

Vodafone* reports annual results with pre-tax income of SEK 1 887 million

- **Net income of SEK 1 350 million**
- **150 000 net customer additions**
- **Net sales of SEK 5 854 million**
- **EBITDA of SEK 2 510 million**
- **Launch of Vodafone brand**
- **Contract ARPU increased by 4% on like-for-like basis****

Annual results for the year ended 31 March 2002

Customer Growth

Vodafone's customer base increased to 1 163 000 at 31 March 2002, including 322 000 prepaid customers. A total of 150 000 new customers were added in the year (128 000), including 65 000 (62 000) contract customers. During the final quarter, 54 000 (19 000) customers were added, including 26 000 contract customers (10 000). Of the closing base, 62,000 are connected through Service Providers, of which 39,000 are contract customers.

Net sales

Vodafone's consolidated net sales for the year increased 10% to SEK 5 854 million compared with the prior year (SEK 5 313 million). Sales in the final quarter were SEK 1 445 million (SEK 1 342 million).

Adjusting for Service Provider customers in the base this year, average monthly revenue per customer for contract customers increased by 4% on a like-for-like basis and inclusive of prepaid customers was flat versus last year. Average monthly revenue per customer for the year, excluding prepaid customers, increased by 2% to SEK 559 (SEK 550). Average monthly revenue per customer for the year, including prepaid customers, declined 2% to SEK 437 (445). The number of prepaid customers in the customer base increased during the year to 28% (23%). Their lower average usage, compared to contract customers, contributed to the decline in ARPU.

* In this report, unless otherwise stated "Vodafone" refers to the activities of Europolitan Holdings AB and its subsidiaries in Sweden.

** Excluding Service Provider customers

Average monthly revenue per customer in the final quarter, excluding prepaid customers was SEK 533 (SEK 545), a decrease of 2%. This is partly as a result of Easter falling in the 4th quarter this year and the resulting lower number of working days in the quarter. In addition, this year's final quarter includes a greater proportion of Service Provider customers.

Cost of Sales, Operating Expenses and Net Income

Cost of sales and operating expenses increased by 13% to SEK 4 051 million (SEK 3 592 million) in the year. In the final quarter, cost of sales and operating expenses were SEK 1 023 million (SEK 943 million). The changes were largely due to:

- Increases in costs for the brand conversion and related marketing costs
- Increased costs relating to future product and service development

After net financial income of SEK 44 million (SEK 10 million), income before taxes was SEK 1 887 million (SEK 1 757 million). After tax expense of SEK 540 million (SEK 498 million) and minority interests of SEK 3 million (SEK 1 million), net income was SEK 1 350 million (SEK 1 260 million).

Capital Expenditures

Capital expenditures for the year amounted to SEK 1 471 million (SEK 983 million). This included the company's increasing investment in its 3G rollout, as well as ongoing upgrades and service development to its GSM / GPRS network. Capital expenditures above include Vodafone's one third share of the 3G infrastructure invested by its joint venture 3GIS AB during the year, which is accounted for using the proportionate consolidation method.

On 20 December 2001, Vodafone opened its 3G network in Karlskrona, thereby meeting the deadline set by the Regulator with regards to public access to 3G networks from 1 January 2002.

Liquidity and Financing

EBITDA amounted to SEK 2 510 million (SEK 2 289 million) during the year ended 31 March 2002, an increase of 10%. Free cash flow (cash flow after investments) decreased by 8% to SEK 937 million (SEK 1 019 million), due mainly to increased capital expenditures. Vodafone Sverige AB has made a short-term loan to Vodafone Group Plc of SEK 1 535 million (SEK 760 million) at an annual interest rate equal to LIBID (London Interbank Bid Rate).

Collaboration agreement with the Vodafone Group

As previously announced Vodafone has signed an agreement with the Vodafone Group designed to increase their joint economies of scale and competitiveness in a number of different areas. The agreement covers collaboration in the areas of product management and innovation, IT and technology management, supply chain management, brand management and multinational account management.

Product management and innovation relates to the joint development of new services, such as mobile payment services and multimedia services. As part of an international group, Vodafone will be able to offer its customers advanced services that will work across the Vodafone Group and thereby giving Vodafone a significant competitive advantage in the Swedish market.

New service development and brand management are financed by an annual charge. The charge is determined on market terms and conditions and is based on the relative size of each company within the Vodafone Group participating in the collaboration. Those parts of the agreement relating

to brand will become effective during April 2002 after the launch of the new brand. Approximately SEK 30 million has been paid to Vodafone Group companies regarding the above-mentioned agreements including service charges for the financial year ended 31 March 2002.

Parent company results

The parent company, Europolitan Holdings AB, had revenues during the year of SEK 35 million (SEK 25 million) and income after financial items of SEK 14 million (SEK 187 million). The change in parent company's cash was nil (increase of SEK 1 thousand). Net financing decreased by SEK 1 million (SEK 1 million). On 31 March 2002, the company purchased the outstanding 49% minority in its subsidiary, LunarMobil Sverige AB.

Market overview

Branding

The "How Are You" brand campaign was launched on television on New Year's Day 2002 to increase awareness of the Vodafone brand. Further campaigns to complete the migration to Vodafone will continue during the first half of 2002/2003, including widespread poster and newspaper advertising from April 2002. Brand awareness figures, which are measured independently, increased significantly during the quarter ended 31 March 2002.

Customers

The number of customers added during the quarter increased strongly compared with both the previous quarter and the same quarter in the previous year. A number of factors contributed to this, including increased awareness of the Vodafone brand, a number of strong gains in the corporate and SME area as well as a good performance from the Service Providers in operation this year.

Customer satisfaction

In September 2001, Vodafone's customer service teams were awarded first prize in the annual Grand Prix Customer Service Awards for telecommunications companies.

For the third time Vodafone stood out as the leader in terms of customer satisfaction in both the private and business customer segments of the mobile telecommunications sector when Svenskt Kvalitetsindex published the results of its annual survey. The survey measures customer satisfaction and quality improvement in, amongst others, the fixed and mobile telephony sectors.

Traffic

Traffic in Vodafone's GSM network increased significantly during the year ended 31 March 2002, though at a slower rate than the prior year due to the high penetration level in the market. Total minutes carried over the network increased by 12% (23%), while average minutes of use for its subscribers (excluding prepaid customers) grew by 4% (5%). Value added services continued to grow strongly as well. The volume of SMS messages generated increased by 73% (146%) over the prior year and SMS usage per customer increased by over 50% compared with the previous year.

Services

During the fourth quarter of the financial year, Vodafone announced that its customers would be able to access GPRS services ("GPRS roaming") in several European countries. The company expects to launch roaming services with additional operators in Europe in the coming months. For Vodafone's customers the international GPRS agreements will mean much faster and simpler

access to mobile data services even when on the move. Using their mobile phones, laptops or palmtops, they will be able to access their e-mail, intranets and other personal services via the GPRS network with short transfer times and a continuous on-line connection.

During November 2001, Vodafone launched InfoManager, a service that will make a fundamental change for businesses that want to make information available for their mobile customers or employees. There are many situations in which mobile phones can instantly enhance business efficiency. With Vodafone's InfoManager, a salesperson with a mobile phone can for instance, check the stock status of a certain product and place an order immediately while negotiating a deal with a business partner. InfoManager also allows companies to offer customers their services directly via their mobile phones. The first Vodafone customer to use the new service is Bilia, Sweden's largest retail chain for Volvo and Renault.

In October 2001, Vodafone introduced new prices and e-mail functionality for its GPRS service. Vodafone's customers will be able to have their e-mails sent automatically to their GPRS-enabled mobile phones.

As an example of more advanced SMS solutions, this year's Vasalopp ski race was the first to allow audiences to follow the progress of each individual skier directly via SMS to their mobile phones. Vodafone registered more than 10 000 SMS inquiries from customers who wished to follow the progress of friends and relatives as they tackled the course.

Service Provider and Partner Agreements

In February 2002, one of Vodafone's Service Provider partners, Glocalnet announced an agreement with IKEA to market mobile telephone services using Vodafone's network to its 1.1 million customers in Sweden.

In March 2002, Vodafone announced that a unique concept in mobile telephony will be offered next year to Swedish grocery chain ICA's customers. The offer is being developed by Vodafone and will directly target ICA's 2.8 million active card customers. The concept is being designed with families in mind.

Universal Telecom, one of Sweden's major fixed-line operators, launched mobile telecom services in the beginning of April through its service provider agreement with Vodafone.

Fourth Quarter Highlights

- In January Vodafone announced that Orange Sverige AB joined 3G Infrastructure Services AB, the 3G-infrastructure joint venture between the company and Hi3G. (Press release 2002-01-15).
- The company reacted against inaccuracies in the Swedish Post and Telecom Agency's (PTS) press release regarding the decision to order Telia to reduce its termination tariffs. (Press Release 2002-01-31).
- Vodafone appealed against the decision by the Swedish National Post and Telecom Agency to deem the company as having "significant market power" status (SMP). (Press release 2002-02-21).
- Success for Vodafone's operator independent Vasalopp service. (Press release 2002-02-27).
- Vodafone lodged its appeal against the decision by PTS to classify it as a mobile operator with "significant market power". (Press release 2002-03-13).
- Vodafone opened GPRS roaming for its customers in UK, Germany and Italy. (Press release 2002-03-25).

- The administrative court announced it had upheld Vodafone's request for an injunction on its status as an operator with significant market power. (Press Release 2002-03-25).
- A family concept will be launched next year directed towards the customers of the grocery chain ICA. (Press release 2002-03-26).

Regulatory Update

Interconnection Tariffs

On 25 March 2002, the Administrative Court announced it had upheld Vodafone's request for an injunction on the Regulator's decision that it has significant market power in both the mobile and the interconnect markets.

Employee Profit Sharing Trust

During the prior financial year ended 31 March 2001, the company established an employee profit sharing trust investing in the company's shares. The Board has taken a further decision to pay a profit-related bonus to all qualifying employees by providing 0.6% of the company's income before taxes for the financial year ended 31 March 2002 to this trust.

Annual General Meeting

The Annual General Meeting will be held at 2:00pm on Tuesday 25 June 2002 at the Quality Hotel Globe, Stockholm.

Dividend

The Board of Directors will propose at the Annual General Meeting that the company will not pay a dividend for the financial year ended 31 March 2002 (nil). In coming to this decision, the Board has given consideration to the significant investment required in its 3G network rollout in the coming financial years.

Annual Report

The company's 2001/2002 Annual Report will be distributed to the shareholders and will be available at the Head Office at Åsögatan 108 in Stockholm from 11 June 2002.

Quarterly Report

The first Quarter Report for 2002/2003 will be published on 8 August 2002.

Stockholm 30 April 2002

The Board of Directors – Europolitan Holdings AB (publ)

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This report has not been audited. The same accounting principles and calculation methods have been applied in this report as in the full year report for the financial year ended 31 March 2001.

Vodafone's operations in Sweden are carried out by Europolitan Holdings AB and its subsidiaries, Vodafone Sverige AB and Vodafone Stores AB. Europolitan Holdings AB is listed on Attract 40 on the Stockholm Stock Exchange's O list. The majority shareholder is Vodafone Group Plc, which owns 71 per cent of the shares, while private shareholders, investment companies and pension funds own the remaining 29 per cent. Our services enhance the efficiency of companies' operations and make it simpler and more fun for people to communicate. **The Vodafone Group** is the world's largest mobile network and is represented in 28 countries on 5 continents. It has more than 200 million mobile telecom users. Read more at www.vodafone.se and www.vodafone.com.

Key Figures

TWELVE MONTHS

	Twelve Months Ended		Change	Percent
	Mar 31, 2002	Mar 31, 2001		
Number of customers end of period	1 163 000	1 013 000	150 000	15%
Net customer additions	150 000	128 000	22 000	17%
Average monthly revenue per customer * (SEK)	437	445	-8	-2%
Average monthly revenue per subscriber * (excluding prepaid cards) (SEK)	559	550	9	2%
Net sales (SEK mil)	5 854	5 313	541	10%
EBITDA** (SEK mil)	2 510	2 289	221	10%
EBITDA margin (%)	43%	43%	0%	0%
Income before taxes (SEK mil)	1 887	1 757	130	7%
Capital expenditures (SEK mil)	1 471	983	488	50%
Free cash flow*** (SEK mil)	937	1 019	-82	-8%
Return on shareholders' equity (%)	36%	47%	-11%	-23%
Return on capital employed (%)	50%	65%	-15%	-23%
Equity/assets ratio (%)	63%	61%	2%	3%
Shareholders' equity per share (SEK)	10,62	7,49	3,13	42%
Share price (end of period) (SEK)	49,50	75,50	-26,00	-34%

THREE MONTHS

	Three Months Ended		Change	Percent
	Mar 31, 2002	Mar 31, 2001		
Number of customers end of period	1 163 000	1 013 000	150 000	15%
Net customer additions	54 000	19 000	35 000	184%
Average monthly revenue per customer * (SEK)	410	436	-26	-6%
Average monthly revenue per subscriber * (excluding prepaid cards) (SEK)	533	545	-12	-2%
Net sales (SEK mil)	1 445	1 342	103	8%
EBITDA** (SEK mil)	611	551	60	11%
EBITDA margin (%)	42%	41%	1%	3%
Income before taxes (SEK mil)	448	412	36	9%
Capital expenditures (SEK mil)	546	296	250	84%
Free cash flow*** (SEK mil)	266	280	-14	-5%

Of its total customer base at 31 March 2002, Vodafone had an active customer base of 89 %.

The proportion of active contract customers amounted to 90 % and active prepaid customers 85 %. Active customers are defined as those who have made a chargeable outgoing call in the last three months.

* Vodafone Sverige AB Revenue (net sales)

** Earnings before interest, taxes, depreciation and amortization

*** Cash flow after investing activities

Consolidated Income Statements

(Amounts in SEK millions)	2002-01-01- 2002-03-31 (3 months)	2001-01-01- 2001-03-31 (3 months)	2001-04-01 2002-03-31 (12 months)	2000-04-01 2001-03-31 (12 months)
Net sales	1 445	1 342	5 854	5 313
Cost of sales	-752	-701	-3 012	-2 785
Gross profit	693	641	2 842	2 528
Selling expenses	-148	-135	-572	-445
Administrative expenses	-121	-105	-454	-353
Other operating income	12	7	40	26
Other operating expenses	-2	-2	-13	-9
Operating income before financial items	434	406	1 843	1 747
Financial income	16	8	52	18
Financial expenses	-2	-2	-8	-8
Income before taxes	448	412	1 887	1 757
Taxes	-128	-120	-540	-498
Minority interests	-4	1	3	1
Net income	316	293	1 350	1 260
Weighted average undiluted net income per share (SEK)	0,77	0,72	3,30	3,08
Weighted average diluted net income per share (SEK)	0,77	0,72	3,30	3,08
Number of shares outstanding – undiluted			408 384 410	409 182 180
Number of shares outstanding - diluted			408 627 959	409 881 482
Number of shares outstanding (weighted average) - undiluted			409 017 004	408 929 947
Number of shares outstanding (weighted average) – diluted			409 260 553	409 629 249

Consolidated Balance Sheets

(Amounts in SEK millions)	Mar 31	Mar 31
	<u>2002</u>	<u>2001</u>
ASSETS		
Intangible fixed assets	43	58
Tangible fixed assets	3 132	2 918
Construction-in-progress	899	303
Financial fixed assets	<u>3</u>	<u>3</u>
Total fixed assets	4 077	3 282
Inventories	38	32
Accounts receivable	541	440
Other current assets	529	465
Short-term loan to majority owner	1 535	760
Cash and bank deposits	<u>118</u>	<u>58</u>
Total current assets	2 761	1 755
Total assets	<u>6 838</u>	<u>5 037</u>
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES		
Restricted equity	2 243	1 759
Unrestricted equity	<u>2 097</u>	<u>1 310</u>
Total shareholders' equity	4 340	3 069
Minority interests	1	4
Allocation to pension fund reserve (FPG/PRI)	34	21
Deferred taxes	821	636
Other provisions	<u>4</u>	<u>9</u>
Total provisions	859	666
Long term liabilities to financial institutions	<u>41</u>	<u>57</u>
Total long term liabilities	41	57
Short term liabilities to financial institutions	2	9
Accounts payable	426	258
Tax liabilities	280	283
Other liabilities	<u>889</u>	<u>691</u>
Total current liabilities	1 597	1 241
Total shareholders' equity, provisions and liabilities	<u>6 838</u>	<u>5 037</u>

Consolidated Statements of Cash Flows

(Amount in SEK millions)	2002-01-01- 2002-03-31 (3 months)	2001-01-01- 2001-03-31 (3 months)	2001-04-01- 2002-03-31 (12 months)	2000-04-01- 2001-03-31 (12 months)
Income before taxes	448	412	1 887	1 757
Depreciation and amortization	177	145	667	542
Other items	1	12	27	26
Taxes paid	-134	-70	-359	-310
Cash provided by operations before changes in working capital	492	499	2 222	2 015
Changes in working capital	56	76	-78	-18
Cash flows from operating activities	548	575	2 144	1 997
Formation of associated companies and majority owned subsidiaries	0	1	0	5
Investing activities	-282	-296	-1 207	-983
Cash flows after investing activities	266	280	937	1 019
Advances from majority shareholder	0	0	0	210
Changes in borrowings of operating line of credit	41	-29	-14	42
Repayment of loan	-1	-2	-9	-232
Exercise of options	0	0	14	13
Repurchase of own shares	0	0	-93	0
Dividends paid	0	0	0	-450
Cash flows from financing activities	40	-31	-102	-417
Increase in cash and cash equivalents	306	249	835	602
Cash and cash equivalents - opening balance	1 347	569	818	216
Cash and cash equivalents - closing balance	1 653	818	1 653	818

Cash and cash equivalents includes a short-term loan to the majority shareholder of SEK 1 535 million (SEK 760 million).

Statements of changes in shareholders' equity

(Amounts in SEK millions)	Share capital	Restricted reserves	Total restricted reserves	Unrestricted equity	Total shareholders' equity
Balance at 31 March 2000	102	1 220	1 322	923	2 245
Exercise of options	0	13	13	0	13
Reclassification between restricted and unrestricted reserves	0	424	424	-424	0
Dividends paid	0	0	0	-449	-449
Net income for the period	0	0	0	1 260	1 260
Balance at 31 March 2001	102	1 657	1 759	1 310	3 069
Exercise of options	0	14	14	0	14
Reclassification between restricted and unrestricted reserves	0	470	470	-470	0
Repurchase of own shares	0	0	0	-93	-93
Net income for the period	0	0	0	1 350	1 350
Balance at 31 March 2002	102	2 141	2 243	2 097	4 340
		31 March 2002	31 Dec 2001	31 March 2001	31 Dec 2000
Number of own shares		1 320 000	1 320 000	0	0