



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

2012 Interim Results



2012 Interim Results

China Mobile Limited
16 August 2012

Management Present



Mr. XI Guohua

Executive Director & Chairman

Mr. LI Yue

Executive Director & CEO

Mr. XUE Taohai

Executive Director, Vice President & CFO

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Overall Results for 1H 2012

2

Operating Performance for 1H 2012

3

Financial Results for 1H 2012

Agenda

1

Overall Results for 1H 2012

Highlights

Steady Growth in Operating Performance despite Various Challenges

- Operating revenue up 6.6%
- Net profit margin at 23.3%

Customer Base Continued Expanding while Voice Business Maintained Growth

- Customers over 680 million
- Voice usage up 9.2%

Fast Data Business Development and Rapid Growth in Wireless Data Traffic

- Data services revenue rose to 28.5% of total revenue
- Wireless data traffic revenue up 51.6%

Accelerated Development in 3G and Good Progress in TD-LTE Scale Trial

- 3G customers reached 67 million, network utilization up 4.7 ppt compared with end of last year
- Experience of TD-LTE featured businesses received wide acclaim

Sustainable Development to Create Shareholder Value

- 2012 interim dividend up 3.4% to HK\$1.633 per share
- Dividend yield 3.9%

Stable Growth in Operating Performance



	1H 2011	1H 2012	Change
Operating Revenue (RMB Billion)	250.080	266.530	6.6%
EBITDA (RMB Billion)	124.152	123.051	-0.9%
EBITDA Margin	49.6%	46.2%	-3.4ppt
Net Profit (RMB Billion)	61.283	62.202	1.5%
Net Profit Margin	24.5%	23.3%	-1.2ppt
Basic Earnings per Share (RMB)	3.05	3.10	1.4%

Enlist Favorable Factors and Fare Changes in Environment

Changes in Business Environment

- ④ Rising mobile penetration with diminishing growth in traditional mobile communications market
- ④ New focus of all-round competition for customer value
- ④ ICT industry integration brings business substitution and industry value transfer

Enlist Favorable Factors

- ④ Growing demand for information and communications across the society
- ④ Growth of data traffic and applications driven by Mobile Internet fuelled revenue accretion
- ④ Government's strong support and the accelerated development and maturity of TD-LTE supply chain bring new impetus to future development
- ④ Advantages in years of operating experience, scale, network, brand, services and talents, etc.

Strengthen Market Operations and Enhance Network Capability

Market Operations

Targeted response to market competition

- ◆ Strengthen integrated marketing and improve local marketing
- ◆ Stabilize voice value and enhance value of data traffic
- ◆ Ensure reasonable share of volume growth and commensurate targeted customer retention

Prudent and efficient investment in marketing resources

- ◆ Focus on high value and smartphone customers

Capitalize synergies of various channels

- ◆ Co-ordinated business development, customer retention and terminal sales

Improve marketing refinement

- ◆ Precise segmentation of customer needs with integrated marketing strategies

Implement end-to-end quality control

- ◆ Enhance customer experience through “runways” of network, platform and terminal, etc

Network Build-out

Assure 2G network quality

- ◆ Maintain voice advantage and alleviate pressure of data traffic

Consummate 3G network build-out

- ◆ Build premium network focusing on efficient use of resources

Value WLAN network

- ◆ Strengthen refined management to improve efficiency and achieve traffic diversion

Focus on future TD-LTE

- ◆ Promote industry maturity and get ready for upgrade

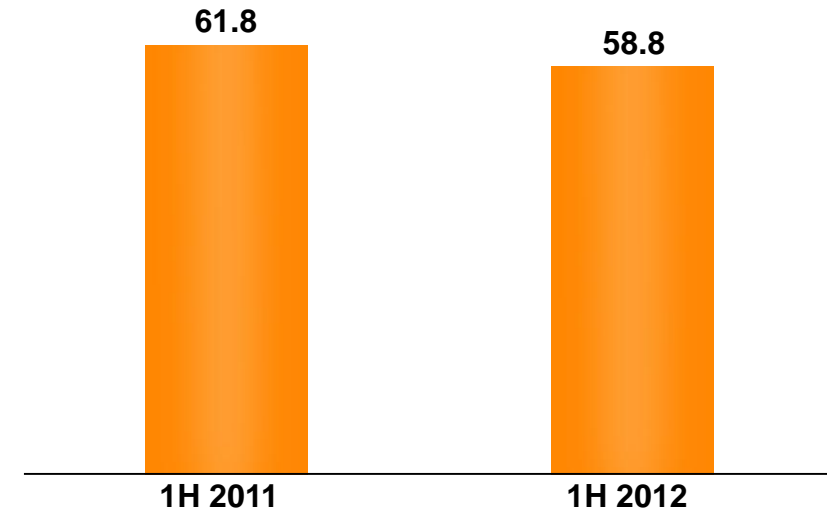
Accelerate full service network reserves

- ◆ Enhance metropolitan area network and international transmission capabilities
- ◆ Strengthen public Internet construction
- ◆ Targeted and efficient support of business development

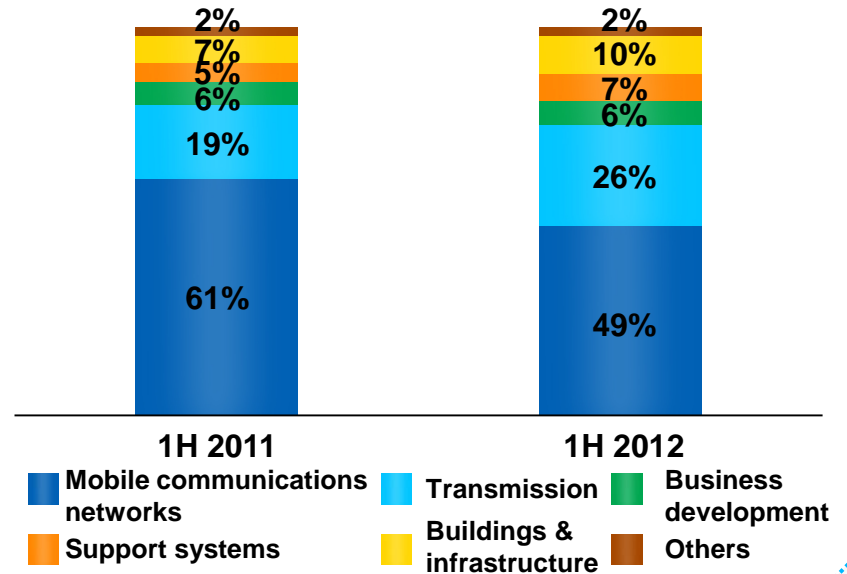
Rational Investment Schedule

CAPEX

(RMB Billion)




CAPEX Structure




- Scientific planning focusing on investment return and control of overall investment
- Implement Four-Network Co-ordination strategy to assure leading network quality and improve core competitiveness
- Vigorous development of Mobile Internet and Internet of Things to foster new growth areas
- Central planning and phased implementation to enhance infrastructure build-out and resource reserve and to strengthen full service capabilities

High Acclaim and Strong Support from Government to Accelerate Development

- ◆ Successfully accomplished scale trial in “6+1” cities, commenced expanded build-out
- ◆ High acclaim for featured businesses such as high-definition VOD, video surveillance and high-definition video conferencing in Hangzhou and other cities
- ◆ Realized two-way roaming between Hangzhou TD-LTE and Hong Kong LTE FDD networks

 1H2012

 2H2012

Base stations will reach 20,000 with extended coverage to 13 cities. Over 90% effective coverage in key areas of Hangzhou, Shenzhen and Guangzhou

- ◆ Number of base stations will reach 200,000 to realize contiguous outdoor coverage in data hotspots of prefectural level and above cities

 2013

Terminal and Chipset

- ◆ Launched CPE (customer premise equipment), MIFI and dongles, etc
- ◆ Multi-mode terminals from various manufacturers have passed trials, multi-mode smartphone debut within this year

Global Commercialization Deployment

- ◆ 48 international operators and 30 equipment manufacturers have joined the “Global TD-LTE Initiative”
- ◆ 10 commercial networks and 52 trial networks have officially launched worldwide

Execute Strategic Transformation and Promote Reform and Innovation

Strategic Transformation Reform and Innovation

④ Four-Network Co-ordination

Transform from voice-only to “voice + data traffic + applications” and operate the businesses at reasonable network costs

④ Mobile Internet

Develop featured businesses, forge capabilities and promote professional operations to ascertain achievements against competition across the value chain

④ Full Service

Construct high quality carrier networks, adhere to wireless broadband focusing on mobile business to corner the new market in information services

④ Organizational Reform

Establish organizational system and new operational mechanism commensurate with Mobile Internet and full service development

④ Talent Incentive

Focus on strategic objectives, establish talent incentive mechanism to meet development needs

④ Innovation of Management

Promote centralization, professional operations, market-oriented mechanism, lean organization and process standardization to realize scientific and refined management



**Strive to Create
Value for
Shareholders**

2

Operating Performance for 1H 2012

Enhanced Quality, Improved Services and Promoted Innovation

“Quality is the Lifeline of a Communications Company”

- Successful voice call connection rate well ahead of competition
- Considerable dip in proportion of network quality complaints
- Significant improvement in competitiveness of network quality along railways
-

“Customers, Our Priority; Quality Service, Our Principle”

- Launched anti-virus software and measures to block harmful messages and spam SMS, etc
- Continued to promote services such as transparent spending and unified tariff plans
- Customer complaints remained lowest in the industry
-

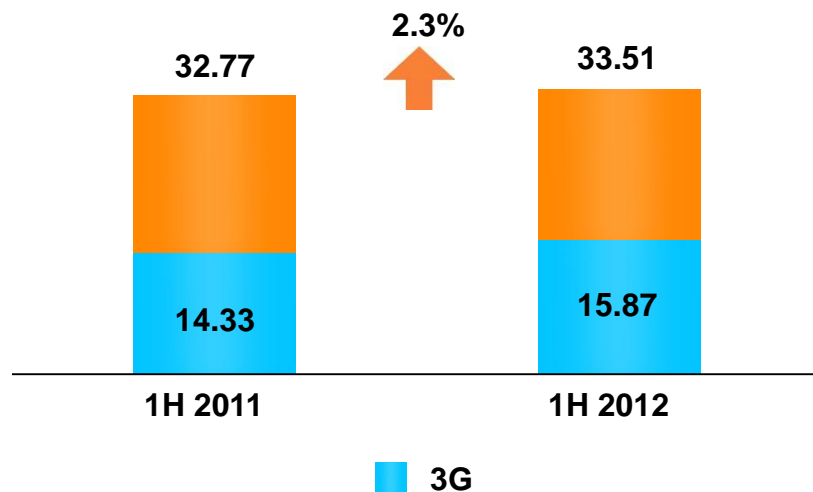
Innovation to Drive Enterprise Sustainable Development

- TD-LTE scale trial achieved remarkable results
- Continued expansion of Mobile Market, “Wireless City” and Internet of Things applications
- Construction of centralized data center, call center, and storage and logistics center
-

Continued Expanding Customer Base

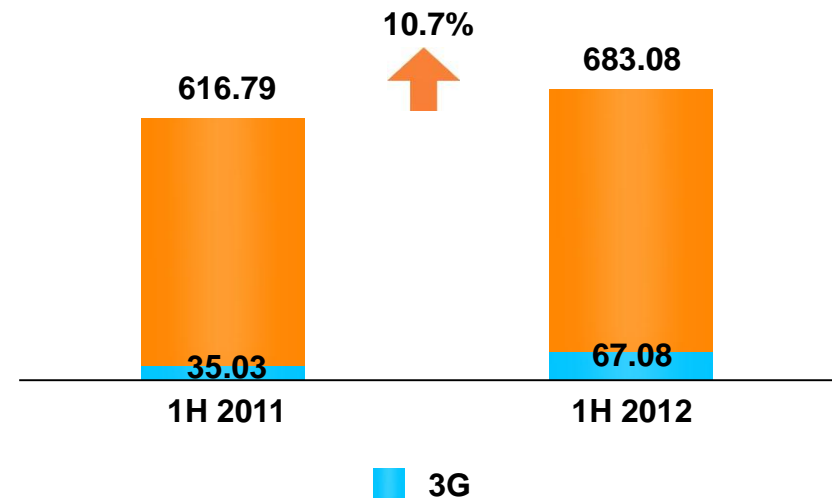
Net Additional Customers

(Million)



Total Customers

(Million)

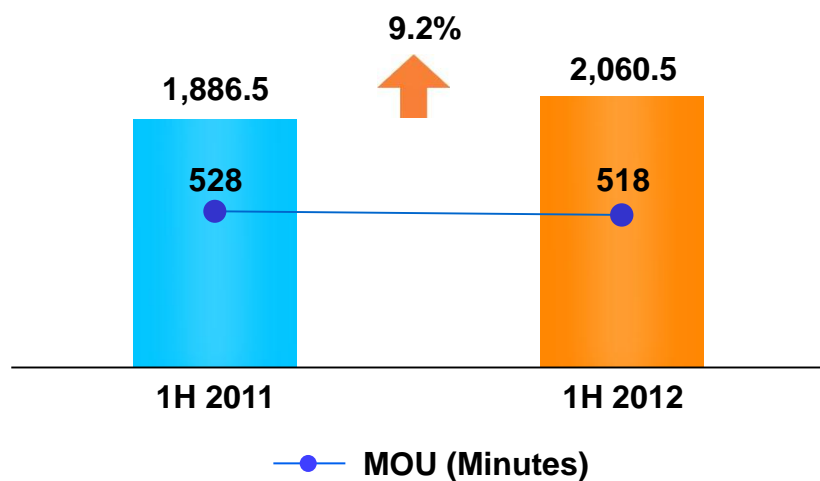


- Net additional customer market share reached 47%, continued to lead in the industry
- Continued growth in customer base, medium and high-end customer base remained stable
- Corporate accounts increased to 3.34 million, where individual customers took up 35% of total customers

Continued Growth of Voice Business

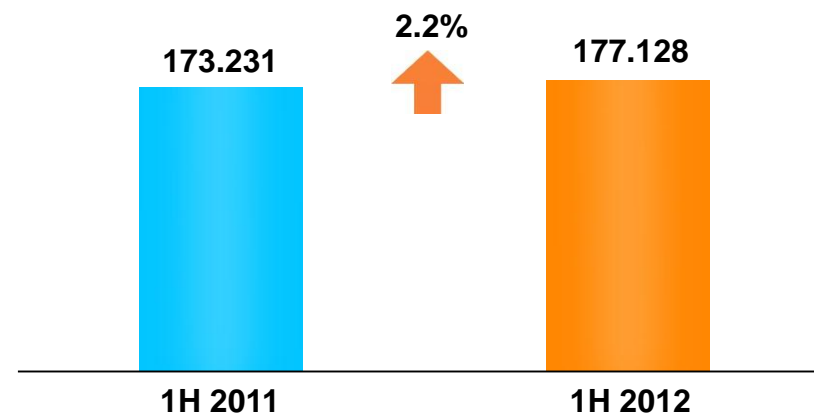
Total Voice Usage

(Billion Minutes)



Voice Services Revenue

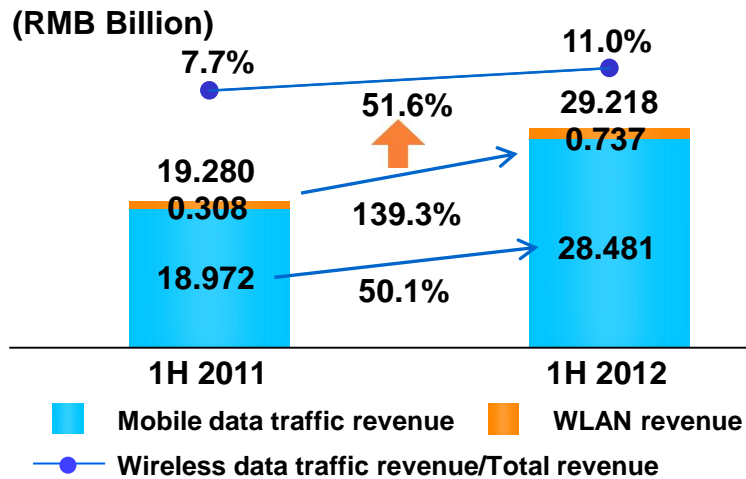
(RMB Billion)



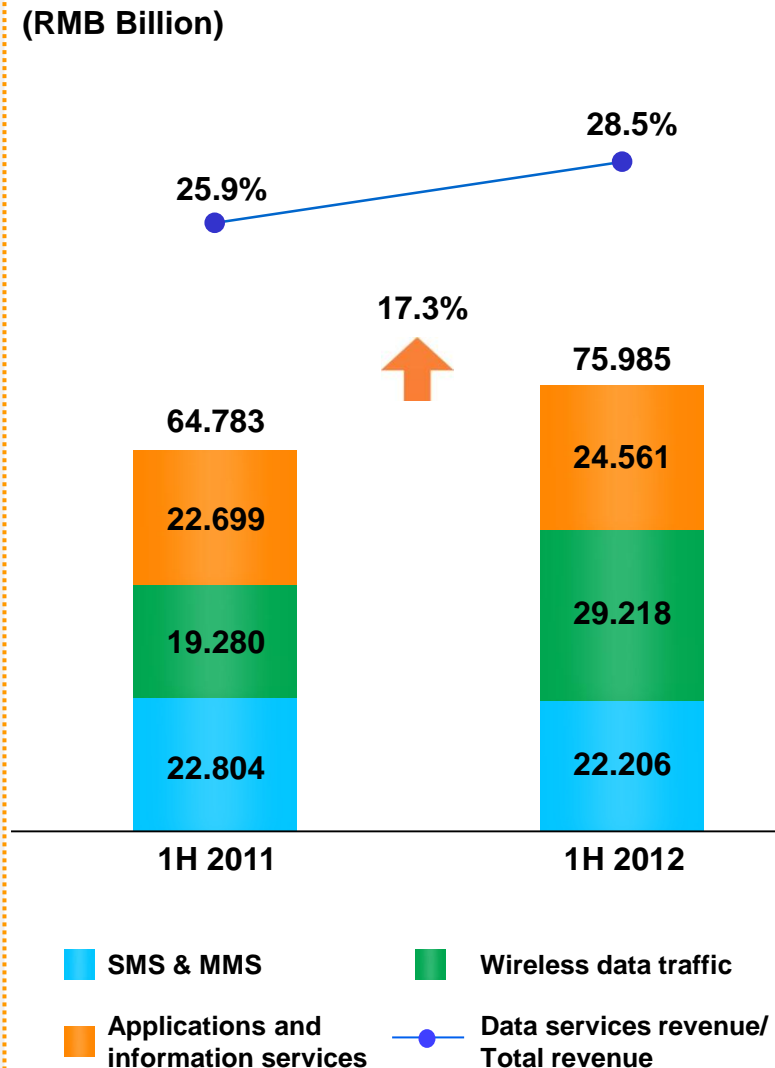
- Exploited potential of segments such as long distance and roaming to boost voice usage
- Promoted Unified Go-tone Tariff to meet voice demand of medium and high-end customers

Rapid Growth in Wireless Data Traffic, Fast Development of Application Services

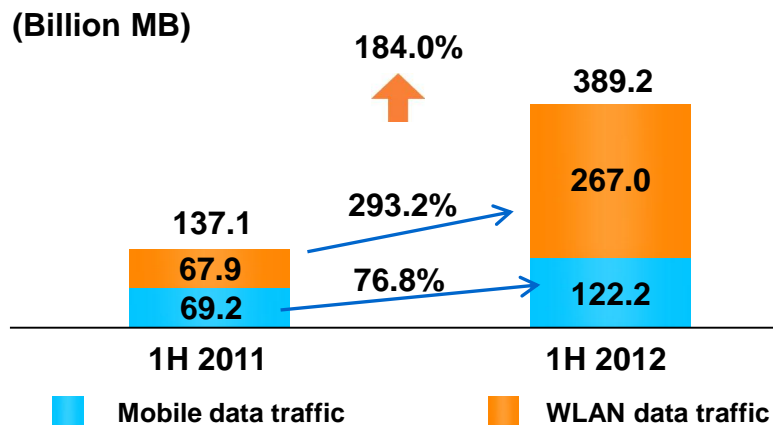
Wireless Data Traffic Revenue



Data Services Revenue



Wireless Data Traffic



Further Development of Four-Network Co-ordination

GSM

- Primarily carry voice traffic, moderately carry handset data
- Base stations reached 750,000 with network utilization at ~72.4%. 2G network quality leading edge

TD-SCDMA

- Primarily carry handset data, bolstering existing and future networks
- Built premium 3G network with nearly 240,000 base stations, network utilization reached 18.5%, handset data traffic up nearly 2.4 times

WLAN

- Essential component of wireless broadband network, carry PC/handset Internet data
- Constructed nearly 2.83 million APs which carried 68.6% of total data traffic, effectively offloaded the GSM network

TD-LTE

- To carry high bandwidth, high quality wireless broadband services in future, strive for TDD/FDD integrated development
- Good progress in scale trial, service experience attained positive acclaim, strong support from Government and industry

**Build world-class wireless network –
wide and deep coverage, high quality and speed**

Expanding Customer Base

- Net additional 3G customers out-numbered 15 million to reach a total of 67 million
- Customer structure optimized, proportion of handset customers continued to expand, especially smartphone customers

Steady Enhancement of Network Capability

- Number of base stations nearly 240,000, strengthened contiguous coverage of large and medium-sized cities and effective coverage of hotspots
- Network utilization enhanced by 4.7 percentage points compared with end of last year
- Wireless connection rate stabilized at over 99.5%, call drop rate remained below 0.6%

Improving Competitiveness of Terminals

- Early success in debut with equitable quality, price and schedule as handsets of other 3G standards
- Leapfrogged expansion in the number of smartphone models reaching 166, 126 of which at ~RMB1,000
- Nearly 70% of 3G handsets sold were smartphones

Satisfactory Development of “Wireless City”

Mobile
Internet

Internet of
Things



“Wireless City”

- ◆ Opportunity and platform to expand “Share of Daily Life Services” for individual customers, and “Share of Information Services” for companies and industries
- ◆ Conduit of industries
- ◆ Anchor of Mobile Internet, Internet of Things and cloud-based applications

Satisfactory Development

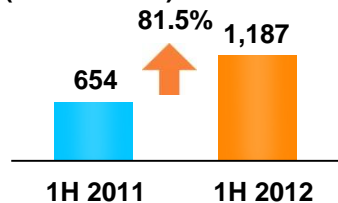
- ◆ Portals in 321 cities online nationwide, with over 450 million cumulative clicks
- ◆ Plan for 2012: 50 million active customers, aggregate total of over 1 billion application messages
- ◆ Ample potential with Internet of Things, businesses developing rapidly. Number of M2M terminals was up >50% in 1H 2012, surpassing 17 million

Rigorously Promote Development of Mobile Internet

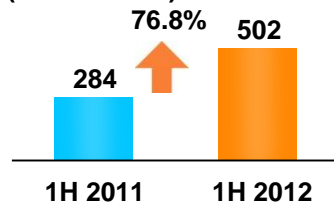
Construct Smart Pipe, Build Open Platform, Create Featured Businesses, Provide Integrated Interface

⊗ Rapid growth of featured businesses

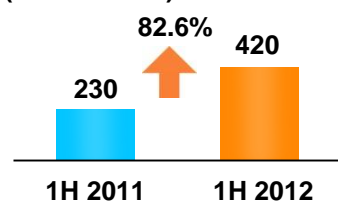
Mobile Mailbox Revenue
(RMB Million)



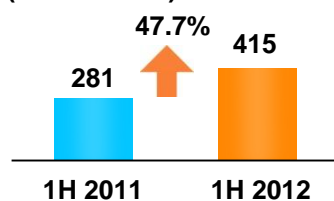
Mobile Reading Revenue
(RMB Million)



Mobile Video Revenue
(RMB Million)



Mobile Gaming Revenue
(RMB Million)



⊗ Mobile Market



- ◆ Consumer-oriented sales platform, developer-oriented service platform, supply chain-oriented support platform
- ◆ Cumulative registered customers over 200 million, cumulative application downloads over 800 million

⊗ Professional Terminal Operations

- ◆ Means to enhancing data traffic operation and developing information services in the Mobile Internet era, anchor for solidifying market share
- ◆ The Company's total terminal sales accounted for RMB6.2 billion in 1H 2012, up by 2.8 times

Promote Professional Operations of Mobile Internet

⊗ Professional operations

⊗ Market-oriented mechanism

⊗ Lean organization

⊗ Centralized resources

Enhanced Full Service Capabilities

Build Metropolitan Area Network

- Improve resource capability and coverage of metropolitan area networks
- Added 480,000 km of metropolitan transmission optical fiber cables
- Coverage of municipal roads and ducts further enhanced

International and Hong Kong/Macau/Taiwan Network Construction

- Plan and drive construction of a number of submarine cables including Fu-Dan (福淡), Asia-Pacific, Middle East, Western Europe, Pacific Ocean
- Drive construction of Hong Kong/Guangdong, Zhuhai/Macau, Sino-Vietnam, Sino-Mongolia and other cross-border transmission systems on land
- Drive establishment of China Mobile Global Network Center

Focus of Business Development

- Focus on developing dedicated line services for corporate customers, cumulative lines exceeded 635,000
- Strengthen construction of public Internet and reduce interconnection costs
- Actively promote IDC construction and development of web cache business

Stepped forward in Professional Operations

China Mobile International Limited

- ⊕ **Rapid establishment of global network capability**
 - ◆ Preliminary completion of international network with core in Hong Kong, London and Los Angeles
- ⊕ **Provided highly competitive products and services**
 - ◆ Leveraged on scale advantage to reduce settlement costs and roaming charges, enhanced customer experience and boosted voice usage
 - ◆ Added 15 new roaming discount zones, covering key outbound routes
 - ◆ Actively expanded businesses such as multinational corporation (MNC) customers and international dedicated lines
- ⊕ **Steady growth of international business**
 - ◆ International business revenue reached ~RMB4 billion in 1H 2012, up 15%
 - ◆ Average cost of international outgoing calls down by approximately 20%

China Mobile Group Terminal Company Limited

- ⊕ **Growing influence over manufacturers**
 - ◆ Basically achieved equitable quality, price and schedule of debut between Samsung SIII and models of other competing standards
 - ◆ Continued increase in the number of TD terminals and chipset manufacturers, TD handset inventory totaled 412 models
- ⊕ **Continued enhancement in terminal competitiveness**
 - ◆ Duration of error-free functioning for products significantly improved
 - ◆ 3.5, 4-inch screen smartphones ahead of competition, drubbed RMB500 and RMB800 price points respectively
- ⊕ **Solid scale sales**
 - ◆ Proprietary, social, and Internet channels gradually strengthened
 - ◆ Centralized sales of 14 million TD handsets, of which smartphones accounted for nearly 70%

Remarkable Results in “Energy Conservation & Emissions Reduction”

Promote Mature Technologies

- Scale-promotion of “smart dormancy according to frequency loading”, “compact base station (with no equipment room)”, “natural resource cooling” and other energy-saving technologies
- Activated 7.43 million smart energy-saving channels
- Instated nearly 86,000 “natural resource cooling” base stations

Innovate on Energy-Saving Applications

- Strengthened new R&D pilots: completed pilot applications for air conditioning smart control over power-saving equipment and lithium iron phosphate batteries, etc
- Developed smart transportation and logistics, and pursued precise scheduling to reduce emissions

- The Company’s power consumption per frequency loading and per unit of telecommunications traffic dipped 6% and 12% YoY, respectively



- 1H 2012 saved timber 27,400 m³

Mobile Internet to Continue Explosive Growth

- ④ Growing penetration of mobile broadband and smart terminals induce unlimited opportunities
- ④ Rapid growth of data traffic brings significant revenue opportunities
- ④ Strive to establish a leading position in Mobile Internet by constructing a smart pipe, building an open platform, creating featured businesses and delivering an integrated interface

Internet of Things to Bring about a New Techno-Economic Wave

- ④ Scope of communications extended to cover "People to Things" and "Things to Things", underpinning ample potential
- ④ The >1 billion access points has expanded the scope of development
- ④ Exploit advantages, provide cost-effective and standardized products, serve various industries and strive to become the industry leader in Internet of Things



**Mobile
Changes Life**

Agenda

3

Financial Results for 1H 2012

Steady Revenue Growth

Total Customers

(Million)

616.79

10.7%

683.08

1H 2011

1H 2012

Total Voice Usage

(Billion
Minutes)

1,886.5

9.2%

2,060.5

1H 2011

1H 2012

Wireless Data Traffic

(Billion MB)

137.1

184.0%

389.2

1H 2011

1H 2012

Operating Revenue

(RMB Million)

250,080

6.6%

266,530

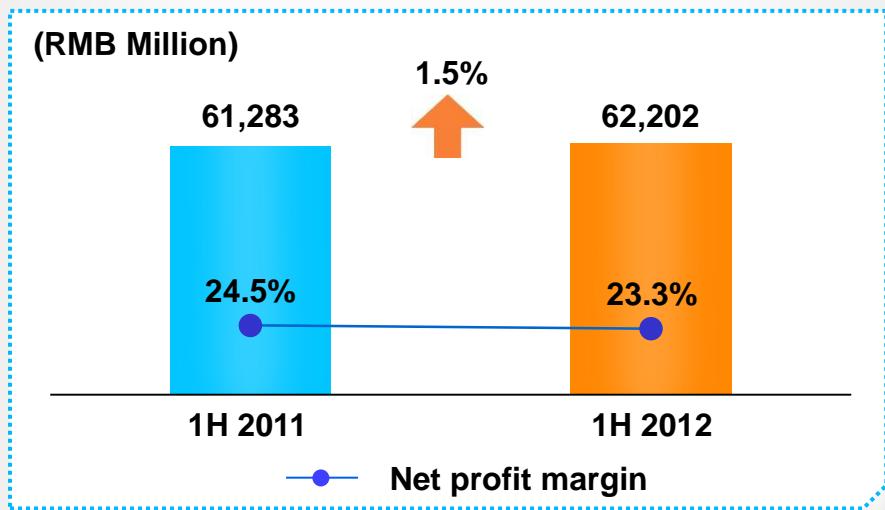
1H 2011

1H 2012

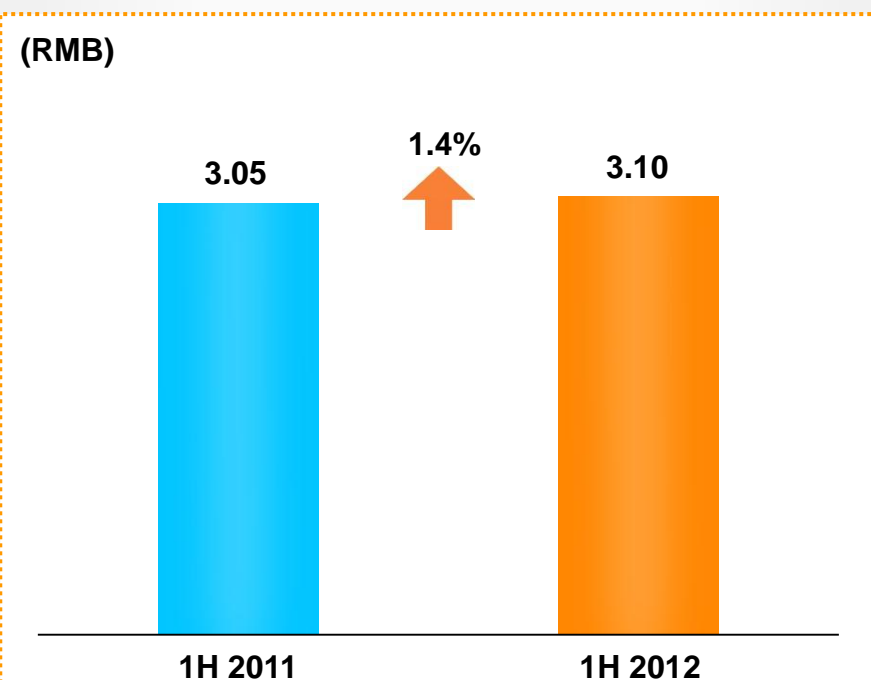


Industry-leading Profitability

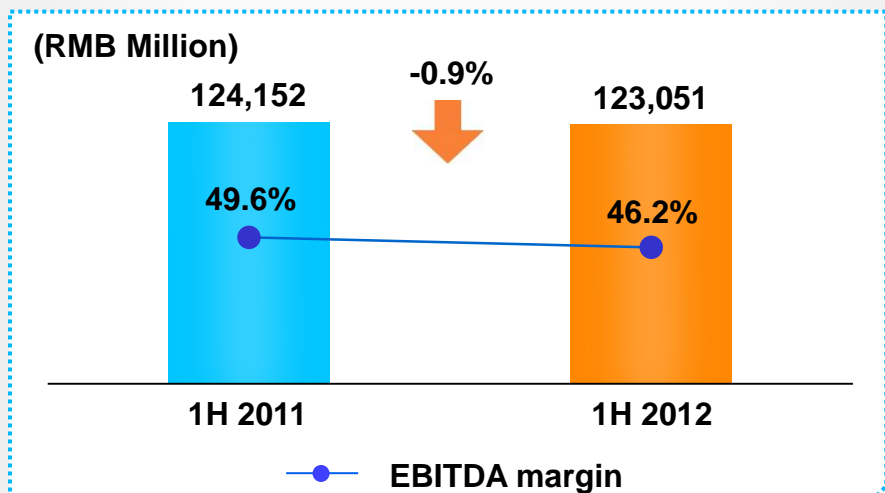
Net Profit



Basic EPS



EBITDA



Note: Net profit for 1H 2012 included the share of profit of Shanghai Pudong Development Bank ("SPD Bank") amounting to RMB2,867 million.

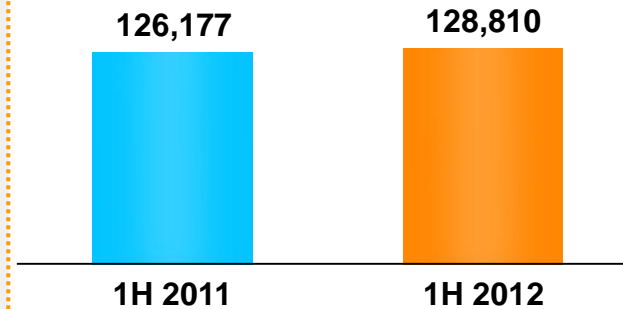
Strong Cash Flow Continued

Sound and Efficient Capital Management

- Strong cash flow generating capability
- Secure fund management
- Centralized fund allocation
- Strict and efficient capital expenditure management
- Highly centralized corporate financing
- Prudent investment strategies

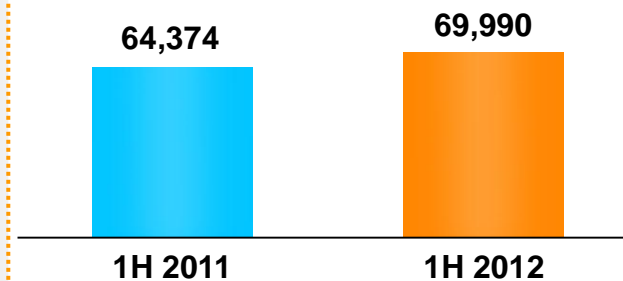
Net Cash Inflow from Operating Activities

(RMB Million)



Free Cash Flow

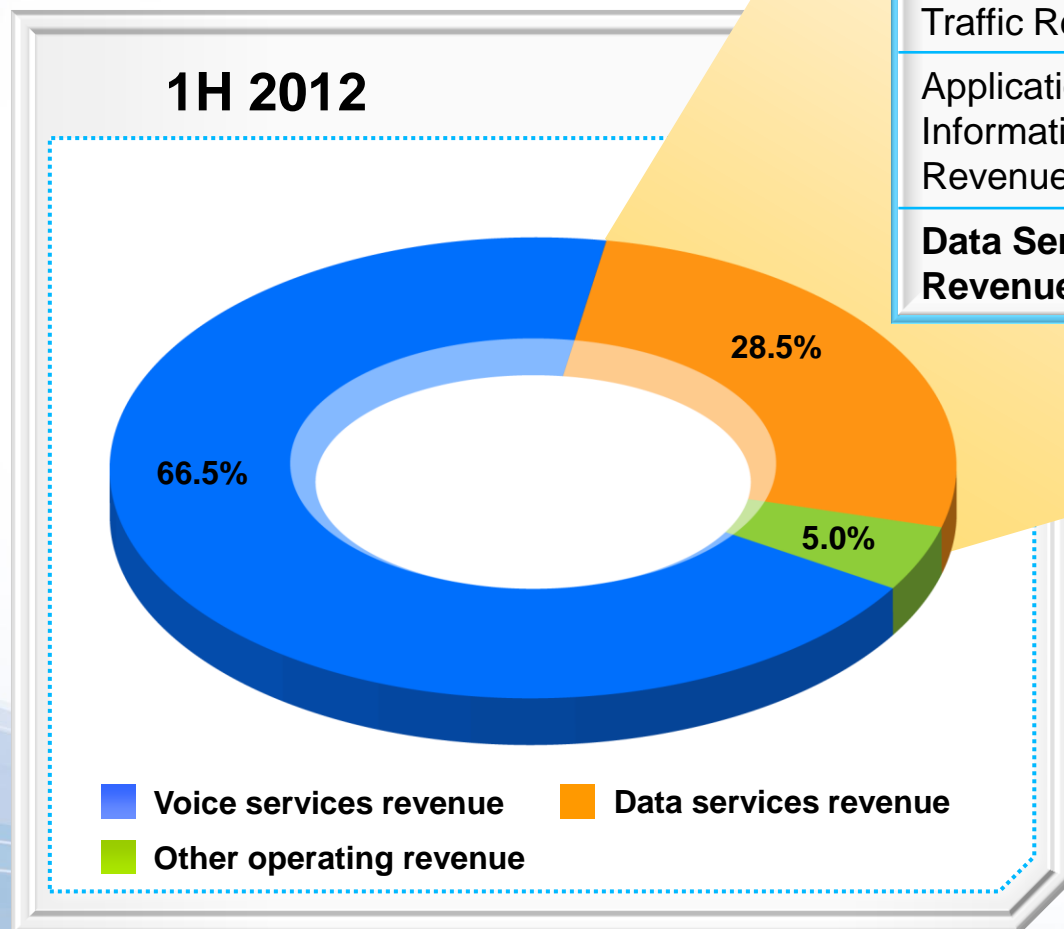
(RMB Million)



- Continued to support favorable business growth
- Provided a solid foundation for the sustainable healthy development of the Company
- Created value for shareholders

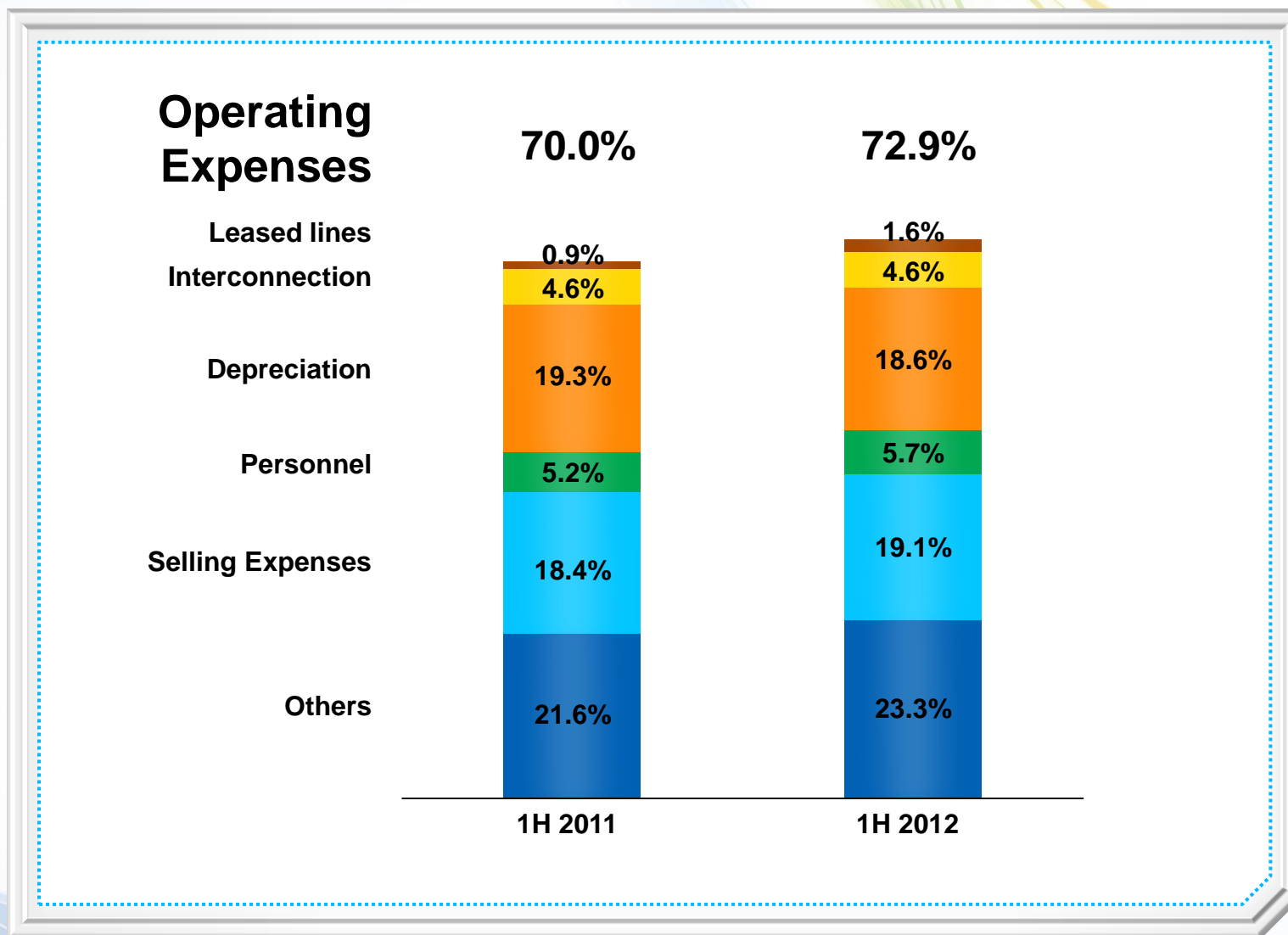
Operating Revenue Structure

	1H 2012	2011	1H 2011
SMS & MMS Revenue	8.3%	8.8%	9.1%
Wireless Data Traffic Revenue	11.0%	8.4%	7.7%
Applications and Information Services Revenue	9.2%	9.2%	9.1%
Data Services Revenue	28.5%	26.4%	25.9%



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

Structure of Operating Expenses



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

Healthy and Solid Capital Structure



	2012.06.30 (RMB Million)	2011.12.31 (RMB Million)
Short Term Debt	927	1,684
Long Term Debt	28,618	28,617
Total Debt	29,545	30,301
Shareholders' Equity	683,511	649,064
Total Book Capitalization	713,056	679,365
Total Debt / Total Book Capitalization	4.1%	4.5%
Cash & Bank Deposits	395,855	333,100
Net Cash*	366,310	302,799

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

Credit Rating

**Moody's
S&P**

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

Thank You

Extracts from Unaudited Consolidated Statement of Comprehensive Income for the Six Months Ended 30 June 2012

– Appendix I



	1H 2012 (RMB Million)	1H 2011 (RMB Million)
Operating Revenue		
Voice Services	177,128	173,231
Data Services	75,985	64,783
Others	13,417	12,066
	266,530	250,080
Operating Expenses		
Leased Lines	4,208	2,295
Interconnection	12,298	11,379
Depreciation	49,652	48,361
Personnel	15,134	13,107
Selling Expenses	50,765	45,976
Other Operating Expenses	62,180	53,976
	194,237	175,094
Profit from Operations	72,293	74,986

	1H 2012 (RMB Million)	1H 2011 (RMB Million)
Profit from Operations (cont'd)	72,293	74,986
Other Net Income	1,073	778
Non-operating Net Income	244	222
Interest Income	5,916	3,563
Finance Costs	(221)	(339)
Share of Profit of Associates	2,867	2,016
Share of Profit / (Loss) of Jointly Controlled Entity	1	(2)
Taxation	(19,933)	(19,854)
Profit for the Period	62,240	61,370
Attributable to:		
Equity Shareholders of the Company	62,202	61,283
Non-controlling Interests	38	87
Profit for the Period	62,240	61,370

Re-categorization of Revenue Components (1H 2010 - 1H 2012)

– Appendix II



	1H 2012 (RMB Million)	1H 2011 (RMB Million)	1H 2010 (RMB Million)
Operating Revenue	266,530	250,080	229,818
Voice Services	177,128	173,231	164,108
Data Services	75,985	64,783	56,098
SMS & MMS Revenue	22,206	22,804	22,656
Wireless Data Traffic Revenue	29,218	19,280	13,499
Applications and Information Services Revenue	24,561	22,699	19,943
Others	13,417	12,066	9,612

Note: The Group re-categorized the presentation of revenue components in the consolidated statement of comprehensive income for the year ended 2011. The new presentation categorizes operating revenue into voice services revenue, data services revenue and other operating revenue. Voice services revenue mainly includes the revenue derived from voice usage services and voice value-added services which were categorized in value-added services fees in prior years' presentation. Data services revenue mainly includes revenue derived from SMS & MMS, wireless data traffic and applications and information services.

This change in presentation has no effect on reported profit or loss, total income and expense or net assets, for any of the periods presented.

**Extracts from Unaudited Consolidated Balance Sheet
as at 30 June 2012
– Appendix III**



	2012.06.30 (RMB Million)	2011.12.31 (RMB Million)
Current Assets	436,777	382,685
Non-current Assets	585,132	569,873
Total Assets	1,021,909	952,558
Current Liabilities	(307,686)	(273,244)
Non-current Liabilities	(28,919)	(28,895)
Total Liabilities	(336,605)	(302,139)
Net Assets	685,304	650,419

	1H 2012	2011
Total Customers (Million)	683.08	649.57
MOU (Minutes)	518	525
ARPU (RMB)	67	71
Average Voice Services Revenue per Minute (RMB)	0.086	0.094
Total Voice Usage (Billion Minutes)	2,060.5	3,887.2
Wireless Data Traffic (Billion MB)	389.2	361.4
Including: Mobile Data Traffic (Billion MB)	122.2	161.0
SMS Usage (Billion Messages)	374.2	736.1
Average Monthly Churn Rate	3.21%	3.21%

Forward-looking Statement



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 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 in the Company’s other filings with the SEC.