

Telecom Italia makes €543m but economic crisis continues

MILAN, ITALY: Telecom Italia reported a first-half net profit of €543m but said a weak domestic market was offsetting positive results from its Brazilian business.



One of Telecom Italia's base stations in Italy where the company is still feeling the effects of the recession as fewer people are making calls or using Internet services. Image: [Serteco](#)

The company said its home market has been hit hard by Italy's struggle to recover from the eurozone debt crisis, with fresh data showing growth had contracted for a second month running, throwing the country back into recession.

Telecom Italia said in a statement that it continued to be affected by the recessionary tensions in the domestic market, where signs of recovery are still very weak and, when combined with a slowdown in economic growth in Latin America, the outlook remained gloomy.

However, it said it will continue the in-depth examination of the strategic options in Brazil, where its asset TIM Participacoes expects to see a rise in revenues this year.

The company posted a net loss of €1.4bn in the same period last year, after deciding to write down goodwill by €2.2bn.

The first half results came amid a period of upheaval across the European telecommunications sector.

Earlier this week French media group Vivendi received an offer from Spanish group Telefonica which could enable it to get a slice of Telecom Italia. Vivendi received a firm bid worth €6.7bn for its Brazilian subsidiary GVT which, if accepted, would open the door to it buying 8.1% of Telecom Italia.

Source: AFP via I-Net Bridge

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