China Mobile

Defensive play with attractive yield

5 May 2026

Company Overview

China Mobile (CM) is the largest mobile operator in Mainland China, with a market share of c.55%. The company offers 2G services via GSM, and 3G/4G through Chinese-developed TD-SCDMA/TD-LTE technologies, along with 5G on a 5G SA network. It also provides fixed-line services after acquiring Tietong. Mobile service revenue account for 80%+ of CM's total service revenue.

Investment Overview

Largest and leading mobile operator in China. China Mobile maintains its dominant market position with approximately 642 mn 5G package subscribers as of FY25, capturing a market share of nearly 55%. The company benefits from cost efficiencies through network co-sharing initiatives. Its fixed-line broadband subscriber base reached 324 mn in FY25, accounting for roughly 50% of the market, solidifying its integrated operator status.

Digital Transformation as the core growth engine. The company is successfully pivoting towards high-growth digital services. In FY25, revenue from computing services (including cloud and data centers) grew 11.1% y/y to RMB89.8bn, with intelligent computing service revenue surging 279%. Cloud computing service revenue increased by 13.9% y/y, supported by 210 mn monthly active Cloud Drive users. This shift from traditional communications is crucial, as the combined revenue share of computing and AI services reached 20.2% of principal business revenue in FY25, up 1.4 ppts y/y.

Committed to growing shareholder returns. The company delivered stable FY25 results with operating revenue of RMB1,050.2bn (+0.9% y/y) and profit attributable to shareholders of RMB137.1bn (-0.9% y/y). It is committed to a rising dividend payout, achieving 75% in FY25 with a total DPS of HKD5.27 (+3.5% y/y), and guiding for a "stable-to-rising" payout in FY26F. This is supported by a robust net cash position of RMB232.8bn, industry-leading free cash flow of RMB82.0bn, and declining capital intensity.

Maintain BUY with a revised TP of HKD98 (previously HKD110). Our revised TP of HKD98 is based on 14x FY26F PE (unchanged), slightly lower than regional peers average of 17x. While we acknowledge near-term industry-wide headwinds, our valuation accounts for the successful scaling of its high-margin digital growth engines (cloud, computing, AI). This is considered alongside the company's commitment to capital returns—including a considerable dividend yield of c.7%—and its defensive cash flow profile.

Risks

Price war in the mobile market. Irrational competition for mobile subscriber could lead to higher ARPU pressure.

Policy risk. The sector is subject to policy risks such as management reshuffles and tariff cuts.

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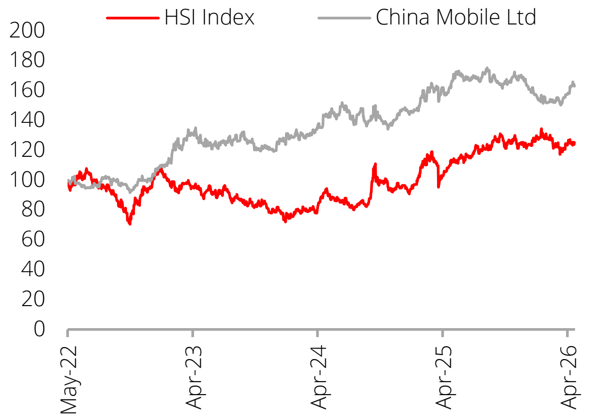
Key Financial Data

Bloomberg Ticker	941 HK
Sector	Telecommunication Services
Share Price (HKD)	83.95
DBS Rating	BUY
12-mth Target Price (HKD)	98.00
Market Cap (USDbn)	235.16
Volume (mn shares)	8.89
Dividend yield (%)	6.35
Fwd. P/E (x)	11.21
P/Book (x)	1.14
ROE (%)	9.72

Closing Price as of 04 May 2026
Source: Twelve Data, DBS, Visible Alpha

Indexed Share price vs Composite Index Performance

(normalised)



Source: S&P

Financial Summary (CNYmn)

FY Dec	FY2023 (A)	FY2024 (A)	FY2025 (A)	FY2026 (F)	FY2027 (F)
Sales	1,009,309	1,040,759	1,050,187	1,079,505	1,105,368
% y/y	7.7	3.1	0.9	2.8	2.4
Gross Profit	1,009,309	1,040,759	1,050,187	1,079,505	1,105,368
% y/y	7.7	3.1	0.9	2.8	2.4
EBITDA	341,478	333,691	338,931	354,941	357,476
% y/y	3.7	(2.3)	1.6	4.7	0.7
Net Profit (Loss)	131,766	138,373	137,095	137,538	147,737
% y/y	5.0	5.0	(0.9)	0.3	7.4
FCF	123,270	160,725	126,819	212,530	226,425
% y/y	34.4	30.4	(21.1)	67.6	6.5
CAPEX	(180,510)	(155,016)	(106,100)	(106,100)	(106,100)
% y/y	(4.5)	(14.1)	(31.6)	0.00	0.00
EBITDA Margin (%)	33.8	32.1	32.3	32.9	32.3
Net Margin (%)	13.1	13.3	13.1	12.7	13.4
ROA (%)	6.7	6.7	6.5	6.4	6.6
ROE (%)	10.0	10.1	9.7	9.5	10.0
Tax Rate (%)	22.6	22.3	21.8	22.0	22.0

Source: Company, DBS

Valuation Metrics

FY Dec	FY2023 (A)	FY2024 (A)	FY2025 (A)	FY2026 (F)	FY2027 (F)
PE (x)	11.5	11.0	11.1	11.1	10.3
P/B (x)	1.1	1.1	1.1	1.0	1.0
Dividend Yield (%)	6.5	6.6	6.8	6.8	7.4
EV/EBITDA (x)	3.7	3.5	3.8	3.1	2.7
FCF Yield (%)	9.9	13.6	9.9	19.6	23.5
Net DPS (HKD)	5.1	5.0	5.3	5.5	6.0
BV Per Share (HKD)	69.1	69.1	73.6	77.5	79.3

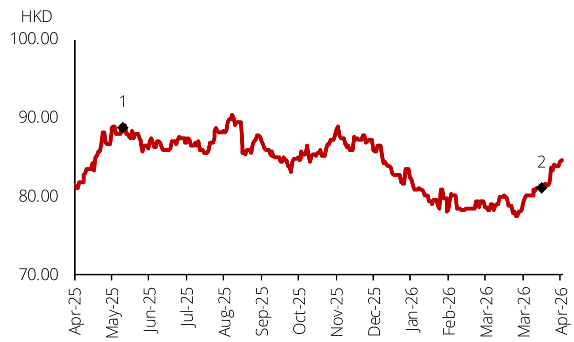
Source: Company, DBS

Credit & Cashflow Metrics

FY Dec	FY2023 (A)	FY2024 (A)	FY2025 (A)	FY2026 (F)	FY2027 (F)
Debt / Equity (x)	0.1	0.0	0.0	0.0	0.0
Net Debt / Equity (x)	cash	cash	cash	cash	cash
Debt / Assets (x)	0.0	0.0	0.0	0.0	0.0
EBITDA / Int Exp (x)	nm	nm	nm	nm	nm
Debt / EBITDA (x)	0.2	0.2	0.2	0.1	0.1
Receivables Days	27.9	35.4	43.6	48.5	51.7
Days Payable	(903.8)	(1,073.3)	(1,125.3)	(1,037.9)	(1,084.7)
Inventory Days	(20.9)	(22.2)	(26.7)	(29.3)	(28.7)

Source: Company, DBS

Target Price & Ratings History



S.No.	Date	Closing Price	Target Price	Rating
1	4-Jun-25	HKD89.10	HKD110.00	BUY
2	13-Apr-26	HKD81.10	HKD98.00	BUY

Note: Share price and Target price are adjusted for corporate actions

Source: DBS

Analysts: Andy YU
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HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)
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**Share price appreciation + dividends*

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