



中国移动
China Mobile

2014

Interim Results



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

2014 Interim Results

China Mobile Limited

14 August 2014

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

1 Overall Results for 1H 2014

2 Operating Performance for 1H 2014

3 Financial Results for 1H 2014

1 Overall Results for 1H 2014

Stable Business Growth

- Operating revenue up 7.1%, revenue from telecommunications services up 4.7%
- Net profit margin at 17.8%, maintaining favourable profitability

Accelerated Development of 4G

- Base stations reached 410,000, covering more than 300 cities, customers reached 13.94 million

Evident Impetus from Data Traffic

- Wireless data traffic revenue up 51.8%, representing 24.2% of revenue from telecommunications services

Scale Development in Devices

- 120 million handsets were sold through all distribution channels, of which 22 million were 4G handsets

Create Sustainable Value

- Interim dividend HK\$1.540 per share, 2014 planned dividend payout ratio 43%

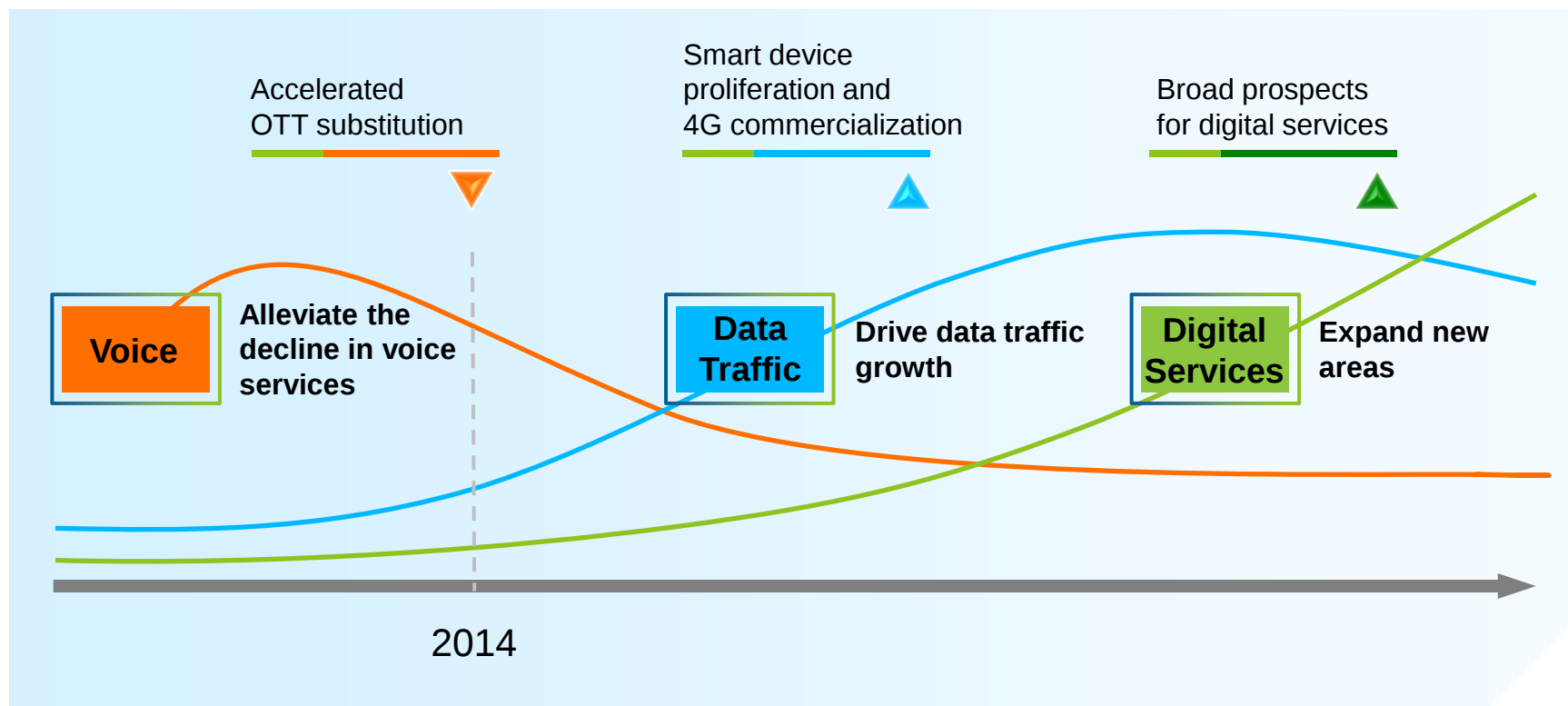
Operating Performance

	1H 2013	1H 2014	Changes
Operating Revenue (RMB Billion)	303.104	324.681	7.1%
of which: Revenue from Telecommunications Services (RMB Billion)	284.671	297.910	4.7%
EBITDA (RMB Billion)	123.687	118.265	-4.4%
EBITDA Margin ²	40.8%	36.4%	-4.4ppt
EBITDA as % of Revenue from Telecommunications Services	43.4%	39.7%	-3.7ppt
Net Profit (RMB Billion)	63.128	57.742	-8.5%
Net Profit Margin	20.8%	17.8%	-3.0ppt
Basic Earnings per Share (RMB)	3.14	2.86	-9.0%

Note 1: Pilot program for the transformation from business tax to value-added tax extended to cover the telecommunications industry from 1 June 2014

Note 2: EBITDA Margin = EBITDA/Operating Revenue

Promote Strategic Transformation



Transformation

Voice-centric operations

Mobile communications services

Developing communications services



Data-centric operations

Innovative full-services

Developing digital services

Seize First Mover Advantage

- Developed 13.94 million customers, sold 22 million handsets
- 410,000 base stations in operation, covering over 300 cities
- Rapidly established real-time billing and reminder system
- Promoted 4G tariff plans with lowered user threshold
- Launched lossless music, HD video, high-speed games, etc



“Fixed combination”
Plan



“Build your own”
Plan



Online Data
Package



Upgrade Plan

Establish 4G Competitiveness

Rapid Network
Construction and
Coverage

Continuous
Network
Optimization

Scale Sales of
Devices

Actively Encourage
SIM Swap

Vigorously
Promote Packages

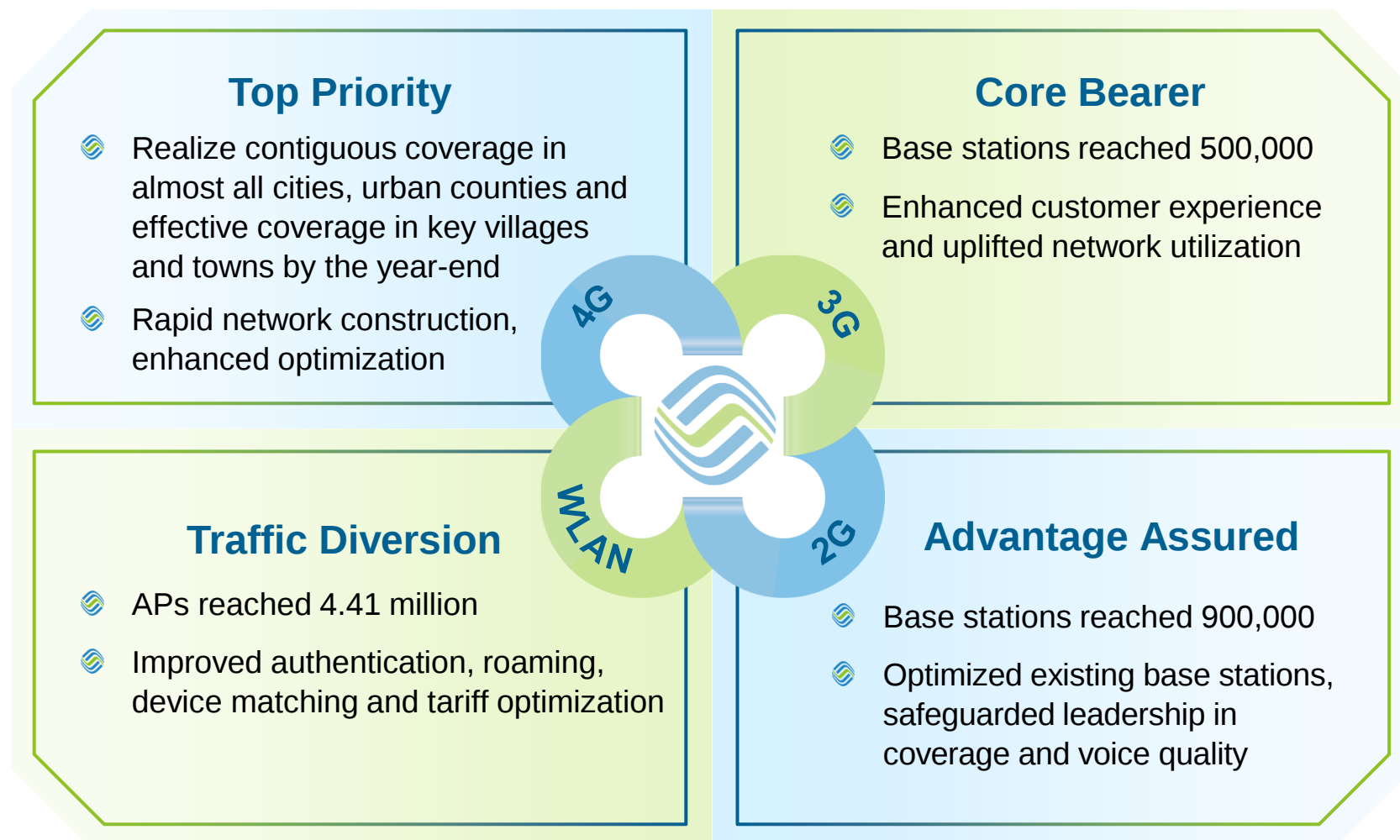
Push Forward
VoLTE and RCS



2014 Targets:

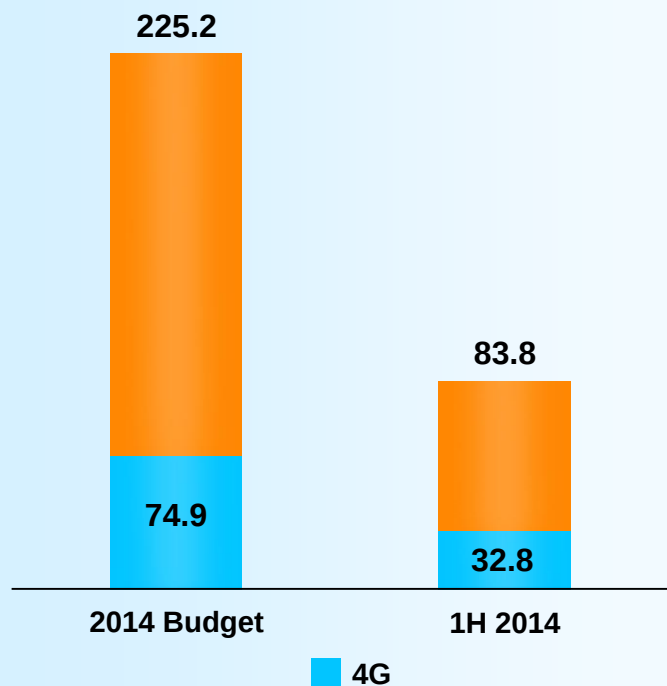
> 500,000 base stations, 100 million
handsets, 50 million customers

Deepen Four-Network Co-ordination

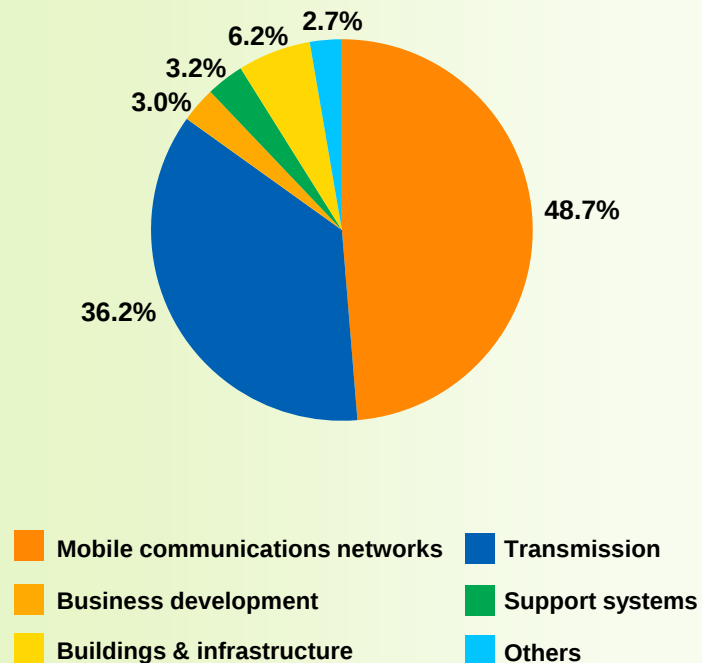


CAPEX

(RMB Billion)



CAPEX Structure in 1H 2014



Maintain voice advantage, satisfy demand for data traffic,
support business innovation and strengthen accumulation of resources

Strive to Create Value for Shareholders



2 Operating Performance for 1H 2014

Enhanced Quality

- Network - enhanced customer perception
- Product - improved customer experience
- Internet traffic on-net rate uplifted
- Data traffic carriage optimized

Improved Service

- Front-end localization and back-end centralization
- Transparent consumption and customization
- Regulated spam messages and malware
- Customer complaints rate remained lowest in the industry

Entrepreneurship

Device Company

- Lowered device prices and channel costs
- Self-branded handsets set a trend for industry

International Company

- Innovated roaming tariffs
- Promoted 4G roaming

Government and Corporate Company

- Increased market share
- Enhanced products capabilities

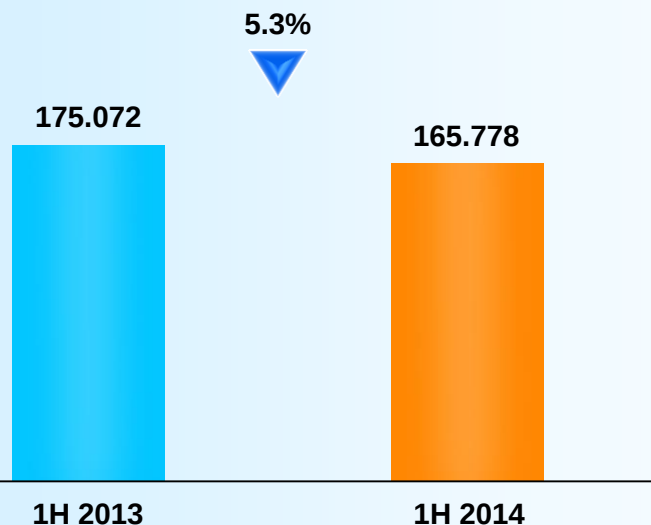
Innovative Development

- Promoted VoLTE and RCS
- Developed digital services
- Promoted efficient and centralized channels
- Innovated customer preference oriented marketing model

Traditional Businesses under Pressure

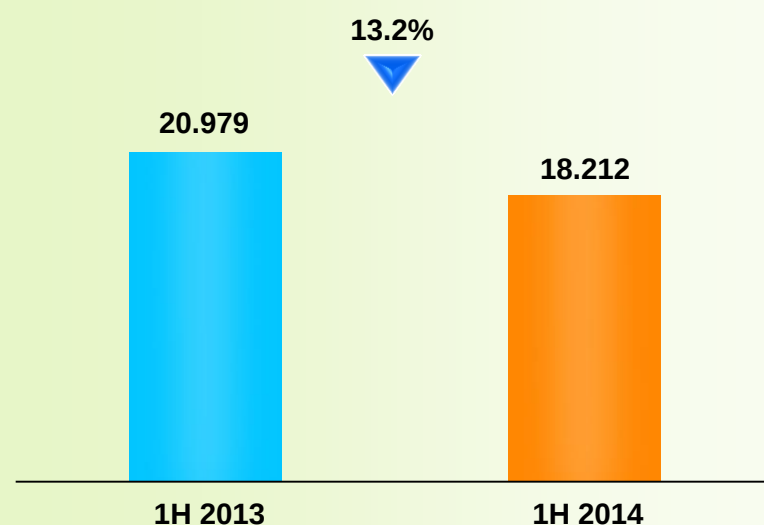
Voice Services Revenue

(RMB Billion)



SMS & MMS Revenue

(RMB Billion)



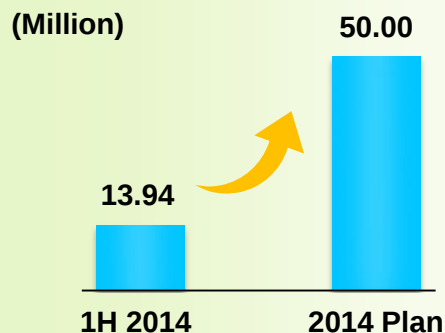
Strive to maintain value of traditional businesses and extend the window period of strategic transformation

Actively Develop 4G

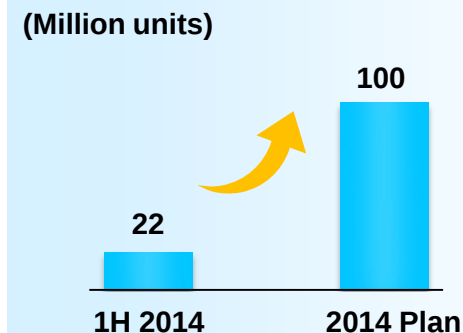
Base Stations



Customers



Handsets Sold



Network Construction

- ◆ Build the world's largest 4G network by the year-end
- ◆ Realized international roaming with 8 operators

Customer Feedback

- ◆ Significantly shortened time delay of internet access
- ◆ Greatly enhanced customer perception in video, etc

Business Development

- ◆ Undertook 13.4% of mobile data traffic recently
- ◆ 4G: 2 times of blended ARPU; 6 times of blended DOU

Globalized Operation

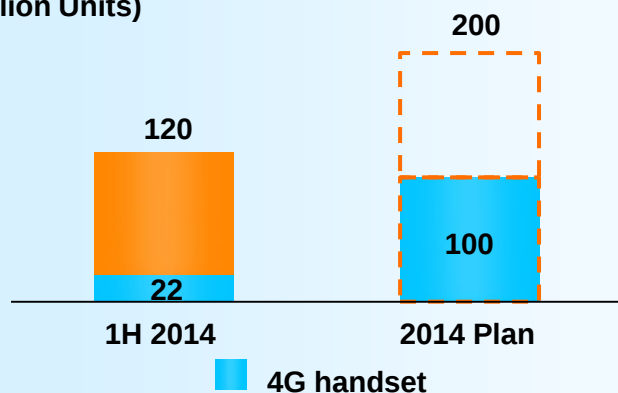
- ◆ 39 TD-LTE commercial networks world-wide
- ◆ "One handset around the world"



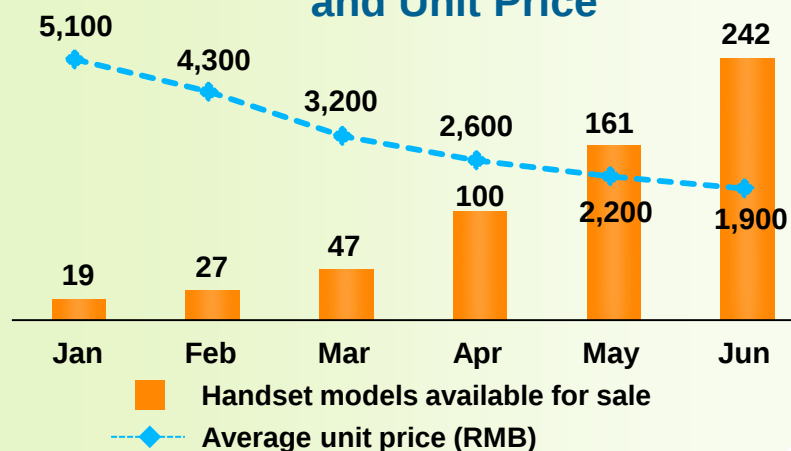
Scale Development of Devices

Handsets Sold

(Million Units)



Number of 4G Handset Models and Unit Price



- Device subsidies inclined to 4G
- More than 5 million 4G handsets sold in June

Self-owned
Channel

Social
Channel

E-commerce
Channel

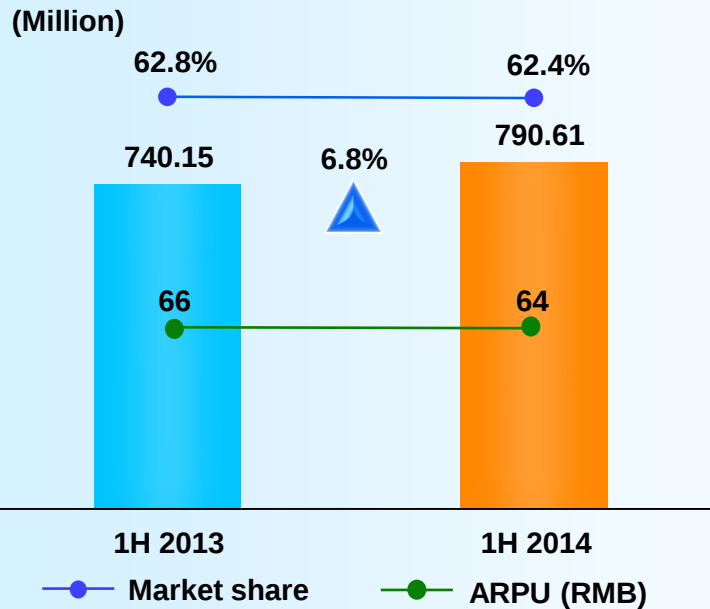
- Nearly 140 handset models of 4G at ~RMB1,000, price of 5-mode handsets reduced to below RMB800
- High, medium and low-end 4G chipsets increasingly mature
- Debuted self-branded, 5-mode 10 frequency handset "M811" at ~RMB1,000



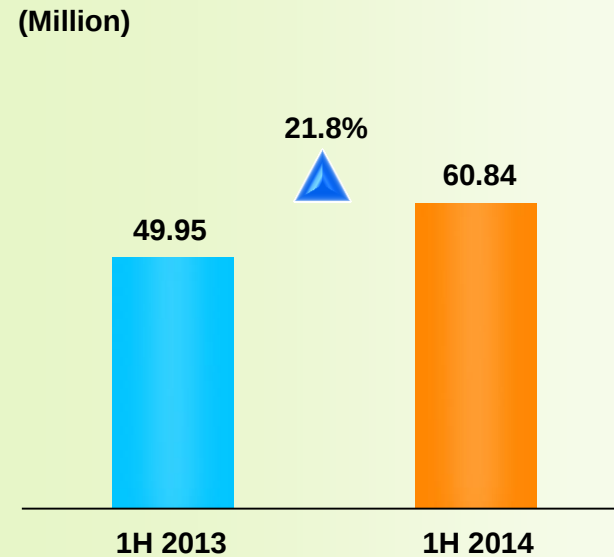
- Qualcomm chipsets
- Supporting NFC
- Five-inch HD screen
- 8-megapixel camera

Maintain Scale Advantage in Customer Base

Total Customers



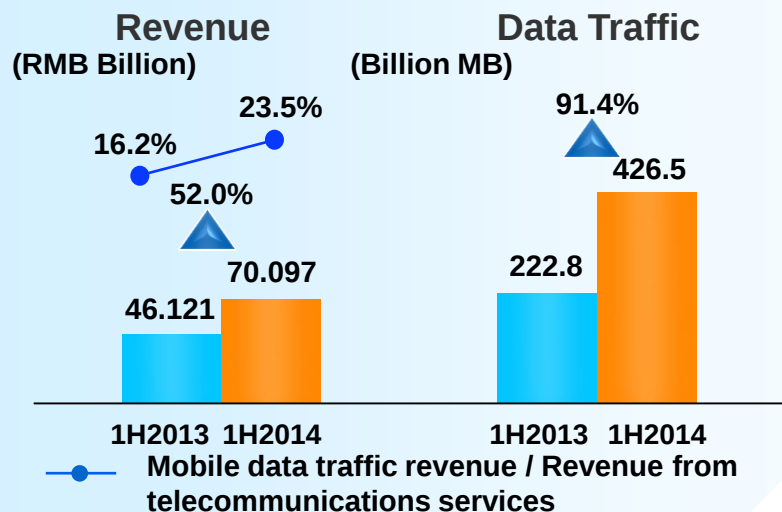
Net Additional Customers of 3/4G



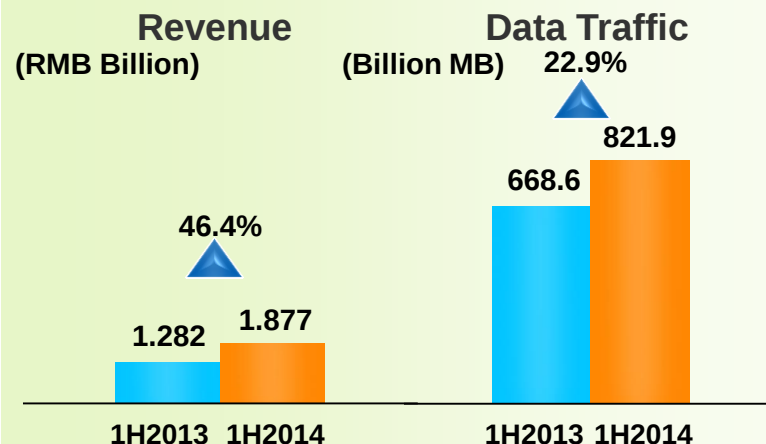
Evident results in the existing business management,
mid-to-high end customer base remained stable

Strengthen Data Traffic Operations

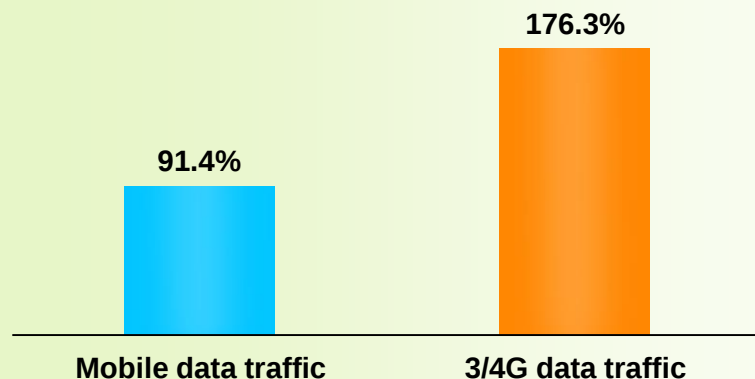
Mobile Data Traffic



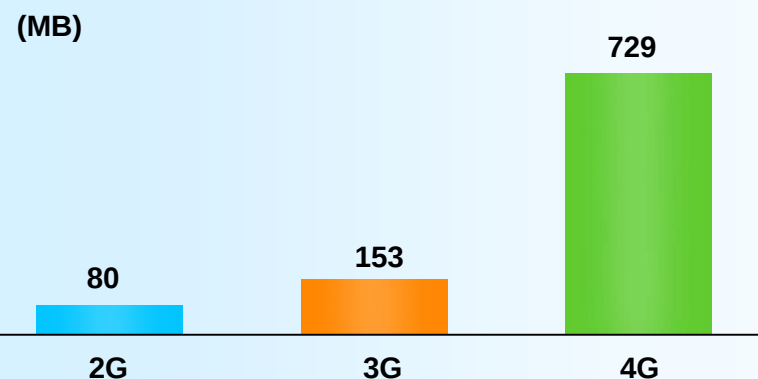
WLAN



Data Traffic YoY Growth



Customer DOU

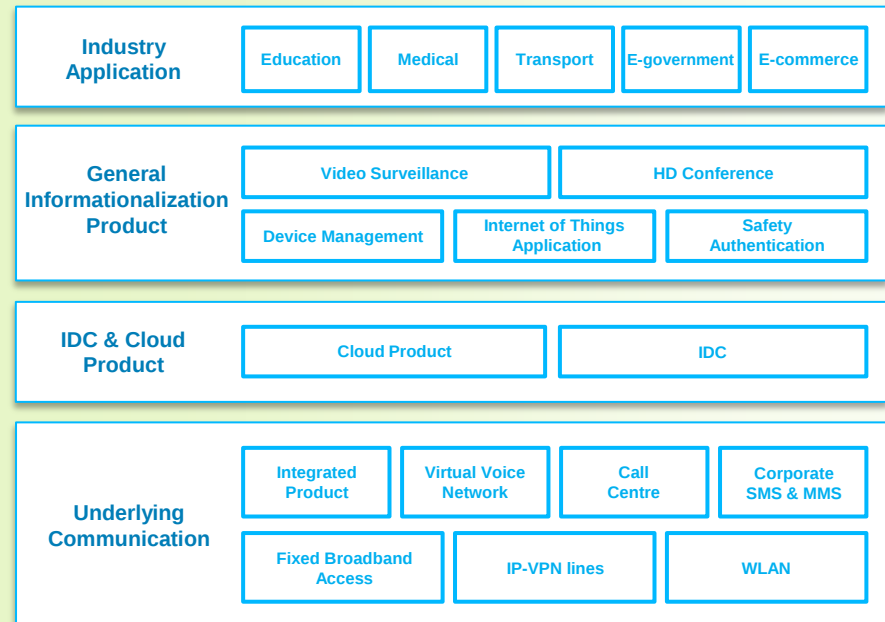


Strengthen Corporate Customer Management

- Corporate customers reached 3.27 million
- Revenue from corporate communications and informationalization services grew rapidly
- Revenue from IP-VPN lines and IDC up 42%, 120% respectively

- Market competitiveness enhanced
- Innovation capabilities for self-branded products strengthened
- End-to-end service level improved

Informationalization Services and Solutions



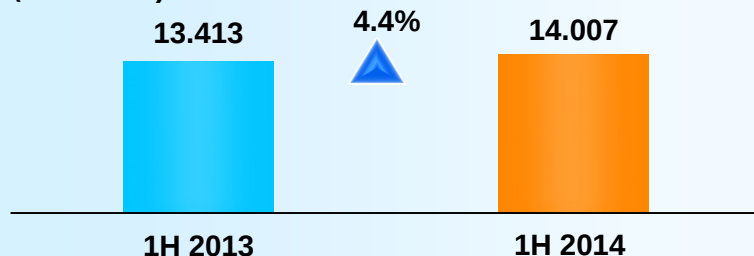
Industry Devices

-  E - schoolbag
-  Device for Confidential purpose
-  Police Force Device



“and - Entertainment” Revenue

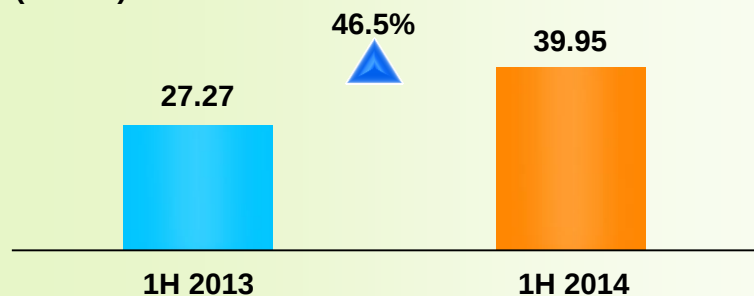
(RMB Billion)



Revenue from “and - Entertainment” comprises music, reading, video, gaming, animation, MM and Mobile Paper

Internet of Things M2M Device

(Million)



Mobile Changes Life



Device Native Mode Supports VoLTE and RCS



New Calls



New Messages



New Contacts

Unified Communications

Innovative Marketing System and Strictly Control Marketing Costs

Targets

Promote 3-year plan, gradually build up efficient marketing system

- More streamlined businesses
- More convenient services
- More explicit communications
- More benefits to the customers



Strictly Control Marketing Costs

- Selling expenses and device subsidies* are expected to be reduced by over RMB20 billion in 2014
- Continue to strictly control marketing costs in the next 2 years

Measures

- Enhance the marketization of device sales to cut down device subsidies
- Promote transformation of social channels to reduce reliance on commissions for mobile number subscription
- Strengthen the centralized management of advertising and promotion to reduce expenses
- Gradually eliminate physical products promotion, close VIP lounges at airports to reduce the investment of low-efficiency marketing resources
- Strengthen customer retention and loyalty management to promote existing business operation
- Simplify and unify tariff plans and enhance tariff concessions to benefit customers more directly

* Device subsidies listed under “cost of products sold” in the statement.

Remarkable Achievement in Energy Conservation & Emissions Reduction



Aims to realize a 13.5% decrease in overall energy consumption per unit of information flow in 2014

- Energy-saving base stations
- Smart power-saving technology
- New energy
- Green ICT application
- LTE tiered energy conservation standards
- Recycled packaging
- Battery recycling
- Participate in energy saving for industry chain

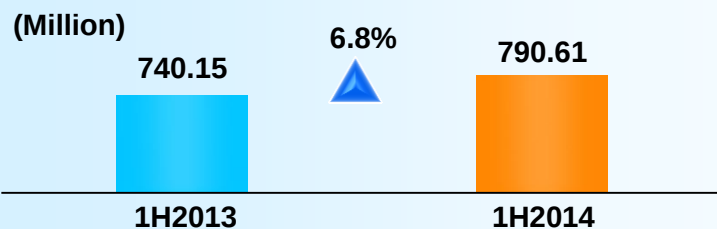
Commit to “Mobile Changes Life Become a Trustworthy Digital Services Expert”



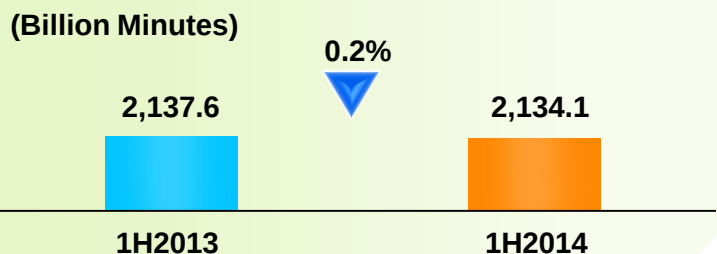
3 Financial Results for 1H 2014

Stable Revenue Growth

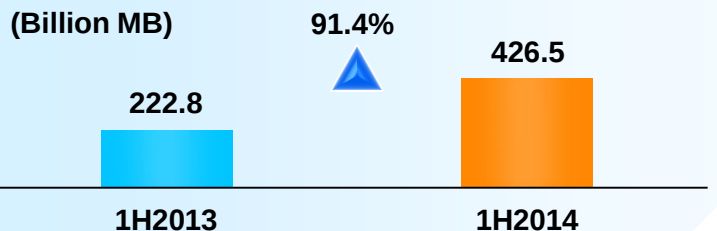
Total Customers



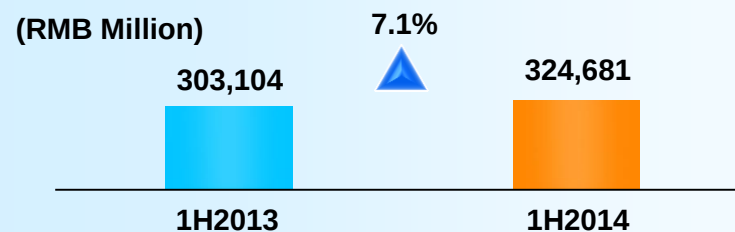
Total Voice Usage



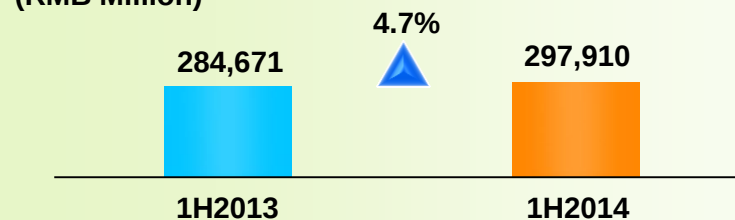
Mobile Data Traffic



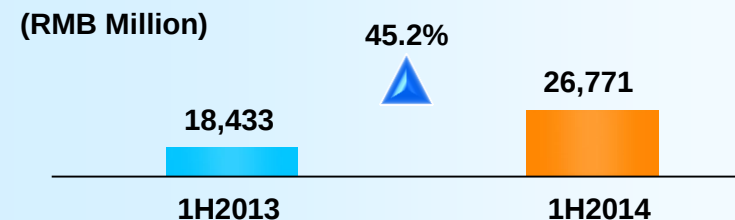
Operating Revenue



Revenue from Telecommunications Services



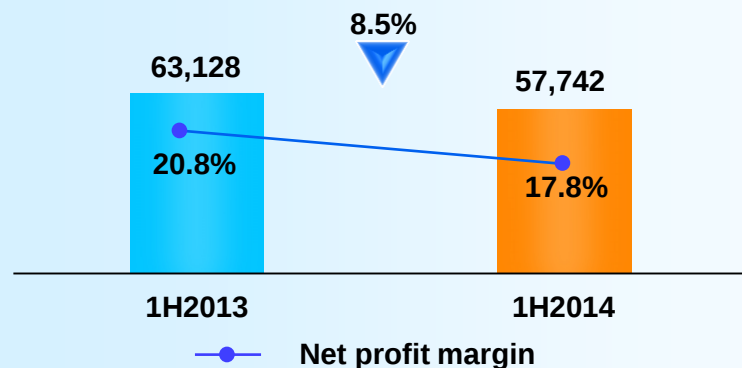
Revenue from Sales of Products and Others



Industry-leading Profitability

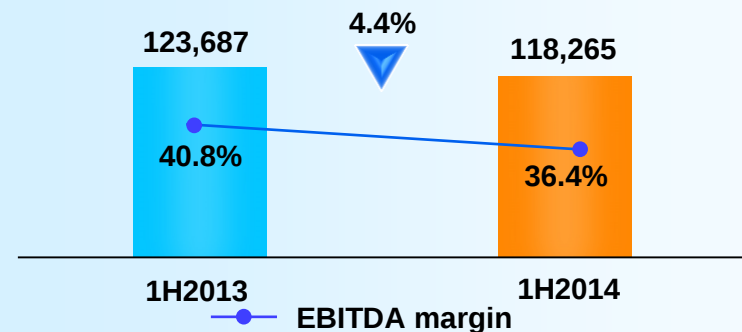
Net Profit

(RMB Million)



EBITDA

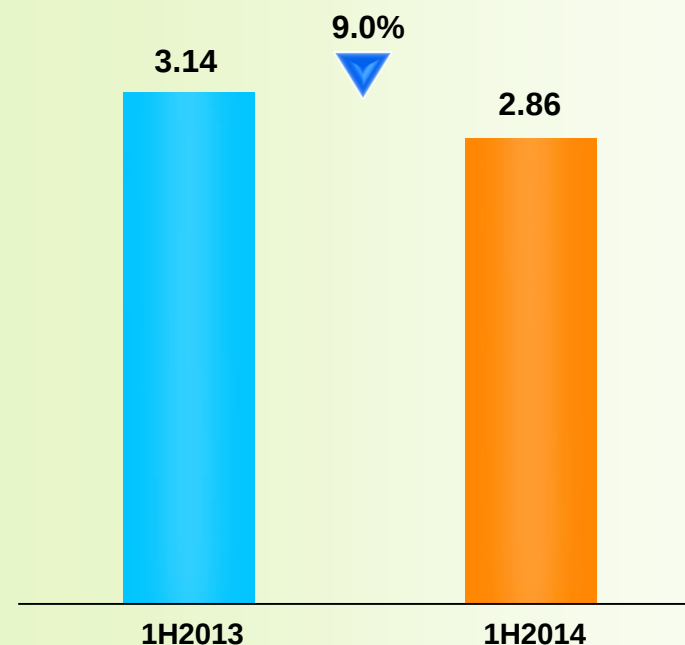
(RMB Million)



Note: In the first half of 2014, EBITDA as a percentage of revenue from telecommunications services was 39.7% and decreased by 3.7 percentage points as compared to the same period of last year.

Basic EPS

(RMB)



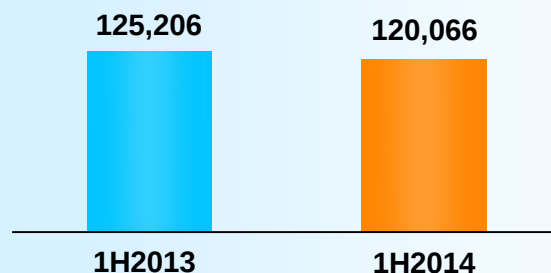
Healthy Cash Flow Maintained Continuously

Healthy and Efficient Capital Management

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

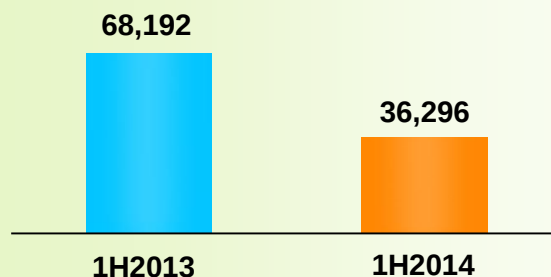
Net Cash Inflow from Operating Activities

(RMB Million)



Free Cash Flow

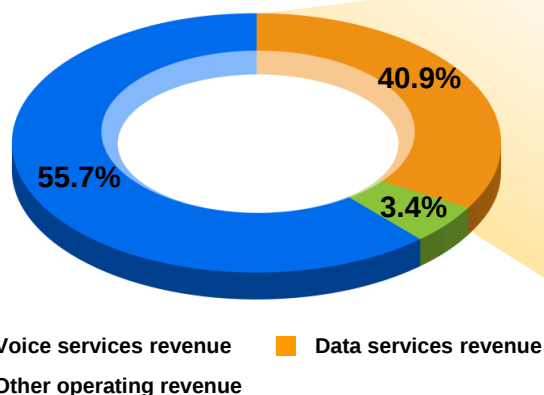
(RMB Million)



- 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

1H2014

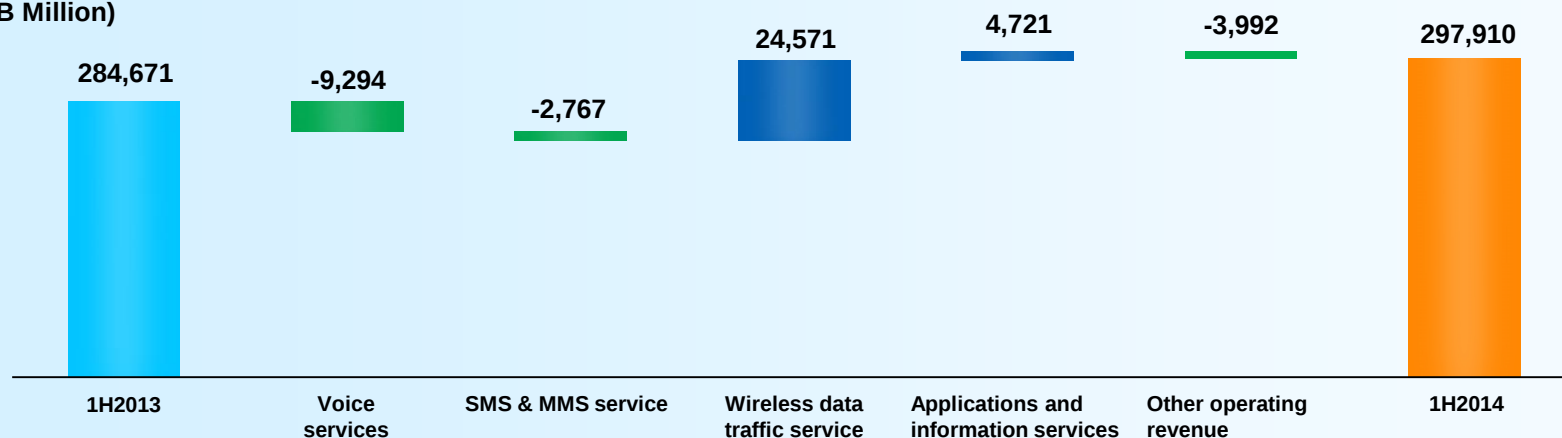


	1H2014	2013	1H2013
SMS & MMS Revenue	6.1%	7.0%	7.4%
Wireless Data Traffic Revenue	24.2%	18.3%	16.6%
Applications and Information Services Revenue	10.6%	9.7%	9.5%
Data Services Revenue	40.9%	35.0%	33.5%

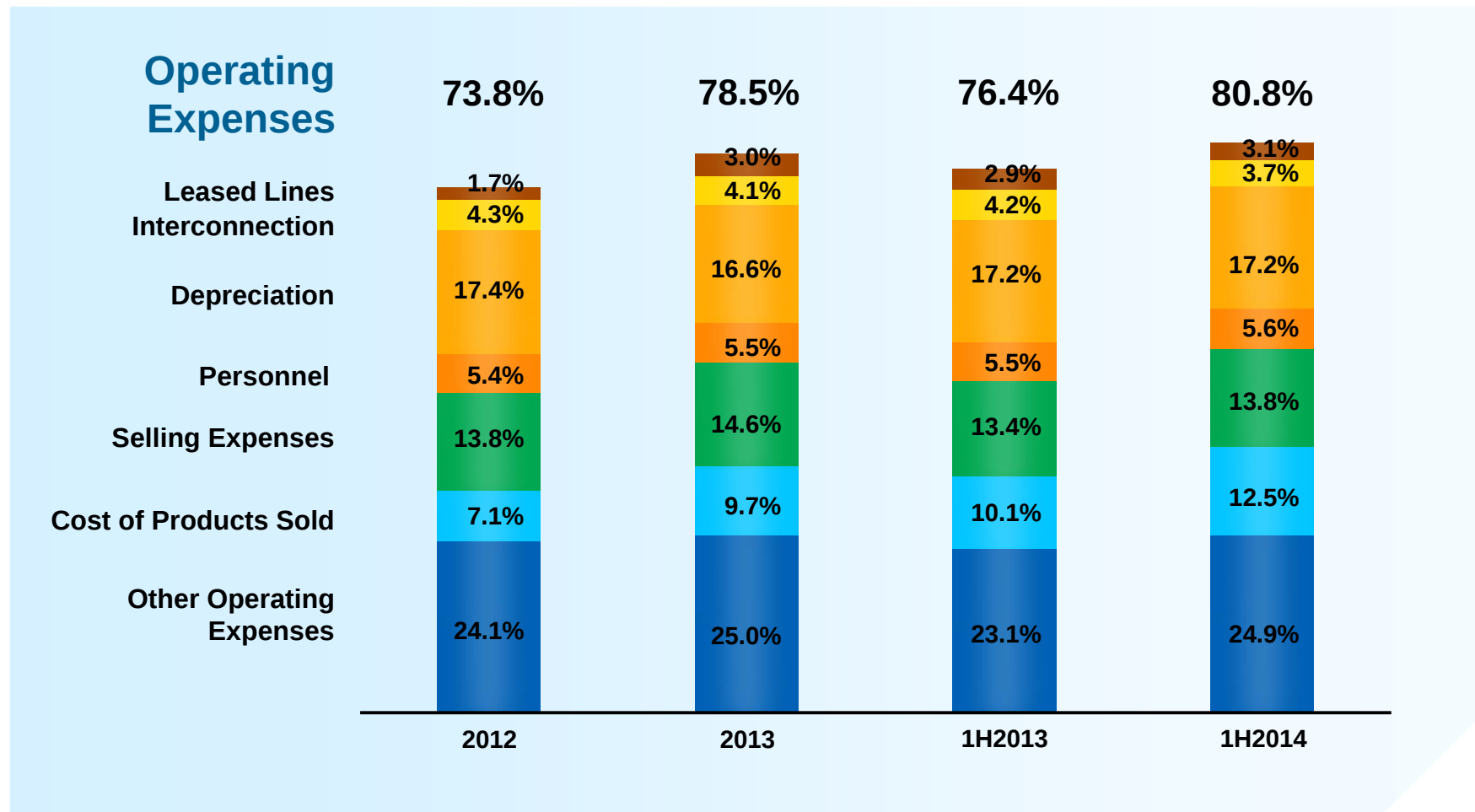
Note: The above data are expressed as a percentage of revenue from telecommunications services.

Revenue from Telecommunications Services

(RMB Million)



Increasing Pressure on Operating Expenses



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

Healthy and Solid Capital Structure

	2014.06.30 (RMB Million)	2013.12.31 (RMB Million)
Short Term Debt	1,428	1,428
Long Term Debt	4,991	4,989
Total Debt	6,419	6,417
Shareholders' Equity	826,108	788,773
Total Book Capitalization	832,527	795,190
Total Debt / Total Book Capitalization	0.8%	0.8%
Cash & Bank Deposits	463,138	426,724
Net Cash*	456,719	420,307

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

Credit Rating

**Moody's
S&P**

**Aa3 / Outlook Stable
AA- / Outlook Stable**

Thank You

Extracts from Unaudited Consolidated Statement of Comprehensive Income for the Six Months Ended 30 June 2014

– Appendix I



	1H2014 (RMB Million)	1H2013 (RMB Million)
Operating Revenue	324,681	303,104
Telecommunications Services Revenue	297,910	284,671
Voice services	165,778	175,072
Data Services	121,913	95,388
Others	10,219	14,211
Revenue from Sales of Products and Others	26,771	18,433
Operating Expenses	262,327	231,680
Leased Lines	10,235	8,857
Interconnection	12,116	12,833
Depreciation	55,868	52,223
Personnel	18,115	16,534
Selling Expenses	44,700	40,625
Costs of Products Sold	40,523	30,601
Other Operating Expenses	80,770	70,007

	1H2014 (RMB Million)	1H2013 (RMB Million)
Profit from Operations	62,354	71,424
Non-operating Net Income	332	387
Interest Income	7,870	7,324
Finance Costs	(114)	(167)
Share of Profit of Associates	3,966	3,308
Taxation	(16,619)	(19,095)
Profit for the Period	57,789	63,181
Attributable to:		
Equity Shareholders of the Company	57,742	63,128
Non-controlling Interests	47	53
Profit for the Period	57,789	63,181

Extracts from Unaudited Consolidated Balance Sheet
as at 30 June 2014
– Appendix II



	2014.06.30 (RMB Million)	2013.12.31 (RMB Million)
Current Assets	505,985	467,189
Non-current Assets	738,181	700,203
Total Assets	1,244,166	1,167,392
Current Liabilities	(410,298)	(370,913)
Non-current Liabilities	(5,772)	(5,755)
Total Liabilities	(416,070)	(376,668)
Net Assets	828,096	790,724

	1H2014	2013
Total Customers (Million)	790.61	767.21
of which: 3G Customers (Million)	238.52	191.62
4G Customers (Million)	13.94	-
MOU (Minutes/User/Month)	460	486
ARPU (RMB/User/Month)	64	67
Average Voice Services Revenue per Minute (RMB)	0.078	0.082
Total Voice Usage (Billion Minutes)	2,134.1	4,316.0
Mobile Data Traffic (Billion MB)	426.5	526.8
SMS Usage (Billion Message)	305.8	734.1
Average Monthly Churn Rate	3.18%	3.15%
Average Handset Data Traffic per Month (MB/User/Month)	119	72
Handsets Sold through All Distribution Channels (Million)	120	150

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.