

Vodafone sells Spain unit for up to 5.0 bn euros

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The sale of its Spanish unit is the second major move by Vodafone's new chief executive to boost profitability.

British mobile phone giant Vodafone announced Tuesday the sale of its Spanish division to investment fund Zegona for up to 5.0 billion euros

(\$5.3 billion), as part of an ongoing overhaul.

"The sale of Vodafone Spain is a key step in right-sizing our portfolio for growth and will enable us to focus our resources in markets with sustainable structures and sufficient local scale," said chief executive Margherita Della Valle in a statement.

"My priority is to create value through growth and improved returns," she added, five months after unveiling plans to axe 11,000 jobs or more than ten percent of Vodafone's global workforce to slash costs.

The global tech sector has shed tens of thousands of jobs this year, including by Facebook parent Meta and UK telecoms group BT, as soaring inflation weakens the economy.

London-based Zegona meanwhile welcomed the [deal](#) to expand its footprint in Spain. The price comprises at least 4.1 billion euros in cash and up to 900 million euros in preference shares.

"This financially attractive acquisition marks our third deal in Spain after successful turnarounds at Telecable and Euskaltel," said Zegona Chairman and CEO Eamonn O'Hare in a separate statement.

"With our clearly defined strategy and proven track record, we are confident that we can create significant value for shareholders."

The deal is expected to complete in the first quarter of 2024, subject to regulatory and shareholder approvals.

In a further streamlining, Vodafone in June agreed to merge its British operations with Three UK, owned by Hong Kong-based CK Hutchison, to create Britain's biggest operator with 27 million customers and accelerate rollout of faster 5G connectivity.

"Following the recently announced transaction in the UK, Spain is the second of our larger markets in Europe where we are taking action to improve the group's competitiveness and growth prospects," added Della Valle on Tuesday.

Her predecessor Nick Read stepped down last December after a four-year tenure marked by a steep fall in the company's share price.

Vodafone shares slid 1.4 percent to 75.63 pence in early Tuesday morning deals on London's rising [stock market](#).

The group, which has more than 300 million mobile customers in Europe and Africa, is heavily focused on accelerating rollout of 5G in the UK.

At the end of 2022, Vodafone unveiled a huge deal with investment firms GIP and KKR to form a [joint venture](#) that would maintain its majority stake in European masts division Vantage Towers.

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