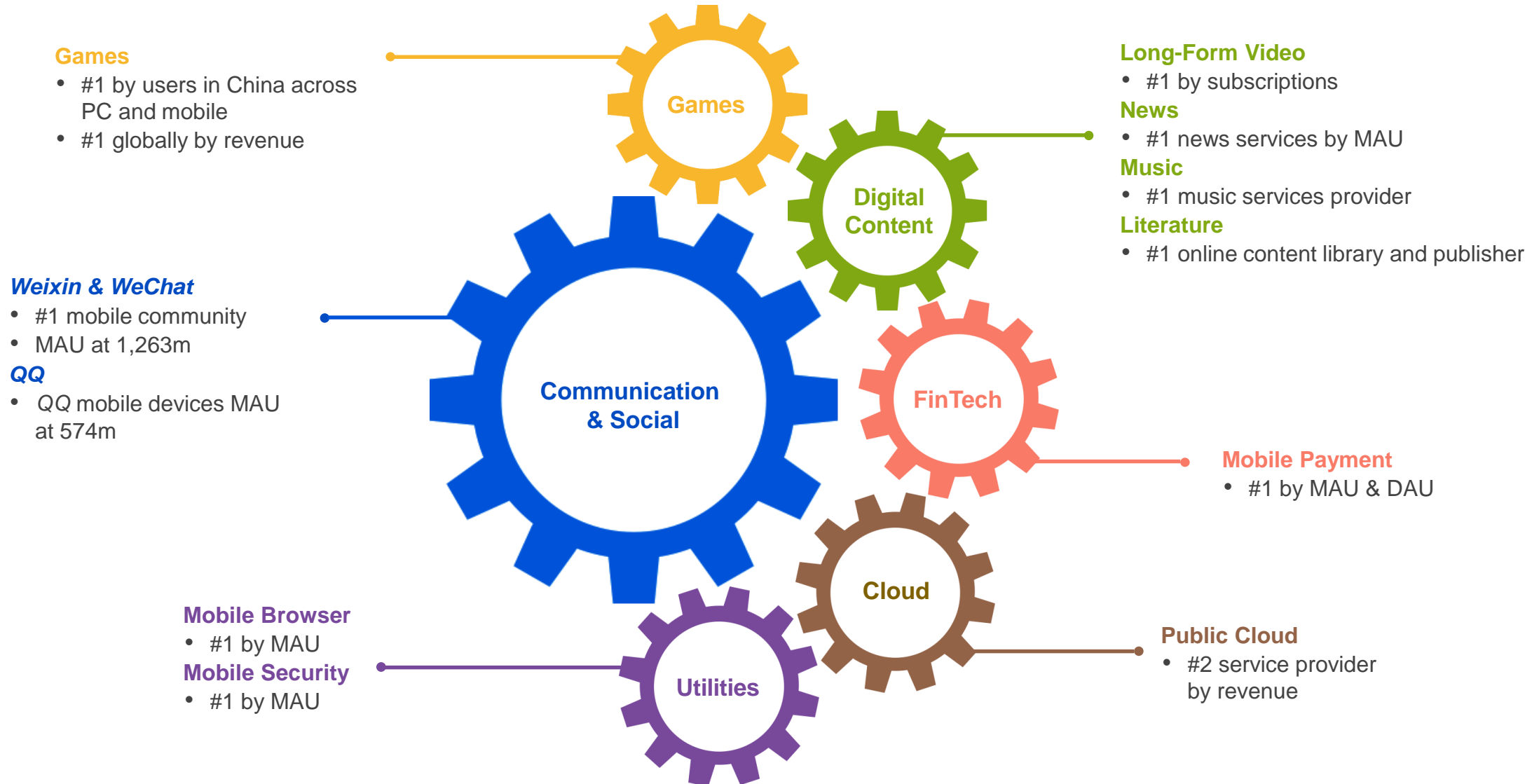


Tencent 腾讯

CORPORATE OVERVIEW

November 10, 2021

Leading Services with Highly Engaged User Base



* All rankings above refer to China market, unless otherwise stated. Ranking for public cloud is based on IaaS and PaaS revenue. Company data as of Sep 30, 2021.

Digital Ecosystem Fulfilling Everyday Needs of Consumers

1 billion+

daily average commercial payment transactions on *Weixin Pay* ⁽¹⁾

RMB1.6 trillion+

total transaction value generated from *Weixin Mini Programs* ⁽²⁾

235 million

total fee-based VAS subscriptions ⁽³⁾



1. Since 4Q2019
 2. Annual transaction value in 2020
 3. Fee-based VAS subscriptions as of Sep 30, 2021

Weixin Connects Users, Content and Services in China



Chat and Moments

- *Weixin Chat* provides synchronous communication between mutual contacts
- *Moments* provide asynchronous photo, video and audio sharing

Weixin Pay

- Easy and secured online/offline transactions
- Over 1 billion average commercial transactions per day since 4Q2019

Mini Programs

- Provide *Weixin* users with products, content and services
- Assist businesses in building their own digital channel and customer relationships, and driving sales
- 2020 annual transaction value more than doubled YoY

Official Accounts

- Allow individuals, media and businesses to share original content and engage with audience
- Strengthen brand awareness and content management

Video Accounts & Live Streaming

- A separate ID-based content platform for public sharing of video and live streaming content
- Provide unique channel for acquiring and managing customers efficiently
- Composed of both knowledge-based and entertainment content, offered to users via social and algorithmic recommendations

Largest communication and social service in China for over 1.26 billion MAU ⁽¹⁾

QQ Caters to Evolving Interactive Needs of Young Generations

QQ Wallet



Services

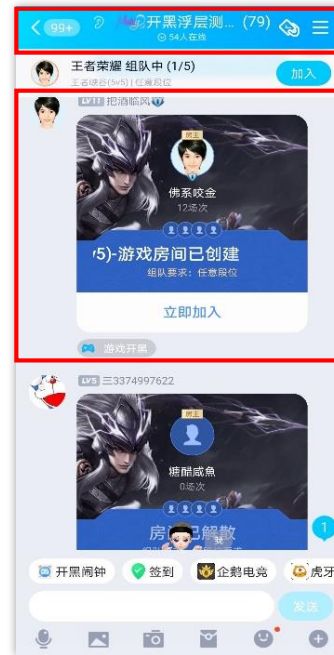
Mobile payment for daily services, transportation, shopping and entertainment services, etc.

Mini Programs



Connect users with content & services, e.g., animated series provided by third-parties

Chat & Group

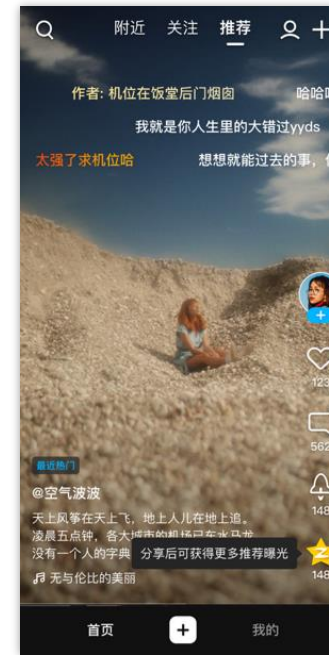


Game interest group

Honour of Kings team-up invite

Users discuss game-related topics and form teams in game communities

Video-focused UGC



UGC creation, sharing and immersive consumption experience

News feed



Articles, images and videos provided by news media and quality content creators

574 million QQ MAU ⁽¹⁾ on mobile devices

1. As of Sep 30, 2021

Embrace Industrial Internet with Comprehensive Technological Capabilities

- ▶ Extending our strategy of 'Connection' to connecting industries, consumers and business partners
- ▶ Customise smart industry solutions based on Tencent Cloud; leverage our high-DAU products and software, and proprietary technologies to assist enterprises in digital transformation

Smart Solutions



Retail



Healthcare



Education



Finance



Transportation

Software and Services



WeCom



Tencent Meeting /
VooV Meeting



Tencent Docs



Weixin



Weixin Pay



Tencent Security

Technologies



Security Capabilities



Autonomous Driving



YouTu AI Lab



Tencent AI Lab



Big Data Analytics



Location-based
Services

Infrastructure



Tencent Cloud

- ▶ Comprehensive range of products and services (>300) on top of computing and storage
- ▶ Solid infrastructure in 27 regions and 68 availability zones ⁽¹⁾
- ▶ Over 1 million paying customers since 4Q2019

Embrace future opportunities with proactive investments

New market opportunities clearly emerging

- **Businesses accelerate movement online; various industries speed up digitalisation**
- **Game user base expanded; long-term growth driven by new genres and technologies**
- **Users seek more diverse and nutritious short video content**

Investees' value appreciates, while incurring wider losses

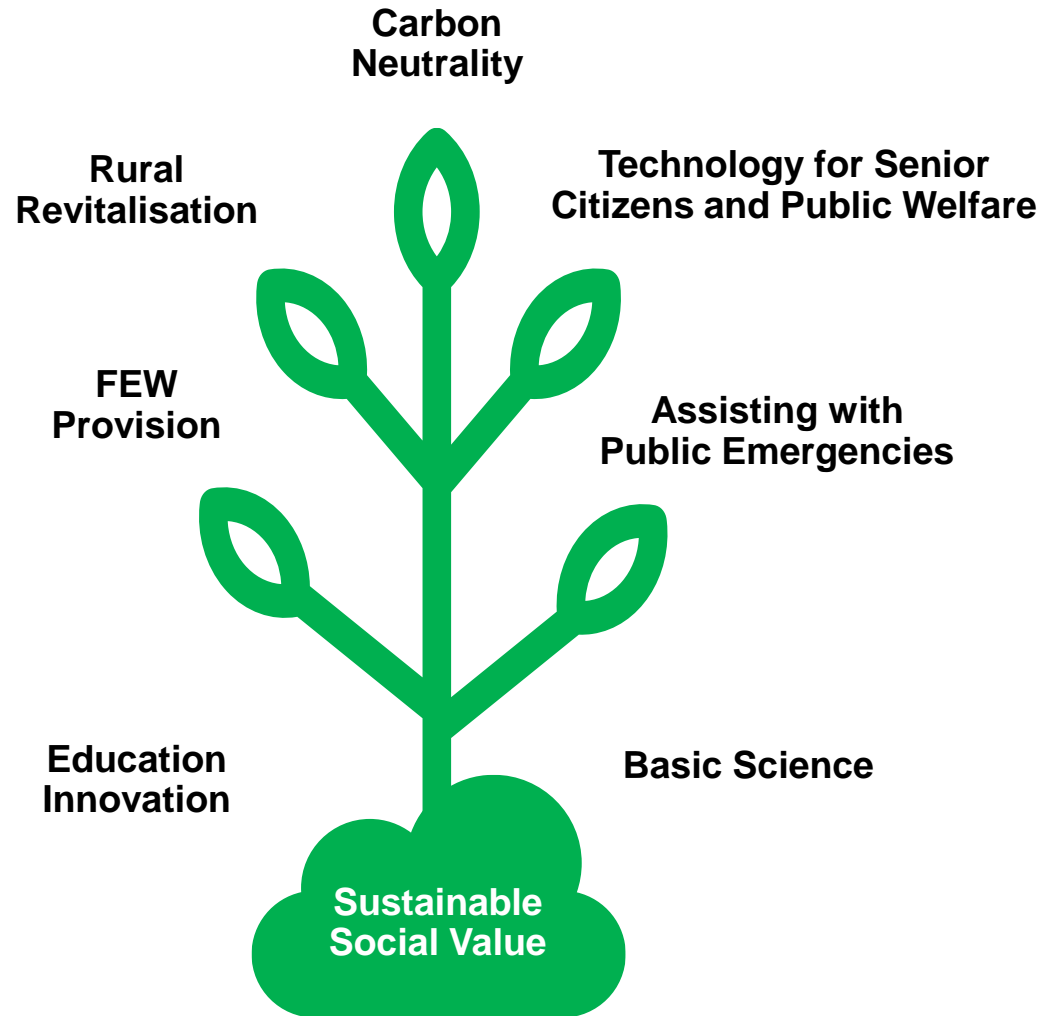
- **Valuation increased: fair value of our listed investees was over USD185 billion¹**
- **Several investees at heavy loss stage due to investment in new opportunities**

Tencent is proactively investing for future

- **Business Services:** assist in digitalisation
- **Games:** focus on high-production value games with global appeal
- **Short-Form Video Content:** cultivate differentiated ecosystems
- **Sustainable Social Value & Common Prosperity:** bring technology benefits to society

1. As of Sep 30, 2021. Excluding subsidiaries. Including those held via Special Purpose Vehicles, on an attributable basis.

Promote Sustainable Innovations for Social Value



- Realise our aspiration: bring benefits and value to society sustainably by leveraging our technology and products
- Broad undertaking to elevate importance of sustainable social value in making product decisions
- Established SSV Org to deploy social value initiatives in a professional and entrepreneurial way
- Incubate projects in various areas, linking with our existing businesses when appropriate
- Promote development of self-sustainable operations in addition to providing donations
- Pursue long-term social value rather than economic profits
- Capital funded by our investment gains

Our ESG Commitment and Approach

Integrate social responsibility into products and services

Promote technological innovation to create long-term value for all stakeholders

Environment

- **Carbon neutrality:** explore renewable energy solutions; leverage self-developed T-block technology to optimise power usage efficiency in data centres
- **AI for Food, Energy and Water (FEW):** leverage AI, big data analytics and cloud computing to facilitate desert reclamation

Social

- **Privacy and security:** adhere to 'Privacy by Design' and protect user data with advanced security technologies
- **Responsibility towards teenage users:** upgrade our Balanced Online Entertainment System; released teenager mode in multiple products to advocate digital well-being
- **Fighting COVID-19:** Health Code facilitates domestic travel and reduces transmission risks for over 1 billion users; Weixin Pay, Mini Programs and other digital tools assisted economic recovery

Governance

- **Integrity as core value:** prevent corruption with stringent risk management and internal controls
- **Fostering ecosystem:** support the growth of third-party partners, promote fair competition and industry collaboration
- **Diversity:** enhance board diversity in gender, background and expertise

MSCI ESG Rating: BBB | Sustainalytics ESG risk score: 22.9 ⁽¹⁾

1. Out of 100, the lower the better

Leading industry in fostering a healthy gameplay environment in China

- Pioneered a system for parents to manage minors' game activity in Feb 2017. Introduced the strictest measures in the industry with mandatory real-name verification, game time and spending limits in Sep 2018
- Further tightened game time and spending limits beyond regulatory requirement in Aug 2021, reducing daily time limit for users aged under 18 and preventing in-game spending by users aged under 12
- Full compliance with new regulations enforced since Sep 1, 2021: users aged under 18 can only play games between 8-9pm on Fridays, Saturdays, Sundays and statutory holidays.
- Industry-leading effort in combatting minors' usage of adult accounts: 1) upgraded our screening system to identify misused adult accounts; and 2) proactively assist authorities in cracking down on illegal account transactions
- Users aged under 18 accounted for: 1) 0.7% of Domestic Games time spent in Sep 2021, down from 6.4% in Sep 2020; 2) 1.1% of our Domestic Games grossing receipts in Sep 2021, down from 4.8% in Sep 2020

Feb 2017

Pioneered a system for parents to manage minors' game activity

Sep 2018

Upgraded Healthy Gameplay System with mandatory real-name verification, game time and spending limit

Sep 2019

Took down games incompatible with Healthy Gameplay System

Aug 2021

Further tightened game time and spending limits

Sep 2021

Full compliance with new regulations enforced since 1st Sep

1. Business Model

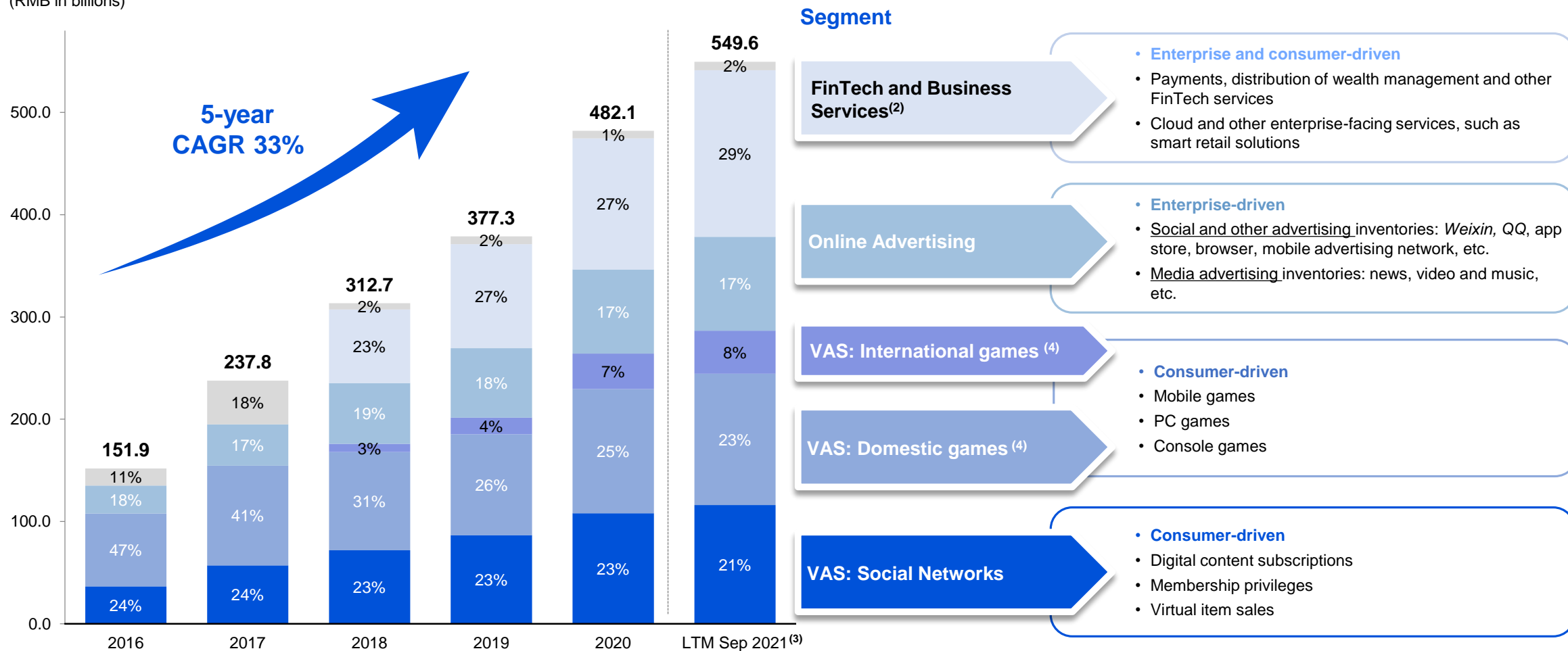
2. Financials



Resilient Business Model with Diversified Revenue Streams

Revenues by Business Segment ⁽¹⁾⁽²⁾

(RMB in billions)



1. "Others" segment revenues is marked in grey. "Others" segment revenues for 2016-2017 include FinTech and Business Services, and the financials of investment in, production of and distribution of, films and television programmes for third parties, copyrights licensing, merchandise sales and various other activities. "Others" segment revenues for 2018 – 2020 included the financials of investment in, production of and distribution of, films and television programmes for third parties, copyrights licensing, merchandise sales and various other activities.

2. Starting 1Q2019, we moved "FinTech and Business Services" revenues out of the "Others" segment to form a new segment, comparative figures in 2018 were restated accordingly.

3. Last twelve months ended Sep 30, 2021

4. Starting 3Q21, we disclose revenue from Domestic Games and International Games as new sub-segments under VAS, reflecting the increasing scale of our International Games business. For the purpose of preparing financial and operating information, Domestic Games refers to our games business in the PRC, excluding the Hong Kong Special Administrative Region, the Macao Special Administrative Region and Taiwan.

Digital Content Services

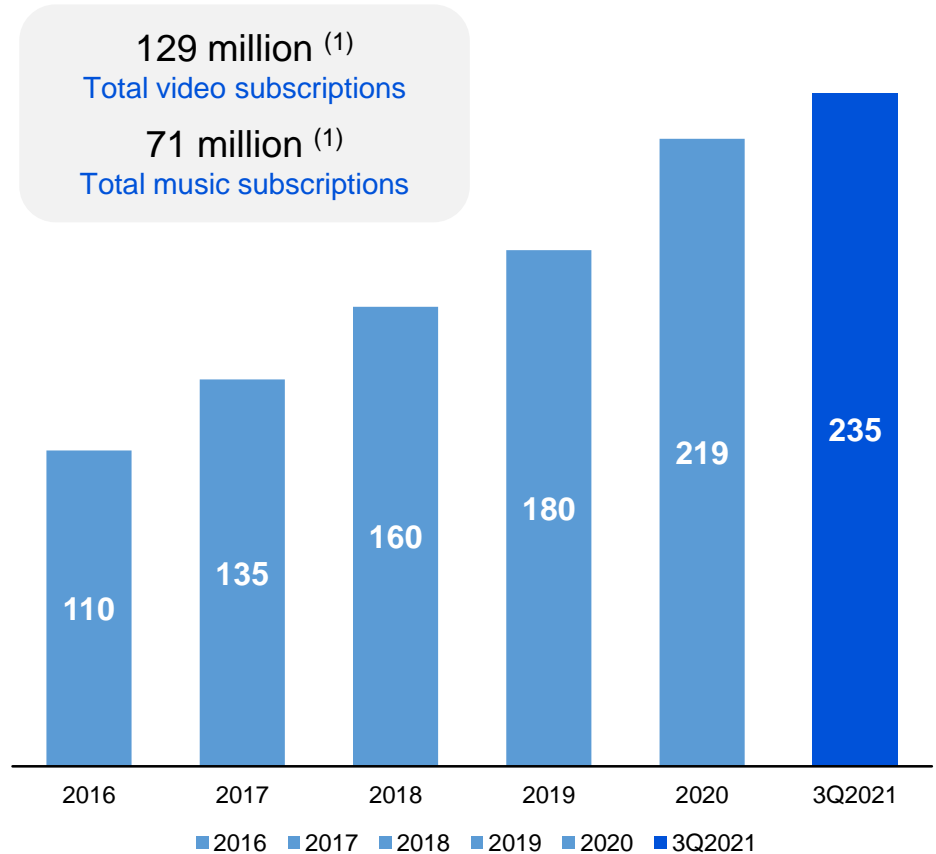
- ▶ Leading digital content platforms offer high quality content in various forms, including literature, anime, video, games and others
- ▶ Expertise in curating popular IP and extending IP influence across various media forms and high-DAU properties
- ▶ Strategic partner of choice for major content producers and owners locally and globally

High Quality Content



Growing Fee-based VAS Subscriptions

(in millions)



Games

Leading global platform for game development, publishing and operation

Sizable Developer

Owned Studios



Invested External Studios



Partnership with External Studios



Deep Portfolio of Massively Popular Titles across Genres

Battle Arena



Honour of Kings
#1 China mobile game by DAU ⁽¹⁾



League of Legends
#2 global PC game ⁽²⁾



League of Legends: Wild Rift
#2 China mobile games by DAU ⁽¹⁾



Brawl Stars
Top 10 mobile games globally by DAU ⁽³⁾

Action



Peacekeeper Elite
#3 China mobile game by grossing ⁽¹⁾



PUBG Mobile
#1 international mobile game by MAU ⁽⁴⁾



Call of Duty Mobile
Highest DAU game launched in China in 2020 ⁽⁵⁾



Valorant
Most successful new PC game internationally launched in 2020 ⁽⁵⁾

Turn-based Strategy



Clash of Clans
Top 10 mobile games globally by DAU ⁽³⁾

Emerging Genres



Alchemy Stars
Tactical RPG



Light and Night
Dating simulation

Expanding international presence

Investing in talents & leading studios

- Scaling up talents in owned studios
- Acquiring and nurturing specialist genre-leading studios

Global IP portfolio

- Internally - extending IPs to multiple genres, and creating new IPs
- Externally - partnering with IP owners to develop and operate popular games

Building operational capabilities

- Expanding local publishing teams
- Fostering player communities via eSports

1. QuestMobile, as of Oct 2021
2. Newzoo, global ranking by MAU as of Sep 2021.
3. App Annie, as of Oct 2021.
4. App Annie, global ex China ranking by MAU in 3Q2021.
5. Newzoo, as of Dec 2020

Online Advertising

Large Share of Time Spent with Significant Headroom for Monetisation

36.2%

time spent on apps in China is captured by apps of Tencent ⁽¹⁾

11.0%

market share of online ads revenue in China ⁽²⁾

Our Advertising Properties



Our Technology

Integrated Advertising Solutions



- Integrated digital marketing solutions provide access to full range of Tencent and third-party advertising inventories

Leading Advertising Technology

- Offers a range of digital tools including user insight, campaign management, and digital asset management
- Supported by Tencent's AI technology, anonymized data aggregation and data analytics
- Enables us to deliver higher CTR, sales conversion and hence higher ROI for advertisers

**Strong advertising revenue growth (32% CAGR from 2016 to 2020)
even during COVID-19 (20% growth rate from 2019 to 2020)**

1. According to QuestMobile, in December 2020; including apps with MAU of no less than 10,000.

2. Market share calculated as Tencent Online Advertising revenue in 2020 divided by China online advertising market size in 2020 according to CNNIC adjusted by adding customer management revenue of Alibaba in 2020 as disclosed.

FinTech and Business Services

Payment Solutions



Weixin Pay

- Over 1 billion average daily commercial payment transactions since 4Q2019
- Take-rate collected from merchants for commercial transactions
- Social and other transactions including red packets, bill sharing and utility payment

Cloud Services



Tencent Cloud



WeCom



**Tencent Meeting/
VooV Meeting**

IaaS, PaaS, SaaS and technology solutions from enterprise customers

- Strong adoption in private cloud, security, AI and big data services
- IaaS: *Star Lake* server and T-block technology enhanced service performance
- PaaS: increasing adoption of real-time communication PaaS and *TDSQL* database
- SaaS: *Tencent Meeting/VooV Meeting, WeCom, Tencent Docs* for digitalisation

Other FinTech Services



LiCaiTong

Offers wealth management services including compliant and inclusive financial products from partners



WeSure

Offers insurance services



WeiLiDai

Offers a channel for making small-sized, short maturity consumer loans to our users

Receives distribution fees from WeBank with no credit risk or balance sheet exposure ⁽¹⁾

Other Business Services



Smart Retail



Smart Healthcare



Smart Transportation



Smart Education

- Customised smart industry solutions help partners move their businesses to digital, applied across verticals including retail, healthcare, transportation, education, finance, tourism, etc.

1. WeBank is an affiliate of Tencent and is a licensed bank

1. Business Model

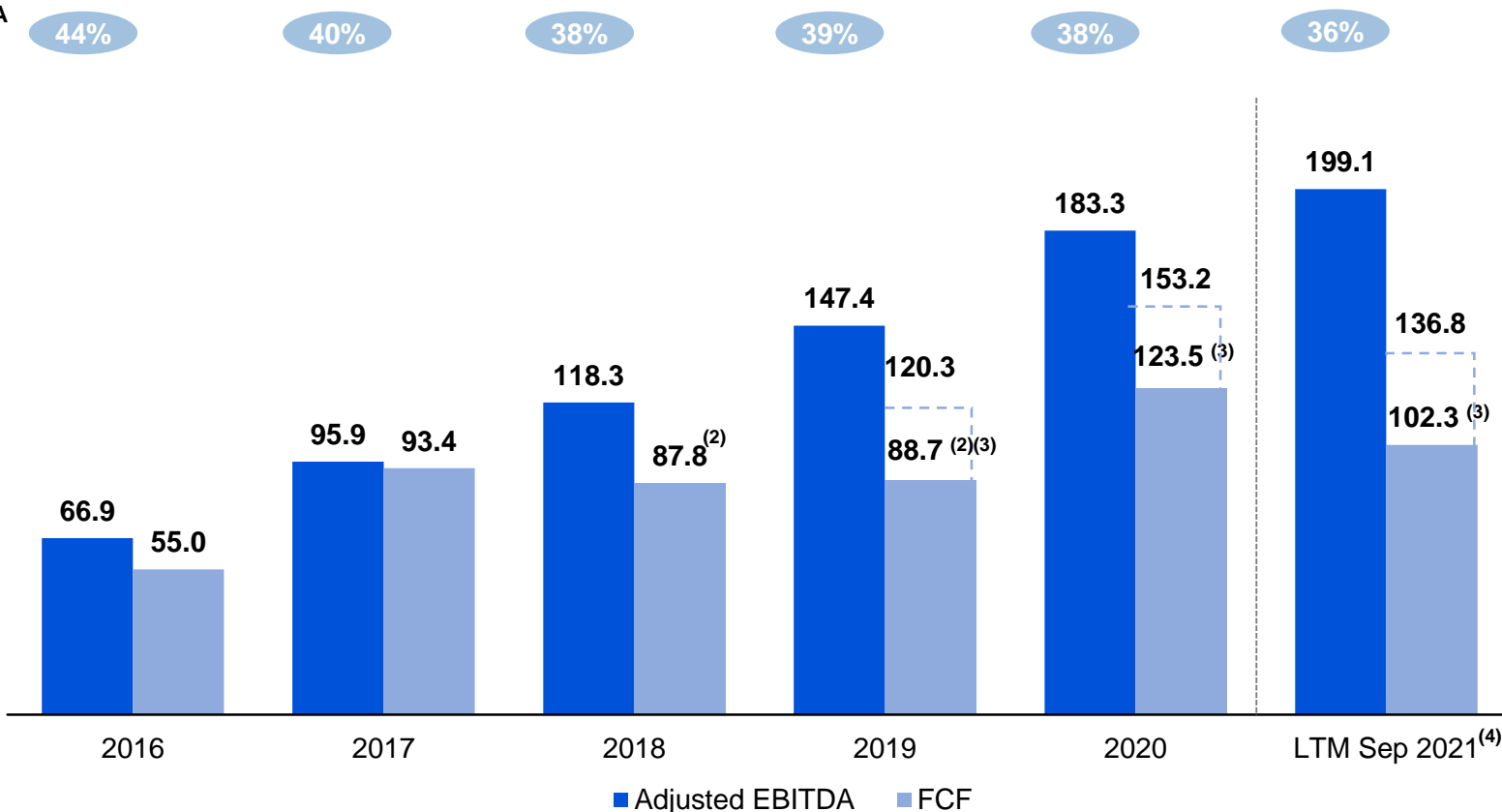
2. Financial Highlights

Highly Profitable and Cash-Generative Business Model

Adjusted EBITDA ⁽¹⁾ and Free Cash Flow (FCF) ⁽²⁾

(RMB in billions)

Adj. EBITDA
Margin



Key Metrics

29%

Adj. EBITDA CAGR ⁽⁵⁾

38%

Adj. EBITDA Margin ⁽⁶⁾

39%

FCF Growth ⁽⁷⁾

67%

FCF Conversion ⁽⁸⁾

1. Adjusted EBITDA consists of EBITDA plus equity-settled share-based compensation expenses

2. Free cash flow calculated as net cash flow generated from operating activities minus payments for capital expenditures. In 2019, interest paid was re-classified from operating to financing cash flows, comparative figures from 2018 were re-stated accordingly

3. Starting from 2020, free cash flow was adjusted by subtracting payments for media contents and lease liabilities, in addition to subtracting payments for capital expenditure from operating cash flow. RMB120.3 billion in 2019, RMB153.2 billion in 2020 and RMB136.8 billion in LTM 2021 are the free cash flow numbers before the adjustments

4. Last twelve months as of September 30, 2021

5. 2016-2020 CAGR

6. 2020 Adjusted EBITDA as % of Revenues

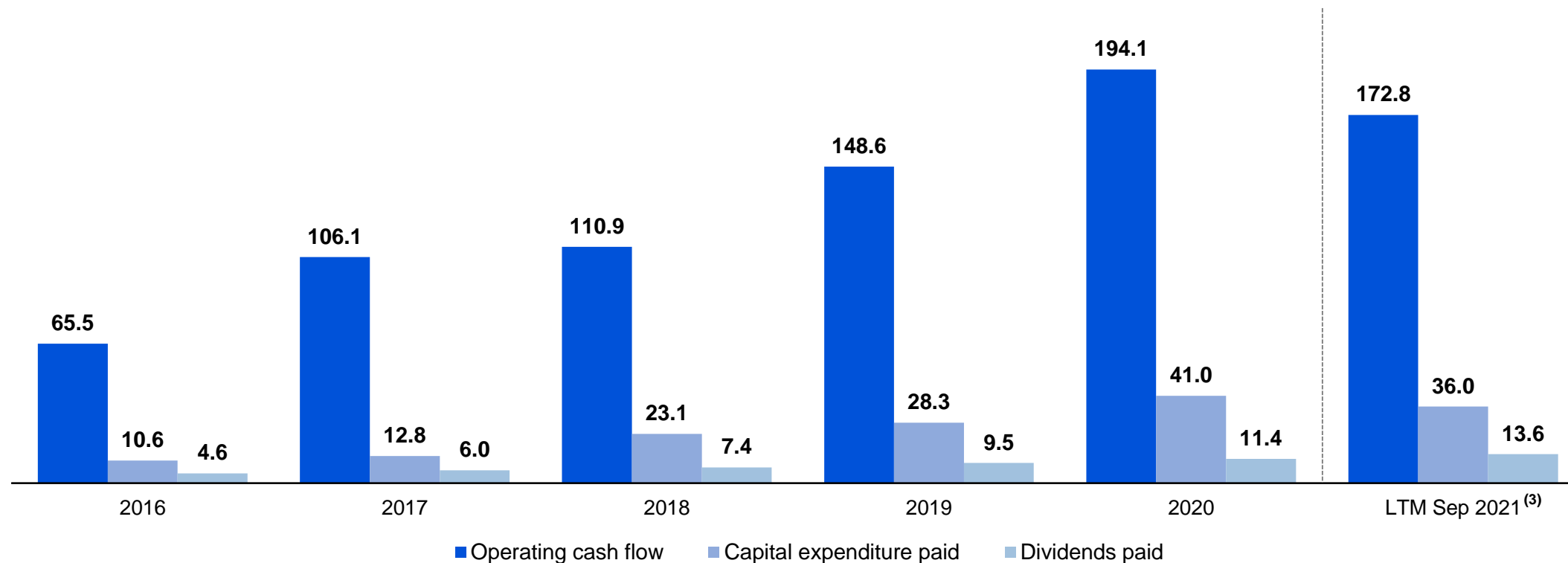
7. FCF Growth in 2020 from 2019

8. FCF Conversion = FCF / Adjusted EBITDA; In 2020

Stable and Sustainable Cash Generation

Operating Cash Flow (OCF)⁽¹⁾, Capital Expenditure Paid and Dividends Paid⁽²⁾

(RMB in billions)



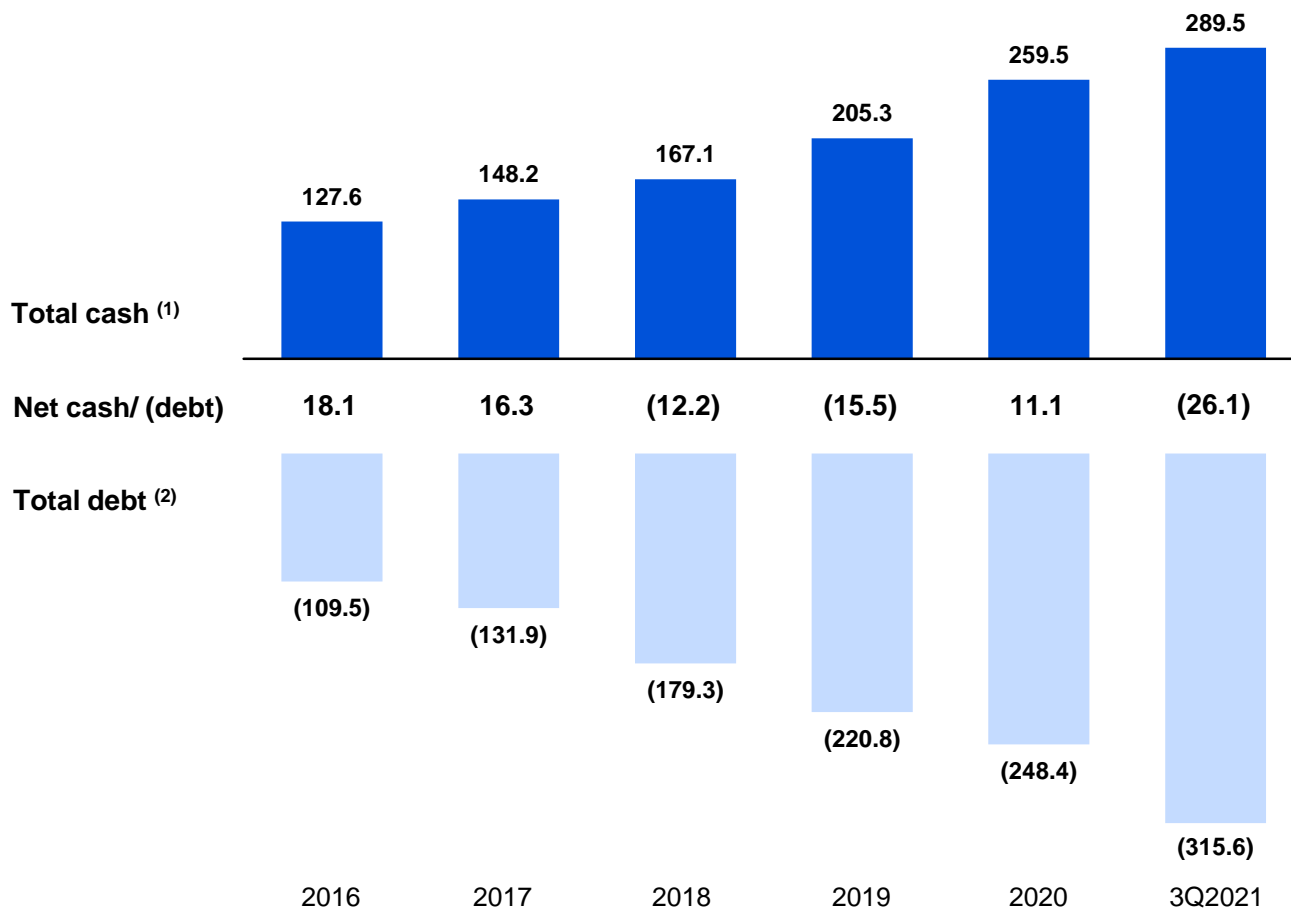
Capital expenditure paid (as % of OCF):	16%	12%	21%	19%	21%	21%
Dividends paid (as % of OCF):	7%	6%	7%	6%	6%	8%

1. In 2019, interest paid was re-classified from operating to financing cash flows, comparative figures from 2018 were re-stated accordingly.
2. Capital expenditure paid includes purchase of property, plant and equipment, constructions in progress and investment properties, payments for land use rights and payments for intangible assets (excluding media contents, game licences and other contents). Dividends paid include dividends paid to both the Company's shareholders and non-controlling interests.
3. Last twelve months as of Sep 30, 2021

Solid Balance Sheet Position

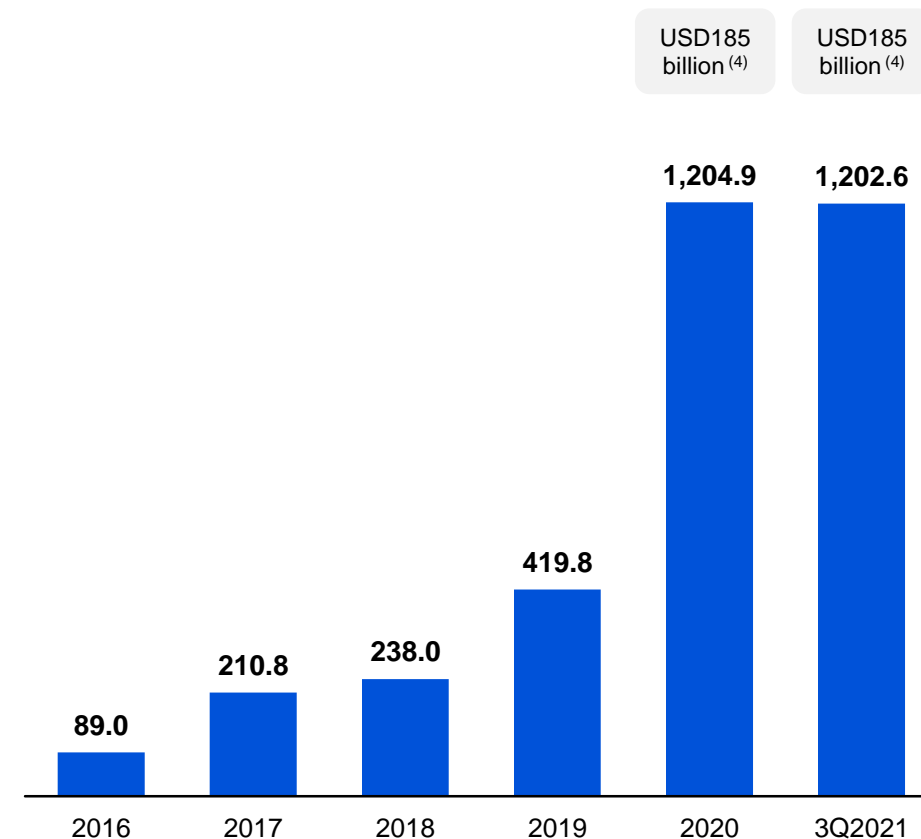
Net Cash / (Debt) Position

(RMB in billions)



Fair Value of Shareholdings in Listed Investee Companies ⁽³⁾

(RMB in billions)



1. Based on cash and cash equivalents, and term deposits and others

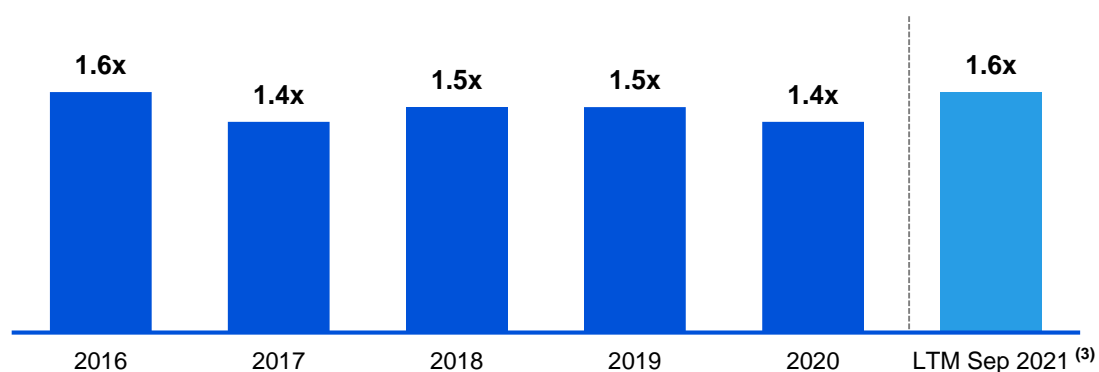
2. Total debt consists of borrowings and notes payable

3. Publicly listed companies only (excluding subsidiaries)

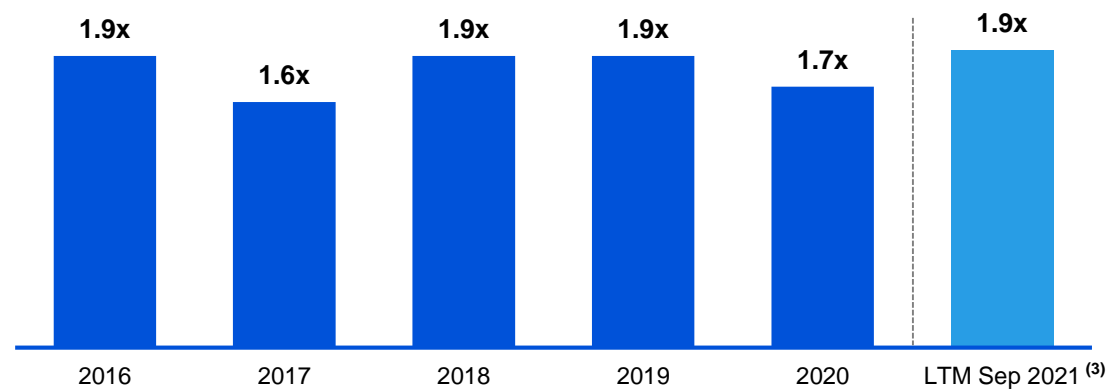
4. 2020 and 3Q21 figures quoted in US dollars are Based on the exchange rate of US\$1 to RMB6.5249, and US\$1 to RMB6.4854, respectively

Prudent Capital Management and Robust Credit Metrics

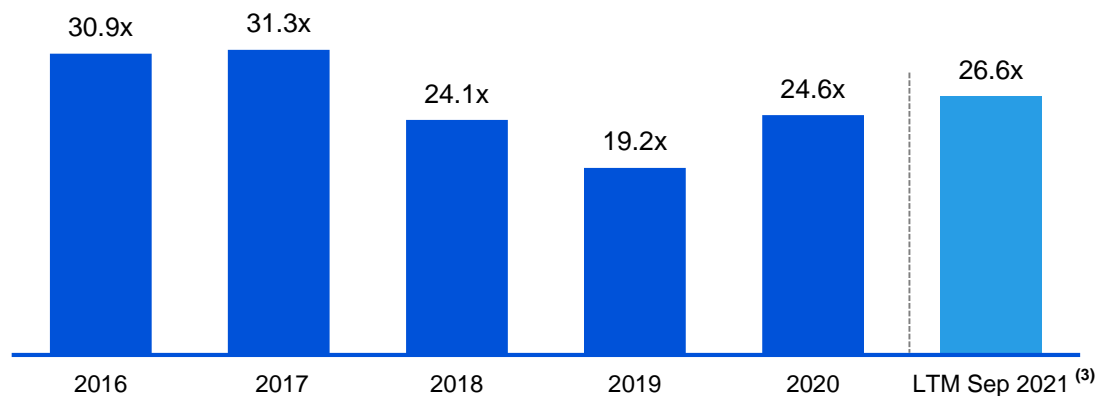
Total debt / Adjusted EBITDA ⁽¹⁾



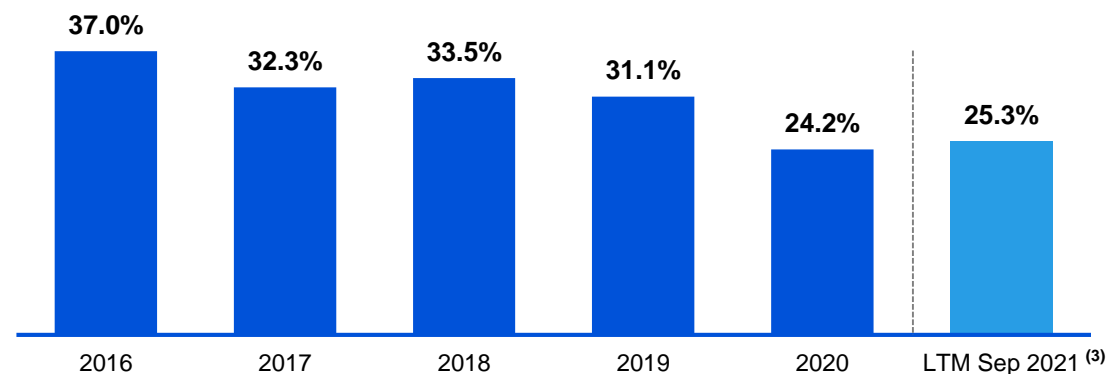
Total debt / (Adjusted EBITDA – CAPEX paid) ⁽²⁾



Adjusted EBITDA / Interest expense



Total debt / Total capitalisation ⁽⁴⁾



1. Total debt consists of borrowings and notes payable; Adjusted EBITDA consists of EBITDA plus equity-settled share-based compensation expenses

2. Capital expenditure paid includes purchase of property, plant and equipment, constructions in progress and investment properties, payments for land use rights and payments for intangible assets (excluding media contents, game licences and other contents)

3. Last twelve months as of Sep 30, 2021

4. Total capitalisation consists of total debt plus total equity (book value)



<https://www.tencent.com/ir>