

Spain's Telefonica turns to Latin America for profits

MADRID, SPAIN: Spanish telecoms titan Telefonica erased the red ink and posted a third-quarter profit on Wednesday as it turned away from crisis-hit Europe to find riches in Latin America.

Telefonica, the third-largest company in Spain by market value, said it made a net profit of €1.38bn (US\$1.8bn) in the third quarter, after posting a year-earlier loss of €429m.

Sales dipped 1.6% to €15.54bn.

Telefonica's losses in the same quarter of 2011 had been caused in part by the high cost of a staff-reduction plan in Spain.

However, the group's ability to turn a profit in 2012 also hinged on its ability to shore up sales in Latin America to offset the impact of a biting recession in Spain and economic troubles elsewhere in Europe.

Over the first nine months of 2012 combined, Telefonica's net profit surged 26.4% from a year earlier to €3.46bn and revenues eased just 0.3% to €46.52bn.

"Revenues in Latin America surpassed for the first time those from Europe and now represent 49% of the group total," Telefonica said in a statement.

Investors welcomed the results, sending Telefonica shares up 1.22% to €10.34 in morning trade.

Telefonica managed to cut its debt by €2.3bn in three months to a total €56bn as of September 30, and said it had lopped off another €3.2bn since then through asset sales and asset management.

The group, which had announced in July it was suspending dividend payments to shareholders, confirmed plans to distribute a payout of €0.75 a share in 2013.

Source: *AFP* via I-Net Bridge