

China Mobile (00941.HK)

Solid Growth Maintained,
Digital Transformation Unlocks Further Value
China | Telecom Services |

China Mobile (941 HK) announced its FY2024 full-year results on March 20, 2025, and its 1Q2025 results on April 22, 2025. Overall, the company delivered stable and improving performance, with sustained profitability and continued momentum in its digital transformation strategy. Key growth drivers include expanding DICT and cloud services, along with AI-led innovation.

Revenue and Profitability: Core Services Remain Resilient, Digital Business Accelerates

In FY2024, China Mobile recorded operating revenue of RMB 1,040.8 billion, up 3.1% YoY. telecommunications services revenue grew 3.0% YoY to RMB 889.5 billion, maintaining a stable contribution ratio of over 85%. Notably, digital transformation revenue reached RMB 278.8 billion, a YoY increase of 9.9%, accounting for 31.3% of communication service revenue—up from 29.4% in 2023—highlighting the growing importance of emerging businesses.

In 1Q2025, the company reported operating revenue of RMB 263.8 billion, virtually flat YoY (+0.02%). Telecommunications services revenue amounted to RMB 222.4 billion, rising 1.4% YoY. While overall revenue growth moderated, the core business remained resilient, supported by targeted value management and customer segmentation strategies.

Profit Expansion: Operating Efficiency and Depreciation Policy Drive Margin Gains

Full-year 2024 net profit attributable to shareholders rose 5.0% YoY to RMB 138.4 billion. Basic EPS was RMB 6.45. EBITDA reached RMB 333.7 billion, with an EBITDA margin of 37.5% on communication service revenue. A key factor behind the margin improvement was the change in depreciation policy—beginning in 2024, the depreciation period for 5G wireless and transmission equipment was extended from 7 to 10 years. This adjustment reduced annual depreciation and amortization by around RMB 19.07 billion, releasing pressure on operating margins.

In 1Q2025, EBITDA stood at RMB 80.7 billion, up 3.4% YoY, with an EBITDA margin of 30.6%, compared to 29.6% in the same period last year. Net profit attributable to shareholders was RMB 30.6 billion, up 3.45% YoY. The profit growth was mainly due to improved operating efficiency and stable contribution from non-recurring income.

A full-year dividend of HK\$5.09 per share for 2024, representing a 5.4% YoY increase and a payout ratio of 73%. China Mobile reiterated its commitment to raise the cash dividend payout to over 75% of net profit within three years starting 2024, underscoring strong confidence in future earnings and cash flow.

In the “Customer” market, total mobile subscribers reached 1,004 million by end-2024, with 5G network customers rising to 552 million, representing a 55% penetration rate. Mobile ARPU remained industry-leading at RMB 48.5. The company’s value-added services saw robust growth—Personal China Mobile Cloud Drive revenue reached RMB 8.9 billion (+12.6% YoY), while revenue from integrated-benefit products generated RMB 26.8 billion (+19.7% YoY). Monthly active users of 5G New Calling across all platforms reached 150 million, with 34.75 million smart application subscribers.

20 May 2025

Neutral

CMP HKD85.80
(Closing price as of 16 May)
Target HKD 81.66 (-4.8%)

COMPANY DATA

O/S SHARES (MN) :	21,587.767427
MARKET CAP (HKD MN) :	1839277.8
52 - WK HI/LO (HKD):	85.60/67.40

SHARE HOLDING PATTERN, %

China Mobile Communications Group Co., Ltd. 69.40%

PRICE VS. HSI



Source: Phillip Securities (HK) Research

KEY FINANCIALS

HKD mn	FY23	FY24	FY25E	FY26E
Revenue	1,009,309	1,040,759	1,049,704	1,077,446
Net profit	131,766	138,373	146,860	153,975
Reported EPS	6.16	6.45	6.84	7.15
P/E ratio, x	12.6	12.5	11.8	11.3
Dividend Yield, %	5.6%	5.9%	6.4%	7.0%

Source: Company reports, Phillip Securities Est.

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In the home market, broadband customers totaled 315 million, with 278 million being household users. ARPU for household customers increased 1.6% YoY to RMB 43.8. Gigabit broadband users grew 25% YoY, and FTTR users surged by 376% YoY, reflecting strong demand for premium broadband and smart home upgrades.

The "Business" Market saw strong expansion driven by "AI+DICT" integrated solutions. Revenue grew 8.8% YoY to RMB 209.1 billion. Corporate customers reached 32.6 million (+4.2 million net adds). China Mobile Cloud revenue exceeded RMB 100.4 billion (+20.4% YoY), maintaining its top-five industry position in IaaS+PaaS. The company completed over 700 large-scale 5G DICT projects and grew 5G dedicated network revenue by 61% YoY to RMB 8.7 billion.

In "New" Markets, revenue rose 8.7% YoY to RMB 53.6 billion. International business contributed RMB 22.8 billion (+10.2% YoY), digital content reached RMB 30.3 billion (+8.2% YoY), and fintech revenue soared to RMB 116.5 billion (+52%). Notably, MIGU Video monthly active users exceeded 520 million, and and-Wallet monthly actives reached 124 million.

Innovation and Infrastructure: AI+ and BASIC6 Strategy Gathers Momentum

China Mobile accelerated the rollout of its "Three Major Programs" of "Two New Elements". The "AI+" initiative saw meaningful progress, with the debut of the company's proprietary Jiutian large language model, which was included in the 2024 list of "Top 10 National Strategic Tools" by central SOEs. The AI+DICT integrated service model signed over 500 projects and reached 190 million users for AI-based products.

On the infrastructure side, total general-purpose computing power reached 8.5 EFLOPS, with intelligent computing at 29.2 EFLOPS, with the intelligent computility center nodes commencing operation in regions including Beijing-Tianjin-Hebei. The 400G backbone and AIDC upgrades were recognized as industry benchmarks.

Investment Thesis

China Mobile's FY2024 and 1Q2025 results demonstrate stable revenue and profit growth, underpinned by resilient core businesses and accelerating contributions from digital transformation, and innovative businesses such as AI and DICT are expected to become core growth engines in the future. The depreciation policy change provided a short-term margin boost, while the company's commitment to strong and growing dividends reinforces its focus on shareholder value. Looking ahead, China Mobile is well-positioned to benefit from the "AI+" era. The company's leadership in computing infrastructure, cloud, and intelligent applications offers strong potential for value creation. We expect FY2025E-FY2026E EPS to be RMB 6.84 and RMB 7.15 respectively, with PT of HK\$81.66, implies a FY2025E P/E of 11.2x (~0.5-yr historical average plus 1 standard deviation). Our investment rating is "Neutral".

Risk factors

1) The weak economic recovery affects user ARPU and government and enterprise demand; 2) The industry competition landscape worsens; 3) Policy or data compliance risks.

Financial

Consolidated Statement of Profit or Loss

Dec Y/E, RMB mn	FY22	FY23	FY24	FY25E	FY26E
Revenue	937,259	1,009,309	1,040,759	1,049,704	1,077,446
Service revenue	812,058	863,514	889,468	902,396	929,624
Operating expenses	(808,160)	(874,963)	(898,169)	(899,680)	(920,307)
Profit from operations	129,099	134,346	142,590	150,024	157,139
Other gains	9,388	9,823	4,970	8,515	7,104
Interest and other income	15,729	21,134	23,005	22,582	24,055
Finance costs	(2,330)	(3,730)	(3,273)	(2,769)	(2,296)
Income from investments	10,986	8,958	11,097	10,938	12,203
Profit before tax	162,872	170,531	178,389	189,290	198,204
Income tax	(37,278)	(38,596)	(39,863)	(42,254)	(44,046)
Shareholders Net profit	125,459	131,766	138,373	146,860	153,975
Non-controlling interests	135	169	153	175	184
Reported EPS, Basic	5.88	6.16	6.45	6.84	7.15
DPS	3.86	4.42	4.68	5.13	5.61
Payout ratio	66%	72%	73%	75%	78%

Key Financial Data

Dec Y/E	FY22	FY23	FY24	FY25E	FY26E
Valuation Ratio					
P/S ratio, x	1.7	1.6	1.7	1.7	1.6
P/E ratio, x	13.0	12.6	12.5	11.8	11.3
Dividend Yield, %	5.1%	5.6%	5.9%	6.4%	7.0%

Per share data (HKD)

EPS	6.59	6.79	6.86	7.27	7.60
BVPS	68.14	69.18	69.05	71.20	73.20
DPS (HKD)	4.41	4.83	5.09	5.46	5.96

Growth & Margin

Growth					
Revenue Growth	10.5%	7.7%	3.1%	0.9%	2.6%
Operating Profit Growth	9.4%	4.1%	6.1%	5.2%	4.7%
EBITDA Growth	5.8%	3.7%	-2.3%	4.0%	0.7%
Net Profit Growth	8.0%	5.0%	5.0%	6.1%	4.8%
Margin					
Operating Profit Margin	13.8%	13.3%	13.7%	14.3%	14.6%
EBITDA Margin	35.1%	33.8%	32.1%	33.0%	32.4%
Net Profit Margin	13.4%	13.1%	13.3%	14.0%	14.3%

Key Ratios

ROE	10.0%	10.0%	10.1%	10.5%	10.5%
ROA	6.6%	6.7%	6.7%	7.1%	7.2%

Consolidated Statement of Financial Position

Dec Y/E, RMB mn	FY22	FY23	FY24	FY25E	FY26E
Non Current Asset					
PPE	741,029	714,663	714,494	686,219	667,837
Others	738,138	779,890	825,074	827,073	831,072
Total Non Current Assets	1,479,167	1,494,553	1,539,568	1,513,292	1,498,909
Current Asset					
Inventory	11,696	12,026	11,229	11,807	12,491
Trade and other receivables	40,245	54,881	75,741	59,514	56,824
Bank balance and cash	167,106	141,559	167,309	214,057	291,721
Others	237,324	289,638	314,280	317,613	322,057
Total Current Assets	456,371	498,104	568,559	602,991	683,094
Total Assets	1,935,538	1,992,657	2,108,127	2,116,283	2,182,002
Non Current Liabilities					
Lease liabilities	81,741	67,759	55,930	42,830	51,830
Other Non-current Liabilities	19,037	20,348	22,640	23,240	23,473
Total Non-current Liabilities	100,778	88,107	78,570	66,070	75,303
Current Liabilities					
Trade and other payables	156,536	297,456	354,341	330,398	350,524
Others	376,801	261,109	278,677	276,677	269,177
Total Current Liabilities	533,337	558,565	633,018	607,075	619,701
Equity					
Shareholders' equity	1,297,348	1,341,732	1,392,032	1,438,455	1,482,132
Non-controlling interests	4,075	4,253	4,507	4,682	4,866
Total equity	1,301,423	1,345,985	1,396,539	1,443,138	1,486,998
Total Liabilities and Equity	1,935,538	1,992,657	2,108,127	2,116,283	2,182,002

Consolidated Statement of Cash Flow

Dec Y/E, RMB mn	FY22	FY23	FY24	FY25E	FY26E
CFO					
Profit before income tax	162,872	170,531	178,389	189,290	198,204
D&A add-back	200,077	207,132	191,101	196,896	192,083
Others	(59,388)	(51,461)	(56,206)	(42,254)	(44,046)
Net (inc)/dec working capital	(22,811)	(22,422)	2,457	(8,294)	22,131
Net cash flow from operating activities	280,750	303,780	315,741	335,638	368,373
CFI					
Purchase of PP&E	(183,861)	(181,263)	(155,979)	(168,621)	(173,701)
Others	(54,192)	(24,436)	(29,215)	(4,732)	(8,210)
Net cash flow from investing activities	(238,053)	(205,699)	(185,194)	(173,353)	(181,911)
CCF					
Dividends paid	(86,837)	(91,088)	(97,458)	(100,437)	(110,298)
Others	(33,677)	(32,755)	(7,709)	(15,100)	1,500
Net cash flows from financing activities	(120,514)	(123,843)	(105,167)	(115,537)	(108,798)
Net Change in Cash	(77,817)	(25,762)	25,380	46,748	77,664
Cash and CE at Y/E	167,106	141,559	167,309	214,057	291,721

Current Price as of: May 16

Source: PSHK Est.

PHILLIP RESEARCH STOCK SELECTION SYSTEMS

Total Return	Recommendation	Rating	Remarks
>+20%	Buy	1	>20% upside from the current price
+5% to +20%	Accumulate	2	+5% to +20% upside from the current price
-5% to +5%	Neutral	3	Trade within \pm 5% from the current price
-5% to -20%	Reduce	4	-5% to -20% downside from the current price
<-20%	Sell	5	>20% downside from the current price

We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation

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