



中国移动
China Mobile

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

2015

Interim Results



2015 Interim Results

China Mobile Limited

20 August 2015

Mr. XI Guohua

Executive Director & Chairman

Mr. LI Yue

Executive Director & CEO

Mr. XUE Taohai **Executive Director, Vice President & CFO**

Mr. LIU Aili

Executive Director & Vice President

1 Overall Results for 1H 2015

2 Operating Performance for 1H 2015

3 Financial Results for 1H 2015

1 Overall Results for 1H 2015

Favourable Business Growth

- Operating revenue up 4.9%, revenue from telecommunications services up 0.5%
- Net profit margin at 16.8%, maintaining favourable profitability

Leading Development in 4G

- Base stations reached 940,000, customers nearly 190 million, scale development of handsets sold

Evident Impetus from Data Traffic

- Mobile data traffic revenue up 41.6%, uplifting to 33.1% of telecommunications services revenue

Create Sustainable Value

- Interim dividend HK\$1.525 per share, 2015 planned dividend payout ratio 43%

Operating Performance

	1H2014	1H2015	Changes
Operating Revenue (RMB Billion)	324.681	340.727	4.9%
of which: Revenue from Telecommunications Services (RMB Billion)	297.910	299.527	0.5%
EBITDA (RMB Billion)	118.265	126.863	7.3%
EBITDA Margin ¹	36.4%	37.2%	0.8ppt
EBITDA as % of Revenue from Telecommunications Services	39.7%	42.4%	2.7ppt
Net Profit (RMB Billion)	57.742	57.265	-0.8%
Net Profit Margin	17.8%	16.8%	-1.0ppt
Basic Earnings per Share (RMB)	2.86	2.80	-2.1%

Note 1: EBITDA Margin = EBITDA/Operating Revenue

Note 2: Pilot program for the transformation from business tax to value-added tax extended to cover the telecommunications industry from 1 June 2014

Increasing Optimization in Network Coverage



- ◆ **940,000** base stations
- ◆ Covering **1 billion** population

Rapid Expansion of Customer Base



- ◆ Nearly **190 million** customers
- ◆ 4G customers accounted for **23.2%**

Diversification and Maturation of Devices



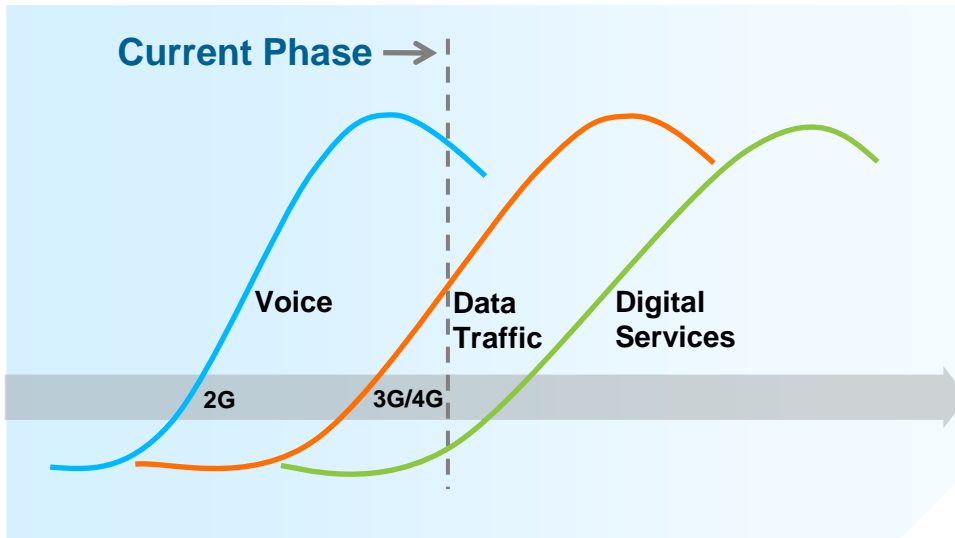
- ◆ **Over 1,000** models available
- ◆ Scale development of handsets sold

International Mainstream Technical Standard

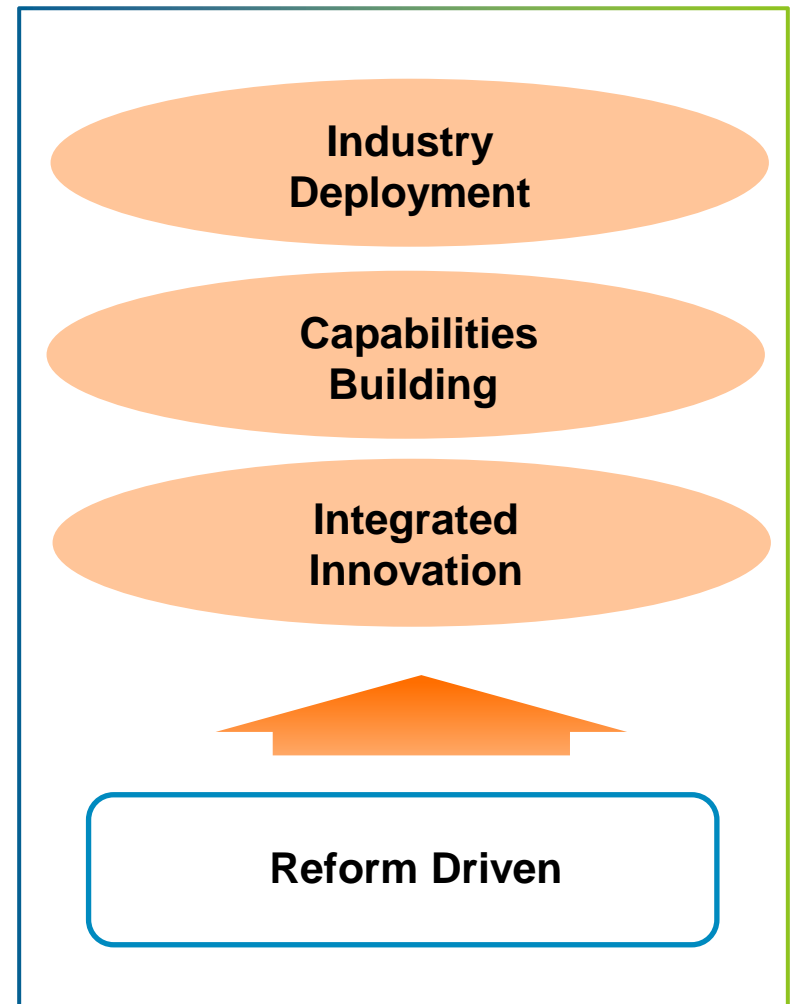


- ◆ As competitive as FDD
- ◆ International roaming in **82** countries & regions

Accelerate Strategic Transformation

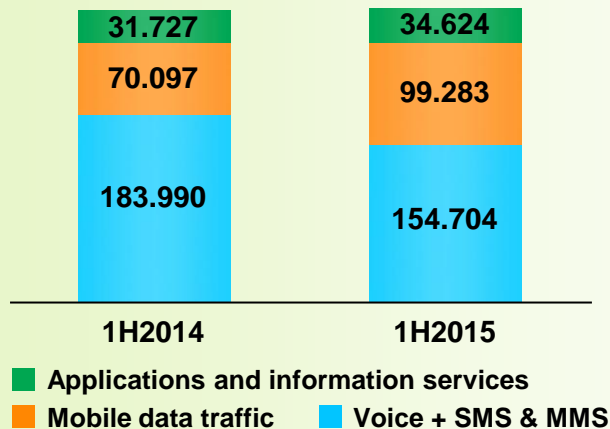


Actively Promote Digital Services



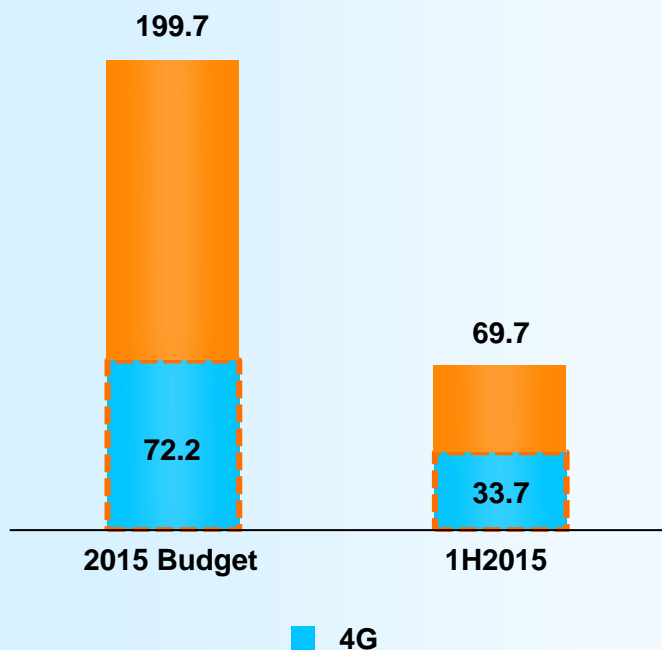
Transformation to Data Centric Operations

(RMB Billion)

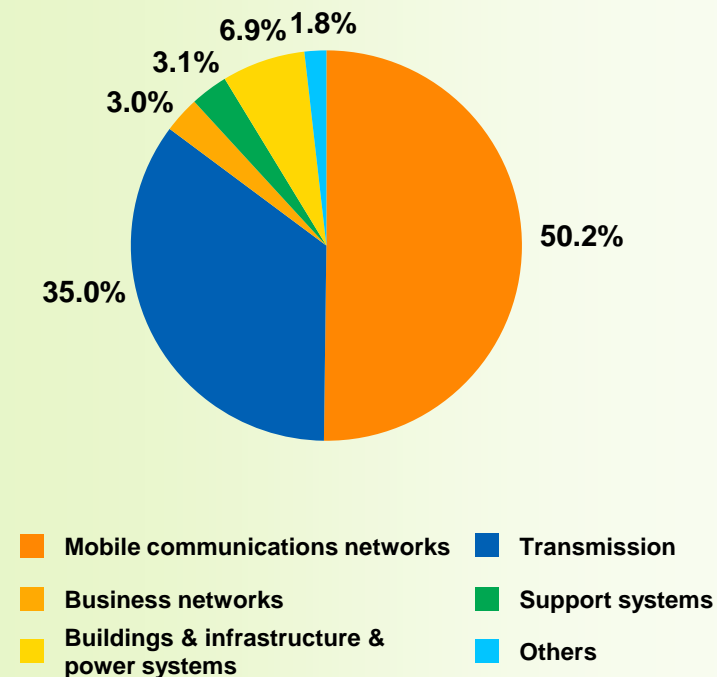


CAPEX

(RMB Billion)



CAPEX Structure in 1H2015

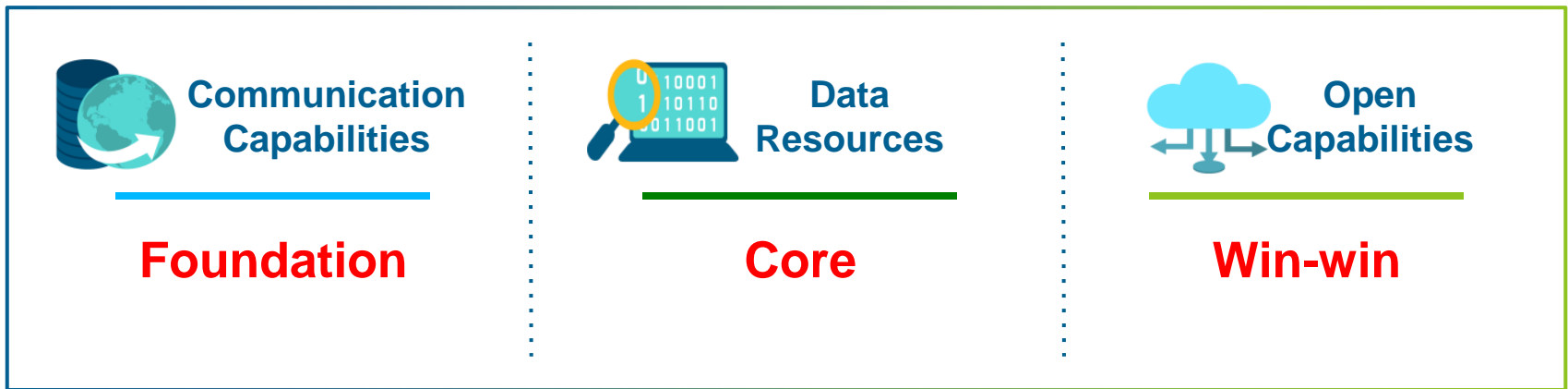


Build quality 4G network, strengthen resources accumulation and support business innovation

Embrace Broad Development Space



Seize Unlimited Opportunities, Exploit Own Advantages





The Company is currently considering a potential acquisition of the assets and businesses of **China TieTong Telecommunications Corporation**, a wholly owned subsidiary of **China Mobile Communications Corporation**, the Company's ultimate holding company.

- 🌀 Promote rapid development of full-service
- 🌀 Obtain core resources of fixed-line broadband
- 🌀 Enhance operational and managerial efficiency

Strive to Create Value for Shareholders



2 Operating Performance for 1H 2015

Growth Opportunities

- ❁ Amid the environment of “Internet+”, information consumption is developing comprehensively
- ❁ With the rapid development of 4G business, prospects for data traffic operations are broad
- ❁ As mobile Internet businesses continue to grow, the market potential of digital service products is huge
- ❁ New opportunities rising from new areas such as cloud computing, big data and Internet of Things, etc.

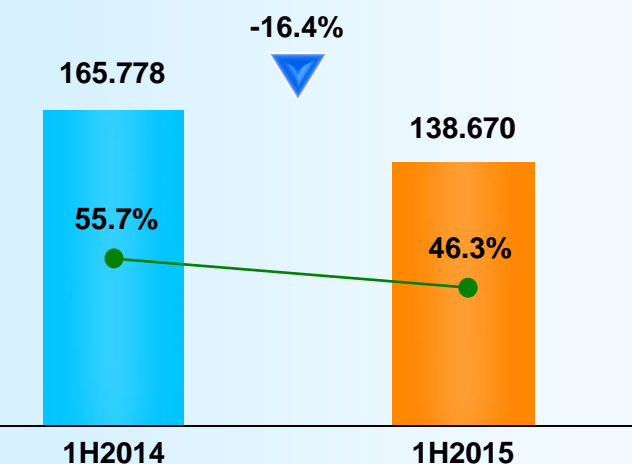
Facing Challenges

- ❁ High penetration rate results in continuous slow down of customer growth
- ❁ FDD licensing lead to intensifying competition
- ❁ Impact of OTT billing models such as sim-free global calls and Internet APPs
- ❁ Enormous downward pressure on roaming, long-distance and data traffic tariff
- ❁ Equipments and devices vendors enter into the competition of telecommunications operational services

Increasing Pressure in Traditional Businesses

Voice Services Revenue

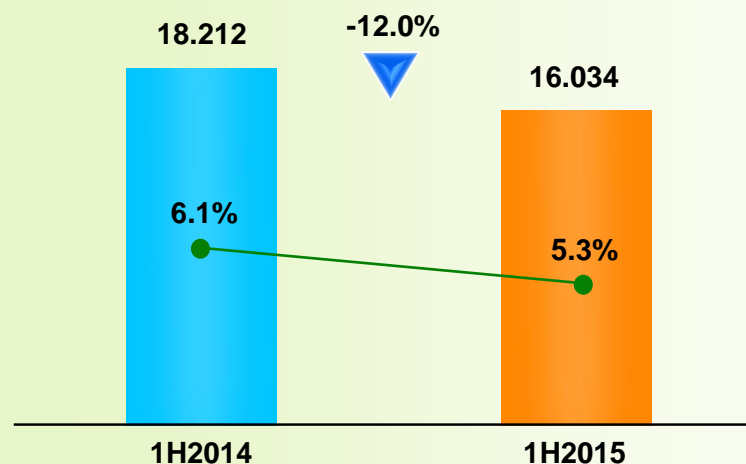
(RMB Billion)



● As a percentage of telecommunications services revenue

SMS & MMS Revenue

(RMB Billion)



● As a percentage of telecommunications services revenue

- Speed enhancement & tariff reduction: Requirements from government and society
- Beijing-Tianjin-Hebei Integration: Elimination of long-distance & roaming fees
- New competitive landscape: OTT enterprises + vendors



Traditional businesses continue to decline

Better Networks

Broader

940,000 base stations, coverage extended to rural towns and villages

Deeper

Basic coverage of key high-speed railways, highways and 3A above scenic spots

Thicker

Realized initial indoor coverage of major shopping malls, office buildings and transportation hubs, etc.

Faster

Accelerated promotion of technologies including carrier aggregation (CA)

Newer

Promoted innovative development of VoLTE and RCS

More Customers

4G customers rose by 100 million in half a year 

Higher Traffic

Percentage of 4G traffic up 34 ppt in half a year 

Stronger Consumption

- ◆ 4G ARPU: 1.6 times of blended ARPU
- ◆ 4G DOU: 2.5 times of blended DOU

Better Experience

- ◆ Whole network average download speed: >31M
- ◆ CSFB successful call rate: >98%

- Revenue from sales of products including devices totaled RMB41.2 billion, up 53.9%
- Per unit 3G / 4G handset subsidy continuously decreased
- Marketization of device sales rapidly drove the growth of sales volume



4G Handsets rapidly maturing

More diversified models

- Over 1,000 models available
- Medium and low-end handsets dominated the market

More brands

- Coverage of mainstream brands
- Self-branded handsets: A1, N1

More comprehensive modes

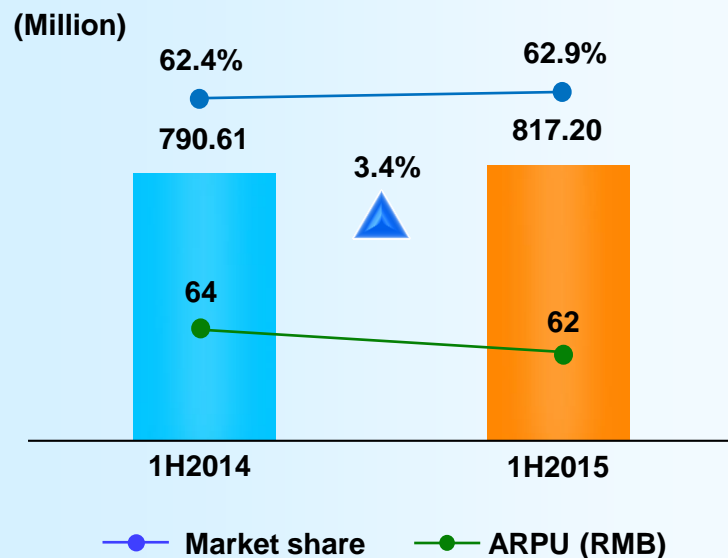
- 5-mode 10/12/13+ frequency
- “One handset around the world”

Lower price

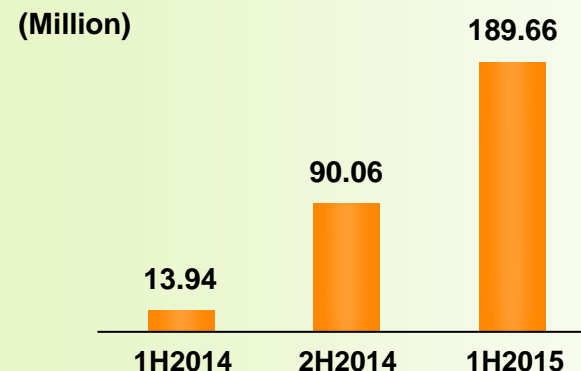
- Handset models at ~RMB1,000 enriched and popularized
- Lowest price < RMB280

Maintain Scale Advantage in Customer Base

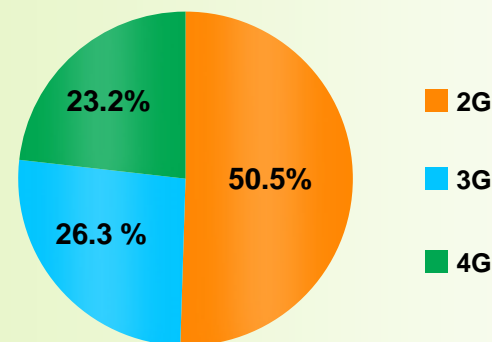
Total Customers



4G Customers



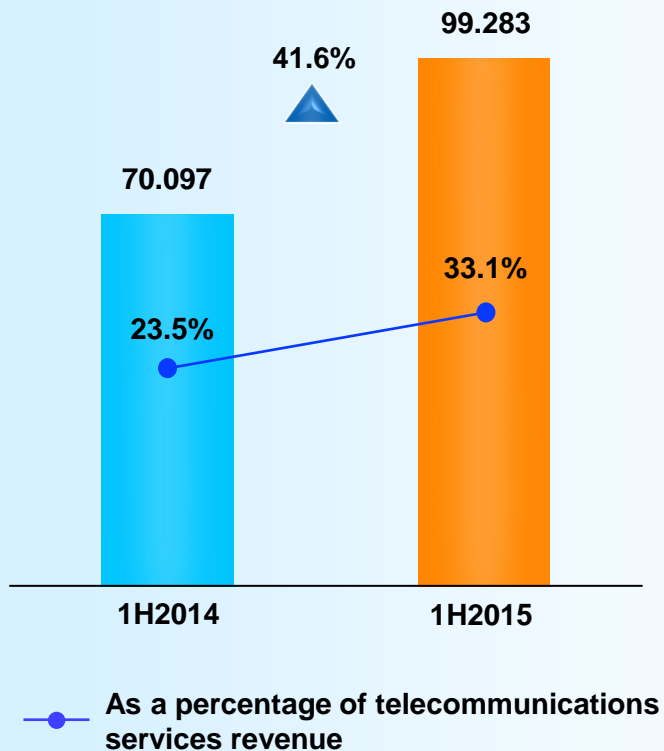
Customers Structure (June 2015)



- Strengthened **existing business management**, mid-to-high end customer base was stable
- Strengthened **corporate customer management**, revenue from corporate informationalization services grew rapidly

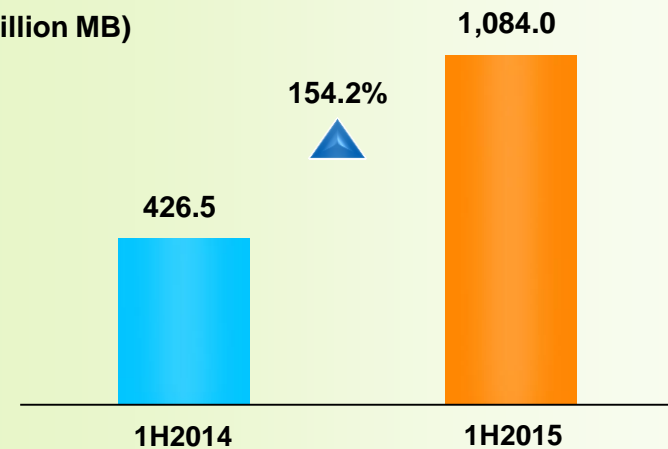
Revenue from Mobile Data Traffic

(RMB Billion)

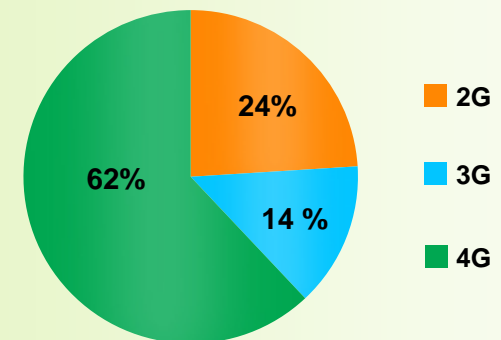


Mobile Data Traffic

(Billion MB)



Mobile Data Traffic Carriage Structure (June 2015)



Leading Development in International Roaming

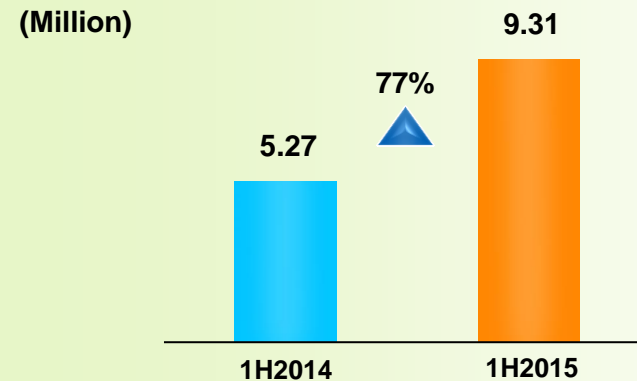
Continuously Optimizing Tariff Model

- ☞ RMB 1/2/3 voice-call zone, covering 252 countries and regions
- ☞ RMB 3/6/9 per 3MB data traffic zone, covering 143 countries and regions
- ☞ RMB 30/60/90 daily data traffic plan, covering 48 countries and regions
- ☞ International roaming tariff lowered, customers perception enhanced

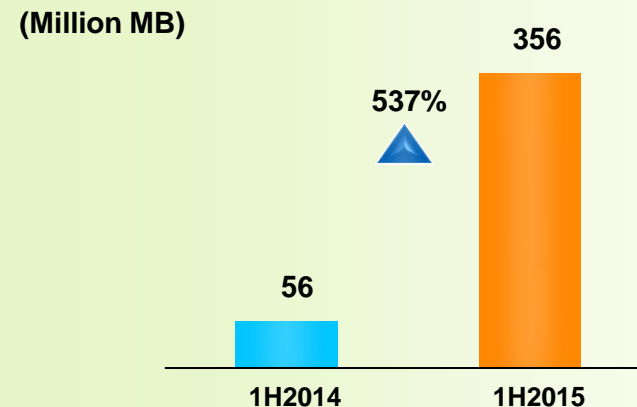
Leading Development in 4G Roaming

- ☞ 4G roaming in 82 countries and regions
- ☞ Countries and regions with capabilities will all be connected by the end of 2015

International Outgoing Data Roaming Customers



Data Traffic of International Outgoing Roaming



Entrepreneurship and Innovative Development to Support “Internet +”

Accelerate Infrastructure Deployment

- Promoted the construction of North and South Bases, data center and call center, etc.
- Deepened specialized operations



- Notable enhancement of backbone transmission networks and international outbound bandwidth
- Strengthened introduction of contents, notable improvements in mobile phone on-net hits rate and website homepage loading time
- Simpler and more unified and transparent tariff structure

Reinforce Product Capabilities

- Launched products for corporate customers including mobile cloud, education, healthcare and Internet of Vehicles, etc.
- Developed self-branded industrial devices including Mobile Intercom and Industry PAD, etc.



- Promoted mass production of the self-branded set-top box, a key product of “and-Family”,
- Integration and promotion of product series including “and-Entertainment”, “and-Life”, “and-Communication”, etc.
- Establishment of product lines for Internet of Things

Strive for Cost Reduction and Efficiency Enhancement

- Enhanced the marketization of device sales, lowered subsidy ratio
- Promoted transformation of social channels, reduced commissions
- Centralized advertising and promotion, reduced advertising expenses
- Stopped high-cost marketing services, lowered expenses
- Enlarged tariff concessions, benefited customers directly



Efficiency in Utilizing Marketing Resources Enhanced

Selling expenses	Channel commissions	Advertising expenses
Declined 25.5%	Declined 14.5%	Declined 10.9%

Gradually Build up Efficient Marketing System

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

Actively Promote Energy Conservation and Emissions Reduction



Realized a 15.1% decrease in overall energy consumption per unit of information flow



- 4G energy-saving base stations
- Smart power-saving technology
- New energy
- Green ICT application
- Green data centers
- Recycled packaging
- Waste recycling
- Participate in energy saving for industry chain

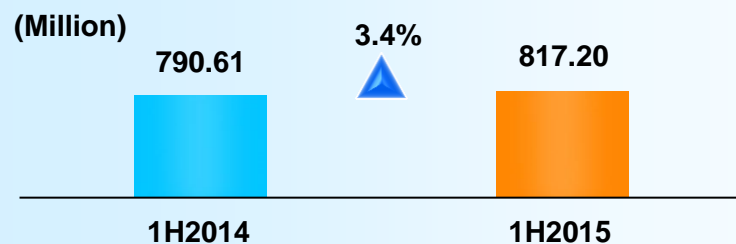
Commit to “Mobile Changes Life Become a Trustworthy Digital Services Expert”



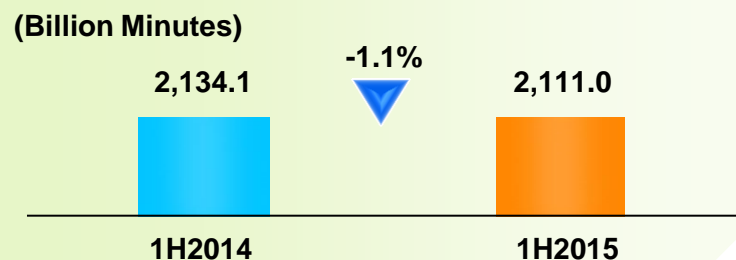
3 Financial Results for 1H 2015

Stable Revenue Growth

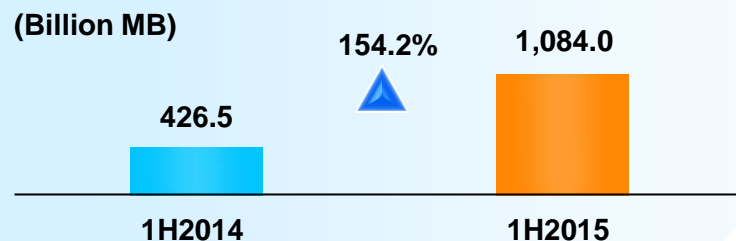
Total Customers



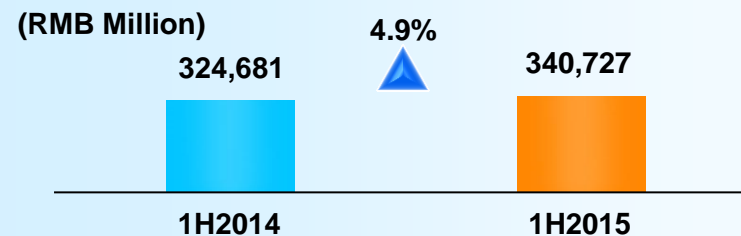
Total Voice Usage



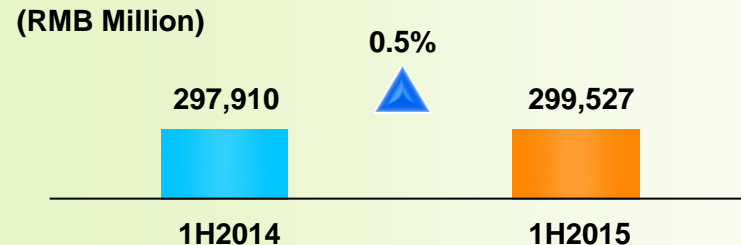
Mobile Data Traffic



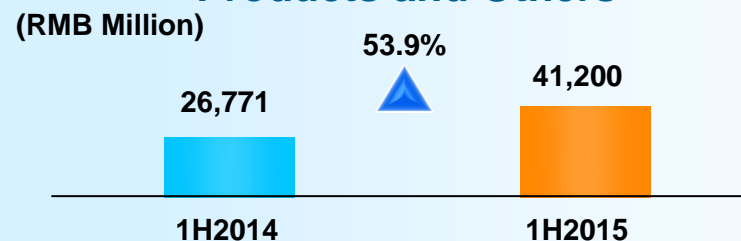
Operating Revenue



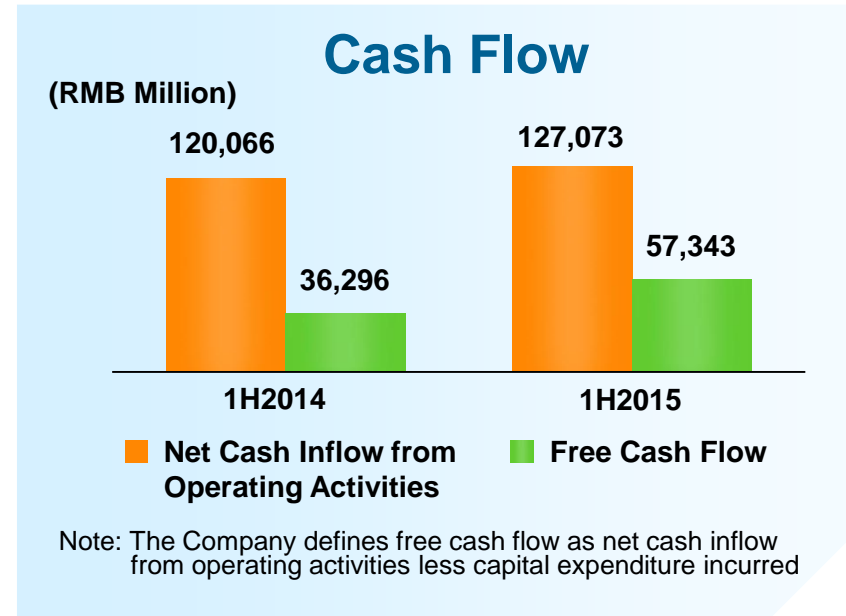
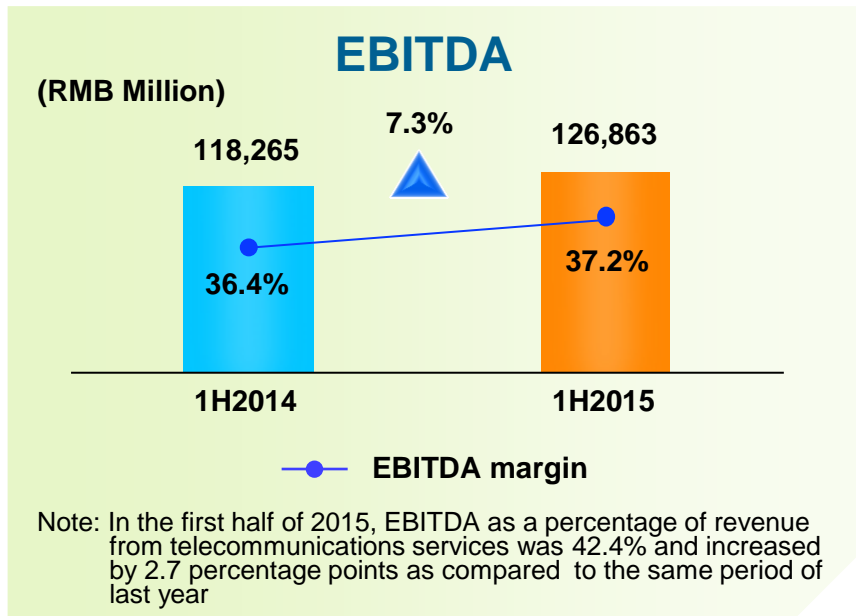
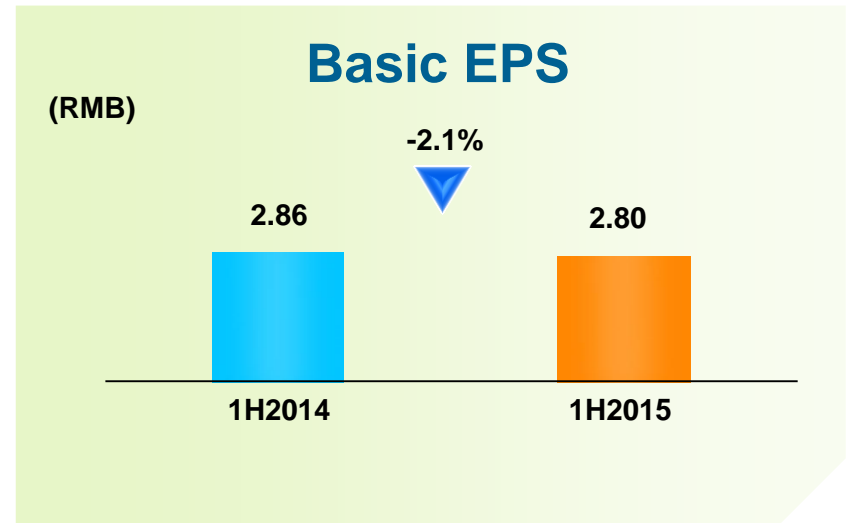
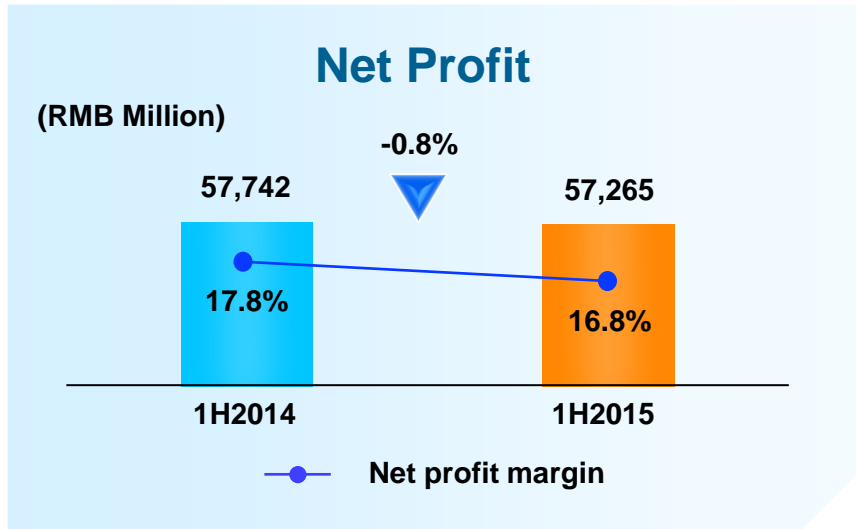
Revenue from Telecommunications Services



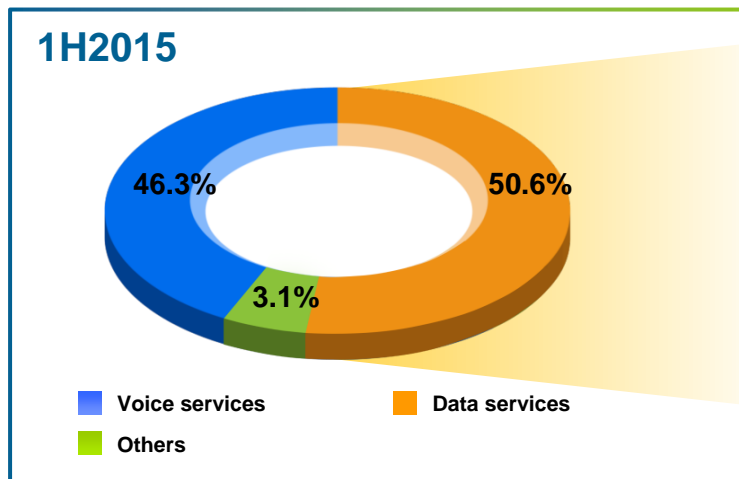
Revenue from Sales of Products and Others



Maintain Sustainable Profitability

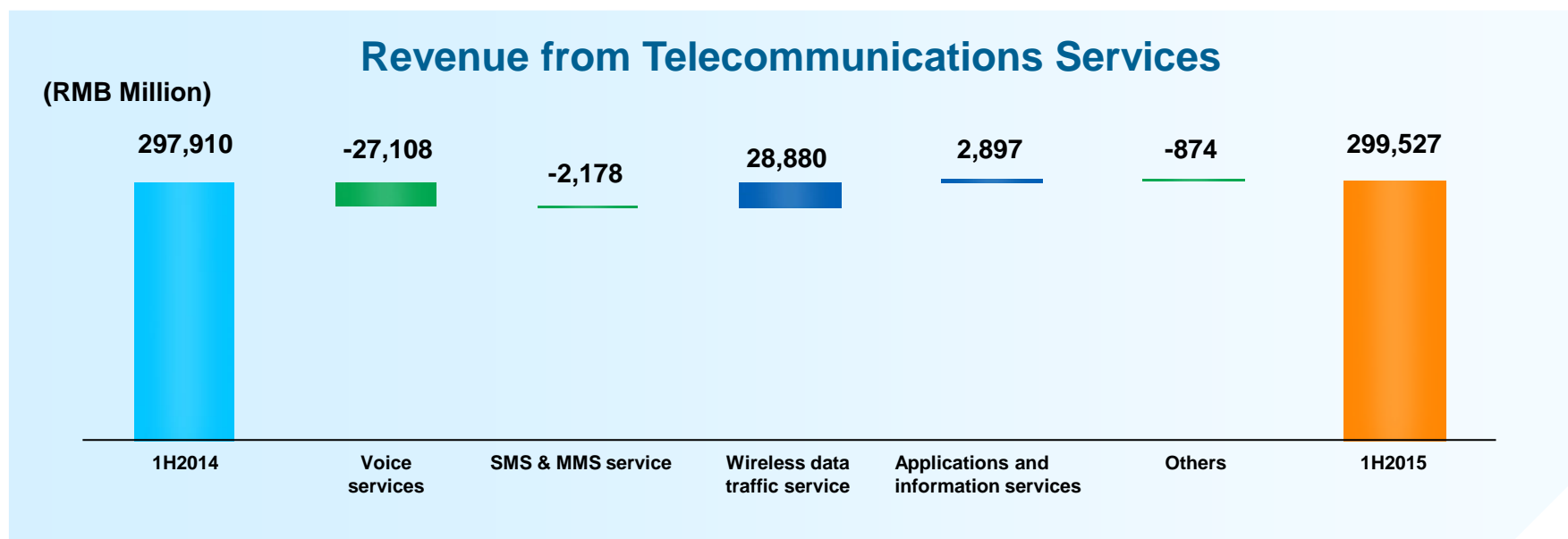


Further Optimize Revenue Structure

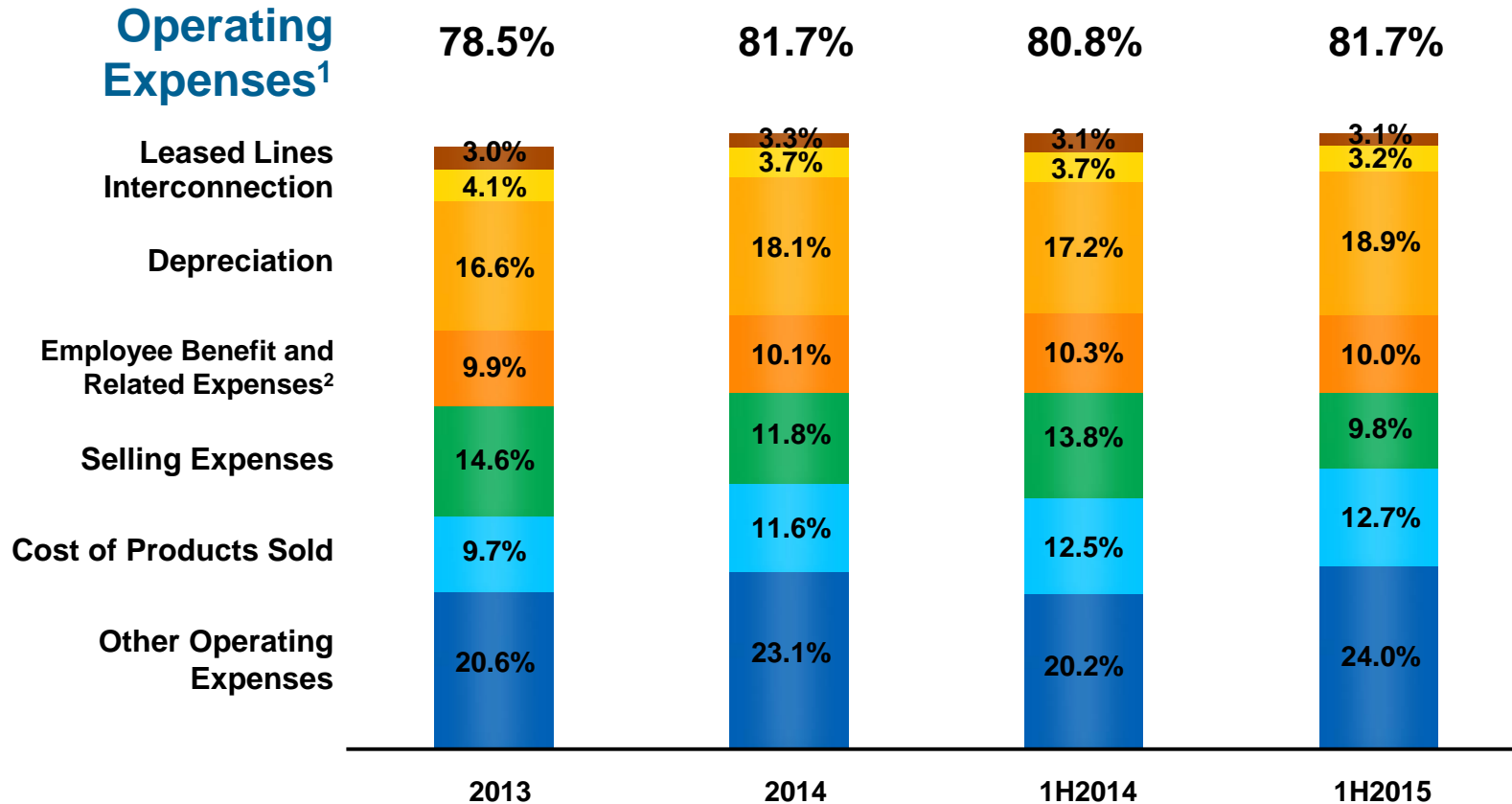


	1H2015	2014	1H2014
SMS & MMS Revenue	5.3%	6.0%	6.1%
Wireless Data Traffic Revenue	33.7%	26.4%	24.2%
Applications and Information Services Revenue	11.6%	11.1%	10.6%
Data Services Revenue	50.6%	43.5%	40.9%

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



Increasing Pressure on Operating Expenses



Note ¹: The above data are expressed as a percentage of operating revenue

Note ²: Employee benefit and related expenses = personnel expenses + labour service expenses which has been excluded from other operating expenses

Healthy and Solid Capital Structure

	2015.06.30 (RMB Million)	2014.12.31 (RMB Million)
Short Term Debt	68	68
Long Term Debt	4,993	4,992
Total Debt	5,061	5,060
Shareholders' Equity	892,735	856,576
Total Book Capitalization	897,796	861,636
Debt to Assets Ratio	33.4%	33.8%
Total Debt / Total Book Capitalization	0.6%	0.6%
Cash & Bank Deposits	456,396	428,288

Credit Rating

Moody's
S&P

Aa3 / Outlook Stable
AA- / Outlook Stable

Thank You

Extracts from Unaudited Condensed Consolidated Statement of Comprehensive Income for the Six Months Ended 30 June 2015

– Appendix I

	1H2015 (RMB Million)	1H2014 (RMB Million)
Operating Revenue	340,727	324,681
Telecommunications Services Revenue	299,527	297,910
Voice services	138,670	165,778
Data Services	151,512	121,913
Others	9,345	10,219
Revenue from Sales of Products and Others	41,200	26,771
Operating Expenses	278,225	262,327
Leased Lines	10,651	10,235
Interconnection	10,871	12,116
Depreciation	64,316	55,868
Employee Benefit and Related Expenses	33,977	33,261
Selling Expenses	33,318	44,700
Costs of Products Sold	43,421	40,523
Other Operating Expenses	81,671	65,624

	1H2015 (RMB Million)	1H2014 (RMB Million)
Profit from Operations	62,502	62,354
Non-operating Income, Net	837	332
Interest Income	7,396	7,870
Finance Costs	(114)	(114)
Share of Profit of Associates	3,633	3,966
Taxation	(16,924)	(16,619)
Profit for the Period	57,330	57,789
Attributable to:		
Equity Shareholders of the Company	57,265	57,742
Non-controlling Interests	65	47
Profit for the Period	57,330	57,789

**Extracts from Unaudited Condensed Consolidated Balance Sheet
as at 30 June 2015
– Appendix II**



	2015.06.30 (RMB Million)	2014.12.31 (RMB Million)
Current Assets	513,547	477,583
Non-current Assets	829,261	818,866
Total Assets	1,342,808	1,296,449
Current Liabilities	(441,961)	(431,876)
Non-current Liabilities	(6,001)	(5,930)
Total Liabilities	(447,962)	(437,806)
Net Assets	894,846	858,643

	1H2015	2014
Total Customers (Million)	817.20	806.63
of which: 4G Customers (Million)	189.66	90.06
3G Customers (Million)	214.82	245.75
MOU (Minutes/User/Month)	436	453
ARPU (RMB/User/Month)	62	61
Average Handset Data Traffic per Month (MB/User/Month)	278	155
Total Voice Usage (Billion Minutes)	2,111.0	4,293.9
Mobile Data Traffic (Billion MB)	1,084.0	1,132.9
SMS Usage (Billion Messages)	288.7	611.4
Average Voice Services Revenue per Minute (RMB)	0.066	0.072
Average Monthly Churn Rate	2.99%	3.13%

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.