

Visionary
擇高處立 · 向寬處行
Inclusive

2016 Annual Results

2017.03.23

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. 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

01 Overall Results and Outlook

02 Operating Performance

03 Financial Results

01

Overall Results and Outlook

Mr. SHANG Bing

Executive Director & Chairman

1 Accomplishing outstanding operating results

Service revenue growth recorded a five-year high with ongoing market leading profitability

2 Achieving remarkable results in transformation

Data traffic continued to deliver burgeoning growth and became the biggest revenue source

3 Actuating the four growth engines

Attained comprehensive 4G leadership, rapid development of wireline broadband business, a growing corporate customer base and an extended foothold in emerging business

4 Enhancing cash returns for shareholders

Increased 2016 full-year dividend payout ratio to 46%, continuously creating value for shareholders

Key Performance Indicators

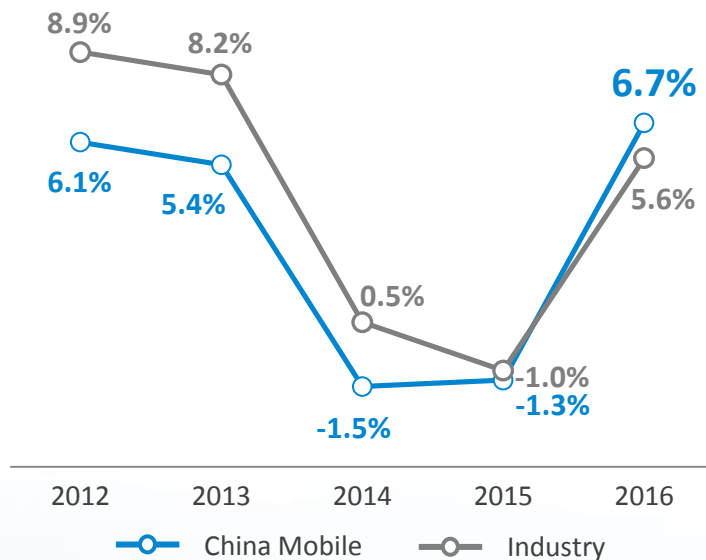
(RMB Mil)	2015	2016	Changes
Operating revenue	668,335	708,421	6.0%
of which: service revenue	584,089	623,422	6.7%
EBITDA	240,028	256,677	6.9%
EBITDA margin	35.9%	36.2%	0.3pp
EBITDA as % of service revenue	41.1%	41.2%	0.1pp
Net profit	108,539	108,741	0.2%
Net profit margin	16.2%	15.3%	-0.9pp
Basic earnings per share (RMB)	5.30	5.31	0.2%

Encouraging Revenue Growth with Leading Profitability

Service revenue growth

- Revenue growth returned to a five-year high, outperforming the industry average
- Continued to consolidate leading position with a revenue market share of **52%**

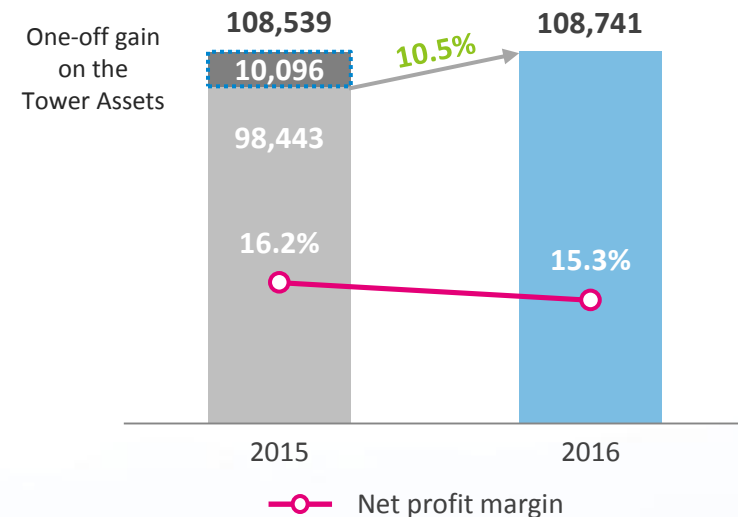
YoY Growth (%)



Net profit

- Excluding the one-off gain on the transfer of Tower Assets in 2015, net profit **+10.5%**
- Net profit margin continued to lead the industry, due to highly effective cost control measures

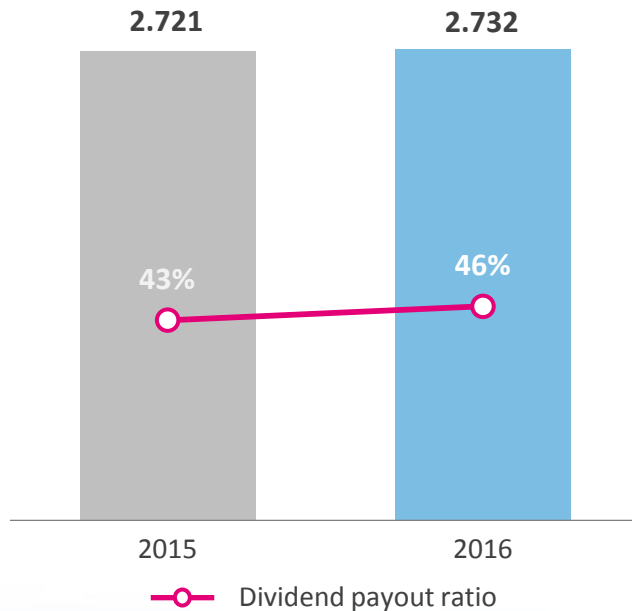
(RMB Mil)



Note: The industry revenues for the years of 2012-2015 were calculated according to the data disclosed by the three listed companies, while the 2016 industry revenue was sourced from an MIIT announcement

Dividend per share

(HKD)



2017 Dividend policy

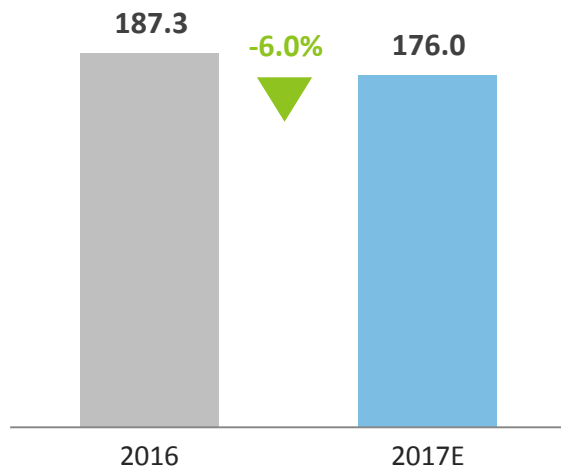
Taking into account the Company's financial position, its ability to generate cash flow and its capital demands for future development, the Company will maintain a stable dividend payout ratio for 2017 and strive to attain a stable-to-rising dividend payout ratio, while also securing the Company's development and maintaining shareholder value in the longer-term

Reasonable Investment

Ensuring Leadership with an Eye to the Future

Total CAPEX

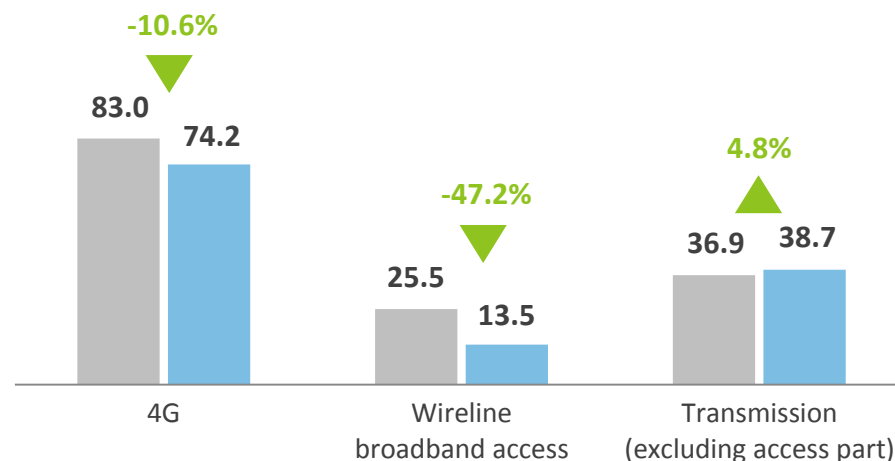
(RMB Bil)



Major components of CAPEX

(RMB Bil)

■ 2016 ■ 2017E



- Strengthen 4G network coverage in certain scenarios to enhance customer experience and consolidate leading advantages
- Establish competitive edges in wireline broadband networks to emphasize quality and values and enrich application offerings
- Reserve infrastructure resources in advance and enhance network carriage capability in response to network evolution and business development

Fully Implementing “Big Connectivity”

2016 ~ 2020 “Big Connectivity” Strategy

Vision

To become a global leading operator in innovative digital services

Targets

Revenue growth to outperform the average of the world’s first-class operators*

Connection scale to be doubled

Tactics



Boost connectivity scale



Optimize connectivity service



Strengthen connectivity application

Big Market

Formulating full-fledged plans

- Mobile market → Four growth engines
- People-to-people communications → IoE

Big Network

Steering a clear course for evolution

- Consolidate 4G leading advantages; reinforce transmission infrastructure
- Transform to a cloud-based NFV/SDN network
- Cloud computing, big data, IoT, CDN

Big Capability

Raising the bar

- Nurture and develop core competencies
- Product innovation; professional operations; R&D

Big Coordination

Promoting breakthroughs in mechanisms

- Internal: Optimize incentive mechanism and management model
- External: Foster cooperation and create a harmonious ecosystem

*Note: Based on figures from the top 14 telecom operators. The 14 telecom operators, which attain outstanding performance in core indicators including revenue, occupy top places on the *Fortune* and *Forbes* lists and enjoy market leadership in their respective areas

2017 Targets

1 Service revenue growth surpasses the industry average
Maintain industry-leading profitability

2 4G customer net adds 100 mil
Strive to attain a stable-to-rising mobile ARPU

3 Wireline broadband customer net adds 20 mil
Strive to attain a stable-to-rising ARPU

4 IoT connection net adds 100 mil

Taking into account the interests of customers, shareholders as well as regulatory requirements, the Company is committed to striking a balance between short-term interest and long-term development, and creating a healthy industry ecosystem in order to achieve sustainable development



20th Listing Anniversary

20

1997-2017

Become a world-class telecommunications operator with the largest global network and customer base, leading profitability and market capitalization

Customers

↑ **850 mil**
2 mil

Base stations

↑ **3 mil**
3,000

Interprovincial backbone network bandwidth

↑ **>280 Tbps**
Zero

Revenue

(RMB)

↑ **>700 bil**
10.4 bil

Profit

(RMB)

↑ **>100 bil**
4.5 bil

Market cap

(HKD)

↑ **~1,700 bil**
120 bil

Note: Figures marked in black are taken from the Company's IPO Prospectus, market cap is calculated based on the share price on the date of listing

02

Operating Performance

Mr. LI Yue

Executive Director & CEO

Actuating the Four Growth Engines

Leading to Transformational Results



Mobile market

Demonstrated comprehensive 4G leadership, with data traffic business becoming the biggest revenue source



Household market

Achieved a rapid increase in wireline broadband customers, with progressive value enhancement



Corporate customer market

Attained a revenue market share of ~1/3, with enriched product offerings



Emerging business

Fostered the scale development of IoT, with active expansion in the digital services market

Comprehensive Leadership in the 4G Market



Network coverage

1.51 mil 4G base stations
Indoor coverage area **+58%**

Full coverage of high speed railways,
subways, and scenic spots



Customer base

535 mil 4G customers
The world's largest customer base

63% of total mobile customers



Network quality

Average download speed on urban roads
40Mbps

High quality VoLTE for commercial use in
313 cities



Customer value

4G ARPU: **RMB74.4**, **2** times of 2G/3G

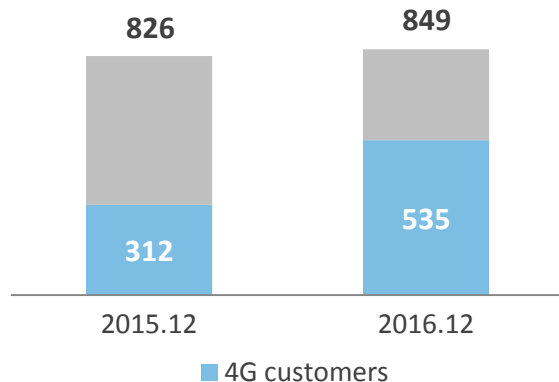
4G DOU: **1GB**, **7.5** times of 2G/3G

Mobile Market

Significant Contribution from Data Traffic

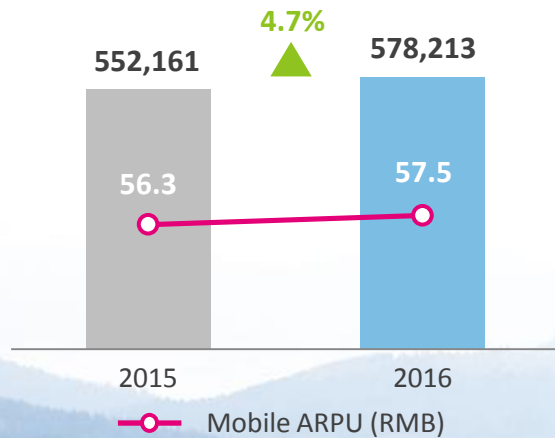
Mobile customers

(Mil)



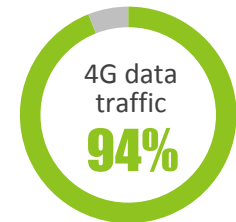
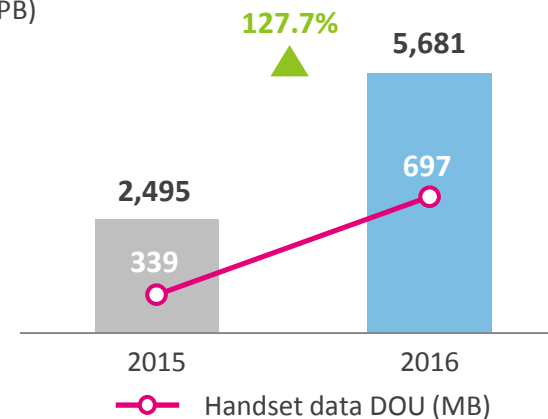
Mobile service revenue

(RMB Mil)



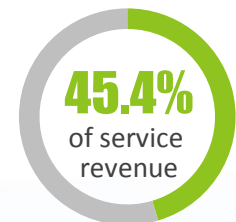
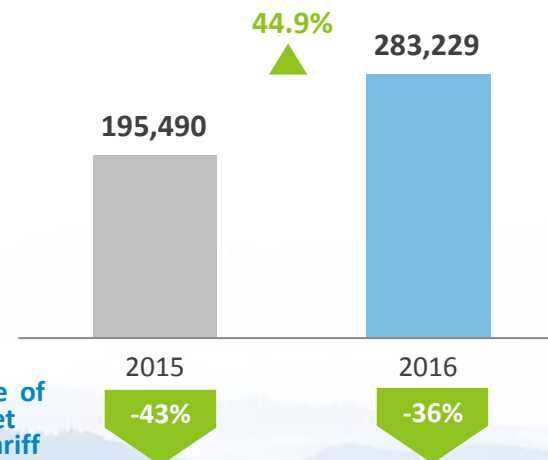
Handset data traffic

(PB)



Handset data revenue

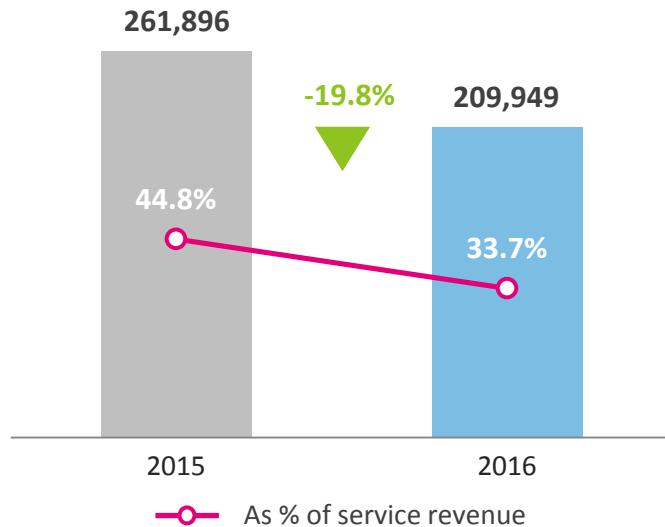
(RMB Mil)



Mitigating the Risks Associated with DLDR

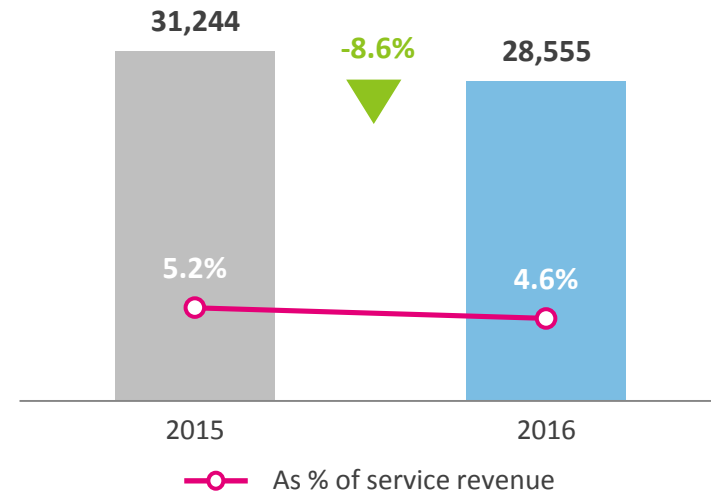
Voice service revenue

(RMB Mil)



SMS & MMS revenue

(RMB Mil)



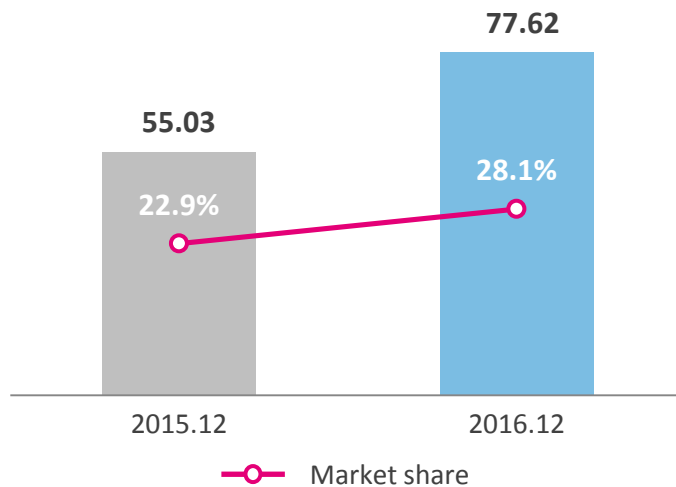
- Through strategic visioning on regulatory direction, took measures to mitigate the risks associated with DLDR* in a balanced and orderly manner
- Ceased selling packages that contain standalone DLDR. Promoted flat-rate packages with proportion rising to **63.6%**

*Note: DLDR: Domestic long distance and roaming tariffs

Wireline Broadband Displaying Rapid Growth

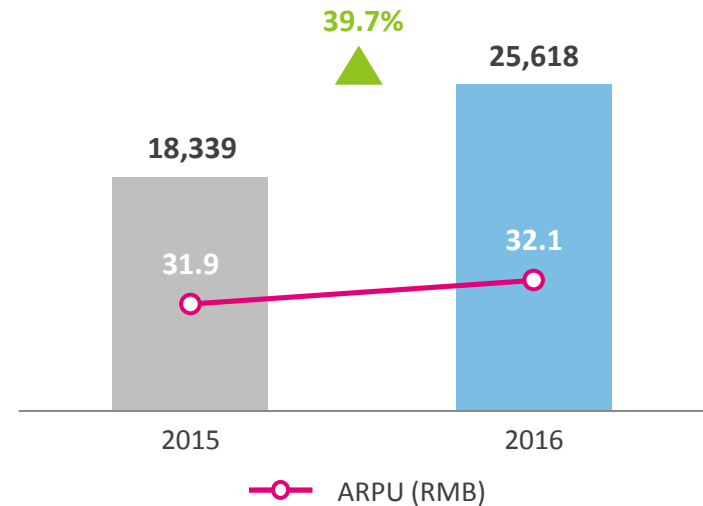
Wireline broadband customers

(Mil)



Wireline broadband service revenue

(RMB Mil)



- Committed to **boosting network speed and quality** with a focus on **targeted development**. Customer value progressively enhanced
- Customer base ranked **2nd** in the industry; proportion of customers subscribing to ≥ 20 M products reached **76.9%**
- Home digital product set-top box “Mobaihe” customers **>22.8 mil**; ARPU (including home digital services) achieved **RMB33.8**

Corporate Customer Market Increasing Market Share

Emerging Business Undergoing Active Development

Corporate customers

Corporate telecommunications and informatization service revenue **+29.4%**

Market share achieved ~ 1/3

Scale development of key products

Data dedicated lines revenue **+32.1%**

IDC revenue **+76.3%**

Focusing on applications for six key industry sectors



Public Administration



Finance



Transportation



Healthcare



Education



Energy

Emerging business



IoT connectivity scale **>100 mil**

Implement technical validation of **NB-IoT**



Annual transaction amount of mobile payment service "and-Wallet"

> RMB1,000 bil

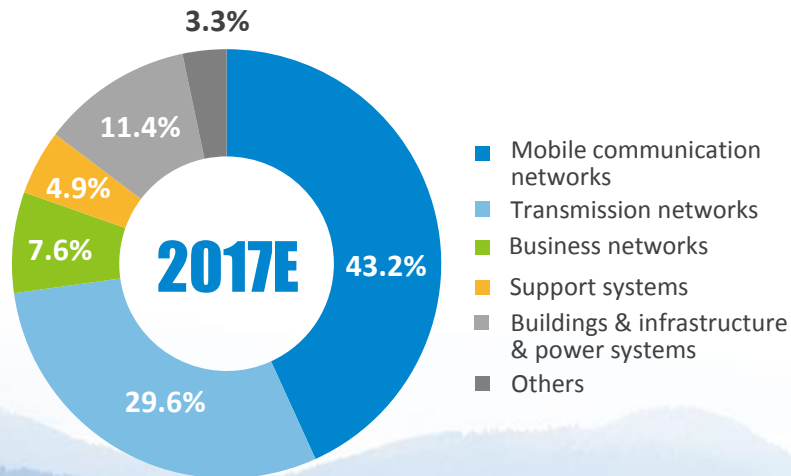
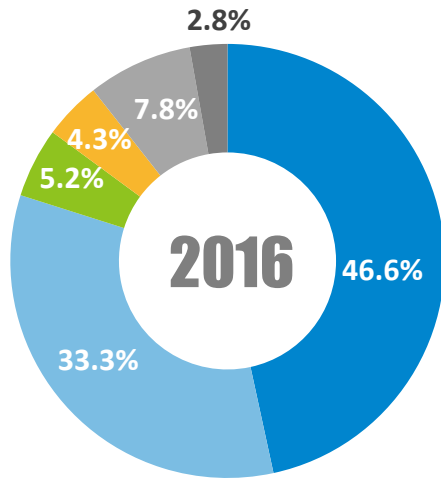


Gradually open up the platforms of **telecommunications capability, OneNET, the unified authentication and the smart home gateway**

Big data applications take shape in **public security and credit scoring**, offering external service capabilities

Establishing Premium Networks

CAPEX structure



- Mobile communication networks
- Transmission networks
- Business networks
- Support systems
- Buildings & infrastructure & power systems
- Others

2017 Investment strategy

4G network

+0.26 mil base stations to **1.77 mil**

Ensure coverage in high speed/ high data traffic/ limited uplink traffic scenarios and high-rise buildings

Wireline broadband

Targeted development; improve resource utilization
Construct a high-quality full-fiber broadband network

Transmission networks

Adjust network structures centering on data centers
Reserve resources in advance to support the future development of 5G and IoT, etc

Business networks

Construct big data platforms and IT resource pools;
Deploy CDN

Support systems

Buildings & infrastructure & power systems

Speed up the construction of data centers, fulfill the needs for IDC future development



Eliminate digital divide

- 4G network covers a national population of **1.3 bil**
- Fulfilled universal service obligations and introduced wireline broadband access to **4,909** administrative villages cumulatively

Protect customer information security and privacy

- Suspended and blacklisted **>1.96 mil** nuisance call numbers
- Intercepted **>100 mil** fraudulent calls from overseas

Sustain energy conservation and emissions reduction

- The first and only company from Mainland China to be listed on CDP's Climate A List
- Implemented "Green Action Plan", overall energy consumption per unit of information flow decreased by **36%**

Implement charitable activities

- Conducted training for **>90,000** primary and secondary school principals in villages cumulatively
- Funded surgeries for **3,633** children with congenital heart disease cumulatively

03

Financial Results

Mr. DONG Xin

Executive Director, Vice President & CFO

Financial Highlights

(RMB Mil)	2016	Change YoY	% Change YoY
Operating revenue	708,421	40,086	6.0%
Revenue from telecommunications services	623,422	39,333	6.7%
Revenue from sales of products and others	84,999	753	0.9%
Operating expenses	590,333	24,920	4.4%
Profit from operations	118,088	15,166	14.7%
Interest income	16,005	153	1.0%
Share of profit of investments accounted for using the equity method	8,636	546	6.7%
EBITDA	256,677	16,649	6.9%
Net profit	108,741	202	0.2%

Maintaining Effective Cost Control

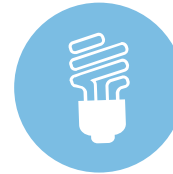
(RMB Mil)	2016	% Change YoY	As % of operating revenue	Major impacts
Operating expenses	590,333	4.4%	83.3%	
Leased lines and network assets	39,083	89.1%	5.5%	<ul style="list-style-type: none"> + Tower leasing fee was RMB28.1 bil - 3G network and “Village Connect” network leasing fee continued to decline
Interconnection	21,779	0.5%	3.1%	
Depreciation	138,090	0.9%	19.5%	<ul style="list-style-type: none"> + Investment maintained at a high level, resulted in an expansion of assets scale - Tower operation model changed and tower assets transferred
Employee benefit and related expenses	79,463	6.2%	11.2%	<ul style="list-style-type: none"> + Employee structure was adjusted and optimized, incentives for junior staffs were enhanced + Standards of social insurance expenses increased
Selling expenses	57,493	-3.9%	8.1%	<ul style="list-style-type: none"> - Enhanced resources utilization efficiency through transformation of marketing model
Cost of products sold	87,352	-2.2%	12.3%	<ul style="list-style-type: none"> - Handset subsidy was RMB10.1 bil, decreased by 9.0% YoY
Other operating expenses	167,073	2.9%	23.6%	
of which: maintenance expenses, power and utilities expenses, and operating leasing fee	99,189	-1.6%	14.0%	<ul style="list-style-type: none"> - Refined cost management - Part of the original maintenance expenses is now reflected in tower leasing fee
of which: administration expenses such as conference, office, travelling and entertainment expenses	3,221	-0.03%	0.5%	<ul style="list-style-type: none"> - Strict control on the administration expenses

Focusing on Resources Utilization Efficiency to Promote Efficient Operations



The average maintenance expenses per base station

↓ **14.2%**



The average power and utilities expenses per base station

↓ **6.6%**



Advertising and promotion display expenses per net additional 4G customer

↓ **22.1%**



Handset subsidy per net additional 4G customer

↓ **9.2%**



Impairment loss of doubtful accounts only accounted for

0.6%

of revenue from telecommunications services



Administration expenses only accounted for

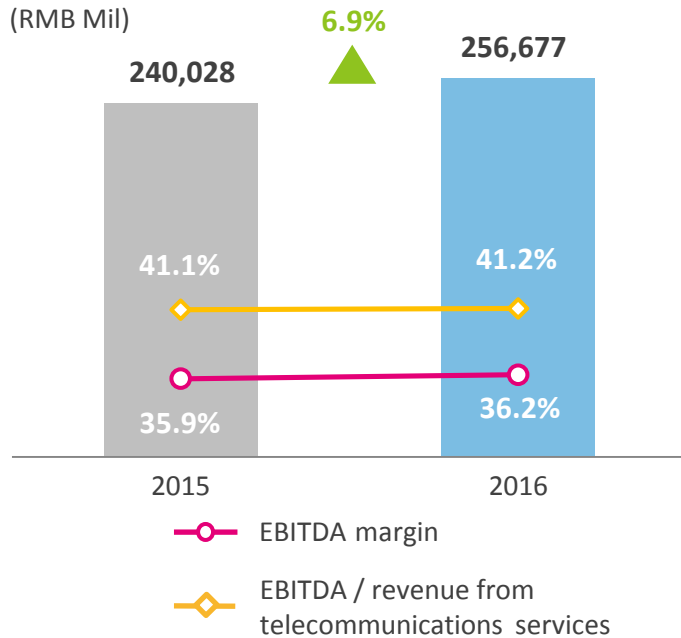
0.5%

of operating revenue

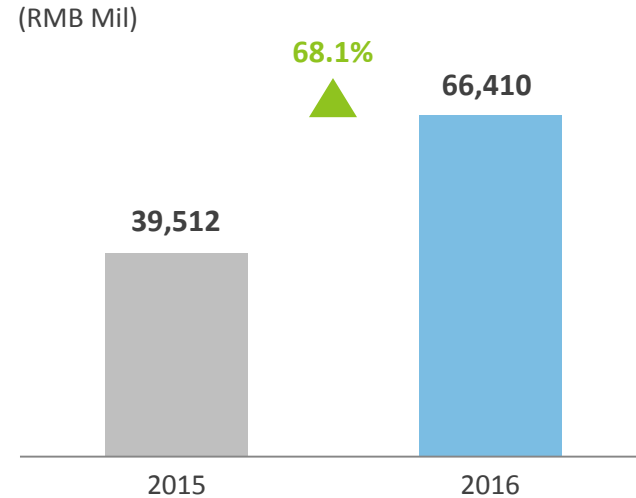
The percentage of operating expenses over operating revenue decreased for the first time since 2008, maintaining the industry leading position in operation efficiency

Sustaining Strong Cash Flow

EBITDA



Free cash flow



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
- Continuing development in 4G and reducing CAPEX year by year, profitability maintained steady growth, cash flow remained strong

Maintaining Sound Capital Structure

(RMB Mil)	2015.12.31	2016.12.31
Debt	4,995	4,998
Shareholder's equity	917,336	979,021
Total book capitalization	922,331	984,019
Total debt / total book capitalization	0.5%	0.5%
Liabilities-to-assets ratio	35.5%	35.4%
Cash & bank deposits	407,762	430,435



S&P, Moody's

Corporate credit ratings are equivalent to China sovereign ratings

Impact on the Company Performance by the New Round of “Speed Upgrade and Tariff Reduction”

The State’s requirements of “speed upgrade and tariff reduction” in 2017

- Continue to push forward network construction, and optimize network infrastructures
- Expand Internet interconnection bandwidth in Mainland China
- Enhance international inbound and outbound Internet bandwidth capacity
- Promote full broadband coverage in rural areas



- Cancel all handset domestic long-distance and roaming tariffs from 1 October onwards
- Substantially reduce the dedicated Internet access tariffs for SMEs
- Reduce international long-distance call tariffs




Static impact on operating revenue and operating profit for 2017

According to the static calculation based on the Company’s current business structure

- Cancel domestic long-distance and roaming tariffs: **RMB4 bil** for one quarter
- Reduce the dedicated Internet access tariffs for SMEs and international long-distance tariffs: **RMB3 bil**

The Company will strive to reduce the impacts by stepping up effort to business development, achieving a higher turnover despite a lower profit margin.

- 
- Actively respond to the State’s requirements of “speed upgrade” and continue to provide industry-leading network quality and experience to customers
 - Thoroughly implement measures on “tariff reduction” to seize favourable opportunities to accelerate transformation in traditional business and to focus on long-term development

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”

“Asian Corporate Director Recognition Award”

For more information, please contact:

Investor Relations Department: ir@chinamobilehk.com

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

Extracts from Audited Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2016

– Appendix I

(RMB Mil)	2015	2016
Operating revenue	668,335	708,421
Revenue from telecommunications services	584,089	623,422
Voice services	261,896	209,949
Data services	303,425	394,937
Others	18,768	18,536
Revenue from sales of products and others	84,246	84,999
Operating expenses	565,413	590,333
Leased lines and network assets	20,668	39,083
Interconnection	21,668	21,779
Depreciation	136,832	138,090
Employee benefit and related expenses	74,805	79,463
Selling expenses	59,850	57,493
Cost of products sold	89,297	87,352
Other operating expenses	162,293	167,073

(RMB Mil)	2015	2016
Profit from operations	102,922	118,088
Gain on the transfer of Tower Assets	15,525	-
Other gains	1,800	1,968
Interest income	15,852	16,005
Finance costs	(455)	(235)
Share of profit of investments accounted for using the equity method	8,090	8,636
Taxation	(35,079)	(35,623)
Profit for the year	108,655	108,839
Profit attributable to:		
Equity shareholders of the Company	108,539	108,741
Non-controlling interests	116	98
Profit for the year	108,655	108,839

Extracts from Audited Consolidated Balance Sheet as at 31 December 2016

– Appendix II

(RMB Mil)	2015.12.31	2016.12.31
Current assets	488,697	586,645
Non-current assets	939,198	934,349
Total assets	1,427,895	1,520,994
Current liabilities	501,038	536,389
Non-current liabilities	6,489	2,467
Total liabilities	507,527	538,856
Total equity	920,368	982,138

Operating Data

– Appendix III

		2015	2016
Mobile service	Total customers (Mil)	826.24	848.90
	of which: 4G customers (Mil)	312.28	535.04
	3G customers (Mil)	169.38	103.44
	MOU (Minutes)	430	408
	ARPU (RMB)	56.3	57.5
	Handset data traffic DOU (MB)	339	697
	Total voice usage (Bil minutes)	4,220.8	4,100.2
	Handset data traffic (PB)	2,495	5,681
	SMS usage (Bil messages)	559.9	542.4
	Average mobile voice services revenue per minute (RMB)	0.061	0.050
	Average handset data revenue per MB (RMB)	0.078	0.050
	Average monthly churn rate	2.78%	2.32%
Wireline broadband	Total customers (Mil)	55.03	77.62
	ARPU (RMB)	31.9	32.1
	ARPU (including home digital services) (RMB)	31.9	33.8