

中國移動有限公司
China Mobile Limited
www.chinamobileltd.com

2016 Interim Results

2016.08.11



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. These risks, uncertainties and other factors include but not limited to statements relating to the Company’s business objectives and strategies; its operations and prospects; its provision of services and new service offerings; its network expansion and capital expenditure plans; the expected impact of any acquisitions or other strategic transactions, including its investment in and any arrangements with China Tower; the planned development of future mobile and other technologies and related applications; the expected impact of the implementation in Mainland China of value-added tax, the policy of “speed upgrade and tariff reduction” and tariff changes on its business, financial condition and results of operations; and future developments in the communications industry in Mainland China including changes in the regulatory and competitive landscape. 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. XUE Taohai

Executive Director, Vice President & CFO

Mr. SHA Yuejia

Executive Director & Vice President

1

Overall Results

2

Operating Performance

3

Financial Results

Outstanding operating results

Service revenue **↑ 6.9%**
Beat industry average

Net profit **↑ 5.6%**
Achieved solid growth

Sustaining 4G leadership

Base station **1.32 million**
Network coverage further optimized

Customer base **~430 million**
World's largest 4G customer base

Achieving transformation breakthrough

Wireless data traffic revenue became the biggest revenue source

↑ 39.7%, accounted for **43.3%**
of service revenue

Accelerating wireline broadband development

Customer net adds **10.81 million**

Rapid increase in proportion of high-speed broadband while gradually enhancing customer value

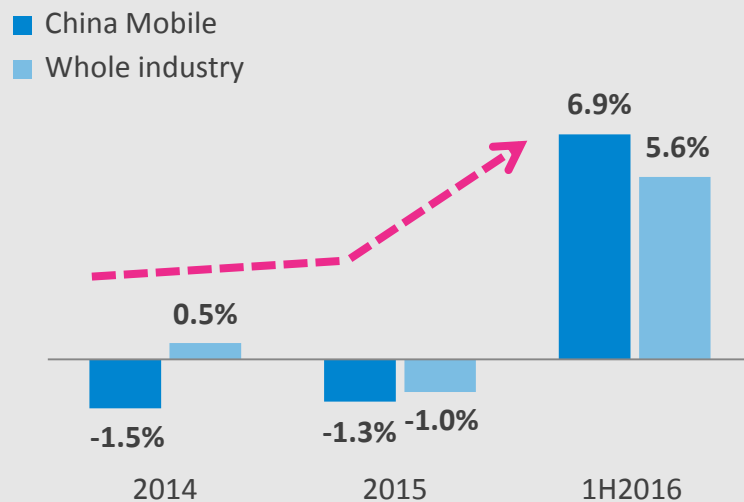
Key Performance Indicators

(RMB Million)	1H2015 As restated	1H2016	Changes
Operating revenue	345,691	370,351	7.1%
of which: service revenue	304,281	325,423	6.9%
EBITDA	130,615	134,350	2.9%
EBITDA margin	37.8%	36.3%	-1.5pp
EBITDA as % of service revenue	42.9%	41.3%	-1.6pp
Net profit	57,336	60,572	5.6%
Net profit margin	16.6%	16.4%	-0.2pp
Basic earnings per share (RMB)	2.80	2.96	5.6%

Encouraging Revenue Growth Solid Industry Position

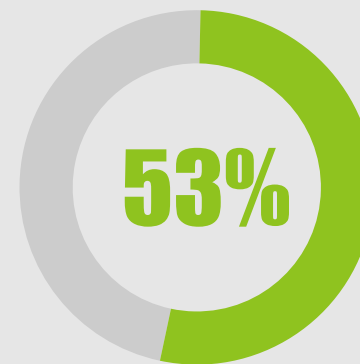
Revenue growth turned around the
downtrend in recent years, beat
industry average once again

Service revenue growth (%)



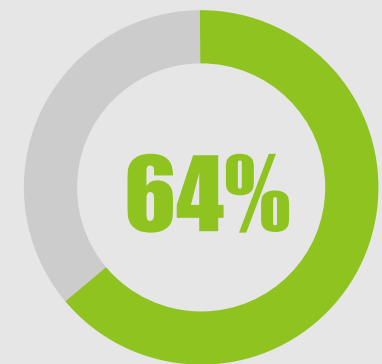
Industry position further consolidated

Market share of
service revenue



1H2016

Market share of
mobile customer



2016.6

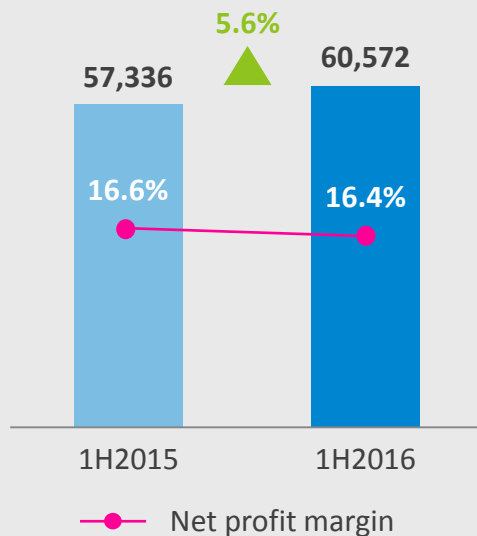
Note: Whole industry revenue of 2014/2015 were calculated according to the data disclosed by the three listed companies, whilst 1H2016 industry revenue and customer data were based on MIIT announcement

Maintaining Favourable Profitability

*Net profit achieved solid growth,
continuously create value for shareholders*

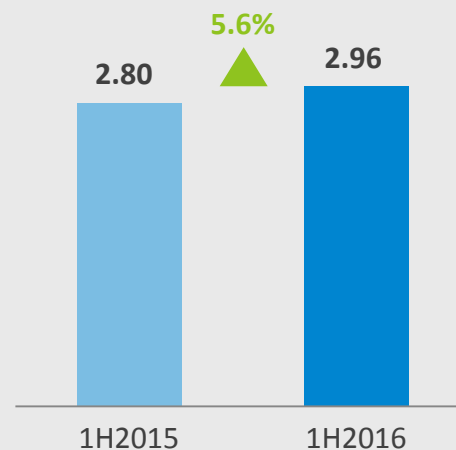
Net profit

(RMB Million)



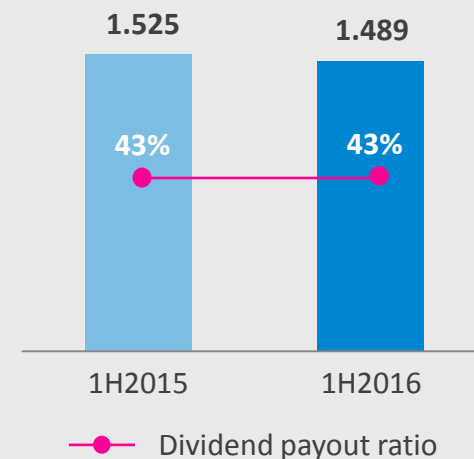
Basic EPS

(RMB)



Dividend per share

(HK\$)



Opportunities

Leveraging strategic initiatives and requirements of Chinese Government

- “Cyberpower”, “Internet+”, innovation-driven development
- Build stronger, better and larger SOEs

Broad prospects of digital services market

- Information consumption continues to expand
- Strong demand in information infrastructures, including cloud computing and big data
- “Internet of Everything” develops rapidly with the scale expanding exponentially

Challenges

Tariff adjustment

- Continue to push forward “speed upgrade and tariff reduction”
- Call for cancelling long distance and roaming fees getting stronger

Holistic and diversified competition

- Peers intensify collaboration and reform low spectrum
- OTT substitution, alternatives to bypass network, restructuring of industry chain



Strike a balance between short-term interest and long-term development

In the midst of current favourable development, we will mitigate risk in a balanced and orderly manner by taking into account the interests of customers and shareholders as well as regulatory requirements, so as to lay a solid foundation for long-term development.

Current strategies

- Consolidate 4G leading advantages
- Strengthen data traffic operation to boost revenue
- Enhance quality and profitability of wireline broadband business
- Expand market share of corporate customer business

Future strategies

- Strengthen network infrastructure capabilities
- Boost self-initiated R&D and innovation capabilities
- Nurture and expand digital services market
- Promote the implementation of Big Connectivity strategy

To become a global leading operator in innovative digital services



Boost connectivity scale

To achieve horizontal extension in scale connectivity through expanding from mobile to fixed and full connections, from individuals to families, corporates and ten-billion scale of IoT connections, which lay a foundation of scale advantage of ubiquitous connectivity

Optimize connectivity service

To achieve vertical extension of service connectivity through expanding the services from pipe access to platform and end-to-end facilities, which form as the crucial component in the value chain

Strengthen connectivity application

To achieve pronounced breakthrough in application connectivity through expanding from information consumption to digital life and production services in the vertical market, which create sustainable value of digital services

Full Year Target

1

Strive to maintain revenue growth above industry average and mobile ARPU stable-to-rising YoY

2

Continue 4G leading advantages; reach 500 million 4G customers ahead of the plan
4G base stations to exceed 1.4 million by the year end

3

Wireline broadband customer net adds 15 million for the year while gradually enhancing customer value

4

Rational investment in marketing resources in accordance with market competition

5

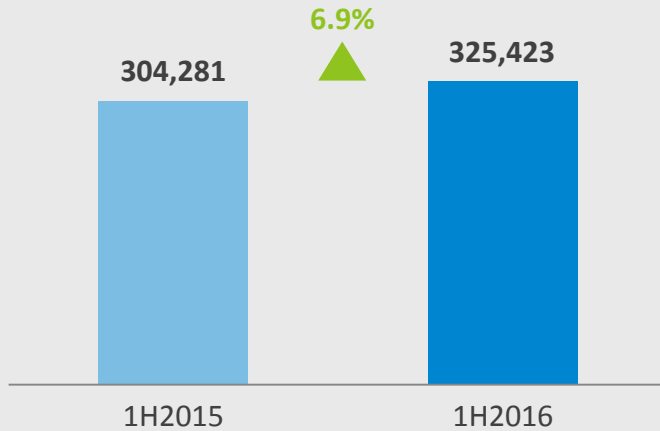
Continue to maintain industry leading profitability

- 1 Overall Results
- 2 Operating Performance**
- 3 Financial Results

Reaching a New Milestone in Business Transformation

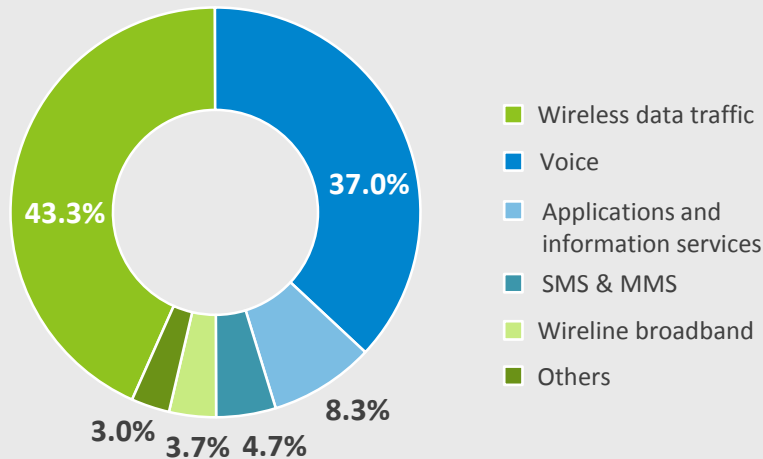
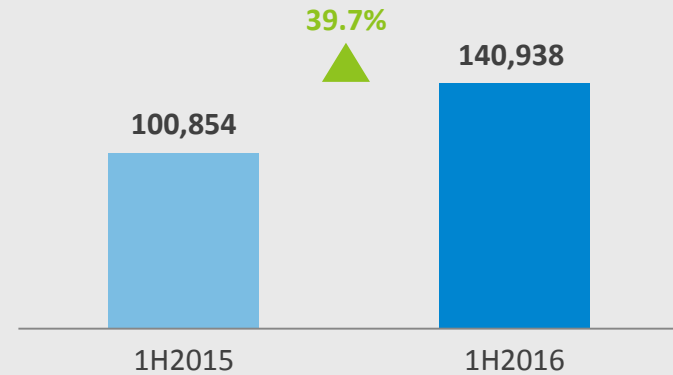
Service revenue

(RMB Million)



Wireless data traffic revenue

(RMB Million)



Wireless data traffic business

exceeded traditional business and became the biggest revenue source

Comprehensive leadership in 4G development



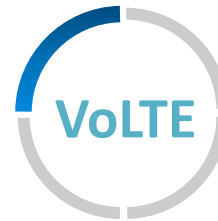
1.32 million Base stations
Indoor coverage continues to expand



~430 million Customers
World's largest 4G customer base
51% of total mobile customers



>2000 Handset models
70% Priced at ~RMB 1,000



300 Cities covered
570 Handset models supporting VoLTE

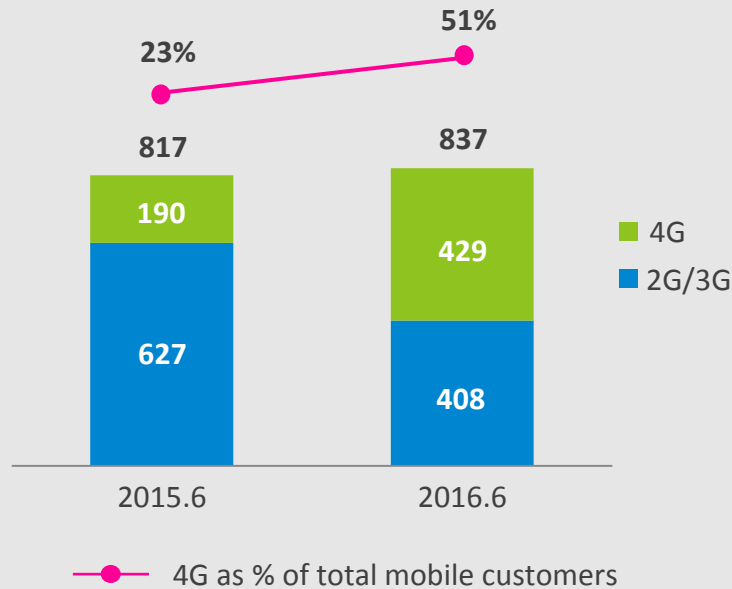


126 Countries and regions with 4G international roaming services

Strengthening Scale Advantages in Mobile Services

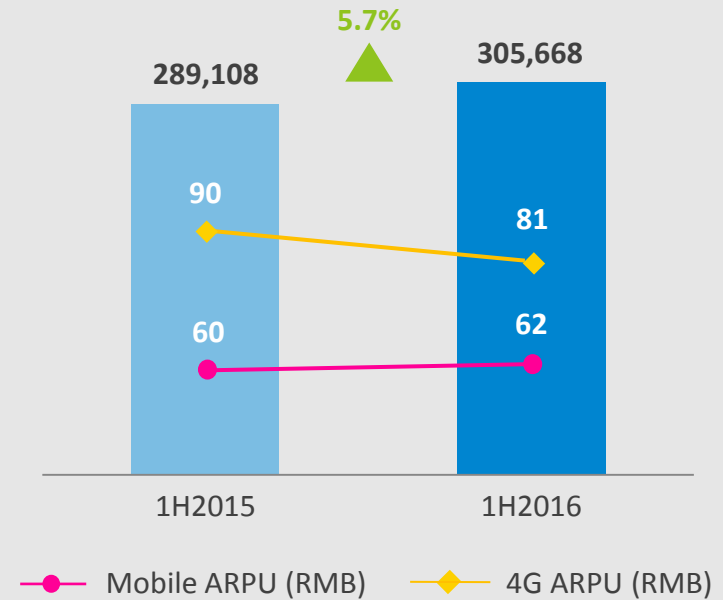
Mobile customers

(Million)



Mobile service revenue

(RMB Million)



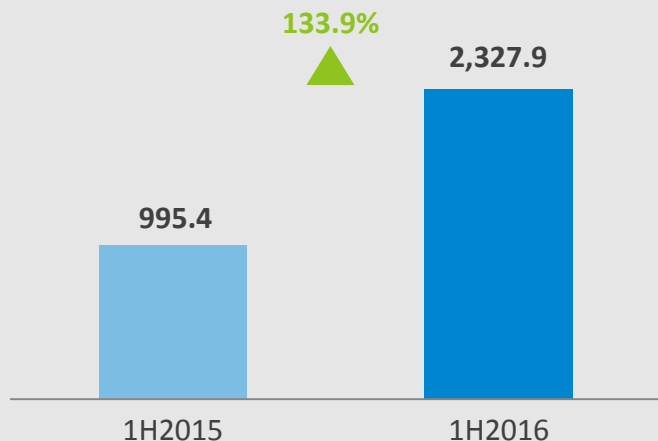
- Rapid migration from 2G/3G to 4G
- 4G became our mainstream mobile customers

- 1H 2016 mobile ARPU up 3.0%
- 4G ARPU declined given the migration of mid-to-low end customers to 4G

Remarkable Results in Data Traffic Operations

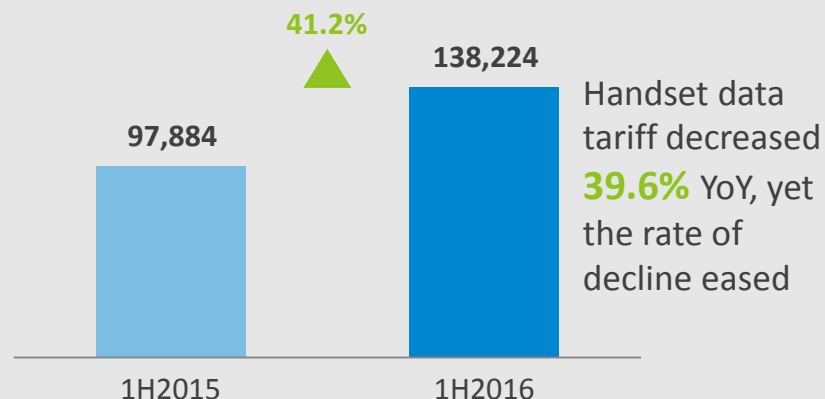
Handset data traffic

(PB)



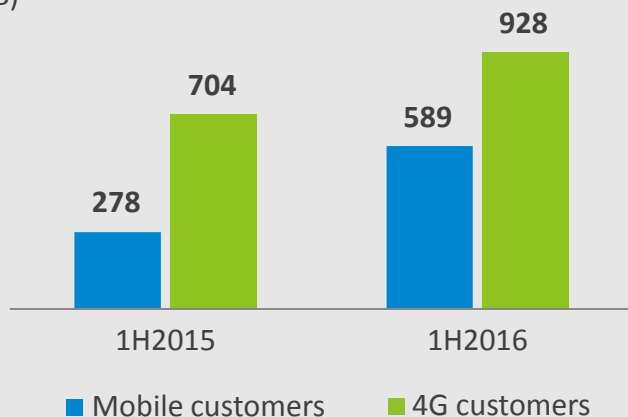
Handset data revenue

(RMB Million)

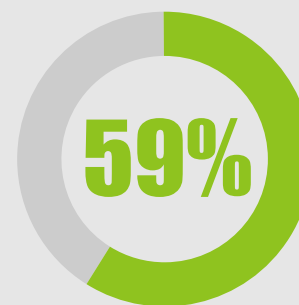


Handset data DOU

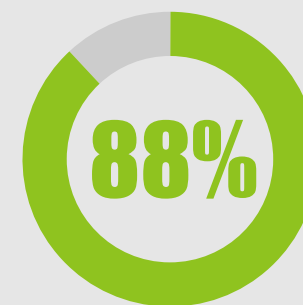
(MB)



Rising proportion of 4G data traffic



2015.6



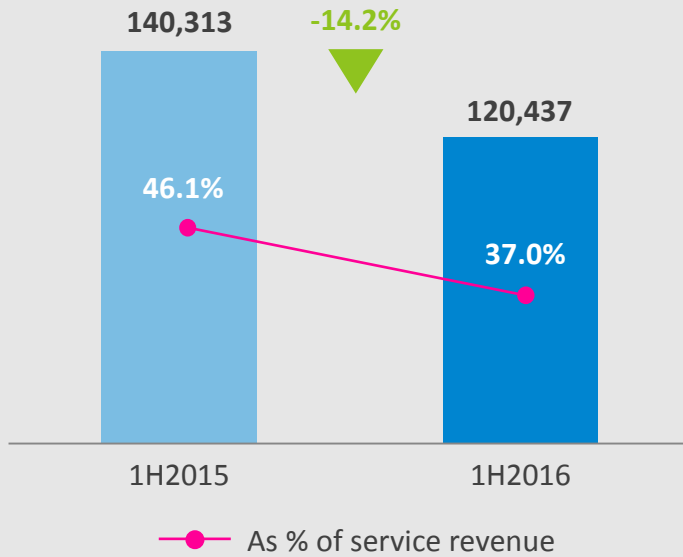
2016.6

4G network handset data traffic / total handset data traffic

Accelerated Transformation in Traditional Business

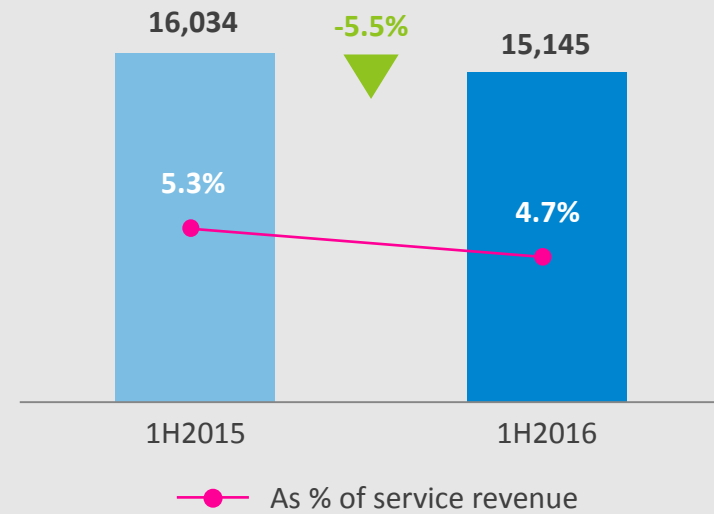
Voice service revenue

(RMB Million)



SMS & MMS revenue

(RMB Million)

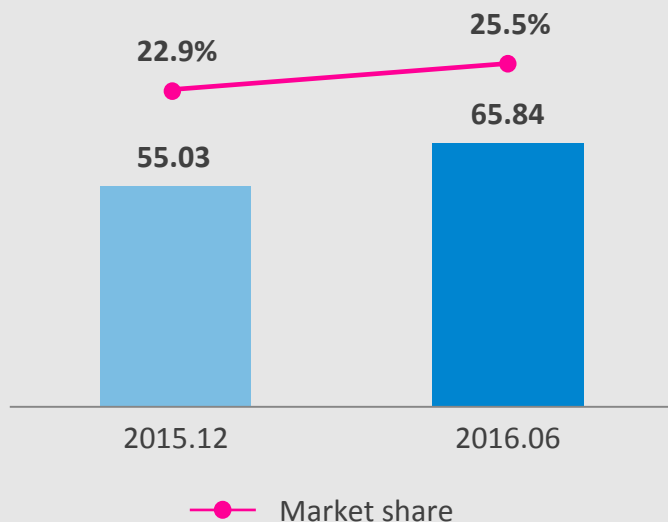


Accelerated promotion of flat-rate packages for long distance, local and roaming services

Adjust tariff in a balanced and orderly manner to satisfy customers' demand and enhance competitiveness, so as to facilitate the traditional business transformation

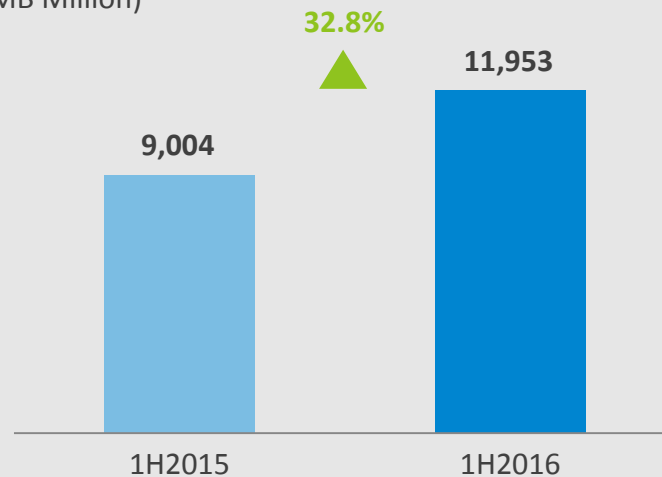
Wireline broadband customers

(Million)



Wireline broadband service revenue

(RMB Million)



1H2016 ARPU slightly improved to **RMB 33** versus FY2015

- Adhere to the high-end approach to rapidly increase the proportion of high-speed broadband customers
- Insist on targeted development to keep boosting FTTH utilization
- Focus on quality to continually improve customer value
- Make use of household gateway to promote “Digital Home” product development

Corporate customers

- Market share of corporate telecommunications and informatization service revenue **~1/3**
- Data dedicated lines revenue **▲47.7%**, IDC revenue **▲65.9%**

Internet of Things

- IoT connectivity scale grew rapidly **>80 million**
- Facilitated the scale promotion of smart module products with competitiveness and low entry barrier

International business

- Promoted “Hand-in-Hand Program” to strengthen the collaboration with international counterparts
- Outgoing roaming data customers **▲66%**, Outgoing roaming data traffic **▲464%**

Digital content

- Established four major platforms for new media integration, digital content aggregation, copyright transaction, entrepreneurship and innovation in content
- Continued to enrich digital content



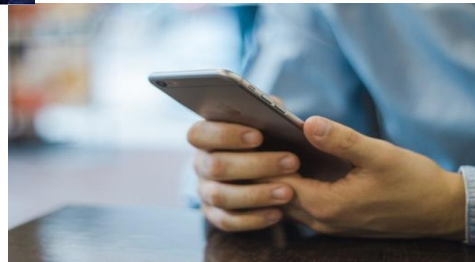
Enhancing Customer Experience

Create end-to-end evaluation system based on customer experience in the Mobile Internet era

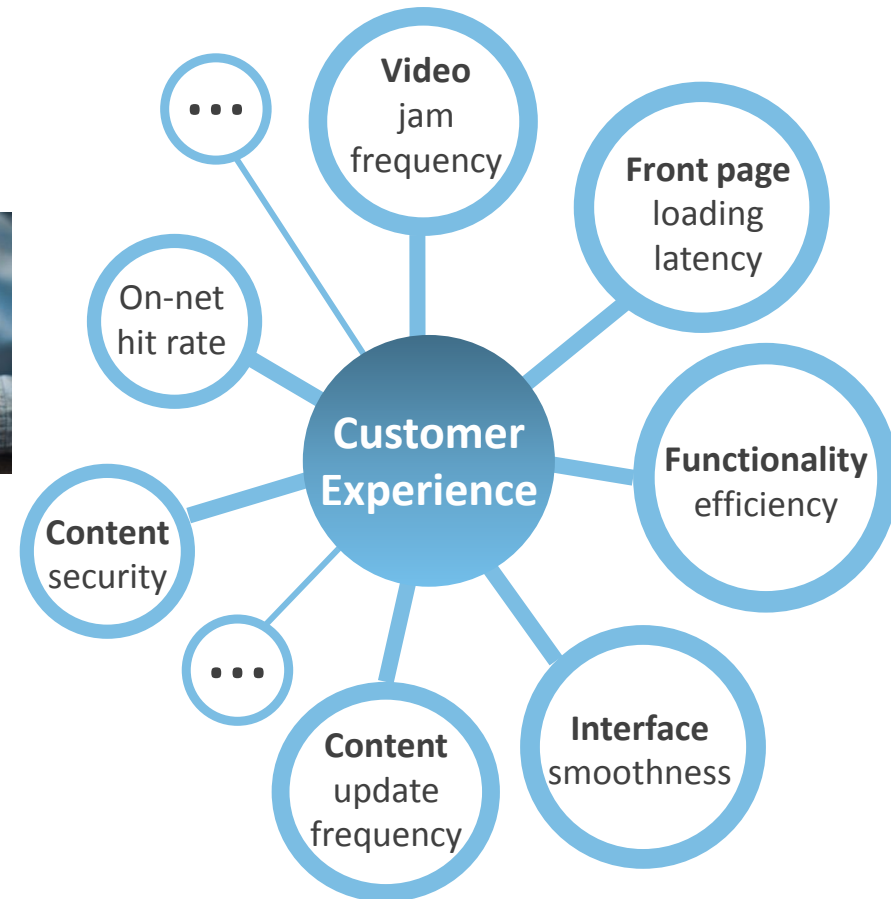


4G customer NPS
No.1

Customer satisfaction
leading industry



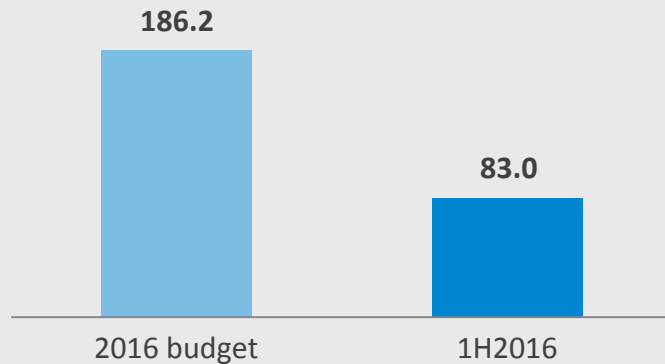
Complaint rate remained the
lowest
in the industry



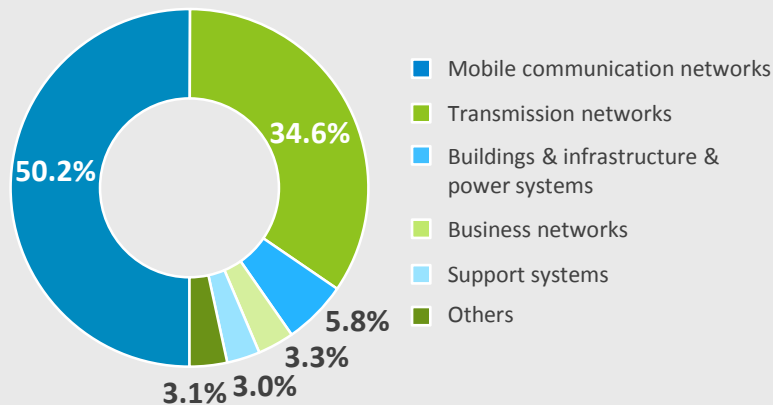
Rational Investment to Sustain Leadership

CAPEX

(RMB Billion)



CAPEX structure in 1H2016



Major CAPEX in 1H 2016

(RMB Billion)

4G (including 4G wireless network, core network, site transmission)	46.2
Wireline broadband (including corporate customer dedicated lines, household broadband)	10.5
Transmission (excluding access part)	18.1

- Precisely construct 4G network to continually enhance network competitive advantages
- Construct high quality full-fibre network to forge the late-developing advantages of household broadband
- Promote construction of transmission network to build business carriage with high-speed, efficient and smart capabilities
- Promote construction of big IT, big data and big IDC to build strategic competencies in infrastructures

- 1 Overall Results
- 2 Operating Performance
- 3 **Financial Results**

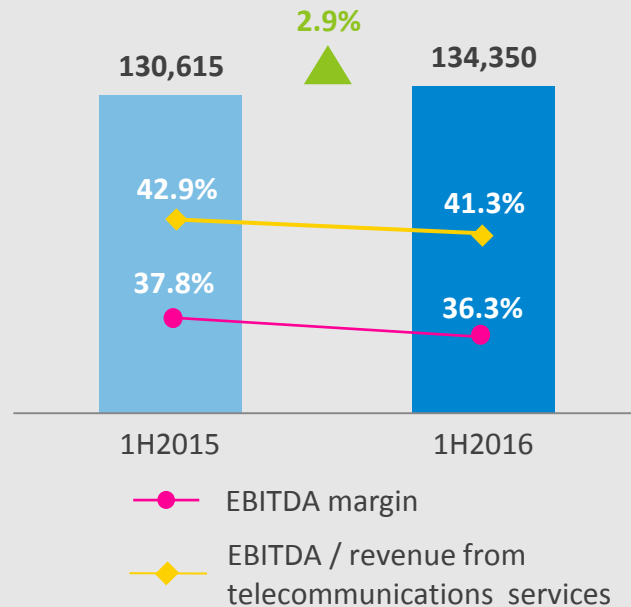
Financial Highlights

(RMB Million)	1H2016	Change YoY	% Change YoY
Operating revenue	370,351	24,660	7.1%
Revenue from telecommunications services	325,423	21,142	6.9%
Revenue from sales of products and others	44,928	3,518	8.5%
Operating expenses	304,220	21,199	7.5%
Profit from operations	66,131	3,461	5.5%
Interest income	7,622	174	2.3%
Share of profit of investments accounted for using the equity method	4,615	982	27.0%
EBITDA	134,350	3,735	2.9%
Net profit	60,572	3,236	5.6%

Sustaining Strong Cash Flow

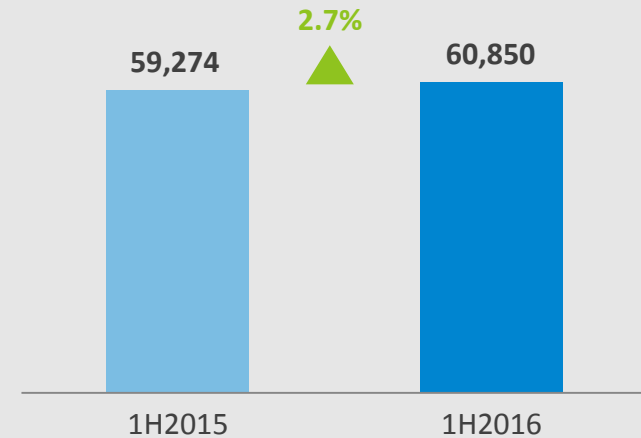
EBITDA

(RMB Million)



Free cash flow

(RMB Million)



Note: The Company defines free cash flow as net cash generated from operating activities less capital expenditure incurred

- With favourable revenue growth and effective cost control, EBITDA recorded an increase
- After transfer of tower assets, related depreciation replaced by out-of-pocket cost, EBITDA growth was lower than net profit growth

- Fueled by 4G business, profitability maintained steady growth, cash flow remained strong

Maintaining Effective Cost Control

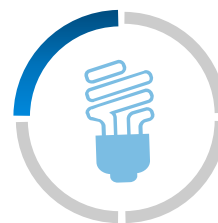
(RMB Million)	1H2016	% change YoY	As % of operating revenue	Major impacts
Operating expenses	304,220	7.5%	82.1%	
Leased lines and network assets	21,699	159.4%	5.9%	<ul style="list-style-type: none"> Newly added tower leasing fee 3G network leasing fee continued to decline
Interconnection	10,937	0.3%	3.0%	
Depreciation	68,118	0.3%	18.4%	<ul style="list-style-type: none"> Transfer of existing towers led to decrease in part of depreciation
Employee benefit and related expenses	38,446	5.2%	10.4%	<ul style="list-style-type: none"> Labor sourced by third parties changed to employees, resulted in an increase in employee service expenses
Selling expenses	30,939	-7.4%	8.3%	<ul style="list-style-type: none"> Reduction in selling expenses through continuous transformation of marketing model Maintained marketing position by increasing appropriate investment
Cost of products sold	46,505	7.1%	12.6%	<ul style="list-style-type: none"> Handset subsidy was RMB 4.1 billion
Other operating expenses	87,576	6.2%	23.5%	<ul style="list-style-type: none"> Due to the expansion of assets scale and increase in price of resources, asset related fixed costs increased
of which: maintenance expenses, power and utilities expenses, and operating leasing fee	58,627	4.0%	15.8%	

Focusing on Resources Utilization Efficiency to Promote Efficient Operations



The average maintenance expense per base station

↓ **13.1%**



The average power and utilities expenses per base station

↓ **7.9%**



Handset subsidy per net additional 4G customer

↓ **26.6%**

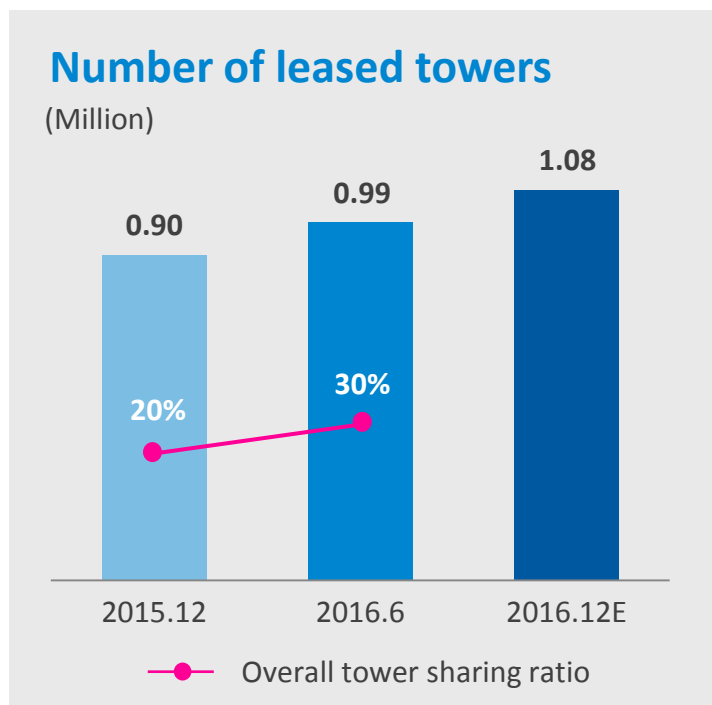


Impairment loss of doubtful accounts only accounted for **0.64%** of revenue from telecommunications services



Administration expenses only accounted for **0.3%** of operating revenue

Increasing Benefits from Tower Sharing



Neutral in near-term

- Tower leasing fee was slightly lower than self-operated cost and hence no substantial impact on net profit
- Out-of-pocket cost increased, EBITDA and EBITDA margin under pressure

Long-term benefits

- Tower leasing fee will continue to decline following the increase in tower sharing ratio
- As the major shareholder of China Tower, the Company expects to benefit from its future earnings and upside potentials

Latest estimated leasing fee	(RMB Billion)
1H2016	15.1
2016 Full Year (Estimation)	32.0

Maintaining Sound Capital Structure

(RMB Million)	2015.12.31	2016.06.30
Debt	4,995	4,996
Shareholder's equity	917,336	956,928
Total book capitalization	922,331	961,924
Total debt / total book capitalization	0.5%	0.5%
Liabilities-to-assets ratio	35.5%	35.6%
Cash & bank deposits	407,762	436,860

S&P, Moody's

Corporate credit ratings are equivalent to China sovereign ratings

Thank You

For more information, please contact:

Investor Relations Department: ir@chinamobilehk.com

Or visit the Company website: www.chinamobileltd.com

Extracts from Unaudited Condensed Consolidated Statement of Comprehensive Income for the Six Months Ended 30 June 2016

– Appendix I

(RMB Million)	1H2015 As restated	1H2016
Operating Revenue	345,691	370,351
Revenue from telecommunications services	304,281	325,423
Voice services	140,313	120,437
Data services	154,007	195,173
Others	9,961	9,813
Revenue from sales of products and others	41,410	44,928
Operating expenses	283,021	304,220
Leased lines and network assets	8,366	21,699
Interconnection	10,906	10,937
Depreciation	67,899	68,118
Employee benefit and related expenses	36,533	38,446
Selling expenses	33,407	30,939
Costs of products sold	43,426	46,505
Other operating expenses	82,484	87,576

(RMB Million)	1H2015 As restated	1H2016
Profit from operations	62,670	66,131
Other gains	820	550
Interest income	7,448	7,622
Finance costs	(244)	(114)
Share of profit of investments accounted for using the equity method	3,633	4,615
Taxation	(16,926)	(18,186)
Profit for the Period	57,401	60,618
Attributable to:		
Equity shareholders of the Company	57,336	60,572
Non-controlling interests	65	46
Profit for the Period	57,401	60,618

Extracts from Unaudited Condensed Consolidated Balance Sheet as at 30 June 2016

– Appendix II

(RMB Million)	2015.12.31	2016.06.30
Current assets	488,697	525,280
Non-current assets	939,198	965,547
Total assets	1,427,895	1,490,827
Current liabilities	501,038	524,345
Non-current liabilities	6,489	6,476
Total liabilities	507,527	530,821
Net assets	920,368	960,006

Operating Data

– Appendix III

		1H2015	1H2016
Mobile service	Total customers (Million)	817.20	837.04
	of which: 4G customers (Million)	189.66	428.54
	3G customers (Million)	214.82	132.87
	MOU (Minutes)	436	416
	ARPU (RMB)	60	62
	Handset data traffic DOU (MB)	278	589
	Total voice usage (Billion minutes)	2,111.0	2,066.9
	Handset data traffic (PB)	995.4	2,327.9
	SMS usage (Billion messages)	288.7	267.3
	Average mobile voice services revenue per minute (RMB)	0.066	0.058
	Average handset data revenue per MB (RMB)	0.098	0.059
	Average monthly churn rate	2.99%	2.15%
Wireline broadband	Total customers (Million)	-	65.84
	ARPU (RMB)	-	33