

# Flush with cash, Vodafone eyes investment

November 12 2013, by Danica Kirka

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With a cash infusion coming soon from the sale of its U.S. business, British cellphone company Vodafone on Tuesday shot down speculation it might go "shopping" for new acquisitions, saying it would focus on investing in its networks in European and emerging markets.

Vodafone agreed this year to sell its 45 percent stake in U.S. mobile operator Verizon Communications Inc. to Verizon for \$130 billion in a landmark cash and stock purchase— one of the biggest corporate deals in history.

But Vodafone argued that, while it was always looking for good opportunities, it had no interest in a spending spree, having already wrapped up a takeover of Germany's biggest cable operator, Kabel Deutschland, for 7.7 billion euros. The group intends to return about \$84 billion to shareholders when the deal is completed, likely in the first quarter of 2014.

The company said Tuesday its current plans are to increase investment in existing operations. It will spend 7 billion pounds (\$11.2 billion) over two years—about 1 billion pounds more than previously announced.

"The pending \$130 billion U.S. transaction will reward our shareholders for their long-term support of our strategy and will provide us with a strong balance sheet, improved dividend cover and the financial and strategic flexibility to make further investments in the business or returns to shareholders in the future," Chief executive Vittorio Colao said in a statement.

The investment plan came as the company reported a net profit attributable to shareholders of 17.95 billion pounds in the half year to end-September, in contrast to a loss of 1.98 billion pounds during the same period last year.

Colao faced reporters with a cheery confidence, arguing that while trading conditions in Europe remain tough, the economic outlook is encouraging. He noted potential for growth in South Africa, India, Egypt and Turkey.

But he dismissed at the notion that Vodafone was "shopping" with the proceeds of the big U.S. deal.

"I don't like the term," he said.

He also declined to talk about reports that American phone giant AT&T might be interested in buying Vodafone—though when asked he did underscore his belief in his company's overall strategy.

"Any further questions will have to be put to them, not us," he said.

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