

China Telecom profit falls 9.5 percent

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China Telecom Corp. Chairman Wang Xiaochu smiles as he speaks during the company's 2012 annual result announcement in Hong Kong Wednesday, March 20, 2013. State-owned China Telecom said Wednesday that profit fell 9.5 percent last year because it spent more to market the iPhone as it battled rivals for higher-paying customers. (AP Photo/Kin Cheung)

State-owned China Telecom Corp. said Wednesday that profit fell 9.5 percent last year because it spent more to market the iPhone as it battled

rivals for higher-paying customers.

China Telecom, which is also the world's biggest fixed-line phone operator by subscribers, rolled out service for the Apple Inc iPhone in the first half of last year, becoming the second Chinese carrier to offer the popular smartphone.

Chairman Wang Xiaochu said the company stepped up spending on marketing to win over "high-end" subscribers following the launch of the iPhone. The spending will benefit the company in the longer term but put "short-term pressure on profitability," Wang said in a statement.

China's phone companies are facing intense competition and the high costs of upgrading their networks to support the latest mobile technology. China Mobile Ltd., the world's biggest mobile phone carrier by subscribers, reported last week that profit rose just 2.7 percent. The country's third state-owned carrier, China Unicom, is expected to report earnings later this week.

China Telecom said it earned 14.9 billion yuan (\$2.4 billion) in 2012 or 18 yuan a share, down from 16.5 billion yuan or 0.2 yuan a share the year before. The decline came despite revenue climbing 15 percent to 283 billion yuan.

Mobile subscribers rose 27 percent to 161 million as the company added 34.1 million new customers, with 33 million of those for faster third-generation service. Broadband internet customers grew 13 percent to 90.1 million while fixed phone lines fell 6.6 million to 163 million.

China Telecom became the country's third big state-owned mobile phone company after it bought a mobile network from rival China Unicom Ltd. in a 2008 restructuring of the government-owned telecoms industry that formed three groups, each with mobile and fixed-line assets.

The restructuring was aimed at reviving competition after the popularity of mobile phones caused China Mobile to dominate the market.

More information: Online: en.chinatelecom.com.cn/

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