

## PRESS RELEASE

For Immediate Release

# CHINA MOBILE ANNOUNCES 2018 INTERIM RESULTS

## Advancing the Big Connectivity Strategy with Operating Performance Achieving Favourable Growth

### Highlights

- Solid market position with stable profit growth
- Integrated development of the “four growth engines” with a robust expansion of connectivity scale
- Enhanced sustainability to safeguard business development
- Payment of an interim dividend of HK\$1.826 per share with ongoing efforts to create value for shareholders

### Operating Performance

	1H 2018	1H 2017	Change
Operating revenue (RMB million)	<b>391,832</b>	388,871	0.8% (2.9%) <sup>1</sup>
Of which: Revenue from telecommunications services (RMB million)	<b>356,120</b>	347,950	2.3% (5.5%) <sup>1</sup>
EBITDA (RMB million) <sup>2</sup>	<b>145,886</b>	140,710	3.7%
Profit attributable to equity shareholders (RMB million)	<b>65,641</b>	62,675	4.7%
Basic earnings per share (RMB)	<b>3.21</b>	3.06	4.7%
Dividend per share (HK\$/share) <sup>3</sup>	<b>1.826</b>	1.623	12.5%
Total mobile customers (million)	<b>906</b>	867	4.5%
Of which: 4G customers (million)	<b>677</b>	594	14.0%
Mobile ARPU (RMB)	<b>58.1</b>	62.2	-6.6%
Household broadband customers (million)	<b>128.21</b>	90.24	42.1%
Household broadband blended ARPU (RMB)	<b>34.8</b>	32.4	7.3%
IoT smart connections (million)	<b>384</b>	151	154.1%

1. Revenue growth figures in brackets and the remaining parts of this press release are derived after applying the new revenue standard (IFRS/HKFRS 15) to the revenue figures of the comparative period last year pursuant to a static calculation.

2. The Company defines EBITDA as profit for the period before taxation, share of profit of investments accounted for using the equity method, finance costs, interest and other income, other gains, depreciation and amortization of other intangible assets.

3. The Company has also paid a special dividend of HK\$3.200 per share in the first half of 2017 to celebrate the 20th anniversary of its IPO.

(Hong Kong, 9 August 2018) – China Mobile’s financial performance in the first half of 2018 remained healthy. We recorded operating revenue of RMB391.8 billion, up by 2.9% compared to the same period last year. Telecommunications services revenue was RMB356.1 billion, up by 5.5% compared to the same period last year, maintaining our solid market position. We continued to exercise delicate cost management in order to boost the Company’s cost efficiency. In the first half of 2018, our EBITDA grew by 3.7% compared to the

same period last year, reaching RMB145.9 billion. Profit attributable to equity shareholders grew by 4.7% year-on-year to RMB65.6 billion, maintaining our profitability at a leading level among top-tier global telecommunications operators.

Our total number of connections has increased to 1.425 billion, comprising 906 million mobile connections, 135 million wireline broadband connections and 384 million IoT (Internet of Things) smart connections. We found it particularly encouraging that in some areas, machine- to-machine connections have already outnumbered human-to-human connections.

With due consideration given to our profitability, current level of cash flow and provision for future development, the Board declared payment of an interim dividend of HK\$1.826 per share for 2018, equivalent to a dividend payout ratio of 48%.

The Board believes that our industry-leading profitability and on-going ability to generate healthy cash flow will provide sufficient support for our future development and generate good returns for our shareholders.

Mr. Shang Bing, Chairman of the Company commented, “In the first half of 2018, market competition has intensified and cross-sector convergence has increased pace. At the same time, operators were required to take further actions operationally to comply with the state policy of “speed upgrade and tariff reduction”. Faced with this complex environment, across the China Mobile business, we closely adhered to the “Big Connectivity” strategy and took considered moves to proactively tackle both market competition and other emerging challenges, launching various initiatives for the personal mobile, household, corporate and emerging businesses. There was further integration of these four important growth engines, and at the same time a step-up in our reforms and enhancements to our management efficiency. Thanks to these collective and coordinated efforts, we have maneuvered along the course of our development and maintained satisfactory growth in our financial performance.”

## Major Developments

### *Personal Mobile Market: Proactively Responding to Intense Data Traffic Competition*

Personal mobile market remains our biggest revenue contributor. In the first half of 2018, we effectively implemented further initiatives in response to the “speed upgrade and tariff reduction” regulatory requirement and proactively mitigated the associated risks in advance. To counter the intensifying competition on customer and data traffic market shares, we further adjusted our strategy and took a series of actions to develop our 4G business as well as data traffic operations. As a result, we saw our 4G net additional customers and data traffic market share swing back to a positive trend. Overall, we maintained our leading position in the personal mobile market.

In terms of network construction, we have newly added 190,000 4G base stations in the first half of the year. To reinforce our competitive edge in the premium 4G network, we have made measured investments to ensure adequate network capacity while continuously improving the indoor in-depth coverage. We worked to secure continuous coverage in urban areas while improving the network in rural areas to sustain our leading advantage in overall network coverage and quality.

Our ongoing efforts in customer development has paid off with a net addition of 18.61 million mobile customers in the first half of 2018, driving the total number of mobile customers beyond the 900 million milestone. Among this base 680 million are 4G customers. With a net addition of 27.32 million 4G customers in the first half of 2018, the 4G penetration rate of our mobile customers has reached 74.7%.

We have implemented various measures to tackle the head-on competition of large-data, low- tariff packages offered by our peers. Firstly, we activated tariff elasticity to capture the upside of data traffic and increased the stickiness for our existing customers. Secondly, against the backdrop of the cancellation of domestic data

roaming tariffs, we optimized our package plans and offered a new tariff structure that better suits the needs of our customers. Thirdly, we launched convergence marketing initiatives to uncover potential mobile customers in various business lines including the household and corporate markets. Lastly, we enriched our content offering by fostering cooperation with Internet companies to enhance customer loyalty. Our proactive actions to counter the activities of competitive firms have yielded positive results. In the first half of 2018, the average handset data traffic per user per month, or DOU, of 4G customers exceeded 3GB while the total handset data traffic increased by 153%. Data traffic revenue maintained a double-digit growth rate.

We will leverage our advantages in scale, network and depth of resources to optimize our marketing strategies and make proactive moves to respond to market competition and fortify our leading position in the 4G market.

#### *Household Market: Robust Growth Momentum*

Household market has become an important growth driver for the Company in the recent years. Committed to boosting network speed and quality with a focus on targeted development, we sped up our expansion in the household market, with increases in both customer base and value. In the first half of 2018, we have recorded growth in market shares in terms of both customers and revenue in the household broadband market. Net growth in household broadband customers reached 18.80 million, accounting for 57% of the total number of net additional customers in the industry, driving the total number of our household broadband customers to 128 million. An increasing number of customers have opted for our higher-end products, with 42.5% of our customers using broadband with bandwidth of 100Mbps or above, up by 20.5 percentage points from the end of 2017. Household broadband revenue reached RMB21.0 billion, representing a year-on-year increase of 49.1% and becoming an important revenue growth driver.

We committed substantial effort to building out our smart household ecosystem. Through enhancing the quality of our premium products such as Mobaihe (a digital set-top box) and Smart Home Gateway, we have boosted the growth of our household digital business. In the first half of 2018, the number of subscribers for Mobaihe has exceeded 79.15 million, with a net addition of 21.90 million since the end of 2017. Penetration of this service amongst our household broadband customers reached 61.7%.

High network quality and compelling content applications have driven the continued growth in customer value. In the first half of 2018, household broadband blended ARPU reached RMB34.8, or an increase of 7.3%. Our focus for the second half of 2018 will remain on upgrading the network and enhancing service quality, in order to obtain more customers and expand the value of our broadband business.

#### *Corporate Market: Rapid Growth in Key Businesses, Market Competitiveness Significantly Enhanced*

We rode on growth opportunities presented by the “Internet+” state policy through continued expansion into major industries and the development of key products and applications. This has resulted in quantifiable progress in the growth in volume and revenue generated by our corporate business, as well as a strengthened position in this market. We served more than 6.70 million corporate customers and achieved a 21.2% year-on-year rise in telecommunications and informatisation services revenue, with a market share of more than 38%. Internet dedicated lines and IDC (Internet Data Centre) are amongst the key products that maintained a fast pace of growth, with 26.9% year-on-year revenue growth from dedicated lines and 56.8% from IDC. The market shares of the two products increased by 3.8 and 3.5 percentage points from the full year 2017 respectively.

We delved into vertical markets by working closely with our partners in seven key sectors, namely industrial, agriculture, education, public administration, finance, transportation and healthcare, providing each with tailored integrated solutions. A number of these solutions have developed in scale, with 11 of them generating annualised revenue of more than RMB100 million. Amongst them, our “and-Education” solution has generated revenue of more than RMB2.0 billion in the first half of 2018.

Our commitment to serving SMEs (small and medium-enterprises) was underscored by substantial tariff reductions on Internet dedicated lines, benefiting 2.13 million SMEs. We have launched concessionary corporate broadband packages for SMEs, significantly reducing their broadband access costs. An SME cloud application platform and structured cluster integration packages were launched to build our SME base through multiple channels.

In the second half of 2018, we will focus our efforts on key business areas and amplify any synergy with our partnering platforms that own corporate customer resources to speed up our expansion in the strategic markets of individual industries and high-value SMEs. This will allow us to continue a track record of leapfrog development in the corporate market.

#### *Emerging Business: Enhancing Contents Business and Crafting Blockbuster Products*

We have been exploring ways to nurture innovation as a key to creating new growth momentum. In this regard, we are rigorously strengthening our competitiveness and growing our customer base in the emerging business, as well as developing new businesses and models of digital services to support the Company in delivering increased value. The measures have yielded notable results. In the first half of 2018, application and information services revenue grew by 23.5%, creating more significant positive impact on the overall revenue.

We continued to proactively roll out initiatives which blend technological innovations with product innovations. Based on our core proprietary research and development capabilities, we persistently enhanced our product portfolio and features via our professional operations. We have stepped up efforts in developing competitive digital products, enriching content and innovating marketing models in order to enhance consumer experience.

In the first half of 2018, our digital media MIGU introduced FIFA World Cup related quality content and, leveraging this, launched target-oriented Internet marketing that offered membership privileges and large-data packages. The campaign achieved encouraging results. During the period, MIGU recorded more than 4.3 billion viewership on the FIFA World Cup matches. Our mobile payment business is another focus area of development and transaction value of “and-Wallet” has exceeded RMB1.36 trillion.

Meanwhile, we continued to leverage the innate advantages from being an ICT (Information and Communication Technology) operator to support the fast development of the ecosystem on our platform. On this platform, we sped up the sharing of our core competency in areas including telecommunications, Internet, IoT and digital household services. We continued to unleash the synergy between our cloud resources and current applications and further developed our data convergence, analysis and application capabilities. These initiatives will create new growth opportunities for our future development.

We are building out a high-quality NB-IoT (Narrow band-Internet of Things) network and will realise continuous coverage to areas at town level and above across the country by the end of this year. At the same time, we will continue to promote our self-developed IoT open platform OneNET, as well as constructing a high performance IoT smart service system, in order to provide quality one-stop service for our extensive IoT customer base. In the first half of 2018, our IoT business achieved rapid growth, with a net addition of 155 million IoT smart connections. The total number of IoT smart connections has reached 384 million and revenue from IoT business recorded a year-on-year growth of 47.6%. In the foreseeable future, platforms and applications associated with areas including Internet of vehicles, manufacturing, smart wearables, education and healthcare will become important drivers sustaining revenue growth of the Company.

#### **Full-year Outlook**

A visionary will adjust his strategies over time and a wise man will measure his methods against trends. Industry competition, cross-sector integration, regulatory policies and the organic transition from old drivers to new growth momentum are all changes and challenges that we are well aware of across the board. We will ride on these trends and forge ahead with plans to raise market shares in our key business lines, maintain healthy growth and propel transformation, in order to assume control over the direction of our future development.

Our focus for the rest of the year will remain on increasing our customer and data traffic market shares, while striving to maintain our leadership in the personal mobile market. On the one hand, we will proactively and precisely launch all possible measures to expand our business scale, gain market shares and maintain customer value. On the other hand, we will strengthen the cooperation with proven Internet companies to market content-based data products on a more massive scale, in order to further boost data traffic revenue.

We will make dynamic moves to unleash synergies in household, corporate and emerging businesses and turn them into growth drivers. This integrative strategy will include marketing a combination of fixed and mobile products in an effort to promote the integrated development of our digital household portfolio and to raise the value of our household business. We will also step up efforts to develop the corporate market by focusing on vertical sectors and accelerating the replication and promotion of fully-fledged industry solutions. Finally, we will increase the contribution from the emerging business by permeating relevant products into the usage scenarios of data users, hence persistently nurturing new growth areas.

We will continue to offer our customers premium services to satisfy their expectations. To do this, firstly, we will strengthen our network and IT system support to solidify the foundation of our services and secondly, to raise customer satisfaction, we will establish a full-service, full-touchpoint service system, while extending our offering to a wider range of smart services through applications of technologies such as AI (Artificial Intelligence) and big data, to ensure that we provide differentiated, precise and proactive services. By doing so, we will enhance the connectivity value to our customers and safeguard our future development.

Aligning with these new development trends, we will continue to formulate our strategy in key areas to future-proof our development. Firstly, we will proactively apply AI, big data and cloud computing technology in all aspects of operations to further our own digital transformation. Secondly, we will participate in the evolution of information and communication technology to build out our infrastructure that will enable the new generation of smart connection. Thirdly, as an industry leader, we will continue to promote open operations and collaboration with leading Internet companies and industry partners, working together strategically in order to create an innovative ecosystem that benefits all and promotes value sharing.

The development of 5G bears great significance to the Company for its profound implications on our sustainability. We have therefore attached high importance to 5G research and development, as well as 5G trial tests. Following our participation in the finalisation of the first set of international 5G technology standards in the first half of 2018, we will continue to proactively roll out trial tests on the 5G network and other tests on 5G applications in the second half of 2018, as well as investing resources into the 5G Joint Innovation Centre and studying the possibility of cross-industry integration and applications that will speed up the commercialisation of the 5G technology. We are keen to generate returns on our investments and will plan our future investments on 5G taking into consideration the level of maturity of the industry and business models that emerge.

It has been our focus to strike a reasonable balance between the needs for near-term returns and long-term development, as well as the expectations of customers, shareholders, the public and the regulators. For full-year 2018, we will maintain stable growth in telecommunications services revenue, net profits and shareholders returns. Looking forward, we have every confidence in the Company's sustainable development.

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**Media enquiries:**

China Mobile Limited  
Investor Relations Department  
Mr. Calvin Lam  
Tel: 852 3121 8888  
Email: calvinlam@chinamobilehk.com  
Fax: 852 2511 9092

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**Forward-looking statements**

Certain statements contained in this press release 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.