

China Mobile net profit drops 8.5% on competition, regulation

August 14 2014

China Mobile, the world's biggest mobile operator by subscribers, said Thursday its half-year net profit fell by 8.5 percent, blaming the downturn on fierce competition and market reforms.

The company said in a filing to the Hong Kong bourse, where it is listed, that its net profit for the first six months of 2014 fell to 57.7 billion yuan (\$9.37 billion), down from the same period last year.

It follows an announcement in March when the company said its 2013 full-year net profit went down by six percent, its first decline for more than a decade.

Its shares closed at HK\$88.3 in Hong Kong trading Thursday, up 1.09 percent, while the city's benchmark Hang Seng Index closed down 0.36 percent.

"The company will face relatively high pressure in its short-term growth," it said in the filing, adding market competition and reforms that included changing taxation methods brought down profitability.

Revenue was up 7.1 percent at 324.7 billion yuan, while its subscriber base rose to more than 790 million, up 6.8 percent, including 14 million 4G users.

The Beijing-based company was granted the license to operate the faster next-generation 4G data network in China in December last year.

"Communications operators have entered into a new phase of 4G competition, and market competition will become fiercer," the company said.

The 4G network is being "rapidly built up", the company said, now with 410,000 base stations put in place, covering 300 cities.

One of China Mobile's main competitors, China Unicom, said earlier this month its first half net profit rise 26 percent to 6.69 billion yuan.

Its mobile subscribers grew by 14.02 million to 295 million, and total mobile data usage was up more than 80 percent year-on-year.

© 2014 AFP

Citation: China Mobile net profit drops 8.5% on competition, regulation (2014, August 14)
retrieved 26 April 2024 from

<https://phys.org/news/2014-08-china-mobile-net-profit-competition.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.