

Tencent logs robust revenue growth as games, advertising sales shine

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HONG KONG (Reuters) - China's Tencent Holdings (0700.HK) said third-quarter revenue climbed 10%, as its games business staged a robust recovery from a regulatory crackdown on the country's tech sector and online advertising sales surged.

Sales for the world's largest video game company and operator of the WeChat messaging platform came in at 154.6 billion yuan (\$21.4 billion) - in line with market forecasts - for the three months to end September, its third straight quarter of revenue growth.

Last year was one of the toughest years for Chinese video game companies after a regulatory crackdown that began in 2021 led to an eight month-long freeze in licences for new games and more restrictions on playing time for minors. Tencent ended up posting its first-ever annual revenue decline.

This year has been much better for the industry after regulators began resuming granting game licences.

Tencent's domestic games revenue for the quarter grew 5%, driven by titles such as the multiplayer role-playing game "Lost Ark" and shooting game "Valorant", developed by Riot Games - both of which Tencent recently launched for the first time in China.

In August, the video games sector raked in combined revenue of 29.2 billion yuan, the highest level in at least 20 months, according to CNG, a government-backed industry data firm.

Tencent's online advertising business reported a 20% jump in revenue thanks to strong demand for advertising in its video content.

Its fintech business, its second-largest business unit, reported a 16% climb in sales thanks to an improved performance from wealth management services and online transactions.

Net profit declined 9% to 36.1 billion yuan from a year ago when the company had a strong quarter after divesting stakes in portfolio companies such as Sea.

Tags: Tencent, advertising