

TELESP HOLDING CO
Form 6-K
May 12, 2008
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of April, 2008

Commission File Number: 001-14475

TELESP HOLDING COMPANY

(Translation of registrant's name into English)

Rua Martiniano de Carvalho, 851 - 21Wanda

São Paulo, S.P.

Federative Republic of Brazil

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(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes No

Indicate by check mark whether by furnishing the information contained in this Form, the Registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

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- Item**
1. Press Release entitled *Telecomunicações de São Paulo S.A. Telesp: Quarterly results for the period January-March 2008* dated on April 25, 2008.

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TELECOMUNICAÇÕES DE SÃO PAULO S/A - TELESP

São Paulo, April 25, 2008

Quarterly Results 2008

January March

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HIGHLIGHTS

Trio Telefônica launched by the company on August, 2007 is a bundled offer of PayTV, Broadband and Local calls services. Offered in all company's concession area, this product is a differentiated option in the market due to its flexibility in composing bundles of TV and speeds in broadband services. The customer can also choose mini-bundles, divided by channels genre, such as documentary, kids, variety, action, world and movies. In October 2007, the company launched bundles with GloboSat content and celebrated a commercial and operational agreement with TVA, strengthening and extending even more the integrated offer of PayTV.

Posto de Trabalho Informático launched in 2007, is offered to the corporate segment as a solution for infra-structure of Information Technology customized for the customer. Through a monthly fee payment, Telesp offers a bundle composed by voice, data, broadband, network management and equipments for small, medium and big clients. The bundled offer of Information Technology and communication services is one of the company's strategic pillars in the corporate segment.

Broadband is currently offered through ADSL and MMDS technologies under the brands Speedy and Ajato, respectively. In the 1Q08 reached 2,165,980 clients, a 4.7% increase over 4Q07. When compared to March 2007, the growth was of 477 thousand accesses or 28.2%, in line with the upward trend of last quarters. Investments in broadband are the Company's priority and reinforce Telesp's commitment to its clients in improving the offer and quality of products and services, allowing a service even better and becoming even more competitive. Following this strategy, the company launched, as a pioneer offer, internet access through Fiber Optic (Fiber to the Home - FTTH) with speedy capacity of 8, 16 and 30 Mb.

BROADBAND CLIENTS EVOLUTION

(Thousands)

(*) Includes MMDS and ADSL clients

Alternative Plans for Fixed Telephony The alternative plans for fixed telephony makes more profitable the existing installed capacity, makes clients loyal and serves each time better the different market segments with more adequate choices for access to fixed telephony. In the 1Q08, the base of Alternative Plans represented 48% of the total lines in service. The Plans of Minutes, which offer progressive discounts depending on the contracted volume of minutes, are commercialized under versions for fixed-to-fixed, fixed-to-mobile and intra-state long distance calls.

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EVOLUTION OF THE ALTERNATIVE PLANS FOR FIXED TELEPHONY

(Thousands of Lines)

The net operating revenues for the 1Q08 totaled R\$3,843.7 million and when compared to the R\$3,706.6 million reached in the same period of the previous year, presented an increase of R\$137.1 million or 3.7%. This figure is mainly due to the growth of the Speedy service, the growth in DLD revenues, the launch in 2007 of the PayTV service and also the performance of others revenues, among these the *posto de trabalho informático* and network digital services. These effects were partially offset by a reduction in local service revenues, ILD and monthly subscription fee this last one mainly due to the decrease of the average lines in service and an increase of the alternative plans for fixed telephony which have a lower monthly subscription fee.

When comparing the 1Q08 with the 4Q07, is shown a increase of R\$107.2 million or 2.9%, mainly explained by a increase in DLD revenues, the growth in Speedy services and PayTV and the increase of monthly subscription fee revenues, been partially offset by the decrease of public telephony and local service.

The EBITDA margin for 1Q08 was 39.6%, a decrease of 2.9 p.p. when compared to the same period of the previous year. This effect is mainly explained by a decrease in local service revenues and an increase in interconnection expenses. When comparing the 1Q08 with the 4Q07, a decrease of 1.0 p.p. is shown mainly justified by commercial promotions and a decrease in public telephony revenues. Is important to note that currently some new products still present pressure under their margins because it haven't achieved appropriate scale level yet.

Net income in the 1Q08 reached R\$4,490.3 million, a decrease of R\$102.5 million or 17.3% when compared with the same period of the previous year. Not considering the effect of land sales occurred in the 1Q07, the net income would be in line when compared with 1Q07.

The consolidated Capex for 1Q08 was R\$413.0 million, presenting a increase of 17.6% when compared to the same period of the previous year. This figure is in line with Telefónica strategy of investing in the network modernization and expansion to offer communication services of voice, data and video. It is important to note the significant changes on Capex's mix, currently focused on broadband and new services.

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INVESTMENTS EVOLUTION

The total net indebtedness of the Company in the 1Q08 was R\$2.0 billion, 6.2% higher than in the 1Q07 mainly explained by the payment of participation's acquisition on Navytree's capital stock. It is important to note that besides an increase of the company's net indebtedness, it remains under 0.5x the EBITDA value.

NET FINANCIAL DEBT

(Million R\$)

	March '08	December '07	March '07
Short-term Debt	(443.5)	(806.1)	(1,890.8)
Long-term Debt	(2,386.0)	(2,503.0)	(166.4)
Total Debt	(2,829.5)	(3,309.2)	(2,057.3)
Gains / losses with Derivative Operations	(80.7)	(357.2)	(315.1)
Debt (post-Derivative Operations)	(2,910.1)	(3,666.4)	(2,372.3)
Cash	897.8	933.3	478.4
Net Debt	(2,012.3)	(2,733.1)	(1,894.0)

DEBT EVOLUTION

(Million R\$)

The alteration of the debt profile in the 3Q07 is due to the debentures renegotiation on September 01, 2007, maturing on September 01, 2010.

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REVENUES HIGHLIGHTS

Gross Operating Revenue in the 1Q08 reached R\$5,556.8 million, representing an increase of R\$216.0 million or 4.0% compared to the same period of the previous year. When comparing the 1Q08 x 4Q07, a increase of R\$290.0 million, or 5.5% is shown.

EVOLUTION OF GROSS OPERATING REVENUES FROM THE 1Q07 TO THE 1Q08

(R\$ Million)

EVOLUTION OF GROSS OPERATING REVENUES FROM THE 4Q07 TO THE 1Q08

(R\$ Million)

The changes are explained as follows:

Monthly Subscription Fee: reached R\$1,382.7 million in the 1Q08, representing a decrease of R\$65.5 million or 4.5% when compared to the same period of the previous year. This effect is mainly explained by the decrease in average lines in service and by the increase in the alternative plans for fixed telephony which are offered with lower monthly fees. When comparing the 1Q08 x 4Q07 a increase of R\$22.7 million or 1.7% is shown, mainly explained by the increase of DDR plant (Discagem direta a Ramal) that serves small companies.

Installation Fee: reached R\$30.7 million in the 1Q08, representing an increase of R\$5.7 million or 23.1% when compared with the same period of the previous year. This effect is explained by the rise in alternative plans and the tariff adjustment of 2.2% as of July, 2007. When comparing the 1Q08 x 1Q07, the value remains practically stable.

Local Service: totaled R\$617.9 million in the 1Q08, presenting a decrease of R\$196.0 million or 24.1% when compared to the same period of the previous year. This effect is mainly explained by DUOs and TRIOs bundles sales which offer flat tariffs with local unlimited calls, decreasing the exceeding traffic. This effect is partially offset by the tariff adjustment as of October, 2007. When comparing the 1Q08 x 4Q07, an R\$9.5 million or 1.5% decrease is noted justified, mainly, by the DUOs and TRIOs bundles sales.

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DLI: totaled R\$947.5 million in the 1Q08, presenting an increase of R\$122.8 million or 14.9% when compared to the same period of the previous year. When comparing 1Q08 x 4Q07, an increase of R\$192.6 million or 25.5% is shown. These variations are explained by the rise of the company's market share and a higher SMP traffic through the increase of the 15 use as a consequence of the increase of the mobile telephony market. Besides, a positive impact is noted due the tariff adjustment as of July, 2007. These effects were partially offset by a reduction of outgoing fixed traffic.

Fixed-to-mobile revenues: reached R\$1,066.4 million in the 1Q08, an increase of R\$64.7 million or 6.5% when compared to the same period of the previous year. This effect is mainly explained by the growth of mobile operator base that presented a positive impact VC1, VC2 and VC3 traffic. When comparing 1Q08 x 4Q07, an increase of R\$40.1 million or 3.9% is shown, justified by the same aforesaid reasons.

ILD: reached R\$35.9 million in the 1Q08, a decrease of R\$1.8 million or 4.9% when compared to the same period of the previous year. This effect is explained by the decrease of traffic and promotional campaigns during 2007. When comparing 1Q08 x 4Q07, an increase of R\$5.1 million or 16.5% is shown. This effect is explained by a significant increase of the company's market share.

Interconnection Revenues: totaled R\$109.3 million in the 1Q08 and, when compared to the same period of the previous year, an increase of R\$6.2 million or 6.1% is shown. When comparing the 1Q08 x 4Q07, an increase of R\$5.3 million or 5.1% is presented. These effects were chiefly caused by new contracts firming by the company and a traffic increase between the incumbents as a consequence of the Telecommunication's market growth.

Public Telephony: reached R\$112.7 million in the 1Q08, presenting an increase of R\$1.5 million or 1.3% when compared to the same period of the previous year. This effect is mainly motivated by the tariff adjustment as of July, 2007. When comparing the 1Q08 x 4Q07 a decrease of R\$36.6 million or 24.5% is observed mainly motivated by lower card phone's sales.

Data Transmission: reached R\$870.6 million in the 1Q08, an increase of R\$180.0 million or 26.1% when compared to the same period of the previous year. When comparing the 1Q08x4Q07, an increase of R\$46.1 million or 5.6% is shown. These effects are explained by the growth of the Speedy service, in line with the upward trend of last quarters.

Infrastructure rental: totaled R\$81.3 million in the 1Q08, a rise of R\$5.6 million or 7.5% when compared with the same period of the previous year. This effect was mainly explained by the increase of retiled circuits volume, due the growth of telecommunication's industry. When comparing the 1Q08 x 4Q07, revenues declined R\$6.2 million or 7.1% mainly due to the decision of pending issues with other incumbents during 4Q07.

PayTV: launched on August 12, 2007, this service reached R\$67.5 million in the 1Q08, an increase of R\$17.1 million or 33.8% when compared with