

PRESS RELEASE

For Immediate Release

CHINA MOBILE ANNOUNCES 2019 ANNUAL RESULTS

Obtained Positive Momentum in Operating Results “5G+” Plan Achieved a Good Start

Highlights

- Proactively overcame headwinds; obtained positive momentum in operating results
- Continuously drove business transformation and upgrade; value-driven operating practices generated initial results
- Focused on advance planning and targeted investments; steadfastly strengthened basic capabilities
- Forged ahead with the “5G+” Plan; 5G development achieved a good start
- Further enhanced management competence; achieved breakthroughs in reforms and innovation
- Strove to become world-class by building a dynamic “Powerhouse”; continuously creating value for shareholders

Operating Performance

	2018	2019	Change
Operating revenue (RMB million)	736,819	745,917	1.2%
Of which: Revenue from telecommunications services (RMB million)	670,907	674,392	0.5%
EBITDA (RMB million) ^{1/2}	275,541	295,967	7.4%
Profit attributable to equity shareholders (RMB million) ³	117,781	106,641	-9.5%
Basic earnings per share (RMB)	5.75	5.21	-9.5%
Dividend per share (HK\$)	3.217	3.250	1.0%
Total mobile customers (million)	925	950	2.7%
Of which: 4G customers (million)	713	758	6.4%
Mobile ARPU (RMB)	53.1	49.1	-7.5%
Wireline broadband customers (million)	157	187	19.4%
Of which: Household broadband customers (million)	147	172	17.1%
Household broadband blended ARPU (RMB)	34.4	35.3	2.7%
IoT customers (million)	551	884	60.3%

1. EBITDA = profit from operations + depreciation and amortization

2. The Company has adopted the new accounting standard on leases (IFRS/HKFRS 16) with effect from 1 January 2019. Should the former corresponding accounting standard (IAS/HKAS 17) were applied to the results of the current year (meaning “excluding the impact of the new accounting standard on leases”), EBITDA in 2019 would have decreased by 1.6% year-on-year

3. Excluding the impact of the new accounting standard on leases and the one-off gain resulting from the public listing of China Tower Corporation Limited in 2018, net profit in 2019 would have decreased by 7.0% year-on-year

(Hong Kong, 19 March 2020) –China Mobile recorded operating revenue of RMB745.9 billion for the 2019 financial year, up by 1.2% compared to last year. Of this, telecommunications services revenue amounted to RMB674.4 billion, or growth of 0.5% year-on-year. EBITDA was RMB296.0 billion, up by 7.4% from last year. EBITDA margin was 39.7%, up by 2.3 percentage points compared to the previous year. Measures to boost revenue, reduce costs and enhance the quality and efficiency of operations have helped us maintain leading profitability levels among top-tier global telecommunications operators. Profit attributable to equity shareholders reached RMB106.6 billion or RMB5.21 per share, down by 9.5% year-on-year. Our capital expenditure was RMB165.9 billion and we maintained our free cash flow at a healthy level, amounting to RMB81.7 billion.

The Board recommends a final dividend payment of HK\$1.723 per share for the year ended 31 December 2019. Together with the interim dividend payment of HK\$1.527 per share, the total dividend payment for the 2019 financial year amounted to HK\$3.250 per share.

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.

The Board believes that our industry-leading profitability and ability to generate healthy cash flow will provide sufficient support for the Company’s future development and create favourable returns for our shareholders.

Mr. Yang Jie, Chairman of the Company commented, ‘We were faced with a challenging and complicated operating environment in 2019 where the upside of data traffic was rapidly diminishing and competition within the telecommunications industry and from cross-sector players was becoming ever more intense. Coupled with this was the impact of government policies, including the continued implementation of the “speed upgrade and tariff reduction”. Against this backdrop, all of us at China Mobile joined together to overcome these hurdles and work towards our ultimate goal of becoming a world-class enterprise by building a dynamic “Powerhouse”. This was centred on the key strategy of high-quality development, supported by a value-driven operating system that leverages our advantages of scale to drive further convergence, integration and digitization across the board. We structured our organization to enable effective and synergetic capability building and collaborative growth, while nurturing internal vitality. In addition, we further implemented our “5G+” plan to spearhead the development of “four growth engines”, comprising the “customer”, “home”, “business” and “new” markets. These measures have helped us obtain positive momentum in overall operating results, which was a hard-earned achievement for us in a tough year.’

Advancing Forged Coordinated Development of CHBN “Four Growth Engines”

In view of changes in the market landscape, we transformed and upgraded our services beyond telecommunications to the broader space of information services, and kicked off at full speed the coordinated development of our CHBN “four growth engines” – the “customer”, “home”, “business” and “new” markets. These strategic shifts have further enhanced our revenue structure, infusing new growth momentum into our business.

“Customer” Market

Considering the rapid growth in data traffic demand and squeezed data value in the “customer” market, we responded by further converging data access, applications and customer benefits in our operations. As a result, we gained solid growth in customers and further strengthened our revenue base. With a net addition of 25.21 million, the total number of mobile customers reached 950 million in 2019. Handset data traffic increased by 90.3% year-on-year and DOU (the average handset data traffic per user per month) was 6.7 GB. We also managed to achieve an industry-leading mobile ARPU (average revenue per user per month) of RMB49.1. We continued to upgrade our products, including “GoTone”, and optimize our service management mechanism. Customer satisfaction was further enhanced.

“Home” Market

With regard to the “home” market, we focused our efforts on scale expansion, brand building, ecology cultivation and value lifting, while delivering better one-stop marketing, installation, maintenance and customer services. We further promoted smart family operations and as a result, this business was able to deliver strong growth. The number of household broadband customers increased by 17.1% year-on-year and reached 172 million. Among them, our digital set-top box “Mobaihe” registered a total of 122 million customers, representing a penetration rate of 70.9%. Meanwhile, household broadband blended ARPU reached RMB35.3.

“Business” Market

The “business” market was our new growth engine and we strove to nurture new growth points by fully leveraging our cloud and network convergence advantages, building on our DICT (data, information and communications technology) infrastructure comprising IDC, ICT, Mobile Cloud, big data and other corporate applications and information services. Buoyed by our active promotion of our “Network + Cloud + DICT” smart services, customers and revenue recorded rapid growth. As of the end of 2019, the number of our corporate customers increased to 10.28 million, representing year-on-year growth of 43.2%. Focusing on key sectors such as industry, agriculture, education, public administration, healthcare, transportation and finance, we deepened go-to-market resources to promote DICT solutions that cater to sector-specific scenarios. This strategy has boosted DICT revenue to RMB26.1 billion, or growth of 48.3% year-on-year, contributing a larger portion of our overall revenue.

“New” Market

In the “new” market, we continued to grow four new areas – international business, equity investment, digital content and FinTech. Our increased efforts have generated initial results. In 2019, our international business gained traction with year-on-year revenue growth of 31.4%. Centring on the principles of value contribution, ecosystem formation and investment-derived sector synergy, we have increased efforts to pursue equity investment, and income from equity investment contributed 11.9% to our net profit. Monthly active users for “MIGU Video” and the core functions of “and-Wallet” increased by 46.4% and 58.9% year-on-year respectively.

Promoted Convergence, Integration and Digitisation; Boosted Capability, Collaboration and Vitality; Drove Business Transformation with Breakthroughs in Reform and Innovation

Leveraging our advantages of scale, we began to establish a value-driven operating system focusing on the three elements of convergence, integration and digitization. We expanded our market presence through the convergence strategy, created value through integration and enhanced efficiency through digitization. We have seen positive initial results from this transformative development and upgrade. At the same time, capability, collaboration and organizational vitality formed a strong foundation for us to forge full-blown reforms and innovations. In this aspect, we have sped up progress in establishing a synergetic and efficient operating system across the organization. We further optimized our operating system, continued to grow our network capability, strengthened open collaboration and infused vitality into the Company.

“5G+” Achieved a Good Start

We sped up the development of 5G and have been fully implementing our “5G+” plan since June 2019, when we were granted the 5G licence. These initiatives have shown good initial results.

We actively participated in setting international standards for 5G to drive technological development. We led 61 key projects in relation to 5G international standards setting and own more than 2,000 5G patents. We also helped to continuously strengthen the Standalone International Standards (SA). Our “6 international standards on 5G system architecture” and “38 international standards including 5G NR (New Radio) terminals and base station radio frequency” scooped all the top prizes in the 2019 Science and Technology

Awards presented by the China Communications Standards Association, demonstrating our leadership in 5G communications standards.

At the same time, we accelerated the implementation of “5G+” by formulating well-coordinated development of 5G and 4G. We constructed and began operating more than 50,000 5G base stations and launched 5G commercial services in 50 cities. We assimilated emerging technologies such as AI, IoT (Internet of Things), cloud computing, big data and edge computing into 5G (5G+AICDE) and developed more than 200 critical capabilities, while making breakthroughs in over 100 5G joint projects. In terms of 5G+Eco, we aimed to develop the ecosystem with other industry players. Through our 5G Innovation Centre and 5G Industry Digital Alliance, we attracted more than 1,900 partners. We established the 5G Device Forerunner Initiative, guiding manufacturers to launch 32 5G devices. The level of maturity was basically the same between the 2.6 GHz and 3.5 GHz industry chains.

Benefiting from forward-looking planning and effective execution, we expanded 5G+X, where “X” stands for the wider application of 5G, in applications that have been adopted by a plethora of industry sectors, as well as the mass market. For the latter, we launched exclusive plans for 5G customers and feature services such as ultra-high definition videos, cloud-based games and full-screen video connecting tones. As of the end of February 2020, our 5G plans attracted 15.40 million package customers – maintaining an industry-leading position. In terms of vertical sector, we explored the possibility of combining 5G with AICDE capabilities, extending collaboration in the industry and deep-diving into classic manufacturing scenarios to develop our leadership in 5G smart manufacturing, 5G remote medical services and 5G automated mining, among other sectors. We implemented a total of 50 group-level demo application projects.

Looking ahead, 5G presents infinite possibilities. We will continue to take a systematic approach to planning and steadily implementing our “5G+” initiatives. We will speed up technology, network, application, operations and ecosystem upgrades, accelerate industry transformation by converging technologies, integrate data to strengthen information transmission in society, and introduce digitized management to build the foundation for digital society development. By doing so, we will seek more extensive 5G deployment, covering more sectors and creating greater efficiency and social value.

Future Outlook

At present, the social and economic landscapes are undergoing four paradigm shifts. Economically, the digital economy has become the major driving force of growth. Technologically, emerging information technology has become the core engine to spur industry transformation and upgrades. With regard to business competition, technological innovation forms the pillar of companies’ competitive advantages. And, last but not least, demand for a better digital life has pervaded the whole of society.

These paradigm shifts will bring massive “Blue Ocean” opportunities to the information telecommunications industry. The accelerating development of 5G will provide better infrastructure and more scenarios to boost the scale application of AI, IoT, cloud computing, big data, edge computing and blockchain, among other technologies, promoting the digital transformation of all industries and digital life. At the same time, we will encounter disruptive changes brought forth by digitization, challenging the existing network and business models and giving rise to unforeseen competition within the industry, as well as from cross-sector players. The novel coronavirus outbreak since early 2020 has posed certain impact on the overall society and economy. Our business development has been no exception.

Good strategists win in the market; long-term strategic planning ensures sustainable prosperity. Facing opportunities and challenges, we will speed up “gear-changes” in three areas. In terms of business development, we will extend our offerings beyond telecommunications to information services; our market focus will shift from the mobile market to the all-encompassing “four growth engines”; and finally, our development model will transform from being resource-driven to innovation-driven.

We will uphold our strategy of becoming a world-class enterprise by building a dynamic “Powerhouse”. We will serve as a major force in the development of China as a “Cyberpower”, digital nation and smart society. Centred around our objective for high-quality growth, we will focus on business transformation and upgrade while giving impetus to reform and innovation. We will place emphasis on implementing our “5G+” plans while forging convergence, integration and digitization across our operations and building capabilities, establishing collaboration and infusing vitality in the organization. By doing so, we will make great strides towards becoming a top-tier global telecommunications operator and continuously create greater value for our shareholders.

In 2020, we will strive to overcome the impact of the novel coronavirus outbreak on business development and 5G network construction. The epidemic has bolstered the growing trend of businesses and customers going online and using more digital and cloud-based services, among other opportunities arisen. We will leverage these opportunities, as well as the 5G network to further develop the information and communications services market. With concerted efforts, we will strive to maintain growth in telecommunications services revenue and a stable level of net profit. We will also strive to maintain an industry-leading customer satisfaction.

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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.