

## **Overview**

Founded in 1987, Huawei is an entirely employee-owned private company and a leading global information and communications technology (ICT) solutions provider with a vision to enrich life through communication. Through the company's 150,000 employees and dedication to customer-centric innovation and strong partnerships, Huawei has established end-to-end capabilities across the carrier networks, enterprise and consumer markets by providing competitive solutions and services, which have been deployed in over 170 countries and regions, serving more than one-third of the world's population.

In 2013, Huawei recorded revenue of CNY 239,025 million, an increase of 8.5% over the previous year (\*in USD the revenue is 39,463 million, up 11.6%), and net profit amounted to CNY 21,003 million (\*in USD 3,468 million). Huawei's 2013 annual report, audited by KPMG, is released in March and is available at: <http://www.huawei.com/en/about-huawei/corporate-info/annual-report/2013/index.htm>

As a responsible corporate citizen, Huawei is committed to openness and transparency in all aspects of its business in order to provide stakeholders with a better understanding of the company. Huawei's 2012 Corporate Sustainability Report is available at: <http://www.huawei.com/en/about-huawei/sustainability/sustainability-report/index.htm>

Since 1997, Huawei has worked with world-leading consultancies, such as IBM, Hay Group, PricewaterhouseCoopers, Fraunhofer-Gesellschaft and Accenture to enhance its management capabilities and establish processes and systems driven by customer demand.

## **Business group and market performance in 2013**

The Carrier Network BG generated CNY 166,512 million in revenue, an increase of 4% year-on-year. The Carrier BG further consolidated its industry position as it had deployed 110 commercial LTE networks including the coverage in more than 100 capital cities and nine financial centers.

The Enterprise BG achieved CNY15,263 million in revenue, up 32.4% from the previous year. The Enterprise BG launched the world's first agile network architecture, along with the first-of-its-kind agile switch S12700, the data center switch of the industry's largest switching capacity of 64 Tbit/s, cloud computing and storage products, and a variety of other solutions.

The Consumer BG generated CNY 56,986 million in revenue, an increase of 17.8% year-on-year.

We continued to focus on a quality strategy and launched flagship devices, such as the Ascend P6 and the Ascend Mate. Historical breakthroughs were made in our smartphone business, and we were ranked among the top three globally. Global brand awareness of our mobile phones saw an annual increase of 110%.

Sales from the Chinese market totaled CNY 84,017 million, an increase of 14.2% year-on-year. The Carrier Network BG continued to maintain modest growth, while the enterprise and consumer businesses both achieved rapid growth, increasing by over 35%.

Huawei achieved revenues of CNY 84,655 million from Europe, the Middle East, and Africa (EMEA), which marks an increase of 9.4% year-on-year.

Due in large part to the development of emerging markets in Southeast Asia, Huawei maintained its growth momentum in the Asia Pacific Region and achieved CNY38,925 million in sales revenue, up 4.2% year-on-year.

In the Americas, the infrastructure network business grew robustly and the consumer business enjoyed continued growth in Latin American countries. However, due to business slowdown in North America, Huawei earned CNY31,428 million in sale revenue in the Americas, down 1.3% year-on-year.

## **Commitment to Innovation**

Every Huawei innovation stems from close interaction with its customers to understand their needs and market demands. Huawei annually invests an average of 10% revenue into R&D. Now Huawei employs approximately 70,000 product and solution R&D employees, comprising 45% of our total global workforce. In 2013, Huawei increased its R&D investment to CNY 30,672 million, accounting for 12.8% of the company's revenue in that year. Over the last decade Huawei has cumulatively spent more than CNY 151,000 million on R&D. Currently, Huawei has 16 R&D centers, 28 joint innovation centers and 45 training centers worldwide.

As of December 31, 2013, Huawei had filed 44,168 patent applications in China, 18,791 outside China, and 14,555 under the Patent Cooperation Treaty (PCT). Of these applications, 36,511 have been granted.

By the end of 2013, as an active contributor and leader in industry standards, Huawei has joined more than 170 industry standards and open source organizations, including 3GPP, IETF, IEEE, ITU, BBF, ETSI, TMF, WFA, CCSA, GSMA, OMA, ONF, INCITS, OpenStack, and OpenDaylight.

We hold 185 positions in these organizations and serve as a board member for ETSI, CCSA, OMA, OASIS, and WFA, as well as numerous other organizations. In 2013, Huawei submitted more than 5,000 proposals to standards organizations.

\*\* Translated into United States dollar ("USD") using the closing rate as at December 31, 2013 of USD1.00 = CNY6.0569