From Netscape and Amazon to Facebook and Alibaba: The Golden Age of company formation and how it is transforming our society

Bill Brady
Chairman, Global Technology Group
December 2014
Alibaba Group – Largest IPO in history!

“Make it easy to do business anywhere”

Transaction Structure

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ticker / exchange:</td>
<td>BABA / NYSE</td>
</tr>
<tr>
<td>Pricing date:</td>
<td>September 18, 2014</td>
</tr>
<tr>
<td>Deal size:</td>
<td>US$25,032 MM (14% of enlarged share capital, 41% primary)</td>
</tr>
<tr>
<td>Offer price:</td>
<td>US$68.0 per ADS</td>
</tr>
<tr>
<td>Initial price range:</td>
<td>US$60.0 – 66.0 per ADS</td>
</tr>
<tr>
<td>Revised price range:</td>
<td>US$66.0 – 68.0 per ADS</td>
</tr>
<tr>
<td>FD market cap:</td>
<td>US$176,806 MM</td>
</tr>
</tbody>
</table>

Company Description

- Alibaba is the largest online and mobile commerce company in the world in terms of gross merchandise volume (GMV) in 2013, operating Taobao Marketplace, Tmall, Juhuasuan, Alibaba.com and other platforms.

Offering Highlights

- **Largest IPO in history**
  - Nine day two-team roadshow, covering Asia, the US and London, meeting over 2,000 investors.
  - Price range was revised to $66 – 68 from $60 – 66, given overwhelming demand and priced at $68.
  - Heavily subscribed book of demand with high quality long-only, sovereign wealth fund, and hedge fund investors.
  - Strong aftermarket performance: stock opened / closed at US$92.70 / US$93.89 on the 1st day of trading, up 36.3% / 38.1% from the IPO price, reaching an intra-day high of US$99.70 (up 46.6%).
The evolution of computing environments over time and subsequent company formations
Each new computing cycle offers larger opportunities than the previous one.

(Devices or users in millions; logarithmic scale)

A history lesson: 28 years of innovative companies which have changed the way we live

NASDAQ down 11% in 1 day on Oct. 19, 1987.

(1) NASDAQ down 11% in 1 day on Oct. 19, 1987.
The Opportunity

- The book market is enormous
- The online book business is going to be huge
- Amazon.com is already the undisputed leader
Amazon Roadshow slides (cont’d)

Amazon.com Growth is Dramatic

Quarterly Sales & Visits

(sales in millions; visits in thousands)

- 105% Compounded Quarterly Sales Growth

<table>
<thead>
<tr>
<th>Month</th>
<th>Quarterly Sales (millions)</th>
<th>Average Daily Visits (000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>March</td>
<td>$0.9</td>
<td>4</td>
</tr>
<tr>
<td>June</td>
<td>$2.2</td>
<td>12</td>
</tr>
<tr>
<td>Sept.</td>
<td>$4.2</td>
<td>28</td>
</tr>
<tr>
<td>Dec.</td>
<td>$8.5</td>
<td>50</td>
</tr>
<tr>
<td>March</td>
<td>$16.0</td>
<td>80</td>
</tr>
</tbody>
</table>

PRINCETON UNIVERSITY
Internet Growth is Huge

IDC Internet Commerce Forecast

(year end, in millions)

- Web Users:
  - 12 in 1995
  - 25 in 1996
  - 43 in 1997
  - 54 in 1998
  - 68 in 1999
  - 81 in 2000

- Web Buyers:
  - 4 in 1995
  - 8 in 1996
  - 16 in 1997
  - 21 in 1998
  - 29 in 1999
  - 36 in 2000
### Competitive Analysis

<table>
<thead>
<tr>
<th></th>
<th>Barnes &amp; Noble</th>
<th>Amazon.com</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Business</td>
<td>Real Estate</td>
<td>Technology</td>
</tr>
<tr>
<td>2. Merchandising</td>
<td>Mass Audience</td>
<td>One-to-One</td>
</tr>
<tr>
<td>3. Distribution</td>
<td>Decentralized</td>
<td>Centralized</td>
</tr>
<tr>
<td>4. Investment</td>
<td>Bricks and Mortar</td>
<td>Brand</td>
</tr>
<tr>
<td>5. Cannibalization</td>
<td>$2.5B PP&amp;E, 15 Yrs.</td>
<td>None</td>
</tr>
<tr>
<td>6. Team</td>
<td>20-30 Employees</td>
<td>256 Owners</td>
</tr>
<tr>
<td>7. Focus</td>
<td>On-land/Online/On-latté</td>
<td>Online Only</td>
</tr>
</tbody>
</table>

**It’s a Completely Different Business**
Amazon.com: Better for Shareholders

<table>
<thead>
<tr>
<th></th>
<th>Land-Based ¹</th>
<th>Amazon.com</th>
</tr>
</thead>
<tbody>
<tr>
<td>Superstores</td>
<td>439</td>
<td>1</td>
</tr>
<tr>
<td>Titles per superstore</td>
<td>175,000</td>
<td>2,500,000</td>
</tr>
<tr>
<td>Occupancy costs (% of sales)²</td>
<td>12 %</td>
<td>4 %</td>
</tr>
<tr>
<td>Sales per operating employee</td>
<td>$100,000</td>
<td>$300,000</td>
</tr>
<tr>
<td>Inventory turnover</td>
<td>2-3 x</td>
<td>50-60 x</td>
</tr>
<tr>
<td>Cash flow characteristics</td>
<td>Poor</td>
<td>Great</td>
</tr>
</tbody>
</table>

**Bottom line:** online model has far higher ROIC

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¹ Based on most recent Barnes & Noble public information.
² Includes Rental, Depreciation, Amortization and Pre-opening expenses.
A history lesson: 28 years of innovative companies which have changed the way we live

(1) NASDAQ down 11% in 1 day on Oct. 19, 1987.
So where are we now?
Disruptive themes in the Technology and Internet sectors
8 disruptive themes in Internet

1. Golden age of company formation

2. eCommerce is transforming society / marketplaces

3. Sharing economy creates massive public infrastructure at no marginal cost

4. Educational system is broken resulting in shortage of skilled workers

5. Healthcare and wearables represent a massive opportunity

6. Peer to peer lending is a no brainer for borrowers and investors / Lending Club

7. Online video / OTT content threatening the traditional entertainment model

8. App proliferation and the re-imagination of our lives
Internet and mobile makes connection between people more seamless

**WW Internet usage & mobile penetration**

- Number of Internet users (BN)
- % mobile penetration of total Internet usage

**Internet users**
- CAGR '00 – '18: 14%
- CAGR '14 – '18: 25%

**Mobile penetration**
- CAGR '14 – '18: 25%

**Smartphone shipments**
- CAGR '09 – '17: 28%
- 2009: 175
- 2014: 978
- 2017: 1,296

**Tablet shipments**
- CAGR '10 – '17: 53%
- 2010: 20
- 2014: 271
- 2017: 398

Source: Statista 2014, Cisco Visual Networking Index, Portio Research.
New age unicorns are created over-night

- **WhatsApp**: $250K seed funding (Oct 2009) vs. $19BN acquisition by Facebook (Feb 2014)
- **King**: $170MM revenue 2012 vs. $1.9BN revenue 2013
- **Snapchat**: $800MM early stage valuation Jun 2013 vs. $10BN est. valuation in next round Jul 2014
- **Airbnb**: $1BN valuation Jul 2011 vs. $10BN valuation Apr 2014

Golden age of company formation on the back of shrinking technology costs

Bringing startup costs down to $1/10$ where they were a decade ago

Source: Deloitte, Forbes.
Note: Computing represents dollars per million transistors; digital storage represents dollars per gigabyte; bandwidth represents dollars per 1,000 Mbps.
### Slashing ownership costs for enterprise-grade software

<table>
<thead>
<tr>
<th>Legacy</th>
<th>Cloud</th>
<th>Reduction in TCO</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="hp.png" alt="HP Logo" /></td>
<td><img src="service_now.png" alt="ServiceNow Logo" /></td>
<td>~77% for ITSM software</td>
</tr>
<tr>
<td><img src="sap.png" alt="SAP Logo" /></td>
<td><img src="netsuite.png" alt="NetSuite Logo" /></td>
<td>~50% for ERP</td>
</tr>
</tbody>
</table>

Source: Servicenow.com, Hurwitz & Associates.
Emerging markets present massive opportunity

Source: CIA world factbook, World Bank data, Euromonitor and OECD data.

### Demographics

<table>
<thead>
<tr>
<th>Country</th>
<th>Population</th>
<th>Median Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>317MM</td>
<td>38</td>
</tr>
<tr>
<td>China</td>
<td>1,347MM</td>
<td>37</td>
</tr>
<tr>
<td>India</td>
<td>1,211MM</td>
<td>27</td>
</tr>
<tr>
<td>Brazil</td>
<td>192MM</td>
<td>31</td>
</tr>
<tr>
<td>Russia</td>
<td>143MM</td>
<td>39</td>
</tr>
</tbody>
</table>

### GDP (% consumption)

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP ($TN)</th>
<th>Disposable Income Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>$16.8TN</td>
<td>Low</td>
</tr>
<tr>
<td>China</td>
<td>$9.2TN</td>
<td>High</td>
</tr>
<tr>
<td>India</td>
<td>$1.9TN</td>
<td>High</td>
</tr>
<tr>
<td>Brazil</td>
<td>$2.2TN</td>
<td>Moderate</td>
</tr>
<tr>
<td>Russia</td>
<td>$2.1TN</td>
<td>Moderate</td>
</tr>
</tbody>
</table>

### Retail Infrastructure

<table>
<thead>
<tr>
<th>Country</th>
<th>Strong</th>
<th>Weak</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>Moderate</td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>Weak</td>
<td></td>
</tr>
<tr>
<td>India</td>
<td>Weak</td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>Moderate</td>
<td></td>
</tr>
<tr>
<td>Russia</td>
<td>Moderate</td>
<td></td>
</tr>
</tbody>
</table>

### Disposable Income Growth

<table>
<thead>
<tr>
<th>Country</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>India</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Russia</td>
<td>High</td>
<td></td>
</tr>
</tbody>
</table>
Internet leaders are using their currency to expand outside the box

<table>
<thead>
<tr>
<th>Date</th>
<th>Company</th>
<th>Industry</th>
<th>Transaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 2014</td>
<td>Google</td>
<td>(Connected home)</td>
<td>$200MM+</td>
</tr>
<tr>
<td>October 2014</td>
<td>Alibaba</td>
<td>(Digital map &amp; navigation)</td>
<td>$1,600MM</td>
</tr>
<tr>
<td>October 2014</td>
<td>Yahoo</td>
<td>(Online video advertising)</td>
<td>$725MM</td>
</tr>
<tr>
<td>August 2014</td>
<td>Amazon</td>
<td>(Semiconductor)</td>
<td>$842MM</td>
</tr>
<tr>
<td>July 2014</td>
<td>Facebook</td>
<td>(Gaming)</td>
<td>$500MM</td>
</tr>
<tr>
<td>July 2014</td>
<td>Yahoo</td>
<td>(Analytics)</td>
<td>$300MM</td>
</tr>
<tr>
<td>June 2014</td>
<td>Google</td>
<td>(Monitoring &amp; security)</td>
<td>$555MM</td>
</tr>
<tr>
<td>June 2014</td>
<td>Google</td>
<td>(Satellites)</td>
<td>$500MM</td>
</tr>
<tr>
<td>May 2014</td>
<td>Apple</td>
<td>(Music)</td>
<td>$3,000MM</td>
</tr>
<tr>
<td>April 2014</td>
<td>Google</td>
<td>(Drones)</td>
<td>$60MM</td>
</tr>
<tr>
<td>March 2014</td>
<td>Facebook</td>
<td>(Drones)</td>
<td>$20MM</td>
</tr>
<tr>
<td>March 2014</td>
<td>Facebook</td>
<td>(Virtual reality)</td>
<td>$2,181MM</td>
</tr>
<tr>
<td>February 2014</td>
<td>Alibaba</td>
<td>(Content)</td>
<td>$637MM</td>
</tr>
<tr>
<td>January 2014</td>
<td>Google</td>
<td>(Search &amp; analytics)</td>
<td>$500MM</td>
</tr>
<tr>
<td>December 2013</td>
<td>Google</td>
<td>(Connected home)</td>
<td>$200MM</td>
</tr>
<tr>
<td>November 2013</td>
<td>LiveRail</td>
<td>(Online video advertising)</td>
<td>$345MM</td>
</tr>
<tr>
<td>July 2013</td>
<td>Baidu</td>
<td>(Mobile)</td>
<td>$1,848MM</td>
</tr>
<tr>
<td>May 2013</td>
<td>Yahoo</td>
<td>(Analytics)</td>
<td>$1,100MM</td>
</tr>
<tr>
<td>May 2013</td>
<td>Google</td>
<td>(Satellites)</td>
<td>$370MM</td>
</tr>
<tr>
<td>July 2012</td>
<td>Apple</td>
<td>(Video streaming)</td>
<td>$334MM</td>
</tr>
<tr>
<td>March 2012</td>
<td>Amazon</td>
<td>(Semiconductor)</td>
<td>$775MM</td>
</tr>
<tr>
<td>January 2012</td>
<td>Apple</td>
<td>(Search &amp; analytics)</td>
<td>$492MM</td>
</tr>
<tr>
<td>August 2011</td>
<td>Google</td>
<td>(Mobile)</td>
<td>$9,121MM</td>
</tr>
</tbody>
</table>

Source: FactSet, company press releases, news.
Note: Transaction date based on announcement date.
(1) Alibaba rumored to be acquiring a 37.4% minority stake in Lions Gate Entertainment in a deal worth up to $1.6bn.
**A vicious cycle: The Circuit City bankruptcy**

- **2003**
  - 623 stores
  - Plan to close 70 international stores

- **Feb 2007**
  - 553 stores

- **Nov 3, 2008**
  - 398 stores
  - Plan to liquidate and close 155 stores

- **Nov 10, 2008**
  - File for Chapter 11 Bankruptcy

**Source:** Wall Street research, Reuters, FactSet, Daily Finance.

**Note:** Total jobs displaced represents number of jobs cut since peak.

**41,495 total jobs displaced**

- **Consumer electronics online penetration**
- **Circuit City stock price**
A vicious cycle: Blockbuster bust

Sep 15, 2009
4,356 stores
- Announces closure of 960 stores

Sep 23, 2010
- Files for Chapter 11 Bankruptcy

April 6, 2011
- Dish Network acquires Blockbuster for $233MM

Nov, 2013
- Closes remaining 300 stores

Netflix US household penetration
- Orange diamonds

Blockbuster stock price
- Black line

60,000 total jobs displaced

Source: Wall Street research, Reuters, FactSet, news.
Note: Total jobs displaced represents number of jobs cut since peak.
Sharing economy creates massive public infrastructure at no marginal cost

19,521 unique listings in NYC = 56.6 hotels(1)

$21BN in construction costs(1)

12 countries covered by Bla Bla Car = 4,564 km(3)

$160BN in construction costs(2)

(1) Based on equivalent number of rooms and residences and construction costs of the Park Hyatt Hotel in 2010.
(2) Construction costs based on cost per km for constructing a non-high speed, double-track line in France in 2010.
(3) Represents the distance across continental Europe from Lisbon, Portugal to Moscow, Russia.
Airbnb: disrupting the hospitality industry

Airbnb is the #1 hospitality provider in the world

(Number of listings / available rooms, in thousands)

Source: Fast Company, Airbnb.
Online education models are democratizing and innovating the learning experience / MOOCs

Stanford “Intro to AI” class demonstrates massive impact

Classroom version
200 students

MOOC version
160,000 students

Reaching 3x the entire Ivy League student body

Engaging education experiences

- Access to high quality education
- Anywhere, anytime
- Asynchronous / learn at your own pace
- Free-to-learn
- Individualized, 1-to-1 engagement

Source: US News, CNN.
Healthcare is a massive problem

$3TN
annual US healthcare spend

Source: Euromonitor Report.
Digital health will drive efficiencies and improvements in healthcare / wearables

**Big Data**

**Global wearable device data traffic**

(Petabytes per month)

<table>
<thead>
<tr>
<th>Year</th>
<th>Data Traffic</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>2</td>
</tr>
<tr>
<td>2018</td>
<td>61</td>
</tr>
</tbody>
</table>

98% CAGR

$300–$450BN cost savings

**Changing behavior**

*fitbit User*

Takes 43% more steps taken per day

**Pervasiveness of sensors**

*adamant Micro sensor*

10x–40x cost savings compared to CT scan

50% fewer in-person doctor visits


(1) Deloitte, 2014. Figure represents percent of problems that could be solved by an “eVisit” in the US and Canada.
Peer to peer lending is a no brainer for borrowers and investors

Lower costs for borrowers

- 29% decrease in rates on average

Higher returns for investors

- 7.5x–18.5x better returns

Acquire | Price | Underwrite | Originate

Direct end-to-end lending platform

- 7.4%

Source: Bankrate, Credit Suisse and Lending Club.
Disrupting a massive $1.1TN US credit card and SMB loan market

Case study: Total loans issued for Lending Club skyrocketing

($ in billions)

Next $2bn
(6 months)

2nd $1bn
(9 months)

1st $1bn
(67 months)

Source: Lending Club.
All-access Hollywood: disruptive online content shift

Traditional studio model

Development
- Screenwriter
- Financing

Pre-production
- Director
- Manager
- Casting
- Sound

Production

Post-production

Distribution

A boy + computer + Internet

<1% make it

Source: YouTube, Yahoo.

Justin Bieber - Baby ft. Ludacris
JustinBieberVEVO 62 videos

# of views:
815,881,104
Driving online players to create their own content
And content owners to create their own online platforms

<table>
<thead>
<tr>
<th>Subscription</th>
<th>Transactional</th>
<th>Ad supported</th>
</tr>
</thead>
<tbody>
<tr>
<td>HBO</td>
<td>SONY</td>
<td>CBS.com</td>
</tr>
<tr>
<td>CBS</td>
<td>MLB.tv</td>
<td>abc</td>
</tr>
<tr>
<td>WWE</td>
<td>SONY</td>
<td>NBC</td>
</tr>
<tr>
<td>MLB.TV</td>
<td>NBA LEAGUE PASS</td>
<td>hulu</td>
</tr>
<tr>
<td>SONY</td>
<td>NHL</td>
<td>Crackle/Sony</td>
</tr>
<tr>
<td>NBA LEAGUE PASS</td>
<td>huluPLUS</td>
<td></td>
</tr>
</tbody>
</table>
Global OTT (Over-the-Top) messaging services taking over >1B users in less than 5 years

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>MAUs</th>
<th>Y/Y</th>
<th>Messages / Day</th>
<th>Y/Y</th>
<th>Revenue</th>
<th>Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>WhatsApp (USA)</td>
<td>4+</td>
<td>400MM</td>
<td>+100%</td>
<td>50B</td>
<td>+178%</td>
<td>$388MM, +5x (Q4:13)</td>
<td></td>
</tr>
<tr>
<td>Tencent WeChat (China)</td>
<td>3+</td>
<td>355MM</td>
<td>+125%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Line (Japan)</td>
<td>2+</td>
<td>280MM</td>
<td></td>
<td>10B</td>
<td></td>
<td>$203MM, +4x</td>
<td></td>
</tr>
<tr>
<td>KakaoTalk (Korea)</td>
<td>3+</td>
<td></td>
<td></td>
<td>5.2B</td>
<td>+24%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Snapchat (USA)</td>
<td>2+</td>
<td>100MM</td>
<td></td>
<td>1.2B</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Viber (Israel)</td>
<td>3+</td>
<td>100MM</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Publicly disclosed company data for 2013.
Note: Snapchat messages / day comprises number of snaps sent per day and number of stories viewed per day.
Evolution of apps ➔ Internet unbundling

First, multi-purpose web apps...

...then, multi-purpose mobile apps...

...now, single-purpose = 'there's an app for that...'

Source: Megan Quinn, KPCB Partner.
### Pinterest
- 750MM+ cumulative Boards (4/14)
- 30B+ cumulative Pins
- +50% Pin growth vs. 10/13

### IMGUR
- 130MM MAUs (3/14)
- 3B page views per month
- 1.5MM images uploaded & 1.3B images viewed per day

### Fitbit
- 47B → 2.4T steps (2011 → 2013)... Distance = Earth to Saturn

### Tinder
- 800MM swipes per day (+21x Y/Y, 5/14)
- 11MM matches per day (+21x Y/Y)

### MyFitnessPal
- 65MM registered users (+50% Y/Y, 5/14)
- 100MM+ pounds lost by users since inception

### Eventbrite
- $1B gross ticket sales in 2013 (+60% Y/Y)
- 58MM tickets sold (+61% Y/Y)
- 1MM events in 187 countries

### Github
- 13MM repositories in 2013 (+100% Y/Y)
- 10K users added per weekday

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Source: Company data.
Re-imagining Snapchat...
China: Mobile commerce innovation leader
Tencent WeChat = 400MM Mobile Active Chat Users… Increasingly Using Payments + Commerce

WeChat 'My Bank Card' Page

Manage money / invest in money market funds via WeChat Payment

Order taxi – powered by Didi – pay via WeChat Payment

Find restaurants / daily group buy deals – powered by Dianping and pay via WeChat Payment

New Year Lucky Money – fun / social game to incentivize users to link bank cards to WeChat Payment… 5MM users used on Chinese New Year Eve, 2014

Source: Tencent, Liang Wu (Hillhouse Captial).
WeChat Service Accounts = Interactive Accounts with Communication / CRM / Ordering Capability

**Personal Banker**
China Merchant Bank allows customers to check & repay balances and ask live questions via WeChat.

**Shopping Assistant**
Mogujie / Meilishuo (fashion discovery & shopping sites) give customers tailored suggestions via WeChat.

**Private Chef**
Hahajing (a chain deli restaurant) allows customers to order & deliver food via WeChat.

**Grocery Getter**
Xiaonongnv (a grocery delivery startup) prepares fresh groceries & delivers to your address via WeChat.

Source: Liang Wu (Hillhouse Capital).
Didi Taxi – 100MM+ Users = 5MM+ Daily Rides, +15x in 77 Days... Driven by WeChat Payment Integration & Subsidy (1)


Source: Didi, Liang Wu (Hillhouse Capital).

(1) Subsidy ranges from $1-3 per ride. Estimated total subsidy during this period was ~$233MM.
Alipay Yu’E Bao – Mobile Money Market Fund Launch... Drove $89B AUM(1) in 10 Months

- Simple, fun-to-use mobile product
- Built on top of Alipay – the most popular online payment platform in China with 160MM+ accounts
- Technology enables same-day settlement

- $0 → $89B asset under management in 10 months
- Top 3 global money market fund by assets under management (AUM)

Source: Alipay, Liang Wu (Hillhouse Capital).

(1) AUM is asset under management, Fidelity and Vanguard manage more assets than Alipay’s Yu’E Bao.
Case Study of Alibaba Group
Company highlights and key investor feedback
Alibaba’s track record of growth

- Alibaba founded in Jack Ma’s apartment in Hangzhou
- Alibaba.com launched
- 1688.com (formerly known as Alibaba.com.cn) launched
- Alibaba's instant messenger launched on Taobao Marketplace
- Alipay launched
- Alibaba.com launched
- 1688.com (formerly known as Alibaba.com.cn) launched
- Taobao Marketplace launched
- Alimama monetization platform launched
- Taobao Marketplace started to monetize
- Alibaba Cloud Computing founded
- Alipay separated from the Company
- Singles Day promotion recorded GMV settled through Alipay of RMB36.2 billion (US$5.8 billion)

Year and China Internet population (1)

9MM 1999
80MM 2003
94MM 2004
210MM 2007
298MM 2008
384MM 2009
457MM 2010
513MM 2011
618MM 2013

(1) Source: CNNIC.
Major marketplaces and services

China retail marketplaces

- Taobao Marketplace (Online shopping destination)
- Tmall.com (Brands and retail platform)
- Juhuasuan (Group buying marketplace)

- AliExpress (Global consumer marketplace)
- Alibaba.com (Global wholesale marketplace)
- 1688.com (China wholesale marketplace)

- Alipay (Payment services)\(^{(1)}\)
- China Smart Logistics (Logistics information system)\(^{(2)}\)
- Alimama (Online marketing services)

Data Platform

- Alibaba Cloud Computing (Platform for internal and third-party use)

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\(^{(1)}\) Through contractual arrangements.
\(^{(2)}\) Alibaba’s 48% owned affiliate.
Key investment highlights

1. Large China commerce opportunity
2. Scale and market leadership
3. Thriving marketplaces, platform and ecosystem
4. Unrivaled leadership in mobile commerce
5. Clear growth strategies
6. Proven management team and strong culture
7. Strong revenue growth, profitability and cash flow
After Alibaba, where do we go from here?
The future is brighter than ever
Tech investment (both public and private) soaring, companies changing the world

S&P 500 Information Technology Index continues to climb

On track for 284 tech IPOs raising $92B in total since 2008

Technology has become ingrained in our daily lives

Markets reflect excitement and appetite for tech in our daily lives
Access to capital shifting to earlier in the lifecycle

- Outsized returns have shifted to the private market
- There have been 53 private placements for technology companies over $1B in value
- Companies are waiting longer to go public
- Without public scrutiny, companies can focus on growth at the expense of profitability
- Well-managed visionary companies will continue to drive innovation in our ecosystem

Market capitalization of selected tech leaders at IPO

<table>
<thead>
<tr>
<th>Company</th>
<th>Capitalization ($B)</th>
<th>Age</th>
<th>IPOs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alibaba</td>
<td>$167</td>
<td>&lt;50</td>
<td>tech</td>
</tr>
<tr>
<td>Google</td>
<td>$81</td>
<td>&gt;5</td>
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</tr>
<tr>
<td>Microsoft</td>
<td>$25</td>
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</tr>
<tr>
<td>Cisco</td>
<td>$14</td>
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</tr>
<tr>
<td>Amazon</td>
<td>$14</td>
<td>&gt;5</td>
<td>tech</td>
</tr>
<tr>
<td>Facebook</td>
<td>$0.5</td>
<td>&lt;5</td>
<td>tech</td>
</tr>
<tr>
<td>Twitter</td>
<td>$0.5</td>
<td>&lt;5</td>
<td>tech</td>
</tr>
</tbody>
</table>
| Capital coming from unconventional global sources

($in billions)
Bigger and bolder companies as well as valuations

<table>
<thead>
<tr>
<th>Company</th>
<th>Latest valuation</th>
<th>Year founded</th>
<th>Funding rounds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uber</td>
<td>$41,200</td>
<td>Dec. 2014</td>
<td>6</td>
</tr>
<tr>
<td>Airbnb</td>
<td>$10,000</td>
<td>Apr. 2014</td>
<td>7</td>
</tr>
<tr>
<td>Xiaomi</td>
<td>$10,000</td>
<td>Aug. 2013</td>
<td>4</td>
</tr>
<tr>
<td>Dropbox</td>
<td>$10,000</td>
<td>Jan. 2014</td>
<td>5</td>
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<tr>
<td>Palantir</td>
<td>$9,300</td>
<td>Nov. 2013</td>
<td>3</td>
</tr>
<tr>
<td>Theranos</td>
<td>$9,000</td>
<td>Sep. 2013</td>
<td>7</td>
</tr>
<tr>
<td>Square</td>
<td>$6,000</td>
<td>Jun. 2014</td>
<td>2</td>
</tr>
<tr>
<td>Pinterest</td>
<td>$1,100</td>
<td>Oct. 2013</td>
<td>6</td>
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<tr>
<td>spacex</td>
<td>$4,800</td>
<td>Aug. 2014</td>
<td>5</td>
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<tr>
<td>cloudera</td>
<td>$4,100</td>
<td>Mar. 2014</td>
<td>7</td>
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<tr>
<td>Spotify</td>
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<tr>
<td>Lending Club</td>
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<td>Stripe</td>
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<td>7</td>
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<tr>
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<td>Diangping.com</td>
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<tr>
<td>Trendy Group</td>
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<td>5</td>
</tr>
<tr>
<td>Nutanix</td>
<td>$2,000</td>
<td>Oct. 2014</td>
<td>2</td>
</tr>
<tr>
<td>magic Leap</td>
<td>$2,000</td>
<td>Mar. 2014</td>
<td>10</td>
</tr>
<tr>
<td>Intarcia</td>
<td>$1,800</td>
<td>Mar. 2014</td>
<td>9</td>
</tr>
<tr>
<td>DocuSign</td>
<td>$1,600</td>
<td>Apr. 2014</td>
<td>7</td>
</tr>
<tr>
<td>Jasper</td>
<td>$1,500</td>
<td>Sep. 2011</td>
<td>12</td>
</tr>
<tr>
<td>Deem</td>
<td>$1,400</td>
<td>Dec. 2011</td>
<td>5</td>
</tr>
</tbody>
</table>

Transformational companies are bigger and bolder

Elon Musk (SolarCity et al)

Visionary companies create ecosystems and empower future entrepreneurs
The future looks brighter than ever

These companies will continue to innovate how we interact with technology everyday