Tencent

2019 FOURTH QUARTER AND ANNUAL RESULTS PRESENTATION

March 18, 2020
Cautionary Note

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This presentation also contains some unaudited non-IFRS 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-IFRS financial measures may be defined differently from similar terms used by other companies. The Company’s management believes that the non-IFRS 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-IFRS measures and reconciliations between our IFRS and non-IFRS results, please refer to our earnings announcement.

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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 RMB6.9762 for 4Q2019.
1. Overview

2. Strategy Review
3. Business Review
4. Financial Review
5. Q&A
2019 Business Highlights

Social

• Vibrant Weixin ecosystem better connected users with services; annual transaction volume via Mini Programs crossed RMB800 billion

• Revamped QQ with enhanced chat features and friend recommendation, as well as expanded entertainment use cases via Mini Programs, increasing popularity among younger generations

Games

• Extended China leadership while expanded internationally via top-notch games including PUBG Mobile, Brawl Stars and Call of Duty Mobile

• International revenue rose to 23% of online game revenue in 4Q19

Content & Advertising

• Video subscriptions exceeded 100 million milestone while we enhanced operating efficiency, significantly reducing operating loss to below RMB3 billion

• Advertising achieved robust growth despite macro headwinds, progressively realizing the long-term potential of Moments and expanding our mobile ad network

FinTech & Business Services

• Average daily commercial payment transactions exceeded 1 billion in 4Q19 as we deepened penetration among offline merchants

• Cloud services consistently expanded market share: revenue crossed RMB17 billion; number of paying customers surpassed 1 million
## Financial Highlights

<table>
<thead>
<tr>
<th></th>
<th>4Q2019</th>
<th>YoY</th>
<th>QoQ</th>
<th>FY2019</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Revenue</strong></td>
<td>105.8</td>
<td>+25%</td>
<td>+9%</td>
<td>377.3</td>
<td>+21%</td>
</tr>
<tr>
<td><strong>Value Added Services</strong></td>
<td>52.3</td>
<td>+20%</td>
<td>+3%</td>
<td>200.0</td>
<td>+13%</td>
</tr>
<tr>
<td><strong>Social Networks</strong></td>
<td>22.0</td>
<td>+13%</td>
<td>Stable</td>
<td>85.3</td>
<td>+17%</td>
</tr>
<tr>
<td><strong>Online Games</strong></td>
<td>30.3</td>
<td>+25%</td>
<td>+6%</td>
<td>114.7</td>
<td>+10%</td>
</tr>
<tr>
<td><strong>Online Advertising</strong></td>
<td>20.3</td>
<td>+19%</td>
<td>+10%</td>
<td>68.4</td>
<td>+18%</td>
</tr>
<tr>
<td><strong>Media</strong></td>
<td>4.0</td>
<td>-24%</td>
<td>+8%</td>
<td>15.5</td>
<td>-15%</td>
</tr>
<tr>
<td><strong>Social and Others</strong></td>
<td>16.3</td>
<td>+37%</td>
<td>+11%</td>
<td>52.9</td>
<td>+33%</td>
</tr>
<tr>
<td><strong>FinTech and Business Services</strong></td>
<td>29.9</td>
<td>+39%</td>
<td>+12%</td>
<td>101.4</td>
<td>+39%</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td>3.3</td>
<td>+27%</td>
<td>+123%</td>
<td>7.5</td>
<td>+57%</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>46.1</td>
<td>+31%</td>
<td>+9%</td>
<td>167.5</td>
<td>+18%</td>
</tr>
<tr>
<td><strong>Non-IFRS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td>30.3</td>
<td>+35%</td>
<td>+6%</td>
<td>114.6</td>
<td>+24%</td>
</tr>
<tr>
<td><strong>Operating Margin</strong></td>
<td>28.7%</td>
<td>+2.3ppt</td>
<td>-0.7ppt</td>
<td>30.4%</td>
<td>+0.8ppt</td>
</tr>
<tr>
<td><strong>Net Profit Attributable to Equity Holders</strong></td>
<td>25.5</td>
<td>+29%</td>
<td>+4%</td>
<td>94.4</td>
<td>+22%</td>
</tr>
</tbody>
</table>

* Non-IFRS, formerly referred to as non-GAAP, is intended to reflect core earnings by excluding certain one-time and/or non-cash items.
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 1,165m

QQ & Qzone
• QQ smart devices MAU at 647m
• Qzone smart devices MAU at 507m

Communication & Social

App Store
• #1 by MAU

Mobile Security
• #1 by MAU

Mobile Browser
• #1 by MAU

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

Cloud
• #2 service provider by revenue

* All rankings above refer to China market, unless otherwise stated. Company data as of December 31, 2019

* QQ smart devices MAU declined 7.5% YoY due to our continued efforts to proactively clean up accounts that engaged in spamming and bots activities
1. Overview

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**Tech for Good amid Coronavirus Outbreak**

**Charity**
- RMB1.5 billion emergency fund dedicated to: 1) purchase medical resource; 2) subsidize third parties to develop Mini Programs in municipal and health services; 3) reward outstanding contributors combatting the coronavirus outbreak; 4) help severely affected families; and 5) fund R&D on pandemic prevention and cure
- Tencent employees volunteered to: 1) help deliver donated resources on the ground; 2) work around the clock to develop a dozen pandemic-related online products and services, serving over 1 billion users

**Public Services**
- Leverage our technologies, tools and smart solutions to digitalize health, education and municipal services rapidly, with over 1,000 Mini Programs developed to help combat the outbreak
- Use our high-DAU platforms to release authoritative information as well as provide online consultation and convenience services to the public
- Adopt our reliable and smooth live broadcast system to move courses online, enabling millions of teachers to hold classes via Tencent Classroom each day

**Enterprises**
- Remote working and online collaboration solutions to help mitigate business interruptions
- *Weixin Group* and *Mini Programs* to assist retailers in moving online to recover sales

**Individuals**
- Provide timely and reliable pandemic information, free online courses and rich digital content
- Enable communications with friends and family including when they are under quarantine
Mobile Payments: offline commercial transactions and revenue declined significantly during public holidays, but volume rebounded quickly after work resumes. Reducing marketing expenses limited the negative impact on profitability.

Advertising: despite challenges in certain advertising verticals, our performance-based advertising achieved continued robust YoY growth, driven by high ROI and healthy advertiser mix.

Cloud Services: short-term negative impact on revenue due to delayed implementation of projects; but long-term expansion in industry demand and addressable market as enterprises embrace digital upgrades.

Smart industries: growth in users and traffic to our WeChat Work, Tencent Meeting, Tencent Health and Tencent Education services, inducing increased adoption by consumers and enterprises.

Mini Programs: rise in DAU, daily visits and number of Mini Programs, especially in fresh food & grocery delivery services, municipal services, remote working, online healthcare services and online education.

Digital entertainment: increased time spent and consumption when people stay at home.
Smart Healthcare Achieved Rapid Adoption

Tencent Health
All-in-one entry point for online healthcare services

- Over 300 million Weixin users used as important access to real-time pandemic data and information, online consultation, etc.
- AI-powered tools help users to self-diagnose and doctors to increase efficiency in diagnosing COVID-19
- Built into smart solution, facilitating 40 medical institutions to deliver prompt and timely services to help contain the spread of coronavirus

Tencent Medipedia
Reliable medical information resource

- Developed pandemic-related content and distributed via our multiple high-traffic platforms, attracting more than 600 million page views
- Launched free online consultation serving hundreds of thousands of people, supported by 10k+ doctors from our ecosystem partners

Health Code
most-used ePass for verifying health and travel status

- Penetrated 900 million users across more than 300 cities and counties, with 8 billion total visits since Feb 9
- Easy to register via QR code, then key in information and save as voucher, reducing virus transmission risk and facilitating people’s efficient entry and exit into public areas
Remote Working Gained Momentum

• **Largest standalone app for cloud conferencing in China** - DAU surpassed 10 million within 2 months since launch; strong demands from business, government and education sectors

• **Superior user experience** - highly secure, stable and high-definition video leveraging our advanced security, cloud and AI technologies; easy access across platforms and devices

• **Agile reaction to customer needs** - released 14 versions in recent 40 days

• **Synergies with Tencent Cloud** - infrastructure support and sales team cross-selling to enhance performance and efficiency

• **Rising demand** - adopted by millions of enterprises to resume working during the outbreak, with server requests surging more than 10 times

• **Unique proposition facilitates business operation** - integration with Weixin facilitates customer management and sales conversion via *Weixin Moments, Mini Programs* and *Weixin Pay*

• **Flexible deployment on public or private cloud** - serving over 50 verticals and increasing penetration in key industries

• **Connection Strategy enables clients to select leading office tools** - partner with over 20k SaaS providers to enrich offerings, allowing clients to configure specialized solutions
Weishi Spearheads our Short- and Mini-Video Initiatives

Strong momentum in user metrics leveraging our social platforms
- DAU up over 80% QoQ and daily uploads up over 70% QoQ in 4Q19
- Assist users to create 30-second video for Weixin Moments
- Weixin and QQ plug-ins deliver talk-of-the-town videos timely and widely

Innovative and interactive features increased user engagement
- Tens of millions of participants in Weishi Challenge interacting with both KOLs and friends
- 1.6 billion Weishi video red envelopes exchanged by Weixin and QQ users

Enhanced technologies for content creation, curation and recommendation
- AI-powered camera enriches visual effects to boost user creation
- Advanced video recognition supports accurate tagging and classification
- Smart recommendation facilitates content discovery

Rich in-house IPs expedite unique content creation by KOLs and MCNs
- Highlights of IP content from Tencent Video and Tencent Sports
- Short videos generated from our games, e.g., HoK moments for sharing
- Mini-drama TongLingFei co-produced by Weishi and Tencent Animation & Comics, ranked Top 10 internet drama with 369 million video views in 2019
Remarkable Progress in Mobile Games Globalization

Top 10 International Games by DAU* in 4Q19

1. PUBG Mobile
2. Candy Crush Saga
3. Call of Duty: Mobile
4. Pokémon GO
5. Clash of Clans
6. Clash Royale
7. Mobile Legends: Bang Bang
8. Free Fire
9. Brawl Stars
10. Homescapes

Breakthroughs in self-developed mobile games for international markets
- PUBG Mobile: intense multiplayer action game based on PUBG gameplay, most popular around the world
- Call of Duty Mobile: competitive modern combat game based on recognized IP, best new launch in 2019
- Brawl Stars: top-down Battle Royale game, highest DAU among new IPs in 2019

Demonstrate development, technology, publishing and operating capabilities
- Know-how in mobile games development - ensure an authentic game quality as on PC or console, supporting by our in-house studios group Timi and Lightspeed & Quantum
- Advanced technology capabilities - deep game engine partnership with Epic Games, heavy investments in AI and cloud technologies
- Long-term relationship with partners - pave the way for smooth and in-depth communication in IP development, gameplay design, international user insights, global publishing and operation experience
- Expertise in operating large-scale games - curate social communities for players; organize top global eSports tournament

* Data source: App Annie
3. Business Review
Revenue by Segment

In billion RMB

* Starting 1Q19, we moved “FinTech and Business Services” revenues out of the Others segment to form a new segment. Please refer to Slide 20 for retrospective figures.
## Value Added Services

In billion RMB

### Social Networks

- Total VAS subscriptions rose 12% YoY to 180 million, benefiting from self-commissioned anime series and expansion of paid music content library, as well as bundled subscription marketing; total video subscriptions reached 106 million, up 19% YoY
- Live broadcast services and music subscriptions revenue grew strongly YoY, but their sequential growth was offset by seasonal decline of in-game item sales

### Online Games

- Online games revenue grew 25% YoY as international markets contribution increased to 23%
- Total smart phone games revenue* increased 37% YoY to RMB26.0 billion due to strong performance of HoK, Peacekeeper Elite and rapid growth from international markets. Revenue rose 7% QoQ as Supercell’s consolidation offset seasonal decline in China
- PC client games revenue decreased 7% YoY and 10% QoQ to RMB10.4 billion as DnF paying users decreased while LoL revenue grew globally on Teamfight Tactics and eSports events

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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.
VAS - Social Networks

Weixin: Facilitating service and commerce connections

• Added a coronavirus-focused section within Weixin Pay’s Public Services entry point, connecting users with authoritative information and medical services

• Beta-testing live broadcast in Mini Programs, and launched tools to help merchants better manage private domain traffic, such as boosting sales conversion, encouraging social sharing within Weixin ecosystem, analysing operational metrics, and driving repeat sales

QQ: Catering to entertainment and eLearning needs

• Integrated AI to enable smarter sticker recommendation, and enhanced entertainment experience in Mini Programs

• Optimized features for School-plus-Home groups, which have served more than 120 million users since coronavirus outbreak: live broadcasting curriculum courses, online tutoring programs provided by leading education content providers, and online classroom management tools
**VAS – Online Games**

**China – Strong franchises & new content**

Smart Phone Games
- *HoK* user engagement and paying users rose YoY, benefitting from anniversary update and eSports-themed skin release
- *Peacekeeper Elite* introduced new gameplay which increased Season Pass adoption
- *Fox Spirit Matchmaker* and *The Tale of Food* popular among anime fans and female players

PC Client Games
- China team FunPlus Phoenix won *LoL* World Championship in November; paying users and revenue increased QoQ
- *DnF* paying users declined, major content update scheduled March 19th

**International – Notable progress operationally & financially**

Proven development, publishing and operational capabilities
- *Call of Duty Mobile* won The Game Awards’ Best Mobile Game and Google Play’s Best Game for 2019
- *PUBG MOBILE* ranked #1 internationally by DAU in 2019, eSports tournament *PUBG MOBILE Club Open* total video views grew 10x YoY
- *Clash of Clans, Clash Royale and Brawl Stars* all ranked top 10 games by DAU*

Expanding footprint
- *League of Legends: Wild Rift* and *Valorant* scheduled in 2020
- Strengthening development expertise via investment in leading PC/console studios, e.g., Funcom, Sharkmob, Sumo

*Source: AppAnnie, QuestMobile*
Overall

• 4Q19 revenue YoY growth accelerated to 19%, driven by continued strength in Social & Others Ad
• FY2019 revenue grew 18% amidst macro and industry challenges as our unique ad properties demonstrated effective user acquisition and sales conversion capabilities

Social & Others Ad

• Revenue was up 37% YoY and 11% QoQ, underpinned by strong demand from games, eCommerce and education advertisers
• Healthy ad engagement and fill rate for 3rd ad load in Weixin Moments; full launch of 4th ad load in mid February 2020
• Mobile ad network revenue more than doubled YoY, as we signed up more high-traffic media partners and increased rewarded video ad inventories

Media Ad

• Revenue was down 24% YoY; growth of native video feed ads offset by macro weakness as well as the adverse impact of uncertain drama scheduling and less NBA-related ad
• Self-commissioned period drama series released in late November attained high levels of video views, driving subscription and sponsorship ad revenues
**FinTech and Business Services**

In billion RMB

**FinTech Services**

- Revenue grew YoY and QoQ, due to increasing adoption by consumers, merchants and wealth management partners
- Commercial payments: average daily transactions exceeded 1 billion in 4Q and average transaction value continued to increase
- Wealth Management: customers more than doubled YoY; aggregated customer assets increased over 50% YoY
- Micro-loan: WeiLiDai originated loan balance increased

**Business Services**

- Cloud services revenue grew strongly, driven by increasing number of key contracts and clients; gross margin improved
- Total number of paying customers surpassed 1 million, benefitting from bolstered sales team and deeper partnerships with system integrators in different verticals. *Mini Programs* developers can expand customer base
- Enhanced SaaS offerings via our first-party products, e.g. *Tencent Meeting* and *WeChat Work*, and external partnerships

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

<table>
<thead>
<tr>
<th></th>
<th>4Q2019</th>
<th>YoY</th>
<th>QoQ</th>
<th>FY2019</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>105,767</td>
<td>+25%</td>
<td>+9%</td>
<td>377,289</td>
<td>+21%</td>
</tr>
<tr>
<td><strong>COPS</strong></td>
<td>(59,659)</td>
<td>+20%</td>
<td>+9%</td>
<td>(209,756)</td>
<td>+23%</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>46,108</td>
<td>+31%</td>
<td>+9%</td>
<td>167,533</td>
<td>+18%</td>
</tr>
<tr>
<td><strong>Interest income</strong></td>
<td>1,580</td>
<td>+17%</td>
<td>-6%</td>
<td>6,314</td>
<td>+38%</td>
</tr>
<tr>
<td><strong>Other gains, net</strong></td>
<td>3,630</td>
<td>N.A.</td>
<td>+289%</td>
<td>19,689</td>
<td>+18%</td>
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<tr>
<td><strong>Operating expenses</strong></td>
<td>(22,714)</td>
<td>+33%</td>
<td>+18%</td>
<td>(74,842)</td>
<td>+14%</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>28,604</td>
<td>+65%</td>
<td>+11%</td>
<td>118,694</td>
<td>+22%</td>
</tr>
<tr>
<td><strong>Finance costs, net</strong></td>
<td>(2,767)</td>
<td>+102%</td>
<td>+58%</td>
<td>(7,613)</td>
<td>+63%</td>
</tr>
<tr>
<td><strong>Share of losses of associates &amp; JV</strong></td>
<td>(1,328)</td>
<td>N.A.</td>
<td>N.A.</td>
<td>(1,681)</td>
<td>N.A.</td>
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<tr>
<td><strong>Income tax expense</strong></td>
<td>(2,137)</td>
<td>+12%</td>
<td>-36%</td>
<td>(13,512)</td>
<td>-7%</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>22,372</td>
<td>+60%</td>
<td>+7%</td>
<td>95,888</td>
<td>+20%</td>
</tr>
<tr>
<td><strong>Net profit attributable to equity holders</strong></td>
<td>21,582</td>
<td>+52%</td>
<td>+6%</td>
<td>93,310</td>
<td>+19%</td>
</tr>
<tr>
<td><strong>Diluted EPS in RMB</strong></td>
<td>2.248</td>
<td>+51%</td>
<td>+6%</td>
<td>9.643</td>
<td>+17%</td>
</tr>
</tbody>
</table>

**Non-IFRS:**

|                        | 25,484  | +29% | +4%  | 94,351  | +22% |
| **Net profit attributable to equity holders** | 2,643   | +28% | +4%  | 9.729   | +20% |
## Non-IFRS Adjustments

<table>
<thead>
<tr>
<th></th>
<th>IFRS 4Q2019</th>
<th>SBC</th>
<th>Net (gains)/losses from investee companies&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Amortisation of intangible assets</th>
<th>Impairment provision&lt;sup&gt;2&lt;/sup&gt;</th>
<th>Tax effect&lt;sup&gt;3&lt;/sup&gt;</th>
<th>Non-IFRS 4Q2019</th>
<th>YoY change</th>
<th>QoQ change</th>
<th>Non-IFRS FY2019</th>
<th>YoY change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating profit</strong></td>
<td>28,604</td>
<td>3,269</td>
<td>(2,340)</td>
<td>701</td>
<td>72</td>
<td>-</td>
<td>30,306</td>
<td>+35%</td>
<td>+6%</td>
<td>114,601</td>
<td>+24%</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>22,372</td>
<td>3,965</td>
<td>(1,412)</td>
<td>1,667</td>
<td>140</td>
<td>(93)</td>
<td>26,639</td>
<td>+32%</td>
<td>+6%</td>
<td>97,589</td>
<td>+22%</td>
</tr>
<tr>
<td><strong>Net profit attributable to equity holders</strong></td>
<td>21,582</td>
<td>3,756</td>
<td>(1,403)</td>
<td>1,406</td>
<td>133</td>
<td>10</td>
<td>25,484</td>
<td>+29%</td>
<td>+4%</td>
<td>94,351</td>
<td>+22%</td>
</tr>
<tr>
<td><strong>Operating margin</strong></td>
<td>27.0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>28.7%</td>
<td>+2.3ppt</td>
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<tr>
<td><strong>Net margin</strong></td>
<td>21.2%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>25.2%</td>
<td>+1.4ppt</td>
<td>-0.6ppt</td>
<td>25.9%</td>
<td>+0.2ppt</td>
</tr>
</tbody>
</table>

**Note:**

<sup>1</sup> Including net (gains)/losses on deemed disposals, disposals of investee companies, fair value changes arising from investee companies, and other expenses in relation to equity transactions of investees.

<sup>2</sup> Impairment provision for associates, joint ventures and intangible assets arising from acquisitions.

<sup>3</sup> Income tax effects of non-IFRS adjustments.
Operating Expenses

S&M in billion RMB

<table>
<thead>
<tr>
<th>Quarter</th>
<th>FY18</th>
<th>FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>4Q18</td>
<td>5.7</td>
<td>6.7</td>
</tr>
<tr>
<td>3Q19</td>
<td>5.7</td>
<td>6.7</td>
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</table>

YoY: +17%
QoQ: +17%

-12% YoY

G&A (excl. R&D) in billion RMB

<table>
<thead>
<tr>
<th>Quarter</th>
<th>FY18</th>
<th>FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>4Q18</td>
<td>5.9</td>
<td>7.1</td>
</tr>
<tr>
<td>3Q19</td>
<td>5.6</td>
<td>7.1</td>
</tr>
</tbody>
</table>

YoY: +41%
QoQ: +18%

G&A (incl. R&D) in billion RMB

<table>
<thead>
<tr>
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<tr>
<td>4Q18</td>
<td>11.3</td>
<td>16.0</td>
</tr>
<tr>
<td>3Q19</td>
<td>13.5</td>
<td>16.0</td>
</tr>
</tbody>
</table>

YoY: +29%
QoQ: +17%
Margin Ratios

IFRS Gross Margin (%)

Non-IFRS Operating Margin (%)

Non-IFRS Net Margin (%)

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

FY2017 FY2018 FY2019

2017 2018 2019
## EPS and Annual Dividend

<table>
<thead>
<tr>
<th>RMB</th>
<th>4Q2019</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>IFRS</td>
<td>YoY</td>
</tr>
<tr>
<td>Basic EPS</td>
<td>2.278</td>
<td>+51%</td>
</tr>
<tr>
<td>Diluted EPS</td>
<td>2.248</td>
<td>+51%</td>
</tr>
</tbody>
</table>

Subject to shareholders’ approval at the AGM on May 13, 2020, proposed 2019 annual dividend of HKD1.20 per share
### CAPEX, FCF and Cash Position

<table>
<thead>
<tr>
<th>RMB million</th>
<th>4Q2019</th>
<th>YoY</th>
<th>QoQ</th>
<th>FY2019</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating CAPEX</td>
<td>7,080</td>
<td>+93%</td>
<td>+21%</td>
<td>20,538</td>
<td>+6%</td>
</tr>
<tr>
<td>Non-operating CAPEX</td>
<td>9,789</td>
<td>+996%</td>
<td>+1118%</td>
<td>11,831</td>
<td>+157%</td>
</tr>
<tr>
<td><strong>Total CAPEX</strong></td>
<td>16,869</td>
<td>+270%</td>
<td>+154%</td>
<td>32,369</td>
<td>+35%</td>
</tr>
</tbody>
</table>

| Operating Cash Flow* | 50,604 | +47% | +15% | 148,590 | +34% |
| Less: CAPEX Paid | (12,708) | +176% | +97% | (28,331) | +23% |
| **Free Cash Flow** | 37,896 | +27% | *stable* | 120,259 | +37% |

| Total Cash | 205,261 | +23% | +3% | 205,261 | +23% |
| Less: Total Debt | (220,813) | +23% | +7% | (220,813) | +23% |
| **Net Debt** | (15,552) | +28% | +117% | (15,552) | +28% |

*Fair value of our shareholdings in listed investee companies, excluding subsidiaries, was approximately RMB419.8 billion (USD60.2 billion) as at December 31, 2019*

- In 2019, we have re-classified interests paid from operating to financing cash flows, and re-stated comparative figures accordingly.
1. Overview
2. Strategy Review
3. Business Review
4. Financial Review
5. Q&A
Thank you!

Tencent Holdings Limited

2019 Fourth Quarter and Annual Results Presentation

https://www.tencent.com/ir