

Alcatel-Lucent reported a full-year net profit for the first time since the merger of Alcatel and Lucent Technologies in 2006. Cost-cutting has played a big role in helping Alcatel-Lucent return to profit, and next year the company plans to cut an additional €500 million in costs.

Adjusted operating profit as a percentage of sales will increase from the 2011 level of about 3.9 percent, the Paris-based company said today, while announcing full-year net income of 1.1 billion euros (\$1.5 billion), the first annual profit in six years. The shares climbed 18.2 cents, or 12 percent, to 1.68 euros at the close of trading in the French capital, their steepest increase since Feb. 10, 2011.

Last year marked the end of Chief Executive Officer Ben Verwaayen's three-year strategy to return the company -- formed by the 2006 merger of Alcatel SA and Lucent Technologies -- to a profit. Alcatel-Lucent's plan to license its patents, including fixed-line and wireless technologies, mimicks a strategy rival Ericsson AB adopted as spending by phone operators on gear orders slows and competition with Chinese makers such as Huawei Technologies Co. intensifies.

"We are in a very different position than we were maybe 12 months ago," Verwaayen said on a conference call. "The aim was to be normal by the end of 2011, and we didn't meet all of the targets there. But what we are telling you for 2012 is that we are confident."