

# China's Huawei says 2021 sales down, profit up

March 28 2022, by Joe McDonald

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Meng Wanzhou, chief financial officer of Huawei, smiles as she leaves her home in Vancouver, Sept. 24, 2021. Chinese telecom equipment maker Huawei said Monday its 2021 sales fell but profit rose 76% despite U.S. sanctions in a year when Meng was released by Canadian authorities, ending a standoff with Washington over the tech giant's dealings with Iran. Credit: Darryl Dyck/The Canadian Press via AP, File

Six months after being released by Canadian authorities following a diplomatic standoff involving Washington and Beijing, Huawei's chief financial officer said Monday the telecom equipment giant may be emerging from a "black zone" of business disruptions due to U.S. sanctions.

Huawei Technologies Ltd. reported its 2021 profit rose 75.9% while sales fell under pressure from curbs on access to most U.S. technology that crippled its smartphone business and led to an overhaul of its global operations.

Sanctions have "significantly affected our business," but Huawei might be recovering as it develops new product lines, Meng Wanzhou said in her first appearance at a public business event since returning from Canada in September.

"For Huawei in 2021, we may have perhaps passed through the black zone of this catastrophe," Meng said at a news conference at Huawei headquarters in the southern city of Shenzhen.

Huawei, China's first global tech brand, is at the center of tension with Washington over technology and security. American officials say the company is a security risk and might enable Chinese spying, an accusation Huawei denies.

Meng, the daughter of Huawei's founder, was arrested in 2018 on U.S. charges she lied to Hong Kong banks about dealings with Iran in violation of trade sanctions. Chinese authorities arrested two Canadians in an attempt to force Canada to release her.

Meng was released in September under a deal with the U.S. Justice Department that will dismiss the charges in exchange for her accepting responsibility for misrepresenting Huawei's dealings with Iran. The two

Canadians were released after Meng returned to China.

In a passing reference to her arrest, Meng said, "in the few months after I came back, I have been trying to catch up."

Huawei's director of communications, Guy Henshilwood, said Meng wouldn't discuss her legal case.



A security guard stands near a booth for Chinese technology firm Huawei at the PT Expo in Beijing, Tuesday, Sept. 28, 2021. Chinese telecom equipment maker Huawei said Monday its 2021 sales fell but profit rose 76% despite U.S. sanctions in a year when its chief financial officer was released by Canadian authorities, ending a standoff with Washington over the tech giant's dealings with Iran. Credit: AP Photo/Mark Schiefelbein, File

Sanctions imposed by then-President Donald Trump in 2019 blocked access to processor chips and other components and Google's music, maps and other smartphone services. The White House tightened those curbs in 2020 by banning global manufacturers from using U.S. technology to make Huawei-designed chips.

Huawei has stepped up an emphasis on the China market and on serving hospitals, mines and other industrial customers with technologies that are less vulnerable to U.S. sanctions. The company sold its lower-priced Honor smartphone brand in November 2020 in hopes of reviving sales by separating it from the sanctions on its parent.

Huawei reported 2021 revenue of 636.8 billion yuan (\$99.9 billion), down 28.6% from 2020. It said its profit rose to 113.7 billion yuan (\$17.8 billion).

"Our overall financial resilience is strengthening," Meng said. "The company is more capable of dealing with uncertainty."

Huawei, founded in 1987, says it is owned by the Chinese employees who make up half of its workforce of 195,000 people in 170 countries and regions.

Huawei said its unit that handles industrial and government customers had 102.4 billion yuan (\$16.1 billion) in 2021 revenue. The company said it launched products for transportation, finance, energy and manufacturing and created teams dedicated to coal mines, ports and "smart roads."

The unit that serves phone and internet carriers had 281.5 billion yuan (\$44.2 billion) in sales.

Research and development spending, already among the world's highest,

rose to 142.7 billion yuan, or 22.4% of revenues, up from 15.9% in 2020, the company said. That would be the equivalent of 145 billion yuan (\$23 billion).

Huawei is working on artificial intelligence, solar power, "intelligent vehicles," and wearable technology, said Guo Ping, one of three executives to take turns as chairman.

"We are doubling down on our efforts in basic science and cutting-edge technology," said Guo. "We will not solve our problems by saving."

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Citation: China's Huawei says 2021 sales down, profit up (2022, March 28) retrieved 25 April 2024 from <https://techxplore.com/news/2022-03-china-huawei-sales-profit.html>

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