Vodafone slashes dividend after vast annual loss

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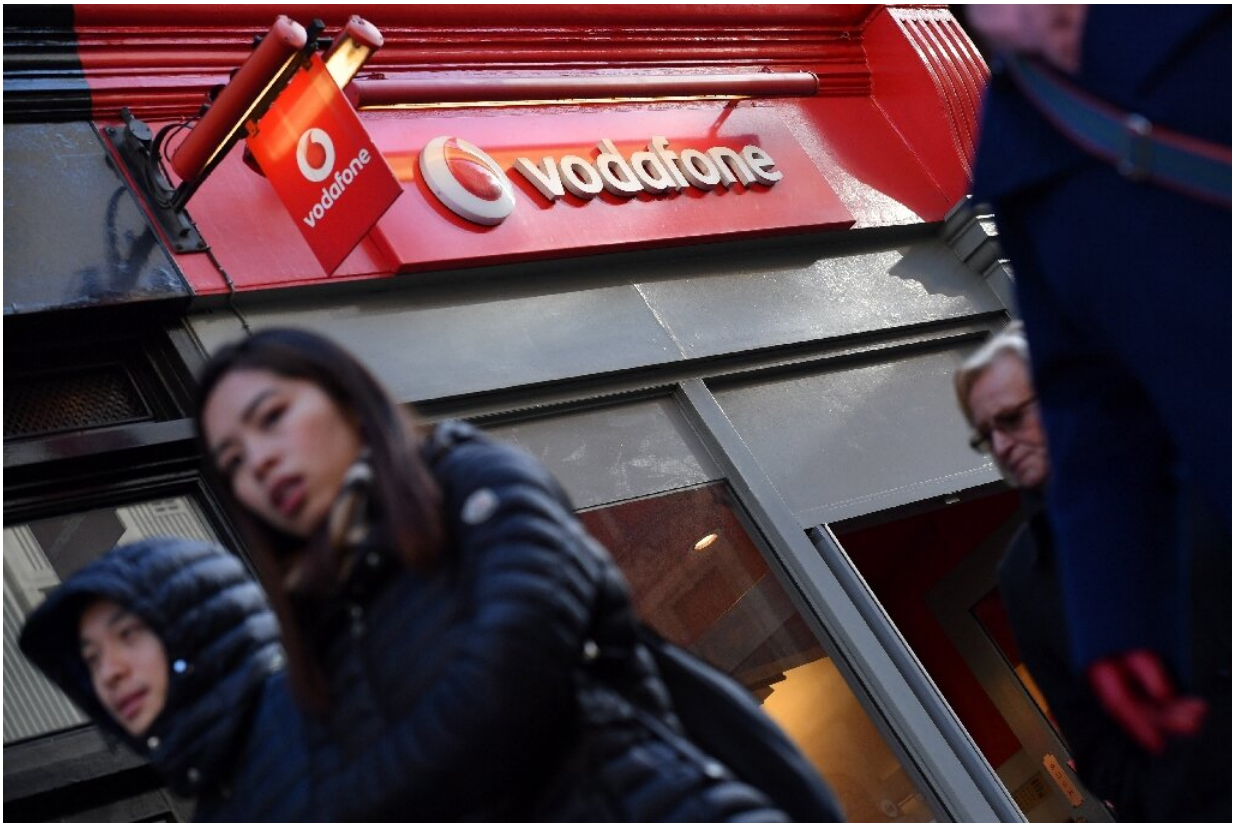

Europe's biggest mobile phone company Vodafone has slashed its shareholder divided after posting a steep annual net loss

British telecoms giant Vodafone announced Tuesday that it recorded a vast annual net loss of 7.6 billion euros ($8.5 billion), hit partly by the

sale of its Indian assets.

The loss after tax in the 2018/2019 financial year to the end of March contrasted with profit of just under 2.8 billion euros last time around, Vodafone said in a results statement.

Europe's biggest mobile phone company also slashed its shareholder dividend to lower debt, simplify activities and increase investment as part of its ongoing transformation strategy.

"The loss for the financial year of 7.6 billion euros was primarily due to a loss on disposal of Vodafone India (following the completion of the merger with Idea Cellular) and impairments," Vodafone said.

Net losses including non-controlling interests hit just over eight billion euros. That compared with a profit of 2.4 billion euros a year earlier.

The poor performance was sparked partly by a 3.4-billion-euro loss from the sale of Indian operations.

The London-listed firm also took a 3.5-billion-euro writedown on the shrinking value of its activities in India, Spain and Romania.

Revenue meanwhile slid 6.2 percent to 43.7 billion euros, hit also by competitive pressures.

"We are executing our strategy at pace and have achieved our guidance for the year, with good growth in most markets but also increased competition in Spain and Italy and headwinds in South Africa," said chief executive Nick Read.

"These challenges weighed on our service revenue growth during the year, and together with high spectrum auction costs have reduced our

financial headroom."

Vodafone cut its full-year dividend to nine cents per share, down from 15 cents per share the previous year.

Back in November, Read launched a 1.2-billion-euro cost-cutting plan aimed at transforming the company's fortunes.

"The group is at a key point of transformation," he said on Tuesday, adding Vodafone was "radically simplifying our operations, generating better returns from our infrastructure assets and continuing to optimise our portfolio".

"To support these goals and to rebuild headroom, the board has made the decision to rebase the dividend."

Tuesday's results come after Vodafone sold its New Zealand subsidiary this week to an investment consortium in a deal worth NZ$3.4 billion (US$2.2 billion).

In August last year, Vodafone's Indian division merged with Idea Cellular to become the country's biggest mobile phone company with more than 400 million customers.

Vodafone and Idea flagged the tie-up in March 2017 and the deal is expected to further shake up India's giant telecom industry.

The nation's telecoms sector was jolted in 2016 when Asia's richest man Mukesh Ambani launched Jio with market-defying tariffs for consumers, sparking fierce competition and sector consolidation.