

2020 Interim Results Announcement: Presentation Speech Preliminary Translation

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Certain statements contained in this “Preliminary Translation” 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.



This Preliminary Translation is to be read in conjunction with the presentation slide pack, which has already been uploaded onto the Company’s website at <http://www.chinamobileltd.com>.

Speakers:

Mr. YANG Jie, Executive Director & Chairman

Mr. DONG Xin, Executive Director & CEO

Slide 4: Overall Results Introductory Page

- Good afternoon, ladies and gentlemen.
- Welcome to China Mobile Limited's 2020 interim results briefing.
- To prevent the spread of COVID-19, we continue to communicate our results by way of telephone conference. We would appreciate your understanding on this.
- In today's briefing, I will first brief you on our overall results for the first half of 2020. Then Mr. Dong Xin, our Chief Executive Officer, will go through our operating and financial performance.

Slide 5: 1H2020 Business Development Environment

- Our business development environment has displayed three characteristics in the first half of 2020. First, the unexpected occurrence of COVID-19 not only created an enormous impact on the economy and society but also cast a pall over our operations. However, we believe crisis and opportunity always appear at the same time: COVID-19 has also given rise to a surge in demand for informatisation in every industry sector and created new growth opportunities for the Company. Second, China is actively promoting the construction of new infrastructure and is undergoing further integration of information communication technologies into every aspect of the economy, society and people's livelihood. These developments have led to the further acceleration of digitalisation of the economy and society. Third, competition and cooperation from both inside and outside of the industry, alongside the progressively clearer trend of industry convergence, have conspired to create an increasingly complex and volatile competitive landscape which requires us to take our operations to the next level.

Slide 6: Highlights

- In the first half of the year, in response to the complex and volatile business development environment, our employees at all levels have spent relentless efforts and the Company has achieved good results. Highlights of our operating performance can be summarised in the following 7 areas:
 1. We took active steps to tackle challenges and maintained stable operating results.
 2. We achieved remarkable strategic transformation and our growth drivers continued to gain momentum.
 3. We accelerated 5G development through full implementation of the "5G+" plan.
 4. We turned negatives into positives and seized opportunities amidst crisis, leveraging 5G to support COVID-19 prevention and control efforts.
 5. We made advance planning and targeted investments, and actively promoted the construction of new infrastructure.
 6. We extended reforms to management mechanisms and systems, and boosted organisational vitality and efficiency.
 7. We drove digital innovation across-the-board and established a world-class enterprise by building a dynamic "Powerhouse".

Slide 7: Key Performance Indicators

- By way of reference, we have provided results of key performance indicators for the first half of 2020 in this table.

Slide 8: Took Active Steps to Tackle Challenges and Maintained Stable Operating Results

- In the first half of 2020, we proactively tackled difficulties and challenges, working hard to seek opportunities from the crisis and turn negatives into positives. Our overall operating results have remained stable.
- Revenue from telecommunications services reached RMB358.2 billion, up by 1.9% year-on-year. Quarter-wise, riding on the growth in the first quarter, our revenue continued to go up in the second quarter,

- recording an increase of 0.3 percentage points from the first quarter.
- Net profit amounted to RMB55.8 billion, down 0.5% year-on-year. Our profitability maintained at a leading level amongst first-tier international operators.
- The Company attaches great importance to shareholder returns and will maintain a stable dividend per share for the full year of 2020, after giving overall consideration to its profitability and cash flow generation. In accordance with the dividend guidance given at the beginning of the year, the Company will make an interim dividend payment of HK\$1.53 per share.

Slide 9: Achieved Remarkable Strategic Transformation, Growth Drivers Continued to Gain Momentum

- We continued to step up efforts to drive our scale-based and value-oriented operations system and promoted the coordinated, all-rounded development of CHBN markets. Our strategic transformation has yielded remarkable results and our growth drivers continued to gain momentum.
- Of the total service revenue, the proportion of revenue from “home”, “business” and “new” markets rose by 3.3 percentage points to 29.2%, representing a growth rate of 15.0%. The proportion of revenue from non-traditional businesses increased by 1.4 percentage points to 16.2%, representing a growth rate of 11.0%. These changes reflected optimisation of our revenue structure and further shifting of the revenue growth drivers.
- We are dedicated to taking a leading role in the development of smart home operations. Revenue from smart family value-added services reached RMB8.05 billion, up by 28.8% year-on-year.
- We seized the development opportunities from the “business” market and fostered the leapfrog development of “Network + Cloud + DICT” services. DICT revenue surged by 55.3% year-on-year to RMB20.9 billion.

Slide 10: Accelerated 5G Development through Full Implementation of the “5G+” Plan

- We have fully implemented the “5G+” plan and kept a leading position in 5G development.
- On network development, as of the end of June, we have deployed and put in use 188,000 5G base stations accumulatively and provided commercialised services in over 50 cities in China. These developments have laid a solid foundation for our 5G operations.
- Regarding integrated innovation of new technology, we have announced the dedicated 5G network products and BAF brand-new business model and constructed “Jiutian” AI Platform. There were more than 160 Mobile Cloud products in total. For Internet of things, OneLink and OneNet platform connections have exceeded 710 million and 170 million respectively and became one of the leaders in the industry.
- Turning to cooperation with industry players. We have expanded our 5G “Circle of Friends” and lined up with over 2,100 partners through our 5G Innovation Centre and 5G Industry Digital Alliance. We also launched an initiative aiming at introducing a RMB10 billion ecosystem and put forward a plan sharing the incremental revenue from selected businesses with a scale of RMB10 billion, as a way of encouraging the upgrade of the industry chain by fully unleashing the power of capital and funds.
- Based on our leading 5G network and ever-evolving information technology, in the mass market, we have launched feature services such as ultra-high definition live broadcasts, cloud-based games and cloud VR solutions. We have also carried out on-site pilot tests on 5G messaging services. The number of 5G package customers has exceeded 70 million. In the “business” market, we have maintained a leading position in promoting 5G demo applications in vertical markets. We delved into 15 segment industries and developed more than 100 industry-leading group-level demo projects and more than 1,400 province-level feature projects.
- We have proactively pursued win-win cooperation. In the first half of 2020, our Parent Company signed a collaborative framework agreement in relation to 5G co-construction and sharing with China Broadcasting Network Corporation Limited. The next step: we will continue to push forward with the cooperation plan and nail down the execution details.

Slide 11: Turned Negatives into Positives and Seized Opportunities amidst Crisis, Leveraging 5G to Support COVID-19 Prevention and Control Efforts

- Since the COVID-19 outbreak, China Mobile has been actively supporting and participating in COVID-19 prevention and control. We have devoted ourselves to providing reliable communications, maintaining service continuity and taking comprehensive prevention and control measures. In the fight against COVID-19, we took only 36 hours to deploy and put in use 5G base stations in Leishenshan and Huoshenshan in Wuhan and we are the first operator to achieve this. We launched a thematic campaign to

provide 24-hour round-the-clock customer services, and our 5G remote medical service system was widely used in over 6,000 medical institutions nationwide. On the resumption of work and production, we fully capitalised on the 5G network advantage and provided 5G remote solutions including cloud videos, city supercomputer big data, 5G remote education and 5G smart industry, meeting divergent customer needs resulting from the resumption of work and production during the later stage of COVID-19.

- Our operations including network construction, customer development, the delivery of informatisation projects and international roaming have all been hindered to various degrees during COVID-19. We strove to turn crisis into opportunity and accelerated the development of online capabilities and feature services. Our 5G ultra-high definition videos, cloud videos, remote healthcare and remote education have all achieved rapid growth.

Slide 12: Made Advance Planning and Targeted Investments, Actively Promoting the Construction of New Infrastructure

- We continued to make advance planning and targeted investments, and actively promoted the construction of new infrastructure. In the first half of 2020, we spent an overall CAPEX of RMB101 billion. Major areas of investment included: the construction of a premium 5G network, cloud infrastructure and “3+3+X” data centres, as well as promoting smart transformation of our networks.
- Taking into consideration factors such as market demand and construction costs, we are raising our target on the number of new 5G base stations for this year, from 250,000 to 300,000, on the condition that our overall CAPEX budget will remain basically the same as the one we guided the market at the beginning of the year. We plan to realise commercialisation of 5G services in the urban areas of cities at prefecture level and above, and promote commercialisation of SA core network within this year.

Slide 13: Extended Reforms to Management Mechanisms and Systems, Boosting Organisational Vitality and Efficiency

- We insisted on building an organisational structure with effective coordination and continued to extend reforms to our management mechanisms and systems, further raising our organisational vitality and operating efficiency.
- For diversified incentives, we initiated a new round of incentives by offering 306 million share options to 9,914 backbone management members and core talents, reflecting our commitment to building a refined mid- to long-term incentive scheme that will nurture a culture of shared interests and risks. We initiated incentive projects and contracts targeting business areas such as 5G and AICDE and established a “Ten-Hundred-Thousand” technical expert system in order to stimulate business innovation and nurture talents for various levels of the corporate ladder.
- For grid operations reforms, we have divided 20,200 grids across the country and appointed 18,400 grid heads. We have also enhanced the alignment of responsibilities, authority and benefits, and optimised our inverted pyramid support structure to effectively stimulate the vitality of front-line staff.

Slide 14: The Accelerating Digitalisation of the Economy and Society Gives Rise to Huge Market Potential

- The economy and society are now undergoing accelerating digital transformation, and a new landscape characterised by “five verticals and three horizontals” has become evident. The verticals represent the emergence of five key application scenarios, which are a result of the rapid penetration of information technology in the economy and society. This specifically refers to the digitisation of infrastructure, social governance, production, ways of working and lifestyle. The horizontals refer to the three common demands arisen from the digital transformation of the economy and society, namely online operations, intelligentisation and cloudification.
- It is estimated that, by 2025, the growth of digital economy in China will reach RMB60 trillion and the revenue of software and information service industry will reach RMB13.1 trillion. These estimates provide testament to the huge market potential of the industry.

Slide 15: Drove Digital Innovation Across-the-board and Established a World-class Enterprise by Building a Dynamic “Powerhouse”

- Looking forward with certainty on the inevitable prosperous future of digitalisation, China Mobile will strive for stable growth and implement its strategy of becoming a world-class enterprise by building a dynamic

“Powerhouse”. Centering on the overarching strategy of high-quality development, we will focus on transforming and upgrading our business while devoting an ongoing effort to reform and innovate. Our emphasis will remain on implementing our “5G+” plans, forging convergence, integration and digitisation across all of our operations and building capabilities, establishing collaborative relationships and infusing vitality into the organisation. We will work hard to expand our business from communication services to information services and to shift our business focus from personal mobile to the more encompassing CHBN “four growth engines”: the “customer”, “home”, “business” and “new” markets. We will also adopt a new development approach focusing on innovation-driven business transformation and upgrade instead of traditional growth drivers that rely on resources. As we stimulate digital innovation in networks, products, technology and ecosystem in this 5G era, we are demonstrating our dedication to contributing our strength to economic and societal development, and continuously creating greater value for our shareholders.

- That basically concludes my part of the presentation. Now, let me turn it over to Mr. Dong for operating and financial performance.

Slide 16: Operating Performance Introductory Page

- Thank you Chairman Yang.
- I'm delighted to present our operating performance in the first half of 2020.

Slide 17: Revenue Structure of the CHBN “Four Growth Engines”

- In the first half of the year, we continued to scale up efforts to promote the development of the CHBN “four growth engines” in an all-round and coordinated manner and restored growth.
- By way of reference, we have shown in this table the revenue data of the CHBN markets. I will now go through the latest development of these four markets in more details.

Slide 18: “Customer” Market- Mobile ARPU Saw a Flattened Decline Rate; 5G Value Uplift Comes on the Horizon

- For the “customer” market, we actively promoted more rational industry competition. We have scaled up efforts to strengthen our network services and brand operations, striving to build differentiating competitive advantages.
- We have enhanced our customer management operations using cases and promoted value uplift based on scale. In the first half of the year, our mobile customers amounted 950 million. Although mobile ARPU decreased by 3.7% year-on-year to RMB50.3, the decline rate was flattened from the same period last year.
- With a dual focus on both quantity and quality, we proactively promoted 5G development and placed a steadfast focus on tariff plans and devices. The number of 5G package customers reached 70.2 million, keeping us firmly as a market leader. Compared to the numbers before migration, ARPU and DOU of 5G package customers have, on average, moved up by 5.9% and 23% respectively. It is expected 5G will produce an increasingly evident value uplift impact on all customers as the number of 5G customers grows further.

Slide 19: “Home” Market- Enhancements to Both Scale and Value; Smart Family Operations Served as a New Catalyst for Growth

- Turning to the “home” market. We focused on driving customer growth by making quality enhancements to our household broadband products. Our household broadband customers reached 180 million. Among them, “Mobaihe” registered a total of 130 million customers, representing a penetration rate of 72.1%.
- We stimulated value uplift by putting in extra efforts on smart family operations. Household broadband blended ARPU reached RMB35.4, representing a year-on-year increase of 1.0%.
- In the first half of the year, we achieved enhancements to both customer scale and value. Revenue from the “home” market increased by 18.1% year-on-year to RMB37.4 billion.

Slide 20: “Business” Market- Major Source of Revenue Growth; Redoubled Efforts to Develop the Informatisation Blue Ocean

- Turning to the “business” market. We continued to enhance product R&D and service support systems of

the “business” market. Leveraging the advantages from cloud-network convergence and the leading role of DICT services, we focused on key business areas and promoted “Network + Cloud + DICT” services. In the first half of the year, revenue from the “business” market reached RMB55.2 billion, up by 18.4% year-on-year. The number of corporate customers exceeded 11.29 million, up by 42.6% year-on-year.

- We pushed ahead with the convergence of cloud and network, cloud and big data, cloud and edge, and cloud and intelligence and have further enhanced our resource utilisation capabilities and enriched our product lines. Mobile cloud revenue leapt by 556.4% year-on-year to RMB4.5 billion.
- In addition, in the first half of the year, IDC revenue grew by 61.4% to RMB9.3 billion. ICT revenue increased by 37.7% to RMB5.1 billion.

Slide 21: “New” Market- Active Deployment Showed Initial Signs of Success

- For the “new” market, we continued to make proactive planning on and expedited development of various business areas including international business, equity investment, digital content and FinTech. Our increased efforts have generated initial results. In the first half of the year, our international business grew by 26.1% year-on-year to RMB5.7 billion. The monthly active users of the MIGU video platform increased by 114.8% year-on-year. The number of users of video connecting tones has exceeded 100 million, and the number of monthly active users of “and-Wallet” increased by 92.2% year-on-year.

Slide 22: Expedite the Integration of 5G into Every Industry and Every Walk of Life and Maintain 5G Leading Position

- 5G is now spurring a new smart era of the digital economy. Going forward, we will use the following three approaches to expedite the integration of 5G into every industry and every walk of life and maintain 5G leading position.
- First, we will construct a premium 5G network. We will speed up 5G network construction, enhance 5G network performance and perception and establish a reputation for quality.
- Second, we will accelerate integrated innovation of new technologies. Making use of the unique 5G advantages in terms of network, capability and platform, we will give full play to AI, IoT, cloud computing, big data and edge computing technologies, internally enhancing our operating efficiency while externally achieving value uplift.
- Third, we will explore new business opportunities and operating models. For the “customer” market, we will make a redoubled effort on product innovation and delight our customers with a wide array of 5G products. For the “business” market, we will strive to excel in the launch of application demo cases and proactively explore the setting up of a 5G dedicated network operations system and a new business model, and pave the way for diversification of revenue streams and industry ecologicalisation.

Slide 23: Strive to Achieve 2020 Full Year Targets

- Following our strategy of becoming a world-class enterprise by building a dynamic “Powerhouse”, we will continue to promote digital innovation and achieve high-quality development. We will continue to promote digital innovation and achieve high-quality growth, and work hard to achieve our targets of maintaining growth in service revenue and stable net profit.
- By way of reference, we have listed our major full year targets of our businesses on this PPT slide.

Slide 24: Financial Performance Introductory Page

- Now I would like to talk about our financial performance in the first half of 2020.

Slide 25: Financial Highlights

- In the first half of 2020, we continued to pursue transformational development with revenue realising positive growth. Revenue from telecommunications services grew by 1.9% year-on-year to RMB358.2 billion.
- Revenue from sales of products dropped by 16.8% to RMB31.6 billion, mainly due to the decline in sales of handsets resulting from COVID-19.
- Although we continued to strengthen cost management, we have appropriately increased our investment to support future transformation. Operating expenses increased by 0.3%.
- Interest and other income decreased by 6.3% year-on-year as a result of the decline in market interest rates.

- For the investment of associates, SPD Bank and China Tower also brought positive contributions to our return. Income from investments accounted for using the equity method reached RMB6 billion.
- Therefore, our net profit decreased by 0.5% year-on-year to RMB55.8 billion. Our profitability continued to stay at a leading level amongst first-tier international operators.

Slide 26: Breakdown of Revenue Growth

- In terms of breakdown of revenue growth by business as shown in the financial statements, the increase in telecommunications services revenue was mainly due to the growth of wireless data traffic, wireline broadband, and applications and information services. Of which, the incremental revenue contributions from wireless data traffic, wireline broadband, and applications and information services amounted to RMB6.5 billion, RMB3.5 billion and RMB6.6 billion respectively. Voice services, SMS & MMS revenue recorded a continuous downturn.
- As for breakdown of revenue contribution by CHBN “four growth engines”, the incremental revenue contributions from “home” market and “business” market reached RMB5.8 billion and RMB8.6 billion respectively. However, the revenue contributions from “customer” market and “new” market declined.
- To promote the enhancement to business structure and accelerate momentum shift, we will consolidate the “customer” market and actively strengthen efforts to expand the “home” market, “business” market and “new” market.

Slide 27: Maintaining Effective Cost Control

- Our ongoing efforts to promote low-cost and high-efficiency operations, uphold the principle of “all costs are controllable” and adhere to control total cost and lower unit cost have achieved positive results. In respect of the cost structure:
- Network operation and support expenses increased by 10.9% to RMB108.8 billion. The increase was mainly due to the rapid increase in electricity expenses resulting from the expansion of 5G network and data centers, as well as the increase in investments to address the Company’s accelerating transformation that relates to smart family, DICT and construction of smart mid-end platforms.
- Depreciation and amortisation dropped by 5.3% to RMB86.6 billion. After excluding the impact of the revision of the depreciable life of 4G wireless assets, depreciation and amortisation grew by 6.1% on a comparable basis year-on-year.
- Employee benefit and related expenses increased by 8.8% to RMB49.1 billion, because we moderately enhanced our incentive scheme for attracting talents in the fields of 5G and AICDE research and development, “business” and “new” markets.

Slide 28: Continuous Optimisation of Resource Allocation

- On the leasing fee of tower, we leased an addition of 10,000 new macro cell towers in the first half of 2020. Tower leasing fee on a comparable basis went up by 7.3% year-on-year to RMB21.8 billion. We further optimised surface resources of existing towers, classifying and coordinating construction using the most economical approach. Tower leasing fee is expected to be controlled at about RMB45 billion in 2020.
- For selling expenses, we promoted marketing transformation in order to strengthen centralised online management system, and raise resource utilisation efficiency. Selling expenses decreased by 8.7% to RMB31.4 billion. For full year projection, the selling expenses will remain stable and selling expenses to revenue ratio will remain the lowest in the industry.

Slide 29: Sustaining Healthy Cash Flow

- The Company’s cash flow continued to be healthy. In the first half of 2020, EBITDA decreased by 3.6% to RMB145.7 billion. Free cash flow increased by 44.1% to RMB59 billion, mainly because of an increase in the net operating cash inflow.

Slide 30: Robust Capital Structure

- Our capital structure maintained solid and corporate credit ratings are equivalent to China sovereign ratings, which obtained recognition from credit rating agencies and built a solid foundation to respond to the changes of the market competition and future development.

Slide 31: Q&A

- This is the end of our presentation and analysis on our 2020 interim results.
- Now we would like to take your questions. Thank you.

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