

Tencent 腾讯

# *2025 Second Quarter Results Presentation*

*August 13, 2025*

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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 realised 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-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 RMB7.1586 for 2Q2025.

# **1. *Overview***

2. *Business Review*

3. *Financial Review*

4. *Q&A*

# Financial Highlights

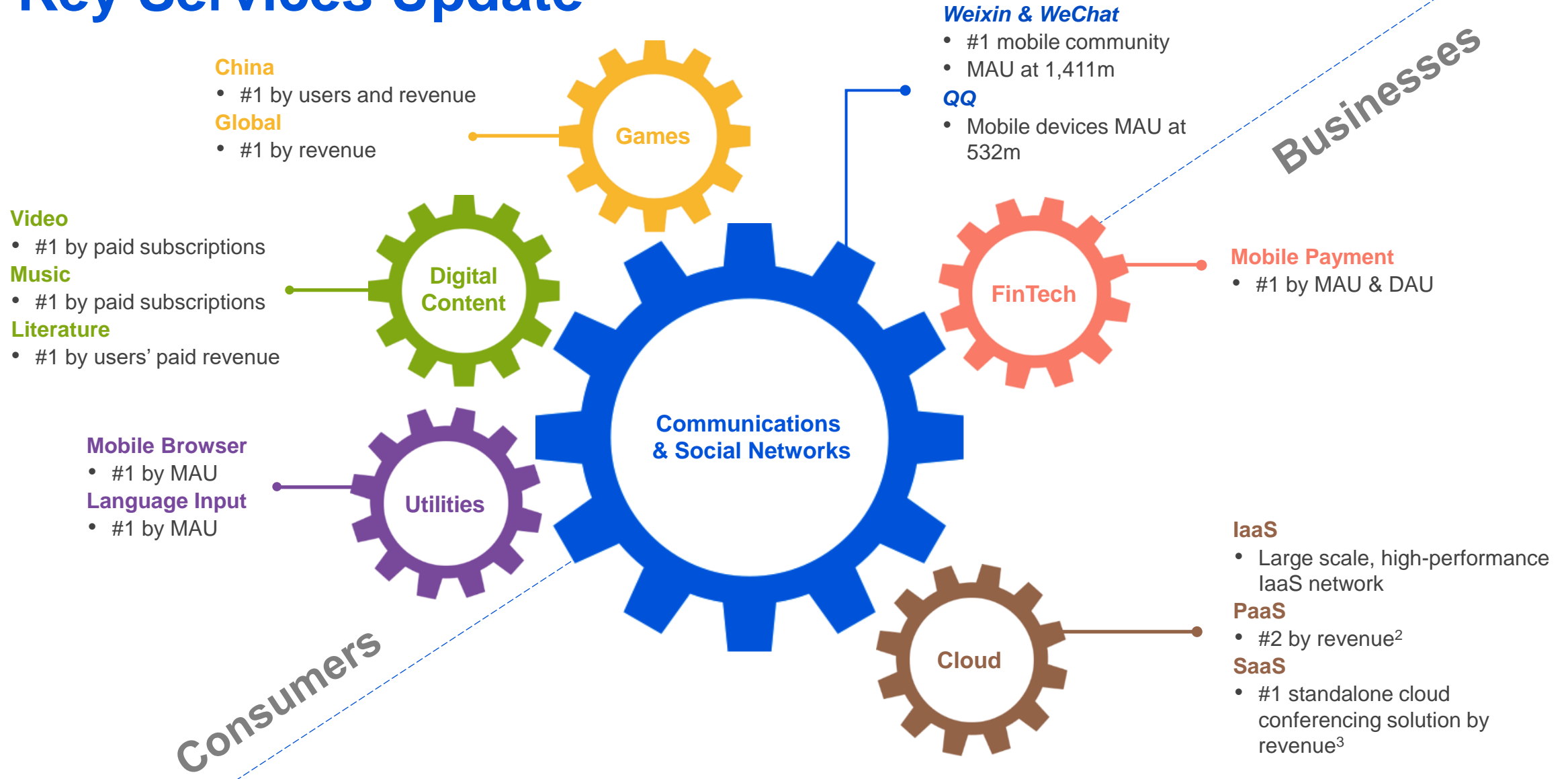
In billion RMB	2Q2025	2Q2024	YoY	1Q2025	QoQ
<b>Total Revenue</b>	<b>184.5</b>	<b>161.1</b>	<b>+15%</b>	<b>180.0</b>	<b>+2%</b>
Value-added Services	91.4	78.8	+16%	92.1	-0.8%
Social Networks	32.2	30.3	+6%	32.6	-1%
Domestic Games <sup>1</sup>	40.4	34.6	+17%	42.9	-6%
International Games	18.8	13.9	+35%	16.6	+13%
Marketing Services <sup>2</sup>	35.8	29.9	+20%	31.9	+12%
FinTech and Business Services	55.5	50.4	+10%	54.9	+1%
Others	1.8	2.0	-7%	1.1	+63%
<b>Gross Profit</b>	<b>105.0</b>	<b>85.9</b>	<b>+22%</b>	<b>100.5</b>	<b>+4%</b>

## Non-IFRS

<b>Operating Profit</b>	<b>69.2</b>	<b>58.4</b>	<b>+18%</b>	<b>69.3</b>	<b>-0.1%</b>
Operating Margin	37.5%	36.3%	+1.2ppt	38.5%	-1.0ppt
<b>Net Profit Attributable to Equity Holders</b>	<b>63.1</b>	<b>57.3</b>	<b>+10%</b>	<b>61.3</b>	<b>+3%</b>

1. Domestic Games refers to our games business in the PRC excluding the Hong Kong Special Administrative Region, the Macao Special Administrative Region and Taiwan
2. Starting 3Q24, we have renamed this revenue segment from 'Online Advertising' to 'Marketing Services' to better represent the breadth of our marketing solutions and accompanying technology services across our online marketing properties.

# Key Services Update



1. All rankings above refer to China market, unless otherwise stated. Company data as of Jun 30, 2025

2. IDC Quarterly Public Cloud Services Tracker, 1Q25

3. IDC China Cloud Conferencing Market Share report, 2023

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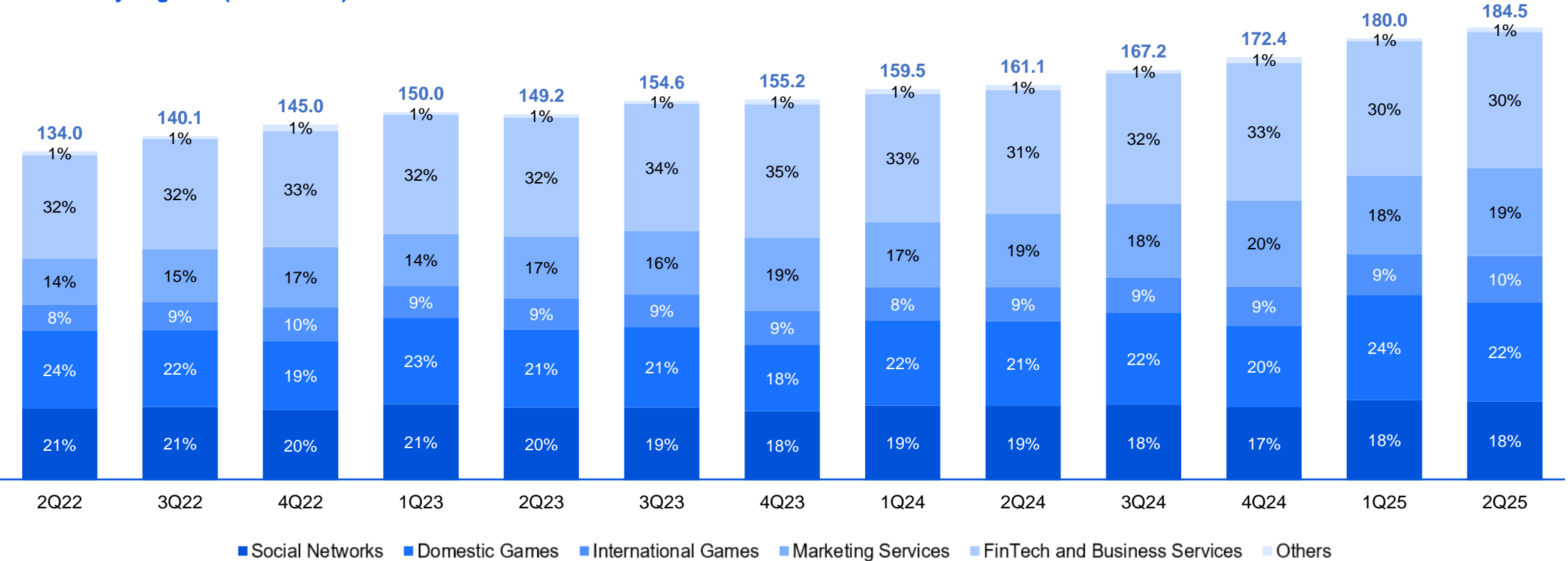
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# Revenue

Revenue Growth (YoY %)



Revenue by Segment (billion RMB)

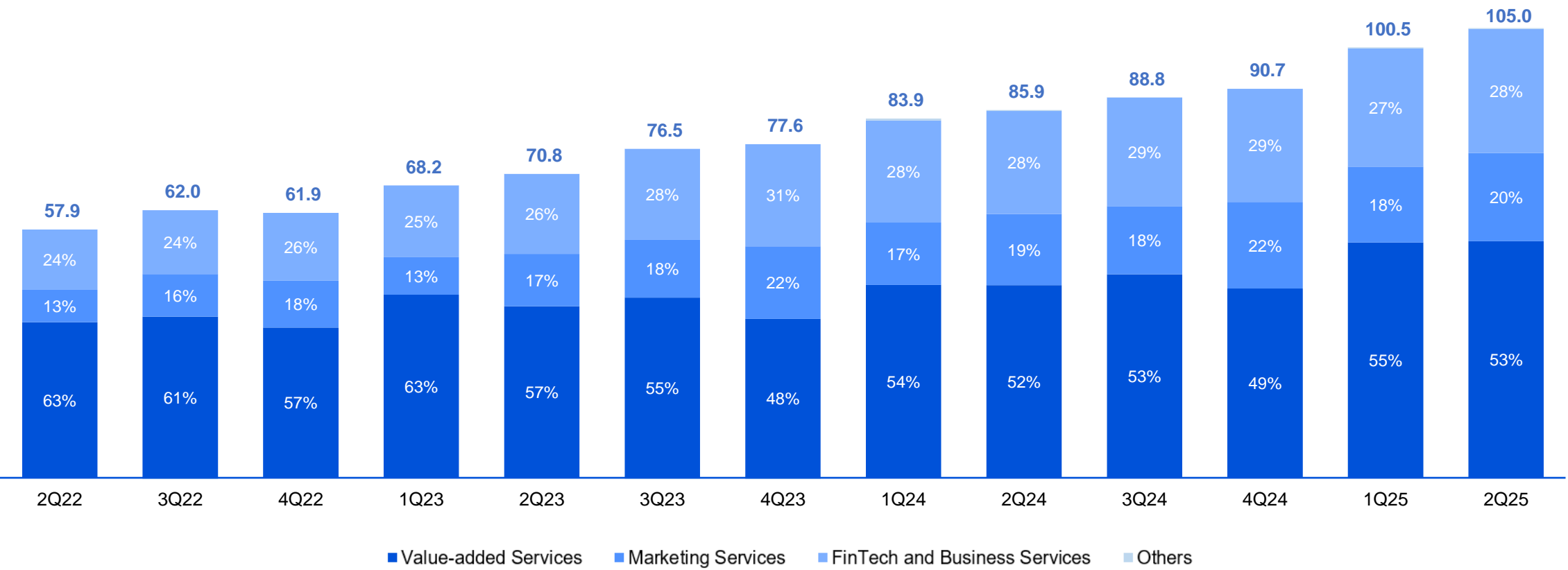


# Gross Profit

Gross Profit Growth (YoY %)



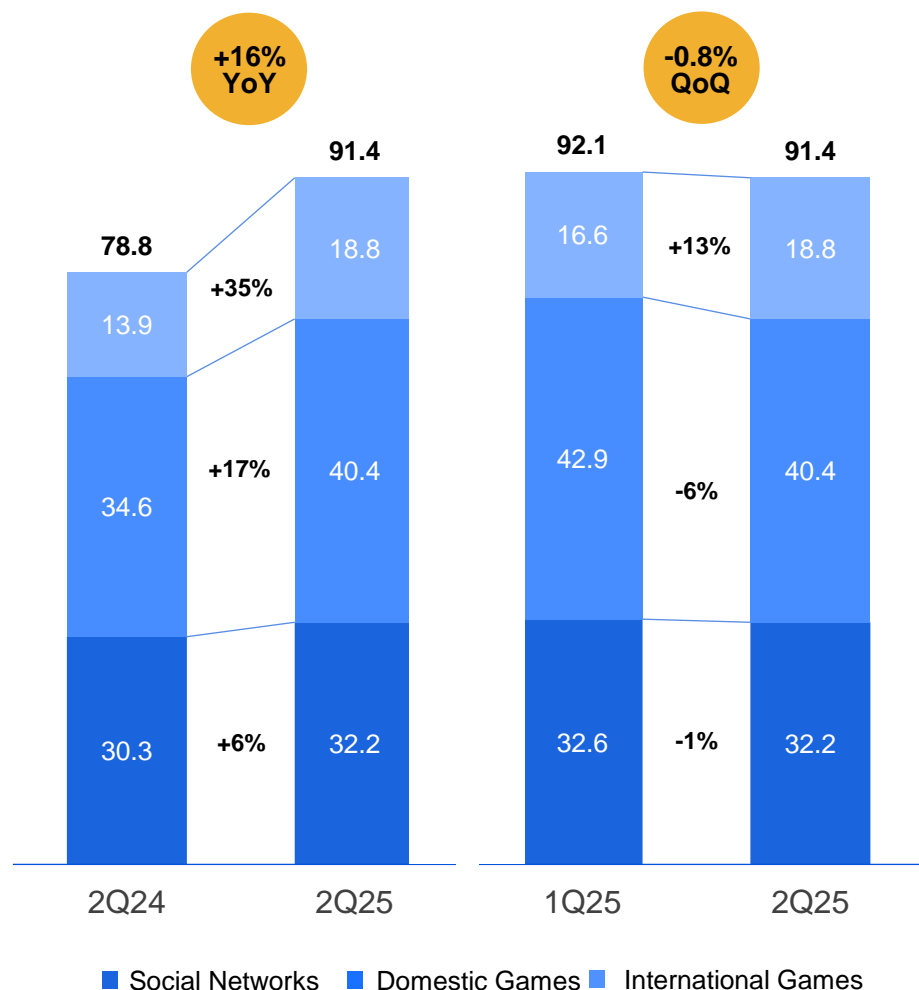
Gross Profit by Segment (billion RMB)





# Value-added Services

In billion RMB



1. The average number of paying users as of the last day of each month during 2Q25
2. The average daily number of paying users for 2Q25
3. Source: Enlightent, by video views across all online platforms in China for May 2025

## Social Networks

- Revenue was up 6% YoY, driven by increased revenue from app-based games item sales, *Video Accounts* live streaming service and music subscriptions
- Music subscription revenue increased 17% YoY, supported by growth in ARPU and subscribers. Music subscribers grew 6% YoY to 124 million<sup>1</sup>. TME enriched content offerings by deepening cooperation with Asian labels. Super VIP membership subscribers exceeded 15 million, benefitting from privileges such as collectible artist cards and expanded early access to merchandise and live events
- Long-form video subscription revenue decreased 2% YoY. Video subscribers declined 3% YoY to 114 million<sup>2</sup> due to fewer scheduled releases of top-tier content. Our self-commissioned drama series, *The Prisoner of Beauty*, ranked #1 industry-wide<sup>3</sup> in May

## Domestic Games

- Revenue grew 17% YoY, driven by contribution from recently released game *Delta Force*, and growth from evergreen games *HoK*, *VALORANT* and *Peacekeeper Elite*

## International Games

- Revenue increased 35% YoY, or 33% in constant currency, driven by Supercell's games, *PUBG Mobile* and release of *Dune: Awakening*

# Communications & Social Networks



## **Mini Programs**

- GMV facilitated by *Mini Programs* grew by teens % YoY in 2Q25, benefitting from improved support for use cases especially in financial services, dine-in ordering and transportation
- *Mini Games* total gross receipts increased 20% YoY in 2Q25. Upgraded technology infrastructure with expanded game engine compatibility, enhanced graphics rendering and reduced load time, which facilitated developers in porting complex app-based games to *Mini Games*



## **Mini Shops**

- Allowed brands and merchants to port SKU library from *Mini Programs* to *Mini Shops* and unify loyalty programs across two platforms
- Extended gifting feature from *Mini Shops* to *Mini Programs*, *Video Accounts* and *Official Accounts*
- Introduced “shop with friends” feature, encouraging users to share products and shops with friends via chats and *Moments*, and participate in deals for group discounts



## **AI feature updates in Weixin**

- Added AI-powered citation to content, enabling users to activate contextual AI commentary on related information when reading *Official Accounts* articles or *Video Accounts* comments
- Upgraded *Mini Shops* customer service with LLM capabilities, to provide more intelligent responses to customer inquiries and personalised product recommendations
- Enabled *Yuanbao*, as a *Weixin* contact, to interpret and summarise *Video Accounts* content

# Domestic Games

## *Delta Force*

- Leveraging the game's advanced architecture and modular design, we added new features such as underwater combat and dynamic weather system, enabling monthly average DAU to exceed 20 million in July
- Ranked among top 5 games industry-wide by DAU, and ranked among top 3 games industry-wide by gross receipts, in China in July<sup>1</sup>

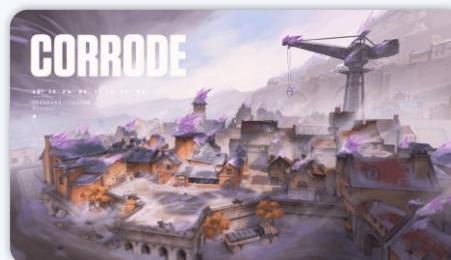


## *Peacekeeper Elite*



- Average DAU grew over 30% YoY in 2Q25, driven largely by the rising popularity of extraction shooter mode

## *VALORANT*



- Average DAU achieved record high in 2Q25, benefitting from eSports tournament, and new larger scale map Corrode
- *VALORANT MOBILE* will launch on Aug 19

## AI contributing to games' revenue growth

- AI enriches PvP and PvE games by accelerating content production speed and scale
- AI enables virtual teammates in PvP games and more realistic NPCs<sup>2</sup> in PvE games to provide more human-like interactions
- AI enhances marketing for player acquisition and engagement

1. Source: Company data, QuestMobile, Sensor Tower

2. Non-player characters

# International Games



**PUBG Mobile**

- Players increasingly participating in UGC-powered World of Wonder sandbox
- Monthly gross receipts achieved record high in April on appealing ancient Egyptian-themed outfits



**Clash Royale**

- Released more frequent content updates, optimised the reward system and hosted more community events, resulting in more attention from live streaming influencers and higher DAU
- Monthly gross receipts hit 7-year high in June



**Dune:  
Awakening**

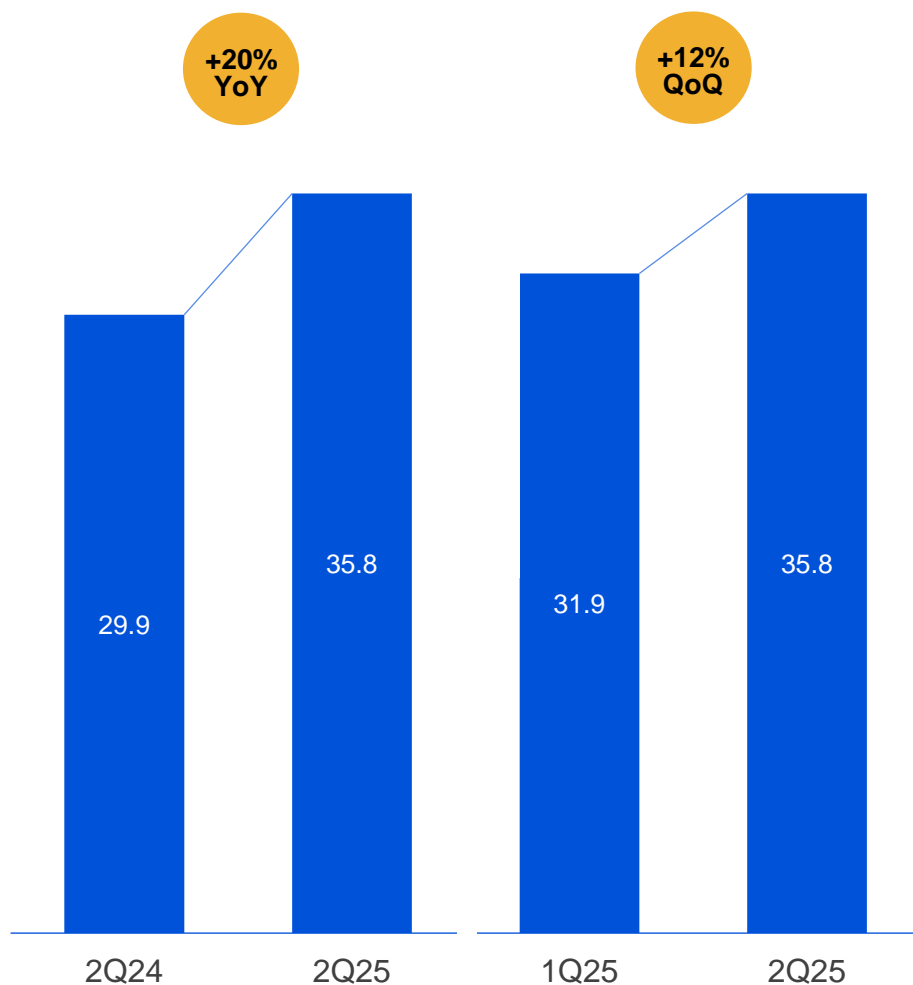
- Open world survival game based on iconic sci-fi IP, developed and published by subsidiary Funcom
- Launched in June - received positive response from fans of survival genre and fans of Dune IP, ranked first pay-to-own game by revenue on Steam worldwide during launch period<sup>1</sup>



1. Source: Steam, for the period from 5 June to 10 June

# Marketing Services

In billion RMB



## Overall

- Revenue grew 20% YoY, benefitting from AI-powered adtech upgrades, and more closed-loop advertising activity
- We expanded AI capabilities in ad creation, placement, recommendation and performance analysis, enhancing CTRs, conversions and ROI for advertisers, and growing revenue on our platforms
- In particular, we upgraded ad platform by deploying scaled-up foundation model

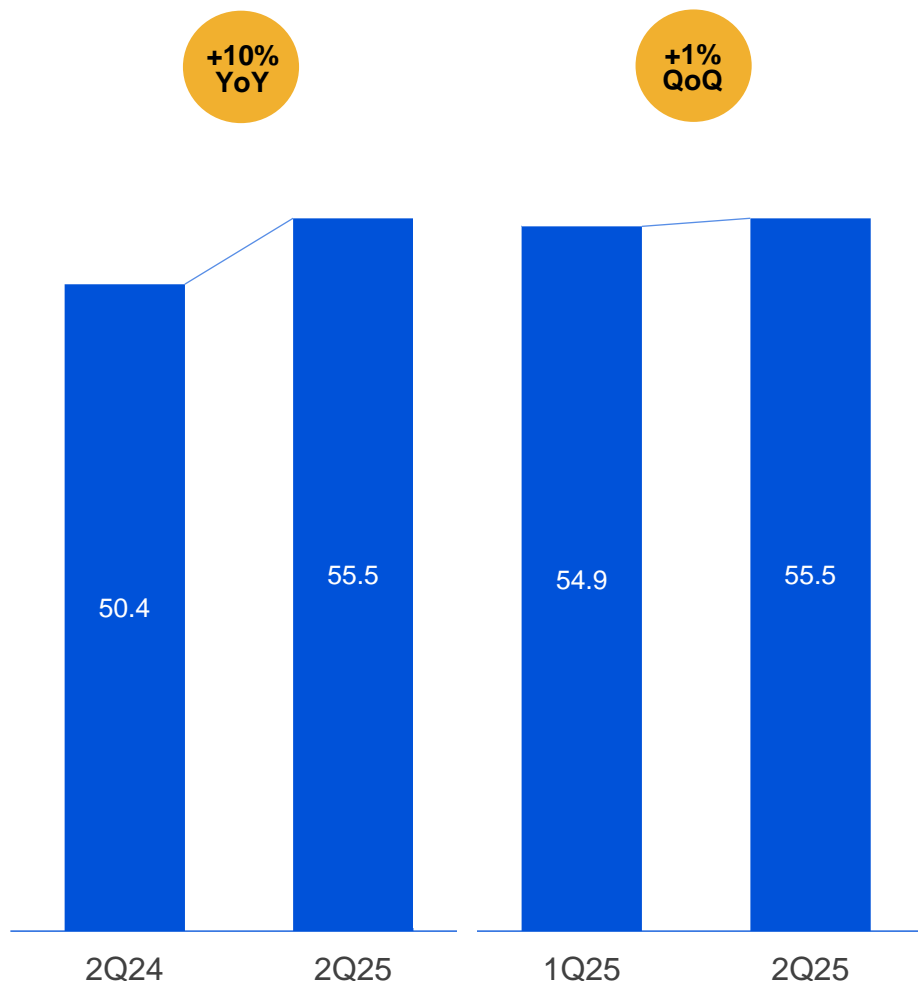
## Weixin

- **Video Accounts** marketing services revenue rose ~50% YoY. As more transactions occur within Weixin, merchants and service providers increasingly use marketing solutions to drive traffic to their live streaming and mini shops
- **Mini Programs** marketing services revenue increased ~50% YoY, as our closed-loop marketing solutions offered attractive ROIs for mini games and mini dramas
- **Weixin Search** marketing services revenue grew ~60% YoY, due to more consumer and advertiser interest in Mini Programs search results, and enhanced ad relevance as we leveraged LLMs to deepen understanding of merchandise and user consumption intent



# FinTech and Business Services

In billion RMB



## FinTech Services

- Revenue growth increased to high single-digit % YoY, primarily driven by commercial payment services and consumer loan services
- Growth in commercial payment volume turned positive YoY, as decline in value per transaction narrowed and number of transactions grew faster YoY. Online TPV continued to grow at healthy rate, while previously weak offline TPV trend improved due to more spending in categories such as retail and dining services

## Business Services

- Revenue grew at teens % YoY, driven by cloud services (including GPUs and API tokens for AI) and fees collected on *Mini Shops* eCommerce transactions. Gross margin increased YoY due to improved efficiency
- Tencent Cloud increased international revenue significantly YoY. Our cloud migration technology and database tooling capabilities facilitated large enterprises to migrate to Tencent Cloud and enhance IT efficiency
- Enhanced HunYuan LLM data quality through data augmentation and synthesis, and implemented more effective pre-training and post-training scaling. HunYuan 3D model is top-ranked 3D generative model on Hugging Face; game developers, 3D printing enterprises, design professionals increasingly use HunYuan 3D model for digital asset generation

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# Income Statement

In billion RMB	2Q2025	2Q2024	YoY	1Q2025	QoQ
Revenue	184.5	161.1	+15%	180.0	+2%
COPS	(79.5)	(75.2)	+6%	(79.5)	stable
Gross profit	105.0	85.9	+22%	100.5	4%
Operating expenses	(41.3)	(36.7)	+13%	(41.5)	-0.5%
Other gains (losses), net	(3.6)	1.5	N/A	(1.4)	+156%
Operating profit	60.1	50.7	+18%	57.6	+4%
Net gains (losses) from investments and others	2.6	(0.7)	N/A	1.4	+87%
Interest income	4.1	3.9	+7%	3.7	+10%
Finance costs	(3.9)	(3.1)	+27%	(3.9)	+2%
Share of profit of associates & JVs, net	4.5	7.7	-42%	4.6	-2%
Income tax expense	(11.4)	(10.1)	+12%	(13.7)	-17%
Net profit	56.0	48.4	+16%	49.7	+13%
Net profit attributable to equity holders	55.6	47.6	+17%	47.8	+16%
Diluted EPS in RMB	5.996	4.994	+20%	5.129	+17%

## Non-IFRS

Operating profit	69.2	58.4	+18%	69.3	-0.1%
Net profit attributable to equity holders	63.1	57.3	+10%	61.3	+3%
Diluted EPS <sup>1</sup> in RMB	6.793	6.014	+13%	6.583	+3%
Weighted average number of shares in million <sup>2</sup>	9,247	9,445	-2%	9,261	-0.2%

1. Diluted EPS is calculated using the weighted average number of outstanding shares in the period incl. the dilutive effect of share options and awarded shares as determined under the treasury stock method
2. Weighted average number of shares for calculation of diluted EPS includes the dilutive effect of share options and awarded shares as determined under the treasury stock method



# Non-IFRS Adjustments

In billion RMB	IFRS 2Q2025	SBC	Net (gains)/ losses from investee companies <sup>1</sup>	Amortisation of intangible assets	Impairment provisions/ (reversals) <sup>2</sup>	SSV & CPP <sup>3</sup>	Tax effects	Non-IFRS 2Q2025	YoY change	QoQ change
Operating profit	60.1	7.4	-	1.5	-	0.2	-	69.2	+18%	-0.1%
Share of profit of associates & JVs, net	4.5	0.9	(0.8)	1.5	0.2	-	-	6.3	-36%	-17%
Net profit	56.0	8.3	(2.4)	3.2	(0.4)	0.8	(0.7)	64.8	+11%	+3%
Net profit attributable to equity holders	55.6	8.1	(3.2)	2.8	(0.4)	0.8	(0.6)	63.1	+10%	+3%
Operating margin	32.6%							37.5%	+1.2ppt	-1.0ppt

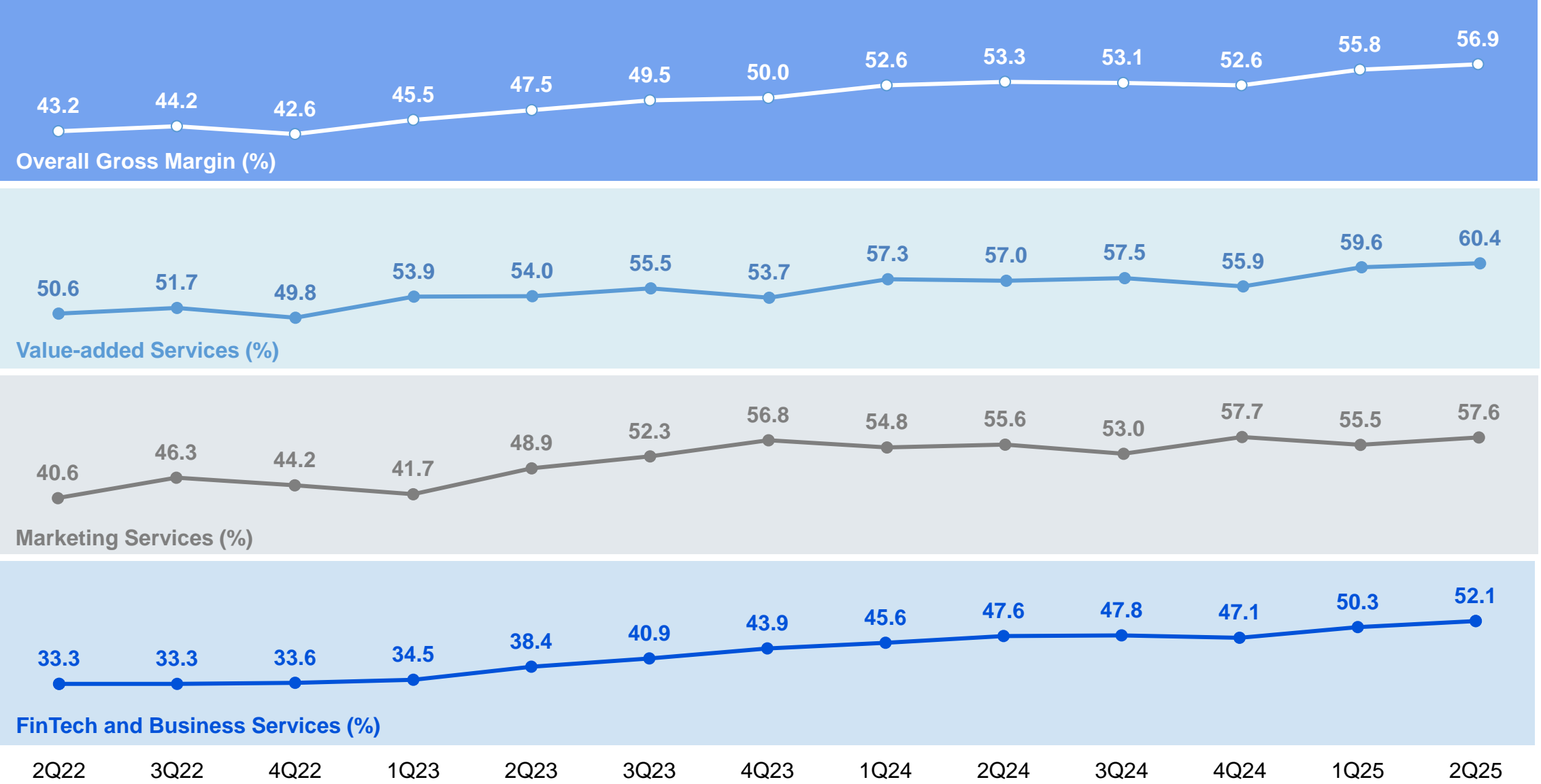
Note:

1. 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 investee companies.

2. Mainly including impairment provisions/(reversals) for associates, joint ventures, goodwill and other intangible assets arising from acquisitions.

3. Mainly including donations and expenses incurred for the Group's Sustainable Social Value & Common Prosperity Programme initiatives.

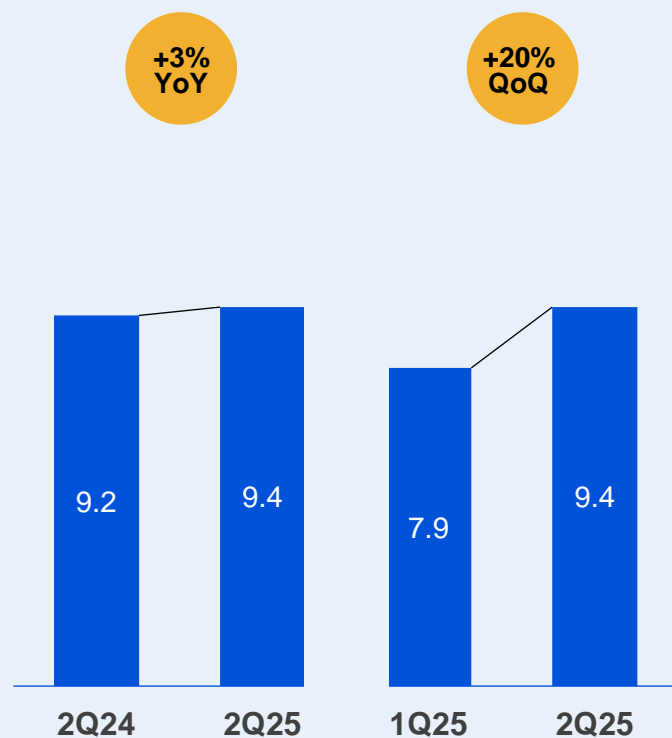
# Gross Margins



# Operating Expenses

## S&M

in billion RMB

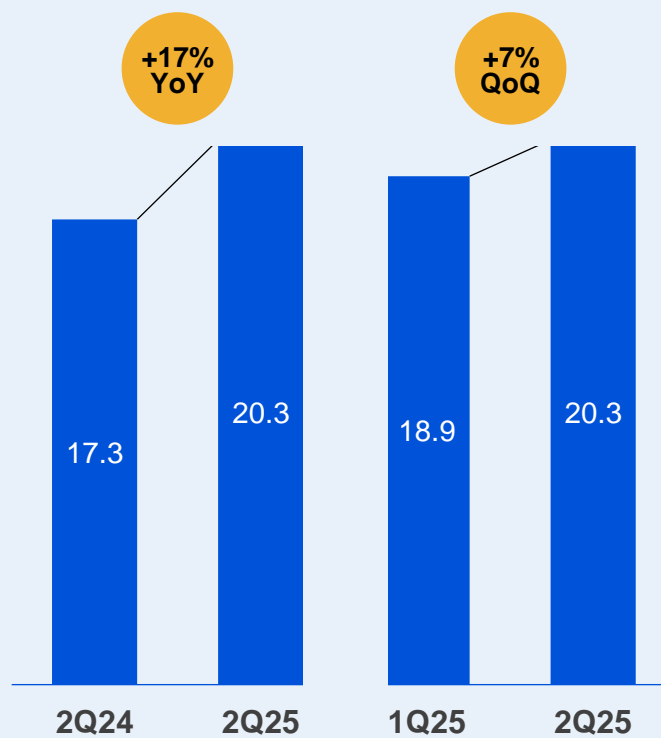


### Non-IFRS

2Q25 S&M grew by 3% YoY and 20% QoQ

## R&D

in billion RMB

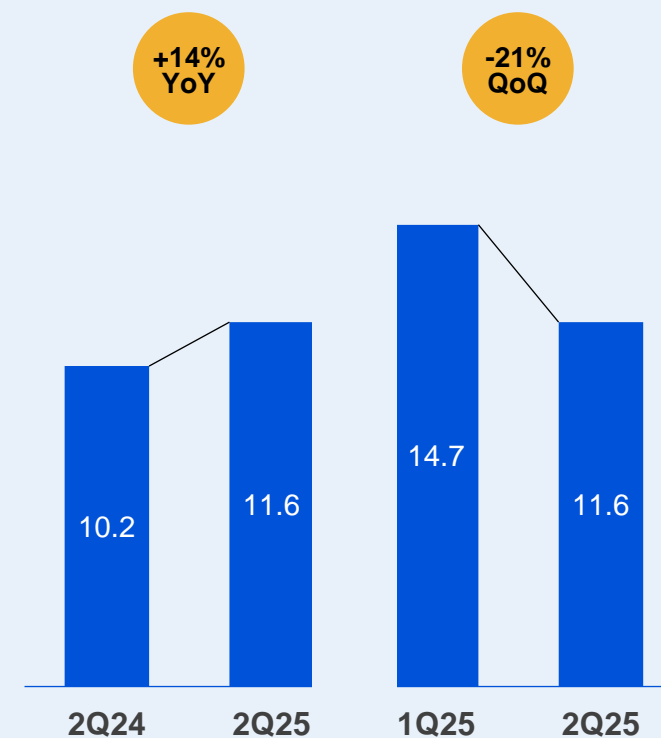


### Non-IFRS

2Q25 R&D grew by 17% YoY and 5% QoQ

## G&A (excl. R&D)

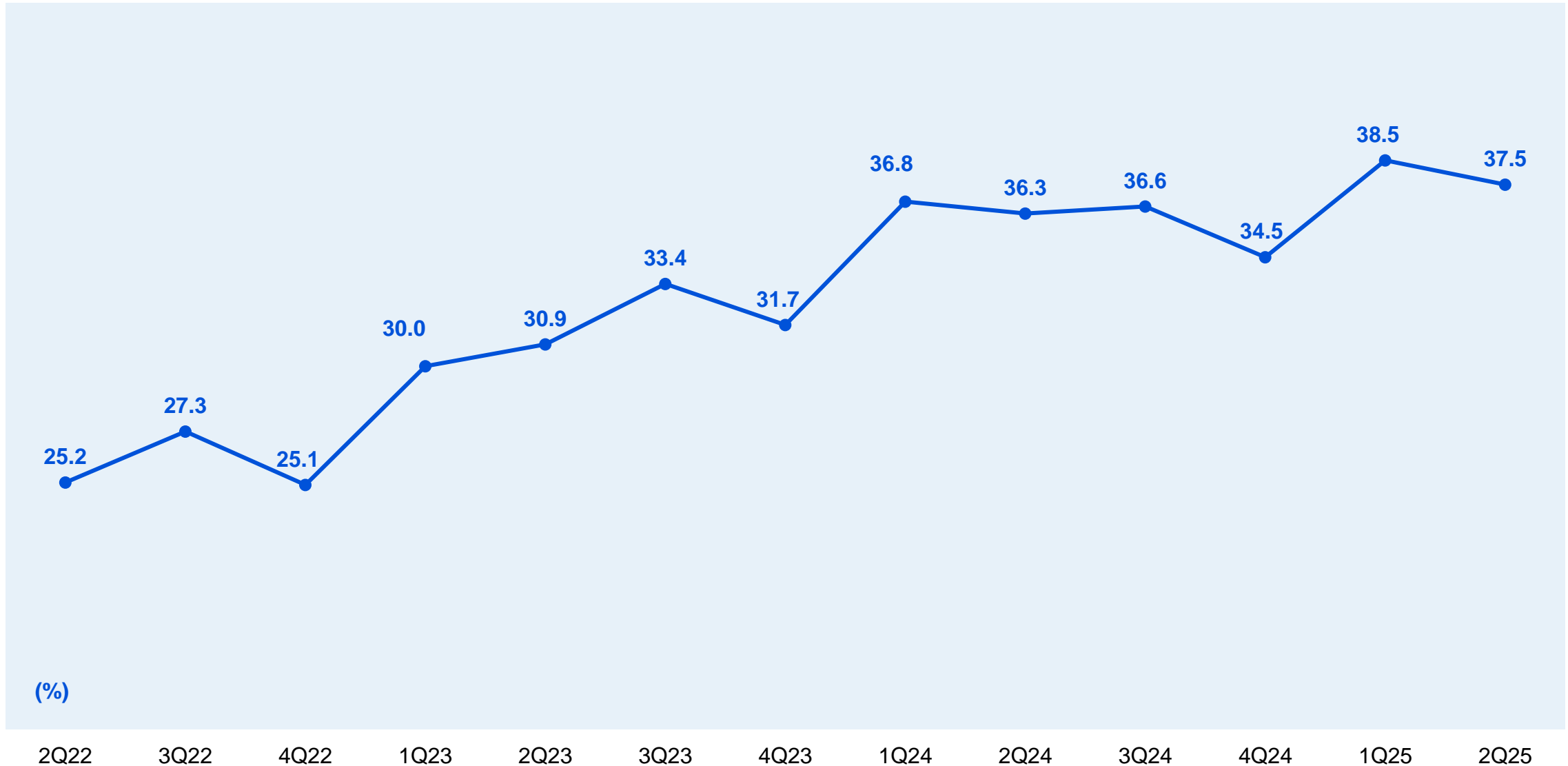
in billion RMB



### Non-IFRS

2Q25 G&A (excl. R&D) grew by 11% YoY and 2% QoQ

# Non-IFRS Operating Margin



# CAPEX, FCF and Cash Position

In billion RMB	2Q2025	2Q2024	YoY	1Q2025	QoQ
Operating CAPEX	17.9	7.2	+149%	26.4	-32%
Non-operating CAPEX	1.2	1.5	-20%	1.1	+13%
<b>Total CAPEX</b>	<b>19.1</b>	<b>8.7</b>	<b>+119%</b>	<b>27.5</b>	<b>-30%</b>

Operating Cash Flow	74.4	54.1	+37%	76.9	-3%
Less: CAPEX Paid	(22.9)	(5.9)	+286%	(23.0)	-0.8%
Payments for media content	(6.3)	(6.2)	+2%	(5.3)	+21%
Payments for lease liabilities	(2.2)	(1.6)	+31%	(1.5)	+44%
<b>Free Cash Flow</b>	<b>43.0</b>	<b>40.4</b>	<b>+7%</b>	<b>47.1</b>	<b>-9%</b>

Total Cash	468.4	415.2	+13%	476.0	-2%
Less: Total Debt	(393.8)	(343.4)	+15%	(385.8)	+2%
<b>Net Cash</b>	<b>74.6</b>	<b>71.8</b>	<b>+4%</b>	<b>90.2</b>	<b>-17%</b>

- Repurchased ~39 million shares with an aggregated cost of ~RMB17.8 billion and paid cash dividend of ~RMB37.5 billion during 2Q25
- As at 30 Jun 2025, the fair value of our shareholdings<sup>1</sup> in listed investee companies (excluding subsidiaries) was ~RMB714 billion (USD100 billion) and the carrying book value of our shareholdings in unlisted investee companies (excluding subsidiaries) was ~RMB342 billion (USD48 billion)

1. Including those held via special purpose vehicles, on an attributable basis.

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*Tencent Holdings Limited*

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*Thank you!*



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