

Vodacom hit by Ethiopia network roll-out

The Vodacom Group said on Monday, 14 November, its half-year headline earnings fell 9.5%, impacted by startup losses in Ethiopia and higher finance costs.



A shopper walks past a Vodacom shop in Johannesburg. Reuters/Siphwe Sibeko/File Photo

The company, majority-owned by Britain's Vodafone, said headline earnings per share, the main profit measure in South Africa, fell to 457c in the six months that ended 30 September from 505c a year earlier.

Vodacom said it implemented a new simplified dividend policy, which is set at least 75% of Vodacom Group headline earnings, and declared an interim dividend of 340c per share.

Kenya's Safaricom leads a consortium, including Vodacom and Vodafone, that entered the Ethiopian market last month, becoming the first private operator in one of Africa's largest telecoms markets.

It has already launched its network in 16 cities in Ethiopia, with plans to expand services to 25 cities by April 2023 and reach its first milestone of 25% population coverage, Vodacom chief executive officer Shameel Joosub said.

The company also blamed various initiatives it took to help financially strained customers for the earnings decline.

"Vodacom has attempted to absorb considerable inflationary costs from the dramatic increase in energy costs as far as possible," Joosub said.

Group revenue, however, rose by 7.7% to R53.7bn (\$3.10bn), thanks to additional three million customers and demand for data and financial services.

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