

**Tencent 腾讯**

# BRIDGING THE EAST AND WEST

## TENCENT GAMES STORY

# Agenda

- 1 **Online Game Industry Landscape**
- 2 **China Online Game Market**
- 3 **Tencent Games Overview**

# Agenda

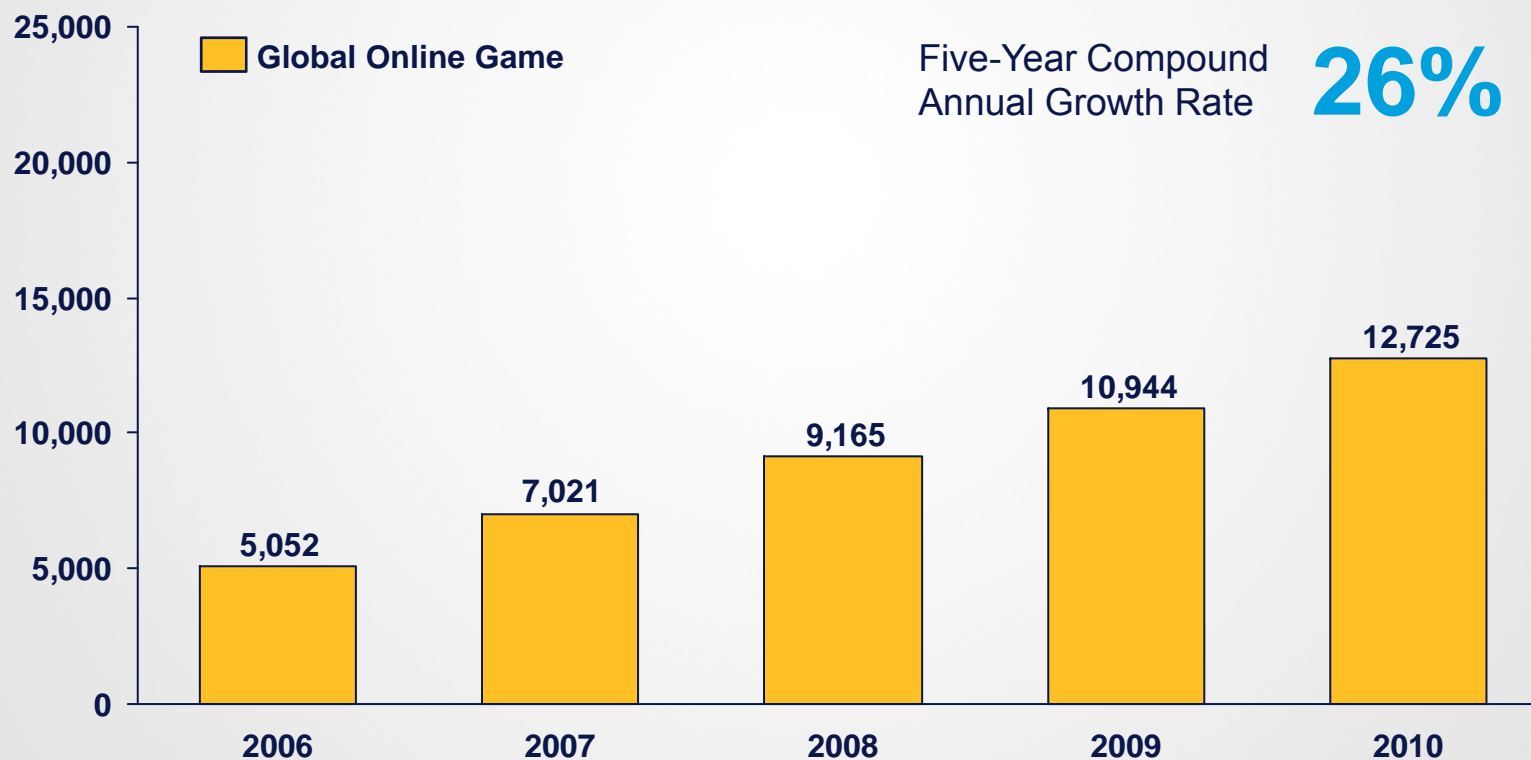
- 1 **Online Game Industry Landscape**
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## Online Game Industry Landscape

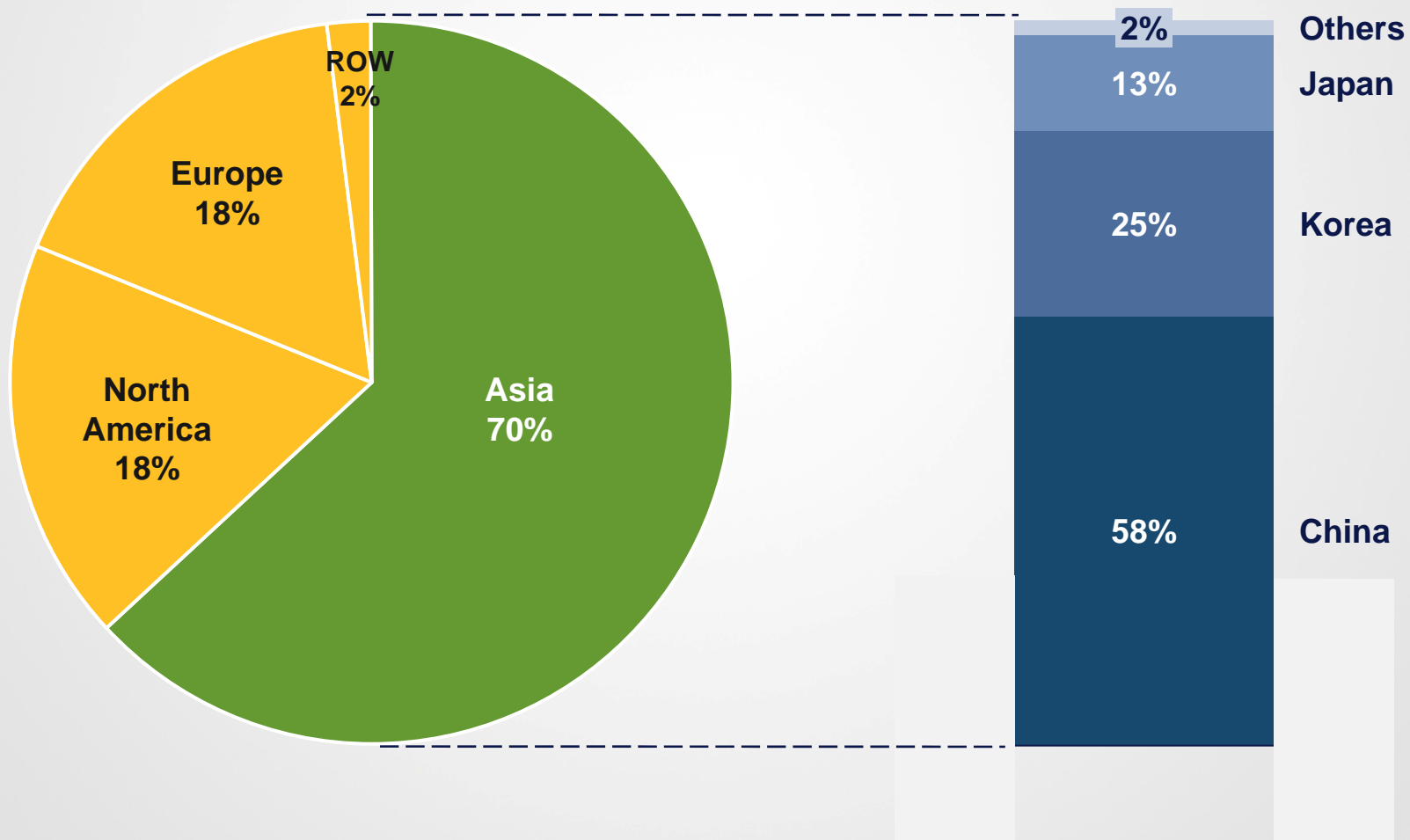
# Global Online Game Market Grows Strongly

Unit: USD 1 Million



Online Game Industry Landscape

## Asia Drives the Online Game Transition



Online Game Industry Landscape

## Key Features of Online Game Business

### 1. Enriched Gaming Experience in Community



SONY PS3 Home 在线社区服务

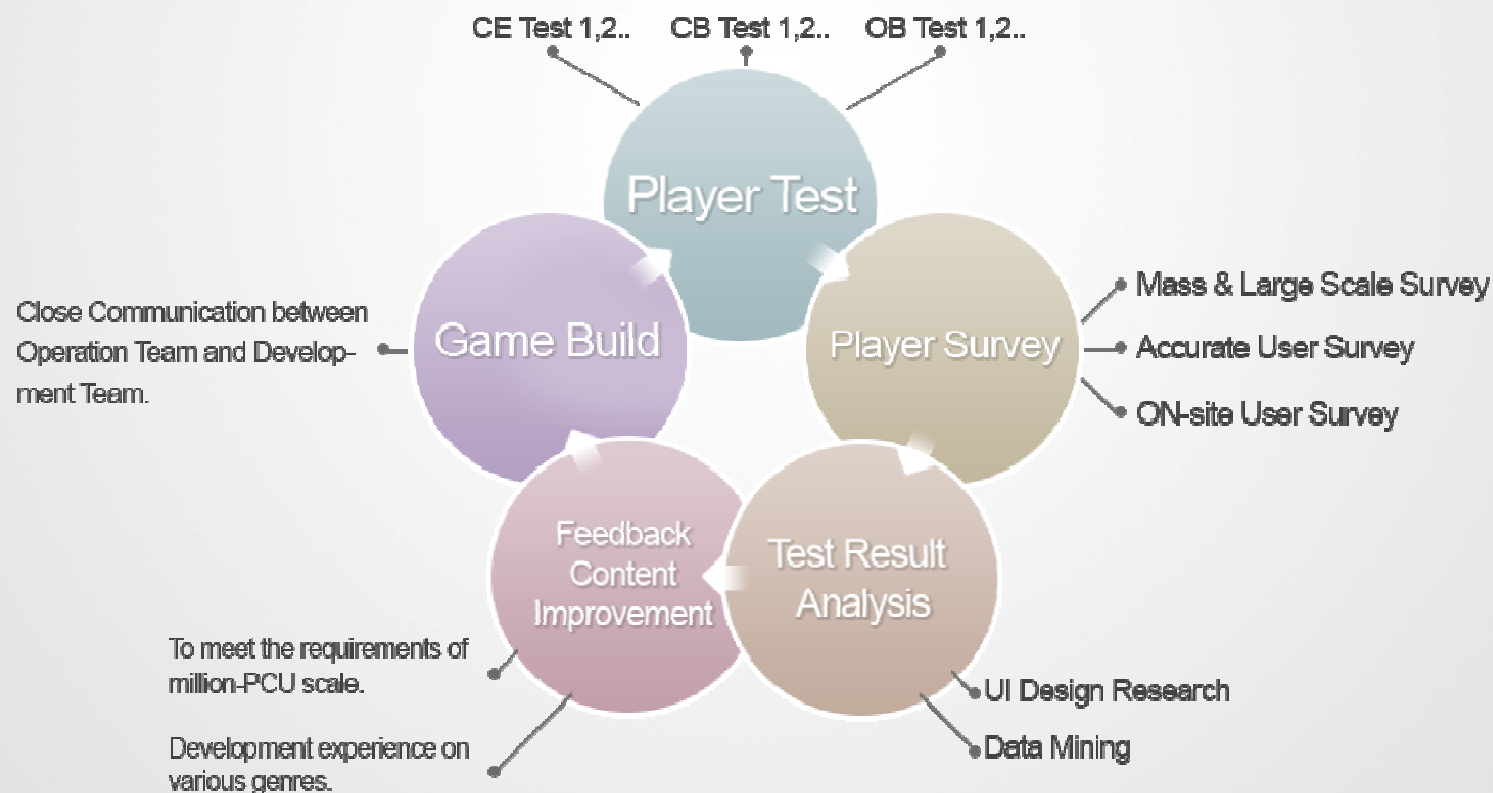


微软 XBOX LIVE 在线社区服务

Online Game Industry Landscape

## Key Features of Online Game Business

### 2. Proactive Interaction with Gamers



## Online Game Industry Landscape

# Key Features of Online Game Business

## 3. Innovative Monetization

- **Micro-transaction**, evolved from subscription to free-to-play
- **Virtual Goods**, selling on avatar, materials, value-added items
- **In-Game Ads**, cooperating with brands of FMCG, apparel and consumer electronics

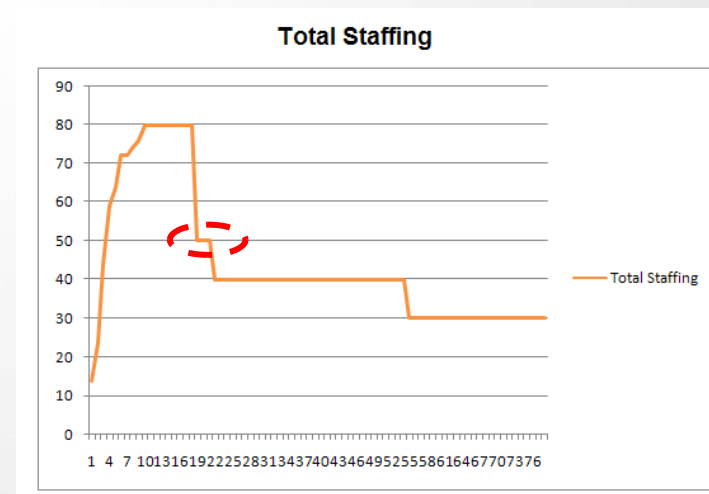
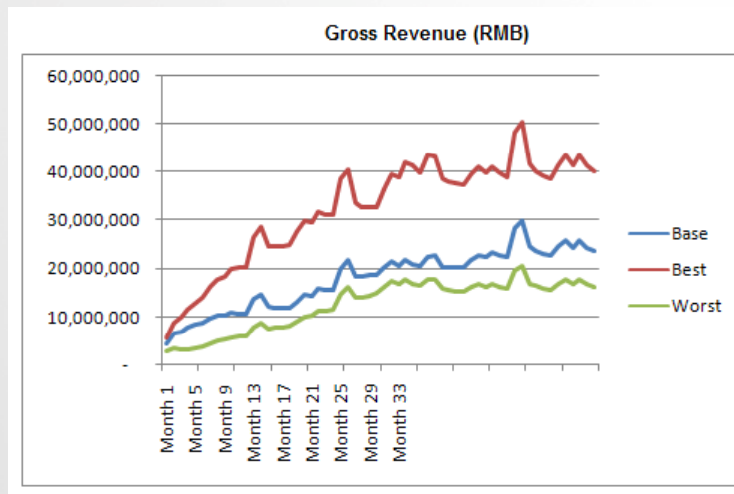


## Online Game Industry Landscape

# Key Features of Online Game Business

## 4. Service rather than Product

- **On-going Revenue Stream**, online game life-cycle usually lasts 5-7 years
- **Easy Trigger Point for Royalty**, quickly start to share revenue after recouping dev budget
- **Continuous Development Supports**, efficient dev team is maintained after game launch



Online Game Industry Landscape

## Key Features of Online Game Business

### 5. Healthy Economic Metrics





# Agenda

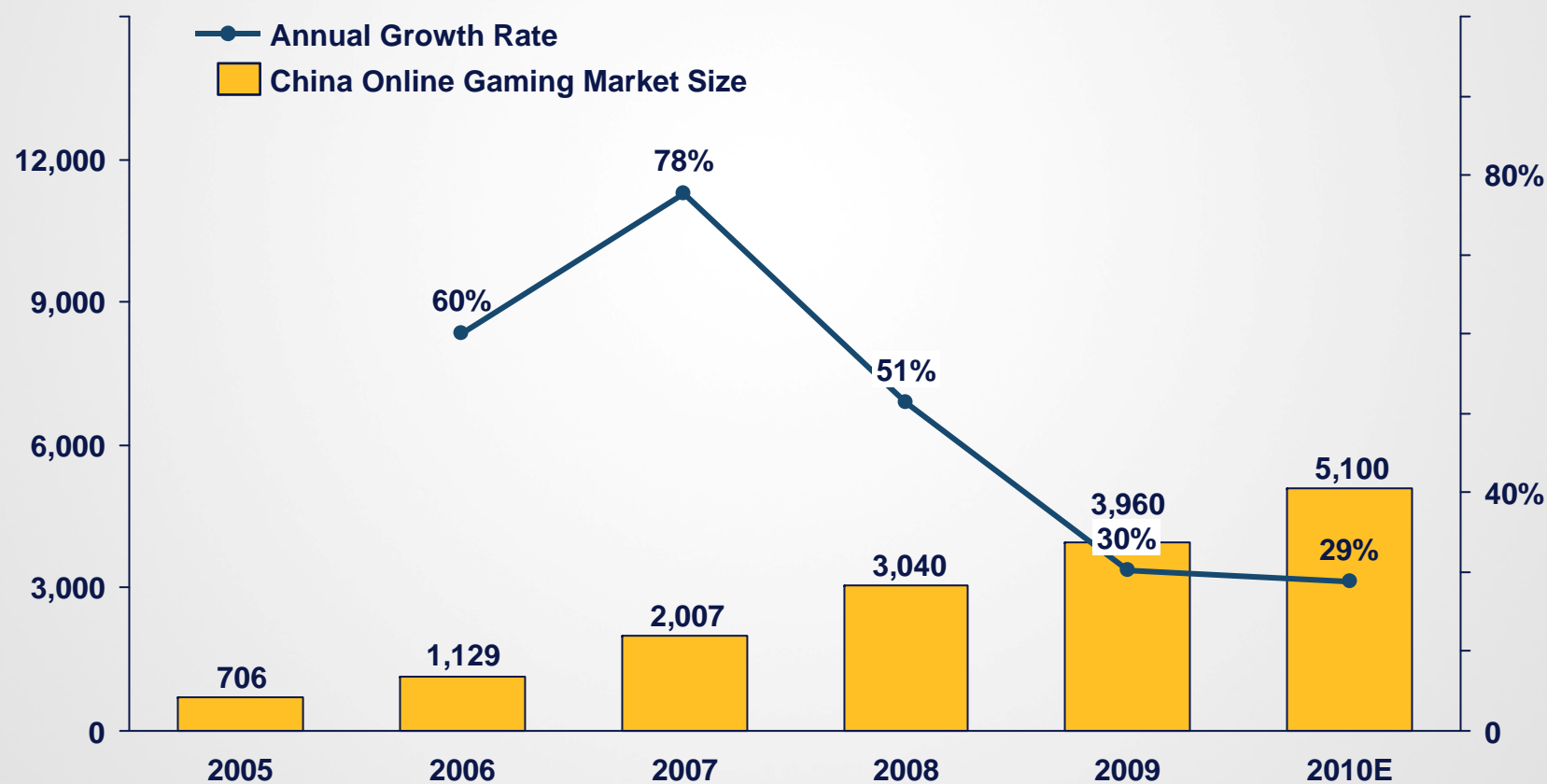
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## China Online Game Market

# Sizable China Online Game Market

Unit: USD 1 Million



Note: USD 1 = RMB 6.8

Source: IResearch, Company Annual Report, Tencent Analysis

China Online Game Market

## Key Features of China Market

### 1. Mass Market with Huge Potential

- Internet Users, **420 million**
  - Internet Penetration, **31.8%**
  - Broad-band Penetration, **27.5%**
- Online Game Users, **296 million**
  - MMORPG Users, **95 million**
  - Advance Casual Game Users, **104 million**

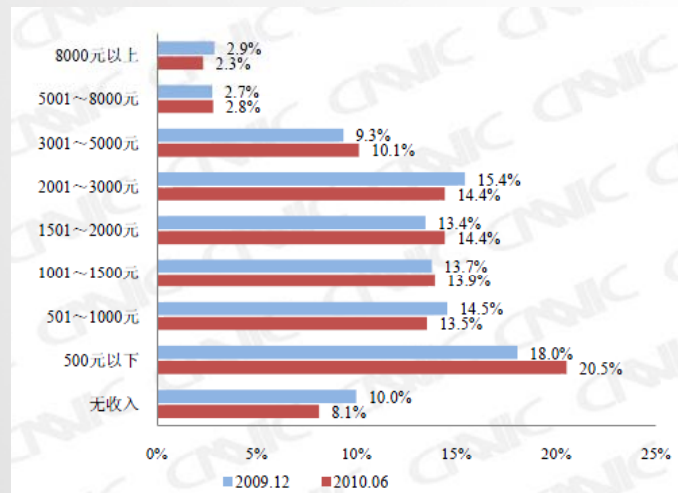


## China Online Game Market

# Key Features of China Market

## 2. Diversified and Scattered Gamers

- Younger than Western Gamers, 80% are between the age 15 - 35
- Lack of Console Experience, 60% no touch PS3/Xbox360/Wii
- Lower Disposal Income, 50% monthly salary less than \$200
- Scattered Distribution, 90% are away from 1<sup>st</sup> tier cities

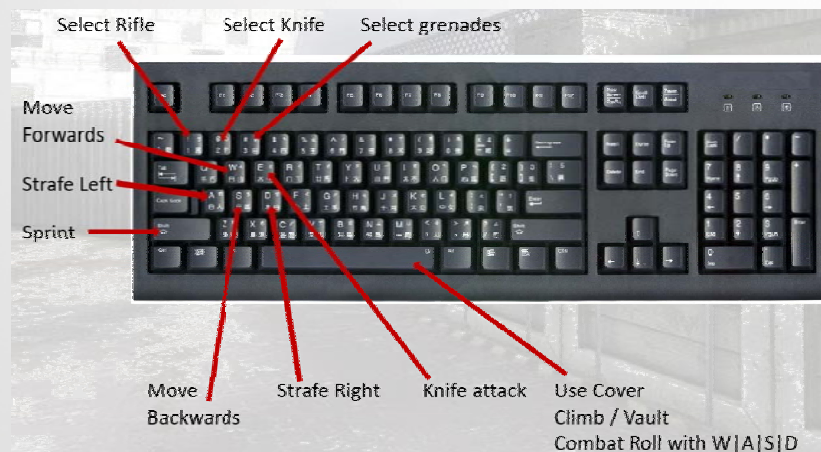


## China Online Game Market

# Key Features of China Market

## 3. Special Requirements on Game Experience

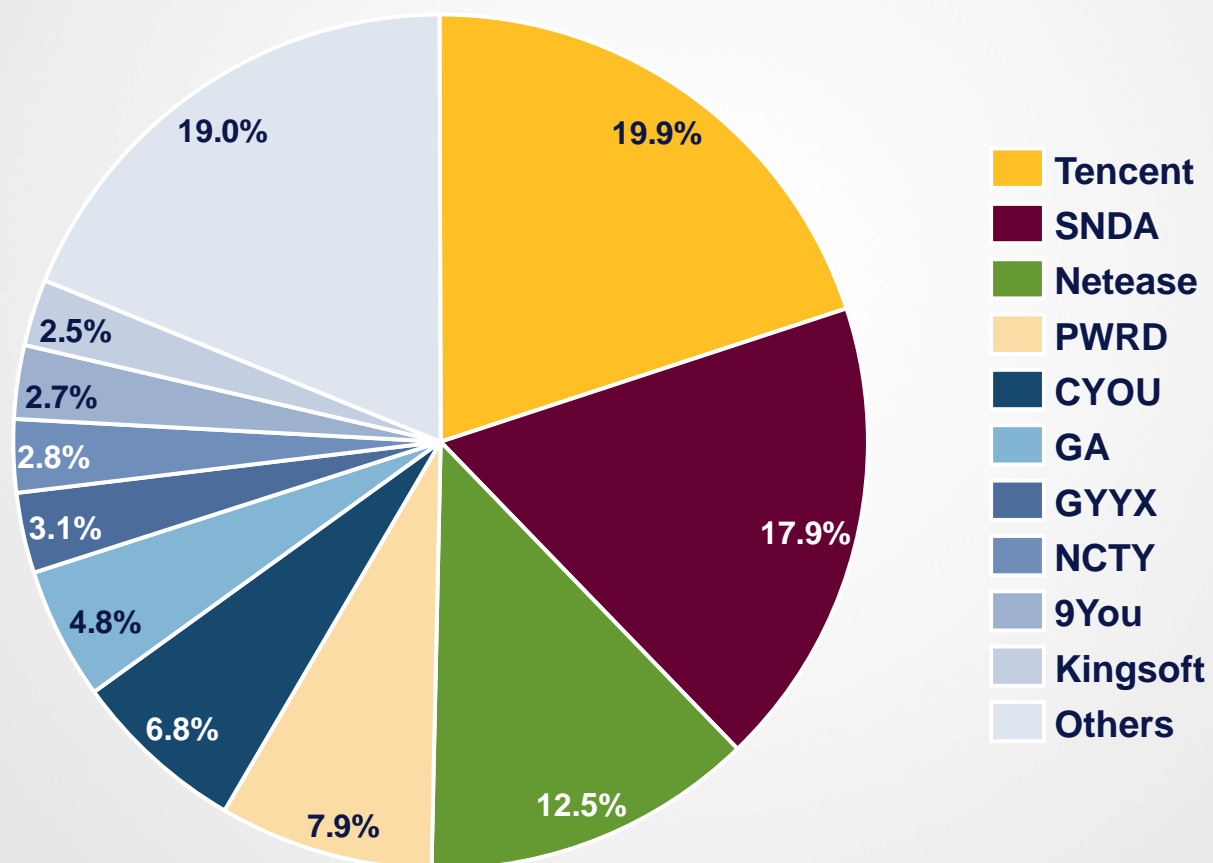
- **Replayability**, a typical MMORPG requires 1,000 hours content at Open Beta
- **Community Setting**, multiple in-game relationship circles matter a lot
- **Easy to Enjoy**, gamers are reluctant to master complicated play control
- **Fair-Play**, systematic anti-hacking and anti-bot is a must





China Online Game Market

# Market Breakdown by Company



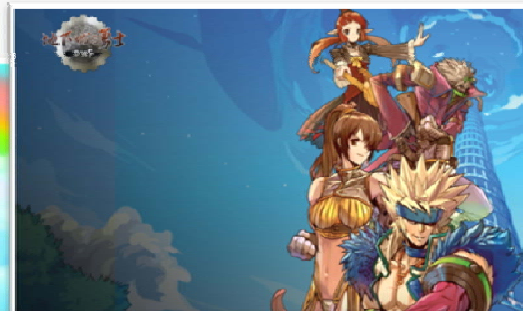
## China Online Game Market

# Leading Titles and Performance

PCU 2.6m



PCU 2.2m



PCU 2.1m



PCU 1.1m



PCU 1.2m



PCU 0.8m



PCU 0.7m

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## Tencent Games Overview

# One-Stop Online Life Services





## Tencent Games Overview

# Platform Strengths

## Wireless portal

- Leading wireless portal in China
- Strong growth in WAP portal traffic

## QQ.com Portal

- #1 Portal in China by PV & UV

## QQ IM

- #1 online community in China
- Active user accounts: 569m, ↑9% QoQ
- PCU at 105m, ↑13% QoQ

## Qzone

- #1 SNS site in China by PV & UV
- Active user accounts: 428m, ↑10% QoQ

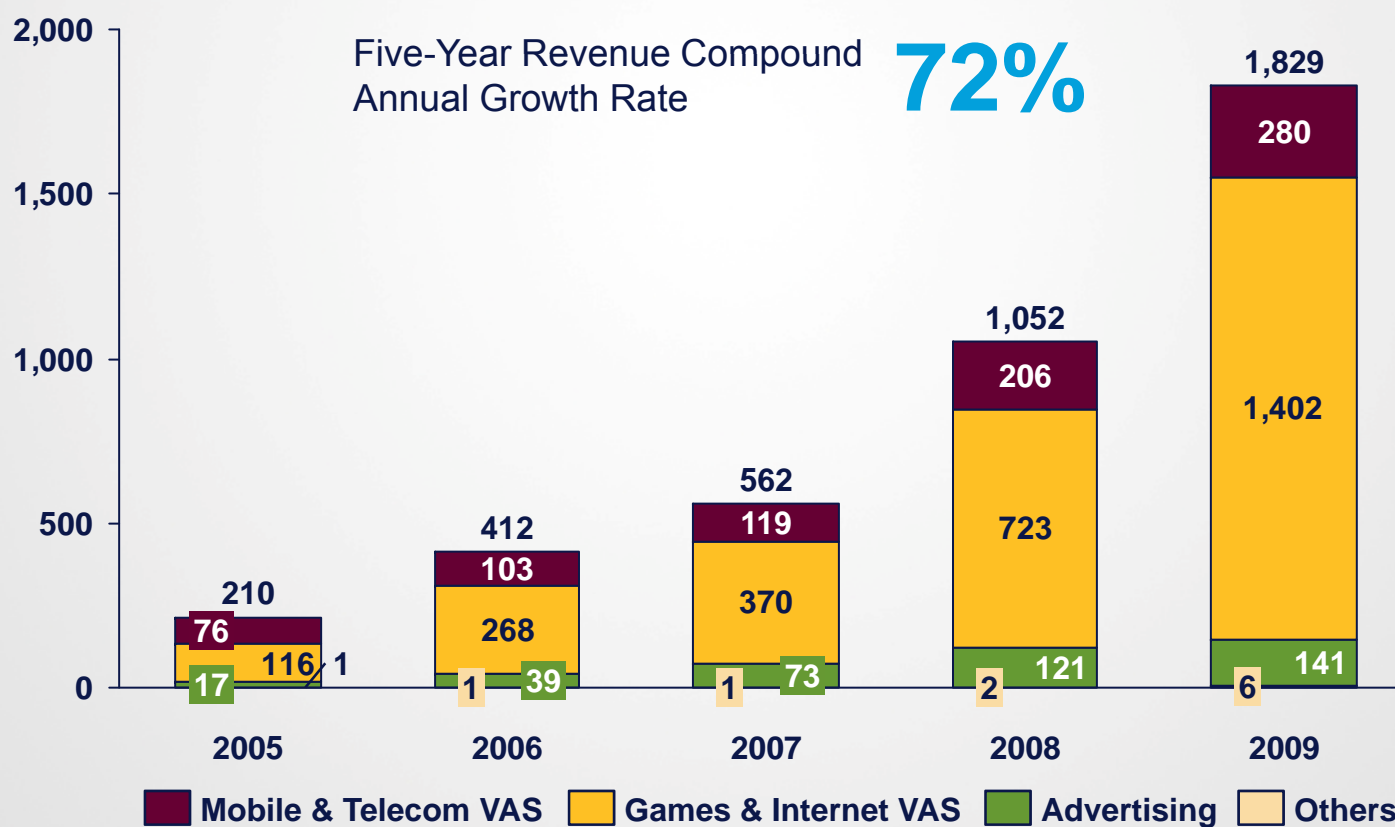
## QQ Game Portal

- #1 mini casual games portal in China
- PCU at 6.8m, ↑ 10% QoQ

## Tencent Games Overview

## Revenue Record for Tencent

Unit: USD 1 Million



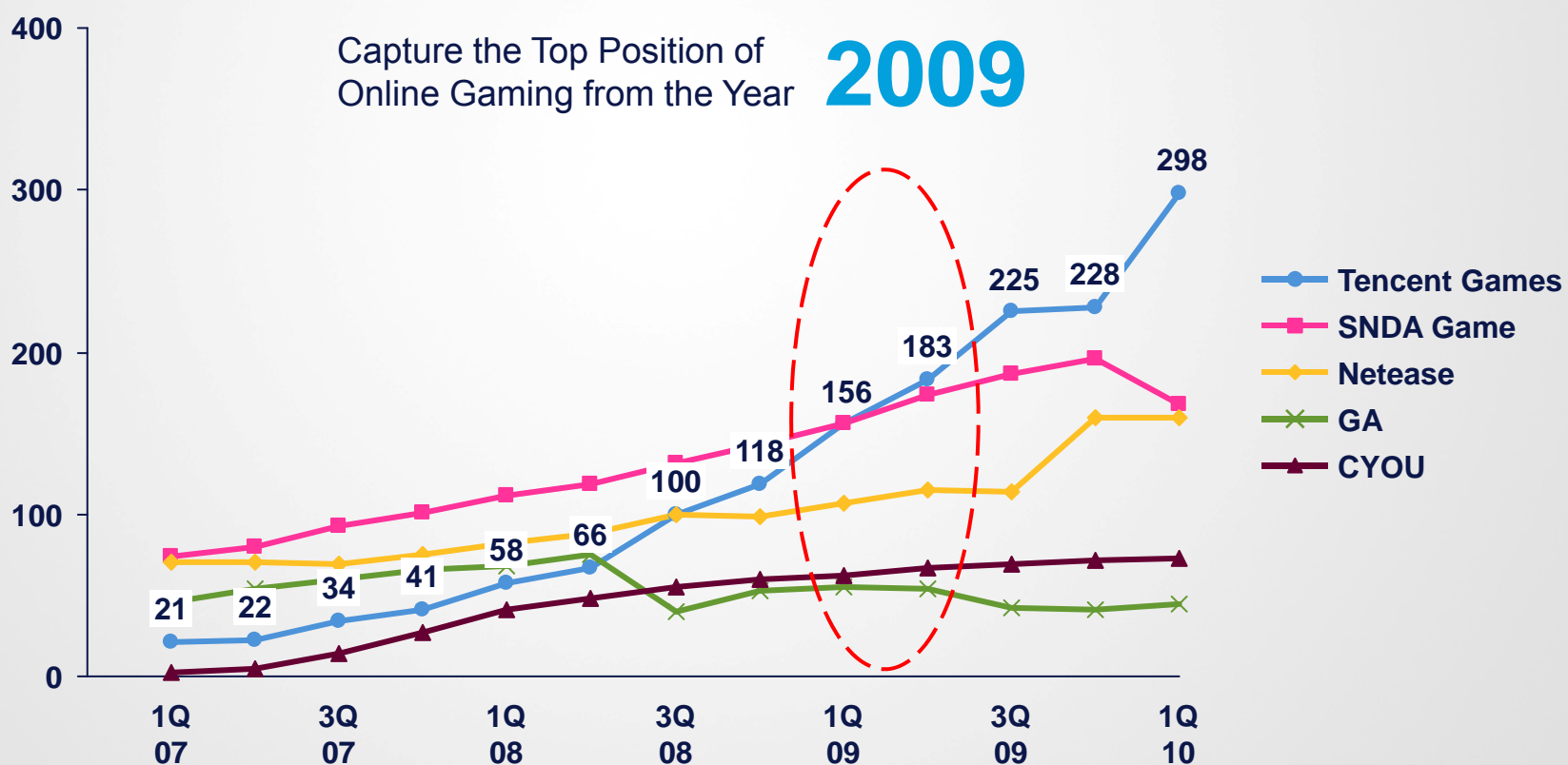
Note: USD 1 = RMB 6.8

Source: Company Annual Report

## Tencent Games Overview

## Strengthening Competitive Advantage

Unit: USD 1 Million



Note: USD 1 = RMB 6.8

Source: Company Annual Report

## Tencent Games Overview

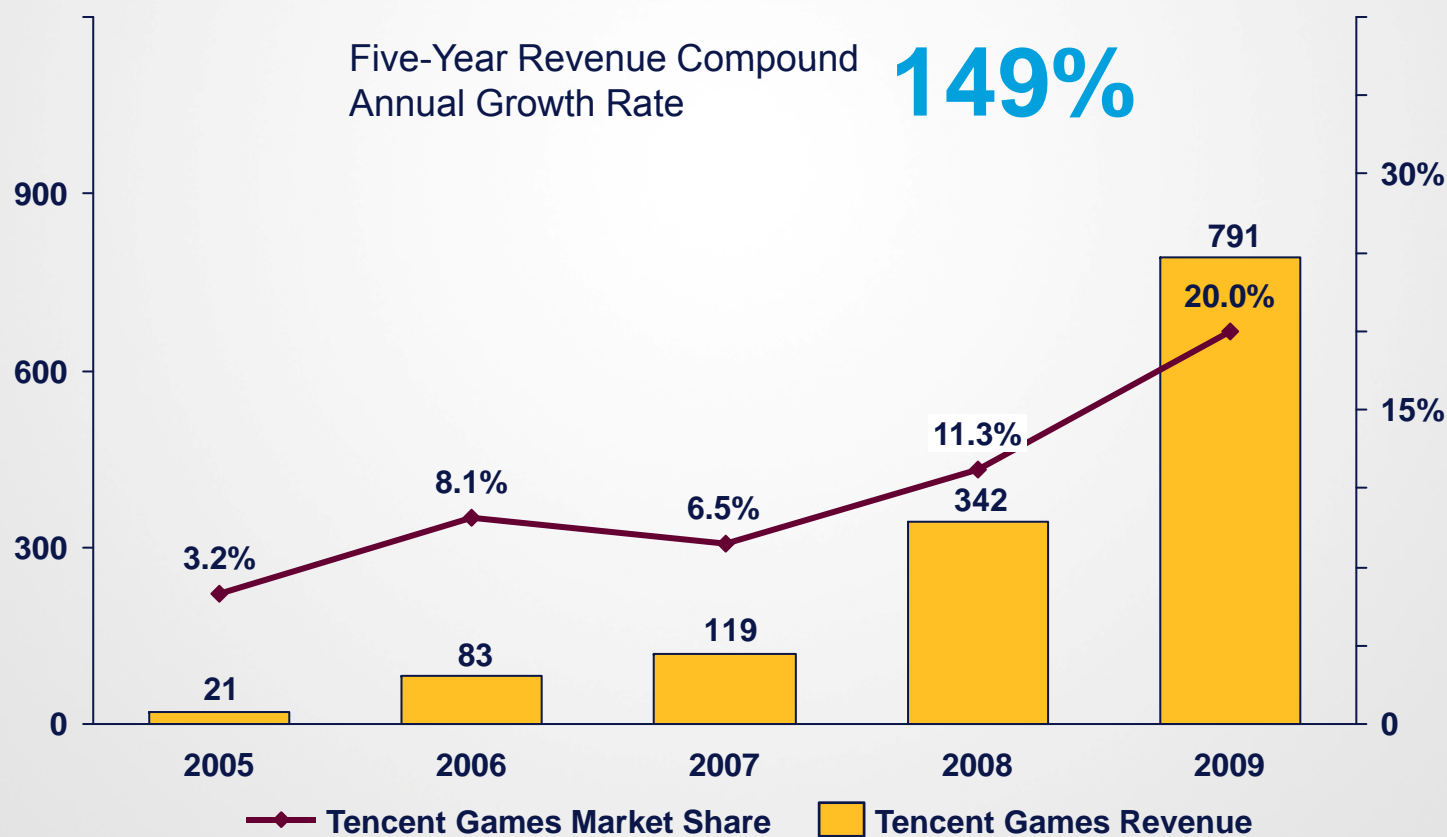
## Largest Gamer Community



## Tencent Games Overview

## Revenue Record for Tencent Games

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Source: Company Annual Report

Tencent Games Overview

# Pyramid of Product Portfolio

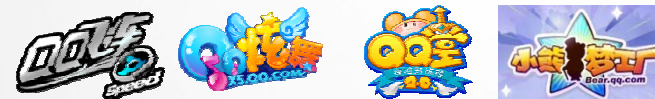
## In-House Titles

## Licensed Titles

### MMORPG



### Advanced Casual Game



### Mini Casual Game

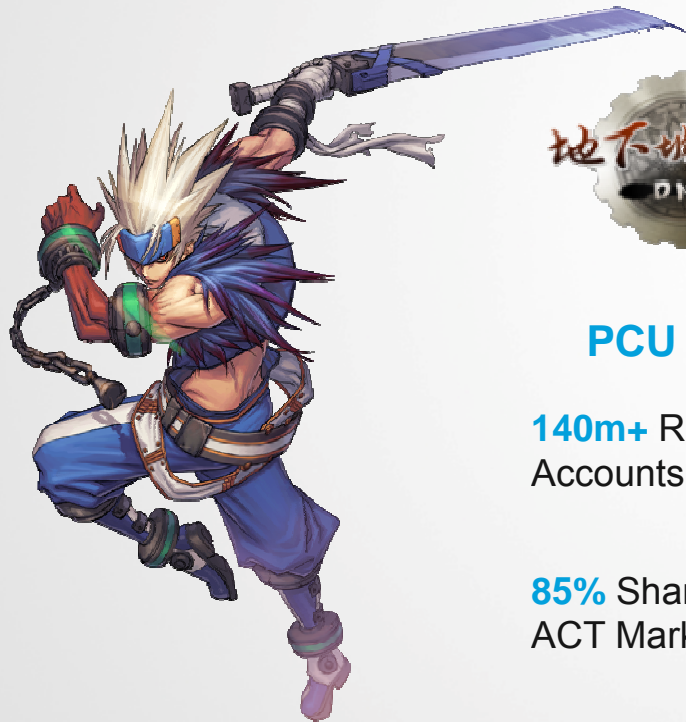


### Web Game



## Tencent Games Overview

## Case Study: Dungeon Fighter and Cross Fire



**PCU 2.2m**

**140m+** Registered  
Accounts

**85%** Share of China  
ACT Market



**PCU 2.1m**

**130m+** Registered  
Accounts

**75%** Share of China  
FPS Market





## Tencent Game Overview

# What Tencent Can Do for You?





## Tencent Games Overview

# Together, We Can Make Wonders!



# THANK YOU

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