

Visionary
擇高處立 · 向寬處行
Inclusive

2017 Interim Results

2017.08.10

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. LIU Aili

Executive Director & Vice President



Mr. SHA Yuejia

Executive Director & Vice President



Mr. DONG Xin

Executive Director, Vice President & CFO



Overall Results



Operating Performance



Financial Results

01

Overall Results

Mr. SHANG Bing

Executive Director & Chairman

Highlights

- 1** Prominent operating results
Above-industry-average service revenue growth rate with a rise in profit
- 2** Remarkable business transformation
Wireless data traffic revenue exceeded half of the service revenue, wireline broadband revenue contribution took a leap, applications and information services revenue achieved double-digit growth
- 3** “Big Connectivity” in action
Continuously strengthened information & telecommunications infrastructure, driving ahead with the integrated development of the “four growth engines”
- 4** Continuous increase in shareholder returns
Payment of an interim dividend of HK\$1.623 per share and a special dividend of HK\$3.200 per share celebrating the 20th listing anniversary

Key Performance Indicators

(RMB Mil)	1H2016	1H2017	Changes
Operating revenue	370,351	388,871	5.0%
of which: service revenue	325,423	347,950	6.9%
EBITDA	134,350	140,710	4.7%
EBITDA margin	36.3%	36.2%	-0.1pp
EBITDA as % of service revenue	41.3%	40.4%	-0.9pp
Net profit	60,572	62,675	3.5%
Net profit margin	16.4%	16.1%	-0.3pp
Basic earnings per share (RMB)	2.96	3.06	3.5%

Refined Revenue Structure with Profit Growth

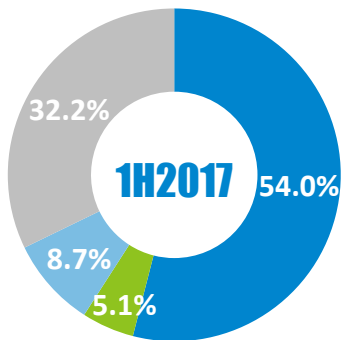
Service revenue

- Revenue growth **▲ 6.9%**, outperformed the industry average¹
- Revenue market share **54%**¹, enjoyed solid market position
- Revenue growth driven by data traffic and wireline broadband

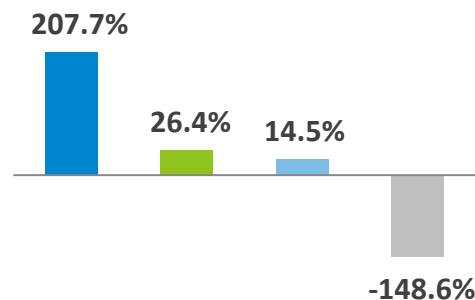
Net profit

- Effective cost control, leading profitability
- Strive to achieve YoY growth for FY2017

Service
revenue structure

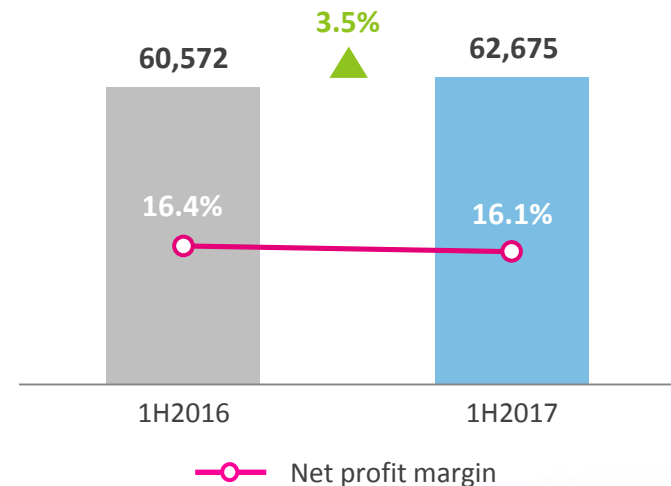


Service
revenue growth structure²



■ Wireless data traffic ■ Wireline broadband
■ Applications and information services ■ Voice, SMS & MMS and others

(RMB Mil)



Note¹: 1H2017 industry revenue data was obtained from an MIIT announcement

Note²: Percentage of revenue growth of each business out of total service revenue growth

Harnessing Evolving Trends, Four Growth Engines Brought into Play

Personal market

- 4G superiority maintained
- Ongoing leadership in customer market share

Household market

- A wide lead in net-add customer market share
- Revenue market share on a rise



Corporate market

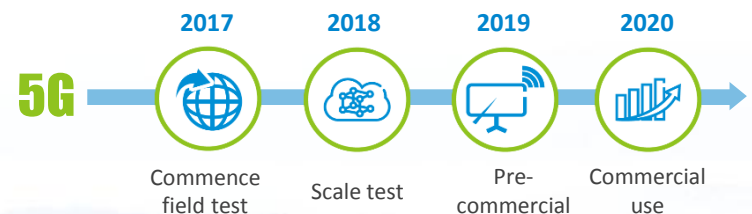
- Customer and revenue scales trending up
- Enhanced industry application services

Emerging business market

- Content and application products gathering momentum
- Surge in the number of IoT smart connections

Strengthening information and telecommunications infrastructure

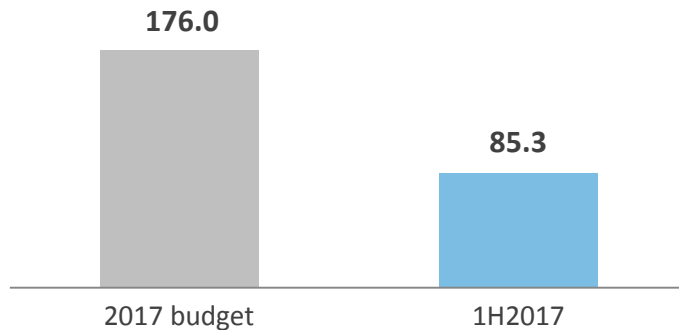
- 4G: **>1.77 mil** base stations & population coverage **99%** by year-end
- Wireline broadband: household coverage **70%** & FTTH reaches **90%** by year-end
- Commence mobile IoT construction in **346** cities
- Surge in capability with **286 Tbps** interprovincial backbone network bandwidth
- Expedite transformation to next-generation network based on SDN, NFV



Reasonable Investment Crafting a Premium Network

CAPEX

(RMB Bil)

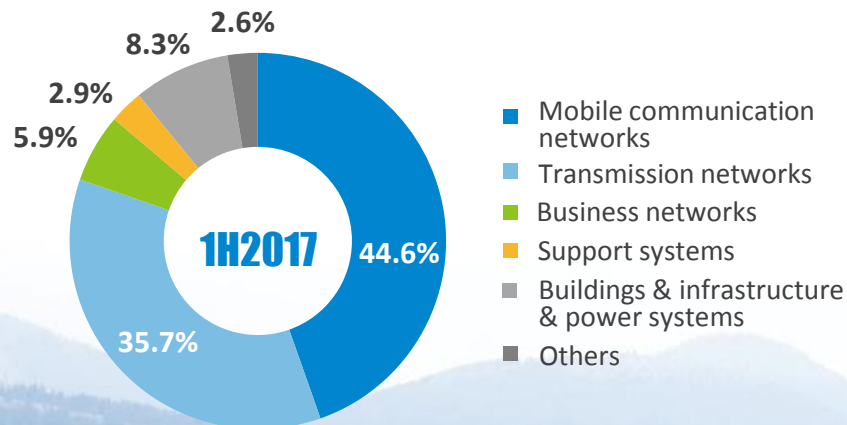


Major components of CAPEX in 1H2017

(RMB Bil)

4G	37.0
Wireline broadband access	11.8
Transmission (excluding access part)	18.6

CAPEX structure

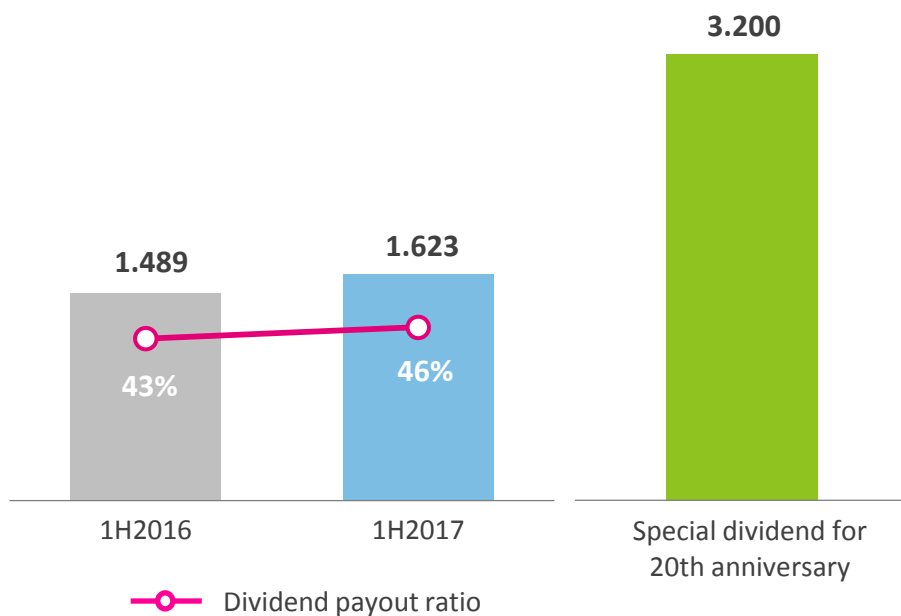


- Within the overall CAPEX budget, roll out projects relating to, among others, “speed upgrade and tariff reduction” and mobile IoT
- Strengthen 4G network coverage in certain usage scenarios to enhance customer experience and reinforce competitive advantages
- Focus on quality and values, bolster competitiveness in wireline broadband networks and enrich business application offerings
- Reserve infrastructure resources in advance to enhance network carriage capability in response to network evolution and business development

Continuously Creating Value for Shareholders

Dividend per share

(HKD)



20
1997-2017

20th listing anniversary, continuously creating value for shareholders

- Revenue ▲ **68 times**, profit ▲ **24 times**, market cap ▲ **13.6 times**
- Special dividend payment of **HK\$3.200** per share in celebration of the 20th listing anniversary

02

Operating Performance

Mr. LI Yue

Executive Director & CEO

Personal Market

4G Superiority Maintained



Network coverage

1.65 mil 4G base stations,
VoLTE for commercial use in **313** cities

99% population under 4G coverage by year-end



Customer base

594 mil 4G customers,
69% of total mobile customers

98.73 mil VoLTE customers



Customer experience

Leading 4G customer satisfaction and NPS

On-net hit rate **▲ 3.0pp**,
video jam frequency **▼ 41%**,
front page loading latency **▼ 7%**



Customer value

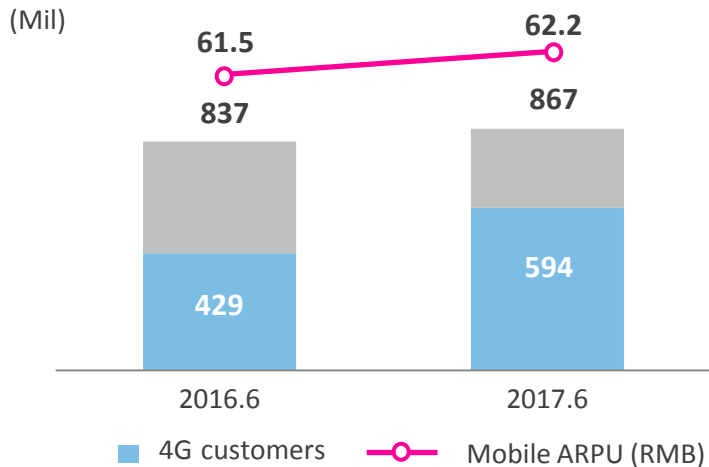
4G ARPU: **RMB71.2**, **1.6** times of 2G/3G

4G DOU: **1.4GB**, **12.4** times of 2G/3G

Personal Market

Strong Data Monetization Ability

Mobile customers

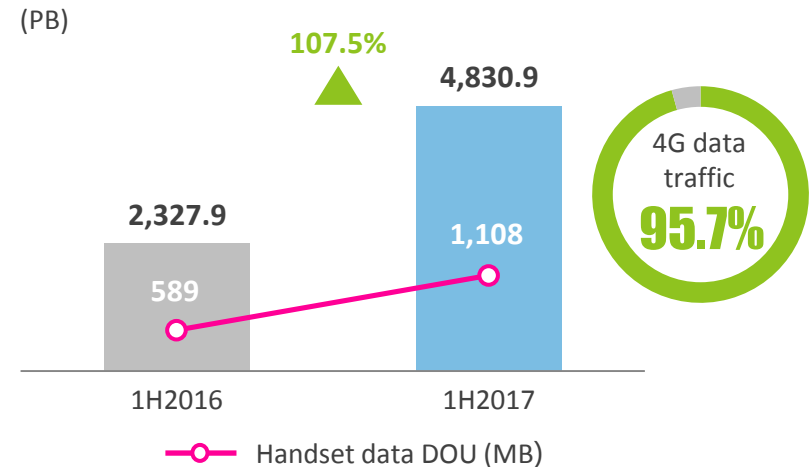


Data traffic operations

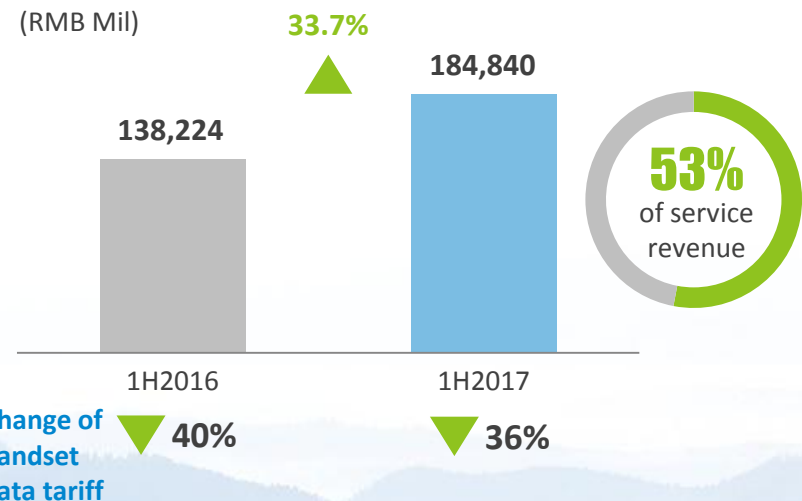
- Engage in rational and orderly competition to preserve industry value
- Reasonable use of price elasticity to foster sustainable, quality growth of data traffic
- Positive growth potentials buoyed by still-developing DOU and video traffic



Handset data traffic



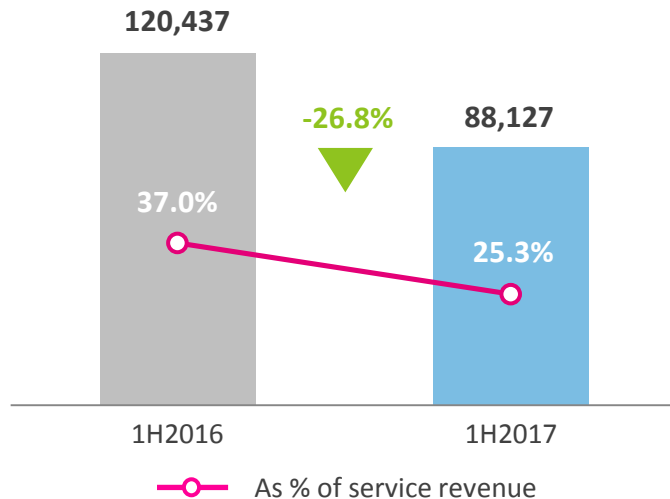
Handset data revenue



Traditional Business Staying on a Downward Trajectory

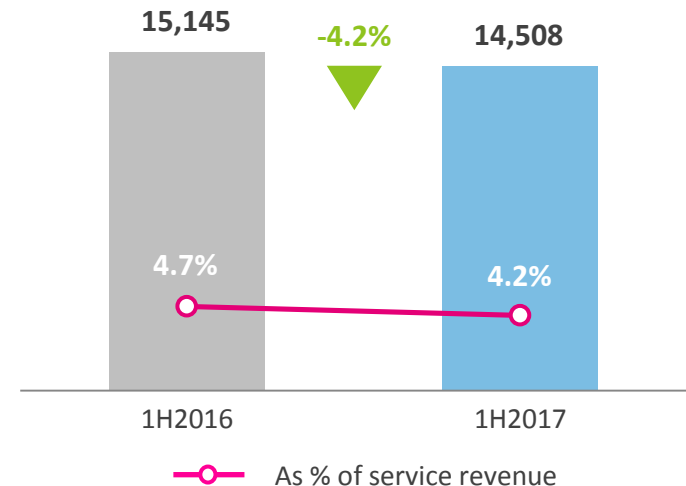
Voice service revenue

(RMB Mil)



SMS & MMS revenue

(RMB Mil)



Made efforts to promote flat-rate packages

- DLDR as % of total voice service revenue ▼ **7.3pp** from 2016 year-end
- Proportion of flat-rate packages increased to **76.8%**
- Cancel DLDR effective from 1 September, following proactive consolidation of product packages, system development and renovation, and automation testing

Lowered international long-distance call tariffs

- Involved **70** countries and regions
- Covered **90%** of total usage
- Benefited customers, user experience enhanced

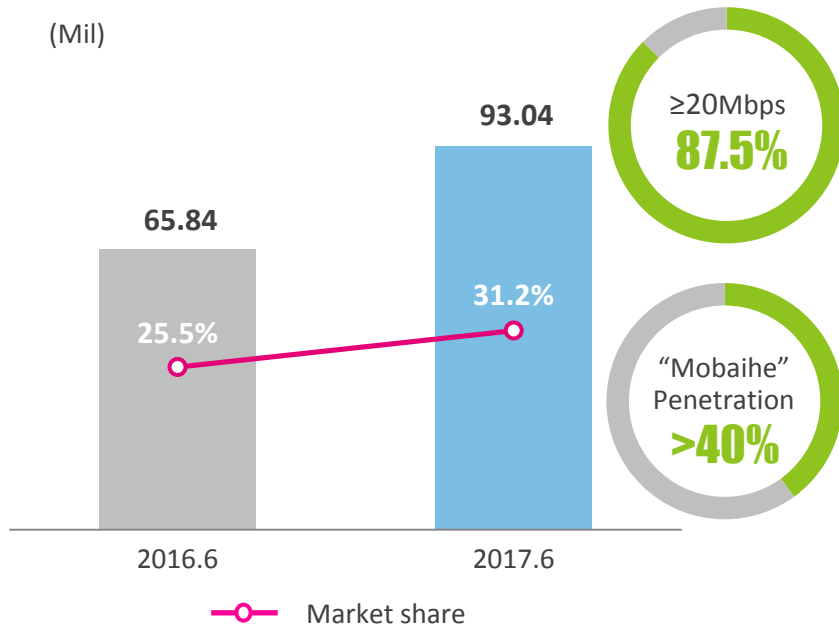
*Note: DLDR: Domestic long distance and roaming

Household Market

Committed to Enhancing Value

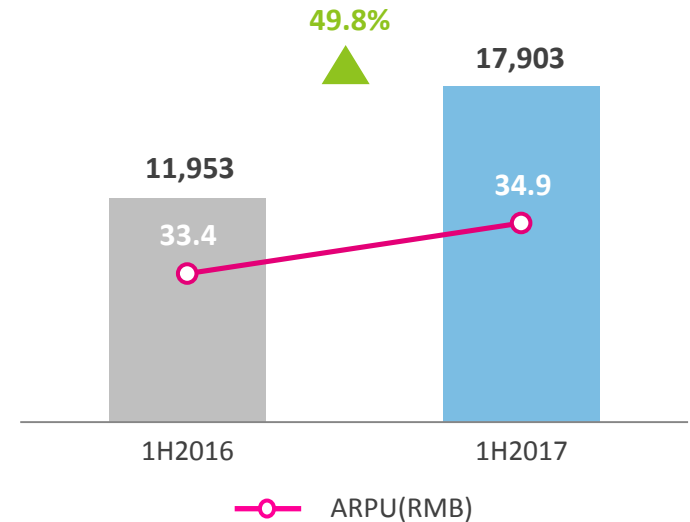
Wireline broadband customers

(Mil)



Wireline broadband service revenue

(RMB Mil)



- Committed to **boosting network speed and quality** with a focus on **targeted development**, customer value progressively enhanced
- Digital set-top box "Mobaihe" customers increased to **38.59 mil**, promoted "Hemu" (family surveillance) and other new products
- ARPU (including home digital services) increased to **RMB38.0**

Corporate Market

Revenue and Scale Trending up

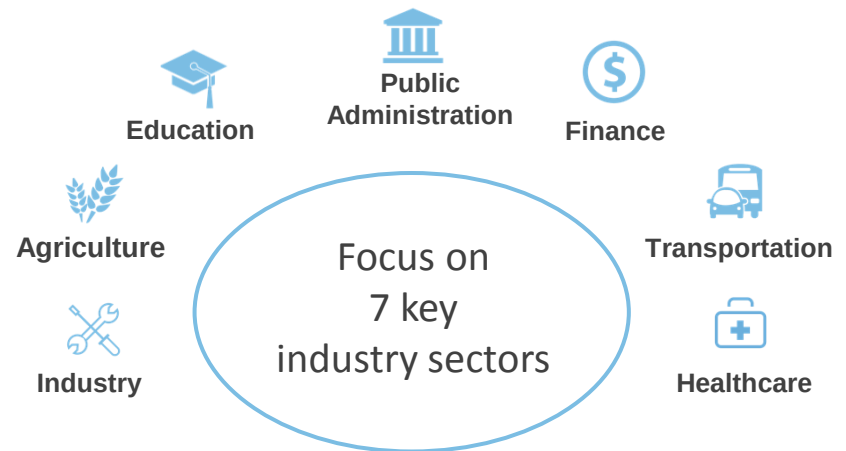
Corporate telecommunications and informatization service revenue ▲ **25.3%**



Scale development of key products

Data dedicated lines revenue ▲ **38.4%**

IDC revenue ▲ **97.1%**



- **8** industry applications with annual revenue > RMB100 mil
- “and-Education” annual revenue > **RMB4 bil**

Serving SMEs

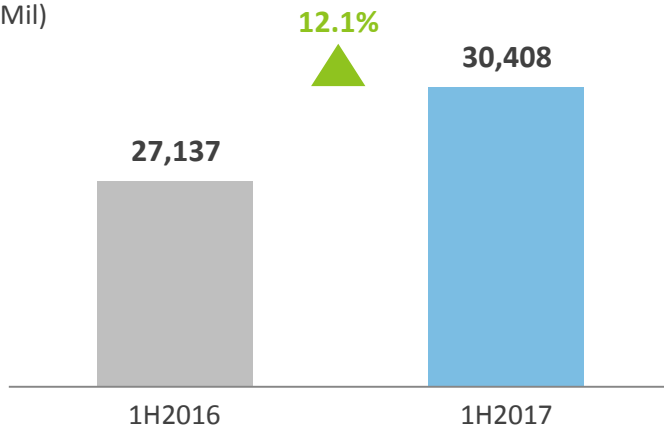
- Launched “Double Speed” promotion campaign, handled subscriptions from **>40,000** corporate customers, corporate Internet access cost ▼ **20%**
- Launched “Broadband for Small- and Micro-enterprises” concessionary products, handled subscriptions from nearly **150,000** small entrepreneurs
- Leveraged price elasticity to achieve “high turnover, low margins”

Emerging Business Market

Digital Services Gathering Momentum

Applications and information services revenue

(RMB Mil)



NB-IoT

- Commence construction in **346** cities
- Commercial use in certain key cities by year-end



Leading networks



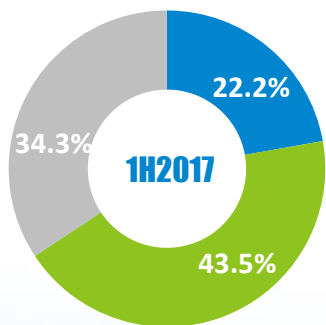
the world's smallest eSIM
multimode communication
modules

Powerful terminals



Open platforms

Revenue structure



■ Resource-type ■ Content-type
■ Application-type

Resource-type revenue ▲ **11.1%**

Content-type revenue ▲ **6.7%**

Application-type revenue ▲ **20.4%**



“MIGU **and-Video**” revenue

▲ **69.9%**



“MIGU **and-Reading**” revenue

▲ **6.6%**



“and-Wallet” transaction amount **>RMB950.0 bil**



IoT smart connections **>150 mil**, revenue ▲ **94.8%**

Ensuring Achievement of FY2017 Targets

1 Service revenue growth rate surpasses industry average
Strive to achieve YoY growth in net profit

2 4G customer base exceeds 630 mil
VoLTE customer base exceeds 150 mil
Stable-to-rising mobile ARPU

3 Wireline broadband customer base exceeds 100 mil
Mobaihe penetration reaches 45%
Stable-to-rising broadband ARPU

4 Further increase revenue market share of corporate
telecommunications and informatization service

5 Number of IoT smart connections reaches 200 mil

Four growth engines

Quality and Service

Product development

Management enhancement

03

Financial Results

Mr. DONG Xin

Executive Director, Vice President & CFO

Financial Highlights

(RMB Mil)	1H2017	Change YoY	% Change YoY
Operating revenue	388,871	18,520	5.0%
Revenue from telecommunications services	347,950	22,527	6.9%
Revenue from sales of products and others	40,921	-4,007	-8.9%
Operating expenses	320,897	16,677	5.5%
Profit from operations	67,974	1,843	2.8%
Interest income	7,685	63	0.8%
Share of profit of investments accounted for using the equity method	5,407	792	17.2%
EBITDA	140,710	6,360	4.7%
Net profit	62,675	2,103	3.5%

Maintaining Effective Cost Control

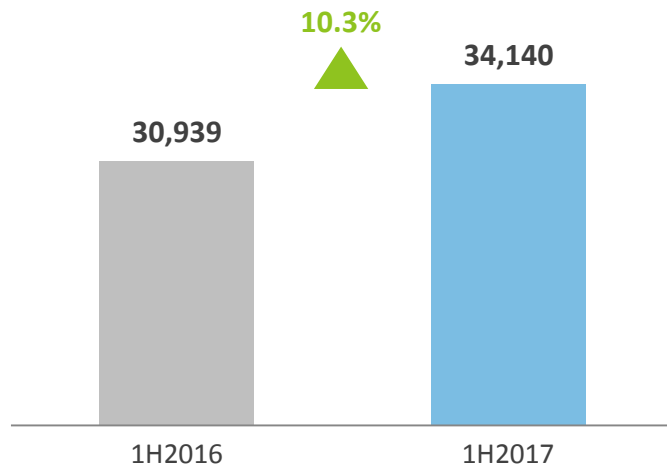
(RMB Mil)	1H2017	% Change YoY	As % of operating revenue	Major impacts
Operating expenses	320,897	5.5%	82.5%	
Leased lines and network assets	23,190	6.9%	6.0%	+ Tower leasing fee was RMB18.4 billion - 3G network and "Village Connect" network leasing fee continued to decline
Interconnection	10,600	-3.1%	2.7%	
Depreciation	72,586	6.6%	18.7%	+ Investment maintained at a high level, resulted in an expansion of assets scale
Employee benefit and related expenses	40,711	5.9%	10.5%	+ Employee structure was adjusted and optimized, incentives for junior staffs were enhanced + Standards of social insurance expenses increased
Selling expenses	34,140	10.3%	8.8%	+ Respond to competition in 4G, wireline broadband and emerging business development
Cost of products sold	42,740	-8.1%	11.0%	
Other operating expenses	96,930	10.7%	24.8%	
of which: maintenance expenses, power and utilities expenses, and operating leasing fee	62,716	7.0%	16.1%	+ Due to the expansion of assets scale and increase in price of resources, asset related fixed costs increased
of which: administration expenses such as conference, office, travelling and entertainment expenses	1,187	-2.8%	0.3%	- Strict control on the administration expenses

Rational Investment in Response to Competition



Selling expenses

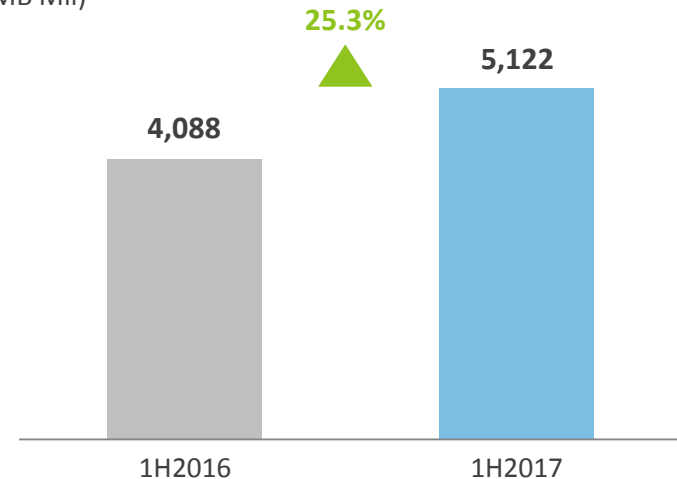
(RMB Mil)



- Mainly spent on flat-rate package promotion, 4G migration, new data package marketing and wireline broadband market expansion
- Pay close attention to the efficient deployment of marketing resources, striving to achieve the lowest selling expenses ratio in the industry for FY2017

Handset subsidies

(RMB Mil)

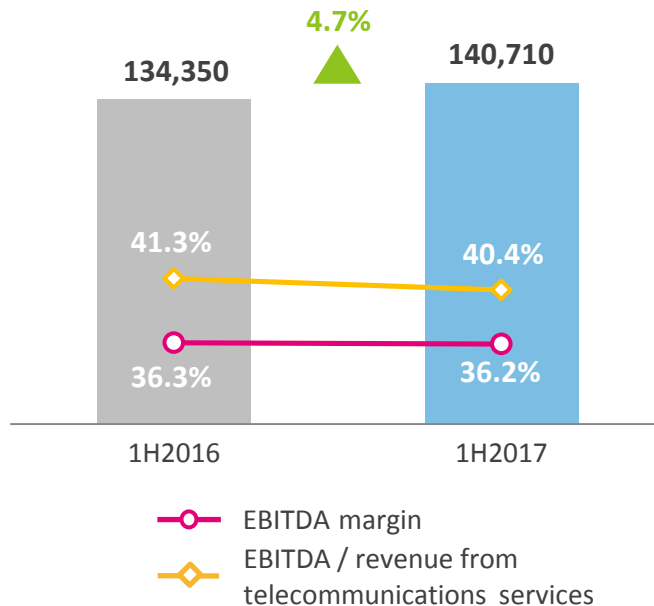


- Focus on 4G+ handsets and handset products with VoLTE/CA/NFC functions
- Lower consumption threshold to promote 4G migration and data traffic, and develop emerging businesses

Sustaining Strong Cash Flow

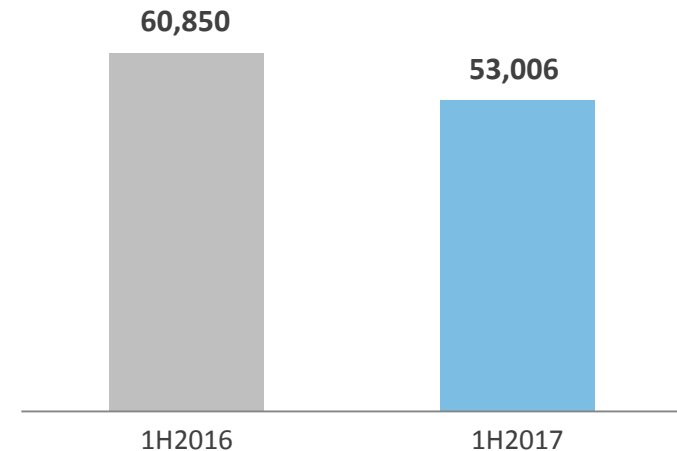
EBITDA

(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 revenue growth and cost control, EBITDA recorded a favourable increase
- Profitability maintained steady growth, cash flow remained strong

Maintaining Sound Capital Structure

(RMB Mil)	2016.12.31	2017.06.30
Debt	4,998	5,000
Shareholder's equity	979,021	1,018,361
Total book capitalization	984,019	1,023,361
Total debt / total book capitalization	0.5%	0.5%
Liabilities-to-assets ratio	35.4%	35.1%
Cash & bank deposits	430,435	405,963

S&P, Moody's

Corporate credit ratings are equivalent to China sovereign ratings

Thank you



《Asiamoney》

“Best Managed Large Cap in China”

《The Asset》

“The Asset Platinum Award”

《Corporate Governance Asia》

“Asia’s Outstanding Company on Corporate Governance”

“Asia’s Best Investor Relations Company”

“Asian Corporate Director Recognition Award”

“Asia’s Best CEO”

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 2017

– Appendix I

(RMB Mil)	1H2016	1H2017
Operating revenue	370,351	388,871
Revenue from telecommunications services	325,423	347,950
Voice services	120,437	88,127
Data services	195,173	250,540
Others	9,813	9,283
Revenue from sales of products and others	44,928	40,921
Operating expenses	304,220	320,897
Leased lines and network assets	21,699	23,190
Interconnection	10,937	10,600
Depreciation	68,118	72,586
Employee benefit and related expenses	38,446	40,711
Selling expenses	30,939	34,140
Cost of products sold	46,505	42,740
Other operating expenses	87,576	96,930

(RMB Mil)	1H2016	1H2017
Profit from operations	66,131	67,974
Other gains	550	450
Interest income	7,622	7,685
Finance costs	(114)	(121)
Share of profit of investments accounted for using the equity method	4,615	5,407
Taxation	(18,186)	(18,668)
Profit for the period	60,618	62,727
Profit attributable to:		
Equity shareholders of the Company	60,572	62,675
Non-controlling interests	46	52
Profit for the period	60,618	62,727

Extracts from Unaudited Condensed Consolidated Balance Sheet as at 30 June 2017

– Appendix II

(RMB Mil)	2016.12.31	2017.06.30
Current assets	586,645	615,859
Non-current assets	934,349	959,037
Total assets	1,520,994	1,574,896
Current liabilities	536,389	550,716
Non-current liabilities	2,467	2,652
Total liabilities	538,856	553,368
Total equity	982,138	1,021,528

Operating Data

– Appendix III

		1H2016	1H2017
Mobile service	Total customers (Mil)	837.04	866.51
	of which: 4G customers (Mil)	428.54	593.65
	MOU (Minutes)	416	377
	ARPU (RMB)	61.5	62.2
	of which: 4G ARPU (RMB)	80.7	71.2
	Handset data traffic DOU (MB)	589	1,108
	Total voice usage (Bil minutes)	2,066.9	1,921.9
	Handset data traffic (PB)	2,327.9	4,830.9
	SMS usage (Bil messages)	267.3	264.2
	Average mobile voice services revenue per minute (RMB)	0.058	0.045
	Average handset data revenue per MB (RMB)	0.059	0.038
	Average monthly churn rate	2.15%	2.07%
Wireline broadband	Total customers (Mil)	65.84	93.04
	ARPU (RMB)	33.4	34.9
	ARPU (including home digital services) (RMB)	-	38.0