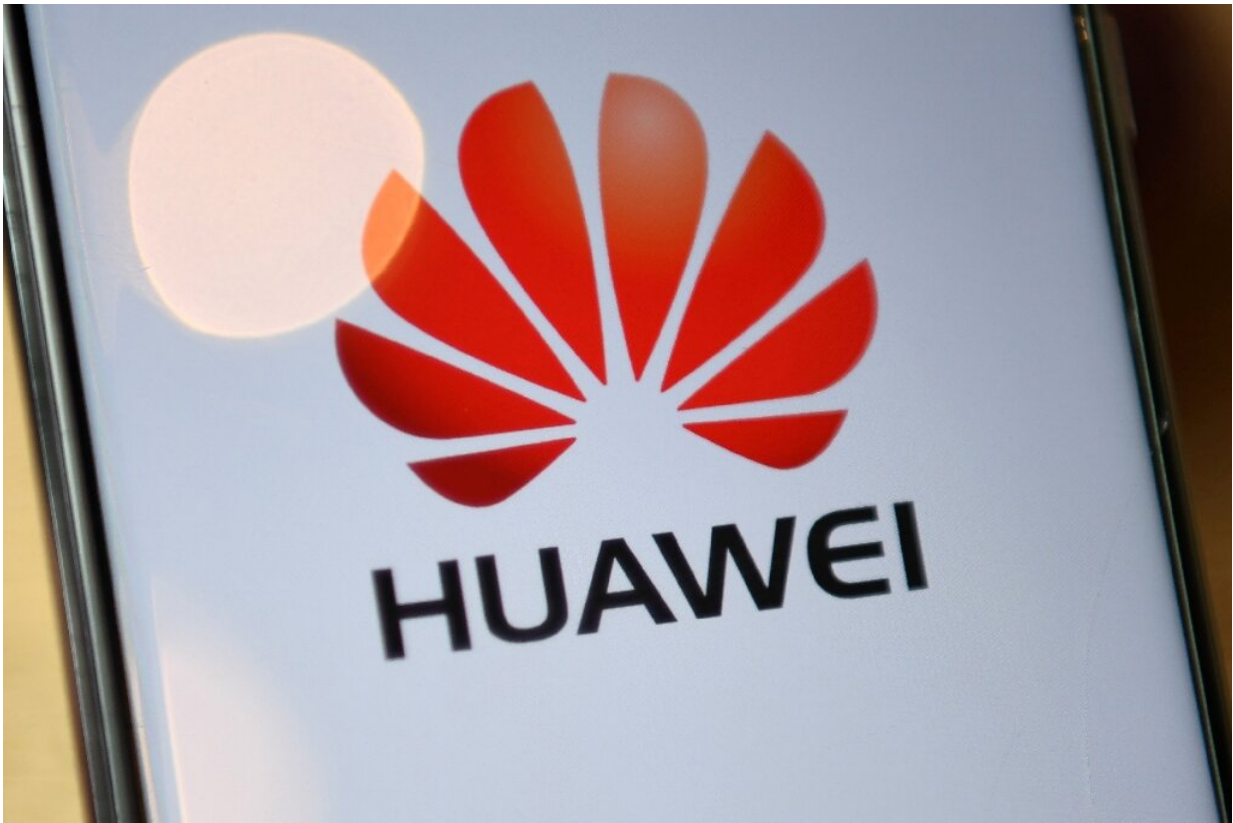


Huawei reports 32% revenue plunge in first three quarters

October 29 2021



Huawei's business has been hammered by US sanctions put in place by the Trump administration.

Chinese telecom giant Huawei said Friday its revenue plunged by a third in the first three quarters of the year, as it continued to struggle under

US sanctions that have hit its smartphone sales.

Huawei has been caught in the crossfire of a US-China trade and technology rivalry after the government of former president Donald Trump moved to cripple the company on concerns that it could pose a cybersecurity and espionage threat.

January-September sales volume fell 32 percent to 455.8 billion yuan (\$71.3 billion), a company statement said.

It said the firm's net profit margin—a measure of the ratio of profits to revenue—increased slightly to 10.2 percent, attributing that to increased operational efficiencies.

Unlisted Huawei provided few specifics and did not include a breakdown of its performance by business segment.

But its statement quoted rotating chairman Guo Ping as saying the business-to-consumer segment—consisting largely of smartphones and other devices—had been "significantly impacted" in the period.

He added, however, that the telecom carrier segment had "remained stable" and the company was "confident (that) we will continue to create practical value for our customers".

The United States has provided no evidence for its claims of a security threat, but has barred Huawei from acquiring crucial components such as microchips, and cut it off from using Google's Android operating system.

Huawei's revenue has fallen in 2021 due in part to the offloading of its budget phone brand Honor, which was sold late last year to help the brand maintain access to components and survive.

Huawei's travails have forced it to quickly pivot into new business lines including enterprise computing, technology for intelligent vehicles, and software.

Huawei is the world's biggest supplier of telecoms network gear and was once a top-three smartphone producer along with Apple and Samsung.

But it has fallen well down the smartphone ranks owing to the US pressure.

Huawei launched its own mobile operating system in June in a fight to keep its smartphone segment relevant, but tech analysts believe it will struggle to stay in a fight dominated by Google's Android and Apple's iOS.

Huawei networking gear has also been removed or barred in a succession of countries on national security concerns.

The current US administration of Joe Biden has indicated no let-up in the pressure.

One distraction for Huawei was removed last month, however, with the return to China of Chief Financial Officer Meng Wanzhou.

Meng, the 49-year-old daughter of Huawei founder Ren Zhengfei, spent nearly three years under house arrest in Canada on a US extradition warrant.

Washington had accused her of defrauding HSBC bank by trying to hide alleged violations of US sanctions on Iran committed by Huawei affiliate Skycom, a case that China and Huawei have said was motivated more by US business concerns.

Meng was released a month ago after US prosecutors announced an agreement under which fraud charges were to be suspended and eventually dropped.

After a mandatory quarantine period, she returned to work at Huawei's headquarters in the southern city of Shenzhen earlier this week, Chinese media reported.

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