

Europolitan Vodafone AB reports strongest Half Year* results in its history with pre-tax income of SEK 1 072 million

- **Net income of SEK 769 million**
- **106 000 net customer additions**
- **Net Sales of SEK 3 137 million**
- **EBITDA of SEK 1 396 million**
- **Application to extend 3G rollout period by 2 years**

* Accounting year to 31 March

Half Year* Results 2002/2003

Customer Growth

Vodafone's customer base increased to 1 269 000 at 30 September 2002, of which 381 000 (263 000) were prepaid customers. A total of 106 000 (59 000) customers were added in the first half, of which 47 000 were contract customers (33 000). During the second quarter 47 000 (32 000) customers were added, of which 25 000 (17 000) were contract customers. Of the closing base, 114 000 (23 000) customers were connected through Service Providers, of which 60 000 (21 000) were contract customers.

Revenue

Vodafone's consolidated first half net sales increased 7% to SEK 3 137 million compared with the same period last year (SEK 2 923 million).

Average monthly revenue per customer in the first half for all contract customers was SEK 547 (SEK 569). Average monthly revenue per customer including prepaid customers was SEK 412 (453). As a result of the increased focus on the consumer and prepaid segments in the first half, the customer mix has changed versus last year, contributing to the decline in blended average monthly revenue per customer. Usage in each individual segment continues to grow compared with the same period last year.

Cost of Sales, Operating Expenses and Profit

Cost of sales and operating expenses increased by 7% to SEK 2 130 million (SEK 1 993 million) in the first half. The increase arose mainly as a result of higher depreciation on 2G/2,5G investments and costs related to the increased volume of customers during the first half year.

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

After net financial income of SEK 39 million (SEK 18 million), profit after financial items was SEK 1 072 million (SEK 968 million). After tax expense of SEK 304 million (SEK 277 million) and minority interest of SEK 1 million (SEK 4 million), net income was SEK 769 million (SEK 695 million).

Capital Expenditures

Capital expenditures in the first half amounted to SEK 897 million (SEK 474 million). Almost 70% of these related to 3G investments with the balance being invested in enhancing our existing 2G/2,5G infrastructure and services. Capital expenditures above include Vodafone's one third share of the 3G infrastructure investments made by its joint venture 3GIS AB, which is accounted for using the proportionate consolidation method. Rollout of Vodafone's own 3G network in the major cities of Stockholm, Gothenburg and Malmö continued according to plan during the first half. Progress in the joint venture network has been growing steadily, although issues with planning permits and military frequencies are causing concern.

Liquidity and Financing

EBITDA amounted to SEK 1 396 million (SEK 1 269 million) during the half year, an increase of 10%. EBITDA margin increased to 45% for the half year. Free cash flow (cash flow after investments) was SEK 517 million (SEK 528 million).

Related Party Transactions

As previously announced, Vodafone has a number of agreements with other companies within the Vodafone Group. Approximately SEK 56 million has been charged by Vodafone Group companies during the first half.

In addition, Vodafone Sverige AB invested its cash funds in Vodafone Group Plc's Commercial Paper programme during the second quarter. At the end of September 2002, 3 tranches totalling MSEK 2 178 million were held with up to 6 months tenor, in order to meet expected future cash flow requirements. These underlying investments are traded in the market, at arm's length rates.

Parent Company Results

The Group's parent company, Europolitan Vodafone AB, had revenue in the first half of SEK 19 million (SEK 18 million) and income after financial items of SEK 6 million (SEK 2 million). The increase in the parent company's cash was SEK 8 thousand (nil). Net financing was unchanged (unchanged).

In 1997, Europolitan Vodafone AB issued three debentures (issue Nos. 1, 2 and 3) each with detachable warrants with a right to subscribe to new shares. Warrants were detached and transferred to senior management of the Group. The exercise period according to the warrants connected to issue No. 3 is 1 June to 1 December 2002. Subscriptions for new shares with exercise of a part of the warrants connected to issue No. 3 have been made which increased share capital by SEK 40,280 to SEK 102,466,383 and increased the number of shares by 161,120 to 408,545,530 since 30 June 2002.

Market Overview

During September, an advertising campaign for the Wireless Office was launched on both TV and the Internet, based on the "How Are You?" theme, focussing on opportunities for small and medium sized businesses (SME). In addition, Vodafone strengthened its proposition for the SME segment, to make its offering clearer and simpler.

Customers

The number of customers added during the first half increased by 80% compared with the same period in the previous year. Growth was strong for both the contract and prepaid segments, with an increased contribution from the consumer segment. Growth in customers connected through Service Providers was more modest than in the previous quarter. The proportion of prepaid customers in the customer base increased to 30% at 30 September 2002.

During the second quarter, Vodafone announced that its Wireless Office solution will be implemented at Sweco. In addition, Vodafone has signed a number of other new Wireless Office customers, including Ideon, Syngenta and Bröderna Ekstrand.

Of its total customer base at 30 September 2002, Vodafone had an active customer base of 95%. The proportion of active contract customers amounted to 95% and prepaid customers 96%. From this quarter, active customers are defined as those who have made or received a chargeable event in the last three months. In previous quarters, active customers included customers who had made a chargeable outgoing event.

Services

During the second quarter, Vodafone announced that it would launch Multimedia Messaging Services (MMS) in October. From 15 October all its customers are able to send and receive colour pictures, sound and text between MMS-enabled mobile phones. These services are offered free of charge until 31 January 2003.

Vodafone, IBM and application developer isMobile have jointly developed a service management product designed to meet the needs of businesses that manage a mobile company workforce. A positioning function to make the work of installation and service organisations conducting field work simpler and more efficient is a key feature of this service.

Second Quarter Highlights

- Vodafone Sweden lands major order from Sweco. (Press Release 2002-07-03).
- Vodafone Sweden wins case against Tax Authority. (Press Release 2002-07-10).
- Vodafone Sweden to offer GPRS in more countries. (Press Release 2002-07-22).
- Vodafone PRE-PAID, Vodafone's prepaid card available in more countries. (Press Release 2002-07-26).
- Vodafone Sweden to launch multimedia messages in October. (Press Release 2002-08-30).
- New mobile company service makes field work simpler. (Press Release 2002-09-30).
- Vodafone Sweden applies for changes to UMTS licence terms. (Press Release 2002-09-30).

Regulatory

3G licence conditions

On 30 September, Vodafone applied to the Regulator (PTS) to extend the deadline for rolling out its 3G network by 2 years to 31 December 2005. This extension is required as a result of delays caused by the handling of building permits by Swedish municipalities and the processing of frequency issues by the Swedish Armed Forces. It is expected that PTS will respond towards the end of the calendar year.

Quarterly Report

The Third Quarter and Nine Months' Report will be published on 30 January 2003.

Stockholm, 22 October 2002

The Board of Directors - Europolitan Vodafone 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 2002. These are in accordance with the Annual Accounts Act, Swedish Generally Accepted Accounting Principles and Recommendations issued by the Swedish Financial Accounting Standards Council.

Europolitan Vodafone AB is listed on Attract 40 on the Stockholm Stock Exchange's O list. The operations are carried out by Europolitan Vodafone AB and its subsidiaries, Vodafone Sverige AB and Vodafone Stores AB.

The majority shareholder is Vodafone Group Plc, which owns 73.1 per cent of the shares, while private shareholders, investment companies and pension funds own the remaining 26.9 per cent. **The Vodafone Group** is the world's largest mobile network and is represented in 28 countries on 5 continents. It has more than 229 million mobile telecom users. Our services enhance the efficiency of companies' operations and make it simpler and more fun for people to communicate. Read more at www.vodafone.se and www.vodafone.com.

Key Figures

SIX MONTHS

	Six Months Ended		Change	Percent
	Sep 30, 2002	Sep 30, 2001		
Number of customers end of period	1 269 000	1 072 000	197 000	18%
Net customer additions	106 000	59 000	47 000	80%
Average monthly revenue per customer* (SEK)	412	453	-41	-9%
Average monthly revenue per subscriber* (excluding prepaid customers) (SEK)	547	569	-22	-4%
Net sales (SEK mil)	3 137	2 923	214	7%
EBITDA** (SEK mil)	1 396	1 269	127	10%
EBITDA margin (%)	45%	43%	2%	5%
Income before taxes (SEK mil)	1 072	968	104	11%
Capital expenditures (SEK mil)	897	474	423	89%
Free cash flow*** (SEK mil)	517	528	-11	-2%
Weighted average diluted net income per share (SEK)	1,88	1,70	0,18	11%
Return on shareholders' equity (%)	32%	42%	-10%	-24%
Return on capital employed (%)	44%	58%	-14%	-24%
Equity/Assets ratio (%)	63%	64%	-1%	-2%
Shareholders' equity per share (SEK)	12,51	9,20	3,31	36%
Share price (end of period) (SEK)	44,00	61,00	-17,00	-28%

THREE MONTHS

	Three Months Ended		Change	Percent
	Sep 30, 2002	Sep 30, 2001		
Number of customers end of period	1 269 000	1 072 000	197 000	18%
Net customer additions	47 000	32 000	15 000	47%
Average monthly revenue per customer* (SEK)	404	452	-48	-11%
Average monthly revenue per subscriber* (excluding prepaid customers) (SEK)	539	568	-29	-5%
Net sales (SEK mil)	1 577	1 464	113	8%
EBITDA** (SEK mil)	704	653	51	8%
EBITDA margin (%)	45%	45%	0%	0%
Income before taxes (SEK mil)	543	500	43	9%
Capital expenditures (SEK mil)	476	226	250	111%
Free cash flow*** (SEK mil)	263	417	-154	-37%
Weighted average diluted net income per share (SEK mil)	0,95	0,87	0,08	9%

Of its total customer base at 30 September 2002, Vodafone had an active customer base of 95%.

The proportion of active contract customers amounted to 95% and prepaid customers 96%. From this quarter, active customers are defined as those who have made or received a chargeable event in the last three months. In previous quarters, active customers included customers who had made a chargeable outgoing event in the last three months.

* Vodafone Sverige AB Revenue (net sales)

** Earnings before interest, tax, depreciation and amortization

*** Cash flow after investing activities

Consolidated Income Statements

(Amounts in SEK millions) Unaudited	2002-07-01- 2002-09-30 (3 months)	2001-07-01- 2001-09-30 (3 months)	2002-04-01 2002-09-30 (6 months)	2001-04-01 2001-09-30 (6 months)
Net sales	1 577	1 464	3 137	2 923
Cost of sales	-794	-753	-1 566	-1 494
Gross profit	783	711	1 571	1 429
Selling expenses	-146	-123	-290	-276
Administrative expenses	-126	-109	-264	-217
Other operating income	16	14	26	20
Other operating expenses	-6	-4	-10	-6
Operating income before financial items	521	489	1 033	950
Financial income	23	13	43	22
Financial expenses	-1	-2	-4	-4
Income before taxes	543	500	1 072	968
Taxes	-154	-145	-304	-277
Minority interests	0	3	1	4
Net income	389	358	769	695
Weighted average diluted net income per share (SEK)*	0,95	0,87	1,88	1,70
Number of shares outstanding - Undiluted	408 545 530	409 371 080	408 545 530	409 371 080
Number of shares outstanding - Diluted	408 680 714	409 866 423	408 675 612	409 866 423
Number of shares outstanding (weighted average) – diluted	408 611 868	409 811 165	408 560 881	409 756 397

* Weighted average undiluted net income per share is the same as diluted net income per share.

Consolidated Balance Sheets

(Amounts in SEK millions)

Unaudited	30-sep <u>2002</u>	31-mar <u>2002</u>	30-sep <u>2001</u>
ASSETS			
Intangible fixed assets	36	43	51
Tangible fixed assets	3 008	3 132	3 109
Construction-in-progress	1 560	899	272
Financial fixed assets	3	3	3
Total fixed assets	4 607	4 077	3 435
Inventories	64	38	49
Accounts receivable	628	541	558
Other current assets	529	529	520
Short-term loan to majority shareholder	0	1 535	1 266
Short-term investments	2 178	0	0
Cash and bank deposits	65	118	40
Total current assets	3 464	2 761	2 433
Total assets	8 071	6 838	5 868
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES			
Restricted Equity	2 501	2 243	1 980
Unrestricted Equity	2 612	2 097	1 789
Total shareholders' equity	5 113	4 340	3 769
Minority interests	0	1	0
Allocation to pension fund reserve (FPG/PRI)	42	34	27
Deferred taxes	918	821	721
Other provisions	4	4	7
Total provisions	964	859	755
Long term liabilities to financial institutions	110	41	18
Total long term liabilities	110	41	18
Short term liabilities to financial institutions	2	2	3
Accounts payable	494	426	262
Tax liabilities	336	280	425
Other liabilities	1 052	889	636
Total current liabilities	1 884	1 597	1 326
Total shareholders' equity, provisions and liabilities	8 071	6 838	5 868

Consolidated Statements of Cash Flows

(Amount in SEK millions) Unaudited	2002-07-01- 2002-09-30 (3 months)	2001-07-01- 2001-09-30 (3 months)	2002-04-01 2002-09-30 (6 months)	2001-04-01 2001-09-30 (6 months)
Income before taxes	543	500	1 072	968
Depreciation and amortization	183	164	363	319
Other items	10	5	15	14
Taxes paid	-77	22	-152	-50
Cash provided by operations before changes in working capital	659	691	1 298	1 251
Changes in working capital	-35	-48	-145	-249
Cash flows from operating activities	624	643	1 153	1 002
Investing activities	-361	-226	-636	-474
Cash flows after investing activities	263	417	517	528
Changes in borrowings of operating line of credit	18	-75	69	-39
Repayment of loan	0	-1	0	-6
Exercise of options	4	2	4	5
Cash flow from financing activities	22	-74	73	-40
Increase in cash and cash equivalents	285	343	590	488
Cash and cash equivalents - opening balance	1 958	963	1 653	818
Cash and cash equivalents - closing balance	2 243	1 306	2 243	1 306

Cash and cash equivalents include investments in Vodafone Group Plc Commercial Paper amounting to MSEK 2 178 which have been reported in the balance sheet as Short term investments.

The comparative figures for cash and cash equivalents include a short-term loan to the majority shareholder of MSEK 1 266 reported in the balance sheet as of 30 September and 31 March 2002 as "Short term loan to majority shareholder".

Statements of Changes in Shareholders' Equity

Amounts in SEK millions	Share capital	Restricted reserves	Total restricted reserves	Unrestricted equity	Total shareholder s' equity
Balance at 31 March 2001	102	1 657	1 759	1 310	3 069
Exercise of options	-	5	5	-	5
Reclassification between restricted and unrestricted reserves	-	216	216	-216	-
Net income 6 months	-	-	-	695	695
Balance at 30 Sept 2001	102	1 878	1 980	1 789	3 769
Exercise of options	-	9	9	-	9
Reclassification between restricted and unrestricted reserves	-	254	254	-254	-
Purchase of own shares	-	-	-	-93	-93
Net income 6 months	-	-	-	655	655
Balance at 31 March 2002	102	2 141	2 243	2 097	4 340
Exercise of options	-	4	4	-	4
Reclassification between restricted and unrestricted reserves	-	254	254	-254	-
Net income 6 months	-	-	-	769	769
Balance at 30 Sept 2002	102	2 399	2 501	2 612	5 113
	30 Sept 2002	31 March 2002	30 Sept 2001	31 March 2001	
Number of own shares	1 320 000	1 320 000	-	-	