

Telefonica reports profit slump but core revenue climbs

MADRID, SPAIN: Spain's international telecommunications group Telefonica revealed slumping profits in the third quarter of 2013 on Friday but said underlying revenues were climbing and debt levels had dropped.



Madrid skyline. (Image: Enrique Dans from Madrid, Spain, via Wikimedia Commons)

Telefonica's net profit tumbled 21.1% from the same period a year earlier to €1.09bn (US\$1.45bn) - slightly better than market expectations - in the three months to 30 September.

Overall sales dropped 9.5% to €14.06bn in the same period, it said in a statement.

But Telefonica reported a 2.1% increase in "organic" revenue, a measure of the underlying sales performance which excludes one-off items such as company disposals and also strips out hyperinflationary accounting in Venezuela.

"On the operating front there are clear signs of recovery," executive chairman Cesar Alierta said.

"Organic revenue year-on-year growth accelerated again in the quarter to the highest level for the last 12 quarters. This revenue improvement is underpinned by the increase of high-value customers."

However, the group had been hurt by currency volatility, he added.

Telefonica said a strong acceleration in sales in Latin America, notably in Brazil, and improving trends in Europe, including stabilising sales in Spain, helped to boost organic growth in revenue.

The group said it had cut net debt to €46.1bn in September, a reduction of €9.9bn from a year earlier.

Deals announced in the third quarter that have yet to take effect would cut the debt level further to €45bn, it said.

Telefonica said this week it had agreed to sell a 65.9% stake in its Czech unit to Czech financial group PPF for €2.47bn as part of the drive to slash debt.

Source: AFP, via i-Net Bridge

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