

2019 Interim Results

2019.08.08

Our way ahead
行者方致遠

5G⁺⁺

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.

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01


Overall Results

Mr. YANG Jie


Executive Director & Chairman

- 1 Devoted concerted efforts to addressing operating challenges and maintained scale advantage
- 2 Sped up integrated development and achieved a notable momentum shift amongst growth engines
- 3 Made targeted investments and further enhanced long-term sustainability
- 4 Proactively charted 5G development plans and established new “5G+” competitive advantages
- 5 Promoted further reforms and innovation and fully infused entrepreneurial vitality into the company
- 6 Comprehensively drove high-quality development and continuously created value for shareholders


Devoted Concerted Efforts to Addressing Operating Challenges and Maintained Scale Advantage




Rapidly-diminishing data traffic upside



Stiffening market competition



Ongoing speed upgrade and tariff reduction measures



More resources devoted to business transformation

(RMB Mil)	1H2018	1H2019	Changes
Operating revenue	391,832	389,427	-0.6%
of which: service revenue	356,120	351,425	-1.3%
EBITDA	145,886	151,147	3.6%*
EBITDA margin	37.2%	38.8%	1.6pp
EBITDA as % of service revenue	41.0%	43.0%	2.0pp
Net profit	65,641	56,063	-14.6%*
Net profit margin	16.8%	14.4%	-2.4pp
Basic earnings per share (RMB)	3.21	2.74	-14.6%

Note: Unless otherwise specified,

1. Service revenue=operating revenue-revenue from sales of products and others; Revenue from sales of products and others mainly comprises sales of terminal products such as handsets

2. EBITDA=profit from operations+ depreciation and amortisation; Net profit refers to profit attributable to equity shareholders of the Company

3. *Please refer to Appendix I for the impact of the new accounting standard on leases (IFRS/HKFRS 16), which has been applied by the Company starting 2019. Should the former corresponding accounting standard (IAS/HKAS17) were applied to the results of the current period (meaning “an exclusion of the impact of the new accounting standard on leases”), the YoY decreases in EBITDA and net profit would be 4.6% and 13.9% respectively

Sped up Integrated Development & Achieved a Notable Momentum Shift amongst Growth Engines

Convergence of products

Strengthened “data+ content+ customer benefits” packages

Rapid increase in the number of 2I2C customers

Penetration rate of Mobaihe **68.7%**

Convergence of marketing and sales efforts

Business models to exploit synergy of 2H2C, 2B2C

Broadband-mobile bundling rate **▲ 2.6pp**

Full business bundling rate **▲ 8.6pp**

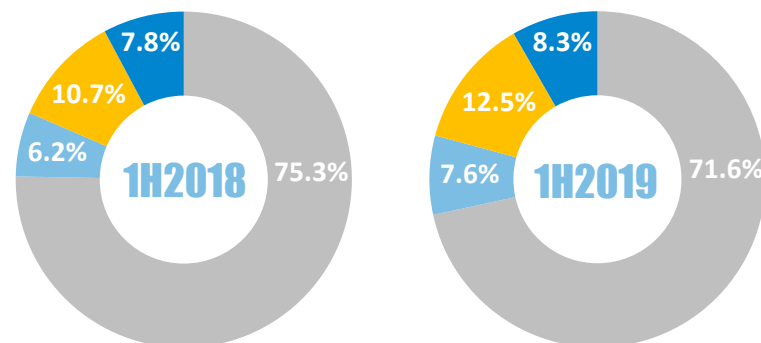
Convergence of operating practices

Promotion of “Mobile Cloud” and “Cloud+ Network+ DICT” smart services

Mobile Cloud revenue **▲ 126.2%**

Notable enhancements to internal cloud-based applications

Further-refined “four growth engines” structure



■ Personal mobile market ■ Household market
■ Corporate market ■ Emerging business

Mobile connections Wireline broadband connections IoT smart connections



DICT

Revenue
RMB 13.6 bil

▲ 47.3%



IoT

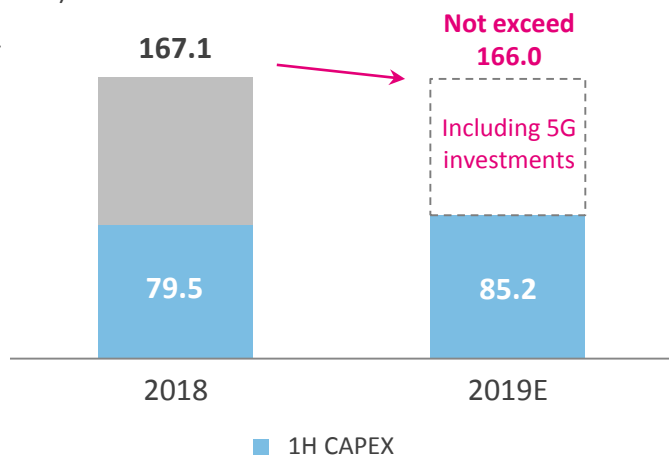
Revenue
RMB 5.2 bil

▲ 43.8%

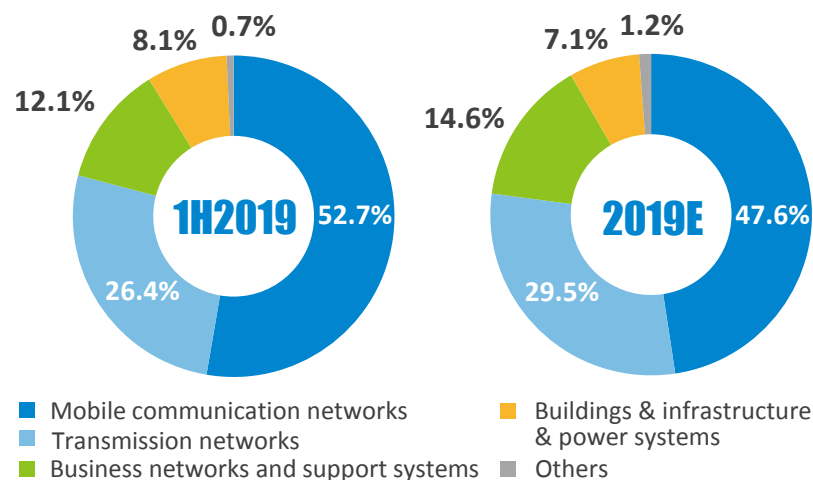
Made Targeted Investments and Further Enhanced Long-term Sustainability

CAPEX

(RMB Bil)



CAPEX structure



Strengthening basic networks

- Fostered 4G/5G synergistic development with robust support catering for data traffic growth
- Sped up cloud-enabled network transformation with enhanced cloud service capabilities
- Accelerated SDN application as a move towards the build-out of smart transmission networks

Building smart mid-end platforms

- Initiated centralised construction of key nodes for CRM and BOSS, providing centralised support across the entire network
- Built a smart management system, constructed mid-end platforms backed by big data and strengthened data integration across the board

Enhancing service quality

- Assured positive customer experience and steadily improved network quality
- Enhanced service system to continuously increase customer satisfaction
- Supported closed loop management of full service workflow and digital business

Proactively Charted 5G Development Plans and Established New “5G+” Competitive Advantages

Build **>50k** 5G BTS and launch 5G commercial services in **>50** cities in 2019



Standard

- Promote maturity of R16 international standard
- Coordinate industry efforts to carry out research on fundamental 5G technology



Network

- Develop NSA and SA networks concurrently with SA as the ultimate goal
- Make full use of 4G BTS sites and transmission resources to achieve low-cost and high-efficiency network construction



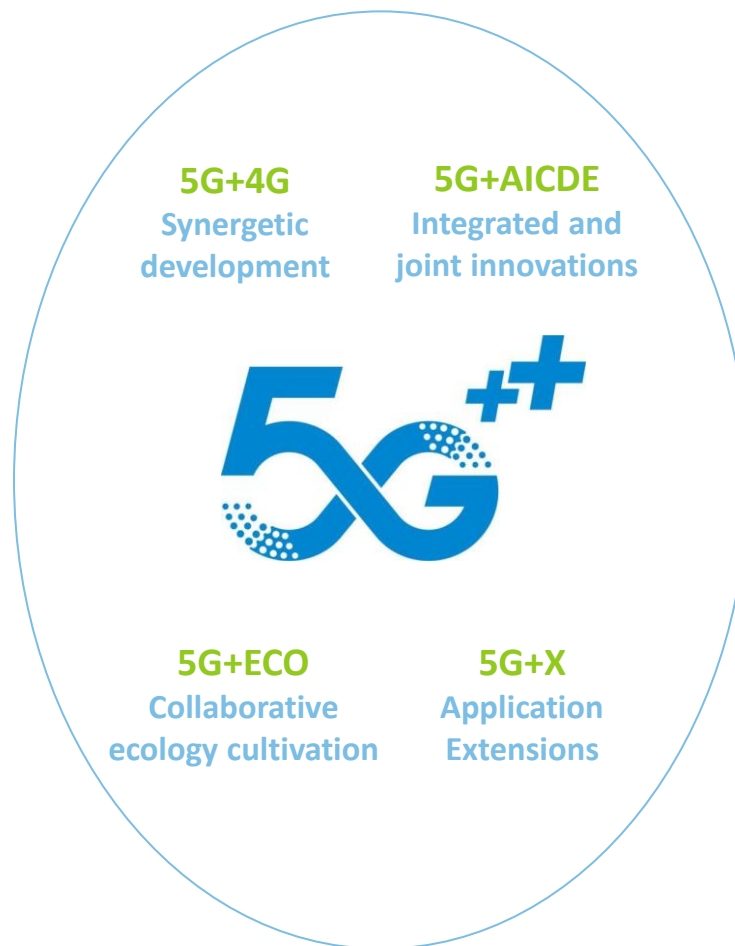
Devices

- Various modes and bands: NSA/SA, compatible with all networks, global roaming
- Various forms: applicable to personal, household and industry sectors
- Various notches: proliferated choices for customers



Business model

- Integrate use cases into a plethora of industry sectors: 5G+ smart agriculture, industry, transport, city administration, healthcare, finance, education
- Serve the mass market : 5G+ Ultra HD videos, games and ring videos, “same SIM card, same number”
- Provide differentiating services based on a range of parameters and dimensions



Promoted Further Reforms and Innovation and Fully Infused Entrepreneurial Vitality into the Company

Reforms on Business Operations System for the Corporate Market

- Formed the corporate business unit based on corporate business subsidiaries
- Built an inclusive corporate business platform by vertically integrating R&D, operations, business support, sales and customer services functions
- Turn the corporate business into a major force of business transformation and upgrade, and a new source of revenue growth

Reforms on Smart Family Business

- Established a smart household operations hub at Hangzhou R&D centre
- Integrated core capabilities, cultivated family ecology and centralised operations
- Increase value contribution from smart family business

Comprehensive Cloud-Based Business Transformation

- Established a cloud centre at Suzhou R&D Centre
- Played the triple roles of constructing cloud facilities, providing cloud services and integrating cloud ecology, establishing competitive advantages based on cloud-network convergence
- Strive to become a first-tier cloud service provider in China in 3 years

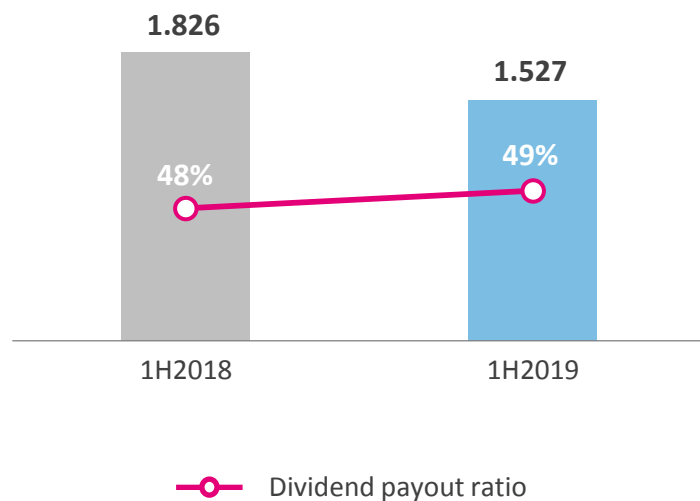
Accelerated International Expansion

- Formed an international business unit at the Headquarters
- Strengthened coordination and management for international business expansion, established a system enabling quick and smooth international operations, provided centralised support across the globe
- Promote the rapid expansion of international business

Continuously Created Favourable Returns for Shareholders

Dividend per share

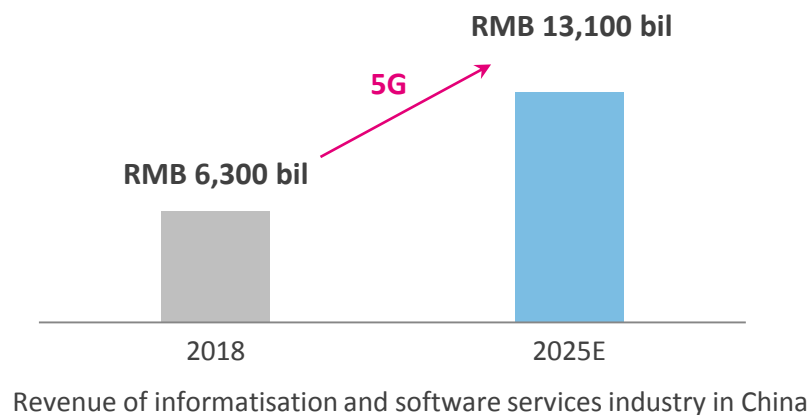
(HKD)



- In accordance with the guidance provided earlier this year, the dividend payout ratio for the first half of 2019 was **49%**, equivalent to an interim dividend of HK\$ **1.527** per share
- **The Company attaches great importance to shareholder returns, and will strive to maintain a stable dividend per share for the full year, after giving due consideration to its performance in 2019**

Seek Progress on the Basis of Stable Performance and Proactively Unleash Uplift Potential

Enormous potential :
Directing and creating demands

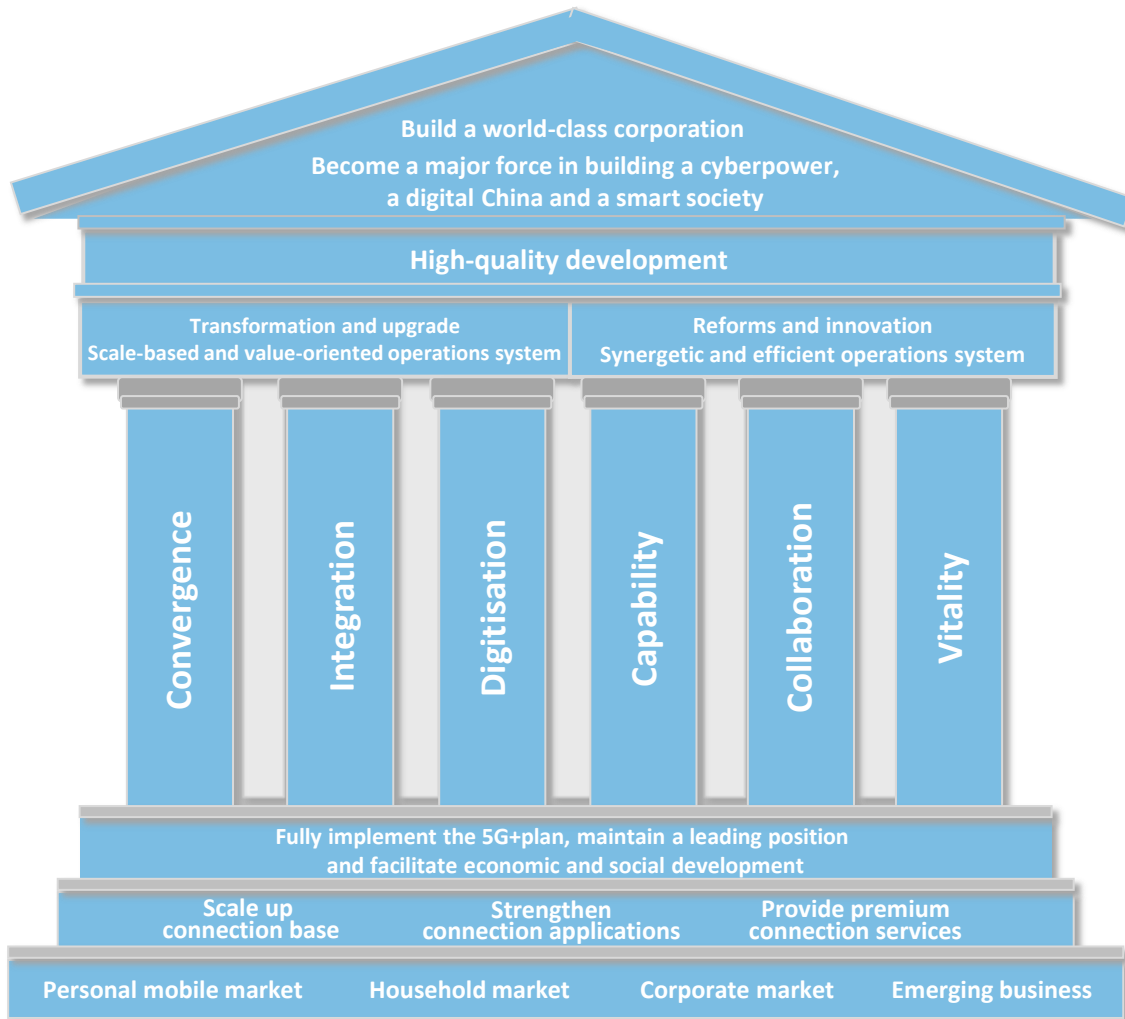


Pressing home our advantages :
resources + capabilities



Seek progress on the basis of stable performance
Capitalize on enormous 5G opportunities
Unleash uplift potential
Develop new growth momentum

Design New Operations Systems to Comprehensively Drive High-Quality Development



- ✔ Maintain a leading position in 5G development
- ✔ Achieve significant results in business transformation and upgrade
- ✔ Obtain a significant boost to operations capabilities
- ✔ Propel an ongoing enhancement to corporate value

02

Operating Performance

Mr. LI Yue

Executive Director & CEO

Revenue Structure of the “Four Growth Engines”

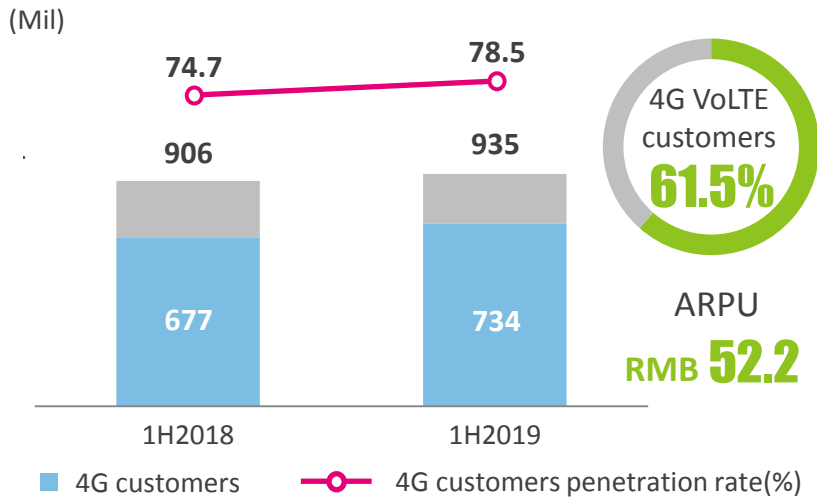
(RMB Mil)	1H2019	Change YoY	As % of revenue ¹
Service revenue	351,425	-1.3%	100%
1. Personal mobile market revenue	251,662	-6.2%	71.6%
of which: handset data traffic	194,685	-1.5%	55.4%
voice, SMS & MMS	50,404	-20.6%	14.3%
2. Household market revenue	26,611	21.3%	7.6%
3. Corporate market revenue	44,058	15.7%	12.5%
of which: corporate voice, SMS & MMS	14,169	7.5%	4.0%
dedicated lines, IDC	17,476	35.7%	5.0%
4. Emerging business revenue	29,095	4.1%	8.3%

Note¹: Refers to percentage of service revenue

Personal Mobile Market

Bolstered Customer Base and Service Offerings to Pave the Way for Future

Mobile customers



Rebranding



Created a new suite of customer benefits under "GoTone" with a latest membership of 120 mil

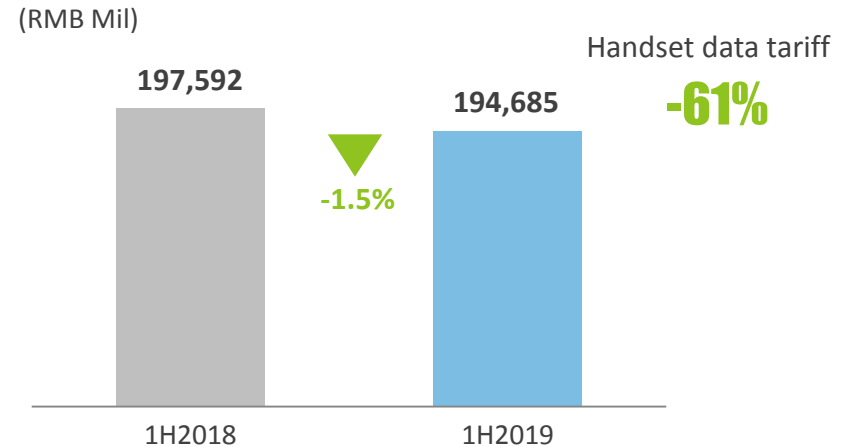
Service enhancements

Proactively enhanced customer services to increase customer satisfaction

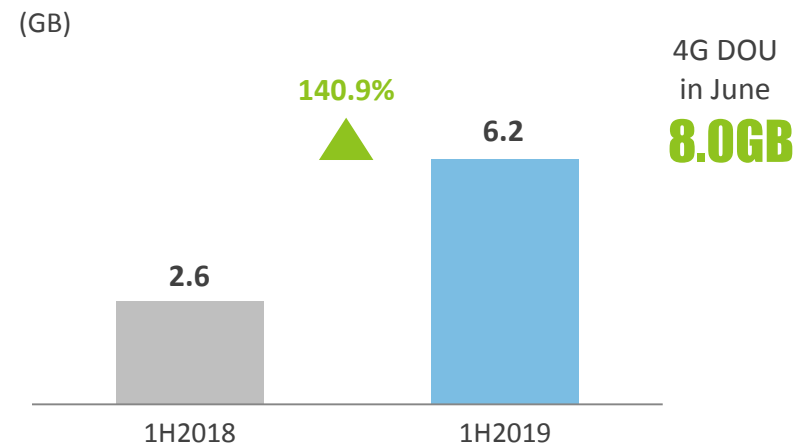
Product Bundling

Introduced various product bundling plans, poised for the launch of Mobile Number Portability

Handset data revenue



Handset data DOU

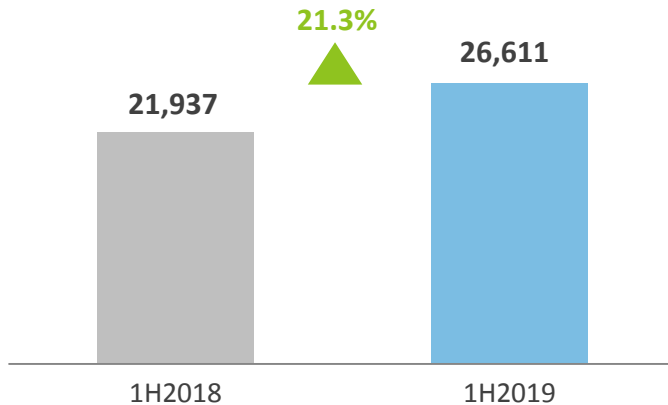


Household Market

Crafted a Premium Brand and Delivered Robust Growth Momentum

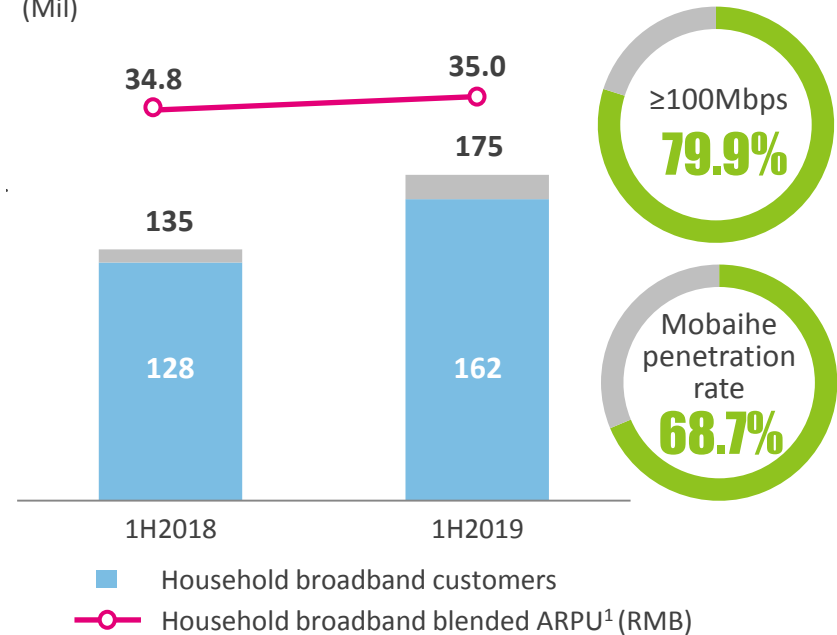
Household market revenue

(RMB Mil)



Wireline broadband customers

(Mil)



- Placed a steadfast focus on **“enhancing network speed, quality and value”**, built 1,000Mbps all-optical fibre broadband networks and crafted a premium brand
- Promoted new applications including audio-visual communications, intelligent vision and smart audio products and strove to establish differentiating competitive advantages
- Constructed a smart family ecosystem with strong promotions of digital household applications including smart speakers, family surveillance and family clouds

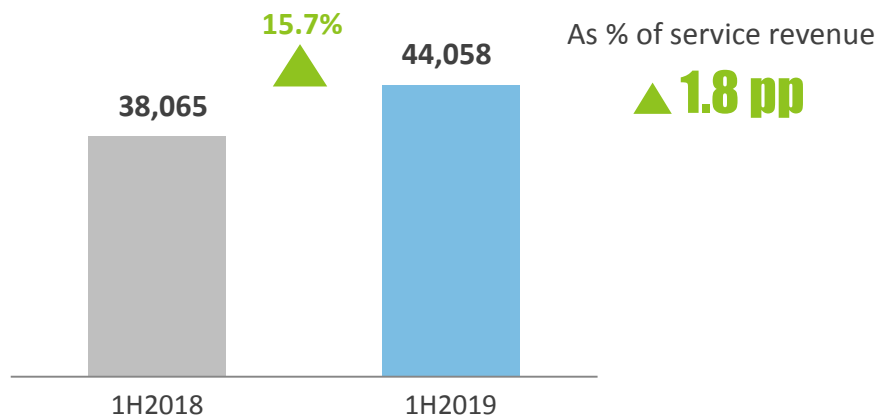
Note¹: Household broadband blended ARPU = (revenue of household broadband business + household revenue from emerging business) / average number of household broadband customers. Household revenue from emerging business mainly consists of revenues from Mobaihe and “and-Mu”; **Wireline broadband ARPU**, which includes revenues from household broadband, corporate broadband and Internet dedicated lines, **stood at RMB 32.9**

Corporate Market

Developed Key Products and Propelled an Ongoing Increase in Market Share

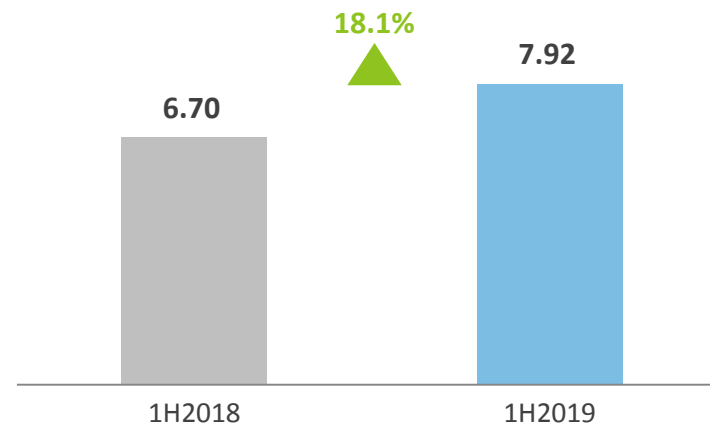
Corporate market revenue

(RMB Mil)



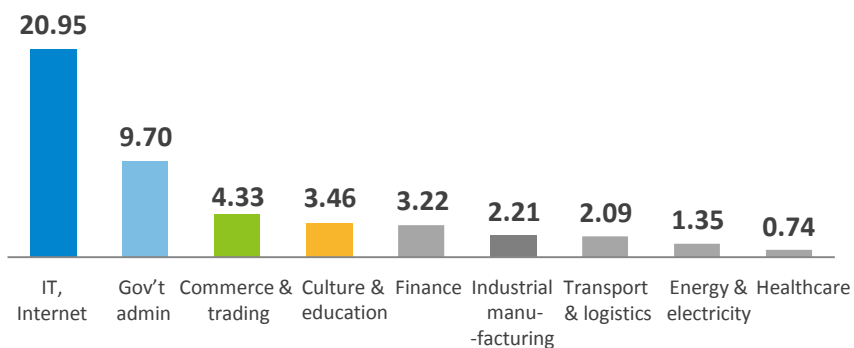
Corporate customers

(Mil)



Revenue breakdown by industries

(RMB Bil)



Note: Industry-based revenue includes corporate emerging business revenue from the emerging market



Dedicated lines

Revenue
RMB 11.2 bil

▲ 20.4%



IDC

Revenue
RMB 6.3 bil

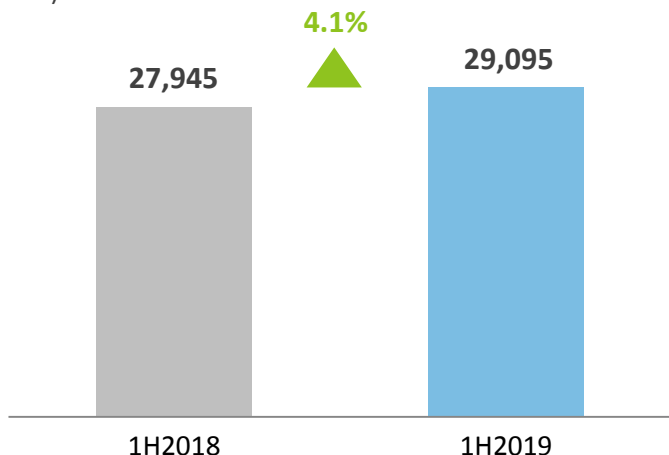
▲ 75.2%

Emerging Business

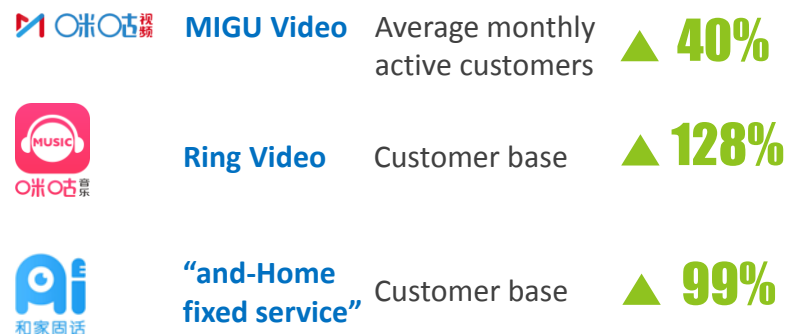
Focused on Quality Experience and Fostered Business Scalability

Emerging business revenue

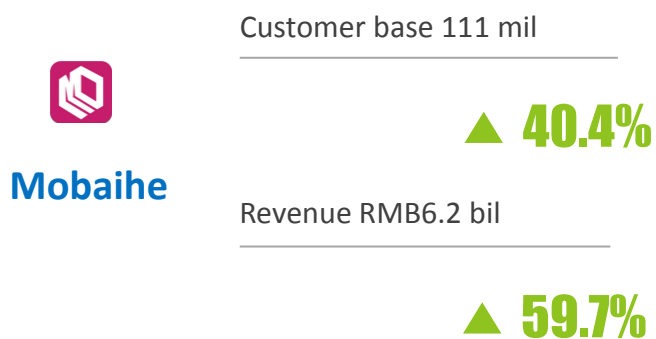
(RMB Mil)



Personal emerging business




Household emerging business



Corporate emerging business

ICT revenue **RMB 3.9 bil** ▲ **149.8%**

Delved into vertical sectors with **12** industry applications generating respective annualised revenues of >RMB100 mil

 **"and-Education"** revenue **≈ RMB 2.0 bil**

Enhanced Quality and Services with Plans for New Businesses Progressing Apace

Maintained a leading position in network quality

- 4G BTS numbered 2.71 mil following a net addition of 300,000
- Made ongoing quality improvements in VoLTE with call duration lengthened by 72.1%
- Added 13.4 Tbps transmission bandwidth to international and dedicated corporate lines
- Reduced front-page loading latency of TOP500 websites to 0.7s

Drove enhancements to customer services

- Designed an all-rounded service system involving full service workflow and all staff members
- Formulated more vigorous service standards and strengthened reviews on service quality, driving high-quality development of services
- Engineered service excellence campaigns and set up 10080 customer service monitoring hotline



Customer satisfaction continuously increased



Customer complaints remarkably reduced

Plans for New Businesses Progressing Apace

Promote digitalisation



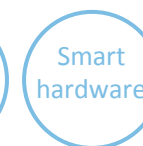
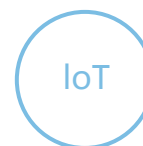
Digital service revenue

RMB **34.7 bil**

▲ **9.6%**

As % of service revenue

9.9%



Foster international branch-out



Revenue from international business

RMB 4.8 bil

▲ **29.0%**

LTE roaming coverage

World NO.1

Number of global users under the "Hand-in-hand" program

2.9 bil

Digital service revenue= revenues from emerging business, IoT and smart hardware

Strive to Achieve 2019 Full-Year Targets

Seeking progress on the basis of stable performance
Achieving ongoing market leadership
Making continuous improvements

- 1 Personal mobile market: **Obtain a net addition of 45 mil 4G customers and maintain an industry-leading mobile ARPU**
- 2 Household market: **Obtain a net addition of 25 mil household broadband customers and a stable-to-rising household broadband blended ARPU**
- 3 Corporate market: **Obtain a corporate customer base of over 10 mil and a rapid increase in corporate product revenue**
- 4 Emerging business: **Obtain a net addition of 300 mil IoT smart connections**

03

Financial Performance

Mr. DONG Xin

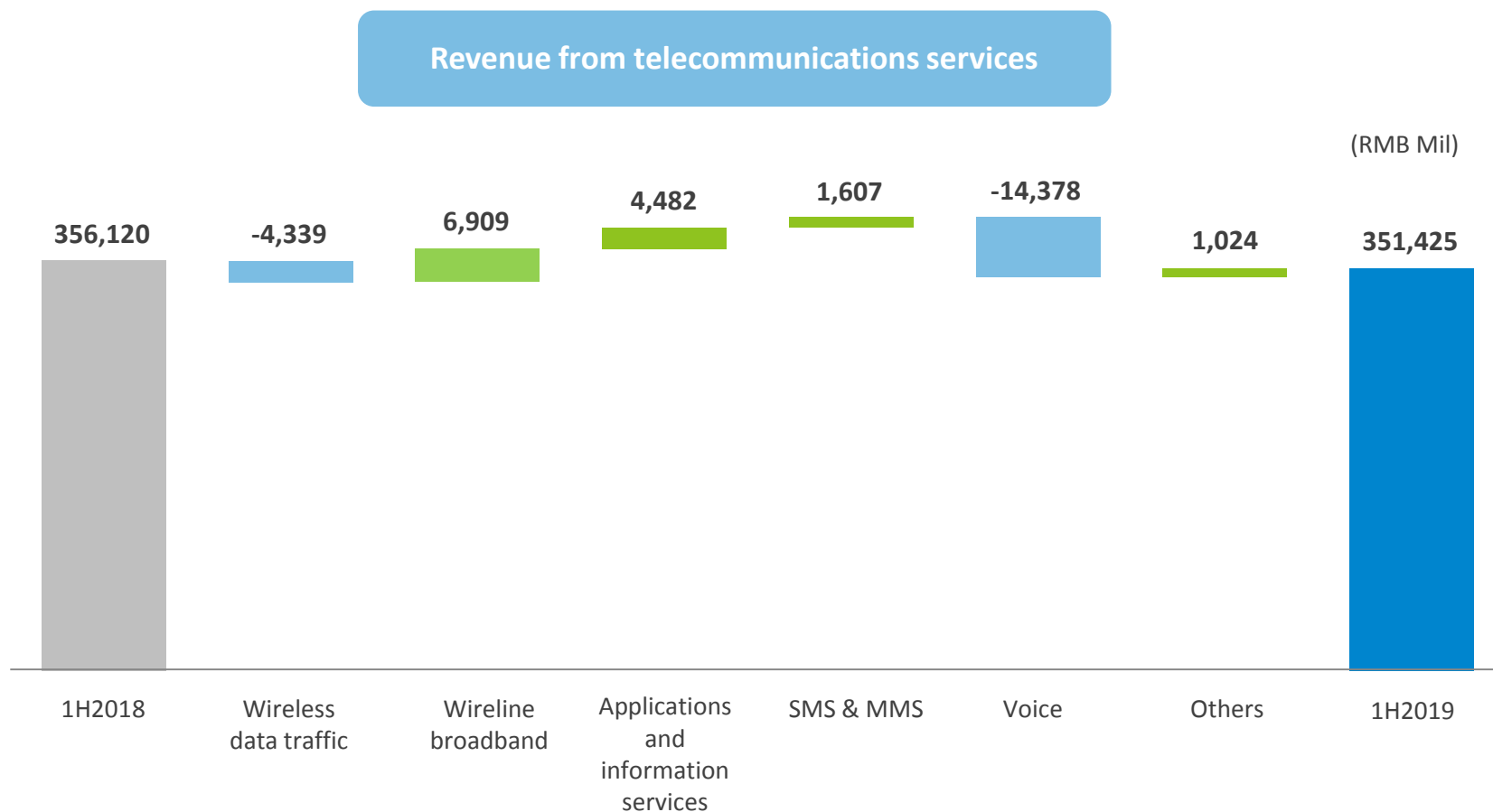
Executive Director, Vice President & CFO

Financial Highlights

(RMB Mil)	1H2018	1H2019	Change YoY
Operating revenue	391,832	389,427	-0.6%
Revenue from telecommunications services	356,120	351,425	-1.3%
Revenue from sales of products and others	35,712	38,002	6.4%
Operating expenses	322,147	329,672	2.3%
Profit from operations	69,685	59,755	-14.2%
Interest and other income	8,110	7,350	-9.4%
Income from investments accounted for using the equity method	5,747	6,579	14.5%
EBITDA	145,886	151,147	3.6%*
Net profit	65,641	56,063	-14.6%*

Note: *Excluding the impact of the new accounting standard on leases, EBITDA and net profit decreased by 4.6% and 13.9%, respectively, on a comparable basis year-on-year

Breakdown of Revenue Growth



- Revenue from telecommunications services decreased, mainly due to the negative growth of voice services revenue and wireless data traffic revenue

Maintaining Effective Cost Control

(RMB Mil)	1H2018	1H2019	Change YoY	Major impacts
Operating expenses	322,147	329,672	2.3%	
Network operation and support expenses	113,040	98,087	-13.2% (-2.7%)*	<ul style="list-style-type: none"> Tower leasing fee on an original basis was RMB20.3 bil, up by 4.5%
Depreciation and amortization	76,201	91,392	19.9% (5.4%)*	<ul style="list-style-type: none"> The efforts to satisfy business development, enhance customer perception and improve network quality have resulted in an expansion of assets scale
of which: depreciation of right-of-use assets	-	11,046	-	<ul style="list-style-type: none"> A new item resulting from the application of the new accounting standard on leases
Employee benefit and related expenses	42,975	45,075	4.9%	<ul style="list-style-type: none"> Enhanced incentives for core staff to boost the strategic transformation of talents
Selling expenses	32,847	34,330	4.5%	<ul style="list-style-type: none"> Maintained marketing efforts to cope with competition
Cost of products sold	36,354	39,618	9.0%	<ul style="list-style-type: none"> Increased sales of smart products, IoT and ICT equipment
Other operating expenses	20,730	21,170	2.1%	
of which: interconnection	10,447	10,455	0.1%	

Note:

- *The figures in brackets denote growth rates on a comparable basis after excluding the impact of the new accounting standard on leases
- The Company has enhanced the operating expenses presentation. Please refer to Appendix II for details

Promoted Low-cost and High-efficiency Operations by Optimising Resource Allocation

Support

- Quality: network, products, services
- Transformation: structural upgrade, operational reforms
- Innovation: 5G technologies, core capabilities

Squeeze

- Controlled expenses on underperforming and inefficient business units
- Improved benchmarks unit costs

Control

- Strictly controlled expenses incurred by non-production units such as administrative offices and property management
- To eliminate outdated production capacity



Average maintenance expense per base station

▼ **11.8%**



Average electricity expenses per frequency network

▼ **7.1%**

Clearing underperforming and ineffective physical retail outlets, transforming sales channel

Closed **>500** self-owned retail outlets

Closed **>1,200** franchised retail outlets



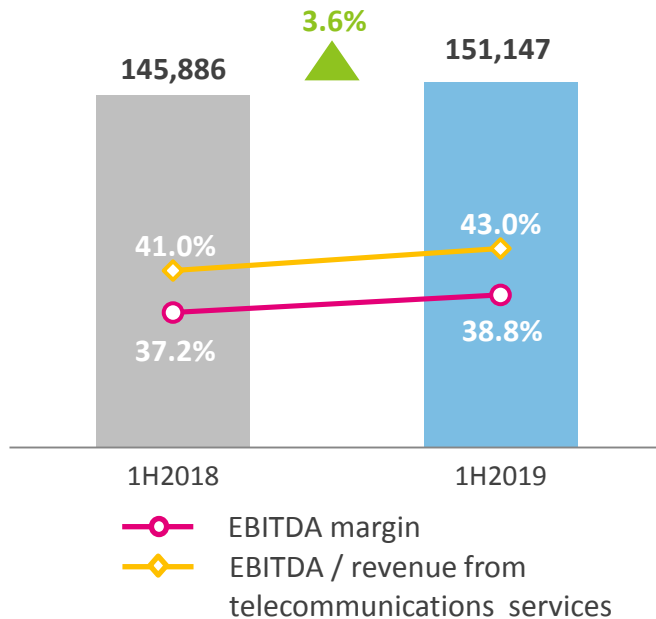
Average selling expenses per customer

▼ **2.7%**

Sustaining Healthy Cash Flow

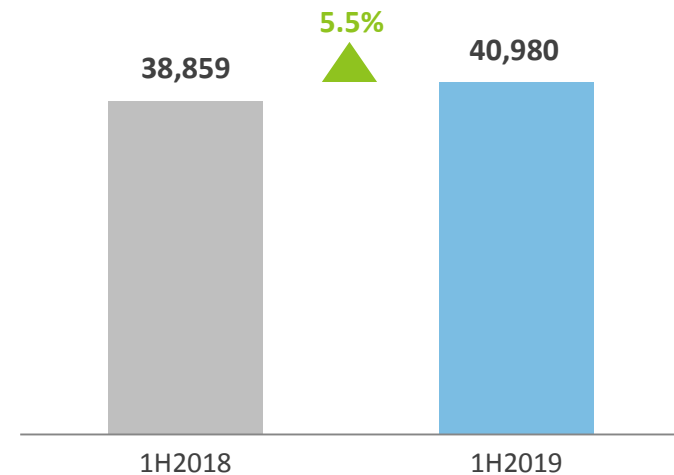
EBITDA

(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

- Excluding the impact of the new accounting standard on leases, EBITDA and free cash flow decreased by 4.6% and 18.8%, respectively

Maintaining Sound Capital Structure

(RMB Mil)	2018.12.31	2019.06.30
Shareholder's equity	1,052,405	1,080,142
Debt	—	—
Total book capitalization	1,052,405	1,080,142
Liabilities-to-assets ratio	31.3%	34.3%
Cash & bank deposits	361,567	327,588

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

Note: The Company applied the IFRS/HKFRS 16 from its mandatory adoption date of 1 January 2019 and recognised right-of-use assets and lease liabilities. As a result, the liabilities-to-assets ratio at the beginning of the year has increased by 3.5pp



《The Asset》

“The Asset Platinum Award”

Thank you!



《Corporate Governance Asia》

“Asia’s Icon on Corporate Governance”

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For more information, please contact:

Investor Relations Department: ir@chinamobilehk.com

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

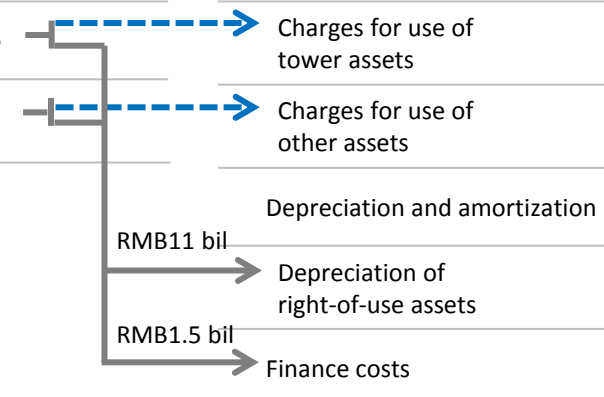
Impact of the New Accounting Standard on Leases (IFRS/HKFRS 16)

– Appendix I

- The accounting treatment for lessors and finance leases of lessees did not significantly change under IFRS/HKFRS 16
- The major accounting impacts for operating leases of lessees indicated as follows:

Statement of Comprehensive Income

Before (IAS/HKAS17)	Now (IFRS/HKFRS 16)
Operating expenses	Operating expenses
Network operation and support expenses	Network operation and support expenses
Tower leasing fee	Charges for use of tower assets
Operating lease charges	Charges for use of other assets
	Depreciation and amortization
	Depreciation of right-of-use assets
	Finance costs

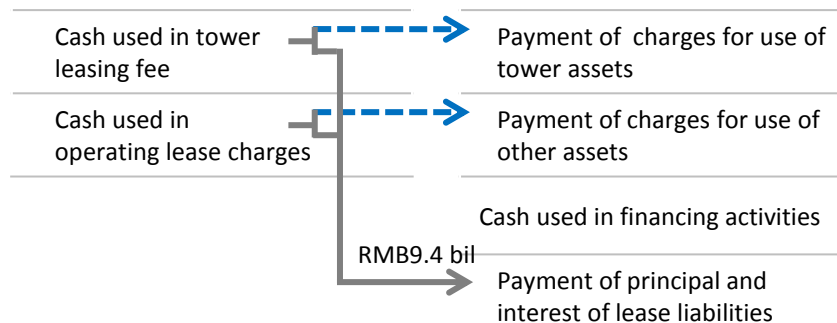


Balance Sheet

Before (IAS/HKAS17)	Now (IFRS/HKFRS 16)
No recognition of assets and liabilities	Non-current assets Right-of-use assets
	Current liabilities Lease liabilities
	Non-current liabilities Lease liabilities

Statement of Cash Flows

Before (IAS/HKAS17)	Now (IFRS/HKFRS 16)
Cash used in operating activities	Cash used in operating activities
Cash used in tower leasing fee	Payment of charges for use of tower assets
Cash used in operating lease charges	Payment of charges for use of other assets
	Cash used in financing activities
	Payment of principal and interest of lease liabilities



Adjustment on Operating Expenses Presentation

– Appendix II

- In order to better reflect the cost structure, the Company has optimised the operating expenses presentation, which had no impact on the operating revenue, operating expenses or net profit disclosed in previous years. The comparative information has been reclassified, making it consistent with the current period presentation.

Operating expenses (Before Adjustment), RMB Mil	1H2019
1. Leased lines and network assets	16,393
1.1 Charges for use of tower assets	12,433
1.2 Others	3,960
2. Interconnection	10,455
3. Depreciation	90,650
4. Employee benefit and related expenses	45,075
5. Selling expenses	34,330
6. Cost of products sold	39,618
7. Other operating expenses	93,151
7.1 Maintenance	31,528
7.2 Amortization of other intangible assets	742
7.3 Operating lease charges	5,175
7.4 Power and utilities expenses	20,935
7.5 Operation support and related expenses	19,981
7.6 Property management expenses, vehicle operating expenses and others	4,075
7.7 Others	10,715

Operating expenses (After Adjustment), RMB Mil	1H2019
1. Network operation and support expenses	98,087
Maintenance	7.1 31,528
Power and utilities expenses	7.4 20,935
Operation support and related expenses	7.5 19,981
Charges for use of tower assets	1.1 12,433
Charges for use of lines and network assets	1.2 3,960
Charges for use of other assets	7.3 5,175
Others (Property management expenses, vehicle operating expenses and others)	7.6 4,075
2. Depreciation and amortization	3+7.2 91,392
3. Employee benefit and related expenses	4 45,075
4. Selling expenses	5 34,330
5. Cost of products sold	6 39,618
6. Other operating expenses	21,170
Interconnection	2 10,455
Others	7.7 10,715

Extracts from Unaudited Consolidated Statement of Comprehensive Income for the Six Months Ended 30 June 2019

– Appendix III

(RMB Mil)	1H2018	1H2019
Operating revenue	391,832	389,427
Revenue from telecommunications services	356,120	351,425
Voice services	62,914	48,536
Data services	283,121	291,780
Others	10,085	11,109
Revenue from sales of products and others	35,712	38,002
Operating expenses	322,147	329,672
Network operation and support expenses	113,040	98,087
Depreciation and amortization	76,201	91,392
Employee benefit and related expenses	42,975	45,075
Selling expenses	32,847	34,330
Cost of products sold	36,354	39,618
Other operating expenses	20,730	21,170

(RMB Mil)	1H2018	1H2019
Profit from operations	69,685	59,755
Other gains	751	1,213
Interest and other income	8,110	7,350
Finance costs	(74)	(1,627)
Income from investments accounted for using the equity method	5,747	6,579
Taxation	(18,477)	(17,151)
Profit for the period	65,742	56,119
Profit attributable to:		
Equity shareholders of the Company	65,641	56,063
Non-controlling interests	101	56
Profit for the period	65,742	56,119

Extracts from Unaudited Consolidated Balance Sheet as at 30 June 2019

– Appendix IV

(RMB Mil)	2018.12.31	2019.06.30
Current assets	535,116	558,612
Non-current assets	1,000,794	1,089,517
Total assets	1,535,910	1,648,129
Current liabilities	474,398	501,761
Non-current liabilities	5,703	62,766
Total liabilities	480,101	564,527
Total equity	1,055,809	1,083,602

Operating Data

– Appendix V

		Unit	1H2018	1H2019
Mobile service	Customers	Mil	905.81	935.05
	Mobile service revenue	RMB Mil	310,163	289,049
	ARPU	RMB	58.1	52.2
	Handset data traffic	GB Bil	11.93	29.83
	Handset data traffic DOU	GB	2.6	6.2
	MOU	Minutes	332	291
of which: 4G	Customers	Mil	676.83	733.78
	ARPU	RMB	64.4	58.2
	Handset data traffic DOU	GB	3.1	7.1
Wireline broadband service	Customers	Mil	135.07	174.89
	Wireline broadband service revenue	RMB Mil	25,975	32,884
	ARPU	RMB	35.0	32.9
of which: Household broadband	Customers	Mil	128.21	161.84
	Blended ARPU	RMB	34.8	35.0