

Vodafone Q3 revenue down 7.7 pct as emerging market gains offset by patchy European results

Associated Press

LONDON (AP) -- Vodafone Group PLC, Europe's largest mobile phone company, said Friday that revenue fell by 7.7 percent in the three months ending June 30 compared with a year earlier as gains in emerging markets were offset by a patchy performance in Europe.

Adverse currency movements also dented revenue as the company's performance fell short of market forecasts.

On an organic basis - that is, not counting acquisitions, disposals and currency swings - revenue rose 0.6 percent during the quarter. The company did not report profit figures in the trading update.

Vodafone shares were down 1.7 percent at 180 pence in morning trading in London.

"In addition to the previously announced writedown of its assets, the situation in southern Europe continues to be troublesome both in economic and competitive terms," said Richard Hunter, head of equities at Hargreaves Lansdown Stockbrokers.

However, Hunter said Vodafone's strong cash generation, geographical diversification and 5.2 percent dividend yield continued to make shares attractive.

In May, Vodafone announced a 4 billion pounds (\$6.3 billion) writedown on the value of assets related to its businesses in Italy, Spain, Portugal and Greece.

The company said service revenue on an organic basis was up 16 percent in India and nearly 19 percent in Turkey. It was up 4.2 percent in Germany but down nearly 7.7 percent in Italy and down 10 percent in Spain.

Verizon Wireless, Vodafone's U.S. joint venture with Verizon Communications, reported an 8.2 percent increase in revenue on an organic basis and a 4.9 percent increase in customers compared with a year earlier.

Source URL (retrieved on 04/26/2015 - 11:47am):

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