Cautionary Note

This presentation may contain forward-looking statements relating to the forecasts, targets, outlook, estimates of financial performance, opportunities, challenges, business developments, business plans and growth strategies of Tencent Holdings Limited (the “Company” or “Tencent”) and its group companies. These forward-looking statements are based on information currently available to Tencent and are stated here on the basis of the outlook at the time that this presentation was produced. The Company undertakes no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise. The forward-looking statements are based on certain expectations, assumptions and premises, some of which are subjective or beyond our control. The forward-looking statements may prove to be incorrect and may not be realized in the future. Underlying the forward-looking statements are a large number of risks and uncertainties. Therefore you should not rely on any of these forward-looking statements. Please see our various other public disclosure documents for a detailed discussion of those risks and uncertainties.

This presentation also contains some unaudited non-GAAP financial measures which should be considered in addition to, but not as a substitute for, measures of the Company’s financial performance prepared in accordance with IFRS. In addition, these non-GAAP financial measures may be defined differently from similar terms used by other companies. The Company’s management believes that the non-GAAP financial measures provide investors with useful supplementary information to assess the performance of the Company’s core operations by excluding certain non-cash items and certain impact of acquisitions. For further explanation of our non-GAAP measures and reconciliations between our GAAP and non-GAAP results, please refer to our earnings announcement.

In addition, information relating to other companies and the market in general presented in these materials has been obtained from publicly available information and other sources. The accuracy and appropriateness of that information has not been verified by Tencent and cannot be guaranteed.

The reporting currency of the company is Renminbi. For the purpose of this presentation, all figures quoted in US dollars are based on the exchange rate of US$1 to RMB6.8747 for 2Q2019.
1. Overview
2. Strategy Review
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5. Q&A
# Financial Highlights

<table>
<thead>
<tr>
<th>in billion RMB</th>
<th>2Q2019</th>
<th>2Q2018</th>
<th>YoY</th>
<th>1Q2019</th>
<th>QoQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>88.8</td>
<td>73.7</td>
<td>+21%</td>
<td>85.5</td>
<td>+4%</td>
</tr>
<tr>
<td>Value Added Services</td>
<td>48.1</td>
<td>42.1</td>
<td>+14%</td>
<td>49.0</td>
<td>-2%</td>
</tr>
<tr>
<td>Social Networks</td>
<td>20.8</td>
<td>16.9</td>
<td>+23%</td>
<td>20.5</td>
<td>+2%</td>
</tr>
<tr>
<td>Online Games</td>
<td>27.3</td>
<td>25.2</td>
<td>+8%</td>
<td>28.5</td>
<td>-4%</td>
</tr>
<tr>
<td>Online Advertising</td>
<td>16.4</td>
<td>14.1</td>
<td>+16%</td>
<td>13.4</td>
<td>+23%</td>
</tr>
<tr>
<td>Media</td>
<td>4.4</td>
<td>4.7</td>
<td>-7%</td>
<td>3.5</td>
<td>+26%</td>
</tr>
<tr>
<td>Social and Others</td>
<td>12.0</td>
<td>9.4</td>
<td>+28%</td>
<td>9.9</td>
<td>+21%</td>
</tr>
<tr>
<td>FinTech and Business Services</td>
<td>22.9</td>
<td>16.7</td>
<td>+37%</td>
<td>21.8</td>
<td>+5%</td>
</tr>
<tr>
<td>Others</td>
<td>1.4</td>
<td>0.8</td>
<td>+74%</td>
<td>1.3</td>
<td>+9%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>39.1</td>
<td>34.4</td>
<td>+14%</td>
<td>39.8</td>
<td>-2%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>27.5</td>
<td>21.8</td>
<td>+26%</td>
<td>36.7</td>
<td>-25%</td>
</tr>
<tr>
<td>Net Profit to Shareholders</td>
<td>24.1</td>
<td>17.9</td>
<td>+35%</td>
<td>27.2</td>
<td>-11%</td>
</tr>
</tbody>
</table>

**Non-GAAP***

<table>
<thead>
<tr>
<th></th>
<th>2Q2019</th>
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<tbody>
<tr>
<td>Operating Profit</td>
<td>27.3</td>
<td>22.3</td>
<td>+23%</td>
<td>28.5</td>
<td>-4%</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>30.7%</td>
<td>30.2%</td>
<td>+0.5ppt</td>
<td>33.3%</td>
<td>-2.6ppt</td>
</tr>
<tr>
<td>Net Profit to Shareholders</td>
<td>23.5</td>
<td>19.7</td>
<td>+19%</td>
<td>20.9</td>
<td>+12%</td>
</tr>
</tbody>
</table>

* Please refer to Slide 20 for details of non-GAAP adjustments.
Key Platforms Update

Online Games Platform
• #1 by users in China across PC and smart phone
• #1 globally by revenue

Weixin & WeChat
• #1 smart phone community
• MAU at 1,133m

QQ & Qzone
• QQ smart devices MAU at 707m
• Qzone smart devices MAU at 554m

Communications & Social

Video
• #1 by mobile DAU

News
• #1 news services by MAU

Music
• #1 music services platform

Literature
• #1 online content library and publishing platform

Mobile Payment
• #1 by MAU & DAU

FinTech

Cloud

Utilities

App Store
• #1 by MAU

Mobile Security
• #1 by MAU

Mobile Browser
• #1 by MAU

Cloud
• #2 service provider

*All rankings above refer to China market, unless otherwise stated. Company data as of June 30, 2019.
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High-Quality Content – A Strategic Asset

High-quality content sustains appeal to users, now and in future

Highly regarded documentaries

- Educational
  - The Planets

Professional sports & eSports

- Life-long bonding
  - 2018-2019 NBA

Movies

- Immersive
  - King's Avatar

Drama series

- Thought-provoking
  - Explore with the Note

Anime series

- Stimulate imagination
  - Land of Warriors

Mini- and short-video consumption has boomed in China, but mostly additive to Internet time spent

- Mini-video boom coincided with acceleration in time spent online, as mini-video enabled users to derive entertainment in previously under-utilized pockets of time
- Many long-form content appear unaffected - time spent viewing sports and popular drama series on healthy growth trends

Emerging synergies between long- and short-form content

- Repurpose long-form video content to create differentiated short- and mini-video content
- Highlights or short video clips to attract traffic to related long-form content
- Strong growth in short video consumption within Tencent Video app
Unique Capabilities in High-Quality Content

Source high-quality content, internally and externally
- In-house content incubation and capability to extend IPs across formats
- Partnership with best-in-class content providers globally

Expertise in content curation and user management
- Operations teams to enhance content packaging
- Technology teams provide smooth streaming experience
- Customized communities foster user interactions and connections with IPs

Multiple platforms provide access to extensive user base
- Category-leading platforms provide content to core users
- High-DAU platforms facilitate easy access and amplify user coverage through social interactions
#1: Convert Online Novels Into Cross-Media IP Entertainment

**The King’s Avatar**

- Top **novel** IP, belonging to China Literature
- Breakout success in IP development across media
- **Anime**: ranked #1 modern-day anime by video views in 2017
- **Drama**: ranked #1 online modern-day drama by video views in August 2019
- **Movie**: to be released in August 2019
- **Mobile games**: to be developed by Tencent Games

**The Master of Diabolism**

- Top **novel** IP from joint venture of China Literature
- **Anime**: exceeded 2.2 billion video views
- **Drama**: praised for screenplay and Chinese style art design; ranked #1 costume drama by video views in July 2019
#2: Extend Win-Win Partnership with NBA

## Tencent & NBA Initiatives
- Established professional sports content curation team to deliver exciting game content
- Built up innovative studio to create on-the-scene experiences
- Distributed NBA-related content across high-traffic platforms for easy access

## Successful Consequences
- Full season NBA audience base expanded to 490m and UV per live-streamed game increased to 3.7m, each tripled from 4 years ago
- Increased NBA brand awareness in China
- Tencent Sports became the #1 destination for sports fans
- Increased advertising revenue, launched subscription model

## Extended Contract
- Deliver NBA content across high-DAU platforms in live streaming, video-on-demand, short- and mini-video formats
- Enrich membership benefits including club merchandise, online streaming privileges, joint membership discounts
- Cooperate in developing NBA mobile games and eSports events
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Starting 1Q19, we move “FinTech and Business Services” revenues out of the Others segment to form a new segment. Please refer to Slide 17 for retrospective figures.
**Value-Added Services**

### Social Networks

- Virtual item sales in live streaming services and games contributed to revenue growth
- VAS subscriptions increased 10% YoY to 169 million, within which video reached 97 million mainly due to joint membership promotions and self-commissioned Chinese anime series

### Online Games

- Total smart phone games revenue* was RMB22.2 billion, up 26% YoY, due to popularity of key titles and new releases. Revenue grew 5% QoQ, as new game releases offset weak seasonality
- PC client games revenue decreased 9% YoY to RMB11.7 billion but cash receipts up YoY; revenue down 15% QoQ due to weak seasonality

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*Total smart phone games revenue includes smart phone games revenue booked under Online Games and related platform revenue booked under Social Networks.
Unique and vibrant Mini Programs ecosystem:

- Provides development tools, access to consumers and monetization opportunities, attracting many developers and service providers. The number of mid/long-tail Mini Programs more than doubled YoY.
- Content Mini Programs allow users to create, upload and share interesting videos, music, and news more conveniently; more content Mini Programs with over 1-million DAU emerged, and time spent per user increased.
- Daily messages and video uploads sustained solid growth.

A major version upgrade:

- Added Mini Programs – QQ users particularly fond of entertainment and games-related categories.
- Enhanced chat experience, e.g., video, voice, extended screen photo format; daily messages up QoQ.
- Upgraded algorithms to recommend new friends based on common interests and shared contacts.
VAS - Online Games

Smart Phone Games
• Released 10 games in 2Q versus 1 game in 1Q
• HoK revenue increased YoY; Perfect World Mobile contributed full-quarter revenue; Peacekeeper Elite contributed limited revenue due to our deferral policy
• In July, new releases included KartRider Rush, Game of Thrones: Winter is Coming, Dragon Raja
• Internationally, expanding user base with existing blockbuster PUBG MOBILE and new games, e.g., Speed Drifter, Chess Rush

PC Client Games
• LoL DAU and time spent benefitting from new play mode Teamfight Tactics since late June - clear global leader in auto-chess category; cash receipts in China increased YoY
• DnF fine-tuned gameplay to prioritize user engagement and reduce monetization
Online Advertising

Segment revenue grew YoY amidst challenging macro-economic conditions and industry competition. Sequentially, revenue was boosted by strong demand from eCommerce in June and online education before summer holidays.

Media Ad

- Revenue decreased 7% YoY, due to unexpected delay of certain top-tier dramas and the absence of FIFA World Cup reducing sponsorship advertising dollars.
- Mobile Video DAU remained stable, contributing to solid growth of in-feed ads YoY and QoQ.

Social & Others Ad

- Revenue increased YoY due to higher impressions from the 3rd ad load in Weixin Moments and QQ Kandian.
FinTech and Business Services

**FinTech Services**

- Commercial payments grew rapidly - users, merchants, transaction volume and revenue
- Users increasingly kept their money within our payments ecosystem:
  - LiCaiTong AUM exceeded RMB800 billion as at end of June
  - Lower frictional costs for users
  - Withdrawal fee revenue and bank charges reduced for us
- Focus on risk management

**Business Services**

- Expanded sales team and enhanced product portfolio to sign up more key accounts and large contracts, driving YoY revenue growth
- Increased penetration among SMBs via strategic partnerships with ISVs and resellers

*Segment revenue was RMB15,182 million in 1Q18, RMB16,666 million in 2Q18, RMB19,693 million in 3Q18 and RMB21,597 million in 4Q18.*

**In 2Q19, excluding interest income on custodian cash, segment revenue grew 57% YoY and 7% QoQ.**
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## Income Statement

<table>
<thead>
<tr>
<th></th>
<th>2Q2019</th>
<th>2Q2018</th>
<th>YoY</th>
<th>1Q2019</th>
<th>QoQ</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>88,821</td>
<td>73,675</td>
<td>+21%</td>
<td>85,465</td>
<td>+4%</td>
</tr>
<tr>
<td><strong>COPS</strong></td>
<td>(49,695)</td>
<td>(39,229)</td>
<td>+27%</td>
<td>(45,645)</td>
<td>+9%</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>39,126</td>
<td>34,446</td>
<td>+14%</td>
<td>39,820</td>
<td>-2%</td>
</tr>
<tr>
<td><strong>Interest income</strong></td>
<td>1,652</td>
<td>1,072</td>
<td>+54%</td>
<td>1,408</td>
<td>+17%</td>
</tr>
<tr>
<td><strong>Other gains/(losses), net</strong></td>
<td>4,038</td>
<td>2,506</td>
<td>+61%</td>
<td>11,089</td>
<td>-64%</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td>(17,295)</td>
<td>(16,217)</td>
<td>+7%</td>
<td>(15,575)</td>
<td>+11%</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>27,521</td>
<td>21,807</td>
<td>+26%</td>
<td>36,742</td>
<td>-25%</td>
</tr>
<tr>
<td><strong>Finance costs, net</strong></td>
<td>(1,982)</td>
<td>(1,151)</td>
<td>+72%</td>
<td>(1,117)</td>
<td>+77%</td>
</tr>
<tr>
<td><strong>Share of profits/(losses) of associates &amp; JV</strong></td>
<td>2,370</td>
<td>1,526</td>
<td>+55%</td>
<td>(2,957)</td>
<td>N.A.</td>
</tr>
<tr>
<td><strong>Income tax expense</strong></td>
<td>(3,225)</td>
<td>(3,602)</td>
<td>-10%</td>
<td>(4,812)</td>
<td>-33%</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>24,684</td>
<td>18,580</td>
<td>+33%</td>
<td>27,856</td>
<td>-11%</td>
</tr>
<tr>
<td><strong>Net profit to shareholders</strong></td>
<td>24,136</td>
<td>17,867</td>
<td>+35%</td>
<td>27,210</td>
<td>-11%</td>
</tr>
<tr>
<td><strong>Diluted EPS in RMB</strong></td>
<td>2.520</td>
<td>1.868</td>
<td>+35%</td>
<td>2.844</td>
<td>-11%</td>
</tr>
</tbody>
</table>

**Non-GAAP:**

<table>
<thead>
<tr>
<th></th>
<th>2Q2019</th>
<th>2Q2018</th>
<th>YoY</th>
<th>1Q2019</th>
<th>QoQ</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net profit to shareholders</strong></td>
<td>23,525</td>
<td>19,716</td>
<td>+19%</td>
<td>20,930</td>
<td>+12%</td>
</tr>
<tr>
<td><strong>Diluted EPS in RMB</strong></td>
<td>2.456</td>
<td>2.062</td>
<td>+19%</td>
<td>2.187</td>
<td>+12%</td>
</tr>
</tbody>
</table>
Non-GAAP Adjustments

<table>
<thead>
<tr>
<th>in million RMB</th>
<th>GAAP 2Q2019</th>
<th>SBC</th>
<th>Net (gains)/losses from investee companies(^1)</th>
<th>Amortisation of intangible assets</th>
<th>Impairment provision(^2)</th>
<th>Tax effect(^3)</th>
<th>Non-GAAP 2Q2019</th>
<th>YoY change</th>
<th>QoQ change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit</td>
<td>27,521</td>
<td>2,453</td>
<td>(4,950)</td>
<td>118</td>
<td>2,139</td>
<td>-</td>
<td>27,281</td>
<td>+23%</td>
<td>-4%</td>
</tr>
<tr>
<td>Net profit</td>
<td>24,684</td>
<td>2,373</td>
<td>(6,523)</td>
<td>1,486</td>
<td>2,492</td>
<td>(321)</td>
<td>24,191</td>
<td>+18%</td>
<td>+12%</td>
</tr>
<tr>
<td>Net profit to shareholders</td>
<td>24,136</td>
<td>2,296</td>
<td>(6,522)</td>
<td>1,432</td>
<td>2,492</td>
<td>(309)</td>
<td>23,525</td>
<td>+19%</td>
<td>+12%</td>
</tr>
<tr>
<td>Operating margin</td>
<td>31.0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net margin</td>
<td>27.8%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note:

1 Including net (gains)/losses on deemed disposals, disposals of investee companies, fair value changes arising from investee companies, and other expenses incurred from equity transactions of investees.

2 Impairment provision for associates, joint ventures and intangible assets arising from acquisitions.

3 Income tax effects of non-GAAP adjustments.
Segment Gross Margin

Value-Added Services (%)

Online Advertising (%)

FinTech and Business Services (%)

2Q16  3Q16  4Q16  1Q17  2Q17  3Q17  4Q17  1Q18  2Q18  3Q18  4Q18  1Q19  2Q19

26.1  26.0  25.1  24.5  28.5  24.0
Operating Expenses

<table>
<thead>
<tr>
<th>Year</th>
<th>S&amp;M (in billion RMB)</th>
<th>G&amp;A (incl. R&amp;D) (in billion RMB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2Q18</td>
<td>6.4</td>
<td>9.9</td>
</tr>
<tr>
<td>2Q19</td>
<td>4.7</td>
<td>4.2</td>
</tr>
<tr>
<td>1Q19</td>
<td>4.2</td>
<td>5.7</td>
</tr>
<tr>
<td>2Q19</td>
<td>4.7</td>
<td>7.1</td>
</tr>
</tbody>
</table>

- **S&M**
  - **-26% YoY**
  - **+11% QoQ**

- **G&A (incl. R&D)**
  - **+28% YoY**
  - **+11% QoQ**
## Margin Ratios

<table>
<thead>
<tr>
<th></th>
<th>2Q16</th>
<th>3Q16</th>
<th>4Q16</th>
<th>1Q17</th>
<th>2Q17</th>
<th>3Q17</th>
<th>4Q17</th>
<th>1Q18</th>
<th>2Q18</th>
<th>3Q18</th>
<th>4Q18</th>
<th>1Q19</th>
<th>2Q19</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GAAP Gross Margin (%)</strong></td>
<td>57.3</td>
<td>54.0</td>
<td>53.9</td>
<td>51.3</td>
<td>50.0</td>
<td>48.6</td>
<td>47.4</td>
<td>50.4</td>
<td>46.8</td>
<td>44.0</td>
<td>41.4</td>
<td>46.6</td>
<td>44.1</td>
</tr>
<tr>
<td><strong>Non-GAAP Operating Margin (%)</strong></td>
<td>41.2</td>
<td>37.2</td>
<td>34.1</td>
<td>37.4</td>
<td>35.4</td>
<td>33.1</td>
<td>32.9</td>
<td>34.4</td>
<td>30.2</td>
<td>28.0</td>
<td>26.4</td>
<td>33.3</td>
<td>30.7</td>
</tr>
<tr>
<td><strong>Non-GAAP Net Margin (%)</strong></td>
<td>32.2</td>
<td>29.5</td>
<td>28.3</td>
<td>29.0</td>
<td>29.1</td>
<td>26.3</td>
<td>27.7</td>
<td>26.0</td>
<td>27.8</td>
<td>25.3</td>
<td>23.8</td>
<td>25.4</td>
<td>27.2</td>
</tr>
</tbody>
</table>
## CAPEX, FCF and Cash Position

<table>
<thead>
<tr>
<th></th>
<th>2Q2019</th>
<th>2Q2018</th>
<th>YoY</th>
<th>1Q2019</th>
<th>QoQ</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating CAPEX</strong></td>
<td>3,760</td>
<td>6,590</td>
<td>-43%</td>
<td>3,870</td>
<td>-3%</td>
</tr>
<tr>
<td><strong>Non-operating CAPEX</strong></td>
<td>602</td>
<td>495</td>
<td>22%</td>
<td>636</td>
<td>-5%</td>
</tr>
<tr>
<td><strong>Total CAPEX</strong></td>
<td>4,362</td>
<td>7,085</td>
<td>-38%</td>
<td>4,506</td>
<td>-3%</td>
</tr>
<tr>
<td><strong>Operating Cash Flow</strong></td>
<td>25,005</td>
<td>22,512</td>
<td>11%</td>
<td>28,799</td>
<td>-13%</td>
</tr>
<tr>
<td>Less: CAPEX Paid</td>
<td>4,307</td>
<td>6,204</td>
<td>-31%</td>
<td>4,866</td>
<td>-11%</td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong></td>
<td>20,698</td>
<td>16,308</td>
<td>27%</td>
<td>23,933</td>
<td>-14%</td>
</tr>
<tr>
<td><strong>Total Cash</strong></td>
<td>184,426</td>
<td>134,176</td>
<td>37%</td>
<td>174,677</td>
<td>6%</td>
</tr>
<tr>
<td>Less: Total Debt</td>
<td>200,192</td>
<td>169,477</td>
<td>18%</td>
<td>184,272</td>
<td>9%</td>
</tr>
<tr>
<td><strong>Cash Position</strong></td>
<td>(15,766)</td>
<td>(35,301)</td>
<td>Improved +55%</td>
<td>(9,595)</td>
<td>-64%</td>
</tr>
</tbody>
</table>

*Fair value of our shareholdings in listed investee companies, excluding subsidiaries, was approximately RMB 329.0 billion (USD47.9 billion) as at June 30, 2019*

*In 2019, we have re-classified interests paid from operating to financing cash flows, and re-stated comparative figures accordingly
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Thank you!

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