

中國移動有限公司
China Mobile Limited
www.chinamobileltd.com

2008 *Annual Results*



中国移动通信
CHINA MOBILE

2008 Annual Results

China Mobile Limited

19 March 2009

Management Present



Mr. WANG Jianzhou

Chairman & CEO

Mr. LI Yue

Executive Director & Vice President

Mr. LU Xiangdong

Executive Director & Vice President

Mr. XUE Taohai

Executive Director, Vice President & CFO

Madam XIN Fanfei

Executive Director & Vice President

Agenda



Overall Performance For 2008



Financial Results For 2008



Overall Performance For 2008

Highlights



Further enhancement in operating results despite different difficulties

Revenue ↑ 15.5%
Net profit ↑ 29.6%

Sustained strong subscriber growth with rural market continuing to serve as a key growth driver

Average monthly net adds over 7.30 million
Nearly half of subscriber growth from rural market

Continued rapid growth in value-added business, increasingly prominent in boosting revenue growth

Increased proportion in total revenue mix at 27.5%

Sustained favorable growth in dividend and endeavor to create value for shareholders

Ordinary annual dividend of HK\$2.743 per share
Planned 2009 dividend payout ratio of 43%

Overall Operating Performance



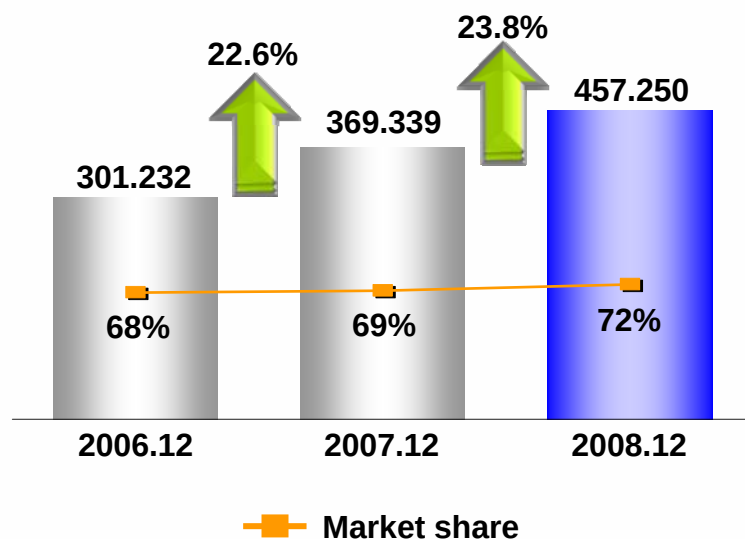
	2007	2008	Change
Total Subscribers (Million)	369.339	457.250	23.8%
Operating Revenue (RMB Billion)	356.959	412.343	15.5%
EBITDA (RMB Billion)	194.003	216.487	11.6%
EBITDA Margin (%)	54.3%	52.5%	-1.8 ppt
Net Profit (RMB Billion)	87.062	112.793	29.6%
Net Profit Margin (%)	24.4%	27.4%	3.0 ppt
Basic Earnings per Share (RMB)	4.35	5.63	29.4%

Sustained Strong Subscriber Growth



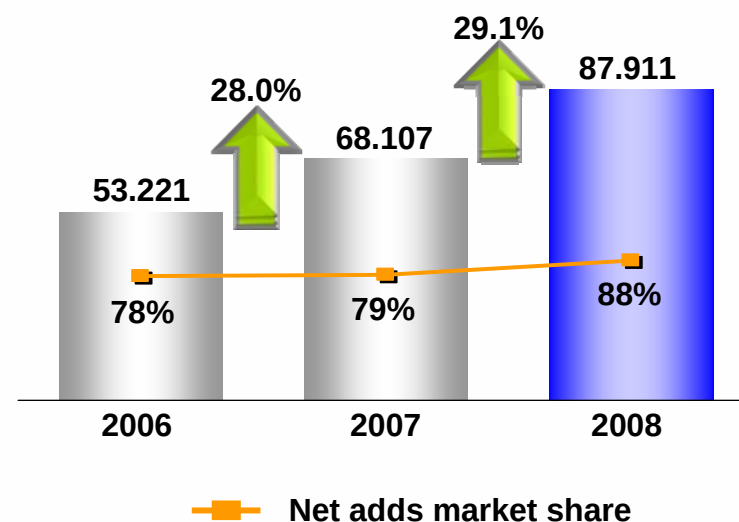
Total Subscribers

(Million)



Net Additional Subscribers

(Million)



Unfavorable factors

- Weakened economic growth stemming from global financial crisis
- Market in certain large cities started showing signs of becoming mature
- Increasingly intensified competition after industry restructuring

Favorable factors

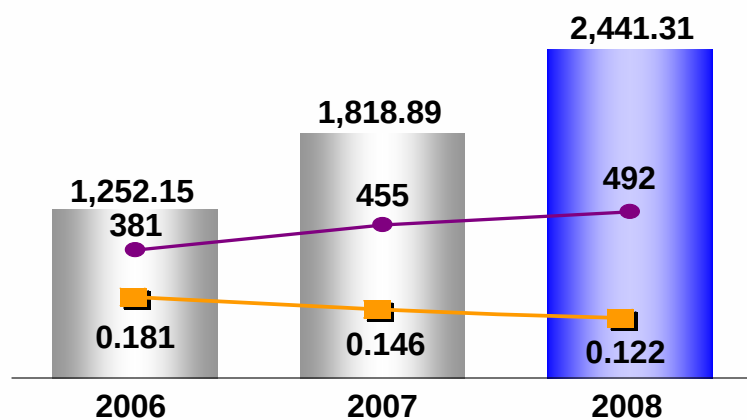
- State's policies to boost domestic consumption spur telecom service demand
- Enormous growth potential remains in rural markets
- Emergence of new business and applications creates new demand

Continued Growth of Voice Business



Total Voice Usage

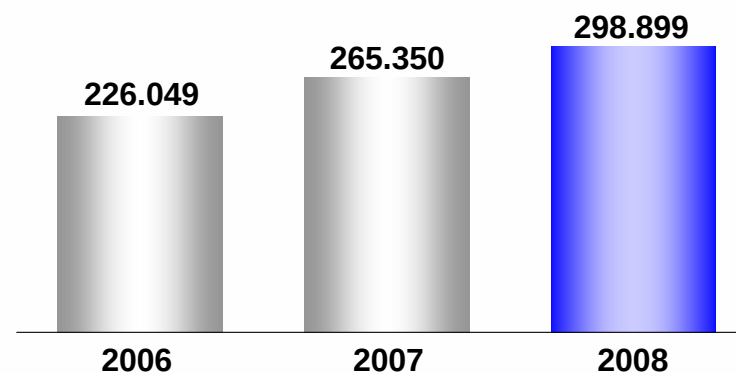
(Billion Minutes)



- Average voice revenue per minute (RMB)
- MOU (Minutes)

Total Voice Revenue

(RMB Billion)

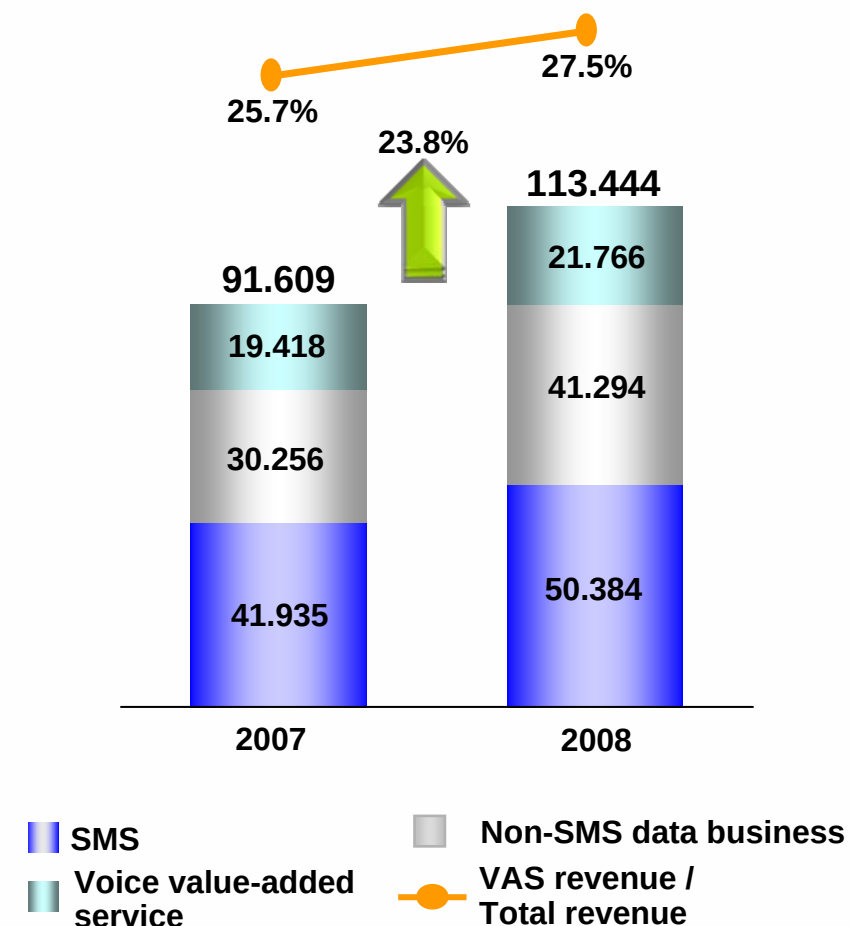


Increasingly Significant Contribution from Value-added Business



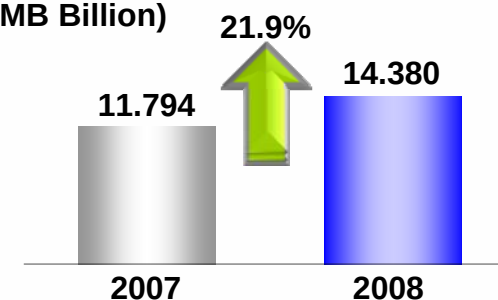
Value-added Business Revenue

(RMB Billion)



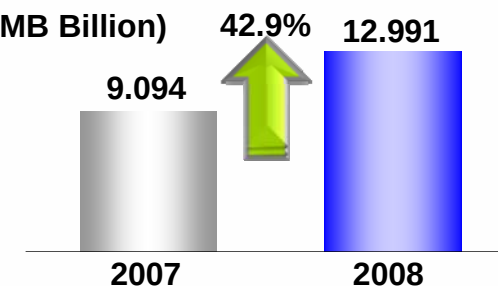
Color Ring Revenue

(RMB Billion)



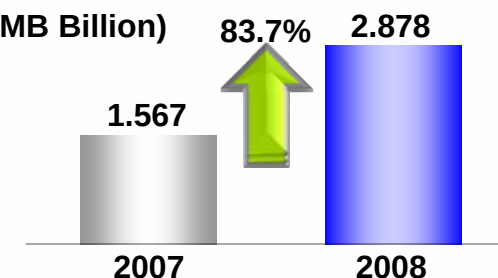
WAP Revenue

(RMB Billion)



MMS Revenue

(RMB Billion)

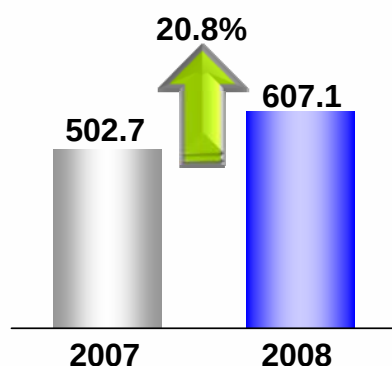


Vibrant Development in Key Products



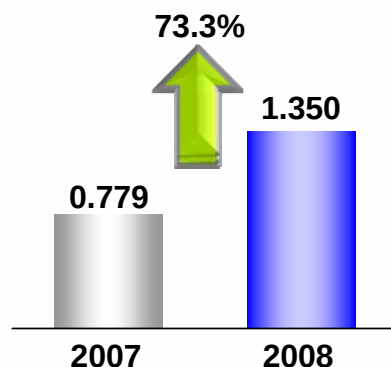
SMS Usage

(Billion Messages)



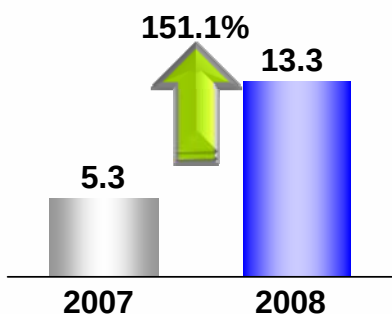
Color Ring Subscription

(Billion Times)



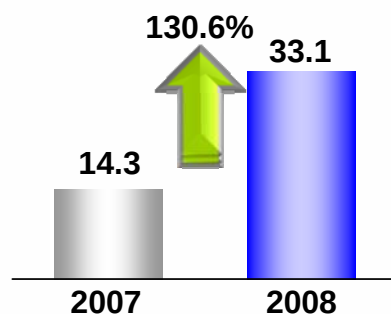
WAP Traffic

(Billion MB)



MMS Usage

(Billion Messages)



Mobile music industry continues to expand

- Wireless music club members added 18.23 mn in 2008, taking the total to 85.11 mn, with 52.73 mn senior members
- Over 200 mobile music partners, with 1 mn songs in our database. Full-track music download reached 76 mn times



“Mobile Paper” realizes mobile media characteristics

- Paying subscribers increased 17.94 mn, bringing the total to 41.49 mn in 2008
- 110 mobile papers of traditional media content already published. Customers subscribing multiple mobile papers increased



“Fetion” becomes an important player in IM market

- “Fetion” subscribers grew 73.65 mn in 2008, bringing the total to 146.91 mn, with 37.24 mn active subscribers, leaping to 2nd place in Mainland’s IM market
- Significantly lower churn rate relative to average subscribers proved stronger customer stickiness with “Fetion”

Promising Outlook of Value-added Business

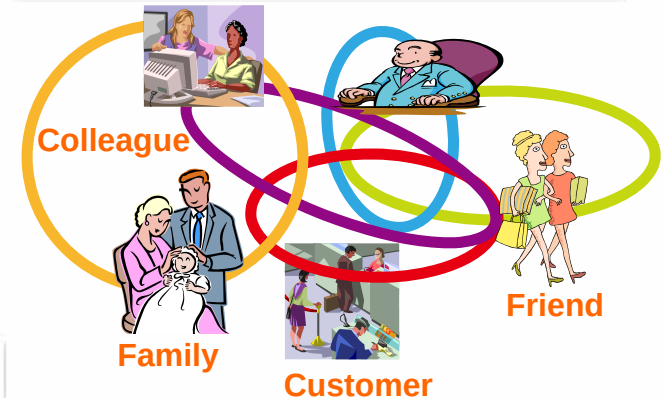


Multiple Applications and Mobile Media



- Handsets are indispensable to our daily life with increased applications and mobile media more popular
- Mobile Internet is now a trend, with a promising outlook

Users more diversified, with increased interaction



To drive business by stratified product development, based on demand segmentation and active innovation

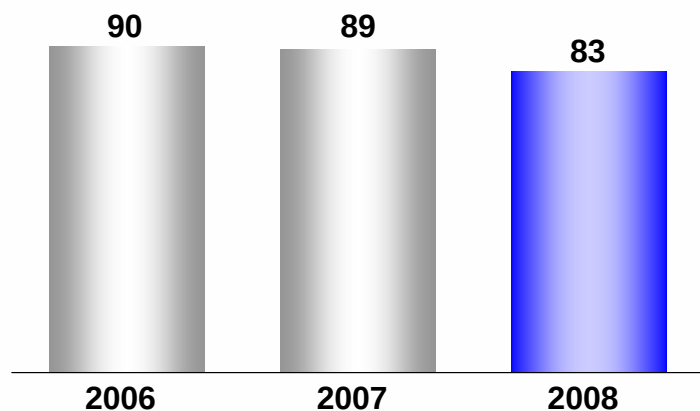


Continued Revenue Growth



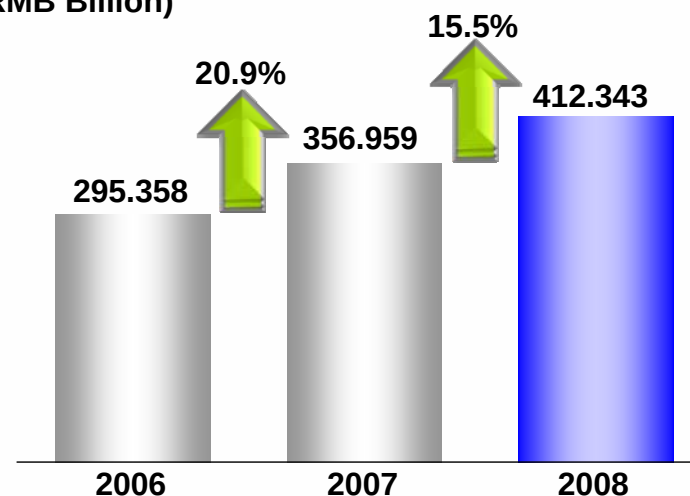
ARPU

(RMB)



Operating Revenue

(RMB Billion)



- Rapid growth in subscribers
- Continuous growth in voice business
- Favorable impetus of value-added business
- Fast development of rural market

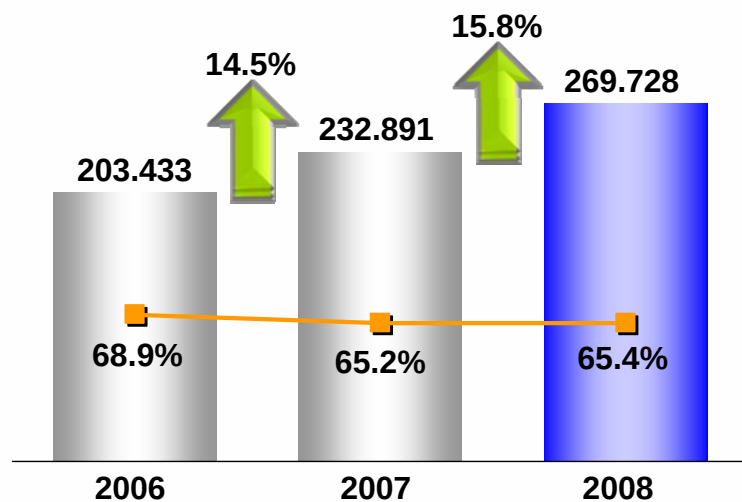
**Continued
growth in
operating
revenue**

Continued Profit Growth



Operating Expense

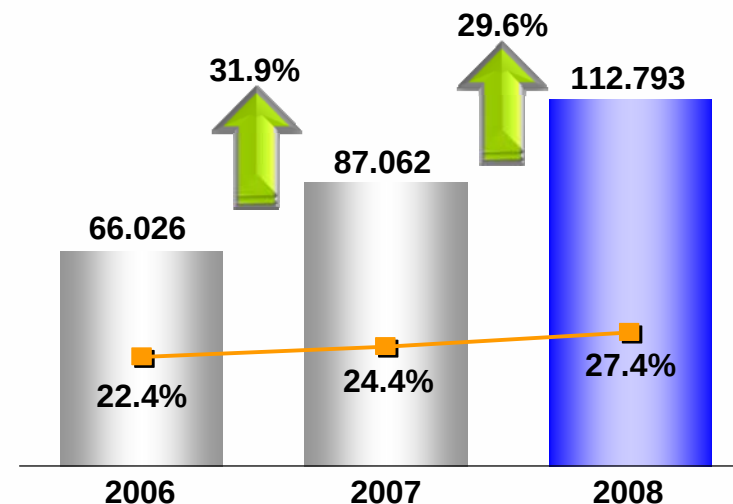
(RMB Billion)



— Operating expense / Operating revenue

Net Profit

(RMB Billion)



— Net profit margin

- Favorable revenue growth
- Effective cost control
- Better economies of scale
- Prudent financial policy

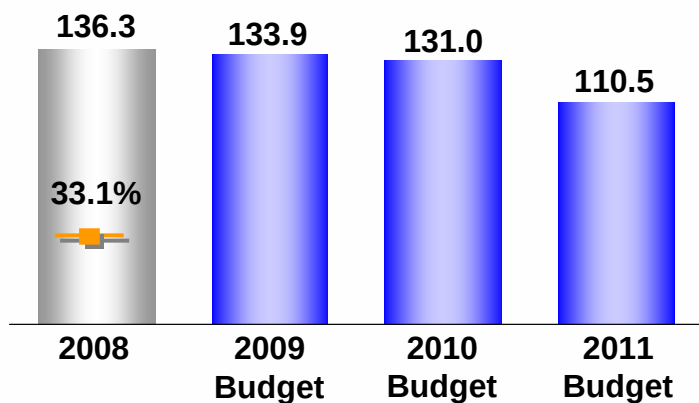
**Continued
Profit
Growth**

CAPEX



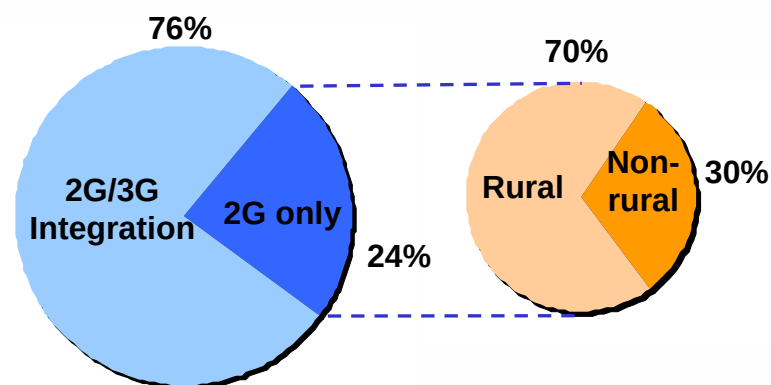
CAPEX

(RMB Billion)



— CAPEX / Operating revenue

2009 CAPEX Structure

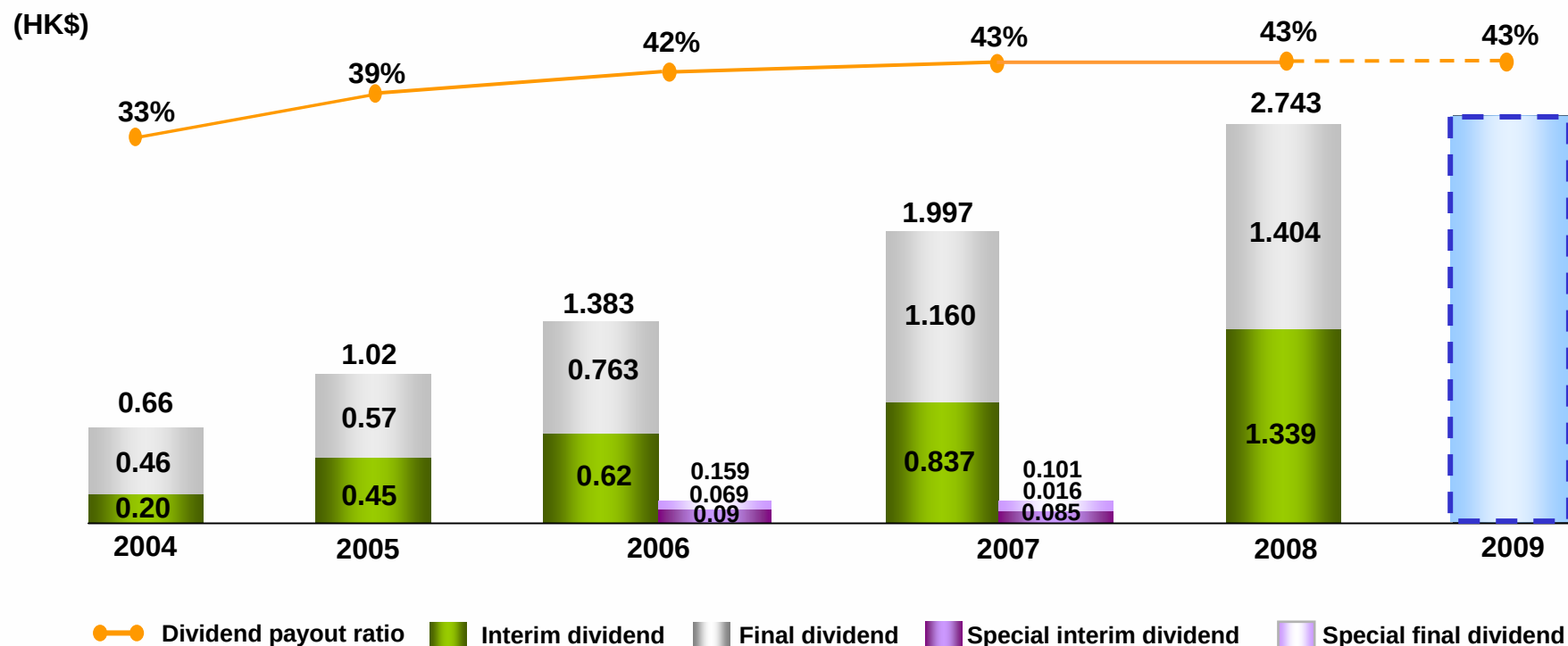


- Satisfy growth in market demand
- Foster further development of value-added business
- Ensure leading network advantages
- Integration of 2G/3G network
- Assure post-disaster reconstruction after snowstorm and earthquake

Favorable Dividend Growth



Dividend and Payout Ratio



- Annual dividend for 2008 was HK\$2.743 per share (including the interim dividend of HK\$1.339 per share) , with a full year payout ratio of 43%
- The planned dividend payout ratio for the full year of 2009 is 43%
- Endeavor to achieve a long-term sustainable, steadily increasing dividend, with a view to creating value for shareholders

Innovative 3G Development by Leveraging 2G Advantages



Integrated network layout:

Extend 2G network advantages and utilize special 3G features

- Shared core network, supporting systems and business platforms
- 3G dual-mode handset realizes inter-operability with 2G
- Lease 3G network capacity from the Parent company and the leasing fee is calculated based on actual utilization

Innovative marketing strategy:

Economical and convenient 3G services for customers

- Expedite tapping into 3G arena by using wireless broadband as an entry point
- Integrated marketing system realizes subscription without changing SIM card, mobile number or re-registration
- Existing brand structure unchanged, with the launch of unique 3G logo

Integrated terminal strategy:

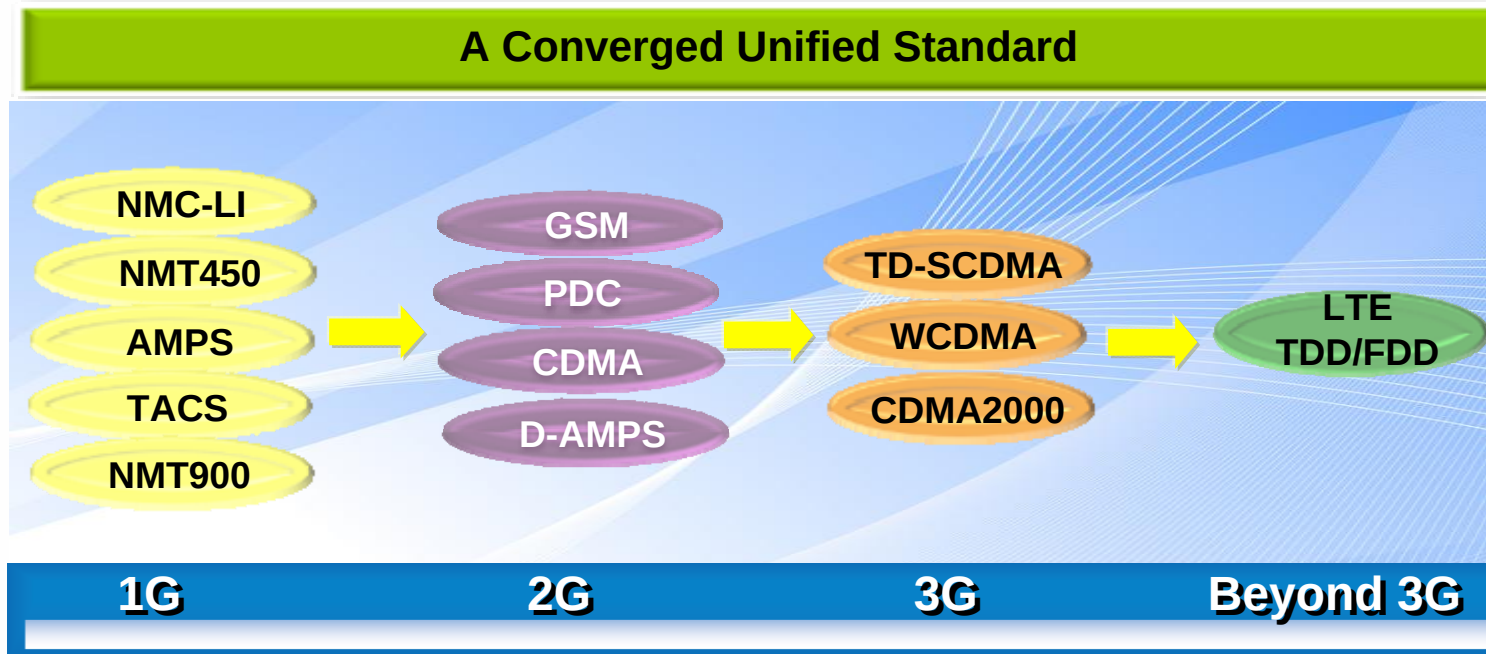
Provide wireless broadband service via dual mode terminals

- 3G dual mode handset
- 3G dual mode data card
- Netbook/Notebook equipped with 3G data module
- 3G home wireless gateway and information terminal



引领 3 G 生活

Evolution of TD-SCDMA - Converged LTE



- While vigorously developing TD-SCDMA, we actively conduct research on LTE, to promote synchronized and converged development of LTE
- The converged LTE standard has earned wide support as the evolution direction of TD-SCDMA
- 2G and 3G will continue to be used in our network for a considerable period of time in the future

Corporate Social Responsibility



Rural Program

- Expanded rural network and channel coverage
- Enriched mobile rural info applications

Employee Volunteering Program

- Established employee volunteer association
- Overwhelming response to join Olympic Volunteers

Green Program

- "Green Action Plan" conserved energy and reduced emissions
- Network construction complied with environmental protection standard

Culture Program

- Success in reducing unhealthy content
- Donation to the primary and secondary schools in poor villages

Life Program

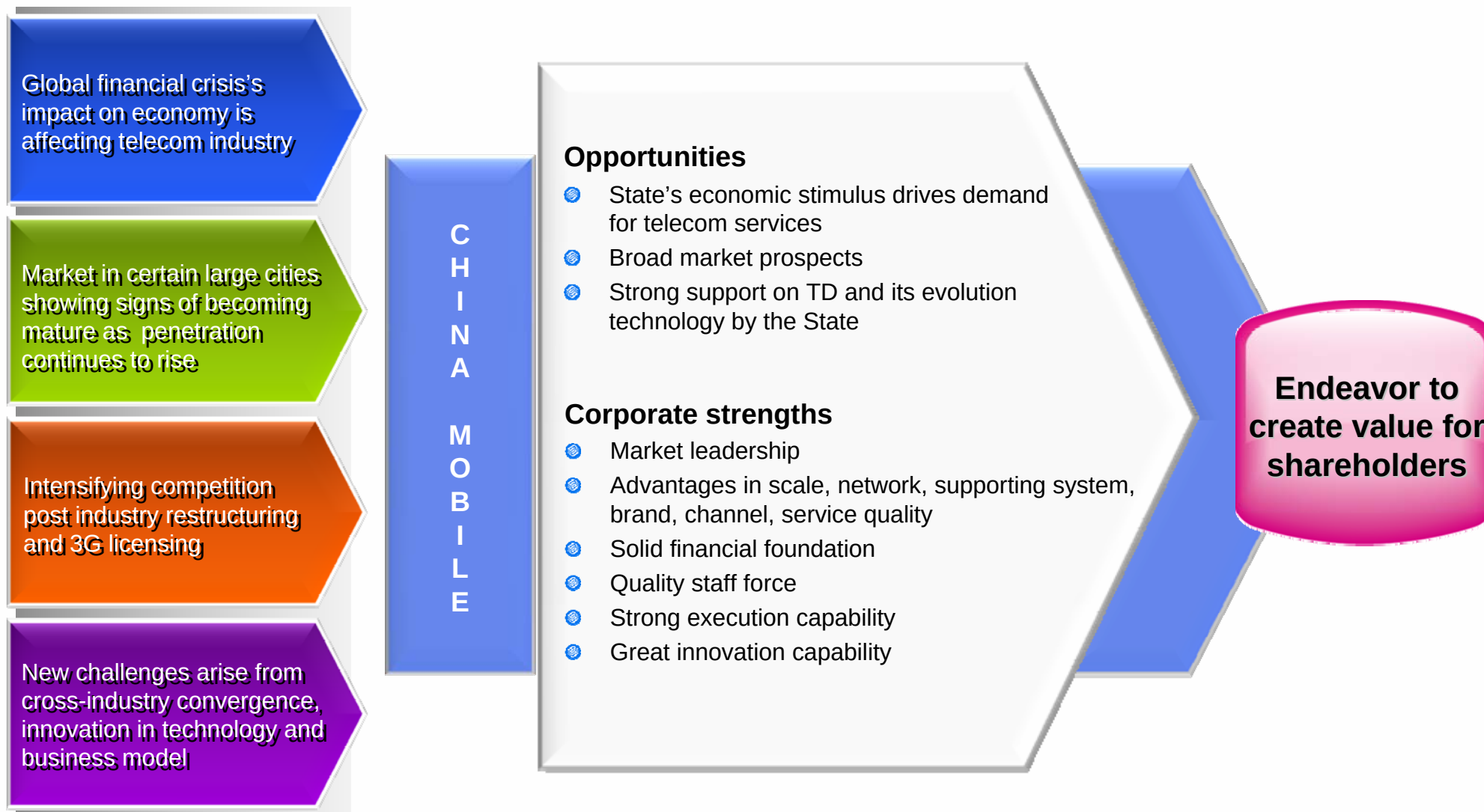
- Assured communications services during massive disasters
- Charity work for the disadvantaged groups

**The first and the only
Mainland China's
enterprise listed in
the Dow Jones
Sustainability Index**

"Green Action Plan" To save energy, land, material and cost

- 1.17 billion kWh of electricity usage conserved, with consumption per business unit reduced 11% over 2007
- 175,000 m² in space saved by standardization and IP technology deployment
- 21,000 tonnes of steel saved by tower standardization
- 2,135 base stations powered by alternative energy in our network
- Active pursuance of green technology innovation, with 91 relevant patent applications submitted in the year

Future Outlook





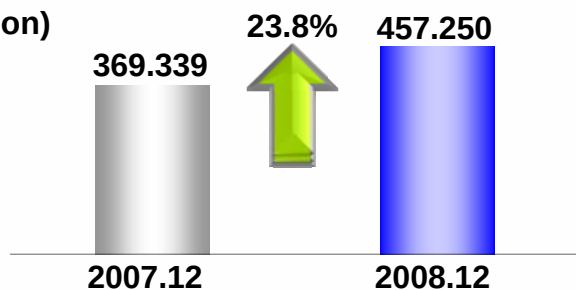
Financial Results For 2008

Strong Growth Momentum



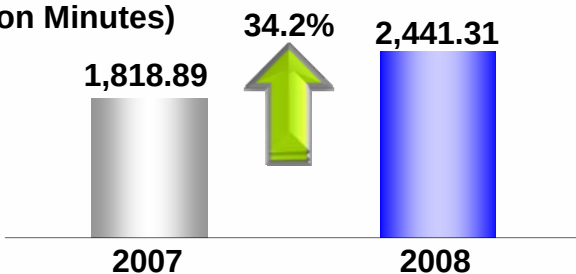
Total Subscribers

(Million)



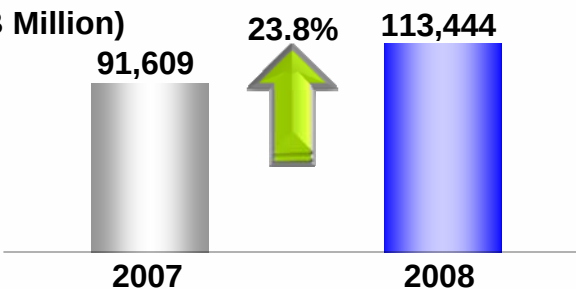
Total Voice Usage

(Billion Minutes)



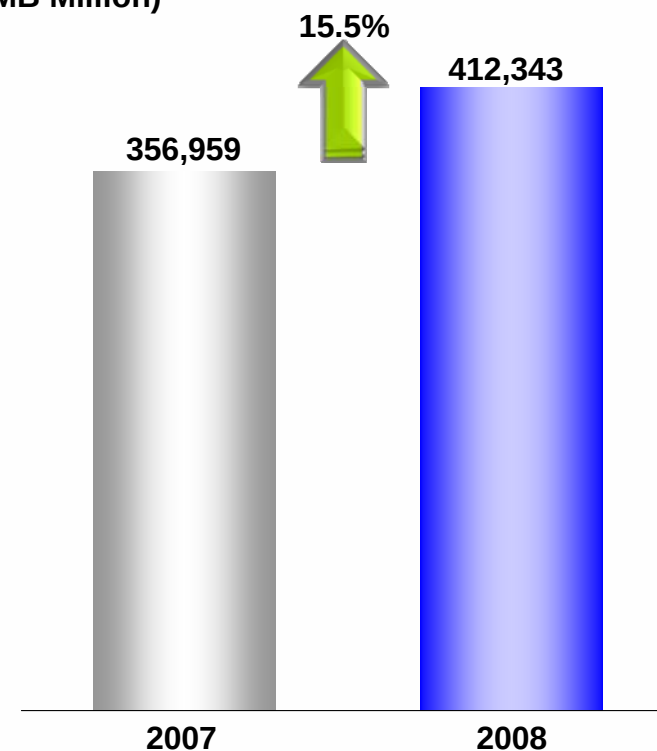
Value-added Business Revenue

(RMB Million)



Operating Revenue

(RMB Million)

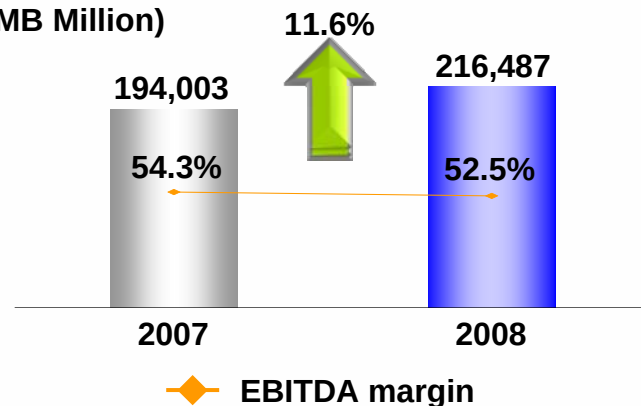


Continuous Favorable Growth of Profitability



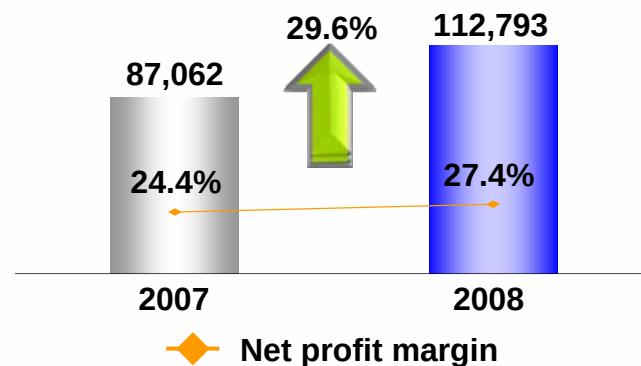
EBITDA

(RMB Million)



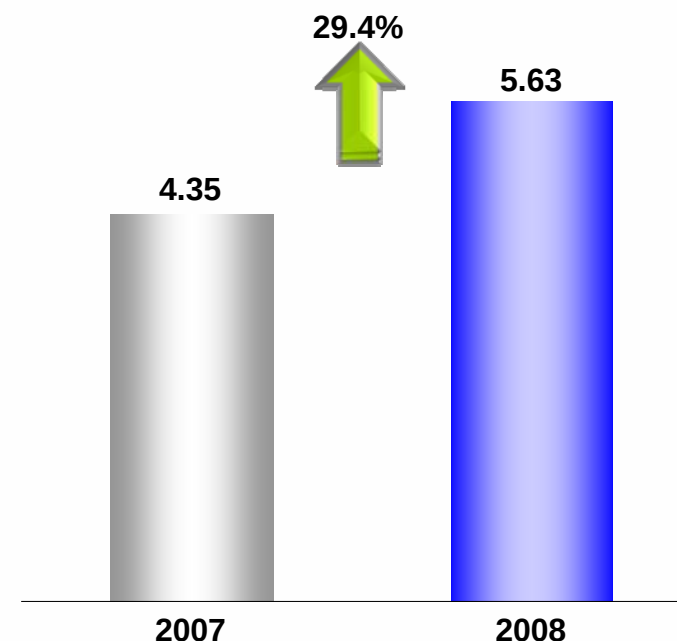
Net Profit

(RMB Million)



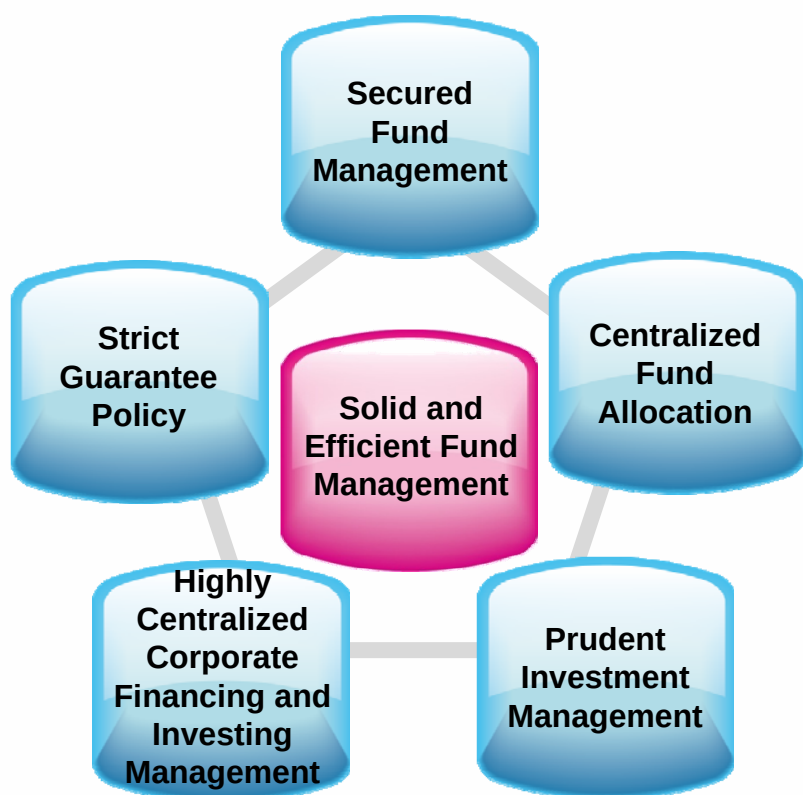
Basic EPS

(RMB)



Note: The effect such as change in PRC enterprise income tax rate has positive impact on the net profit growth of 2008.

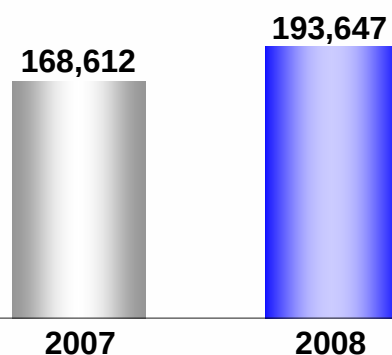
Solid Fund Management and Strong Cash Flow



- No losses amid the global financial crisis
- Continued favourable business growth and economies of scale
- Provided a solid foundation for the sustainable healthy development of the Company

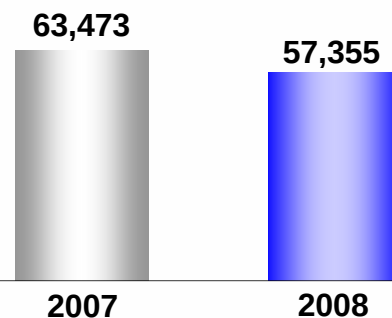
Net Cash Generated from Operating Activities

(RMB Million)



Free Cash Flow

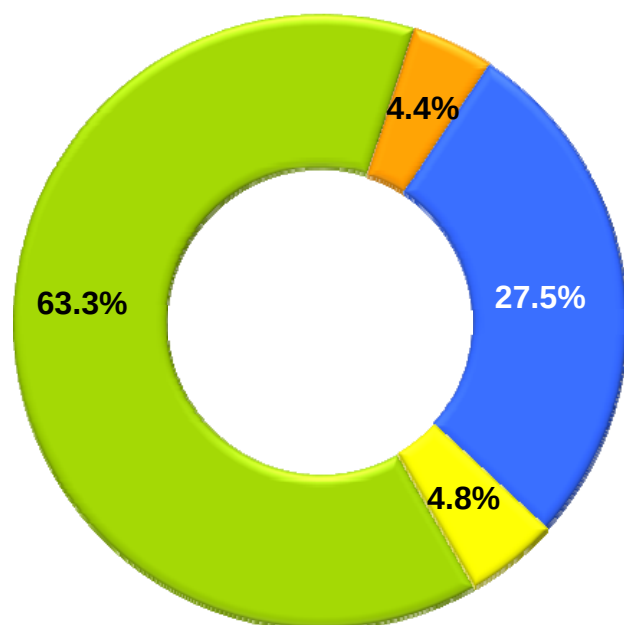
(RMB Million)



Revenue Composition



2008



■ Usage fees ■ Monthly fees
■ Value-added business ■ Others

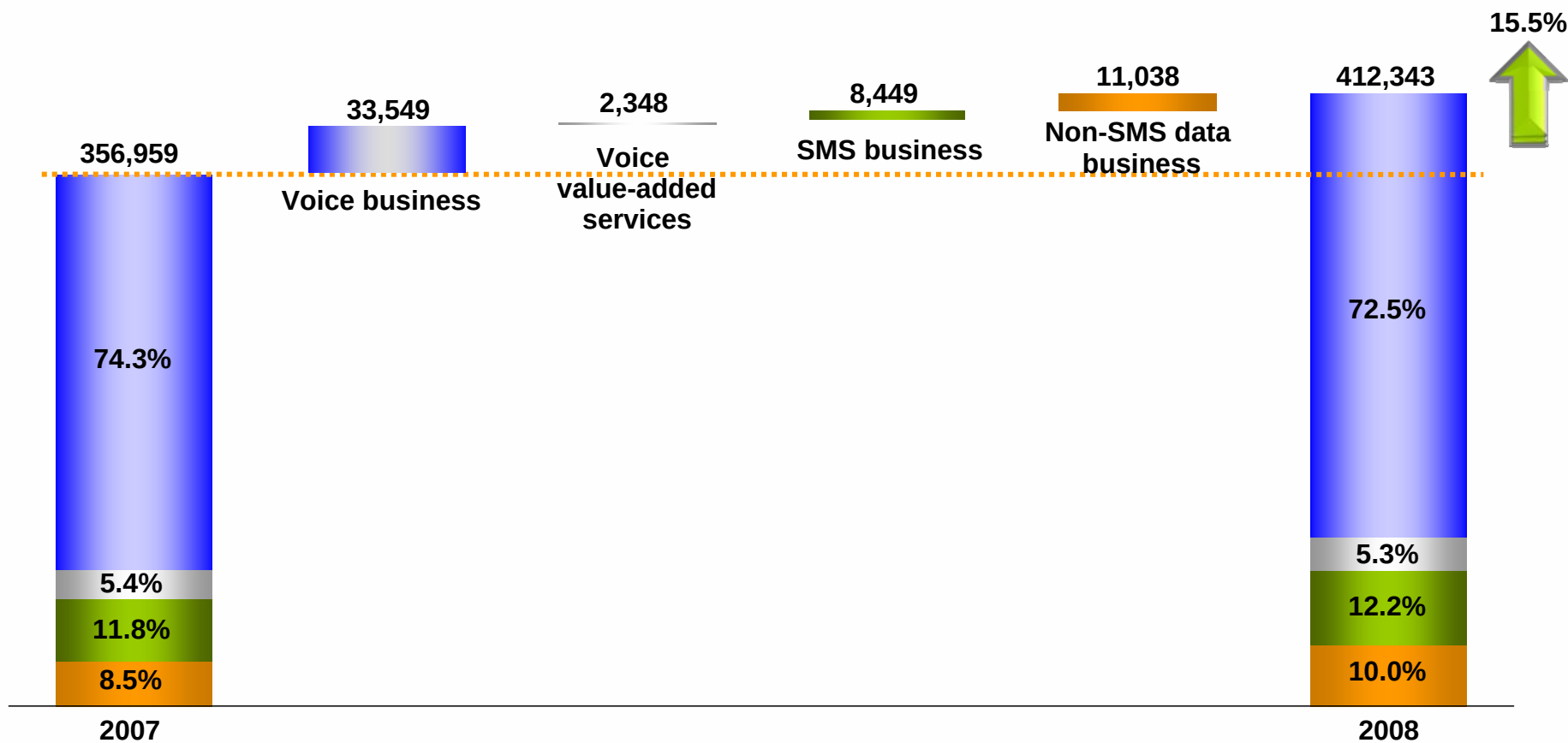
	2008	2007	2006
Voice value-added services revenue	5.3%	5.4%	5.6%
SMS revenue	12.2%	11.8%	10.9%
Non-SMS data business revenue	10.0%	8.5%	7.0%
Value-added business revenue	27.5%	25.7%	23.5%

Note: The above data are expressed as a percentage of operating revenue.

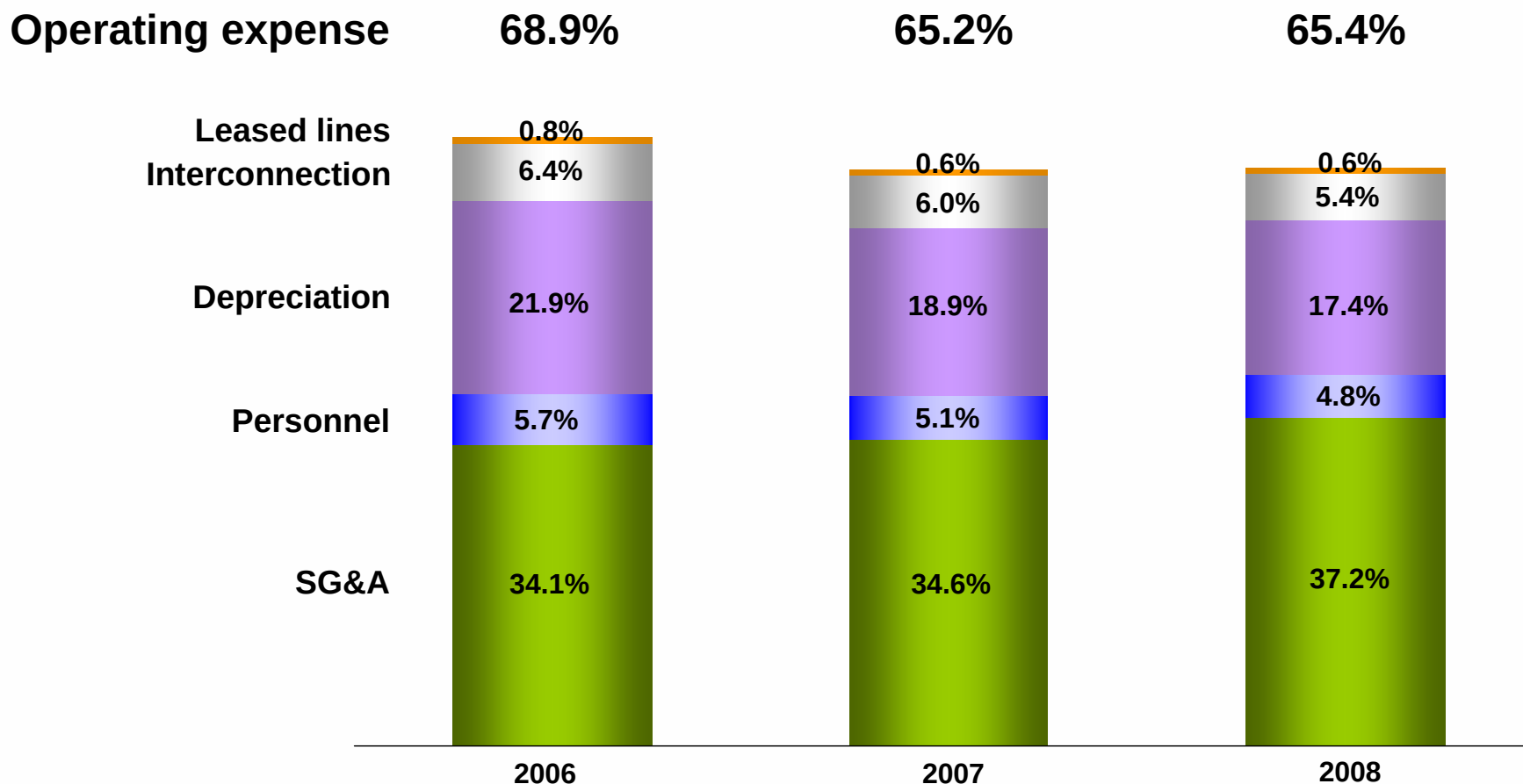
Composition of Revenue Growth



(RMB Million)



Cost Composition



Note: The above data are expressed as a percentage of operating revenue.

Cost Effectiveness and Resource Allocation

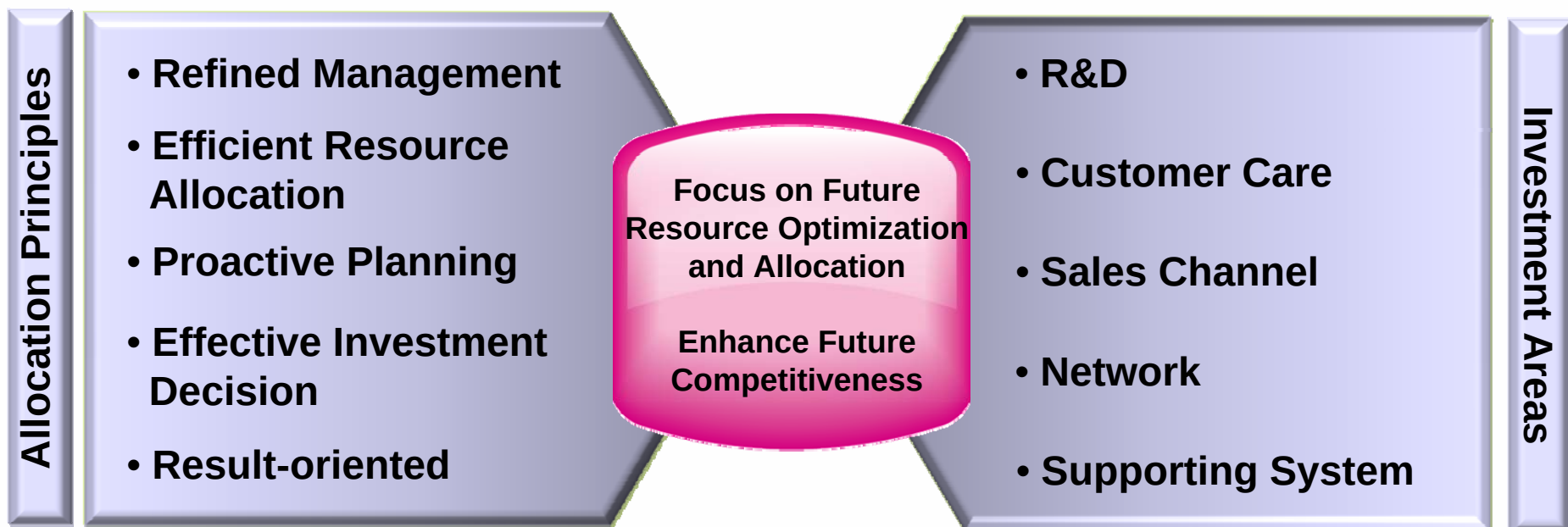


Strong Business Development

- Operating revenue up 15.5%
- Total subscribers up 23.8%
- Total voice usage up 34.2%

Significant Economies of Scale

- Cost to revenue ratio remained constant
- Average operating expense per minute down 13.7%
- Average monthly operating expense per user down 6.7%



Good Credit Profile



(RMB Million)	2007.12.31	2008.12.31
Short Term Debt	1,921	2,179
Long Term Debt	33,582	33,553
Total Debt	35,503	35,732
Shareholders' Equity	373,751	442,278
Total Book Capitalization	409,254	478,010
Total Debt / Total Book Capitalization	8.7%	7.5%
Cash & Bank Deposits	188,544	218,259
Net Cash	153,041	182,527
Interest Coverage	70x	94x

Credit Rating

S&P

Moody's

A / Outlook Positive

A1 / Outlook Stable



A+ / Outlook Stable

A1 / Outlook Stable

Note: Net cash represents cash & bank balances minus total debt.

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China Mobile Limited
www.chinamobileltd.com

THANK YOU



Extracts from audited consolidated income statement for the year ended 31 December 2008 – Appendix I



(RMB Million)	2008	2007
Operating revenue		
Usage fees	260,889	226,488
Monthly fees	18,096	20,856
Value-added business	113,444	91,609
Other operating revenue	19,914	18,006
	<u>412,343</u>	<u>356,959</u>
Operating expense		
Leased lines	2,641	2,330
Interconnection	22,264	21,500
Depreciation	71,509	67,354
Personnel	19,960	18,277
Other operating expenses	153,354	123,430
	<u>269,728</u>	<u>232,891</u>
Profit from operations	<u>142,615</u>	<u>124,068</u>

(RMB Million)	2008	2007
Profit from operations (Cont'd)	142,615	124,068
Other net income	2,159	2,323
Non-operating net income	517	657
Interest income	6,002	4,015
Finance costs	(1,550)	(1,825)
Taxation	(36,789)	(42,059)
Profit for the year	<u>112,954</u>	<u>87,179</u>
Attributable to:		
Equity shareholders of the Company	112,793	87,062
Minority interests	161	117
Profit for the year	<u>112,954</u>	<u>87,179</u>

Extracts from audited consolidated balance sheet as at 31 December 2008 – Appendix II



(RMB Million)	2008.12.31	2007.12.31
Current assets	240,170	207,635
Non-current assets	417,527	355,858
Total assets	657,697	563,493
Current liabilities	(180,573)	(154,953)
Non-current liabilities	(34,217)	(34,301)
Total liabilities	(214,790)	(189,254)
Net assets	442,907	374,239

Operating Data – Appendix III



	2008	2007
Subscribers (Million)	457.250	369.339
MOU (Minutes)	492	455
ARPU (RMB)	83	89
Average Revenue per Minute (RMB)	0.169	0.196
Mobile Data Users (Million)	419.764	349.551
MMS Users (Million)	128.194	90.828
Mobile Music Users (Million)	355.461	269.831
SMS Usage (Billion Messages)	607.129	502.741
Average Monthly Churn Rate (%)	2.71%	2.64%

Forward-looking Statements



Certain statements contained in this document may be viewed as “forward-looking statements” within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual performance, financial condition or results of operations of China Mobile Limited (the “Company”) to be materially different from any future performance, financial condition or results of operations implied by such forward-looking statements. Further information regarding these risks, uncertainties and other factors is included in the Company’s most recent Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission (the “SEC”) and in the Company’s other filings with the SEC.