as a shareholder of MIC Tanzania Public Limited Company (Tigo Tanzania). In June 2015, Millicom identified that an incorrect filing related to Tigo Tanzania had been made in the commercial register, causing the register to incorrectly indicate that shares in the local subsidiary were owned by this third party. On July 26, 2018, the Court of Appeal of Tanzania, the country's highest court, reaffirmed in a ruling that Tigo Tanzania remains owned and controlled by Millicom. Late 2018, the third party in question has filed for a review of the ruling by the same Court of Appeals, which already ruled in our favor. Millicom considers the success of this review as remote and therefore continues to control and fully consolidate Tigo Tanzania.

Ongoing investigation by the International Commission Against Impunity in Guatemala (CICIG)

On July 14, 2017, the CICIG disclosed an ongoing investigation into alleged illegal campaign financing that includes a competitor of Comcel, our Guatemalan joint venture. The CICIG further indicated that the investigation would include Comcel. On November 23 and 24, 2017, Guatemala's attorney general and CICIG executed search warrants on the offices of Comcel. On May 6, 2019, Guatemala's attorney general and CICIG raised pre-trial motions against various government officials related to the matter under investigation and alleging illegal payments for passage of a telecommunications law in 2014 and 2015. As at June 30, 2019, the matter is still under investigation, and Management is not able to assess the potential impact on these interim condensed consolidated financial statements of any remedial actions that may need to be taken as a result of the investigations, or penalties that may be imposed by law enforcement authorities. Accordingly, no provision has been recorded as of June 30, 2019.

Taxation

At June 30, 2019, the Group estimates potential tax claims amounting to $297 million. Tax risks amounting to $36 million have been assessed as probable and recorded as tax liabilities (December 31, 2018: claims amounting to $254 million and tax liabilities of $47 million). Out of these potential claims and tax liabilities, respectively $39 million and $3 million relate to Millicom's share in joint ventures (December 31, 2018: claims amounting to $29 million and tax liabilities of $2 million).

Capital commitments

At June 30, 2019, 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 $169 million of which $155 million are due within one year (December 31, 2018: $154 million of which $126 million are due within one year). Out of these commitments, respectively $51 million and $46 million related to Millicom's share in joint ventures (December 31, 2018: $66 million and $56 million).

12. RELATED PARTY TRANSACTIONS

The following transactions were conducted with related parties during the three and six-month periods ended June 30, 2019 and June 30, 2018:

$ millions	Six months ended June 30, 2019	Six months ended June 30, 2018	Three months ended June 30, 2019	Three months ended June 30, 2018
Expenses				
Purchases of goods and services from Miffin	(93)	(78)	(43)	(37)
Purchases of goods and services from EPM	(20)	(21)	(10)	(11)
Lease of towers and related services from HTA	(13)	(14)	(12)	(7)
Other expenses	(2)	(2)	(1)	(2)
Total	**(128)**	**(115)**	**(67)**	**(57)**

$ millions	Six months ended June 30, 2019	Six months ended June 30, 2018	Three months ended June 30, 2019	Three months ended June 30, 2018
Income / gains				
Sale of goods and services to Miffin	148	139	75	71
Sale of goods and services to EPM	6	8	3	4
Other income / gains	1	1	—	—
Total	**154**	**148**	**79**	**75**

As at June 30, 2019 and December 31, 2018, the Group had the following balances with related parties:

$ millions	As at June 30, 2019	As at December 31, 2018
Liabilities		
Payables to Guatemala joint venture (i)	403	315
Payables to Honduras joint venture (i)	158	143
Payables to EPM	2	14
Payables to Panama non-controlling interests	2	—
Other accounts payable	8	9
Sub-total	**572**	**482**
Lease liabilities to HTA (ii)	105	99
Total	**677**	**580**

(i) Amount payable mainly consist of dividend advances for which dividends are expected to be declared in the near future and/or shareholder loans.

(ii) Disclosed under "Lease liabilities" in the statement of financial position.

12. RELATED PARTY TRANSACTIONS (Continued)

$ millions	As at June 30, 2019	As at December 31, 2018
Assets		
Receivables from Guatemala and Honduras joint ventures	16	20
Receivables from EPM	3	5
Advance payments to Helios Towers Tanzania	6	6
Receivable from AirtelTigo Ghana (i)	41	41
Other accounts receivable	6	1
Total	**72**	**73**

(i) Disclosed under 'Other non-current assets' in the statement of financial position.

13. FINANCIAL INSTRUMENTS

Other than the items disclosed below, the fair values of financial assets and financial liabilities approximate their carrying values as at June 30, 2019 and December 31, 2018:

$ millions	Carrying Value		Fair Value (i)	
	As at June 30, 2019	December 31, 2018 (ii)	As at June 30, 2019	December 31, 2018 (ii)
Financial liabilities				
Debt and financing	5,039	4,580	5,011	4,418

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

(ii) As at December 31, 2018, Debt and financing included carrying value of finance lease liabilities of $353 million. As at June 30, 2019, and as a result of the application of IFRS 16, these are now shown under Lease liabilities in the statement of financial position and therefore excluded from the table above in 2019.

Derivative financial instruments

Currency and interest rate swap contracts

MIC S.A. entered into swap contracts in order to hedge the foreign currency and interest rate risks in relation to the SEK 2 billion (~$208 million) senior unsecured sustainability bond issued in May 2019 (see note 10). These swaps are accounted for as cash flow hedges as the timing and amounts of the cash flows under the swap agreements match the cash flows under the SEK bond. Their maturity date is May 2024. The hedging relationship is highly effective and related fluctuations are recorded through other comprehensive income. At June 30, 2019, the fair values of the swaps amount to an asset of $3 million.

Our operations in El Salvador and Costa Rica also entered into several swap agreements in order to hedge foreign currency and interest rate risks on certain long term debts. These swaps are accounted for as cash flow hedges and related fair value changes are recorded through other comprehensive income. At June 30, 2019, the fair values of these swaps amount to liabilities of $11 million.

Interest rate and currency swaps are measured with reference to Level 2 of the fair value hierarchy

There are no other derivative financial instruments with a significant fair value at June 30, 2019.

14. INVESTMENTS IN JOINT VENTURES

Joint ventures are businesses over which Millicom exercises joint control as decisions over the relevant activities of each, such as the ability to upstream cash from the joint ventures, require unanimous consent of shareholders. Millicom determines the existence of joint control by reference to joint venture agreements, articles of association, structures and voting protocols of the board of directors of those ventures.

At June 30, 2019, the equity accounted net assets of our joint ventures in Guatemala, Honduras and Ghana totaled $3,560 million (December 31, 2018: $3,405 million). These net assets do not necessarily represent statutory reserves available for distribution as these include consolidation adjustments (such as goodwill and previously unrecognized assets and assumed liabilities recognized as part of the purchase accounting). Out of these reserves, $133 million (December 31, 2018: $133 million) represent statutory reserves that are unavailable to be distributed to the Group. During the period ended June 30, 2019, Millicom's joint ventures paid $105 million (June 30, 2018: $94 million) as dividends or dividend advances to the Company.

		2019	
$ millions	**Guatemala**	**Honduras**	**Ghana (i)**
Opening Balance at January 1, 2019	**2,104**	**731**	**32**
Results for the year	78	10	(33)
Currency exchange differences	1	(6)	10
Closing Balance at June 30, 2019	**2,184**	**736**	**9**

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

15. EQUITY INVESTMENT

Jumia Technologies AG ("Jumia")

In January 2019, Millicom has been further diluted in the capital of Jumia (formerly "Africa Internet Holding GmbH" or "AIH") following the entry of a new investor. This triggered the recognition of a net dilution gain of $7 million under 'Income (loss) from associates, net'.

Subsequently, during Q1 2019, in preparation of its IPO, Millicom relinquished its seat on the board of directors, which resulted in the loss of the Group's significant influence over Jumia. As a result, Millicom derecognized its investment in associate in Jumia and recognized it as a financial asset (equity investment) at fair value under IFRS 9. On April 11, 2019, Jumia successfully completed its IPO at the offer price per share of $14.5 and shares started trading on the NYSE on April 12, 2019.

As a result, as of March 31, 2019, a net gain of $30 million had been recognized and reported under 'Income (loss) from associates, net'. Post IPO, Millicom holds 6.31% of the shares of Jumia. Millicom's investment in Jumia is classified under "Equity investment" in the Group's statement of financial position.

At June 30, 2019, the closing price of a Jumia share was $26.42, which values Millicom's investment at $128 million (level 1). The change in fair value of $57 million recognized over the period is shown under 'Other non-operating (expenses) income, net' (see note 6).

16. IPO – MILLICOM'S OPERATIONS IN TANZANIA

In June 2016, an amendment to the Electronic and Postal Communications Act ("EPOCA") in the Finance Act 2016 required all Tanzanian licensed telecom operators to sell 25% of the authorised share capital in a public offering on the Dar Es Salaam Stock Exchange. Late June 2019, the Group filed the draft prospectus with the Tanzania Capital Market and Securities Authority with the view to initiate the listing process in the course of 2019.

17. SUBSEQUENT EVENTS

Bolivia financing

On July 3, 2019, the Group issued a dual tranche new bond for an amount up to $100 million equivalent in Bolivian local currency, out of which a $60 million tranche already placed with a coupon of 5.0% (with a maturity of seven years) and further $40 million tranche already placed with a coupon of 4.6% (with a maturity of five years). Proceeds are to be used for debt refinancing and working capital.

Furthermore, the Group repaid an amount of $10 million equivalent in Bolivian local currency from its BCP loan and $5 million equivalent in Bolivian local currency from its Banco Ganadero facility.

Telesis license (Tanzania)

On July 9, 2019, the Tanzania Communications Regulatory Authority ('TCRA') issued a notice to cancel the license of Telesis, a subsidiary of Millicom in Tanzania that shares its 4G spectrum with the Tigo and Zantel operations in the country. Management disputes the basis for the cancellation and is currently considering its options. At June 30, 2019, the carrying value of the license is $3 million, however the Group cannot yet assess the potential outcome of this matter at this time.