

Social and internet platforms¹

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Tencent

In 2023, Tencent made breakthroughs in a number of products and services, summarised below. These developments drove high-quality revenue streams that fuelled strong gross profit growth, record profit and free cash flow, and supported its plan to step up capital returns to shareholders.

For the year ended 31 December 2023, Tencent reported revenues of RMB609bn, up 10% from last year. Non-IFRS profit attributable to shareholders (Tencent's measure of core earnings by excluding certain non-cash items and certain impact of investment-related transactions) increased 36% to RMB158bn.

The opportunity

China remains the world's largest consumer internet market, with around 1.09 billion internet users in December 2023 (up 2.3% YoY), 99.9% of whom were mobile users². With a highly mobile-penetrated population, growing middle class and increased investment in digitally transforming industries, the opportunity in this internet industry remains massive.

Continuing to grow

Tencent is a global internet and technology company that develops innovative products and services to enrich the lives of users. Its communication and social services connect over 1.34 billion people worldwide, enabling them to stay in touch with friends and family, access transportation, pay for daily necessities and be entertained.

Tencent publishes some of the world's most popular games and other high-quality digital content, enriching interactive entertainment experiences for people around the globe. It also offers a range of business services such as cloud computing, advertising, fintech and other enterprise services to support its clients' digital transformation and business growth.

In 2023, Tencent further enhanced its business efficiency and focused on core activities while developing new services and revenue lines to support sustainable and high-quality growth. During the year, it launched its proprietary foundation model, Tencent Hunyuan. This is now among the top tier of large language models in China, with notable strength in advanced logical reasoning.

Monthly active users of Weixin and WeChat reached 1.34 billion, up 2% YoY. User time spent on Weixin continued to grow as it expanded its content, service offerings and short-form video capability. Time spent on Video Accounts more than doubled in 2023, reflecting the benefits of enhanced recommendation algorithms. Video Accounts is now entrenched as a major short-form video and live-streaming platform in China, while Mini Games is regarded as the leading casual game platform in China.

The number of Tencent mobile and PC major hit games in China (defined as games with average quarterly daily active users exceeding 5 million for mobile or 2 million for PC and generating over RMB4bn annual gross receipts) increased from six in 2022 to eight in 2023. International contribution to Tencent's games revenue reached a record 30%.

Tencent Video and Tencent Music Entertainment extended their important presence in the long-form video and music-streaming industries, with 117 million video subscriptions and 107 million music subscriptions. Tencent upgraded its AI-powered advertising technology platform, which significantly enhanced targeting accuracy and therefore, revenue growth. It also strengthened its payment compliance capabilities, enhanced mini program-based transaction tools and upgraded the cross-border payment experience.



Tencent continues to actively leverage its technology and platform to create value for society through initiatives such as its digital philanthropy platform, one of the largest of its kind in the world. In 2023, the 99 Giving Day event raised a record RMB3.8bn in public donations. The company made progress in its decarbonisation journey by applying its fourth-generation data centre technology to reduce emissions and increase the adoption of renewable energy. In August 2023, Tencent joined the United Nations Global Compact (UNGC), demonstrating its commitment to integrating UNGC's principles into its strategy, culture and day-to-day operations, while supporting the UN's Sustainable Development Goals.

In 2023, it returned substantial capital to shareholders through payment of cash dividend, share repurchases, and settlement of distribution in specie.

¹ In presenting and discussing our performance, we use certain alternative performance measures not defined by IFRS, referred to as non-IFRS-EU financial measures, alternative performance measures or APMs. Such measures include economic-interest-basis information; trading profit; adjusted EBITDA; headline earnings; core headline earnings; and growth in local currency, excluding acquisitions and disposals. Segment reviews in this report are prepared showing revenue on an economic-interest basis (which includes consolidated subsidiaries and a proportionate share of associated companies and joint ventures), unless otherwise stated. Numbers included in brackets represent the equivalent measure on the basis of growth in local currency, excluding acquisitions and disposals. For further explanation of the use of APMs, refer to 'About this report' in the governance section.

² Per latest CNNIC report issued on 22 March 2024.



Looking forward

In 2023, Tencent made notable progress in core technologies, especially those involving AI that will serve as its growth multiplier going forward. The deployment of AI technology in its existing businesses has begun to deliver revenue benefits, particularly for its advertising business. Tencent is increasingly integrating Hunyuan to provide co-pilot services for its enterprise SaaS products, including Tencent Meeting and Tencent Docs, and it is developing new GenAI tools for effective content production internally. It has identified earlier-stage business opportunities from providing AI services to Tencent Cloud customers.

Tencent's management team remains committed to streamlining business operations and managing costs to reinforce product leadership and expand key strategic growth areas.

The group's commitment to the principle of 'value for users, tech for good' is unwavering. Harnessing its investment in technology, it will continue to create value for its shareholders and the community, and strive to foster innovations, address societal needs and contribute to a sustainable future for all stakeholders.