

Alcatel-Lucent loss narrows in 1st quarter

May 6 2011, By GREG KELLER , AP Business Writer

(AP) -- Alcatel-Lucent SA said Friday its net loss narrowed sharply in the first quarter compared with a year earlier, when a components shortage caused the telecommunications gear maker's losses to balloon.

Paris-based Alcatel-Lucent said in a statement that rising demand for [broadband networks](#) across the globe that lifted sales at the end of last year has continued into 2011.

It reported a net loss of euro10 million (\$14.8 million), down from euro515 million a year earlier, and confirmed its financial guidance for this year.

Adjusted [operating margin](#) - its preferred measure for profitability - is expected to rise to above 5 percent this year, compared with 1.8 percent in 2010.

The company said years of restructuring following the 2006 merger of Alcatel of France and U.S.-based Lucent have begun to pay off.

Shares in Alcatel-Lucent sunk in early trading on the Paris stock exchange, falling 4.2 percent to euro4.11.

Chief Executive Ben Verwaayen called the first quarter performance "a strong start to the year," and forecast further improvement over the rest of the year.

"Market momentum remains robust, driven by demand for more

capacity and service capabilities in many geographies," Verwaayen said.

Alcatel-Lucent's sales grew 15.2 percent to euro3.74 billion, with growth particularly strong in North America, its largest market.

Sales there grew 40 percent to euro1.56 billion in the first quarter, boosted by demand from phone companies who are upgrading their networks to cope with growing demand for [smart phones](#) like the [iPhone](#) and BlackBerry.

Alcatel-Lucent, which has its North American headquarters in Murray Hill, New Jersey, has struggled for years to return to profit, with total losses since the company's trans-Atlantic tie-up now topping euro9 billion.

Further restructuring in the first half of last year offset a return to profit in the second half, leaving Alcatel-Lucent's full-year net loss at euro334 million. Verwaayen has pledged to return the company to annual profit this year.

[Alcatel-Lucent](#) supplies telecommunication carriers such as AT&T, Verizon and France Telecom. It competes with European rivals such as LM Ericsson AB of Sweden and Nokia Siemens Networks of Finland.

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