

## THE ISSUE CROSSED WIRES

Despite initial optimism on the acquisition of Liberty Global's European assets and strong full-year results, the market has punished Vodafone over the summer. The announcement that chief executive Vittorio Colao would be stepping down after a decade in charge initiated the weakness. Concerns relating to emerging market exposures drove the share price down further.

Vodafone generates close to 20% of its revenues from Turkey and South Africa. The lira has weakened 40% against the euro in the year to date, while the rand is down about 15% in the same period.

Finally, looming capital expenditure on the rollout of 5G next-generation mobile technology has called into question Vodafone's balance sheet leverage and dividend policy.

The shares are down 28% since the start of the year.

## THE BOSS NICK READ

Nick Read was appointed as Vittorio Colao's replacement in May and will officially take office on October 1. Read joined Vodafone in 2001 and has held positions across the group. He was regional chief executive for Africa, the Middle East and Asia Pacific for five years, and before his appointment he was group chief financial officer.

Read, 53, is a graduate in accounting and finance from Manchester Metropolitan University. Before joining Vodafone, he worked

for United Business Media and Federal Express, rising to chief financial officer for the Emea (Europe, the Middle East and Africa) region.

## THE ANALYST PIERCE BYRNE, CANTOR

Vodafone offers investors a close to prospective dividend yield due to share price weakness. Read moved to assuage investors last week, reaffirming the company's dividend policy and confirming 5G cap-ex spend is in line with company guidance. He also raised the possibility of easing the debt burden by divesting some of its towers, which stands at 45,000 masts worth about €12bn. The market will be watching the new chief executive closely, as it seeks certainty on its dividend policy. Vodafone currently trades at 17.33 times 2018 earnings.

### ◆ Vodafone



Source: Yahoo

**Market cap:** £45bn (€51bn); **Share price:** £1.70 (€1.92); **DPS:** 7.91%; **EPS:** FY19 \$0.11; **Top five shareholders:** Blackrock Inc, 5.18%; Vanguard Group, 3.78%; Legal & General Group, 3.02%; Norges Bank, 2.36%; Capital Group, 2.30%