



2013 *Annual Results*



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

2013 Annual Results

China Mobile Limited
20 March 2014

Management Present

Mr. XI Guohua

Executive Director & Chairman

Mr. LI Yue

Executive Director & CEO

Mr. XUE Taohai

Executive Director, Vice President & CFO

Mr. SHA Yuejia

Executive Director & Vice President

Mr. LIU Aili

Executive Director & Vice President

Agenda

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Overall Results for 2013

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Operating Performance for 2013

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Financial Results for 2013

Agenda

1

Overall Results for 2013

Highlights

Leading Performance amongst Peers

- Operating revenue RMB630.2 billion, revenue from telecommunications services RMB590.8 billion, net profit margin at 19.3%
- Customers over 760 million, market share 62.1%, 3G customers over 190 million

Evident Achievements of Data Business

- Wireless data traffic revenue up 58.6%, representing 18.3% of revenue from telecommunications services

Breakthrough in Device Sales

- TD-SCDMA handsets sold 150 million, of which >95% smartphones

Lead Development in 4G Commercialization

- TD-LTE commercialized in 16 cities in 2013, as of month-end February 2014 customers reached 1.34 million

Create Shareholder Value

- 2013 full year dividend HK\$3.311 per share, 2014 planned dividend payout ratio 43%

Operating Performance

	2012	2013	Change
Operating Revenue (RMB Billion)	581.835	630.177	8.3%
of which: Revenue from Telecommunications Services (RMB Billion)	560.413	590.811	5.4%
EBITDA (RMB Billion)	253.646	240.426	-5.2%
EBITDA Margin	43.6%	38.2%	-5.4 ppt
<i>EBITDA Margin*</i>	45.3%	40.7%	-4.6 ppt
Net Profit (RMB Billion)	129.274	121.692	-5.9%
Net Profit Margin	22.2%	19.3%	-2.9 ppt
<i>Net Profit Margin*</i>	23.1%	20.6%	-2.5 ppt
Basic Earnings per Share (RMB)	6.43	6.05	-5.9%

Note: Prior to 2013, the sales of products were incidental to the Group's telecommunications services. In 2013, the Group's sales of products have become more than incidental as a result of business development and accordingly, the Group presents the revenue from sales of products and related cost of products sold separately and the comparative figures have been presented on the same basis. Such change in presentation had no impact on the reported profit or net assets for any of the periods presented.

* As stated in the above, EBITDA margin and net profit margin are ratios before the revenue from the sales of products and related cost of products sold were presented separately.

Challenges

- ⦿ Rising penetration, limited customer growth
- ⦿ Intensifying market competition, declining market share
- ⦿ OTT substitution evident, traditional business regressed
- ⦿ Impacted by policies including interconnection settlement, mobile communication service resale and extended Mobile Number Portability

Opportunities

- ⦿ Accelerated smart device proliferation
- ⦿ 4G induced opportunities
- ⦿ Data traffic becomes key impetus of revenue growth
- ⦿ Information consumption brings enormous potential

Strengthen Execution of Strategies

Enhance Network Capabilities

- ④ **Strengthen Four-Network Coordination**
 - ◆ 2G maintained coverage and voice advantages
 - ◆ 3G carriage capability significantly enhanced
 - ◆ 4G commenced scale construction and commercialization
 - ◆ WLAN continued to effectively divert data traffic
- ④ **Continuously optimize structure of traffic carriage**
 - ◆ Substantial data traffic migrated from 2G to 3G and WLAN
- ④ **Continuously strengthen infrastructure network resource**
 - ◆ Total base stations reached 1.4 million
 - ◆ Added 0.86 million km of fiber cables, total reached 6 million km
 - ◆ Corporate IP-VPN lines reached 1.34 million
 - ◆ On-net Internet traffic uplifted to 91%

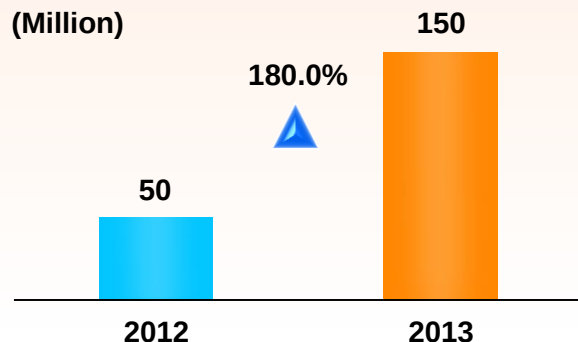
Strengthen Marketing Capabilities

- ④ **Achievements in management of existing business, data traffic and corporate customers**
 - ◆ Mid-to-high end customer base remained stable
 - ◆ Handset DOU doubled
 - ◆ Revenue of corporate telecommunications and information services up 31%
- ④ **Enhanced marketing capabilities of device channels**
 - ◆ Sales capabilities of social channels enhanced
 - ◆ All self-owned outlets capable of selling devices
- ④ **Kicked off transformation of marketing and service system**
 - ◆ Optimized design of tariff plans, maintained pricing system
 - ◆ Rebranded, launched master commercial brand
 - ◆ Promoted “Big Data, micro-segmentation, micro-sales and refined service”

Realize Scale Development of Devices

Breakthrough in Sales Volume

- 150 million TD-SCDMA handsets sold



- Product sales such as devices was RMB 39.4 billion
- Per unit TD device subsidy down 10%
- 2014 planned device sales > 200 million

Enriched Products

- Launched 515 TD-SCDMA handset models
- Inked long-term agreement with Apple Inc. to officially introduce iPhone
- 2 debuts of self-branded devices, sales >560,000 units to-date. 2014 to launch 5 new models



TD-LTE Commercialized

4G^{LTE}

Network

- > 500,000 base stations in plan by 2014 year-end
- Basically realize contiguous coverage in cities, urban counties and key villages and towns
- Strive to commercialize VoLTE by 2014 year-end

Device

- 32 handset models for sale
- Debuted 5-mode 13-frequency smartphones, 5-mode 10-frequency ~RMB1,000 handsets to launch in 2014
- 2014 plans to sell 100 million TD-LTE devices

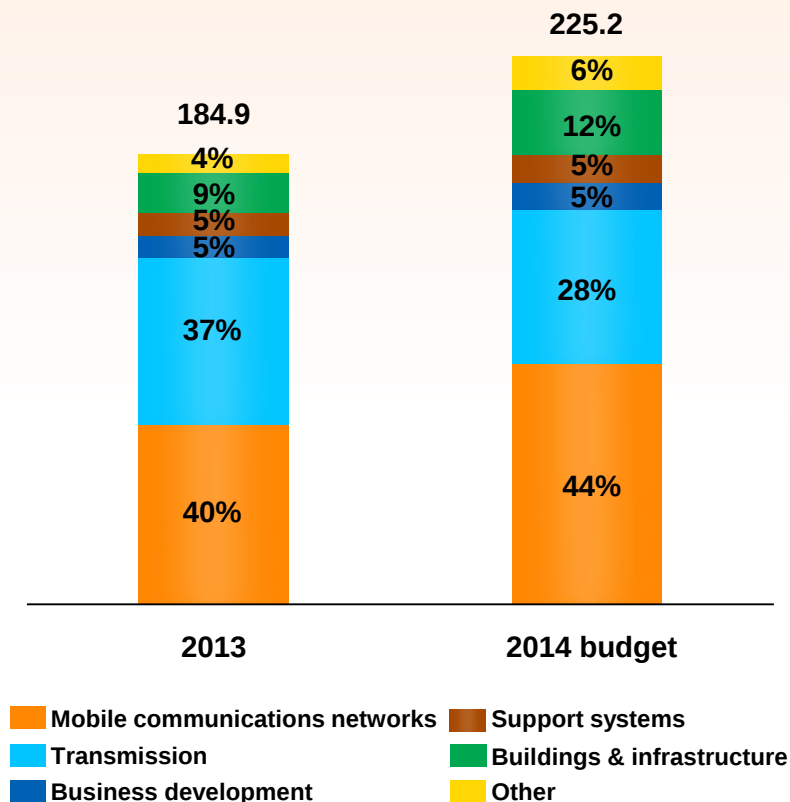
Business

- Realize “no new number, no re-registration, speedy SIM swap”
- Launch 4G unified tariff packages built around data traffic which support multi-device sharing
- Actively promote unified communications business

Reasonable Investment Planning

CAPEX

(RMB Billion)



- ☉ Pursue Four-Network Co-ordination to maintain overall network advantage
- ☉ Strengthen infrastructure resource accumulation to enhance full service capabilities
- ☉ Develop Mobile Internet, Internet of Things and cloud computing to foster new growth drivers
- ☉ Expedite centralization of support systems
- ☉ Reasonably control the direction and pace of property construction

Strive to Create Value for Shareholders

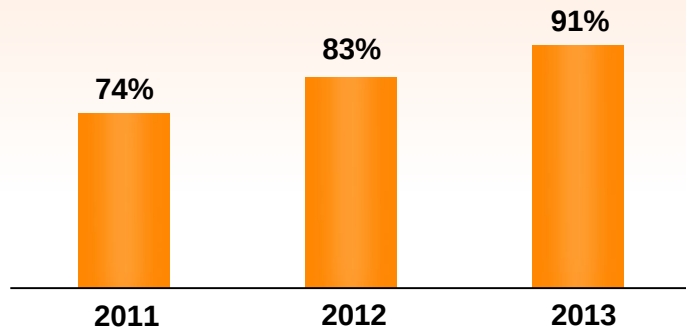


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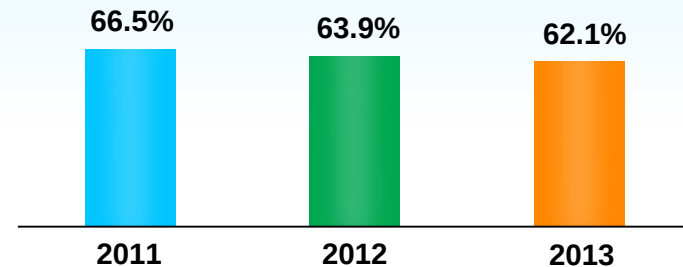
Operating Performance for 2013

Strive to Tackle Various Challenges

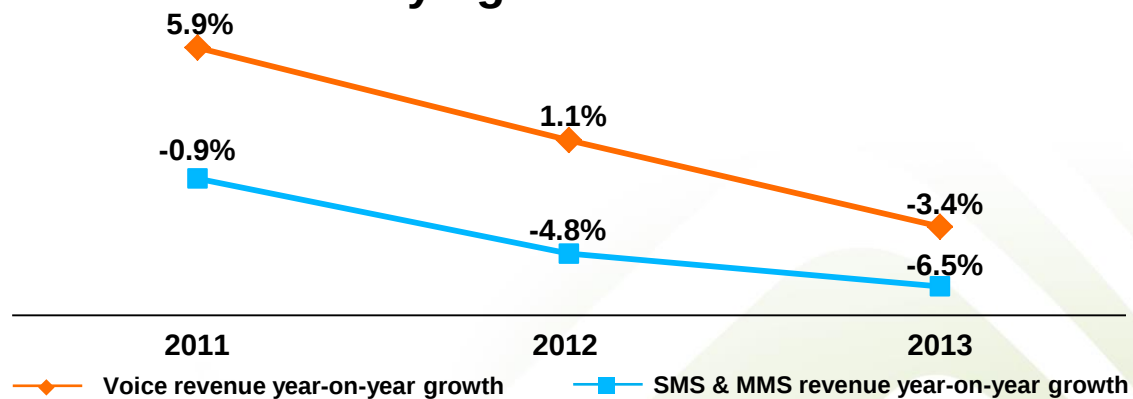
Rising Penetration



Declining Customer Market Share



Intensifying OTT Substitution



Enhance Quality and Improve Service

Leading voice quality

- ◆ Call drop rate: 2G 0.43%; 3G 0.21%
- ◆ Successful call connection rate:
2G 99.12%; 3G 98.53%

Improved business quality

- ◆ Enhanced customer experience
- ◆ Launched master commercial brand

Enhanced basic services

- ◆ Complaint rate lowest in industry for 4 consecutive years
- ◆ Expanded e-channel services

Protected consumer rights

- ◆ Centralized handling of spam SMS & MMS



Entrepreneurship and Innovation

Entrepreneurship

- ◆ Centralized data centers, call centers and R&D centers
- ◆ Function of North and South Bases took effect
- ◆ 5 regional logistics centers commenced operations

Innovation and development

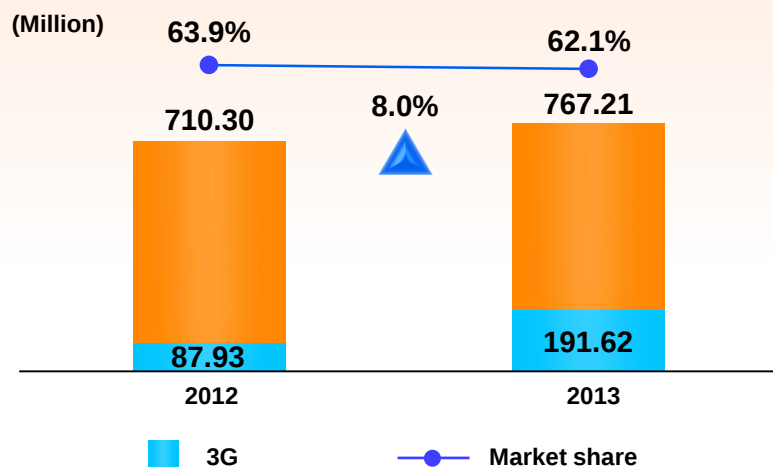
- ◆ Strived to commercialize VoLTE
- ◆ Actively promoted unified communications

Enhanced management

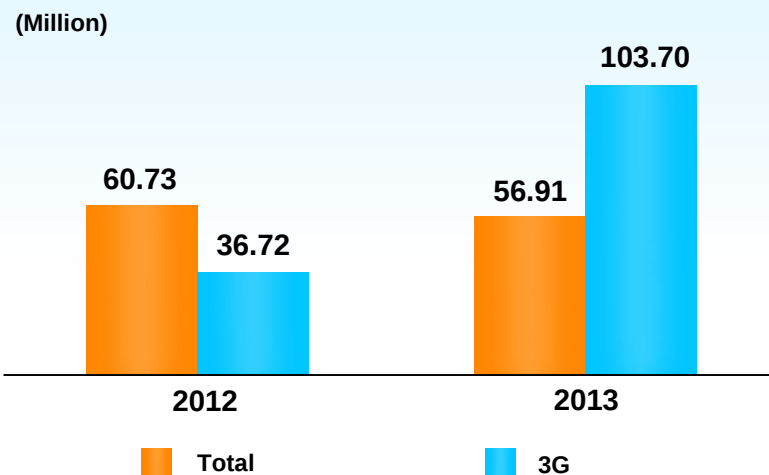
- ◆ Centralized management
- ◆ Professional operations
- ◆ Market-oriented mechanisms
- ◆ Lean organizational structure
- ◆ Standardization of processes

Maintained Scale Advantage in Customer Base

Total Customers



Net Additional Customers

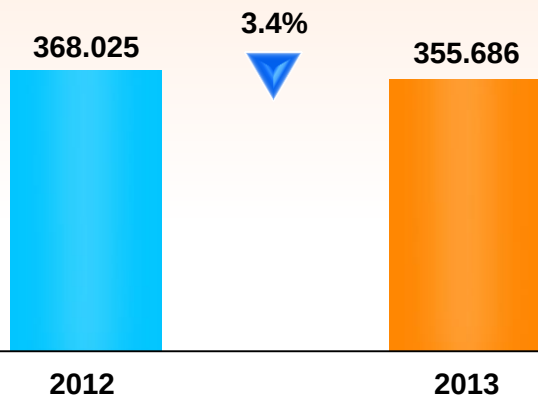


- Competition intensified, market share slipped
- Strengthened management of existing business, mid-to-high end customer base remained stable
- Strengthened corporate customer management, market competitiveness effectively enhanced

Voice Business Declined

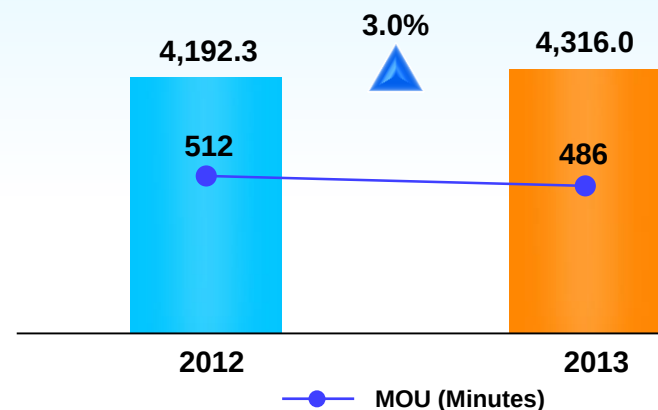
Voice Services Revenue

(RMB Billion)



Total Voice Usage

(Billion Minutes)

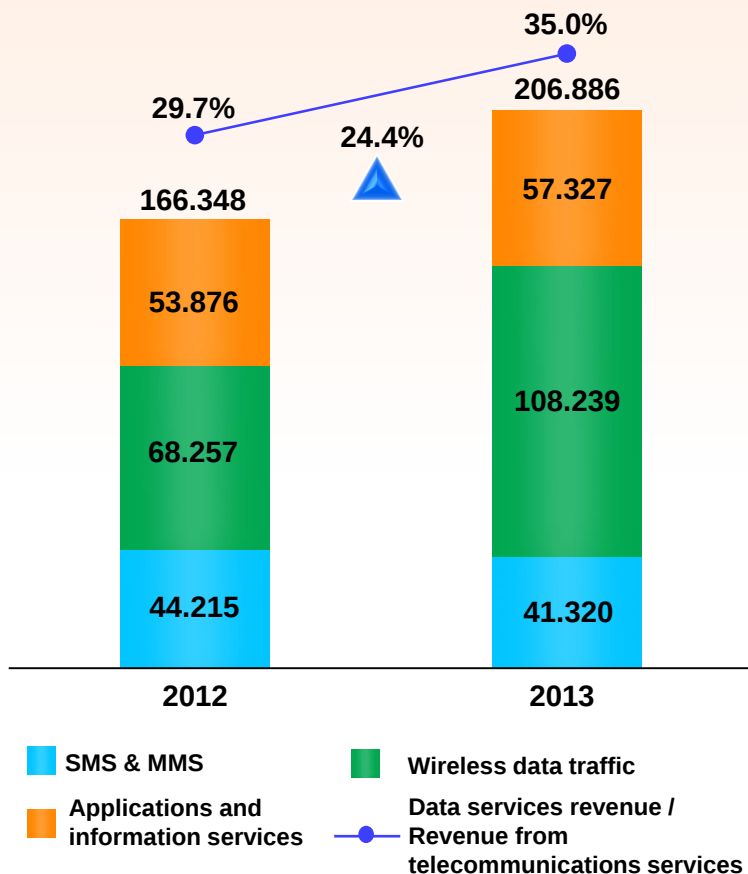


- Impacted by Internet substitution, voice services revenue dipped
- Simplified tariff structure, implemented self-customization by users, promoted transparent spending, strengthened voice operations

Rapid Development of Data Services

Data Services Revenue

(RMB Billion)



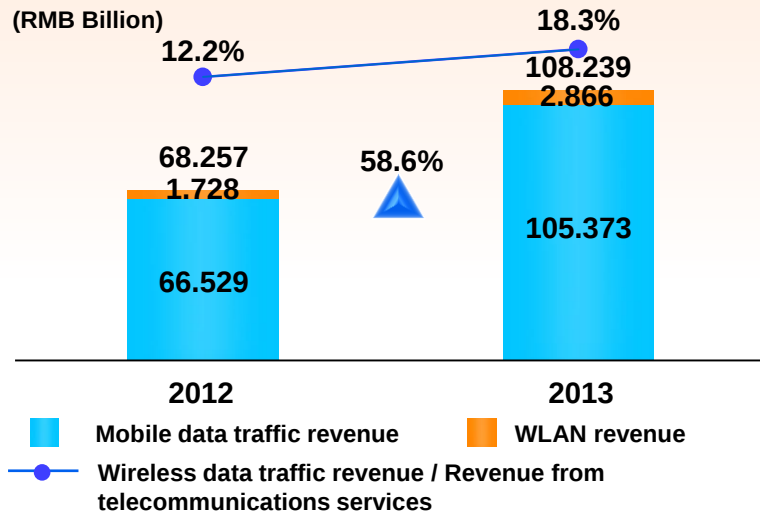
Strive to establish a revenue structure which supports sustainable growth

- Data traffic is becoming a new impetus for revenue growth
- Information consumption brings latitude for sustainable value accretion

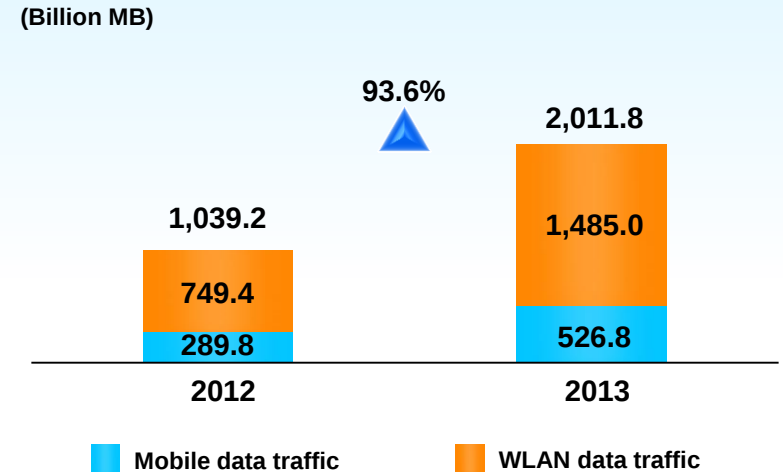
Rigorous Growth of Wireless Data Traffic



Wireless Data Traffic Revenue



Wireless Data Traffic



Strengthened Data Traffic Operations

- ⊗ Maintained rapid growth through expanding customer base, promoting usage and stabilizing value
- ⊗ Enhanced penetration of businesses, optimized tariff structure, explored new billing and sales models
- ⊗ Strengthened network distribution and diversion, optimized traffic carriage structure and strived to lower costs

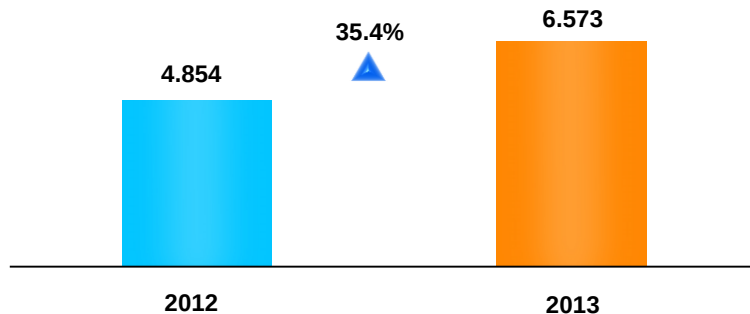
Actively Develop New Businesses

Mobile Internet

- Leveraged the master brand to promote product enhancement
- Utilized MM, Lingxi, Fetion and “Wireless City” as access
- Actively promoted unified communications
- Corporate: IMS, ICT
Family: Internet TV, Home Gateway
Individual: Cloud Services

Content-based Business Revenue

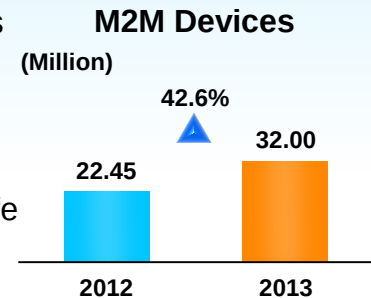
(RMB Billion)



The above content-based business revenue comprises music (excluding Color Ring), reading, video, gaming and animation

Internet of Things

- Innovative development of standardized chipsets and modules
- Launched self-branded devices for Internet of Things
- Integrated in personal life and across industries
- Realized low-cost scale development



Core Capabilities of Key Strategic Areas

Location
Service

Mobile
E-Commerce

Smart Voice

Innovative
Full Service

...

...

Steady Progress of Four-Network Co-ordination

- >500,000 base stations in 2014
- Promote VoLTE commercialization and development of unified communications

TD-LTE

- Base stations reached 446,000, network utilization uplifted to 27.1%
- Enhanced customer retention and improved network utilization

TD-SCDMA

- APs reached 4.29 million
- Improved authentication quality to realize low-cost diversion

WLAN

GSM

- Base stations reached 881,000, network utilization at 71.0%
- Optimized existing base stations, safeguarded leadership in coverage and voice quality

Evident Results in Professional Operations



Devices

- Strong and prosperous TD-SCDMA device supply chain
- TD-LTE devices compliant with international standards, scalable and low-cost
- Self-branded devices gained market recognition
- Sold 150 million TD-SCDMA handsets across the Company

International Business

- Substantially enhanced international network capabilities
- Realized RMB1/2/3 international roaming zone voice tariffs
- Promoted RMB3/6/9 international roaming data packages
- Leapfrogged customer perception

Corporate Customers

- Published whitepaper on products for corporate customers
- Improved product R&D and systems integration capabilities
- IDC, IP-VPN lines developed rapidly
- Revenue from corporate telecommunications and information services up 31%

Other Professional Operation Sectors

Mobile
Internet

Internet of
Things

E-Commerce

Information
Security

...

...

Remarkable Achievement in Energy Conservation & Emissions Reduction



Realized a 23% decrease in power consumption per unit of business in 2013

- ⊗ Promoted energy saving technology for communications equipment
- ⊗ Built multi-climate energy-saving base stations
- ⊗ Promoted application of green energy
- ⊗ Promoted tiered energy conservation standards of equipment
- ⊗ Promoted green packaging
- ⊗ Introduced energy conservation technologies and standards for 4G



Realize Sustainable and Healthy Development

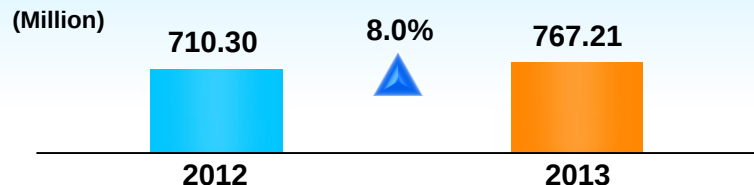


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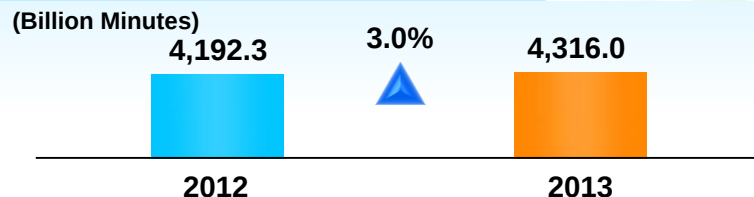
Financial Results for 2013

Stable Revenue Growth

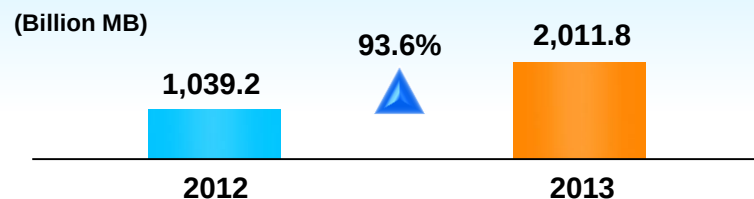
Total Customers



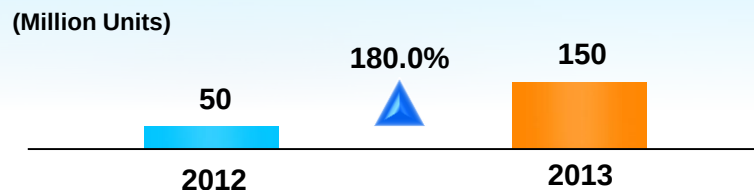
Total Voice Usage



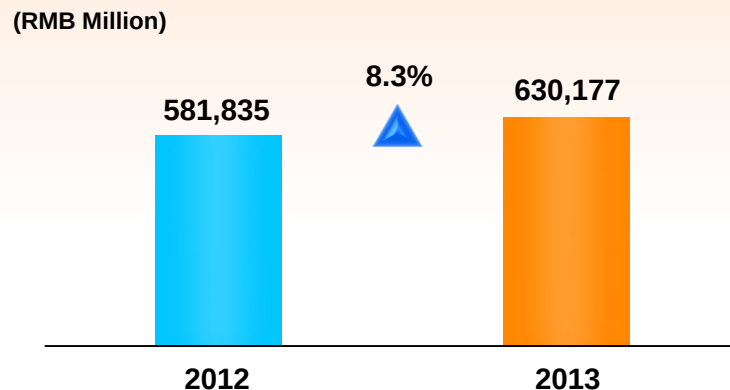
Wireless Data Traffic



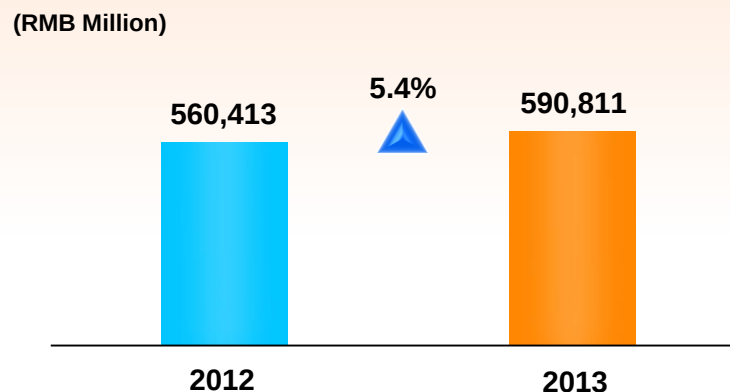
TD-SCDMA Handsets Sold



Operating Revenue



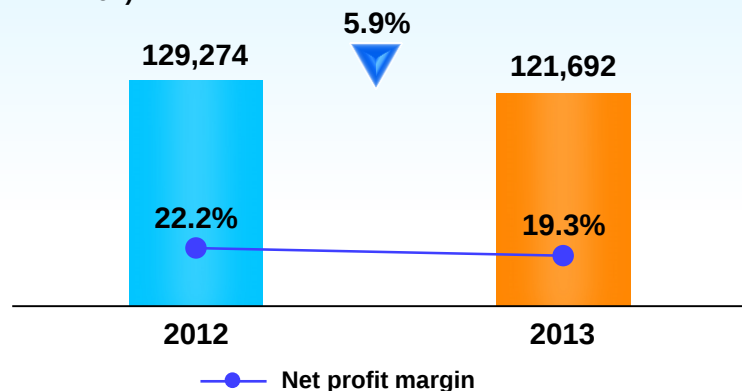
Telecommunications Services Revenue



Industry-leading Profitability

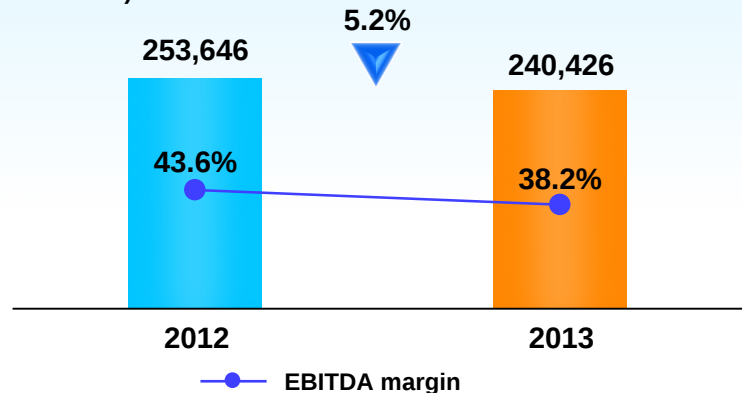
Net Profit

(RMB Million)



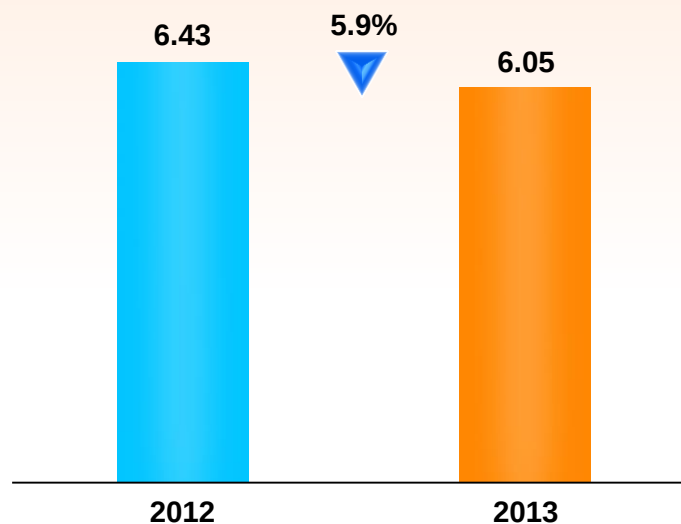
EBITDA

(RMB Million)



Basic EPS

(RMB)



Note: In 2013, before the Group presents the revenue from sales of products and related cost of products sold separately, net profit margin and EBITDA margin were 20.6% and 40.7% respectively.

Healthy Cash Flow Maintained Continuously



Healthy and Efficient Capital Management

- Continued healthy cash flow generating capability
- Secure fund management
- Centralized fund allocation
- Highly centralized corporate financing
- Prudent investment strategies

Net Cash Inflow from Operating Activities

(RMB Million)

230,709

224,985

2012

2013

Free Cash Flow

(RMB Million)

103,306

40,097

2012

2013

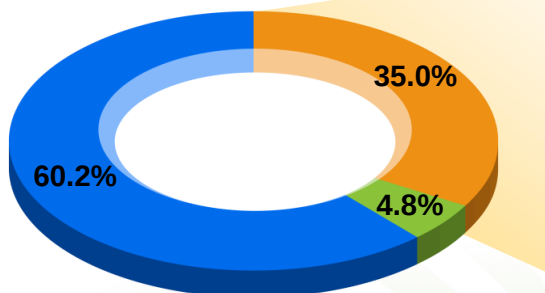
- Support the continuously favorable business growth

- Provided a solid foundation for the sustainable healthy development of the Company

- Created value for shareholders

Further Optimize the Structure of Revenue

2013



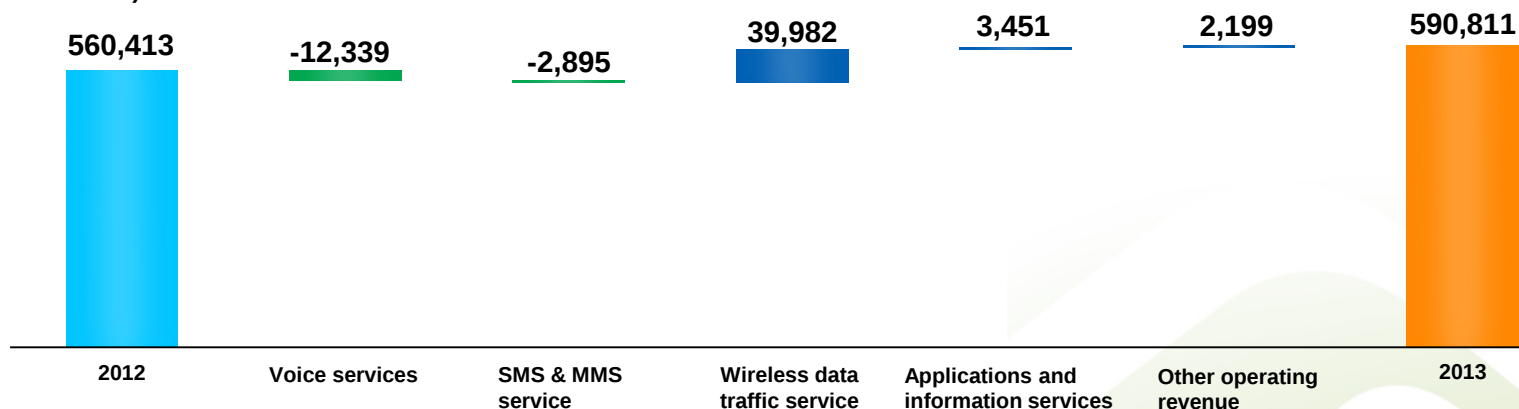
■ Voice services revenue
 ■ Data services revenue
 ■ Other operating revenue

	2013	2012	2011
SMS & MMS Revenue	7.0%	7.9%	8.8%
Wireless Data Traffic Revenue	18.3%	12.2%	8.4%
Applications and Information Services Revenue	9.7%	9.6%	9.2%
Data Services Revenue	35.0%	29.7%	26.4%

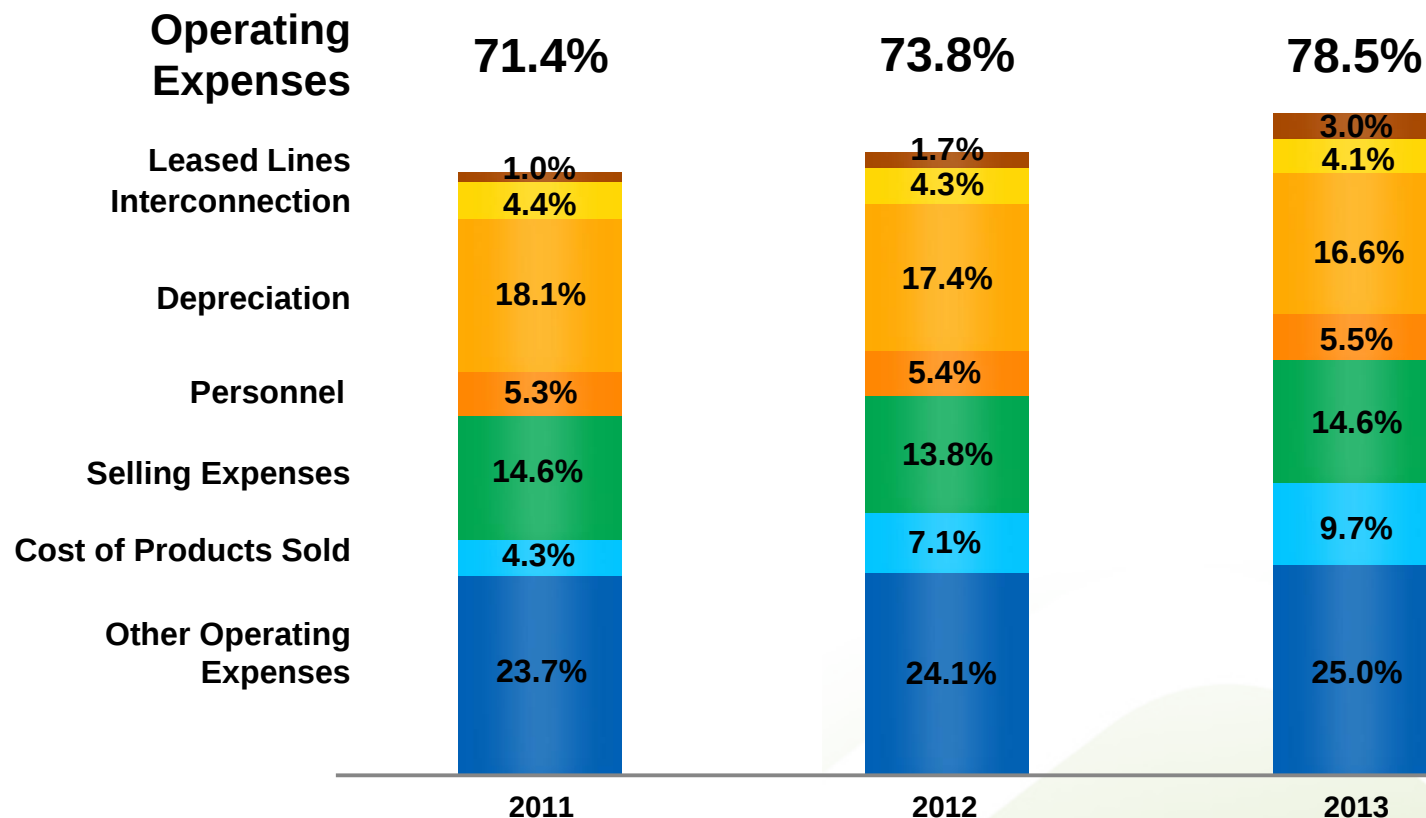
Note: The above data are expressed as a percentage of telecommunications services revenue

Telecommunications Services Revenue

(RMB Million)



Increasing Pressure on Operating Expenses



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

Continuously Strengthen Control of Operating Expenses

Resources Investment Demands

- Explosive growth of mobile data traffic
- Maintenance of high-quality network capabilities
- Existing customers maintenance, service level improvement
- Increase in demand for developing corporate information services

Cost Control Difficulties

- Increased investment demand of 4G network, transmission and others continuously growing asset scale
- Large proportion of fixed cost including asset, personnel, limited room for operating expenses control
- Resource price growth driven by increasing CPI, continuous increase in utilities, operating lease charges and others

Forward-looking planning
Effective resource allocation
Rational investment
Refined management

Resources Deployment Principle

Optimal Utility of Limited Resources

Cost Control Measures

- Centralized management for procurement, network operation and maintenance, customer services
- Implement product costing
- Strengthen benchmarked cost-management
- Enhance benefit assessment of resources usage
- Greatly compress administrative expense

Cost Control Achievement

- The growth of operating expenses was under considerable control
- Marketing cost for device down 50% yoy per net additional TD customer
- Average subsidy per TD terminal down 10% yoy
- Administrative expense down 15% yoy

Healthy and Solid Capital Structure

	2013.12.31 (RMB Million)	2012.12.31 (RMB Million)
Short Term Debt	1,428	1,227
Long Term Debt	4,989	28,619
Total Debt	6,417	29,846
Shareholders' Equity	788,773	723,447
Total Book Capitalization	795,190	753,293
Total Debt / Total Book Capitalization	0.8%	4.0%
Cash & Bank Deposits	426,724	408,321
Net Cash*	420,307	378,475

Note: Net cash represents cash & bank deposits minus total debt

Credit Rating

Moody's
S&P

Aa3 / Outlook Stable
AA- / Outlook Stable

Thank You

Presentation of Sales of Products and Related Costs

– Appendix I

Revenue

Before Reclassification	After Reclassification
Operating Revenue	Operating Revenue
Voice Services	Telecommunications Services Revenue
Data Services	Including: Voice Services
Others	Data Services
	Others
Other Net Income	Revenue from Sales of Products and Others
Including: Sales of SIM Cards and Terminals (Note)	
Other Income	

Costs

Before Reclassification	After Reclassification
Operating Expenses	Operating Expenses
Leased Lines	Leased Lines
Interconnection	Interconnection
Depreciation	Depreciation
Personnel	Personnel
Selling Expenses	Selling Expenses
Other Operating Expenses	Cost of Products Sold
	Other Operating Expenses
Other Net Income	
Including: Cost of SIM Cards and Terminals (Note)	
Other Costs	

Note: Prior to 2013, the sales of products were incidental to the Group's telecommunications services. In 2013, the Group's sales of products have become more than incidental as a result of business development and accordingly, the Group presents the revenue from sales of products and related cost of products sold separately and the comparative figures have been presented on the same basis. Such change in presentation had no impact on reported profit or net assets for any of the periods presented.

Extracts from Audited Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2013



– Appendix II

	2013 (RMB Million)	2012 (RMB Million)	2011 (RMB Million)
Operating Revenue	630,177	581,835	537,806
Telecommunications Services Revenue	590,811	560,413	527,999
Voice services	355,686	368,025	364,189
Data Services	206,886	166,348	139,330
Others	28,239	26,040	24,480
Revenue from Sales of Products and Others	39,366	21,422	9,807
Operating Expenses	494,528	429,105	383,948
Leased Lines	18,727	9,909	5,188
Interconnection	25,998	25,140	23,533
Depreciation	104,699	100,848	97,113
Personnel	34,376	31,256	28,672
Selling Expenses	91,834	80,232	78,636
Costs of Products Sold	61,363	41,448	23,120
Other Operating Expenses	157,531	140,272	127,686

	2013 (RMB Million)	2012 (RMB Million)	2011 (RMB Million)
Profit from Operations	135,649	152,730	153,858
Non-operating Net Income	910	615	571
Interest Income	15,289	12,661	8,413
Finance Costs	(331)	(390)	(565)
Share of Profit of Associates	7,062	5,685	4,306
Share of Loss of a Joint Venture	-	(1)	(1)
Taxation	(36,776)	(41,919)	(40,603)
Profit for the Year	121,803	129,381	125,979
Attributable to:			
Equity Shareholders of the Company	121,692	129,274	125,870
Non-controlling Interests	111	107	109
Profit for the Year	121,803	129,381	125,979

Extracts from Audited Consolidated Balance Sheet
as at 31 December 2013
– Appendix III

	2013.12.31 (RMB Million)	2012.12.31 (RMB Million)
Current Assets	467,189	446,593
Non-current Assets	700,203	605,516
Total Assets	1,167,392	1,052,109
Current Liabilities	(370,913)	(297,796)
Non-current Liabilities	(5,755)	(29,004)
Total Liabilities	(376,668)	(326,800)
Net Assets	790,724	725,309

	2013	2012
Total Customers (Million)	767.21	710.30
MOU (Minutes/User/Month)	486	512
ARPU (RMB/User/Month)	67	68
Average Voice Services Revenue per Minute (RMB)	0.082	0.088
Total Voice Usage (Billion Minutes)	4,316.0	4,192.3
Wireless Data Traffic (Billion MB)	2,011.8	1,039.2
of which: Mobile Data Traffic (Billion MB)	526.8	289.8
SMS Usage (Billion Message)	734.1	744.5
Average Monthly Churn Rate	3.15%	3.25%
Average Handset Data Traffic per Month (MB/User/Month)	72	36
TD-SCDMA Handsets Sold (Million)	150	50

Forward-looking Statement



Certain Statements contained in this document may be viewed as “forward-looking statement” within the meaning of Section 27A of the U.S. Securities Act of 1993, 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 conditions and 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 the Company’s other filings with the SEC.