

Vodafone gets downgraded by Moody's

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Moody's Investors Service has downgraded Vodafone, the owner of SA-listed Vodacom, from A3 to Baa1.



Vodafone has been downgraded by Moody's although the company said it expected strong growth to emerge from emerging markets such as South Africa and India. Image: [FoneArena](#)

The downgrade reflected the company's weak operating performance and the expectation of lower cash flow generation in Vodafone's most important markets, particularly in Germany and Italy, which remain exposed to heavy competition.

"The downgrade reflects our expectation that Vodafone's financial metrics will remain weak for the next two to three years. We believe its commitment to a single-A rating has also relaxed, and the potential near-term measures that the company may take to strengthen its financial profile are insufficient to maintain an A3 rating," said Ivan Palacios, a Moody's Vice President - Senior Credit Officer and lead analyst for Vodafone.

But in a positive nod to operations in SA, Moody's said a relatively larger proportion of the company's cash flows would be generated in emerging markets - mainly India and SA.

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