

Vodafone admits it 'can do better' after revenue growth slowdown

Vodafone's interim boss said a slowdown in revenue growth "shows we can do better" as the group revealed it is rolling out more price hikes and ploughing ahead with a cost-cutting drive.

The mobile phone giant reported a 1.8% rise in service revenues in its third quarter, down from growth of 2.5% in the previous three months as more difficult trading in [Germany](#), [Italy](#) and [Spain](#) offset a robust performance in the UK.

On a reported basis, service revenues dropped 1.3% in its latest quarter.

[Vodafone](#) said it was "broadening price actions across Europe" as it hikes tariffs in the face of soaring costs, with eight markets now operating inflation-linked pricing models.

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It said it also has plans underway to drive around half of the one billion euro (£883 million) cost-saving target it unveiled late last year.

The group said at the time this could lead to job losses as it also aims to radically simplify the group and accelerate the digitalisation of its operations.

Chief financial officer Margherita Della Valle, who stepped up to the top job on an interim basis after former chief executive Nick Read was ousted abruptly in December, kept full-year guidance unchanged but said “the recent decline in revenue in Europe shows we can do better”.

She added: “We’ve already taken action, including simplifying our structure to give local markets full autonomy and accountability to make the best commercial decisions for their customers.

“In addition, we now have initiatives underway to generate around half of our one billion euro cost-savings target.”

“There is more to do and our focus is to provide a better service to our customers, become a simpler business and deliver growth,” she said.

The group’s update shows revenues declined further in [Germany](#) – its biggest market – with a drop of 1.8%, while it suffered hefty drops in Spain and Italy, of 8.7% and 3.3% respectively.

It put the German woes down to customers leaving the group as a result of being ill prepared for recent changes in legislation.

Intense competition was largely behind the declines in Spain

and Italy, Vodafone added.

Service revenue lifted 5.3% in the UK, although that is a slowdown from growth of 6.7% in the second quarter, thanks to efforts to attract customers and price increases.

The firm added 94,000 contract customers during the quarter in the UK, helped by new iPhone launches and Black Friday trading periods.