



Europolitan Vodafone AB reports nine months* results with pre-tax income of SEK 1 528 million

- **Net income of SEK 1 095 million**
- **148 000 net customer additions**
- **Net sales of SEK 4 707 million**
- **EBITDA of SEK 2 014 million**
- **Pre-tax income for third quarter of SEK 456 million**
- **Successful launch of Vodafone live!**

* Accounting year 1 April - 31 March 2002/2003

Nine months results 2002/2003

Customer Growth

Vodafone's customer base increased to 1 311 000 (1 109 000) as of 31 December 2002, including 395 000 (294 000) prepaid customers. A total of 148 000 new customers were added in the nine months (96 000), of which 74 000 were contract customers (39 000). During the third quarter 42 000 (37 000) customers were added, including 28 000 contract customers (6 000). Of the closing base, 122 000 (37 000) customers were connected through Service Providers, of which 67 000 (25 000) were contract customers.

Net Sales

Vodafone's consolidated nine months net sales increased 7% to SEK 4 707 million compared with the same period last year (SEK 4 409 million).

Average monthly revenue per customer in the first nine months for all contract customers was SEK 533 (SEK 565). Average monthly revenue per customer including prepaid customers was SEK 400 (SEK 448). As a result of the increased focus on the consumer and prepaid segments in the first nine months, the customer mix has changed compared to last year and has led to a decline in blended average monthly revenue per customer. Also impacting the negative variance is the corporate economic climate in Sweden.

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

Numbers put in brackets show comparative period last year.

Cost of Sales, Operating Expenses and Income

Cost of sales and operating expenses in the nine months ended 31 December 2002 increased by 8% to SEK 3 285 million (SEK 3 028 million) compared with the same period last year. The increase arose mainly as a result of the costs related to the higher number of new customers during the period, higher depreciation costs and costs associated with the 3G rollout. During the last quarter the company also increased its publicity spending launching the unique consumer product Vodafone live! which will be a major focus moving forward.

After net financial income of SEK 64 million (SEK 30 million), income before taxes was SEK 1 528 million (SEK 1 439 million). After tax expense of SEK 434 million (SEK 412 million) and minority interest of SEK 1 million (SEK 7 million), net income was SEK 1 095 million (SEK 1 034 million).

Capital Expenditures

Capital expenditures in the nine months amounted to SEK 1 663 million (SEK 925 million), including 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.

Almost 70% of capital expenditures are related to 3G investments with the balance being invested in enhancing Vodafone's existing 2G/2,5G infrastructure and services. Rollout of Vodafone's own 3G network in the major cities of Stockholm, Gothenburg, Malmö and Karlskrona continued and the implementation of the joint venture network has been progressing. However issues with planning permits and Defence approvals cause major problems in fulfilling the licence conditions.

Liquidity and Financing

EBITDA amounted to SEK 2 014 million (SEK 1 899 million) during the nine months ended 31 December 2002, an increase of 6%. EBITDA margin was 43% for the nine months. Free cash flow (cash flow after investments) was SEK 558 million (SEK 671 million).

Related Party Transactions

As previously announced, Vodafone has a number of agreements with other companies within the Vodafone Group. Approximately SEK 74 million has been charged by Vodafone Group companies during the first nine months. The agreement covers cooperation within service development, technology development, global purchasing, brand and multinational accounts.

In addition, Vodafone Sverige AB invested its cash funds in Vodafone Group Plc's Commercial Paper program during the third quarter. At the end of December 2002, 3 tranches totalling SEK 2 186 million were held with up to 6 months tenor. The Commercial Paper program is 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 nine months of SEK 25 million (SEK 26 million) and income after financial items of SEK 6 million (SEK 3 million). The increase in the parent company's cash was SEK 11 thousand (nil). Net financing decreased by SEK 2 million (SEK 1 million).

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 Europolitan Group. The exercise period according to the warrants connected to issue No. 3 as 1 June to 1 December 2002. The remaining subscriptions for new shares with exercise of the warrants connected to issue No. 3 have been made.

As a result of the above events the share capital at 31 December 2002 was SEK 102 556 665 and the number of shares was 408 906 660.

Market Overview

Customers

The number of customers added during the first nine months increased by 54% compared with the same period in the previous year. Contract customer growth was strong, with an increased contribution from the consumer segment. Growth in customers connected through Service Providers was weaker than in the previous quarter. The proportion of prepaid customers in the customer base was unchanged at 30% compared to the previous quarter.

At 31st December 2002 95 percent of both contract and prepaid customers were active. Active customers are defined as those who have made or received a chargeable outgoing call in the last three months.

3G

During the third quarter, Orange Sverige AB announced its intention to withdraw from the Swedish 3G market.

If so, Orange would withdraw from the 3G-infrastructure joint venture 3GIS AB. The shareholders' agreement for 3GIS AB covers for this situation. As previously announced by Orange there is a 1 billion SEK parent company guarantee in place in the Orange contract.

Services

Vodafone live!

During the third quarter Vodafone live! was launched, a unique consumer product that was met with great success both in Europe and in Sweden. The product is based on integrated camera telephones and a great variety of data services. The services are easy to access via Vodafone live!'s own user interface directly from the mobile phone.

Content such as information and game services will mainly be provided by external content partners using their own brands such as Aftonbladet, Dagens Nyheter, EuroFlorist, Gourmet and Göteborgsposten.

The first Vodafone live! enabled handset to be sold in Sweden was the Panasonic GD87. Supported by a successful media campaign the GD87 accounted for a substantial proportion of sales during December 2002. During January 2003 the second Vodafone live! handset, the Nokia 7650 was launched. Vodafone is planning to offer even more Vodafone live! handsets made by a variety of mobile phone manufacturers during 2003.

Vodafone Mobile Office

Vodafone Mobile Office is Vodafone's new product range aimed at business customers. In time it will include a number of voice and data services tailored to the needs of the global mobile work environment. Vodafone Mobile Office supplements Vodafone's The wireless office product extremely well.

The first service in Vodafone Mobile Office is Vodafone Remote Access. This service enables companies to connect to their local networks simply and securely via current mobile networks from laptops. It will enable the companies' employees to access e-mail, the Internet, intranet and other business-critical information at the company at any time and in any place.

Collaboration with leading computer suppliers for mobile services offering

Vodafone Sweden has signed a partnership agreements, with computer suppliers Dell and IBM for its mobile solution "Connected by Vodafone". This service allows companies and organisations to buy IBM or Dell palmtops and portable computers with pre-installed mobile connections for Vodafone Sweden's GPRS network.

Third Quarter Highlights

- Vodafone Sweden launches Eurocall Platinum for customers who make frequent calls inside Europe. (Press Release 2002-10-03).
- Vodafone Sweden signed collaboration agreement concerning sales and marketing activities with Danish mobile operator TDC Mobil A/S. (Press Release 2002-10-08).
- Vodafone Sweden launched MMS in October. This will enable Vodafone Sweden's customers to send messages that contain colour pictures, sound and text between mobile phones. (Press Releases 2002-10-15).
- Vodafone Sweden to distribute services and products at SIBA stores. (Press Release 2002-10-17).
- Aftonbladet and Vodafone Sweden to collaborate on new mobile services. (Press Release 2002-10-23).
- Vodafone Sweden launched two new concepts that are part of its largest initiative ever focusing on mobile services – Vodafone live! for private customers and Vodafone Mobile Office for corporate customers. (Press Release 2002-10-24).
- Gourmet points Vodafone Sweden's customers to the best wines and restaurants. (Press Release 2002-11-15).
- Vodafone Sweden customers get SMHI weather charts directly to their mobile phones. (Press Release 2002-11-12).
- Vodafone Sweden and Dagens Nyheter in collaboration to give customers mobile phone access to Sweden's biggest morning paper. (Press Release 2002-11-14).
- Vodafone Sweden has signed a two-year sponsorship agreement that gives exclusive rights to all mobile content connected with Bond films. (Press Release 2002-11-15).
- Top up Vodafone PRE-PAID abroad. (Press Release 2002-11-18).
- Vodafone Sweden launches mobile access to e-mail, the Internet and intranets in Europe. (Press Release 2002-11-20).
- Vodafone Sweden in collaboration with travel magazine Vagabond and travel agency Resfeber.se. (Press Release 2002-11-20).
- Vodafone Sweden launched Vodafone live! (Press Release 2002-12-02).

- Vodafone Sweden did not appeal against PTS's decision not to change UMTS licence terms. (Press Release 2002-12-13).
- Vodafone Sweden in collaboration with leading computer suppliers for mobile services offering. (Press Releases 2002-12-18).

Significant events after the quarter end

Vodafone Group Plc announced 13 January that the company has the intention to issue a possible public offer. Vodafone's current shareholding in Europolitan Vodafone AB is almost 74.7 percent of the total shares outstanding.

Vodafone Group Plc is working to finalise the terms and conditions of the possible offer and intends to make a further announcement as soon as practicable.

Quarterly Report

Europolitan Vodafone AB's Final Report will be published on 30 April 2003.

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Previous financial reports and additional information regarding Vodafone can also be obtained on the Internet at www.vodafone.se

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 74.7 per cent of the shares, while private shareholders, investment companies and pension funds own the remaining 25.3 per cent. **The Vodafone Group** is one of the world's largest mobile network and is represented in 28 countries on 5 continents. It has more than 270 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

NINE MONTHS	Nine Months Ended		Change	Percent
	Dec 31, 2002	Dec 31, 2001		
Number of customers end of period	1 311 000	1 109 000	202 000	18%
Net customer additions	148 000	96 000	52 000	54%
Average monthly revenue per customer * (SEK)	400	448	-48	-11%
Average monthly revenue per subscriber* (excluding prepaid customers) (SEK)	533	565	-32	-6%
Net sales (SEK mil)	4 707	4 409	298	7%
EBITDA (SEK mil)	2 014	1 899	115	6%
EBITDA margin (%)	43%	43%	0%	0%
Income before taxes (SEK mil)	1 528	1 439	89	6%
Capital expenditures (SEK mil)	1 663	925	738	80%
Free cash flow** (SEK mil)	558	671	-113	-17%
Weighted average diluted net income per share (SEK)	2,68	2,53	0,15	6%
Return on shareholders' equity (%)	30%	39%	-9%	-23%
Return on capital employed (%)	41%	53%	-12%	-23%
Equity/Assets ratio (%)	62%	65%	-3%	-5%
Shareholders' equity per share (SEK)	13,33	9,84	3,49	35%
Share price (end of period) (SEK)	41,00	70,00	-29,00	-41%
THREE MONTHS	Three Months Ended		Change	Percent
	Dec 31, 2002	Dec 31, 2001		
Number of customers end of period	1 311 000	1 109 000	202 000	18%
Net customer additions	42 000	37 000	5 000	14%
Average monthly revenue per customer * (SEK)	377	437	-60	-14%
Average monthly revenue per subscriber* (excluding prepaid customers) (SEK)	506	557	-51	-9%
Net sales (SEK mil)	1 570	1 486	84	6%
EBITDA (SEK mil)	618	630	-12	-2%
EBITDA margin (%)	39%	42%	-3%	-7%
Income before taxes (SEK mil)	456	471	-15	-3%
Capital expenditures (SEK mil)	766	451	315	70%
Free cash flow** (SEK mil)	41	143	-102	-71%
Weighted average diluted net income per share (SEK)	0,80	0,83	-0,03	-4%

Of its total customer base at 31 December 2002, Vodafone had an active customer base of 95 %.

The proportion of active contract customers amounted to 95 % and prepaid customers 95 %. Active customers are defined as those who had made or received a chargeable outgoing event in the last three months.

* Vodafone Sverige AB Revenue (net sales)

** Cash flow after investing activities

Consolidated Income Statements

(Amounts in SEK millions)	2002-10-01- 2002-12-31 (3 months)	2001-10-01- 2001-12-31 (3 months)	2002-04-01 2002-12-31 (9 months)	2001-04-01 2001-12-31 (9 months)
Net sales	1 570	1 486	4 707	4 409
Cost of sales	-864	-766	-2 430	-2 260
Gross profit	706	720	2 277	2 149
Selling expenses	-152	-148	-442	-424
Administrative expenses	-136	-116	-400	-333
Other operating income	16	8	42	28
Other operating expenses	-3	-5	-13	-11
Operating income before financial items	431	459	1 464	1 409
Financial income	28	14	71	36
Financial expenses	-3	-2	-7	-6
Income before taxes	456	471	1 528	1 439
Taxes	-130	-135	-434	-412
Minority interests	0	3	1	7
Net income	326	339	1 095	1 034

Weighted average diluted net income per share (SEK)*	0,80	0,83	2,68	2,53
Number of shares outstanding - undiluted	408 906 660	408 384 410	408 906 660	408 384 410
Number of shares outstanding - diluted	408 906 660	408 712 381	408 906 660	408 712 381
Number of shares outstanding (weighted average) - diluted	408 713 052	409 552 006	408 525 226	409 552 006

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

Consolidated Balance Sheets

(Amounts in SEK millions)

	31-dec	31-mar	31-dec
	<u>2002</u>	<u>2002</u>	<u>2001</u>
ASSETS			
Intangible fixed assets	32	43	47
Tangible fixed assets	2 958	3 132	3 159
Construction-in-progress	2 190	899	500
Financial fixed assets	3	3	3
Total fixed assets	5 183	4 077	3 709
Inventories	83	38	66
Accounts receivable	662	541	584
Other current assets	502	529	490
Short-term loan to majority shareholder	0	1 535	1 255
Short-term investments	2 186	0	0
Cash and bank deposits	168	118	92
Total current assets	3 601	2 761	2 487
Total assets	8 784	6 838	6 196
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES			
Restricted Equity	2 635	2 243	2 093
Unrestricted Equity	2 814	2 097	1 931
Total shareholders' equity	5 449	4 340	4 024
Minority interests	0	1	-3
Allocation to pension fund reserve (FPG/PRI)	45	34	30
Deferred taxes	966	821	763
Other provisions	4	4	6
Total provisions	1 015	859	799
Long term liabilities to financial institutions	172	41	0
Total long term liabilities	172	41	0
Short term liabilities to financial institutions	0	2	3
Accounts payable	561	426	333
Tax liabilities	341	280	344
Other liabilities	1 246	889	696
Total current liabilities	2 148	1 597	1 376
Total shareholders' equity, provisions and liabilities	8 784	6 838	6 196

Consolidated Statements of Cash Flows

(Amount in SEK millions)	2002-10-01- 2002-12-31 (3 months)	2001-10-01- 2001-12-31 (3 months)	2002-04-01 2002-12-31 (9 months)	2001-04-01 2001-12-31 (9 months)
Income before taxes	456	471	1 528	1 439
Depreciation and amortization	187	171	550	490
Other items	-7	12	8	26
Taxes paid	-76	-175	-228	-225
Cash provided by operations before changes in working capital	560	479	1 858	1 730
Changes in working capital	-114	115	-259	-134
Cash flows from operating activities	446	594	1 599	1 596
Investing activities	-405	-451	-1 041	-925
Cash flows after investing activities	41	143	558	671
Changes in borrowings of operating line of credit	60	-16	129	-55
Repayment of loan	0	-2	0	-8
Exercise of options	10	9	14	14
Purchase of own shares	0	-93	0	-93
Cash flow from financing activities	70	-102	143	-142
Increase in cash and cash equivalents	111	41	701	529
Cash and cash equivalents - opening balance	2 243	1 306	1 653	818
Cash and cash equivalents - closing balance	2 354	1 347	2 354	1 347

Cash and cash equivalents include investment in Vodafone Group Plc commercial paper amounting to MSEK 2 186 which have been reported in the balance sheet as Short term investments.

The comparative figure for cash and cash equivalents includes a short-term loan to the majority shareholder of MSEK 1 255 reported in the balance sheet as of 31 December 2001 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 shareholders' equity
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	320	320	-320	0
Purchase of own shares	0	0	0	-93	-93
Net income 9 months	0	0	0	1 034	1 034
Balance at 31 Dec 2001	102	1 991	2 093	1 931	4 024
Reclassification between restricted and unrestricted reserves	0	150	150	-150	0
Net income 3 months	0	0	0	316	316
Balance at 31 March 2002	102	2 141	2 243	2 097	4 340
Exercise of options	1	13	14	0	14
Reclassification between restricted and unrestricted reserves	0	378	378	-378	0
Net income 9 months	0	0	0	1 095	1 095
Balance at 31 Dec 2002	103	2 532	2 635	2 814	5 449
		31 dec 2002	31 mar 2002	31 dec 2001	31 mar 2001
Number of own shares		1 320 000	1 320 000	1 320 000	0