Tencent Holdings Limited Pitch Memo

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Position: LONG

Background: Tencent is one of China’s premier investment holding companies with subsidiaries that provide social media, communication, entertainment, internet, e-commerce, multiplayer games, and other services. It is the 5th largest internet company in the world, with a yearly revenue of $12.89 billion USD.

Analysis: Tencent is viable as a long position stock because, as one of the largest internet companies in the world, many of Tencent’s products such as Wechat, QQ, and Didi Kuadi have achieved international popularity and garnered billions of dollars in revenue. Current trends and growth of users indicate that Tencent’s products will continue to do well in the future. Due to the recent slump of the Chinese economy, the price of Tencent stocks has decreased dramatically, making now the perfect time to buy it.

Tencent’s products have achieved such widespread popularity in the past year that I believe they have the potential to expand even further both in China and overseas. 2 of its products, Wechat (400 million users) and QQ (850 million users), have taken off as China’s leading social media sites. Almost everyone in China, including my aunt, grandma, and cousin, has a Wechat and a QQ. Tencent also owns a significant portion of JD.com, one of China’s premier e-commerce sites. JD.com is currently Alibaba’s primary competitor in mainland China.

Tencent owns Riot Games as well, an investment that is predicted to become very lucrative in the next decade. Riot Games is the developer of the most popular online game in the world, League of Legends. League of Legends currently holds World Championships every year and is in talks to become an Olympic sport.

Conclusion: Tencent’s plethora of successful products that have a potential for growth in the future combined with its current low price of $19.38 make it the perfect stock to hold for the long position.