



2012

Annual Results



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

2012 Annual Results

China Mobile Limited
14 March 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 2012

2 Operating Performance for 2012

3 Financial Results for 2012

1 Overall Results for 2012

Overcame Difficulties and Challenges, Growth of Operating Performance Stable

- Operating revenue up 6.1%
- Net profit margin at 23.1%

Customer Scale Advantage Maintained, Voice Business Foundation Solid

- Customers over 700 million
- Voice usage up 7.8%

Fast Data Business Development, Data Traffic Drove Revenue Growth

- Data services revenue rose to 29.7% of total revenue
- Wireless data traffic revenue up 53.6%

3G Development Satisfactory, TD-LTE Progress Accelerated

- 3G customers nearly 88 million, network utilization up 10.8ppt
- TD-LTE technology performance fully validated, customer experience recognized

Sustainable and Healthy Development to Create Shareholder Value

- 2012 full year dividend HK\$3.411 per share
- 2013 planned dividend payout ratio 43%

Stable Growth in Operating Performance

	2011	2012	Change
Operating Revenue (RMB Billion)	527.999	560.413	6.1%
EBITDA (RMB Billion)	251.025	253.646	1.0%
EBITDA Margin	47.5%	45.3%	-2.2ppt
Net Profit (RMB Billion)	125.870	129.274	2.7%
Net Profit Margin	23.8%	23.1%	-0.7ppt
Basic Earnings per Share (RMB)	6.27	6.43	2.6%



Fare Challenges and Capture Opportunities

Challenges

- ④ Diminishing growth in traditional mobile communications market as penetration rises
- ④ Intensifying competition amongst operators, particularly for existing business
- ④ ICT transformation highlights Internet business substitution

Opportunities

- ④ New industrialization, informatization, urbanization and agricultural modernization widen prospects of information services
- ④ Smartphone proliferation brings space of development for data traffic and information services
- ④ The World recalibrating to next generation mobile communications with full support of TD-LTE from government

Strengthen Execution of Strategies

Strengthen Marketing Capabilities

- ④ Strengthen management of existing business
- ④ Drive data traffic operations
- ④ Excel in corporate customer management
- ④ Boost device sales
- ④ Enhance marketing support

Enhance Network Capabilities

- ④ Unleash potential, besting 2G
- ④ Accurate 3G build-out in line with demand
- ④ Extend TD-LTE through upgrade and new-builds
- ④ Divert traffic with refined WLAN management
- ④ Strengthen infrastructure resource building

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

Enhance Management

- ④ Drive cost savings and efficiency
- ④ Establish sound management system
- ④ Promote best practices
- ④ Reinforce synergies

Strengthen Teaming

- ④ Management: Overall quality and leadership
- ④ Staff: Professionalism and execution

Customer Base Expanding

- Net additional 3G customers over 36 million to reach a total of nearly 88 million
- Around half of TD handset customers on smartphones

Steady Enhancement of Network Capability

- Total of 280,000 base stations with 65,000 newly built, achieved coverage in county-level and above cities and some villages and towns, contiguous coverage in large and medium-sized cities
- Network utilization up by 10.8ppt

Significant Enhancement of Device Competitiveness

- Device supply chain continued to thrive. Mainstream chipset and device manufacturers involved in R&D of TD products. Chipset manufacturing technology, power consumption and product quality etc. equitable with that of competing standards
- Increasing diversity of models spanning high, mid and low-end; launched 242 TD devices and 138 smartphones
- Mainstream models with equitable debut of schedule, quality and price as competing standards; price competitiveness surfaced in mid to low-end products
- TD handset sales exceeded 56 million across channels, smartphones took up over 60%



Accelerated Progress in TD-LTE Development



Network Build-out

- In 2012, extended scale trial in 15 cities with approximately 20,000 base stations, networks achieved pre-commercial standard in Hangzhou, Guangzhou and Shenzhen
- Build >200,000 base stations in 2013, networks commercial-ready

Industrialization

- Improved commercial maturity of network equipment ready to satisfy requirements of various use cases
- Launched multi-mode, multi-frequency pre-commercial chipsets, mass production of 28nm chipset within this year
- Launched multi-mode, multi-frequency devices including dongles, MiFi, CPE and handsets, diversity to enrich in the year

Internationalization

- GTI membership of 51 operators and 44 vendors
- 14 commercial networks and 63 trial networks world-wide
- Launched integrated TD-LTE/LTE FDD network in Hong Kong

Metropolitan Area Network

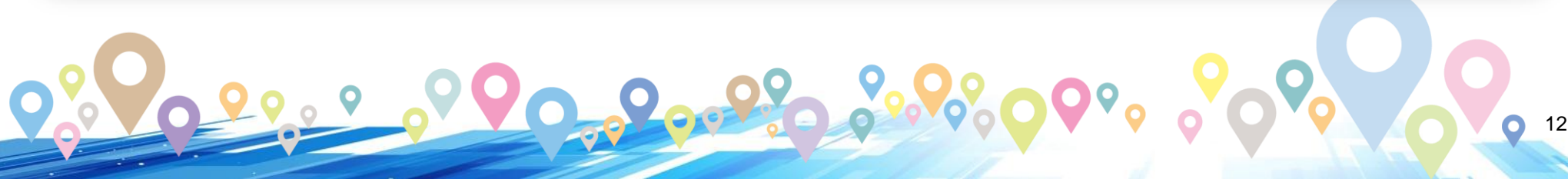
- Optimally ahead in capability and coverage of metropolitan area network resource
- Focused on enhancing access in key areas and for key customers
- Added 74,000 km of metropolitan area pipes and 855,000 km of optical fiber cables

Public Internet

- Promoted IDC construction and introduced hotspot resources
- Drove content caching and distributed system applications
- On-net traffic reached 75%, significantly reduced carriage costs

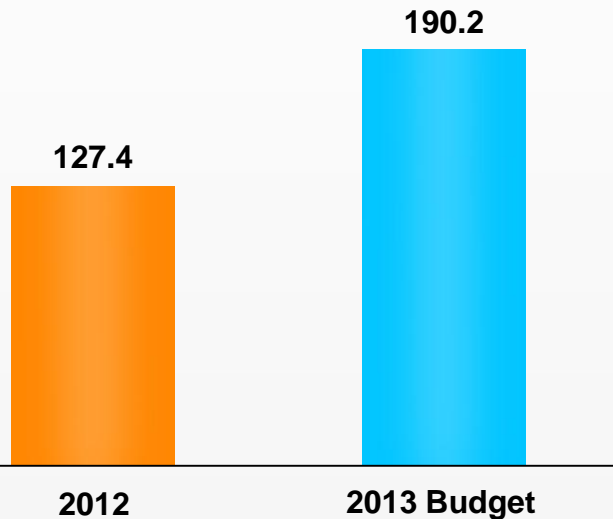
Broadband Access Network

- Aimed for quality and differentiation, focused on target markets, emphasized value and return
- Focused on developing fiber broadband access for corporate customers, cumulative corporate leased IP-VPN lines reached 781,000
- Explored wireless broadband access models

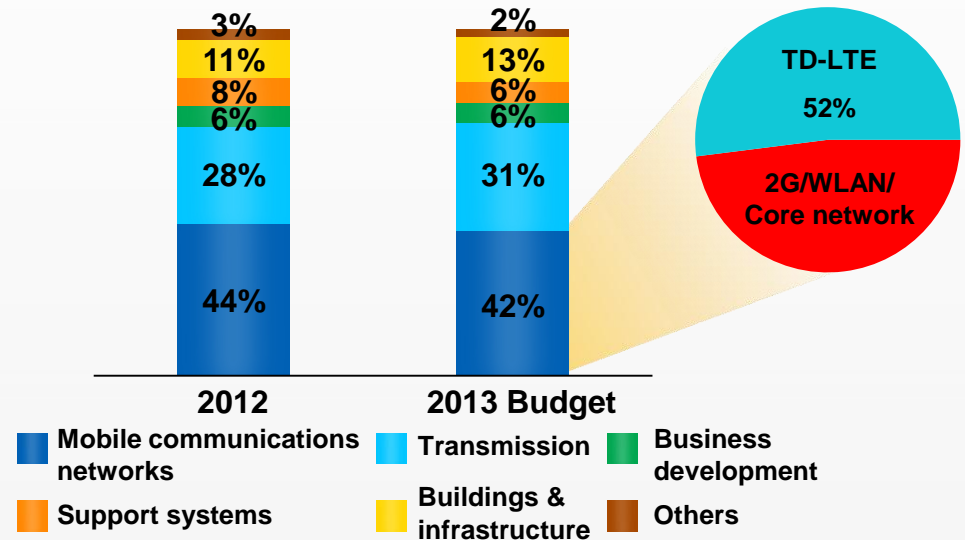


CAPEX

(RMB Billion)



CAPEX Structure



Forward-Looking Investment Planning for Long-Term Development Focusing on Return

- ⊙ Pursue Four-Network Co-ordination strategy to achieve balanced development in network capabilities
- ⊙ Steadily promote basic resource construction to enhance transmission network capability
- ⊙ Develop mobile Internet and Internet of Things to foster new growth drivers
- ⊙ Drive build-out of support system and bases (centers of excellence) for centralization

Strive to Create Value for Shareholders



2 Operating Performance for 2012



Enhanced Quality, Improved Services and Further Promoted Innovation

“Quality is the Lifeline of a Communications Company”

☉ Voice quality maintained leading position

- ◆ 2G call drop rate 0.48%, successful call connection rate 99.26%
- ◆ 3G call drop rate 0.29%, successful call connection rate 98.9%

☉ Business quality continued to improve

- ◆ Significant improvement in on-net Internet traffic and delay of web page display

☉ Support quality steadily enhanced

- ◆ Successful business ordering up to 99.78%

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

☉ Basic service continuously enhanced

- ◆ Customer satisfaction ahead of peers at 77.62%
- ◆ Complaint rate lowest in industry

☉ Consumer rights protected

- ◆ Promoted transparent spending, filtered harmful messages and malicious software

☉ Transformed self-owned channels

- ◆ Enhanced sales outlet, hotline and portal functionalities
- ◆ Proportion of business processed through e-channels reached 78%

Innovation to Drive Sustainable and Healthy Development

☉ Continued to promote network innovation

- ◆ Resolved technical issues associated with Four-Network Co-ordination
- ◆ Induced accelerated development of TD-LTE

☉ Accelerated business innovation

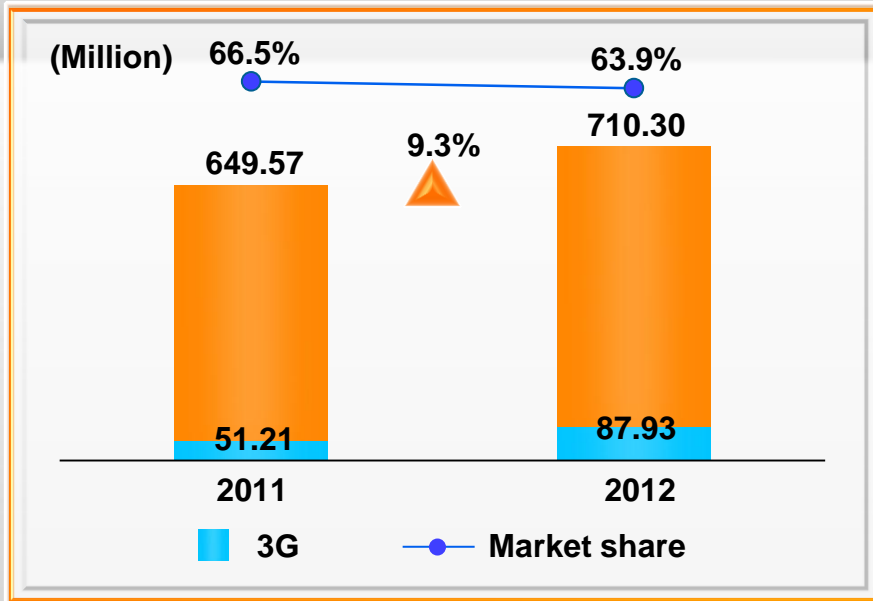
- ◆ Mobile Internet and Internet of Things applications expanding
- ◆ “Wireless City” customers reached 70 million
- ◆ Launched featured products such as location-based services and “Lingxi”

☉ Intensive Enhancement of Management

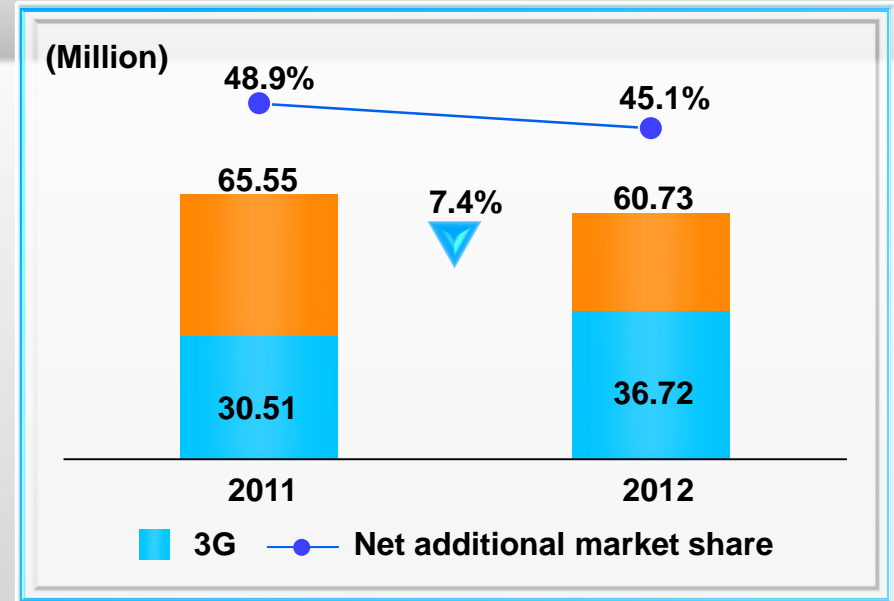


Maintained Scale Advantage in Customer Base

Total Customers



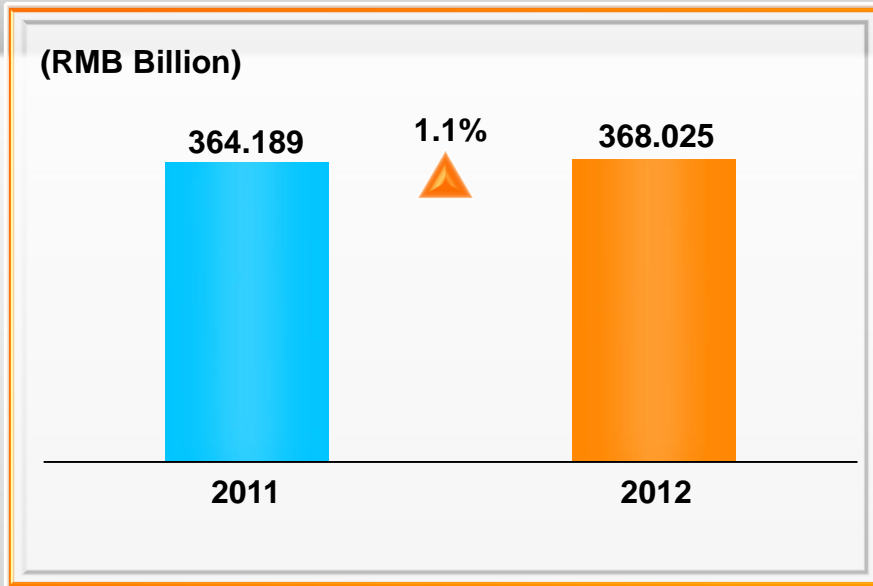
Net Additional Customers



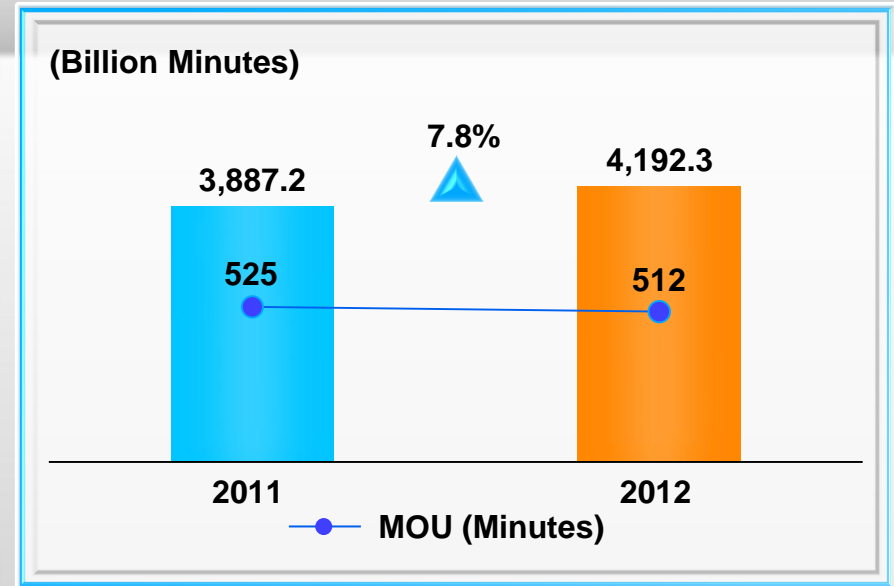
- ⊗ Sustained growth in customer base, mid and high-end customer base remained stable
- ⊗ Customers' accelerated migration to 3G resulted in intensifying competition, market share slipped
- ⊗ Corporate customers expanded to 3.46 million, of which individual customers took up 34.5% of total

Stabilized Voice Business

Voice Services Revenue



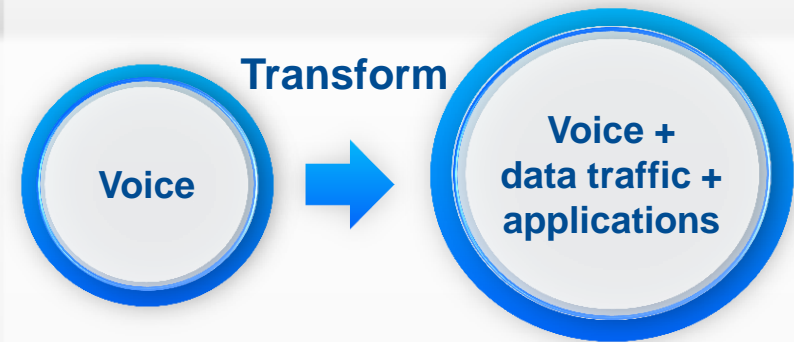
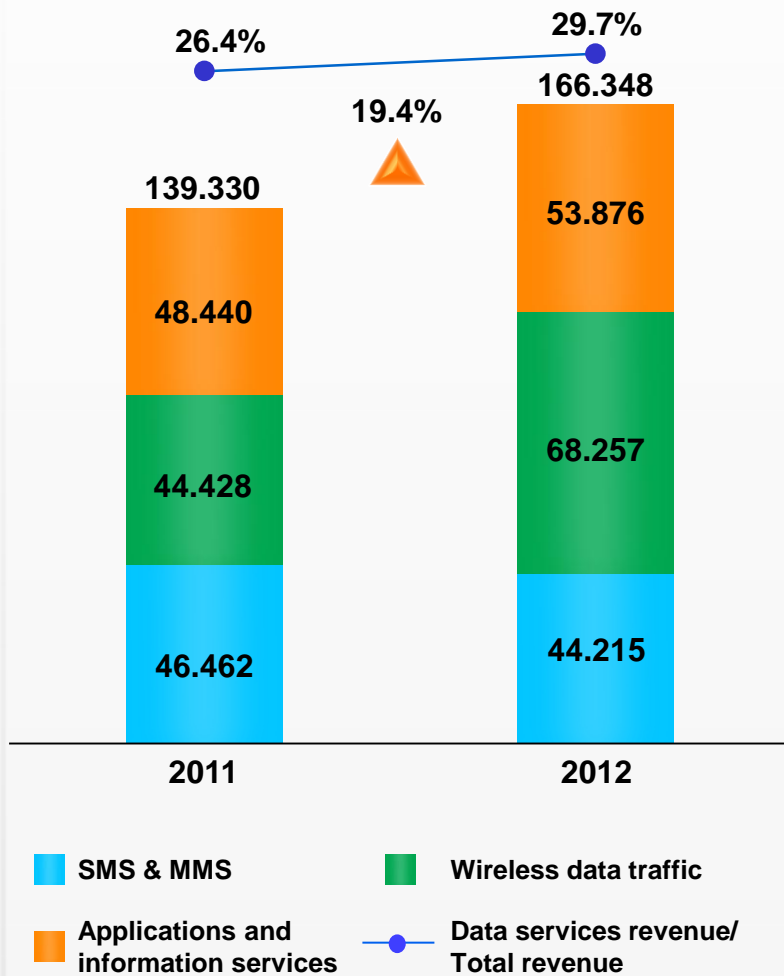
Total Voice Usage



- Intensifying substitution by Internet businesses, voice business trending down
- Reinforced operation of existing usage to stabilize voice business
- Exploited demand for “long-distance calls, roaming, off-peak calling and in-group calling”

Data Services Revenue

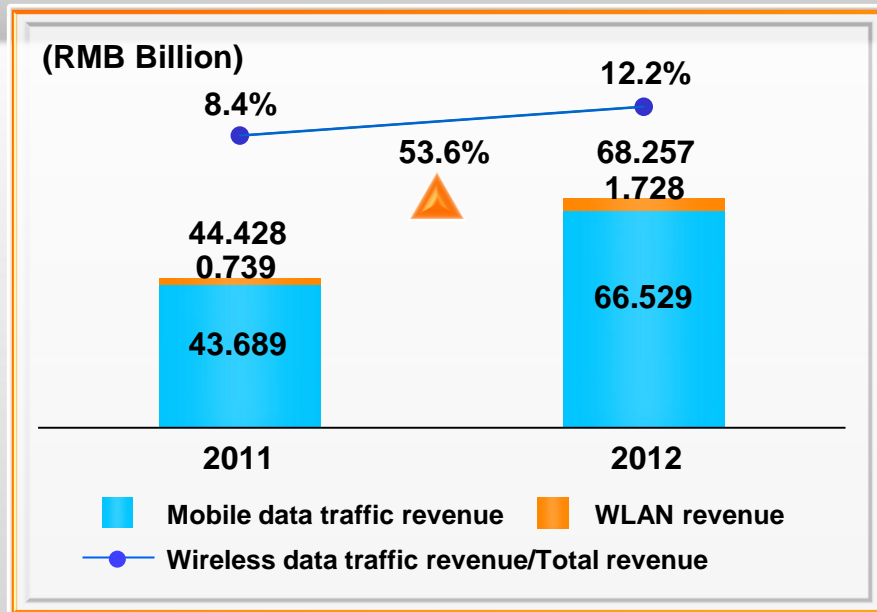
(RMB Billion)



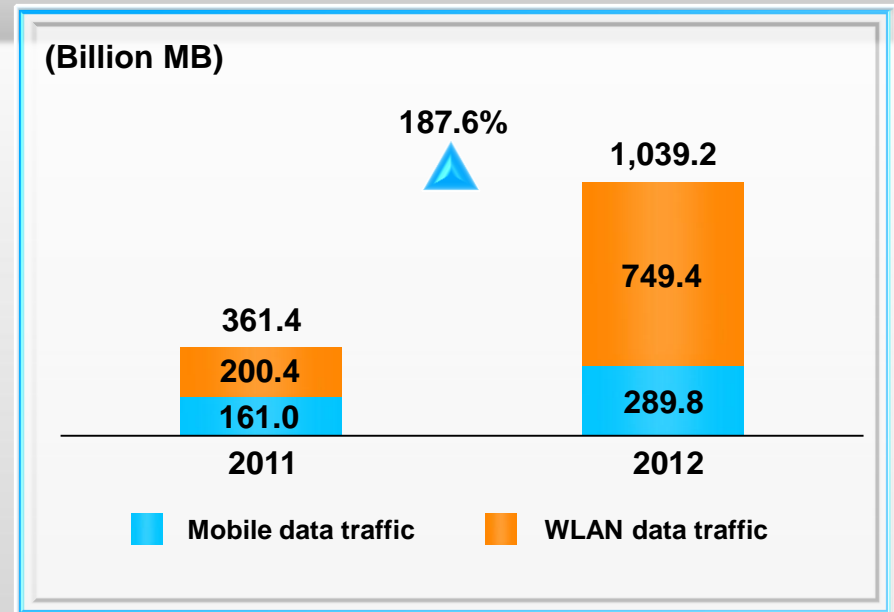
- ⊗ Wireless data traffic developed rapidly and became a key driver of revenue growth
- ⊗ Applications and information services grew fast with featured businesses being launched
- ⊗ SMS and MMS revenue slipped due to substitution by Internet businesses. However, corporate SMS and MMS spruced in popularity

Rapid Growth in Wireless Data Traffic

Wireless Data Traffic Revenue



Wireless Data Traffic

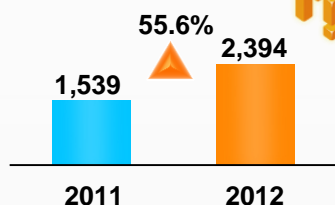


- ⦿ **Improve quality:** Undertook end-to-end quality control targeting critical stages such as successful connection and access authentication
- ⦿ **Enlarge scale:** Targeting handset Internet access, promoted volume sales of smartphones and spending in featured mobile hotspot business
- ⦿ **Add value:** Optimized tariffs, protected value of data traffic, stimulated usage and enhanced return on data traffic

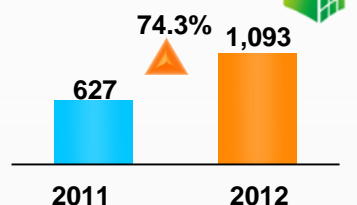
Mobile Internet

Rapid growth of featured businesses

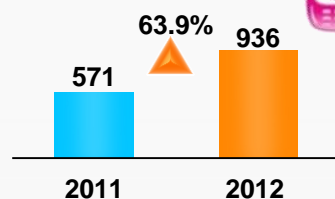
Mobile Mailbox Revenue
(RMB Million)



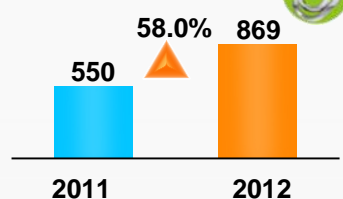
Mobile Reading Revenue
(RMB Million)



Mobile Video Revenue
(RMB Million)



Mobile Gaming Revenue
(RMB Million)



Mobile Market

- Cumulative registered customers 270 million, full-year downloaded applications over 600 million



Consolidated advantages and capabilities for new featured products

- "M-cloud", "Lingxi", voice mailbox and voice positioning service, etc.



Internet of Things

Rapid development of Internet of Things applications

- Urban management, smart transportation, industrial control, etc.

Built high quality and centralized dedicated network

- Dedicated number and dedicated network unit, unified operations platform



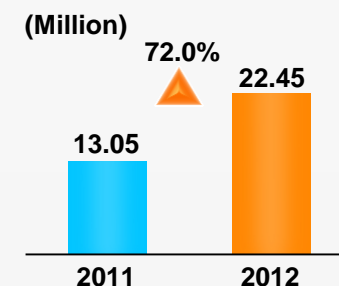
Developed low-cost, standardized and open products

- ICT products such as Home Security Service, Fleet Management Service and QR Code and remote surveillance

Innovative Marketing

- Enriched pricing options according to product life cycle

Internet of Things Users



Early Success in Four-Network Co-ordination

GSM

- Controlled reasonable resource input, unleashed potential to assure leadership in network quality
- Base stations over 800,000 with network utilization at ~71%

TD-SCDMA

- Accurate network build-out to realize contiguous coverage in large and medium-sized cities and to create a premium TD network
- Base stations totaled 280,000 with network utilization at 24%

WLAN

- Adopted refined management to improve capacity loading and to offload traffic. Customer loyalty enhanced
- Built 3.83 million APs. WLAN amounted to nearly half of total handset data traffic. Traffic diversion effective. Deployed automatic authentication system, successful authentication rate significantly enhanced

TD-LTE

- Detail planning for extended scale trial, actively promoted maturity of TD-LTE supply chain
- Extended TD-LTE network construction, to build >200,000 base stations and to launch commercial-ready networks this year

Professional Operations System Gradually Established

China Mobile Group Device Company Limited (Formerly known as China Mobile Group Terminal Company Limited)

Product competitiveness enhanced

- ◆ Mainstream models launched at equitable schedule, quality, price as competing models
- ◆ Number of device models on line comparable to that of competing standards, 242 new models launched in the year

Operating results satisfactory

- ◆ Annual device sales at over 33 million units, drove volume sales, promoted lean channel structure, lowered customer spend threshold
- ◆ Promoted data traffic management, retained existing customers, developed new businesses and reduced overall operating costs

China Mobile International Limited

Built network and platform with late-mover advantage

- ◆ International bandwidth expanded nearly 4 fold in two years
- ◆ Established Hong Kong Global Network Center and various operations platforms

Offered competitive products and services

- ◆ Substantial reduction in IDD and international roaming costs
- ◆ Promoted RMB1/2/3 international roaming zones. Tariffs of 5 routes including the US were down 52%

Professional Operations

Information Security | Finance | Gov't & Corp. Customers
Internet of Things | Mobile Internet | Shared Services

...

China Mobile

Remarkable Results in “Energy Conservation & Emissions Reduction”

Promote Mature Technologies

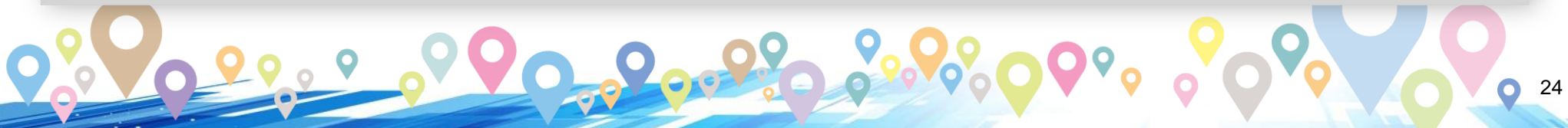
- Core Equipment Energy Conservation Classification Standards and green packaging
- Energy conservation in air-conditioning environments of base stations, instated >100,000 cumulative base stations with “natural resource cooling”
- Smart energy-saving carrier frequency function, activated 8.4 million cumulative channels



- Power consumption per carrier frequency down by 5.7%
- Power consumption per unit of telecommunications traffic dropped 14.6%
- Saved timber 46,400 m³

Innovate on Energy-Saving Applications

- Completed new R&D pilots including smart ventilation and high-performance environmentally-friendly batteries
- Introduced efficient power supply technology, initiated 330,000 switches with hibernate function for redundant modules
- Installed 9,600 new energy (wind and solar) base stations



Realize Sustainable and Healthy Development



3 Financial Results for 2012



Stable Revenue Growth

Total Customers

(Million)

649.57

9.3%

710.30

2011

2012

Total Voice Usage

(Billion Minutes)

3,887.2

7.8%

4,192.3

2011

2012

Wireless Data Traffic

(Billion MB)

361.4

187.6%

1,039.2

2011

2012

Operating Revenue

(RMB Million)

527,999

6.1%

560,413

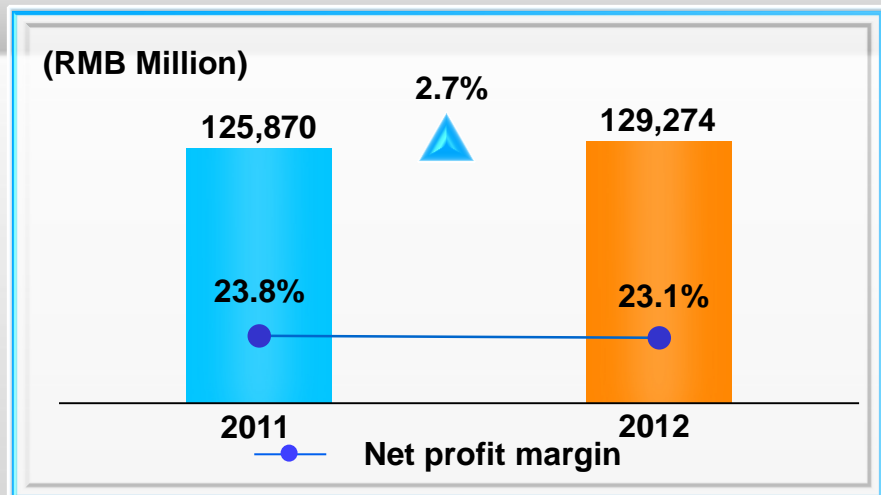
2011

2012

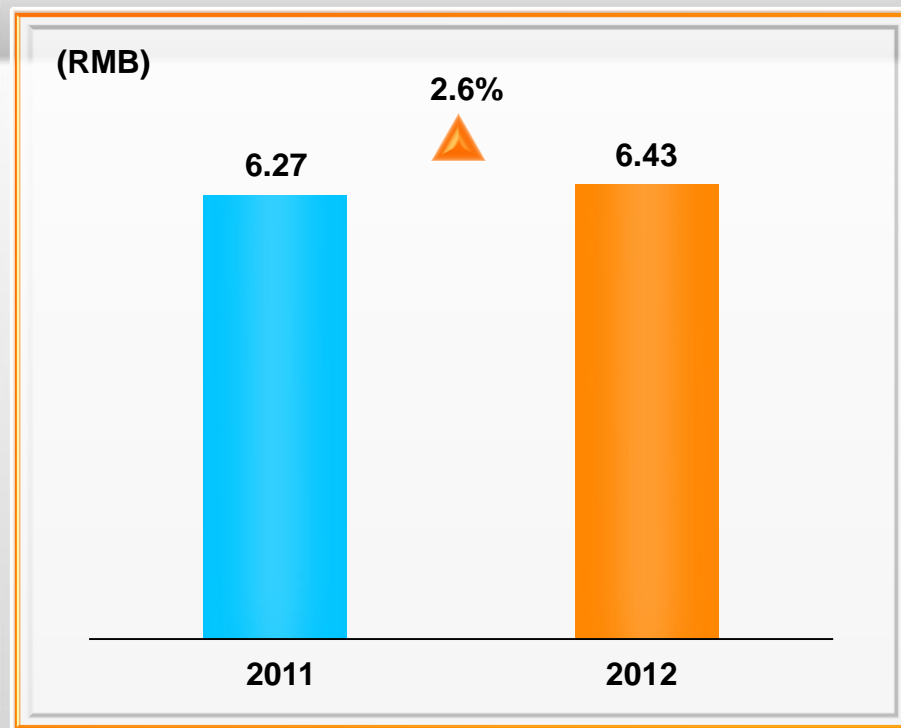


Industry-leading Profitability

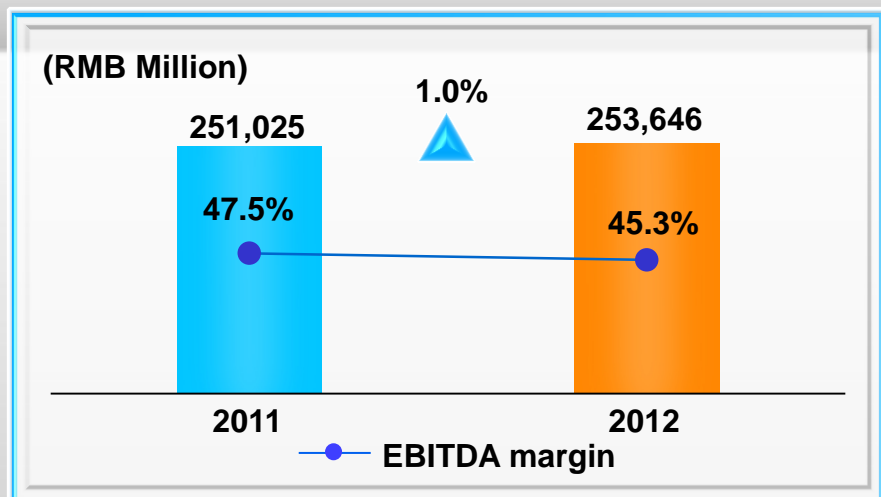
Net Profit



Basic EPS



EBITDA



Strong Cash Flow Continued

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

(RMB Million)

226,756

230,709

2011

2012

Free Cash Flow

(RMB Million)

98,208

103,306

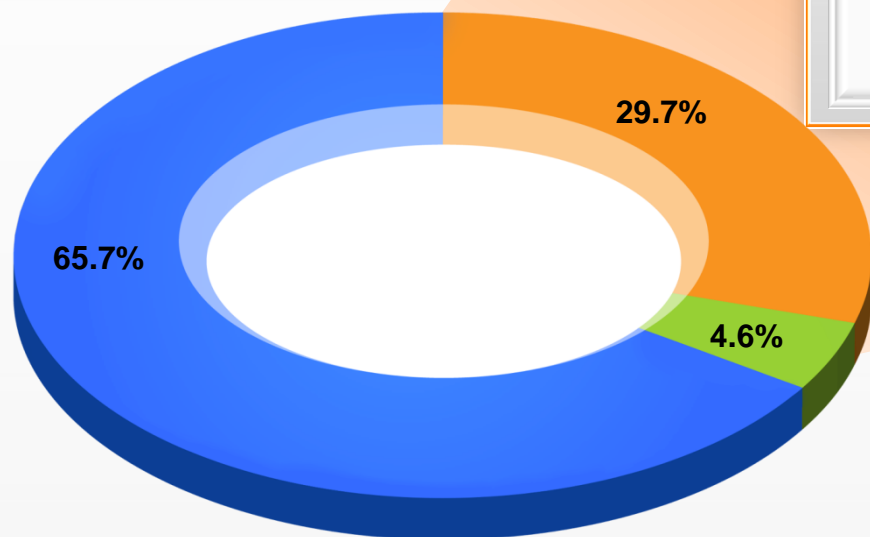
2011

2012

- Supported strategic transformation of the Company
- Provided a solid foundation for the sustainable healthy development of the Company
- Created value for shareholders

Operating Revenue Structure

2012

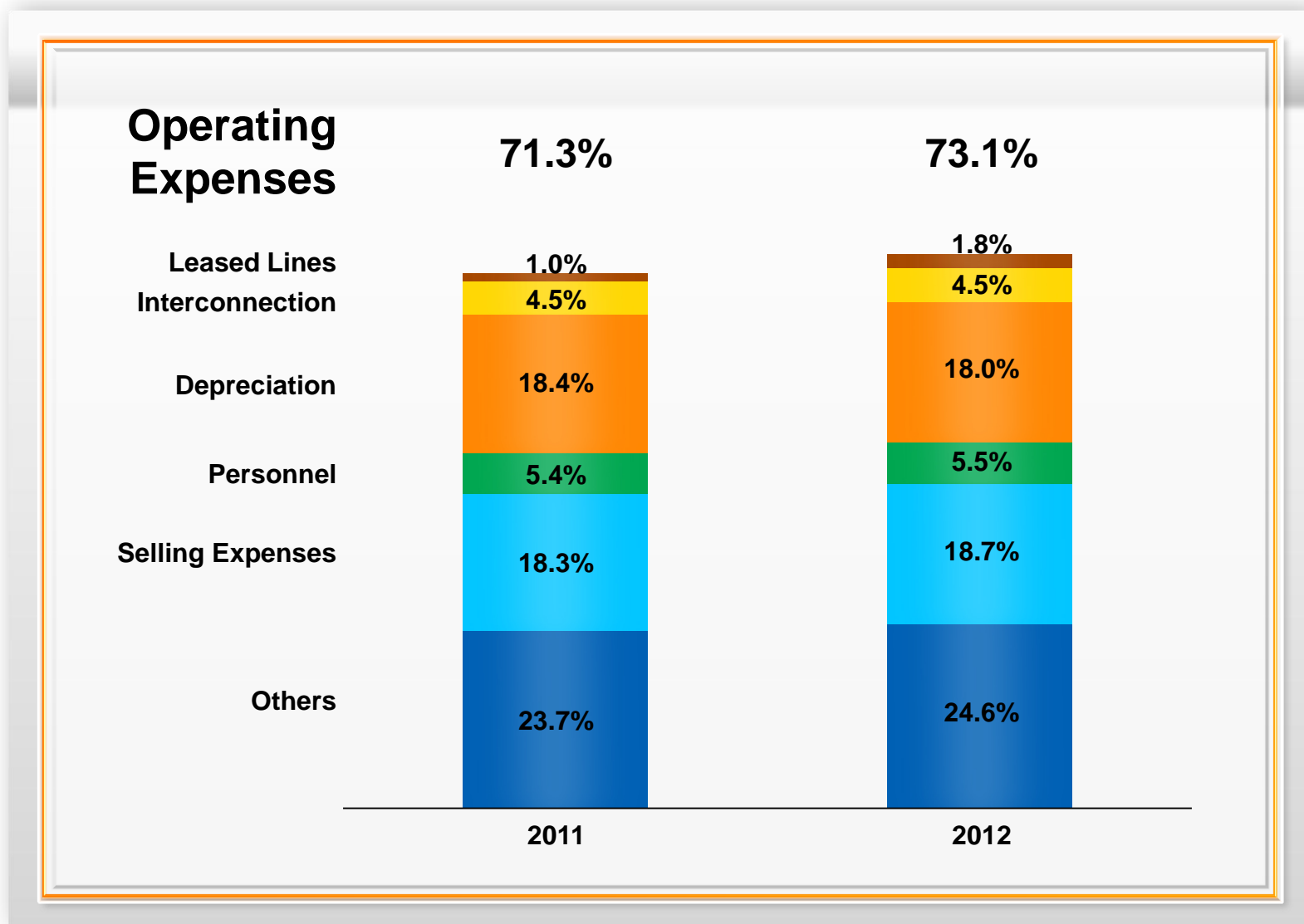


■ Voice services revenue ■ Data services revenue
■ Other operating revenue

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

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 (RMB Million)	2011 (RMB Million)
Short Term Debt	1,227	1,684
Long Term Debt	28,619	28,617
Total Debt	29,846	30,301
Shareholders' Equity	723,447	649,064
Total Book Capitalization	753,293	679,365
Total Debt / Total Book Capitalization	4.0%	4.5%
Cash & Bank Deposits	408,321	333,100
Net Cash*	378,475	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 Audited Consolidated Statement of
Comprehensive Income for the year ended 31 December 2012
– Appendix I

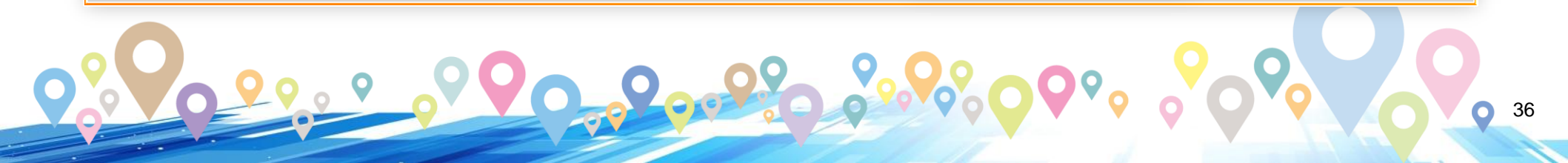
	2012 (RMB Million)	2011 (RMB Million)
Operating Revenue		
Voice Services	368,025	364,189
Data Services	166,348	139,330
Others	26,040	24,480
	560,413	527,999
Operating Expenses		
Leased Lines	9,909	5,188
Interconnection	25,140	23,533
Depreciation	100,848	97,113
Personnel	31,256	28,672
Selling Expenses	104,906	96,830
Other Operating Expenses	137,832	125,364
	409,891	376,700
Profit from Operation	150,522	151,299

	2012 (RMB Million)	2011 (RMB Million)
Profit from Operation (cont'd)	150,522	151,299
Other Net Income	2,208	2,559
Non-operating Net Income	615	571
Interest Income	12,661	8,413
Finance Costs	(390)	(565)
Share of Profit of Associates	5,685	4,306
Share of Loss of Jointly Controlled Entity	(1)	(1)
Taxation	(41,919)	(40,603)
Profit for the Year	129,381	125,979
Attributable to:		
Equity Shareholders of the Company	129,274	125,870
Non-controlling Interests	107	109
Profit for the Year	129,381	125,979

**Extracts from Audited Consolidated Balance Sheet
as at 31 December 2012
– Appendix II**

	2012 (RMB Million)	2011 (RMB Million)
Current Assets	446,593	382,685
Non-current Assets	605,516	569,873
Total Assets	1,052,109	952,558
Current Liabilities	(297,796)	(273,244)
Non-current Liabilities	(29,004)	(28,895)
Total Liabilities	(326,800)	(302,139)
Net Assets	725,309	650,419

	2012	2011
Total Customers (Million)	710.30	649.57
MOU (Minutes)	512	525
ARPU (RMB)	68	71
Average Voice Services Revenue per Minute (RMB)	0.088	0.094
Total Voice Usage (Billion Minutes)	4,192.3	3,887.2
Wireless Data Traffic (Billion MB)	1,039.2	361.4
Including: Mobile Data Traffic (Billion MB)	289.8	161.0
SMS Usage (Billion Message)	744.5	736.1
Average Monthly Churn Rate	3.25%	3.21%



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 as 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, un certainties 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.

