

Riding on the Trend



2018 Interim Results

2018. 08. 09



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

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 those implied by such forward-looking statements. In addition, we do not intend to update these 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 and other filings with the U.S. Securities and Exchange Commission.

Management Present



Mr. SHANG Bing

Executive Director & Chairman



Mr. LI Yue

Executive Director & CEO



Mr. DONG Xin

Executive Director, Vice President & CFO

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Overall Results

Mr. SHANG Bing

Executive Director & Chairman

Highlights



Favourable
operating results

Solid market position with stable profit growth



Remarkable
business transformation

Integrated development of the “four growth engines” with a robust expansion of connectivity scale



Strengthened
principal capabilities

Enhanced sustainability to safeguard business development



Enhanced
shareholder returns

Payment of an interim dividend of HK\$1.826 per share with ongoing efforts to create value for shareholders

Key Performance Indicators

(RMB Mil)	1H2017	1H2018	Changes
Operating revenue	388,871	391,832	0.8% (2.9%) *
of which: service revenue	347,950	356,120	2.3% (5.5%) *
EBITDA	140,710	145,886	3.7%
EBITDA margin	36.2%	37.2%	1.0pp
EBITDA as % of service revenue	40.4%	41.0%	0.6pp
Net profit	62,675	65,641	4.7%
Net profit margin	16.1%	16.8%	0.7pp
Basic earnings per share (RMB)	3.06	3.21	4.7%

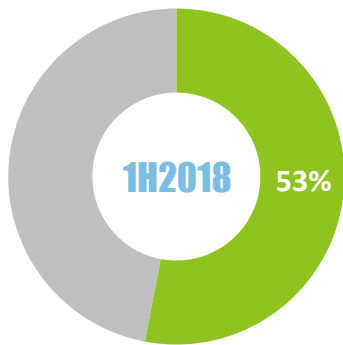
Note*: Figures in brackets represent changes in revenue on a comparable basis. To assess the static impact of the adoption of the new revenue standard (IFRS/HKFRS 15), corresponding adjustments have been made to the revenue figures of the comparative period last year

Solid Market Position with Stable Profit Growth

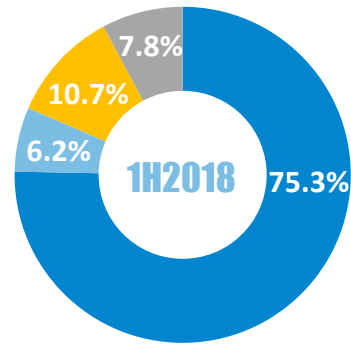
Service revenue

- Revenue growth **▲ 5.5%**, continued to record a favourable uptick
- Revenue market share **53%**¹, enjoyed solid industry-leading position
- Rapid development in household market, corporate market and emerging business

Service revenue market share



Service revenue structure²



- Personal mobile market
- Household market
- Corporate market
- Emerging business

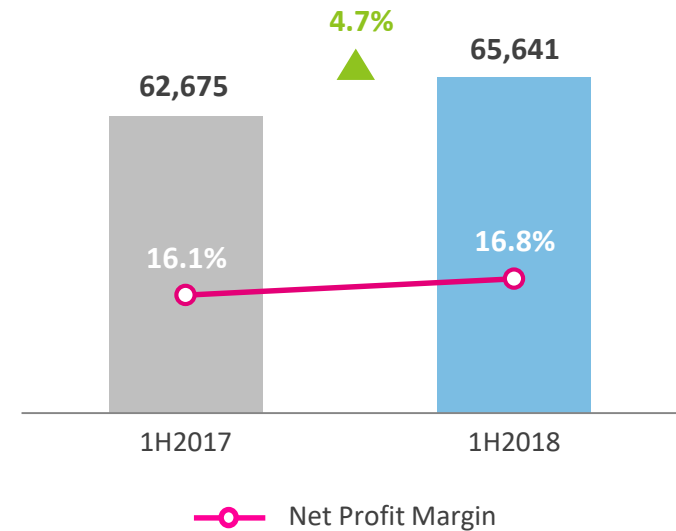
Note¹: 1H2018 industry revenue data was obtained from an MIIT announcement

Note²: 1H2018 revenue of each business as a percentage of total service revenue

Net profit

- Refined cost control, net profit growth **▲ 4.7%**
- Net profit margin increased, profitability continued to stay at a leading level amongst first-tier international operators

(RMB Mil)



Integrated Development of the “Four Growth Engines” with a Robust Expansion of Connectivity Scale

Total Connections

1,425 mil

▲ **28.3%**

Mobile
connections

906 mil

▲ **4.5%**

Wireline broadband
connections

135 mil

▲ **45.2%**

IoT smart
connections

384 mil

▲ **154.1%**



Personal mobile market

- Leading 4G network service, mobile customers surpassed **900 mil**
- Actively responded to data traffic competition, resulting in robust growth in data traffic; DOU of 4G handset customers exceeded **3GB**



Household market

- Premium brand building, household broadband customer net-add market share **56.7%**
- Proactively built a household ecosystem, leading to a rapid value uplift; household broadband blended ARPU ▲ **7.3%**



Corporate market

- Corporate telecommunications & informatization service revenue market share **>38%**
- IoT revenue ▲ **47.6%**



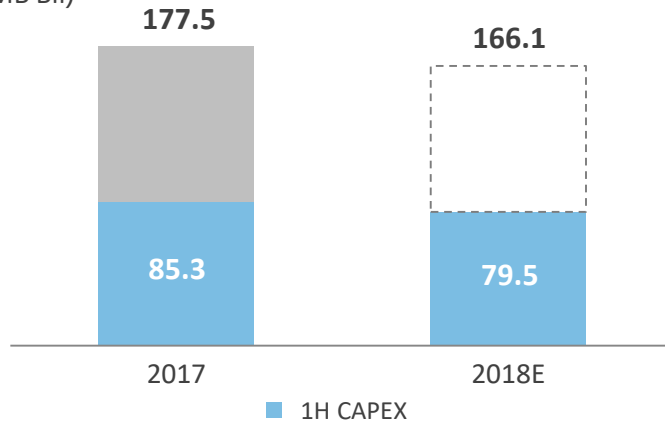
Emerging business

- Developed innovative contents, “and-Video” revenue ▲ **21.3%**
- Delved into vertical markets, ICT service revenue ▲ **67.5%**

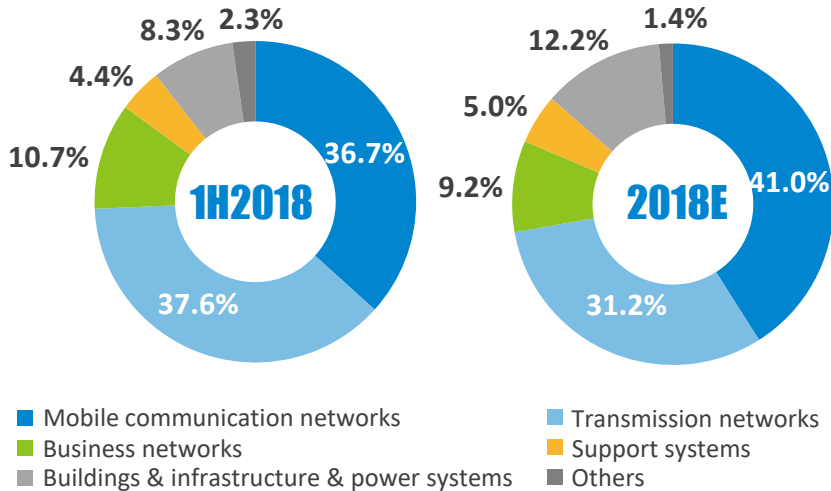
Enhanced Sustainability to Safeguard Business Development

CAPEX

(RMB Bil)



CAPEX structure



Basic network

- Assure network capacity: TDD/FDD, etc.
- Enhance network quality: VoLTE, broadband, etc.
- Plan for the future: 5G, NFV/SDN



IT support

- Shift to a holistic, automatic service-enabling IT operation system
- Adopt AI technology to support smart operations
- Enhance electronic channels to deliver prompt and precise responses



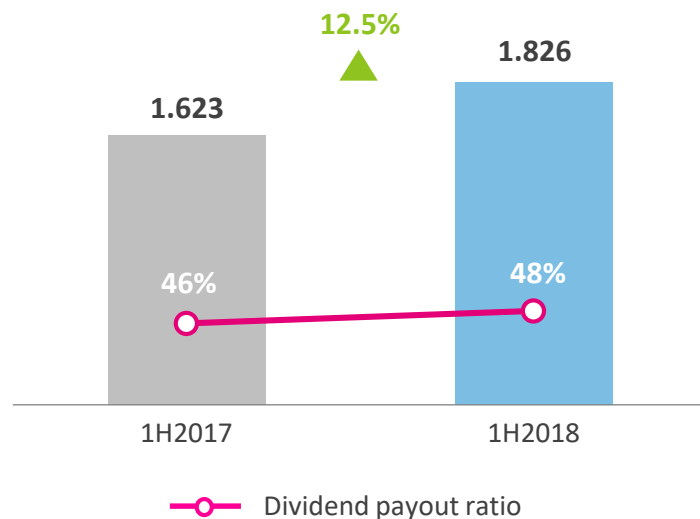
Customer service

- Establish a full-service and full-touchpoint service system
- Undergo tech-transformation with an emphasis on service differentiation and precision
- Address key issues and raise customer satisfaction

Ongoing Efforts to Create Value for Shareholders

Dividend per share

(HKD)



- With due consideration given to the Company's profit, cash flows and capital demands for future development, the Board declared an interim dividend of HK\$**1.826** per share
- The Company attaches great importance to shareholder returns. It will make its best endeavours to improve profitability, maintain a stable dividend payout ratio for 2018 and strive to attain a stable-to-rising dividend payout ratio

Riding on the Trend and Forging Ahead

*Mounting competition in the mobile market
with data value in rapid decline*

*Accelerating "Internetization" with sweeping changes to
sales and marketing models*

Focus on business development

- Personal mobile market: make good use of tariff elasticity, strengthen precision marketing + content aggregation
- Household, corporate and emerging businesses: strengthen market development and further increase market shares

Enhance resource efficiency

- CAPEX: optimize investment structure, focus on network weaknesses
- Costs and expenses: establish cost leadership with refined cost management to tactfully support, squeeze and control selected cost items

Expedite long-term planning

- Promote cooperation: foster cooperation in Internet-related businesses, leverage business synergy and co-create a shared ecosystem
- Innovation-driven planning: advance the development of 5G, IoT, AI and vertical sectors in an innovative approach

Raise shares

Customer share
Data traffic share

Maintain growth

Service revenue
Net profit
Shareholder returns

Propel transformation

Enlarge connectivity
scale
Increase proportion
of digital business
revenue

02

Operating Performance

Mr. LI Yue

Executive Director & CEO

Revenue Structure of the “Four Growth Engines”



(RMB Mil)	1H2018	Change YoY ¹	As % of revenue ²
Service revenue	356,120	5.5%	100.0%
1. Personal mobile market revenue	268,173	1.1%	75.3%
of which: handset data traffic	197,592	15.3%	55.5%
voice, SMS & MMS	63,510	-26.1%	17.8%
2. Household market revenue	21,937	26.1%	6.2%
3. Corporate market revenue	38,065	22.4%	10.7%
of which: corporate voice, SMS & MMS	13,178	16.8%	3.7%
dedicated lines, IDC	12,882	34.0%	3.6%
4. Emerging business revenue	27,945	17.8%	7.8%

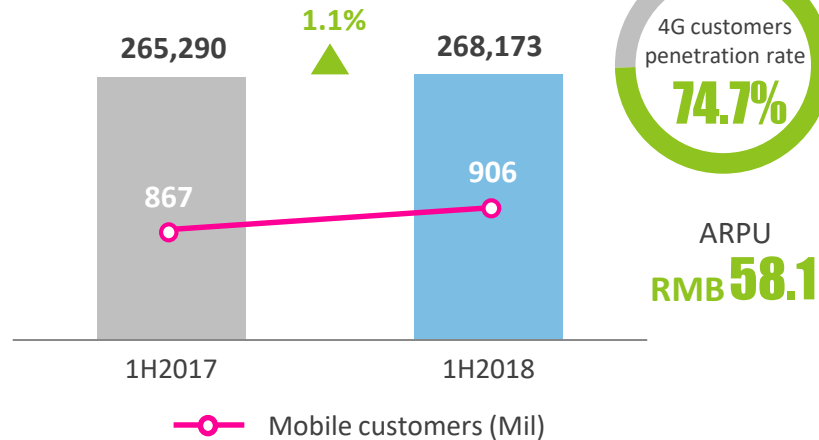
Note¹: YoY changes in revenue on a comparable basis. To assess the static impact of the adoption of the new revenue standard (IFRS/HKFRS 15), corresponding adjustments have been made to the revenue figures of the comparative period last year

Note²: Refers to percentage of service revenue

Proactively Responding to Intense Data Traffic Competition

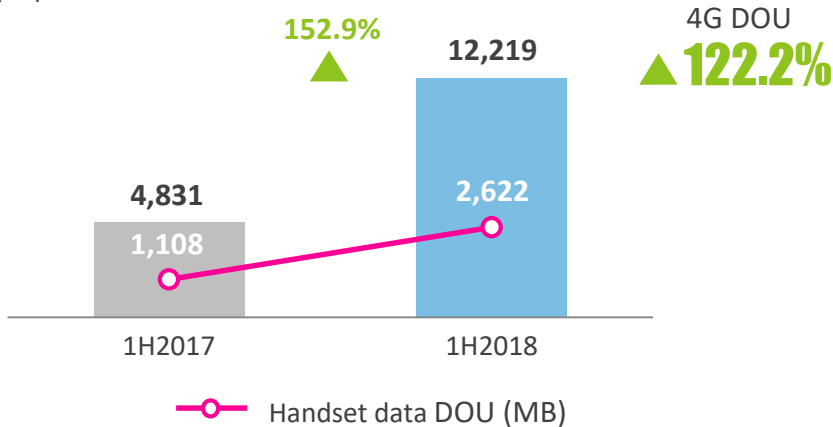
Personal mobile market revenue

(RMB Mil)



Handset data traffic

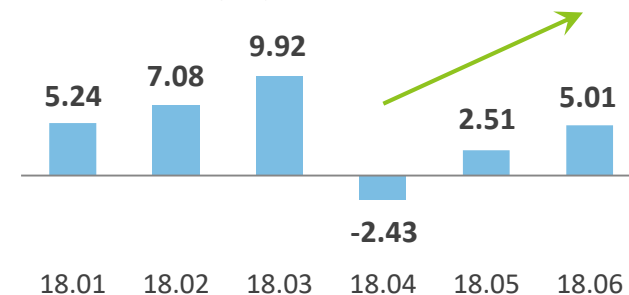
(PB)



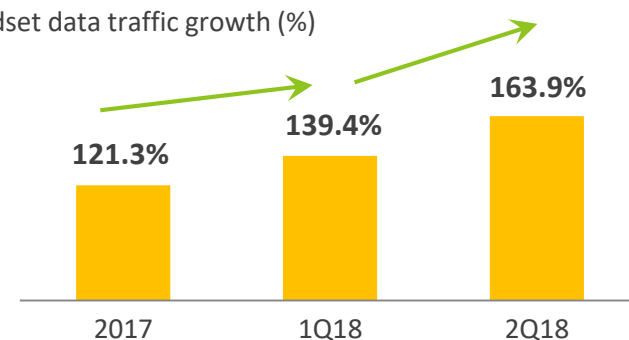
Multiple initiatives leading to invigorated momentum

1. Proactive competitive responses, mitigate tariff-related risks
2. New data package designs, better satisfy customers' needs
3. Convergence marketing, bundle mobile and broadband businesses
4. Contents development, promote "data + content" integration

4G net add customers (Mil)



Handset data traffic growth (%)

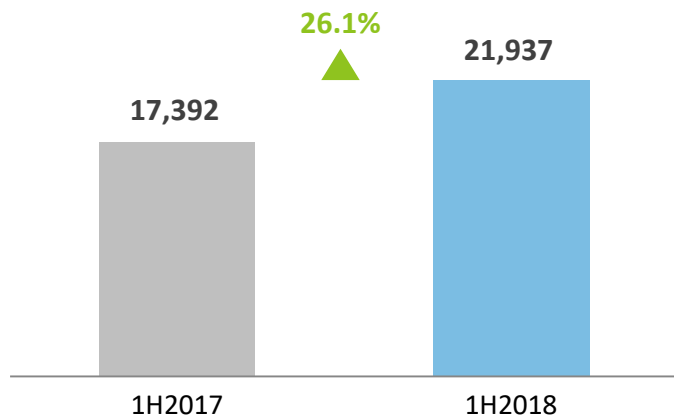


Household Market

Robust Growth Momentum

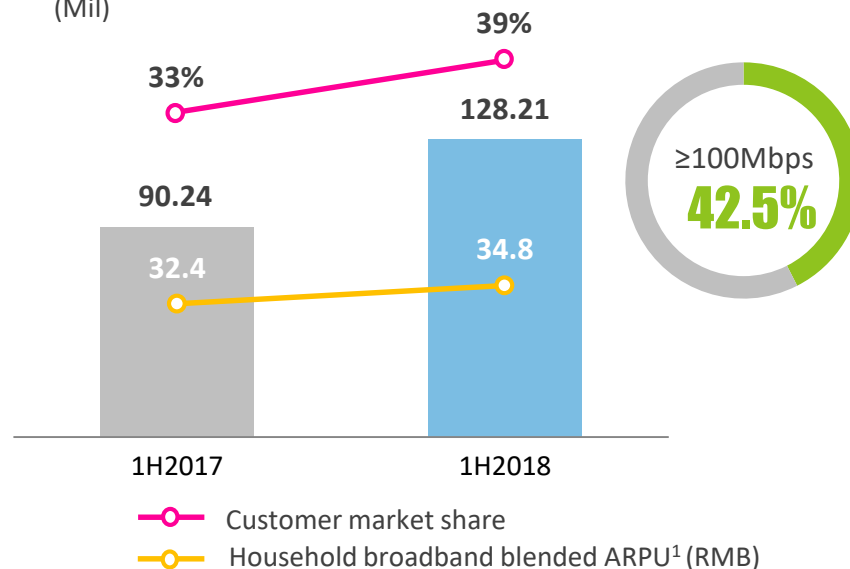
Household market revenue

(RMB Mil)



Household broadband customers

(Mil)

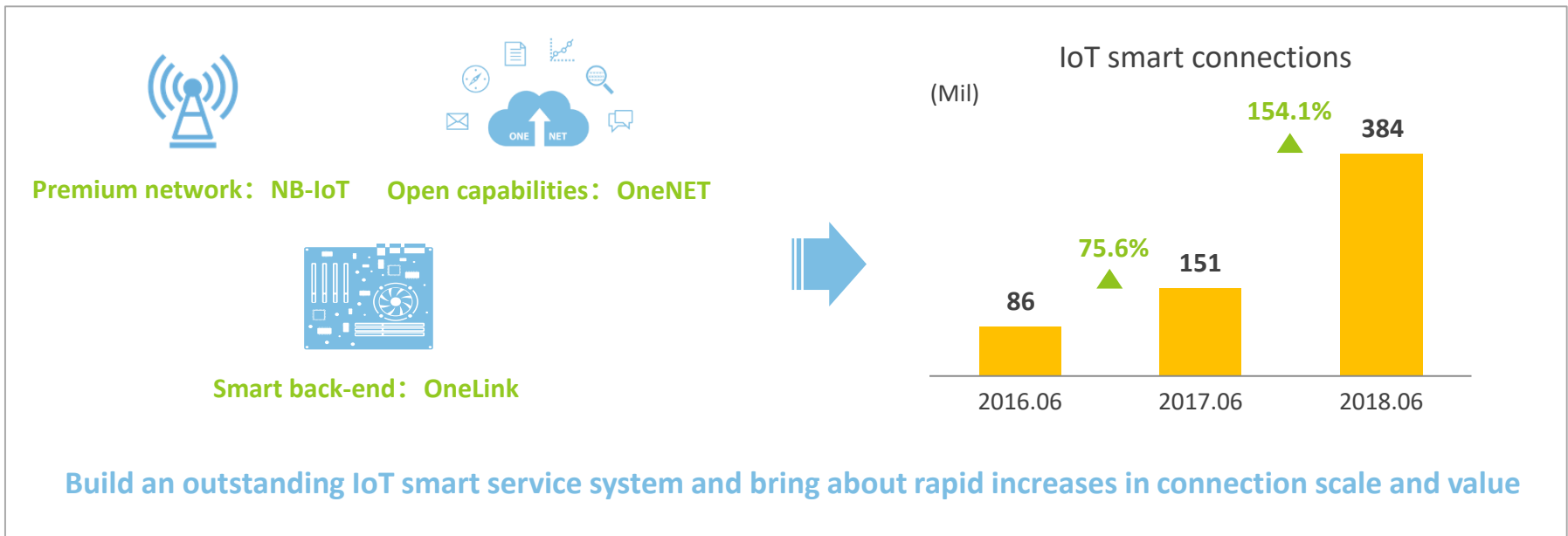
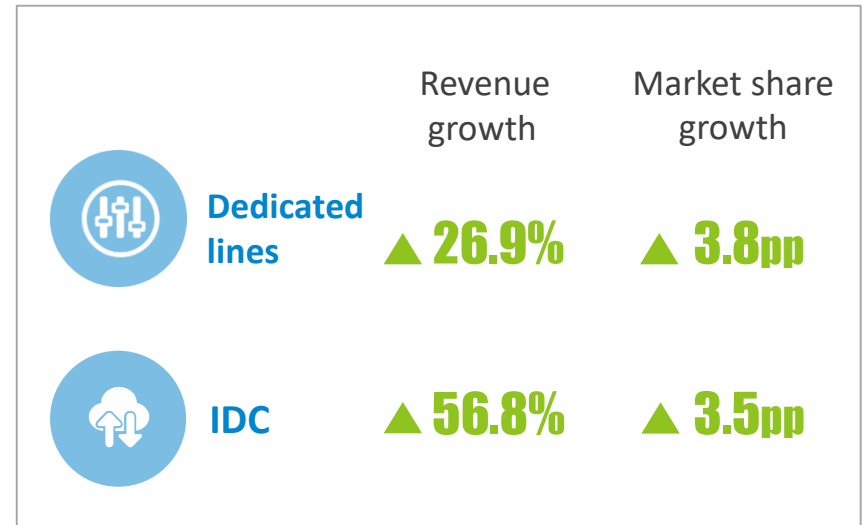
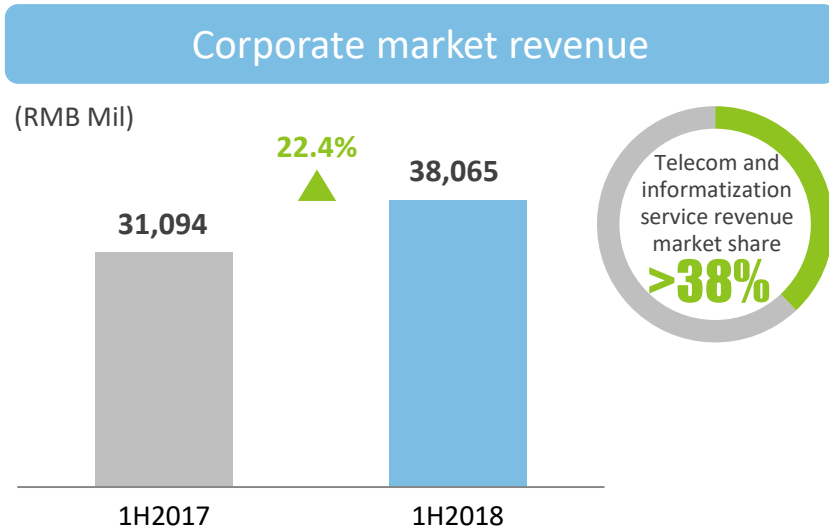


- Built a premium, quality brand in the broadband market; increased customer scale and value; devoted to achieving the best reputation
- Household broadband blended ARPU¹ ▲ **7.3%** YoY, proportion of ≥ 100Mbps customers ▲ **20.5pp** from 2017 year-end
- Cultivated an integrated household ecosystem and actively developed smart household products including “Mobaihe” (home digital set-top box) and “Smart gateway”

Note¹: Household broadband blended ARPU = (revenue of household broadband business + household revenue from emerging business) / average number of household broadband customers. Household revenue from emerging business mainly consists of revenue from Mobaihe. **Wireline broadband ARPU**, which includes revenues of household broadband business and Internet dedicated lines, **stood at RMB35.0**

Corporate Market

Rapid Growth in Key Businesses, Market Competitiveness Significantly Enhanced

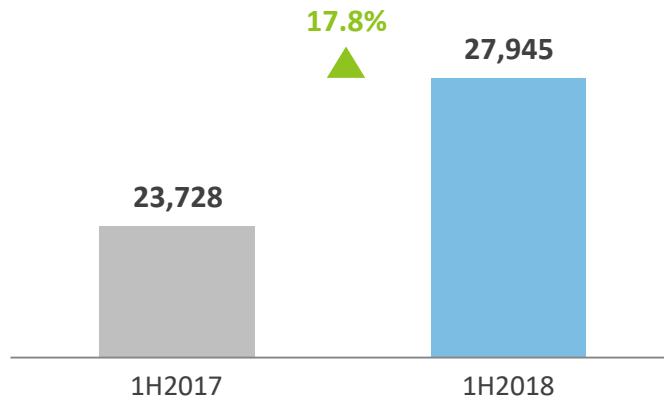


Emerging Business


Enhancing Contents Business and Crafting Blockbuster Products


Emerging business revenue

(RMB Mil)



Personal emerging business

 “and-Video” Revenue **▲21.3%**

 “and-Wallet” Transaction amount **> RMB1,360 bil**

Household emerging business

 “Mobaihe” **79.15 mil** customers,
Revenue **▲148.1%**

Corporate emerging business

 “and-Education” Revenue **> RMB2 bil**

“Premium contents + Membership
privileges + Large data packages”
Differentiated Internet marketing



+



Accumulative
viewership of the
World Cup



> 4.3 bil

Mobile phone, PC, TV
all viewing channels

Viewership of the Final



> 200 mil

Favourable customer
experience and reputation

Strengthening the “Four Growth Engines”, bolstering open cooperation, expediting innovation-driven development

- 1** Personal Mobile Market: **boost customer and data traffic market shares, net addition of 50 million 4G customers**
- 2** Household Market: **net addition of 30 million household broadband customers, household broadband blended ARPU maintains favourable growth**
- 3** Corporate Market: **revenue market share of corporate telecommunications and informatization service achieves 40%**
- 4** Emerging Business: **net addition of 240 million IoT smart connections**

03

Financial Results

Mr. DONG Xin

Executive Director, Vice President & CFO

Financial Highlights

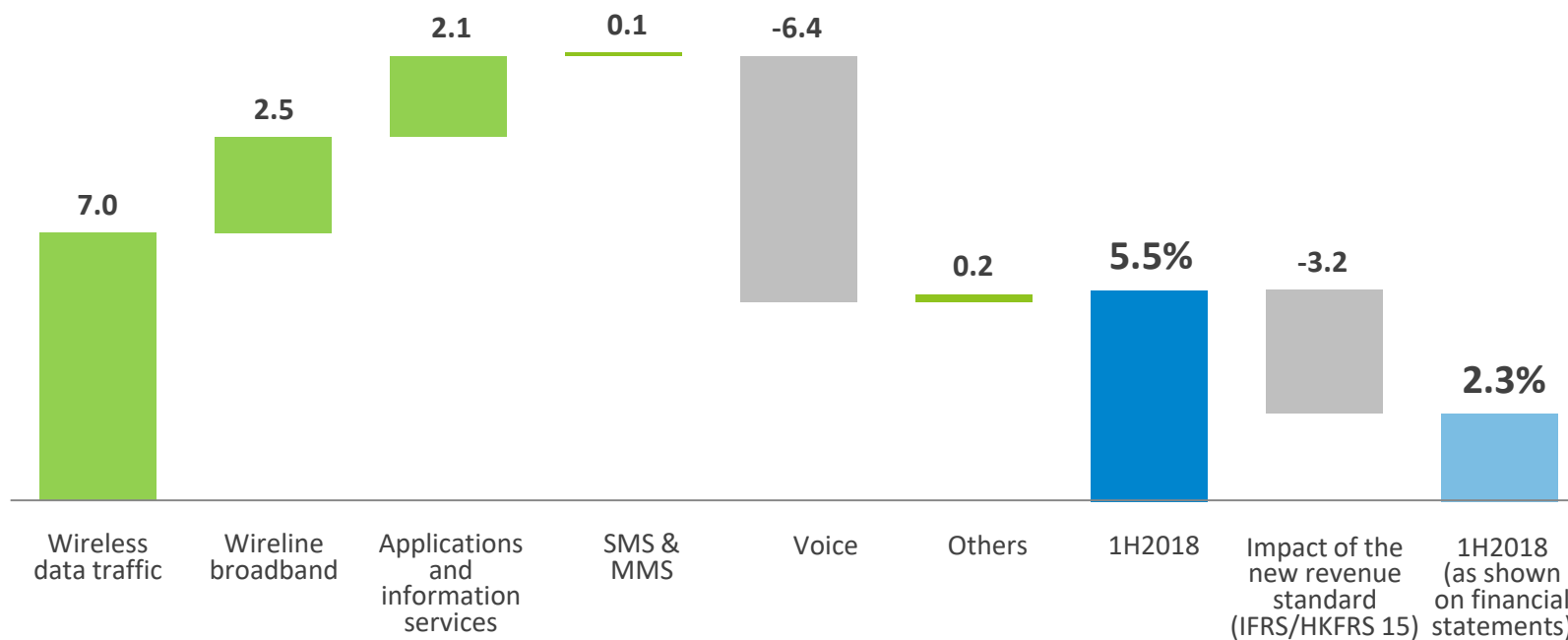
(RMB Mil)	1H2017	1H2018	Change YoY
Operating revenue	388,871	391,832	0.8% (2.9%)*
Revenue from telecommunications services	347,950	356,120	2.3% (5.5%)*
Revenue from sales of products and others	40,921	35,712	-12.7% (-17.4%)*
Operating expenses	320,897	322,147	0.4%
Profit from operations	67,974	69,685	2.5%
Interest and other income	7,685	8,110	5.5%
Share of profit of investments accounted for using the equity method	5,407	5,747	6.3%
EBITDA	140,710	145,886	3.7%
Net profit	62,675	65,641	4.7%

Note*: Figures in brackets represent changes in revenue on a comparable basis. To assess the static impact of the adoption of the new revenue standard (IFRS/HKFRS 15), corresponding adjustments have been made to the revenue figures of the comparative period last year

Breakdown of Revenue Growth

Breakdown of revenue growth of telecommunications services in the first half of 2018 (on a comparable basis)

(pp)



Maintaining Effective Cost Control

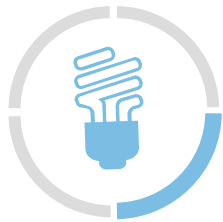
(RMB Mil)	1H2018	Change YoY	As % of operating revenue	Major impacts
Operating expenses	322,147	0.4%	82.2%	
Leased lines and network assets	24,396	5.2%	6.2%	<ul style="list-style-type: none"> Of which, tower leasing fee was RMB19.4bil
Interconnection	10,447	-1.4%	2.7%	
Depreciation	75,623	4.2%	19.3%	<ul style="list-style-type: none"> To safeguard network quality and customer perception, network construction works were continuously enhanced, resulting in an expansion of assets scale
Employee benefit and related expenses	42,975	5.6%	11.0%	<ul style="list-style-type: none"> Enhanced incentives for core staff to boost the strategic transformation of talents
Selling expenses	32,847	-3.8%	8.4%	<ul style="list-style-type: none"> Focused on precision marketing and improved usage efficiency of marketing resources
Cost of products sold	36,354	-14.9%	9.2%	<ul style="list-style-type: none"> Mainly due to a decrease in the number of terminals sold
Other operating expenses	99,505	2.7%	25.4%	<ul style="list-style-type: none"> Favourable control with significantly lower growth in expenses
of which: maintenance expenses, power and utilities expenses, and operating lease charges	61,944	-1.2%	15.8%	<ul style="list-style-type: none"> Reinforced benchmarking and delicacy management of business cost per unit, offsetting the impact of the expansion of assets scale and the increases in prices of resources
of which: operation support and R&D expenses	23,311	22.3%	5.9%	<ul style="list-style-type: none"> Supported centralized operations and business transformation, accelerated innovation and R&D in new areas

Establishing Cost Leadership



Average maintenance expense per base station

▼ **15.4%**



Average power and utilities expenses per base station

▼ **7.5%**



Average selling expenses per new additional customer

▼ **9.0%**



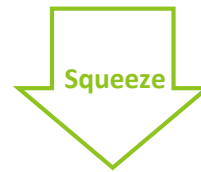
Operating lease charges to revenue

▼ **0.13pp**

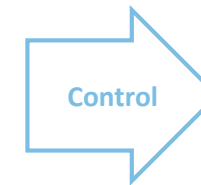
Optimize Cost Structure



- Support marketing investments and maintain competitive strength
- Support investments for IT, strengthen electronic channels, and enhance capabilities of centralized operations
- Support investments according to network utilization patterns and the associated maintenance cost to improve customer satisfaction



- Strengthen the benchmarking of business cost per unit
- Reduce the costs of maintenance, electricity, lease, etc.
- Tower leasing fee not exceeding the budget established at the beginning of the year

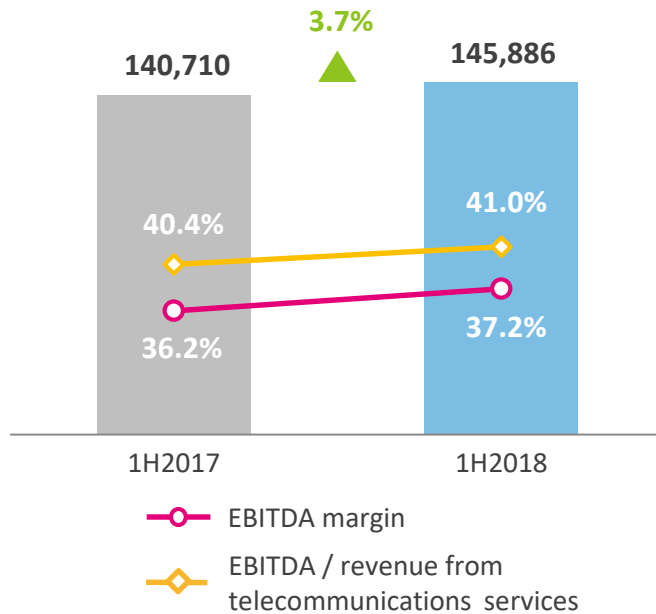


- Strictly control expenses incurred by non-production units including administration

Sustaining Strong Cash Flow

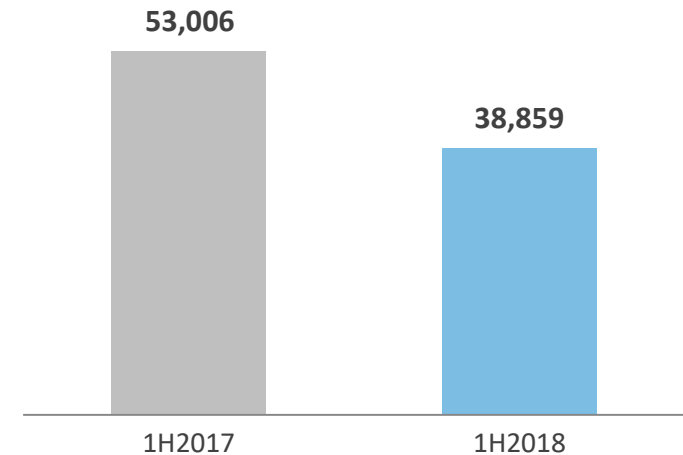
EBITDA

(RMB Mil)



Free cash flow

(RMB Mil)



Note: The Company defines free cash flow as net cash generated from operating activities less capital expenditure incurred

- With enhancements to revenue and cost control, profitability and EBITDA recorded favourable growth, cash flow remained strong

Maintaining Sound Capital Structure

(RMB Mil)	2017.12.31	2018.06.30
Shareholder's equity	985,636	1,031,681
Debt	—	—
Total book capitalization	985,636	1,031,681
Liabilities-to-assets ratio	35.0%	33.9%
Cash & bank deposits	407,202	394,818

S&P, Moody's Corporate credit ratings are equivalent to China sovereign ratings

《The Asset》

“The Asset Platinum Award”



《Corporate Governance Asia》

“Asia’s Icon on Corporate Governance”

“Asia’s Best Investor Relations Company”

“Asian Corporate Director Recognition Award”

“Asia’s Best CEO”

“Asia’s Best CFO”



Thank you!

For more information, please contact:

Investor Relations Department: ir@chinamobilehk.com

Or visit the Company’s website: www.chinamobileltd.com



Extracts from Unaudited Condensed Consolidated Statement of Comprehensive Income for the Six Months Ended 30 June 2018

– Appendix I

(RMB Mil)	1H2017	1H2018
Operating revenue	388,871	391,832*
Revenue from telecommunications services	347,950	356,120*
Voice services	88,127	62,914
Data services	250,540	283,121
Others	9,283	10,085
Revenue from sales of products and others	40,921	35,712*
Operating expenses	320,897	322,147
Leased lines and network assets	23,190	24,396
Interconnection	10,600	10,447
Depreciation	72,586	75,623
Employee benefit and related expenses	40,711	42,975
Selling expenses	34,140	32,847
Cost of products sold	42,740	36,354
Other operating expenses	96,930	99,505

(RMB Mil)	1H2017	1H2018
Profit from operations	67,974	69,685
Other gains	450	751
Interest and other income	7,685	8,110
Finance costs	(121)	(74)
Share of profit of investments accounted for using the equity method	5,407	5,747
Taxation	(18,668)	(18,477)
Profit for the period	62,727	65,742
Profit attributable to:		
Equity shareholders of the Company	62,675	65,641
Non-controlling interests	52	101
Profit for the period	62,727	65,742

Note*: Without the adoption of IFRS/HKFRS 15 for the six months ended 30 June 2018, operating revenue and revenue from telecommunications services would have increased by RMB2,870 million and RMB4,711 million, respectively; revenue from sales of products and others would have decreased by RMB1,841 million.

Extracts from Unaudited Condensed Consolidated Balance Sheet as at 30 June 2018

– Appendix II

(RMB Mil)	2017.12.31	2018.06.30
Current assets	558,196	574,613
Non-current assets	963,917	990,507
Total assets	1,522,113	1,565,120
Current liabilities	529,982	526,204
Non-current liabilities	3,250	3,889
Total liabilities	533,232	530,093
Total equity	988,881	1,035,027

Operating Data

– Appendix III

		Unit	1H2017	1H2018
Mobile service	Customers	Mil	866.51	905.81
	Mobile service revenue	RMB Mil	317,200	310,163
	ARPU	RMB	62.2	58.1
	Handset data traffic	PB	4,830.9	12,219.0
	Handset data traffic DOU	MB	1,108	2,622
	MOU	Minutes	377	332
of which: 4G	Customers	Mil	593.65	676.83
	ARPU	RMB	71.2	64.4
	Handset data traffic DOU	MB	1,413	3,139
Wireline broadband service	Customers	Mil	93.04	135.07
	Wireline broadband service revenue	RMB Mil	17,903	25,975
	ARPU	RMB	34.9	35.0
of which: household broadband	Customers	Mil	90.24	128.21
	Blended ARPU	RMB	32.4	34.8