

2020 Interim Results

2020.08.13

5G⁺



未來無限可能
Infinite Future

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.

01

**Overall
Results**

02

**Operating
Performance**

03

**Financial
Performance**

01

Overall Results

Mr. YANG Jie

Executive Director & Chairman

1H2020 Business Development Environment

COVID-19

Seizing opportunities
amidst crisis



Digitalisation of Economy and Society

Accelerating
transformation



Industry and Cross-sector Coopetition

Increasingly complex
and volatile



- 1 Took active steps to tackle challenges and maintained stable operating results
- 2 Achieved remarkable strategic transformation, growth drivers continued to gain momentum
- 3 Accelerated 5G development through full implementation of the “5G+” plan
- 4 Turned negatives into positives and seized opportunities amidst crisis, leveraging 5G to support COVID-19 prevention and control efforts
- 5 Made advance planning and targeted investments, actively promoting the construction of new infrastructure
- 6 Extended reforms to management mechanisms and systems, boosting organisational vitality and efficiency
- 7 Drove digital innovation across-the-board and established a world-class enterprise by building a dynamic “Powerhouse”

Key Performance Indicators

(RMB Mil)	1H2019	1H2020	Changes
Operating revenue	389,427	389,863	0.1%
of which: service revenue	351,425	358,230	1.9%
EBITDA	151,147	145,710	-3.6%
EBITDA margin	38.8%	37.4%	-1.4pp
EBITDA as % of service revenue	43.0%	40.7%	-2.3pp
Net profit	56,063	55,765	-0.5%
Net profit margin	14.4%	14.3%	-0.1pp
Basic earnings per share (RMB)	2.74	2.72	-0.5%

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

Took Active Steps to Tackle Challenges and Maintained Stable Operating Results

RMB358,230 mil

Service revenue (vs. 1H2019)

+1.9%

Service revenue growth rate in 2Q2020
increased by 0.3pp from 1Q2020

RMB55,765 mil

Net profit (vs. 1H2019)

-0.5%

Profitability maintained at a leading level
amongst first-tier international operators

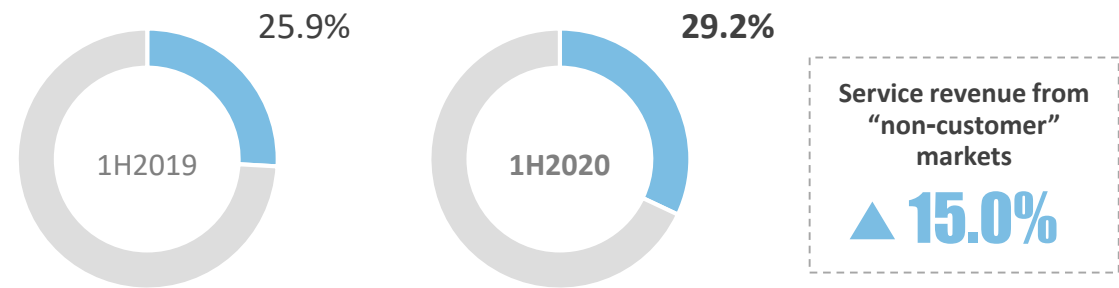
HKD1.53

Dividend per share (vs. 1H2019)

Stable

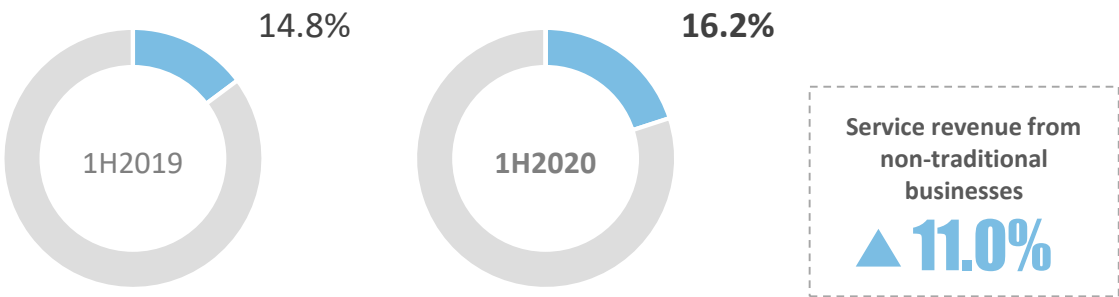
Achieved Remarkable Strategic Transformation, Growth Drivers Continued to Gain Momentum

Proportion of service revenue from “non-customer” markets



Note: Please refer to Appendix I for definitions of “Customer” (C), “Home” (H), “Business” (B) and “New” (N) markets; as % of service revenue

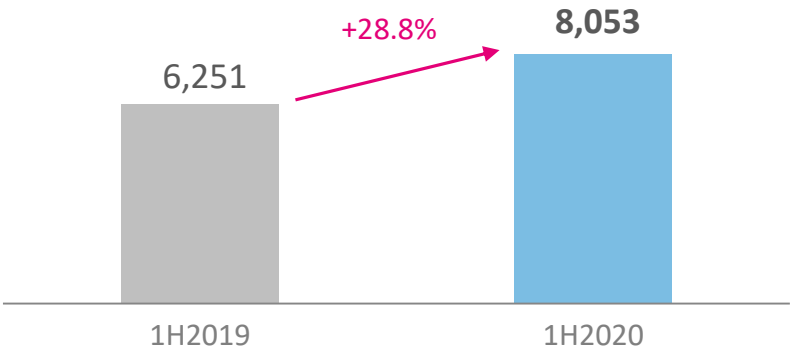
Proportion of service revenue from non-traditional businesses



Note: Traditional services include voice service, SMS/MMS, wireless data traffic, wireline broadband service; as % of service revenue

Revenue from smart family value-added services

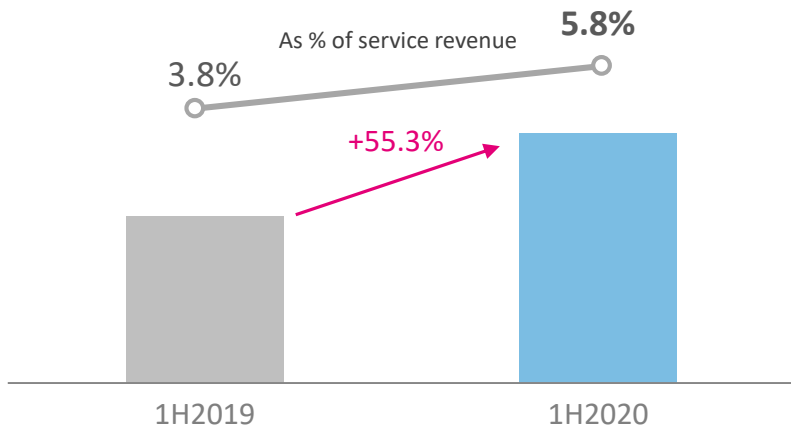
(RMB Mil)



Note: Smart family value-added services include “Mobaihe” (home digital set-top box), smart home network deployment and home security

DICT revenue

(RMB Mil)



Note: DICT refers to IDC, ICT, Mobile Cloud and other corporate applications and information services

Accelerated 5G Development through Full Implementation of the “5G+” Plan

5G+4G

- Effectively supported growth in data traffic demand
- Continuously improved VoLTE quality



188,000
5G BTS



Commercialisation
in >50 cities

5G+AICDE



- Announced dedicated 5G network and BAF business model¹
- Constructed “Jiutian” AI Platform



- Mobile Cloud² >160 product types



- OneLink platform connections >710 mil



- OneNET platform connections >170 mil

Note¹: BAF business model is a multi-dimensional, dedicated 5G network business model based on “Basic network + Advanced value-added functions + Flexible personalised services”

Note²: Mobile Cloud products include solutions and services

5G+Eco

- Expanded 5G “Circle of Friends” and lined up with >2,100 partners

5G Innovation
Centre

Industry
Digital Alliance

- Launched “Double Ten-billion” plan to drive the growth of industry chain

Content

Devices

Smart hardware

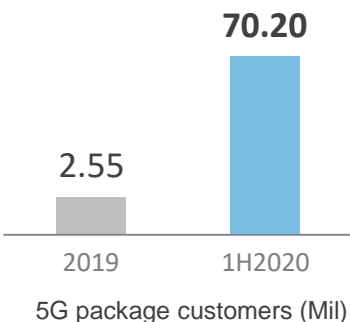
Cloud

DICT industry applications

5G+X

Promoted the integration of 5G into every industry and every walk of life

Mass market



Cloud-based
games



Ultra HD live
broadcasts



Cloud VR



5G messaging

“Business” market

- Delved into 15 industry segments and carried out more than 100 industry-leading group-level demo projects
- Developed more than 1,400 province-level feature projects

5G smart factory

5G smart steel

5G smart grid

5G smart mine

5G smart port

...

The Parent Company has signed a collaborative framework agreement in relation to 5G co-construction and sharing with China Broadcasting Network Corporation Limited, proactively pursuing win-win cooperation

Turned Negatives into Positives and Seized Opportunities amidst Crisis, Leveraging 5G to Support COVID-19 Prevention and Control Efforts



Supported COVID-19 prevention and control

- Strove to provide reliable communications, maintain service continuity and take comprehensive prevention and control measures
- The first operator to deploy and put in use 5G BTS in Leishenshan and Huoshenshan in Wuhan, taking only 36 hours
- Launched a thematic campaign to provide 24-hour round-the-clock customer services
- Offered a 5G remote medical service system to support over 6,000 medical institutions nationwide



Supported resumption of work and production

- Capitalised on the advantages from informatisation and provided remote service solutions including “Cloud Videos”, city supercomputer big data and 5G+ Ultra-high definition live broadcasts
- Provided 5G remote education services to enable classes to resume and students to continue learning during school closures
- Supported 5G smart factories to realise unmanned production or helped minimise the number of operating personnel required

Strove to turn crisis into opportunity

Tackled challenges proactively



Network
construction



Customer
development



Delivery of
informatisation
projects



International
roaming

Grasped opportunities firmly

- Ongoing enhancements to online service capabilities
- Rapid growth of feature services

5G Ultra HD live
broadcasts

Cloud
videos

Remote
education

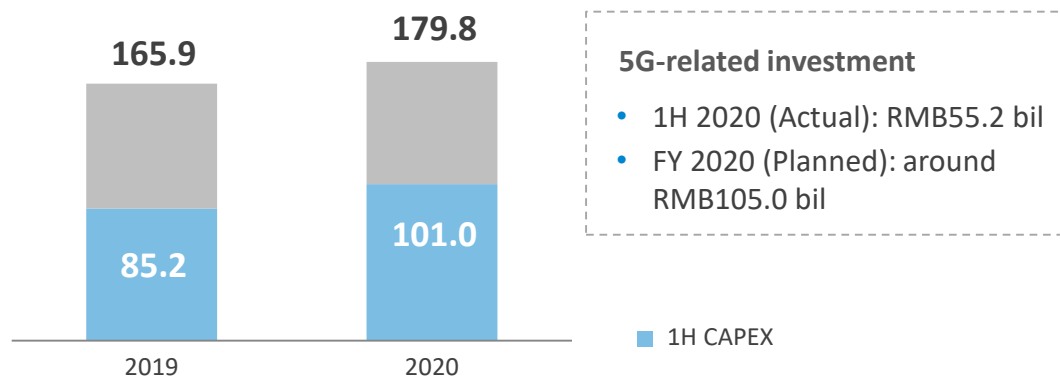
Remote
healthcare

... ..

Made Advance Planning and Targeted Investments, Actively Promoting the Construction of New Infrastructure

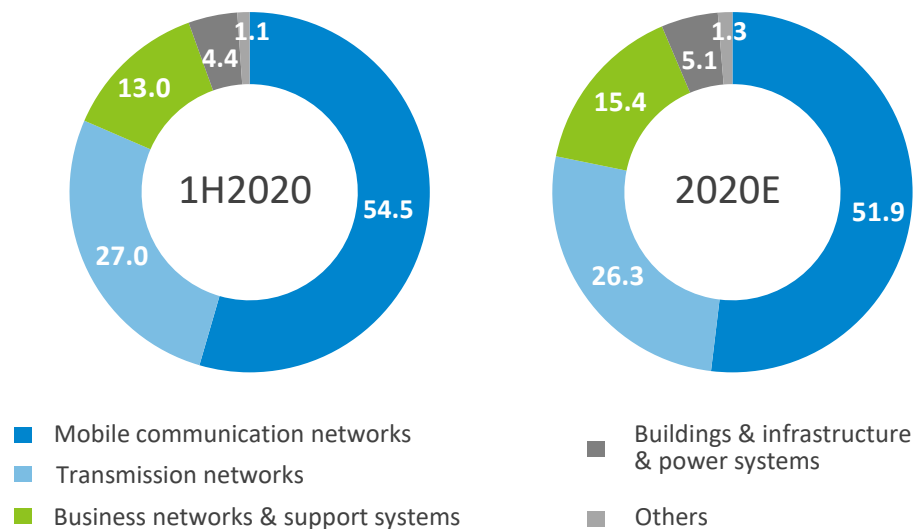
CAPEX

(RMB Bil)



CAPEX structure

(%)



- Build 300,000 new 5G BTS this year and realise commercialisation of 5G services in the urban areas of cities at prefecture level and above. Promote commercialisation of SA core network within this year
- Accelerate the construction of Mobile Cloud infrastructure. Optimise the deployment of IT cloud resources and increase construction of first-tier IT clouds to achieve a lean structure and provide multiple active access points
- Refine the “3 (hotspot regional centres) + 3 (cross-province centres) + X (province-level centres + business nodes)” data centre layout, persistently raise data centre capacity to effectively support growing business demand
- Expedite the development of network cloudification and virtualisation, promoting the scale commercialisation of NFV progressively

Extended Reforms to Management Mechanisms and Systems, Boosting Organisational Vitality and Efficiency

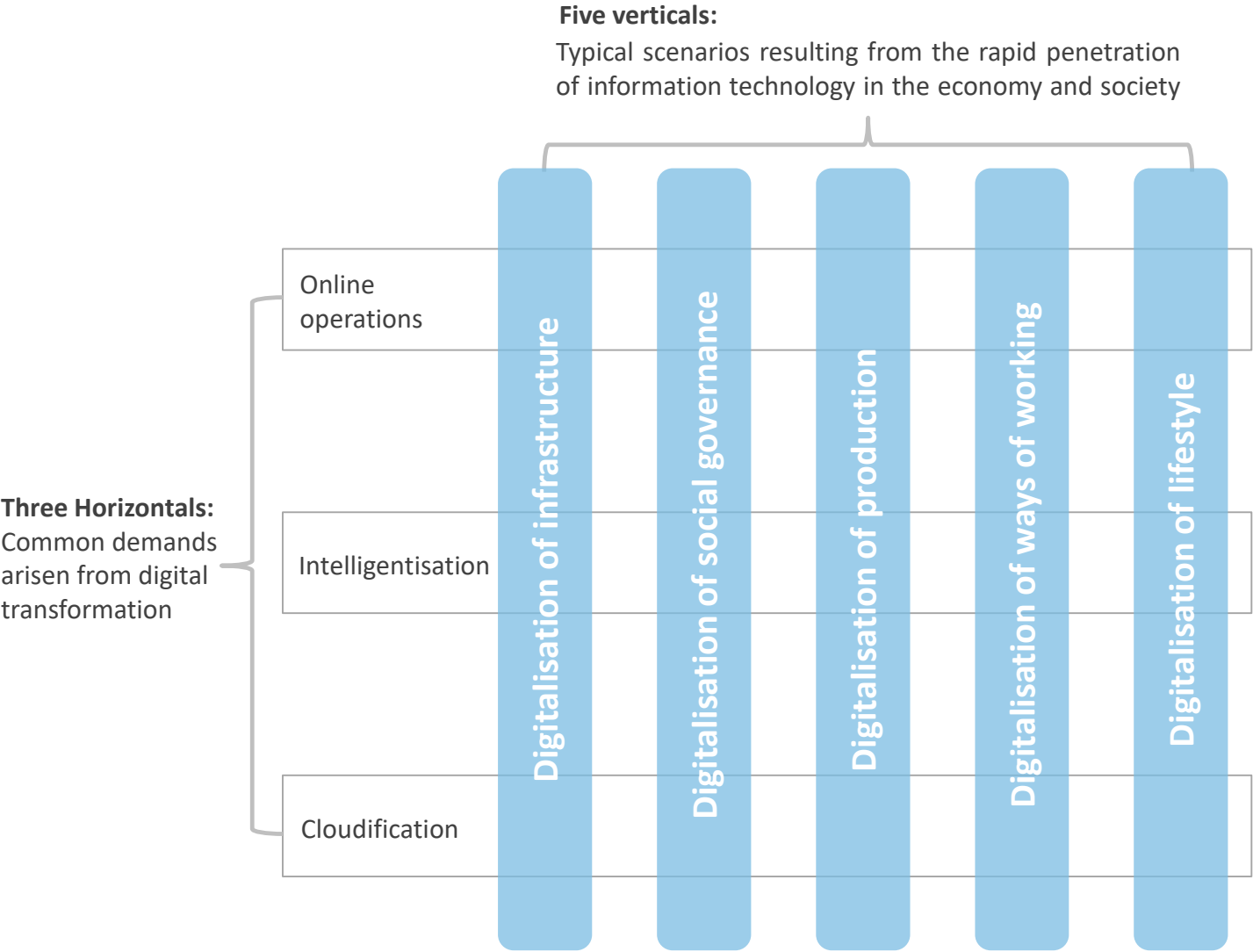
Diversified incentives

- Developed a differentiated remuneration system characterised by performance orientation, separate management by individual units and a clear focus on rewarding outstanding performance
- Granted 306 mil share options to 9,914 backbone management members and core talents to strengthen mid- to long- term incentives
- Offered project-based incentives for corporate business. Initiated incentive projects and contracts targeting business areas such as 5G and AICDE
- Established China Mobile “THT” (Ten-Hundred-Thousand) technical expert system, recruiting 10 group-level “chief experts” during the first phase

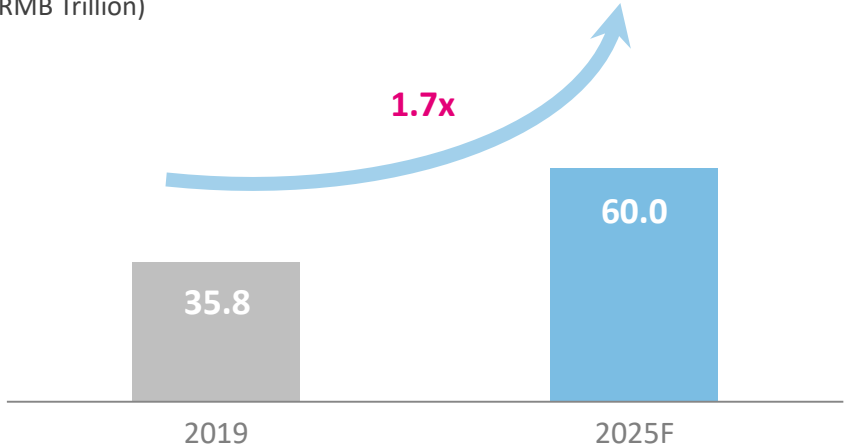
Grid operations reforms

- Divided 20,200 grids across the country and appointed 18,400 grid heads to fulfill overall responsibilities of CHBN market development, customer relationship maintenance and general services
- Introduced various innovative grid business practices including contracting to existing staff, former staff and sales channels in order to achieve alignment of responsibilities, authority and benefits
- Optimised inverted pyramid support structure where back offices render support to the frontline. Delegated more authority and introduced more smart practices to grids to enhance their operating capabilities

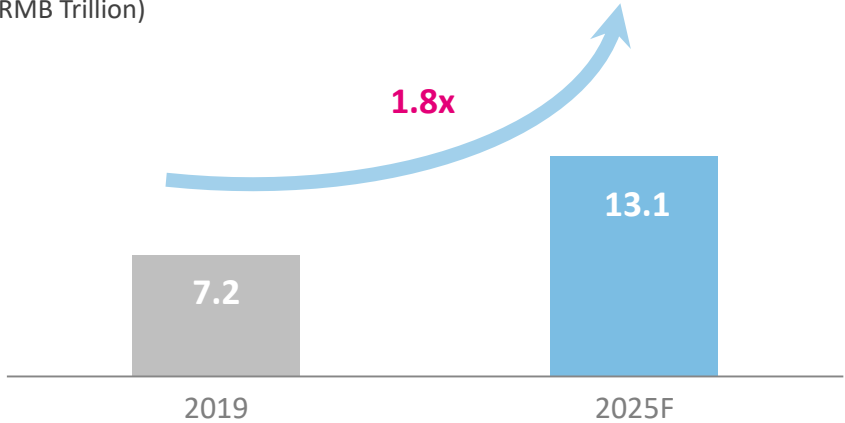
The Accelerating Digitalisation of the Economy and Society Gives Rise to Huge Market Potential



Five verticals: Growth of digital economy in China
(RMB Trillion)



Three horizontals: Revenue of software and information service industry in China
(RMB Trillion)



Note: The data above is sourced from the MIIT and the CAICT

Drove Digital Innovation Across-the-board and Established a World-class Enterprise by Building a Dynamic “Powerhouse”



Transformation and upgrade

Reforms and innovation

Constructing scale-based and value-oriented operations system

Building synergetic and efficient operations system

Digitalised network innovation

- 5G premium network
- “3+3+X” data centre deployment
- “N+31+X” Mobile Cloud deployment

Digitalised product innovation

- Content benefits, 5G messaging, super SIM
- Smart home network deployment, home security
- 5G industry demo applications, cloud-based corporate products, platforms for 9 key industries

Digitalised technology innovation

- New technology driven by 5G
- 5G+AICDE, blockchain, location services, wide-application videos
- Smart mid-end platforms (AaaS, business + data + technology mid-end platforms)
- Smart networks

Digitalised ecosystem innovation

- 5G devices, technology, industries, business models
- “Joint Innovation Plus”, “Mass Entrepreneurship and Innovation”, “Double Ten-billion” Plan
- “M&A + equity participation + venture capital” platform

02

Operating Performance

Mr. DONG Xin

Executive Director & CEO

Revenue Structure of the CHBN “Four Growth Engines”

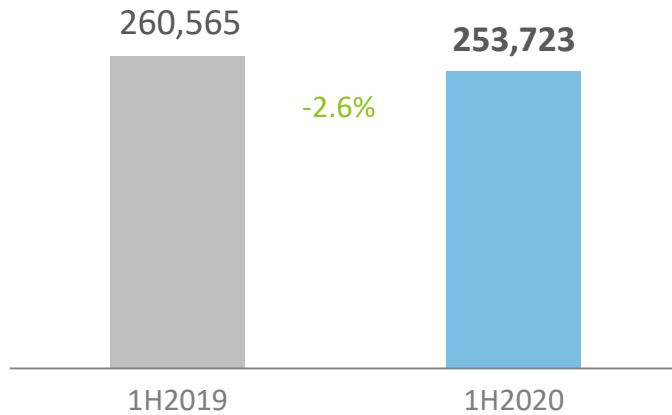
(RMB Mil)	1H2020	Change YoY	As % of service revenue
Service revenue	358,230	1.9%	100.0%
C: “Customer” market revenue	253,723	-2.6%	70.8%
of which: wireless data traffic	202,885	3.9%	56.6%
voice, SMS & MMS	41,208	-18.4%	11.5%
H: “Home” market revenue	37,437	18.1%	10.5%
B: “Business” market revenue	55,204	18.4%	15.4%
of which: DICT	20,903	55.3%	5.8%
IoT	5,005	-3.0%	1.4%
N: “New” market revenue	11,866	-5.5%	3.3%
of which: international business	5,650	26.1%	1.6%

“Customer” Market

Mobile ARPU Saw a Flattened Decline Rate; 5G Value Uplift Comes on the Horizon

“Customer” market revenue

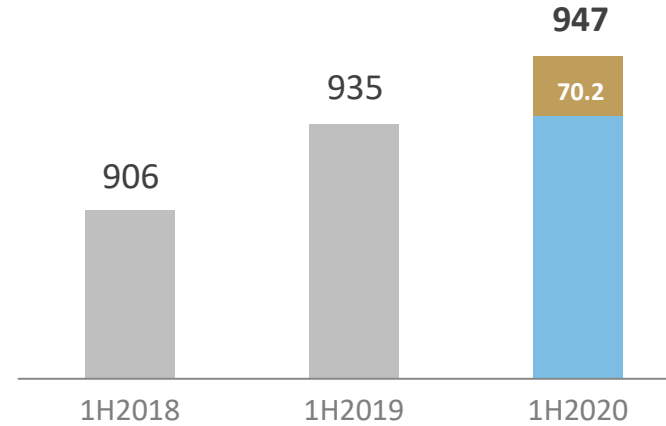
(RMB Mil)



Mobile customers

(Mil)

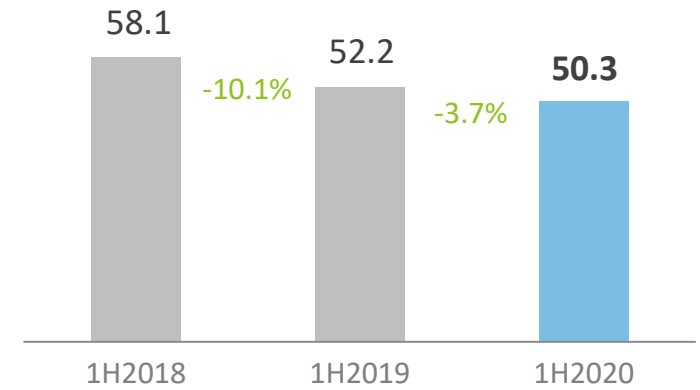
■ 5G package customers



Mobile ARPU

(RMB/month/customer)

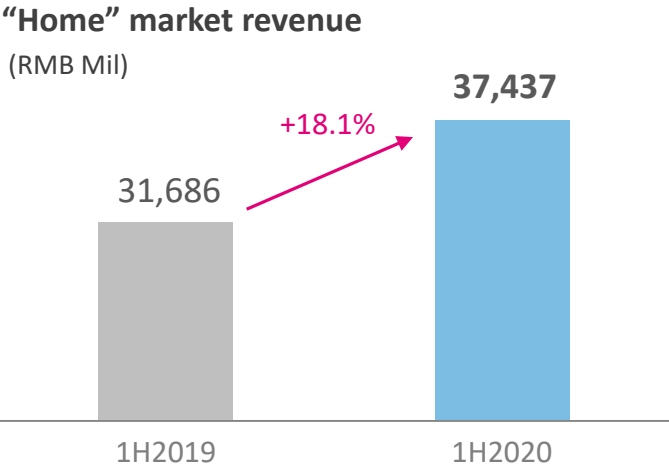
5G ARPU **+5.9%**
5G DOU **+23%**
vs Pre-migration



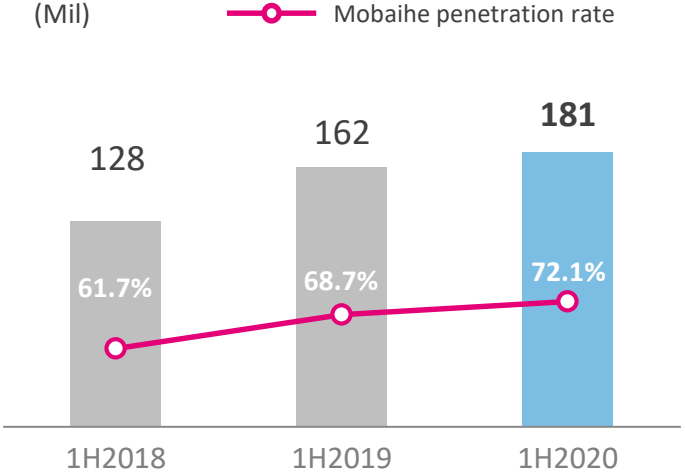
- Rational Industry competition with a returning focus on value: Focused on strengthening network services and brand operations, striving to build differentiating competitive advantages
- Revamp of customer value operation system: Managed customers using cases, promoted value uplift based on business scale and fostered innovative practices on brand and customer benefit management
- Leading role in 5G: Placed a steadfast emphasis on tariff plans and devices, encouraged customers to subscribe to the 5G packages with 5G devices, expedited 5G migration and promoted 5G development with a dual focus on both quantity and quality

“Home” Market

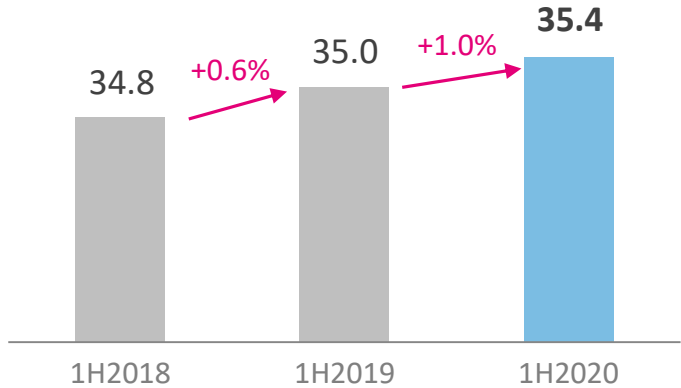
Enhancements to Both Scale and Value; Smart Family Operations Served as a New Catalyst for Growth



Household broadband customers
(Mil)



Household broadband blended ARPU
(RMB/month/customer)



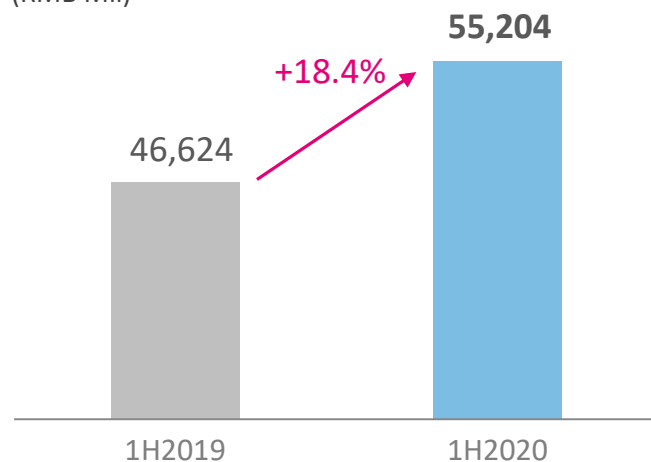
- Customer growth driven by quality recognition: Adhered to leading in gigabit broadband development and improving network quality. Carried out end-to-end quality optimisation initiatives to raise the level of one-stop service offerings including installation, maintenance, operation and customer service
- Value enhancement driven by smart family operations: Built smart connection over the entire network and realised home intelligence and family sharing. On top of strengthening value from connection, promoted the growth of various value-added businesses such as Mobaihe, smart home network deployment and home security

“Business” Market

Major Source of Revenue Growth; Redoubled Efforts to Develop the Informatisation Blue Ocean

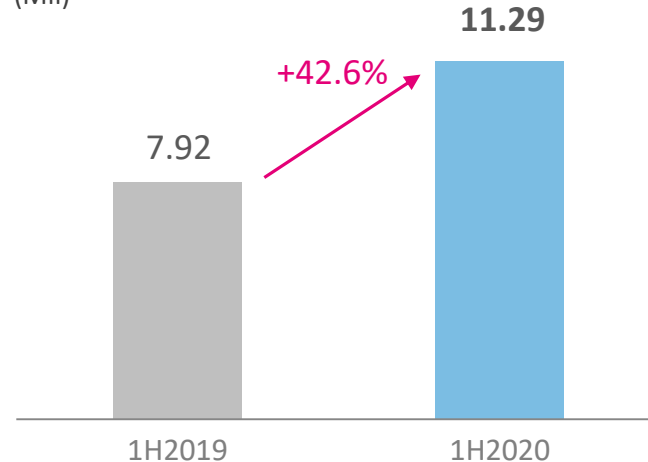
“Business” market revenue

(RMB Mil)



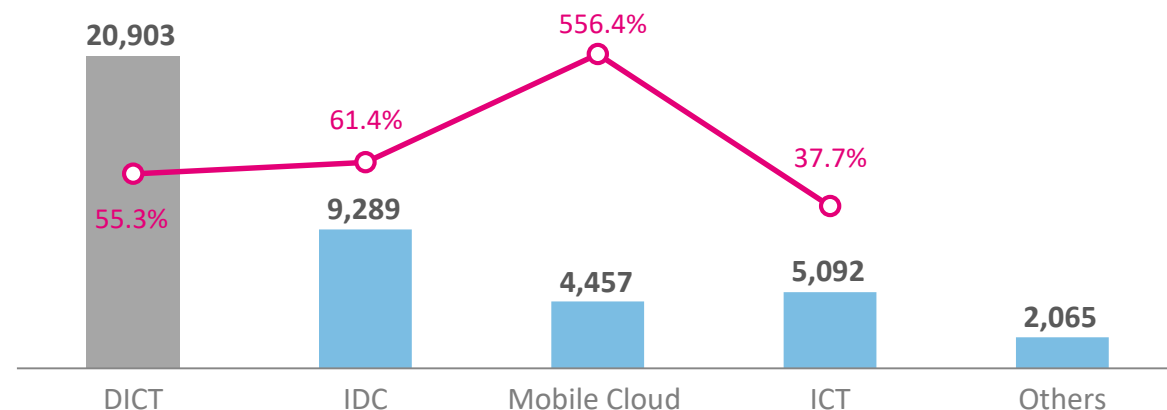
Corporate customers

(Mil)



Component of DICT revenue

(RMB Mil)



—○— YoY growth

Note: “Others” include and-Education, and-Fetion and other corporate applications and information services

- Focused on key business areas including smart cities, smart transportation and industrial Internet. Continued to promote “Network + Cloud + DICT” services
- “Cloud business: going all out to win” thematic campaign: expedited the deployment of cloud resources and enriched product portfolio by utilising internal product R&D capability and introducing products from external parties
- “Leading in 5G” thematic campaign: promoted 5G demo industry applications and nurtured 5G capabilities
- Placed a special focus on customer needs and strengthened product R&D and service support systems



Self-developed IaaS and PaaS products
>100

Introduced joint SaaS applications
>1,900

“New” Market

Active Deployment Showed Initial Signs of Success

International business

Revenue from international business
RMB5.65 bil **▲ 26.1%**

Spurred growth driven by dual
engines of “investment + business”

Equity investment

Value contribution, Ecosystem construction,
“Operations + investment” synergy

Cloud computing

Digital content

ICT

Security services ...

Digital content



MIGU video

Monthly
active customers **▲ 114.8%**



Video connecting
tones

Customer base **>100 mil**



Cloud-based
games

Customer base **>11.44 mil**

Financial technology



“and-Wallet”

Monthly
active customers **▲ 92.2%**

Sales of Internet
finance products **>RMB4.8 bil**

Expedite the Integration of 5G into Every Industry and Every Walk of Life and Maintain 5G Leading Position



Construct a premium 5G network

Speed up network construction

- Build 300,000 new 5G BTS this year
- Realise commercialisation of 5G services in the urban areas of cities at prefecture level and above
- Promote commercialisation of SA core network within this year

Establish a reputation for quality

- Promote the maturity and automation of network slicing technology and study the feasibility of introducing R16 new features to enhance 5G network performance
- Focus on areas of improvement to enhance 5G network perception



Accelerate integrated innovation of new technologies

5G+artificial intelligence

- Empower business operations, services, networks and technologies by promoting intelligentisation

5G+Internet of things

- Leverage the strengths of resource-type businesses and increase IoT value

5G+cloud computing

- Accelerate the building up of cloud-network integrated business capabilities

5G+big data

- Promote innovation of big data products and solutions

5G+edge computing

- Set a benchmark for edge computing applications and explore edge-cloud applications



Explore new business opportunities and operating models

Develop a full range of 5G services

- Realise commercialisation of 5G messaging services within this year
- Support the scale development of businesses such as ultra-high definition videos, video connecting tones, cloud VR and cloud-based games
- Develop super SIM and universal second SIM products
- Innovate applications such as digital certificates, digital identities and digital currencies

Promote 5G industry applications

- Focus on key industry sectors such as industrial Internet and Internet of vehicles, construct and promote high-quality demo cases
- Explore the setting up of a 5G dedicated network operations system and a new business model, devise products based on core competences such as network slicing
- Pave the way for diversification of revenue streams and industry ecologicalisation

Maintain growth in service revenue and stable net profit

- Extend the scale-based and value-oriented operations system and foster the all-round development of CHBN
- Implement the “5G+” plan and ensure 5G leading position
- Focus on customer needs, refine product portfolio and achieve enhanced competitiveness
- Raise customer service ability and level and continuously improve customer satisfaction
- Promote construction of new infrastructure and accelerate transformation driven by innovation
- Proactively explore new operations mechanism and stimulate organisational vitality

2020 Operating targets	
Mobile customers	Maintain stable
of which: 5G package customers	Net addition of more than 100 mil
Mobile ARPU	Flattened decline rate
Household broadband customers	Net addition of 12 mil
Household broadband blended ARPU	Increase
Corporate customers	Exceed 13 mil
DICT revenue	Maintain favourable growth

03

Financial Performance

Mr. DONG Xin

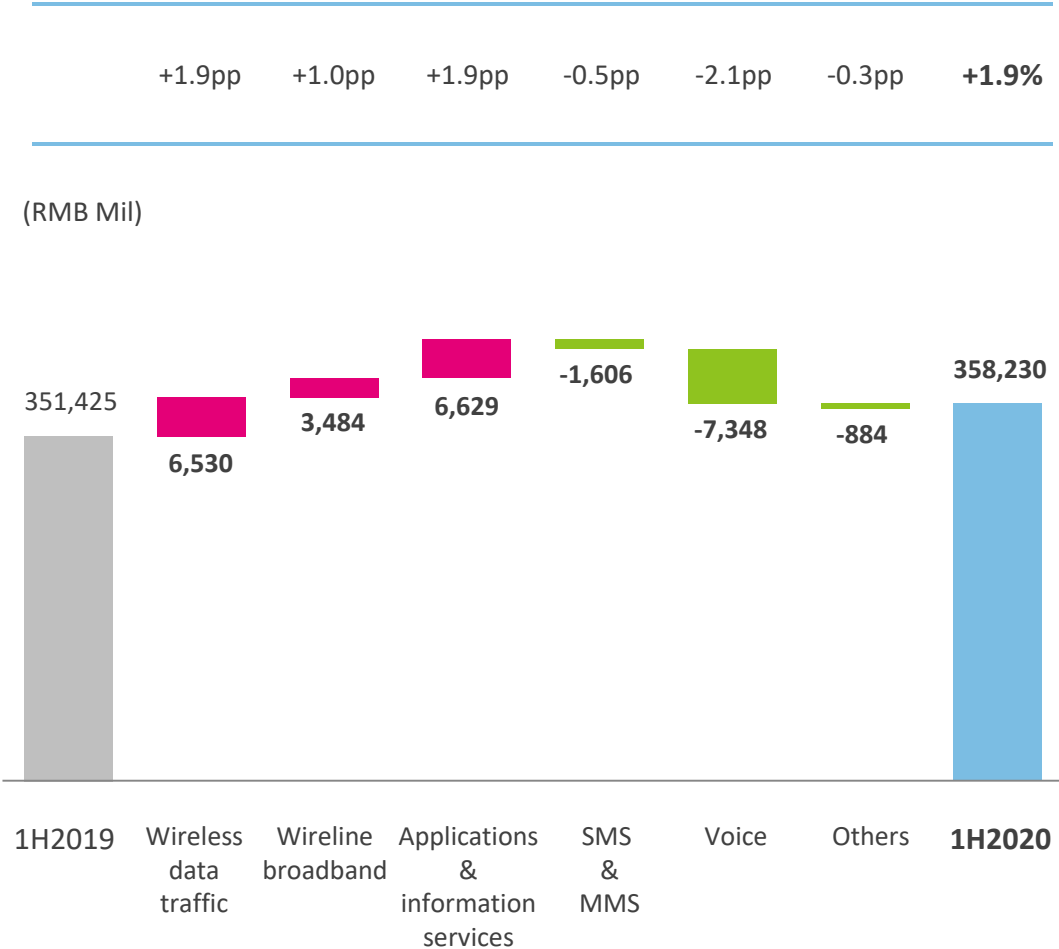
Executive Director & CEO

Financial Highlights

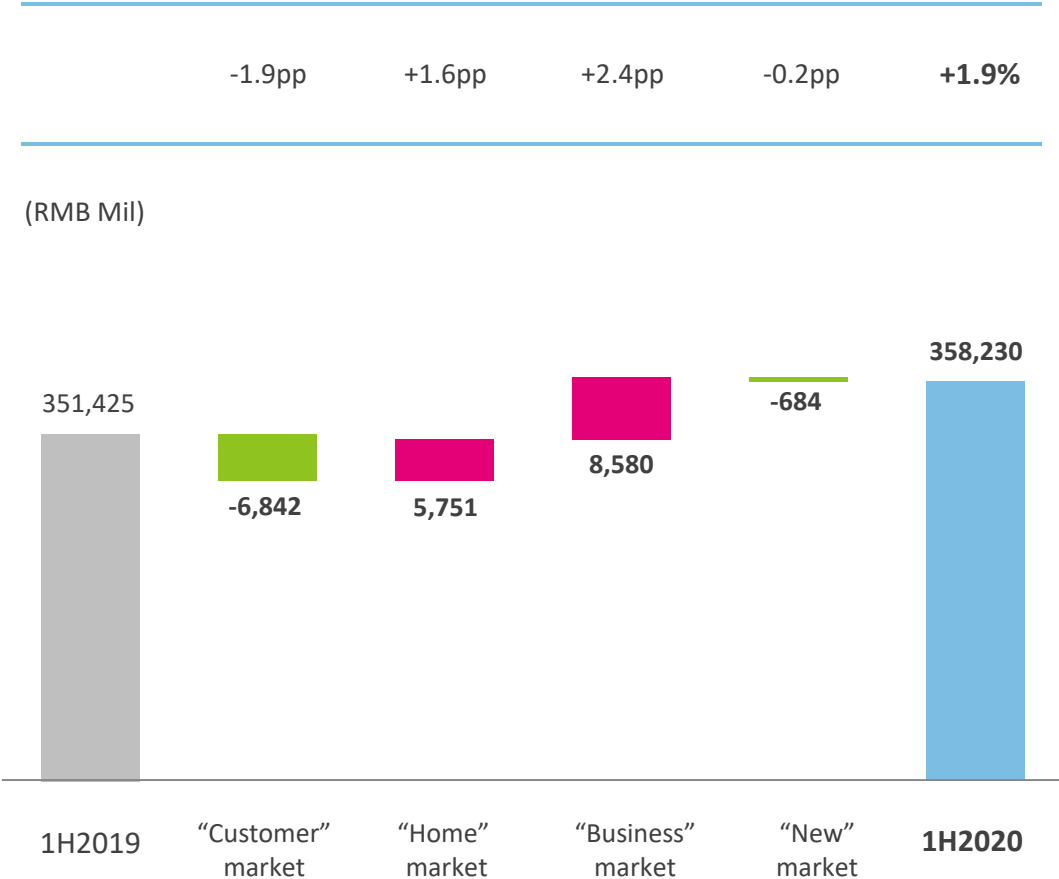
(RMB Mil)	1H2019	1H2020	Change YoY
Operating revenue	389,427	389,863	0.1%
Revenue from telecommunications services	351,425	358,230	1.9%
Revenue from sales of products and others	38,002	31,633	-16.8%
Operating expenses	329,672	330,745	0.3%
Profit from operations	59,755	59,118	-1.1%
Interest and other income	7,350	6,886	-6.3%
Income from investments accounted for using the equity method	6,579	5,998	-8.8%
EBITDA	151,147	145,710	-3.6%
Net profit	56,063	55,765	-0.5%

Breakdown of Revenue Growth

Breakdown of revenue growth of telecommunications services – by business



Breakdown of revenue growth of telecommunications services – by CHBN



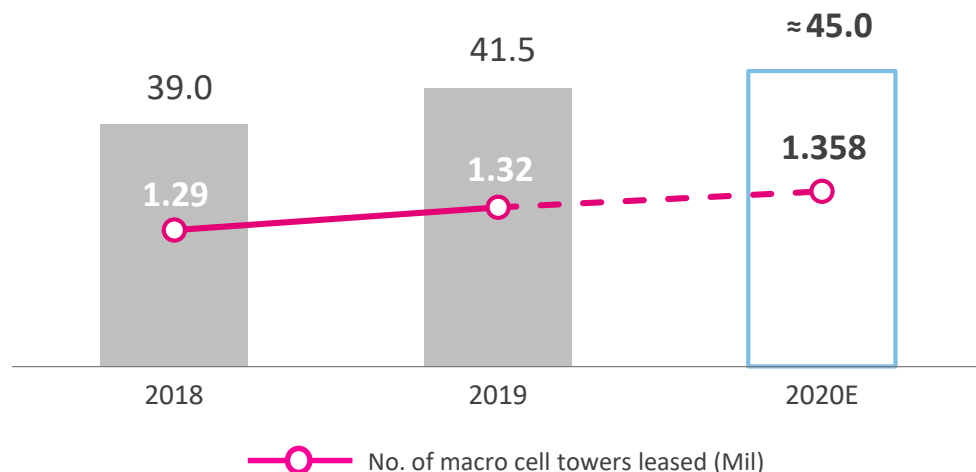
Maintaining Effective Cost Control

(RMB Mil)	1H2019	1H2020	Change YoY	Major impacts
Operating expenses	329,672	330,745	0.3%	
Network operation and support expenses	98,087	108,773	10.9%	<ul style="list-style-type: none"> Rapid increase in electricity expenses due to expanded scale of 5G network and data centers Increased investments in transformation related to smart family, DICT and construction of smart mid-end platforms
Depreciation and amortisation	91,392	86,592	-5.3%	<ul style="list-style-type: none"> Depreciable life of 4G wireless assets was adjusted to 7 years from 5 years Expanded scale of assets due to speeding up of the construction of 5G network and data centers
Employee benefit and related expenses	45,075	49,056	8.8%	<ul style="list-style-type: none"> Enhanced incentives for attracting talents in the fields of 5G and AICDE research and development, “business” and “new” markets
Selling expenses	34,330	31,350	-8.7%	<ul style="list-style-type: none"> Promoted marketing transformation and improved resource efficiency
Cost of products sold	39,618	31,442	-20.6%	<ul style="list-style-type: none"> Sales of handsets declined due to COVID-19
Other operating expenses	21,170	23,532	11.2%	<ul style="list-style-type: none"> Increased investments in R&D and innovation, and additional expenses on COVID-19 prevention
of which: Interconnection	10,455	9,066	-13.3%	<ul style="list-style-type: none"> International roaming costs decreased due to COVID-19

Continuous Optimisation of Resource Allocation

Tower leasing fee

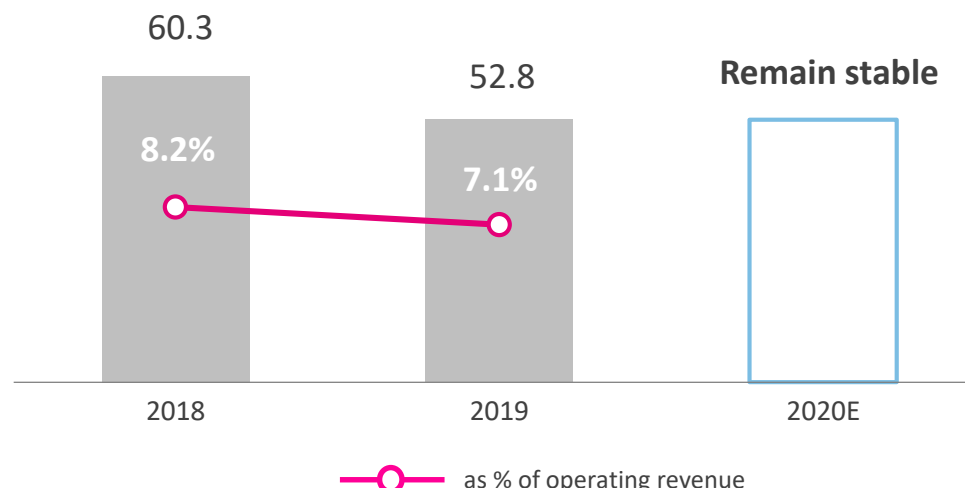
(On a comparable basis, RMB Bil)



- Leased an addition of 10,000 new macro cell towers in 1H2020. Tower leasing fee on a comparable basis was RMB21.8 bil, went up by 7.3% yoy
- Further optimised surface resources of existing towers. Newly-added 5G towers were built on modified co-located sites

Selling expenses

(RMB Bil)

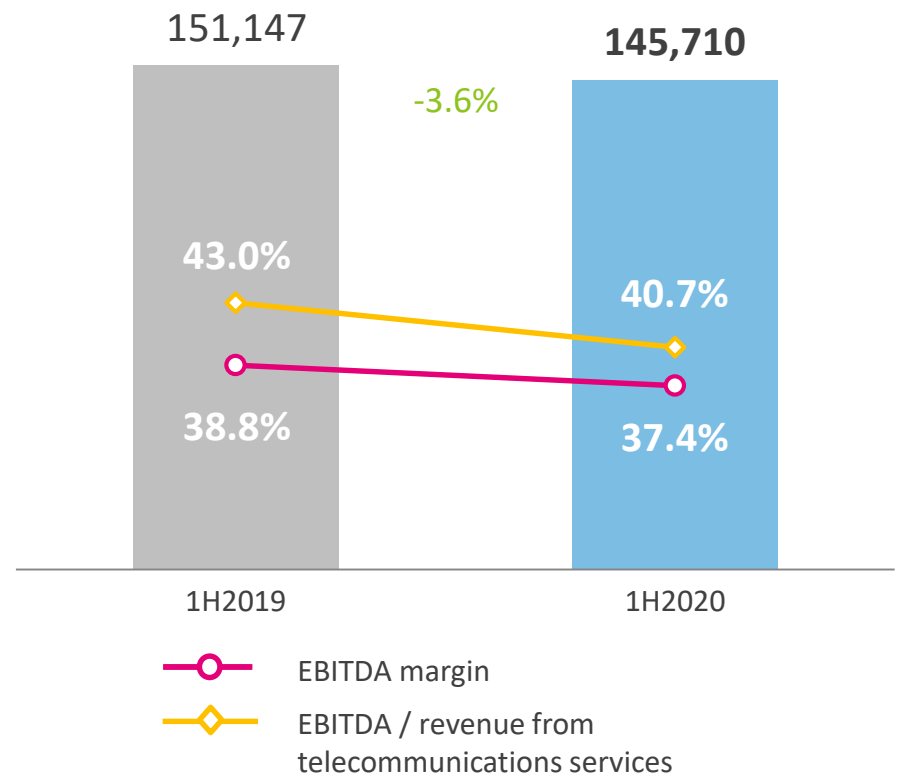


- In 1H2020, selling expenses was RMB31.4 bil, down by 8.7% yoy. Selling expenses to operating revenue ratio was 8.0%
- Continued to promote marketing transformation, strengthened centralised online management system and raised resource utilisation efficiency
- For full-year 2020, selling expenses will remain stable and selling expenses to revenue ratio will remain the lowest in the industry

Sustaining Healthy Cash Flow

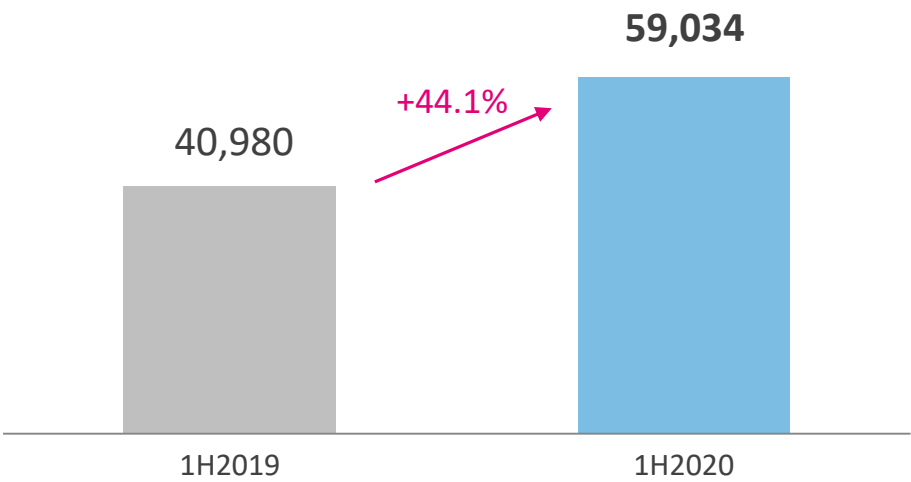
EBITDA

(RMB Mil)



Free cash flow

(RMB Mil)



Note: Free cash flow = net cash generated from operating activities - capital expenditure incurred

Robust Capital Structure

(RMB Mil)	2019.12.31	2020.06.30
Shareholder's equity	1,103,773	1,126,395
Debt	—	—
Total book capitalisation	1,103,773	1,126,395
Liabilities-to-assets ratio	32.0%	34.5%
Cash & bank deposits	317,166	410,310

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

Q & A

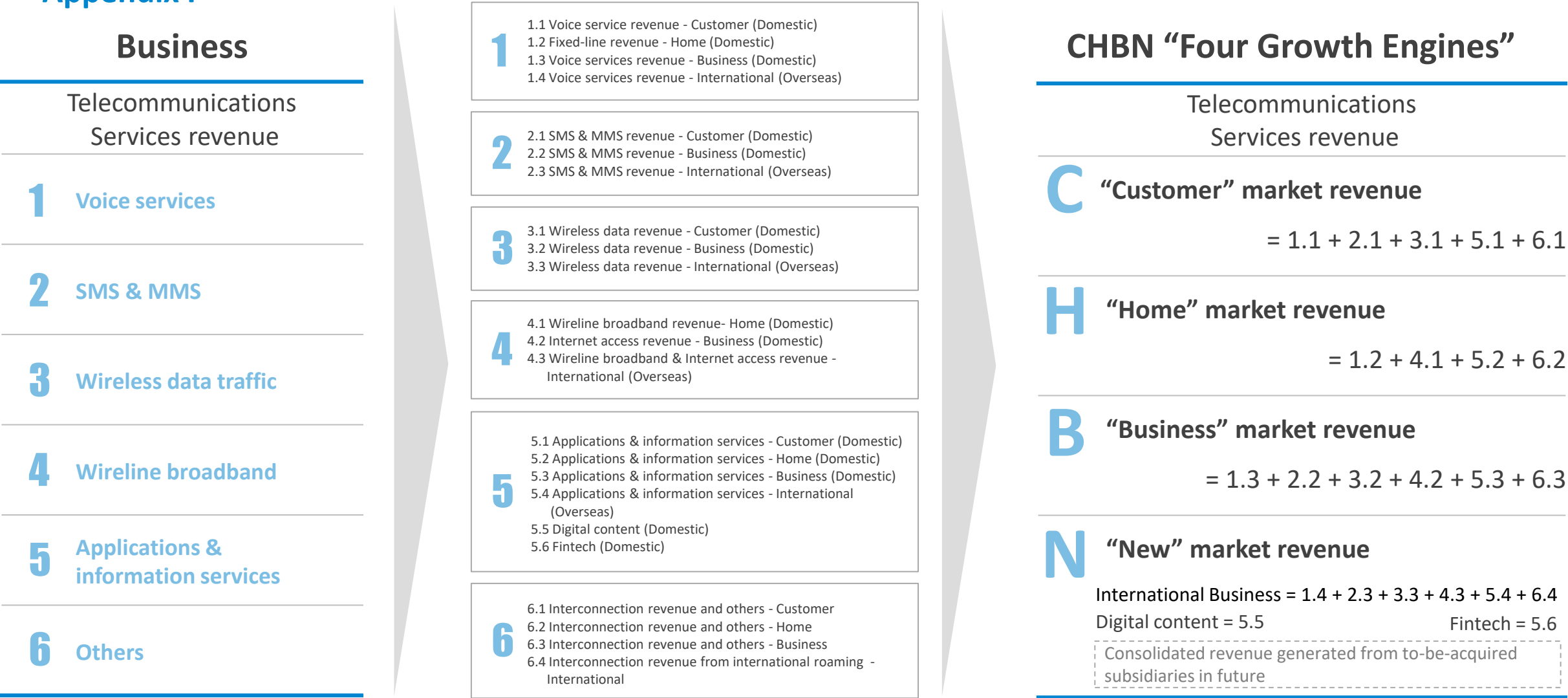
For more information, please contact:

Investor Relations Department: ir@chinamobilehk.com

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

Revenue from Telecommunications Services – Business and CHBN “Four Growth Engines” Mapping

– Appendix I



Extracts from Unaudited Consolidated Statement of Comprehensive Income for the Six Months Ended 30 June 2020

– Appendix II

(RMB Mil)	1H2019	1H2020
Operating revenue	389,427	389,863
Revenue from telecommunications services	351,425	358,230
of which: Voice services	48,536	41,188
SMS & MMS	16,245	14,639
Wireless data traffic	201,582	208,112
Wireline broadband	32,884	36,368
Applications and information services	41,069	47,698
Others	11,109	10,225
Revenue from sales of products and others	38,002	31,633
Operating expenses	329,672	330,745
Network operation and support expenses	98,087	108,773
Depreciation and amortisation	91,392	86,592
Employee benefit and related expenses	45,075	49,056

(RMB Mil)	1H2019	1H2020
Selling expenses	34,330	31,350
Cost of products sold	39,618	31,442
Other operating expenses	21,170	23,532
Profit from operations	59,755	59,118
Other gains	1,213	2,355
Interest and other income	7,350	6,886
Finance costs	(1,627)	(1,470)
Income from investments accounted for using the equity method	6,579	5,998
Taxation	(17,151)	(17,023)
Profit for the period	56,119	55,864
Equity shareholders of the Company	56,063	55,765
Non-controlling interests	56	99

Extracts from Unaudited Consolidated Balance Sheet as at 30 June 2020
– Appendix III

(RMB Mil)	2019.12.31	2020.06.30
Current assets	529,866	598,842
Non-current assets	1,099,374	1,125,676
Total assets	1,629,240	1,724,518
Current liabilities	462,067	540,918
Non-current liabilities	59,884	53,590
Total liabilities	521,951	594,508
Total equity	1,107,289	1,130,010

Operating Data – Appendix IV

		Unit	1H2019	1H2020
Mobile service	Customers	Mil	935.05	946.74
	Mobile service revenue	RMB Mil	289,049	284,298
	ARPU	RMB	52.2	50.3
	Handset data traffic	GB Bil	29.83	41.14
	Handset data traffic DOU	GB	6.2	8.6
	MOU	Minutes	291	258
of which: 4G	Customers	Mil	733.78	759.72
	ARPU	RMB	58.2	58.6
	Handset data traffic DOU	GB	7.1	9.4
Wireline broadband service	Customers	Mil	174.89	197.12
	Wireline broadband service revenue	RMB Mil	32,884	36,368
	ARPU	RMB	32.9	31.7
of which: Household broadband	Customers	Mil	161.84	180.86
	Blended ARPU	RMB	35.0	35.4