

Vodafone roaming income slumps as virus crimps travel

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Europe's biggest mobile phone firm Vodafone logged Tuesday a slump

in roaming revenues as the coronavirus slams global travel, but shares surged after it maintained its dividend and slashed losses.

"In April, we have seen roaming in Europe fall by 65 to 75 percent," Vodafone said in a results statement that also showed customers buying more data and adding fixed lines while on lockdown.

Turning to the outlook, the British group warned that its markets would nevertheless take a "significant" hit from the deadly COVID-19 outbreak.

"The economic impact of the COVID-19 pandemic in our markets, whilst uncertain, is likely to be significant," Vodafone said.

"We are experiencing a direct impact on our roaming revenues from lower international travel and we also expect economic pressures to impact our customer revenues over time."

On the upside however, Vodafone said mobile data had increased 15 percent and fixed line usage was up as much as 70 percent in some markets.

In reaction to Tuesday's annual results, Vodafone's share price surged 7.5 percent to 121.52 pence to reach the top of the risers board on London's FTSE 100.

"On the one hand, there has been an inevitable spike in the use of data traffic which plays into the group's hands, and the efficiency and availability of its networks gain extra importance in times such as these," noted analyst Richard Hunter, head of markets at Interactive Investor.

"At the same time, lower international travel has impacted Vodafone's roaming revenues, while the very real threat of cyber-attacks has also

increased over the last couple of months as both individuals and companies are targeted."

Hunter added: "The company remains a prodigious cash generator, and the fact that it has maintained the dividend will be a pleasant relief to increasingly starved income-seekers."

Vodafone meanwhile added that it anticipated "a continued increase in volume and scale of financially-motivated cyber attacks" arising from the pandemic, adding it had "heightened" its security as a result.

The group also revealed that annual net losses had improved dramatically following the non-repeat of exceptional charges.

It suffered a loss after tax of 455 million euros (\$493 million) in its 2019/2020 financial year to the end of March.

However that marked a major improvement from a 7.6-billion-euro loss in 2018/19, when it took a massive hit on the sale of Indian assets.

Vodafone had also taken a huge writedown on the shrinking value of assets.

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