



2013 Interim Results

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



Reform &
Innovation



Strategic
Transformation



Sustainable
Growth





2013 Interim Results

China Mobile Limited
15 August 2013



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



1

Overall Results for 1H 2013

2

Operating Performance for 1H 2013

3

Financial Results for 1H 2013



1

Overall Results for 1H 2013



Highlights



Overcame Difficulties and Challenges, Operating Performance Steady

- Operating revenue up 10.4%, revenue from telecommunications services up 6.8%
- Net profit margin at 20.8%

Customer Scale Advantage Maintained, Voice Business Foundation Solid

- Customers over 740 million
- Voice usage up 3.7%

Fast Data Business Development, More Evident Growth through Data Traffic

- Data services revenue rose to 33.5% of revenue from telecommunications services
- Wireless data traffic revenue up 62.2%

3G Development Accelerated, Active Preparation for 4G Commercialization

- TD handset sales up ~1.5 fold, 3G customers over 137 million
- Encouraging TD-LTE network and device development

Sustainable and Healthy Development to Create Shareholder Value

- 2013 interim dividend HK\$1.696 per share
- 2013 planned dividend payout ratio 43%



Steady Operating Performance



	1H 2012	1H 2013	Change
Operating Revenue (RMB Billion)	274.467	303.104	10.4%
of which: Revenue from Telecommunications Services (RMB Billion)	266.530	284.671	6.8%
EBITDA (RMB Billion)	123.051	123.687	0.5%
EBITDA Margin	44.8%	40.8%	-4.0ppt
<i>EBITDA Margin*</i>	46.2%	43.4%	-2.8ppt
Net Profit (RMB Billion)	62.202	63.128	1.5%
Net Profit Margin	22.7%	20.8%	-1.9ppt
<i>Net Profit Margin*</i>	23.3%	22.2%	-1.1ppt
Basic Earnings per Share (RMB)	3.10	3.14	1.4%

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.



Fare Challenges and Capture Opportunities



Challenges

- ⦿ Slowing macroeconomic development
- ⦿ Rising mobile penetration
- ⦿ OTT headwinds increasingly notable
- ⦿ Intensifying competition among operators

Opportunities

- ⦿ New industrialization, informatization, urbanization and agricultural modernization widen prospects of information services
- ⦿ Government introduced measures to increase spending of information services
- ⦿ Smartphones proliferating
- ⦿ Prominent support from industry on TD-LTE



Strengthen Execution of Strategies



Enhance Network Capabilities

Besting 2G network

- ◆ Continuously optimize network, quality remained stable

Accurate 3G build-out

- ◆ Phase VI realizes contiguous coverage in all cities and county CBDs

Refined management of WLAN

- ◆ Low cost carriage of traffic to achieve effective offload

Rigorously develop TD-LTE

- ◆ Phase I to realize contiguous coverage in main districts in 100 major cities

Strengthen network resource building

- ◆ Effectively enhance transmission, public Internet, broadband access and international network capabilities

Strengthen Marketing Capabilities

Boost device sales

- ◆ Total TD handset sales ~66 million across all channels of the Company

Focus on retention of existing business

- ◆ Average monthly churn rate at 3.18%, stable and moderately trending down

Strengthen data traffic operations

- ◆ Wireless data traffic up 129.0%

Excel in corporate customer management

- ◆ Revenue of enterprise communications and information services up >30%

Promote marketing reform

- ◆ Promote "Big Data, micro-segmentation, micro-sales and refined service"

Four-Network
Co-ordination, Full Service and
Mobile Internet Strategy



无线城市
智慧城市



Accelerated 3G Development



Rapid Growth in Customer Base

- 3G net adds approaching 50 million, total surpassed 137 million
- Basically all new 3G customers use smartphones

Enhanced Network Efficiency

- Base stations reached 361,000 in number with enhanced coverage and capacity
- Network utilization up by 6.5ppt to 25.0%

Enhanced Device Competitiveness

- Growing TD device supply chain
 - 595 new TD handset models available, virtually all smartphones
- Multi-channel sales sustained in volume
 - Total TD handset sales ~66 million across all channels of the Company, of which >90% smartphones
- Self-branded product debuts
 - First batch debuted two TD handset models, embedded applications such as Lingxi



Prepare for TD-LTE Commercialization



Network Build-out

- Smooth progress in tendering of TD-LTE key network equipment
- To build >200,000 base stations in 2013
- Contiguous network coverage in the main districts of 100 major cities

Device Development

- Launched 25 models of TD-LTE trial devices, >100 models under development, of which 15 handsets intended for commercial use
- Launched 28nm multi-mode multi-frequency TD-LTE smartphones
- Planned procurement of >1mn TD-LTE devices this year

Technical Performance

- Unpaired and high spectral efficiency of TDD technology better suited for mobile Internet
- TD-LTE network performance generally comparable to LTE FDD
- Promote VoLTE solution to drive industry development

Internationalization

- GTI membership with 59 operators and 54 vendors
- 18 commercial networks and 36 commercial networks under deployment
- A number of operators launched integrated TD-LTE/LTE FDD network



Strengthen Infrastructure Resource



Transmission Network

- Excel in backbone transmission and metropolitan area network construction
- Strengthen resources including exchanges and managed networks
- Added 23,600 km of pipes and 420,000 km of optical fiber cables. International bandwidth increased by 307GB

Public Internet

- Promoted IDC construction and introduced hotspot resources
- Progressed construction of CMNet backbone network and cache resources
- On-net traffic reached 85%, significantly reduced bearer costs

Broadband Access Network

- Aim for quality and differentiation, focus on target markets, emphasize value and return
- Focus on developing fiber broadband access for corporate customers, cumulative corporate leased IP-VPN lines over 1 million
- Explore wireless broadband access models



Forward-looking Investment Planning



CAPEX

(RMB Billion)

190.2

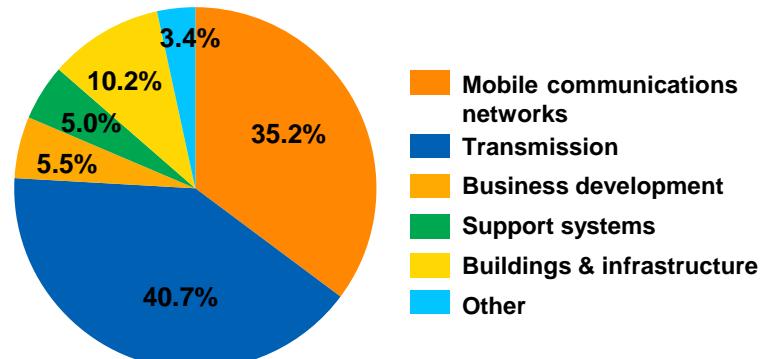
2013 budget

57.0

1H 2013 actual

- Pursue Four-Network Co-ordination strategy to achieve balanced development in network capabilities
- Strengthen basic resource accumulation to enhance transmission network capability
- Develop mobile Internet and Internet of Things to foster new growth drivers
- Expedite centralization of support systems
- Reasonably control the direction and pace of property construction

CAPEX Structure of 1H 2013



Strive to Create Value for Shareholders



2

Operating Performance for 1H 2013



Enhance Quality and Improve Service

Voice quality maintained leading position

- ◆ Call drop rate: 2G 0.43%; 3G 0.27%
- ◆ Successful call connection rate: 2G 99.12%;
3G 98.53%

Business quality continued to improve

- ◆ On-net Internet traffic uplifted to 85%
- ◆ WLAN successful authentication rate increased

Basic service continuously enhanced

- ◆ Customer satisfaction ahead of peers at 77.35%
- ◆ Complaint rate lowest in industry for 3 consecutive years

Consumer rights protected

- ◆ Internet Service Operations Center in Luoyang in operation
- ◆ Centralized handling of indecent information

Entrepreneurship and Innovation

Continued to promote entrepreneurship

- ◆ Established professional company to promote Internet of Things
- ◆ Planning construction of shared procurement center to reduce costs
- ◆ Phase I International Information Port up and running to promote centralized operations
- ◆ 3 regional logistics centers operational and realized co-ordinated warehouse deployment

Continued business innovation

- ◆ Common platform of “Wireless City” provides consistent display nation-wide
- ◆ Promote location-based services, voice recognition, payment and cloud services

Continued enhancement of management

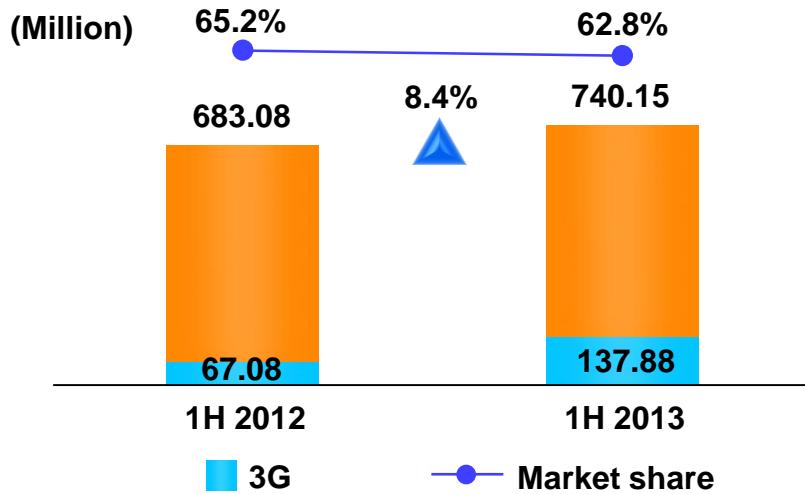
- ◆ Centralized management
- ◆ Professional operations
- ◆ Market-oriented mechanisms
- ◆ Lean organizational structure
- ◆ Standardization of processes



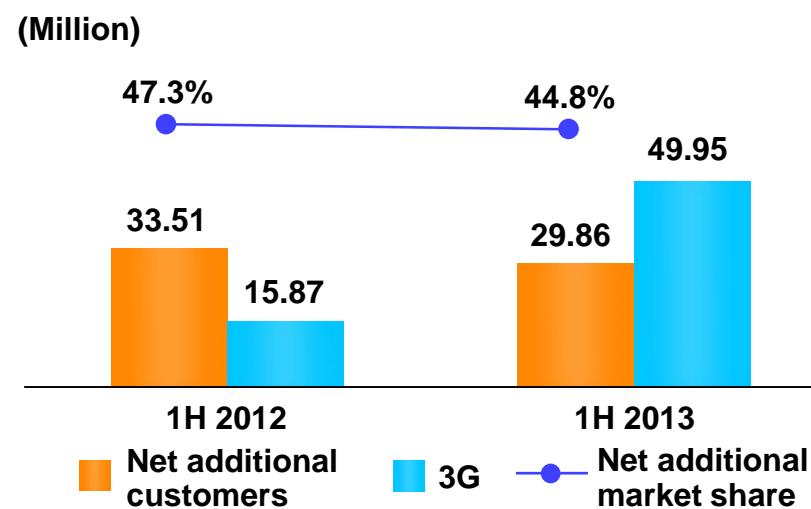
Maintained Scale Advantage in Customer Base



Total Customers



Net Additional Customers



- Competition further intensified, market share slide
- Strengthen management of existing business, mid-to-high end customer base remained stable
- Enhance corporate customer management, market competitiveness effectively enhanced

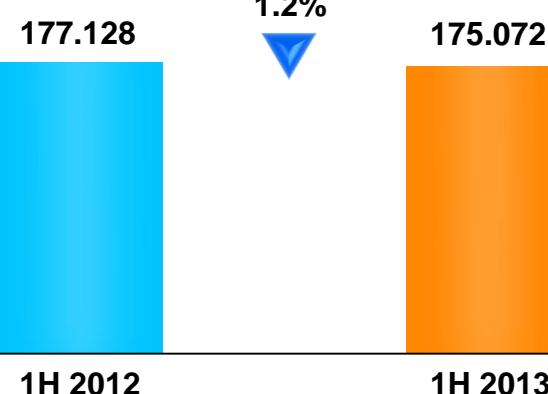


Stable Voice Business



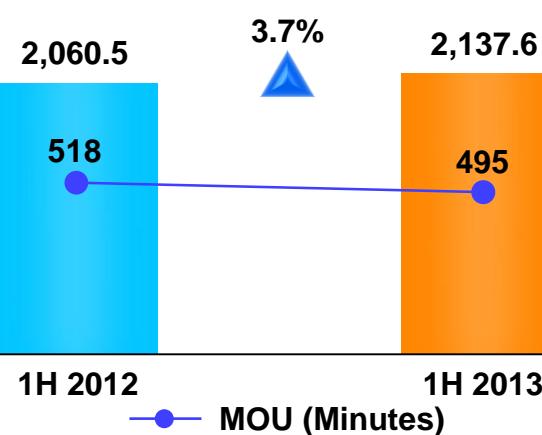
Voice Services Revenue

(RMB Billion)



Total Voice Usage

(Billion Minutes)



- Impacted by Internet substitution, voice services revenue slipped
- Continue to exploit demand for “long-distance calls, roaming, off-peak calling and in-group calling” to stimulate voice usage

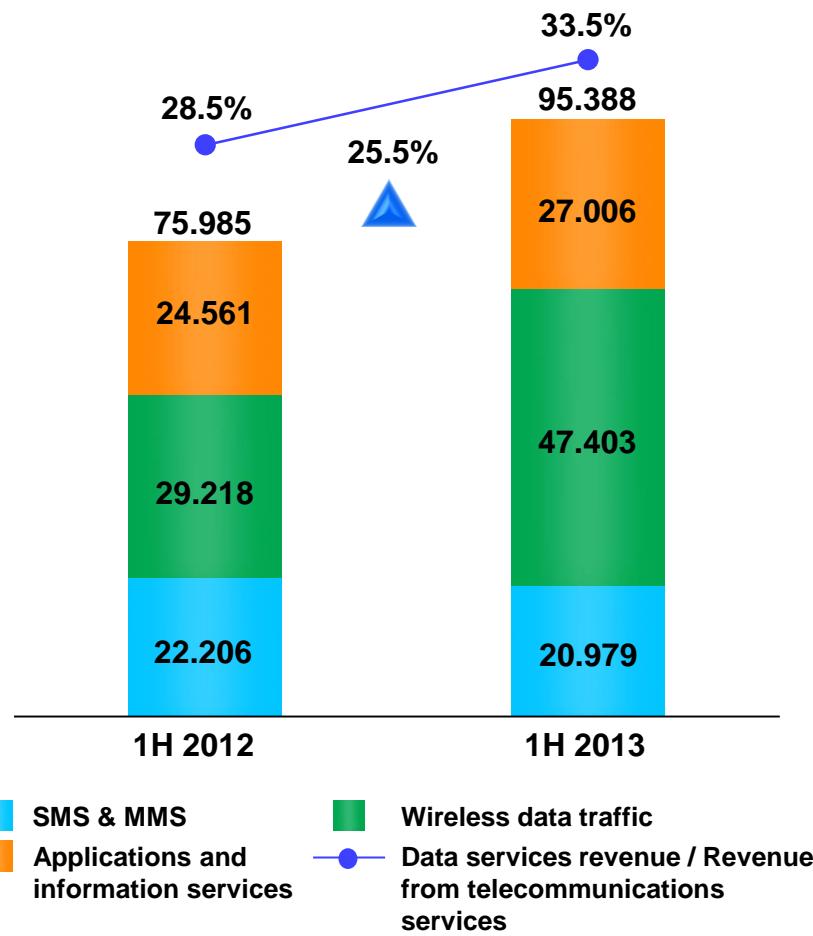


Rapid Development of Data Services



Data Services Revenue

(RMB Billion)



Strive to Establish a Revenue Structure which Supports Sustainable Growth

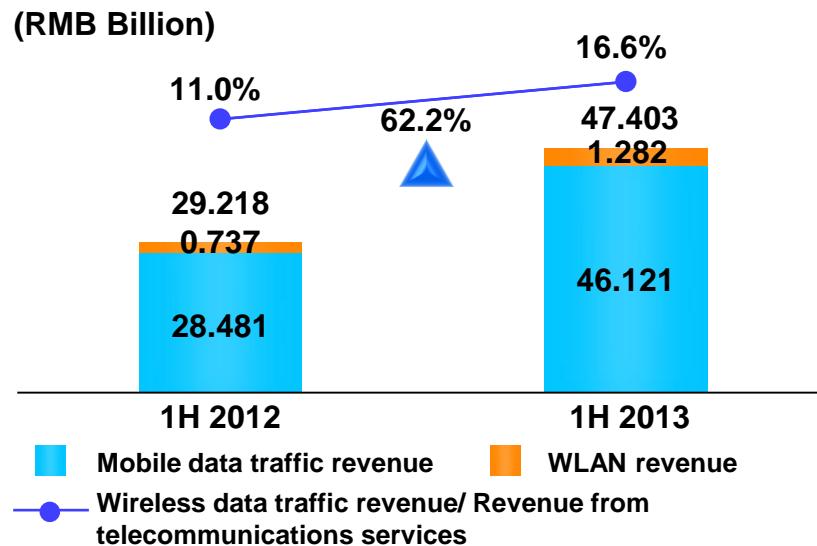
- Continued rapid development of wireless data traffic
- Actively promoted various applications and information services
- SMS and MMS revenue etc., slipped



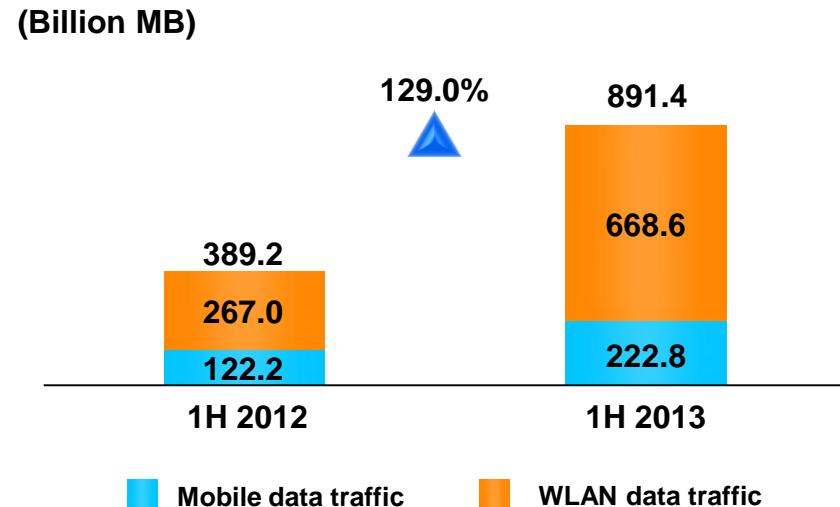
Rigorous Growth of Wireless Data Traffic



Wireless Data Traffic Revenue



Wireless Data Traffic



Strengthen Data Traffic Operations

- Seize the growth window of smart devices, promote scale operation and value management of data traffic
- Actively promote development of TD smart devices, stringent control over data traffic tariffs to prevent plummets, divert data traffic to low cost networks



Actively Promote New Business



Strategy

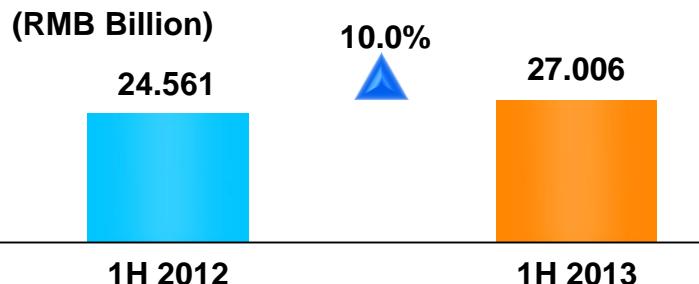
- ❖ **Accelerate new business development**
 - ❖ Accelerate deployment in emerging business areas such as intelligent voice, payment, personal cloud, location-based services and unified communications
 - ❖ Promote rapid revenue growth of mobile reading, videos, games, animation and other content business
 - ❖ Grow customer base of imported business, such as MM, Lingxi and “Wireless City”
 - ❖ Penetrate segmented development and existing operations of mature business including wireless music and mobile paper
 - ❖ Promote low-cost scale development of Internet of Things

Exploit potential of smart devices

- ❖ Promote transformation of sales outlets towards device sales
- ❖ Expand coverage and sales of social channels
- ❖ Promote decoupling of contract plans and device models
- ❖ Strengthen embedded applications and downloads

Result

- ❖ **Rapid revenue growth of applications and information services**



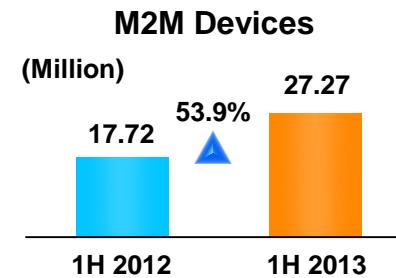
Further development of Mobile Market

- ❖ 336 million cumulative registered customers, 506 million application downloads in 1H2013



Vital progress in Internet of Things

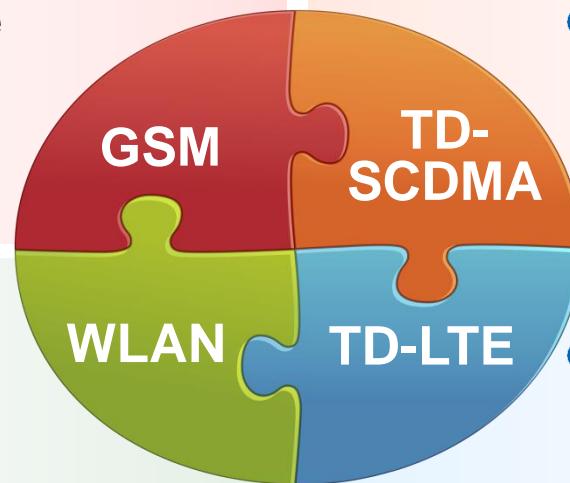
- ❖ Established centralized dedicated network
- ❖ Established standardized and modularized product bank
- ❖ Planning of Open Platform



Steady Progress of Four-Network Co-ordination



- Base stations reached 840,000 with network utilization at 71.9%
- Strictly controlled resource input, focusing on network optimization



- APs reached 4.10 million, continuous uplift in rate of successful authentication
- WLAN accounted for 75% of data traffic, a low cost bearer

- Base stations reached 361,000 with network utilization at 25.0%
- Effective coverage and enhanced capacity loading
- This year to build over 200,000 base stations and to realize contiguous coverage in the main districts of 100 major cities
- TD-LTE supply chain earned extensive support



Evident Results in Professional Operations



Devices

Enhanced product competitiveness

- ◆ 595 TD-SCDMA handset models available, supply chain enjoying continuous growth
- ◆ >100 models of TD-LTE devices under development, of which 15 handsets intended for commercial use
- ◆ Established trend to launch products at equitable schedule, quality and price as competing standards
- ◆ Self-branded products debuted

Leapfrogged device sales

- ◆ Total TD handset sales ~66 million, grew ~1.5 fold
- ◆ Increasingly skewed towards social channels, of which sales accounted for ~60%
- ◆ Decoupling of tariff plans and device models, device-only sales ~40%

International Business

Built network and platform with late-mover advantage

- ◆ IDD network connecting nearly 100 operators direct
- ◆ Total bandwidth over 1,000GB, up 44%

Offered competitive products and services

- ◆ Substantial reduction in IDD and international roaming costs
- ◆ Launched RMB1/2/3 international roaming zone tariffs covering all routes. Voice tariffs down 30%, voice usage up 20%
- ◆ Launched daily international roaming packages and real-time traffic usage alerts, etc.

Professional Operations

Information Security

Internet of Things

Finance

Mobile Internet

Gov't, Corp. Customers

Shared Services

...

China Mobile



无线城市
智慧城市



Remarkable Achievement in “Energy Conservation & Emissions Reduction”



- Promoted energy saving technology for communications equipment
- Established modularized green IDC
- Built multi-climate energy-saving base stations
- Promoted application of green energy
- Recycled pre-owned handsets and accessories



**2013 aims to realize
a 15% decrease in
power consumption
per unit of business**

- Signed MOU with suppliers
- Promoted tiered energy conservation standards of equipment
- Promoted green packaging
- Introduced energy conservation technologies and standards for 4G
- Innovated on ICT solutions to reduce travels and paper consumption

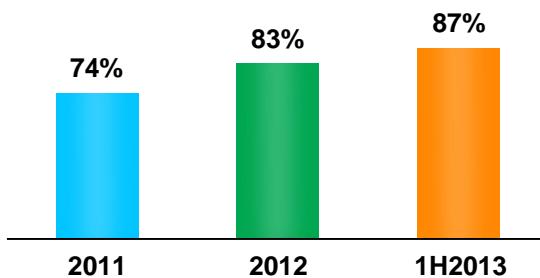
绿色创造未来



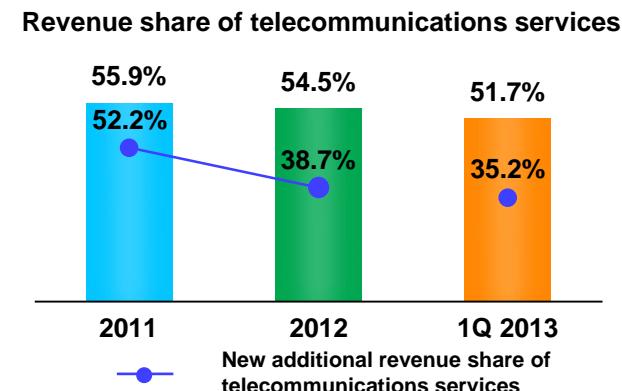
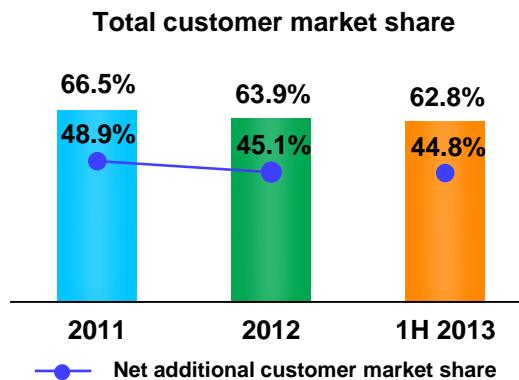
Strive to Overcome Various Challenges



Rising Penetration

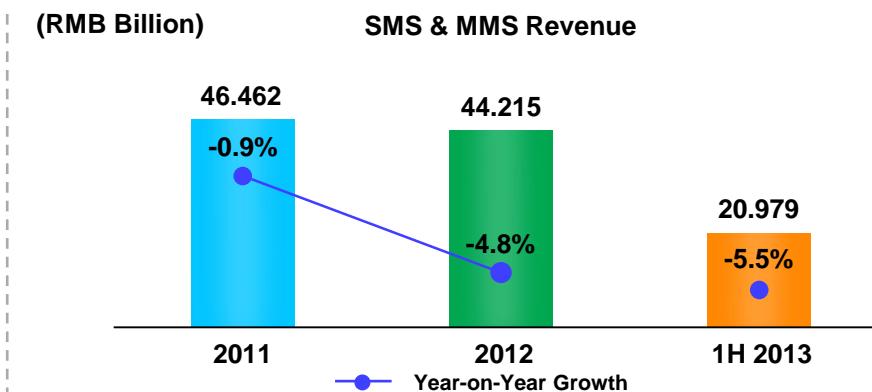
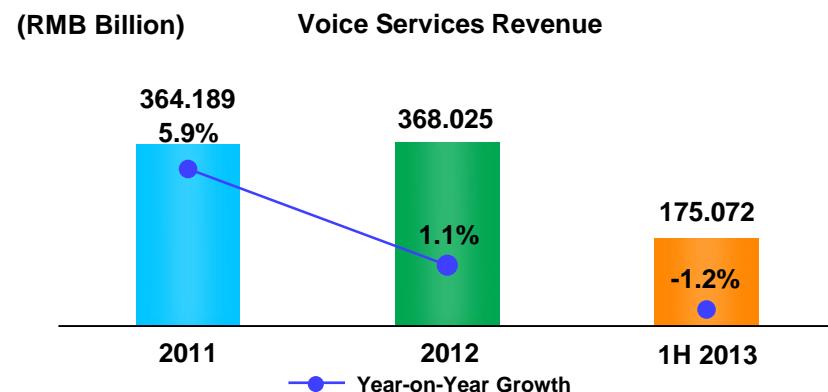


Declining Market Share



New additional revenue share of telecommunications services

Intensifying OTT Substitution



Realize Sustainable and Healthy Development



3

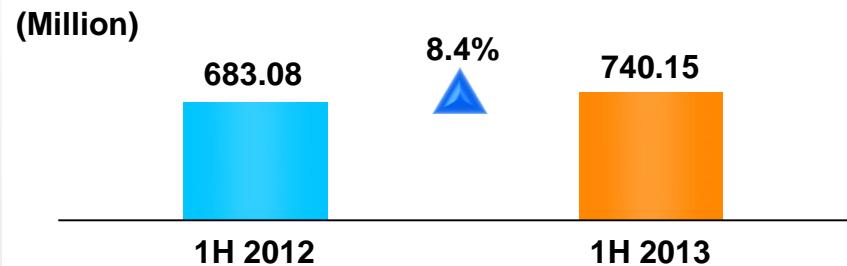
Financial Results for 1H 2013



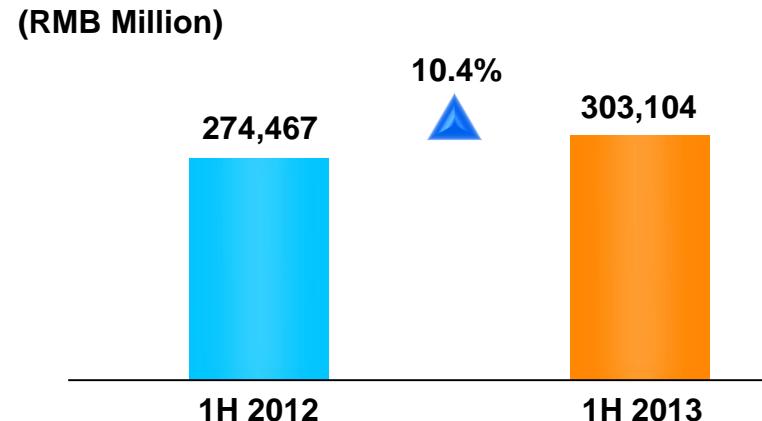
Steady Revenue Growth



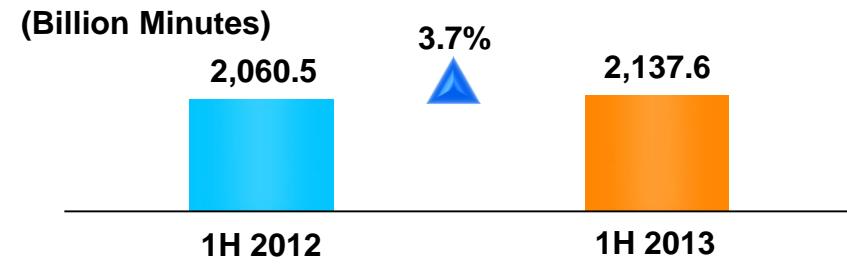
Total Customers



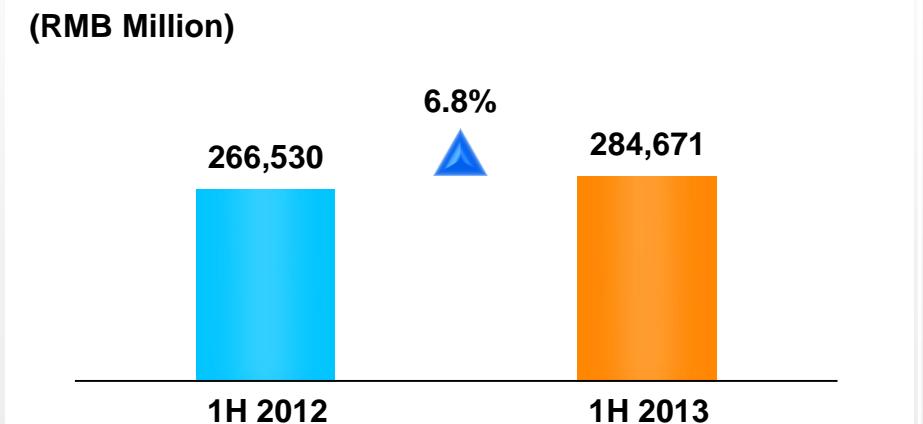
Operating Revenue



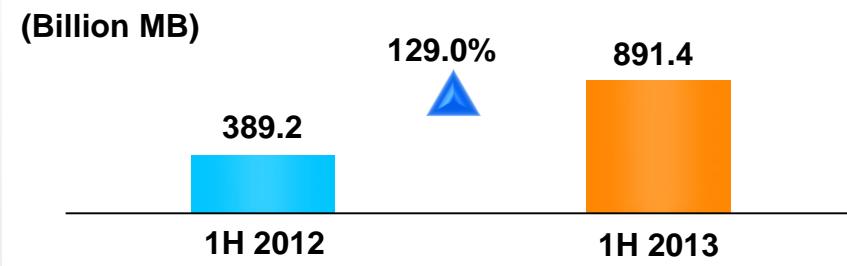
Total Voice Usage



Telecommunications Services Revenue



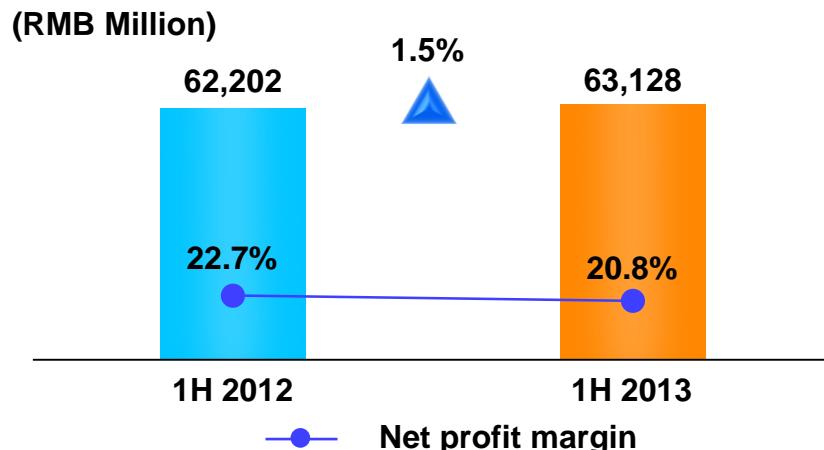
Wireless Data Traffic



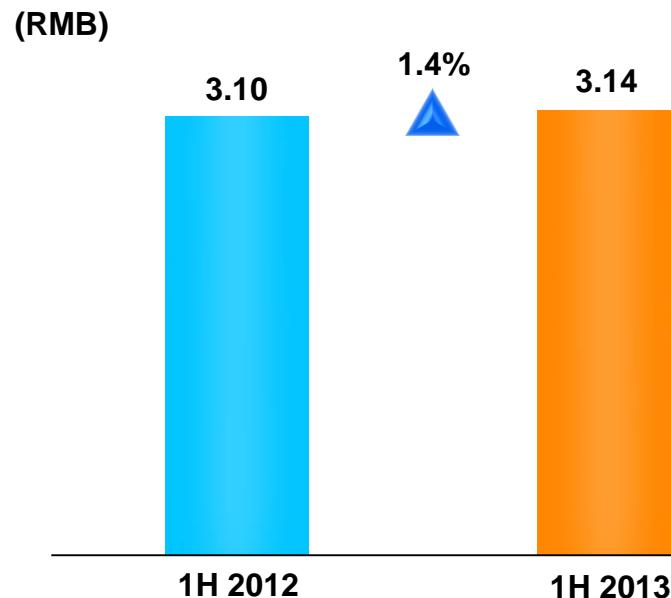
Industry-leading Profitability



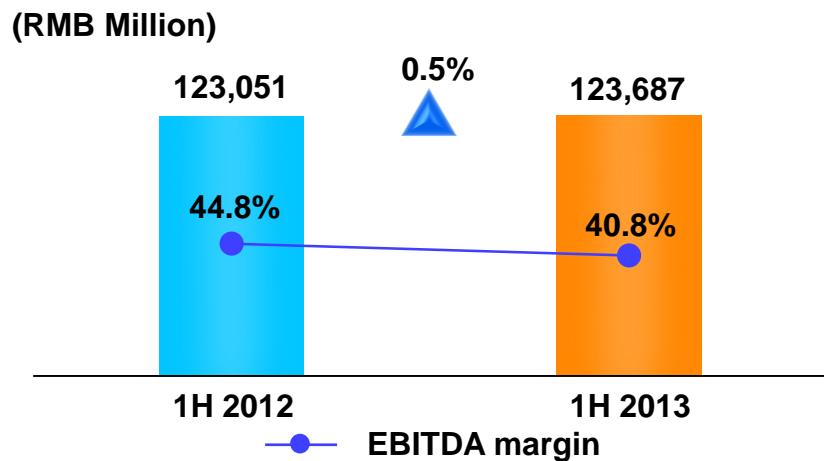
Net Profit



Basic EPS



EBITDA



Note: In 2013 1H, before the Group presents the revenue from sales of products and related cost of products sold separately, net profit margin and EBITDA margin was 22.2% and 43.4% respectively.



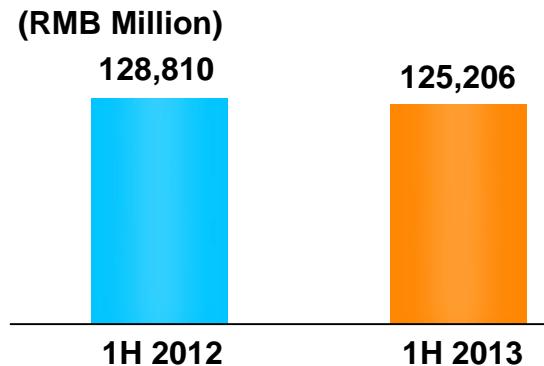
Steady Cash Flow Maintained



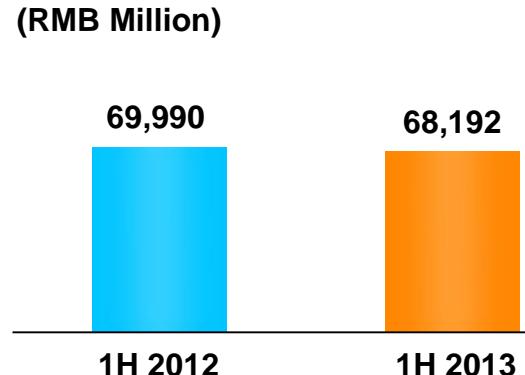
Sound and Efficient Capital Management

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

Net Cash Inflow from Operating Activities



Free Cash Flow



Continued to support favorable business growth

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

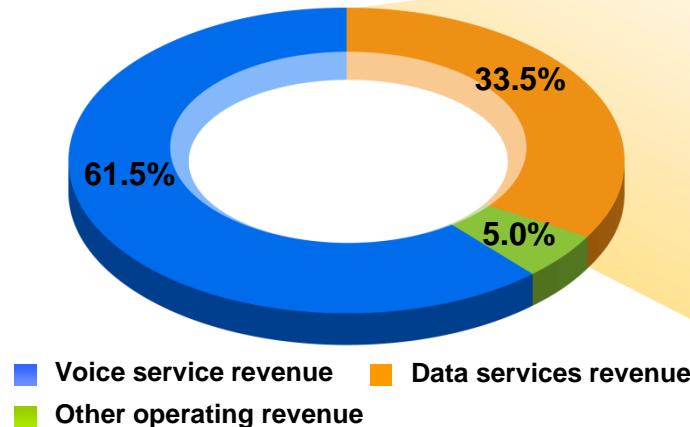
Created value for shareholders



Structure of Telecommunications Services Revenue



1H 2013



1H 2013

2012

1H 2012

SMS & MMS Revenue

7.4%

7.9%

8.3%

Wireless Data Traffic Revenue

16.6%

12.2%

11.0%

Applications and Information Services Revenue

9.5%

9.6%

9.2%

Data Services Revenue

33.5%

29.7%

28.5%

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

(RMB Million)

266,530

-2,056

-1,227

18,185

2,445

794

284,671

1H 2012

Voice service

SMS & MMS service

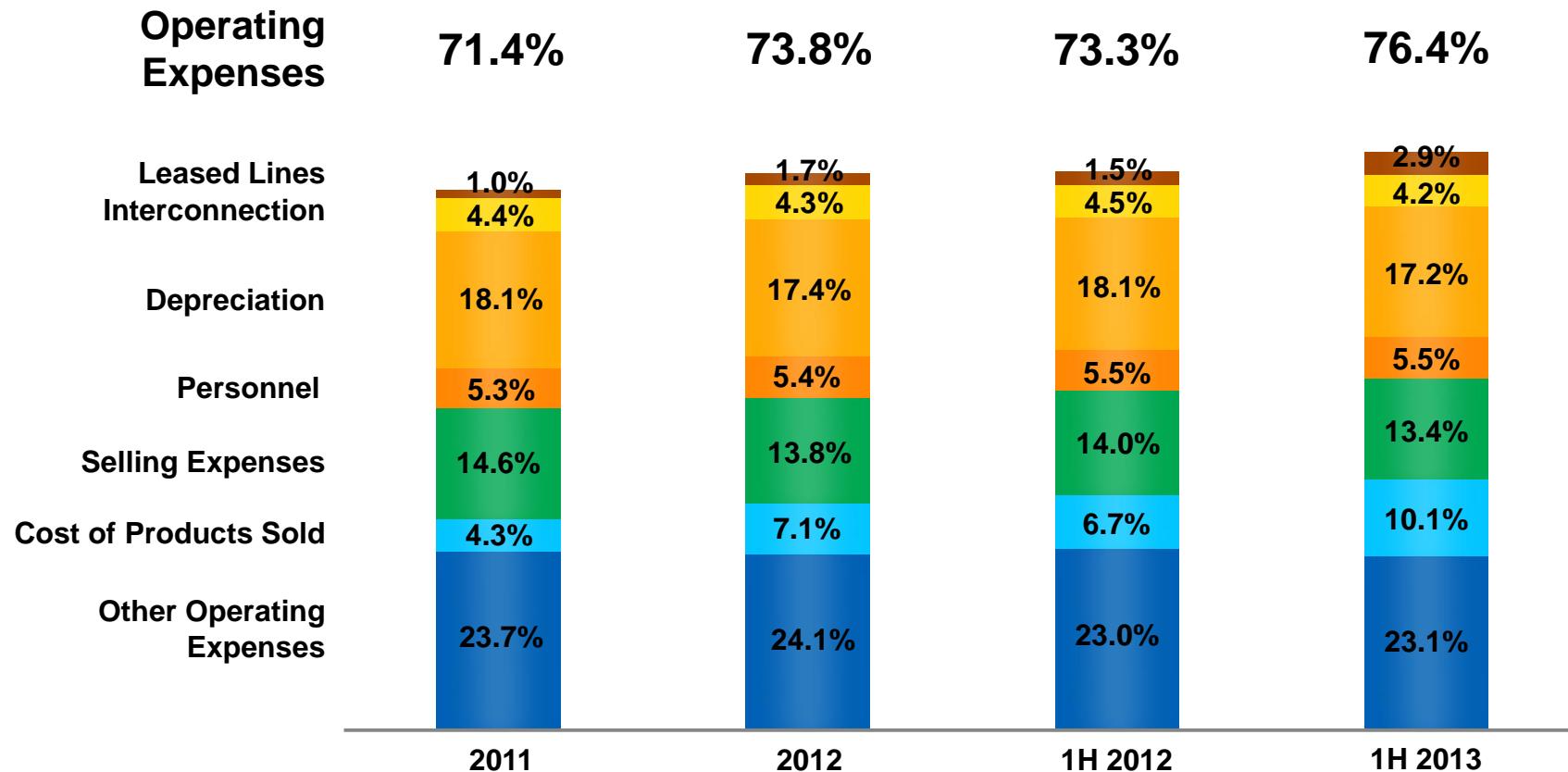
Wireless data traffic service

Applications and information services

Other operating revenue

1H 2013

Structure of Operating Expenses



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



Healthy and Solid Capital Structure



	2013.06.30 (RMB Million)	2012.12.31 (RMB Million)
Short Term Debt	1,152	1,227
Long Term Debt	28,621	28,619
Total Debt	29,773	29,846
Shareholders' Equity	758,085	723,447
Total Book Capitalization	787,858	753,293
Total Debt / Total Book Capitalization	3.8%	4.0%
Cash & Bank Deposits	457,934	408,321
Net Cash*	428,161	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



Revenue

Before Reclassification	After Reclassification
Operating Revenue	Operating Revenue
Voice Services	Telecommunications Services Revenue Including: Voice Services
Data Services	Data Services
Others	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 Net Income	Other Operating Expenses
Including: Cost of SIM Cards and Terminals (Note)	
Other Costs	

Note: Prior to 2013, the sales of products were incidental to the Group's telecommunication 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 Unaudited Consolidated Statement of Comprehensive Income for the Six Months Ended 30 June 2013 – Appendix II



	1H 2013 (RMB Million)	1H 2012 (RMB Million)	1H 2011 (RMB Million)	1H 2013 (RMB Million)	1H 2012 (RMB Million)	1H 2011 (RMB Million)
Operating Revenue				Profit from Operations		
Telecommunications Services Revenue	303,104	274,467	253,544	71,424	73,366	75,764
Voice Services	284,671	266,530	250,080	387	244	222
Data Services	175,072	177,128	173,231	7,324	5,916	3,563
Others	95,388	75,985	64,783	(167)	(221)	(339)
Revenue from Sales of Products and Others	14,211	13,417	12,066	3,308	2,867	2,016
Operating Expenses	18,433	7,937	3,464	Share of Profit of Associates		
Leased Lines	231,680	201,101	177,780	Share of Profit of a Jointly Controlled Entity	-	(2)
Interconnection	8,857	4,208	2,295	Taxation	(19,095)	(19,933)
Depreciation	12,833	12,298	11,379	Profit for the Period	63,181	61,370
Personnel	52,223	49,652	48,361			
Selling Expenses	16,534	15,134	13,107	Attributable to:		
Costs of Products Sold	40,625	38,344	37,249	Equity Shareholders of the Company	63,128	61,283
Other Operating Expenses	30,601	18,384	10,643	Non-controlling Interests	53	87
	70,007	63,081	54,746	Profit for the Period	63,181	61,370



Extracts from Unaudited Consolidated Balance Sheet
as at 30 June 2013
– Appendix III



	2013.06.30 (RMB Million)	2012.12.31 (RMB Million)
Current Assets	499,572	446,593
Non-current Assets	618,627	605,516
Total Assets	1,118,199	1,052,109
Current Liabilities	(329,196)	(297,796)
Non-current Liabilities	(29,025)	(29,004)
Total Liabilities	(358,221)	(326,800)
Net Assets	759,978	725,309



	1H 2013	2012
Total Customers (Million)	740.15	710.30
MOU (Minutes)	495	512
ARPU (RMB)	66	68
Average Voice Services Revenue per Minute (RMB)	0.082	0.088
Total Voice Usage (Billion Minutes)	2,137.6	4,192.3
Wireless Data Traffic (Billion MB)	891.4	1,039.2
Including: Mobile Data Traffic (Billion MB)	222.8	289.8
SMS Usage (Billion Message)	381.7	744.5
Average Monthly Churn Rate	3.18%	3.25%



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.

