

## Uber-successful in China

Dear All,

A little over a year ago, we decided to launch operations in China. We launched with high hopes and have not been disappointed. We all know the market figures: 1.3 billion people, three decades of nearly 10% annual economic growth, with hundreds of millions rapidly entering the middle class. Car ownership in Chinese cities has been skyrocketing as a result, along with all of the growing pains (infrastructure strain, pollution, congestion, parking) that come with it. Chinese cities, more than any other cities around the world, need Uber.

Since our launch in February 2014, we have found a public that is embracing Uber far beyond our most bullish expectations. The table below illustrates just how quickly our Chinese cities have grown versus New York, our largest city outside of China. For example, Chengdu at the 6-month mark was 46x larger than New York (in terms of trips) at the same age.

Trips vs. New York City (at same age)			
	Month 3	Month 6	Month 9
Chengdu	7x	46x	479x
Hangzhou	6x	19x	422x
Beijing	10x	14x	29x
Wuhan	34x	128x	
Tianjin	10x	140x	

Our riders are completing almost 1 million trips per day and the business has doubled in the last month. Remarkably, we are only scratching the surface. Today we are live in 11 Chinese cities with an average population of 14 million. Yet there are 80+ cities with over 5 million people (as a reference, 5 million is roughly the size of Miami, one of the largest cities in the US). Over the next year we plan to launch in 50 of those Chinese cities.

This kind of growth is remarkable and unprecedented. To put it frankly, China represents one of the largest untapped opportunities for Uber, potentially larger than the US. Success in China, however, takes commitment over the long haul and a strong will, coupled with a unique understanding of the differences in China.

So far the signs are good. We are achieving a level of success in China that few other US technology companies have ever enjoyed. Our early success derives from an organic approach to the market - we have established a new Chinese entity, Youbu, 优步 (which means "an excellent step forward"), and have partnered with Baidu to create a truly Chinese company that is built and supported by local employees, local partners, and local investors.

Our strategy has been to compete for market share versus acquire it - our history across all geographies has proven that investing in our own execution is the most efficient means to achieve scale. Given our recent success in the region and

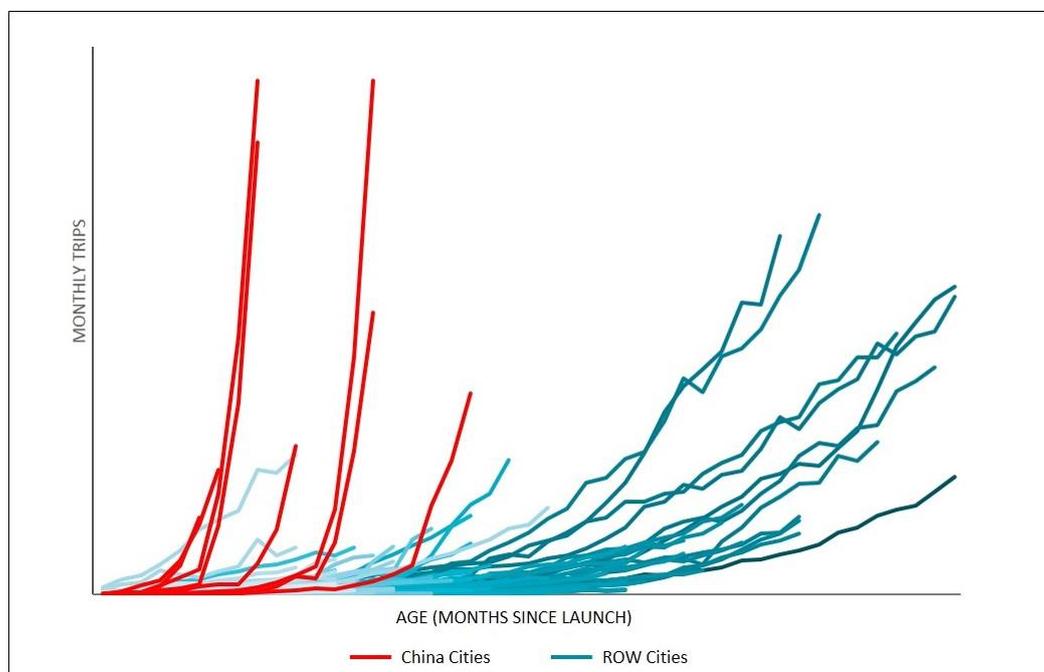
substantial market share gains, we are planning to invest over 7 billion RMB (over 1 billion USD) in China in 2015 alone.

### **Background**

UberChina officially launched in Feb-2014 and our People's Uber, 人民优步, product line (most akin to UberX/P2P) launched across China starting in Oct-2014. Despite its young age, China has made its presence felt on the global business:

- 4 out of Uber's 10 largest cities by trips are now in China
- Guangzhou, Hangzhou and Chengdu have all surpassed New York as our three largest cities on a trips basis. Impressively, Hangzhou and Chengdu have accomplished this feat in just 9 months, compared to New York which is 4 years old
- Hangzhou is now over 400x the size that New York was at its same age. 200,000 Hangzhou residents are becoming new UberChina riders every week!
- Trips in China have grown at a 100% monthly compound rate since the beginning of the year
- China now represents the largest region outside the US and, at the current growth trajectory, will most likely surpass the US before year-end. We will accomplish this even though the US business continues to grow ~4x YoY
- We have been overwhelmed by the enthusiasm and loyalty of our Partner Drivers in China. We are now creating over 100,000 new full-time-equivalent jobs per month across the country

The chart below illustrates our unprecedented growth in China:



### **Operational Update**

Simply stated, China is the #1 priority for Uber's global team.

- I am personally overseeing the day-to-day progress in China

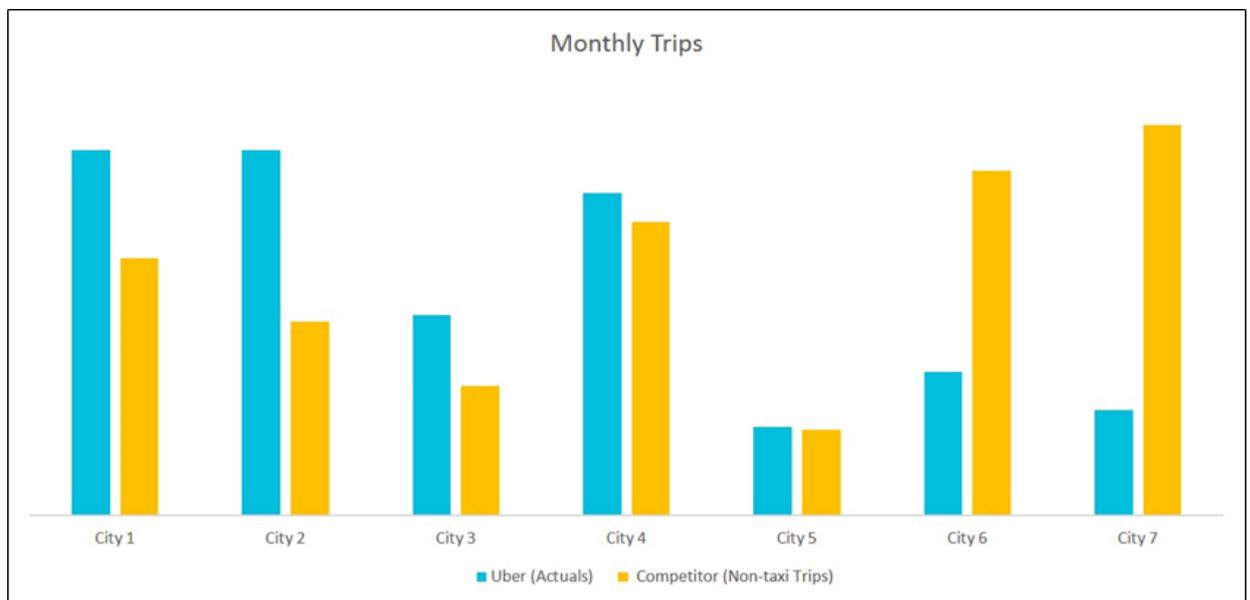
- We have achieved our current level of success with a very lean but extremely talented team in the region. All of our highly-motivated city teams are local, primarily made up of the sons and daughters of China. Those teams are not only comprised of operations, but also include locally staffed Business Development, Product Development, Marketing, Government Relations and Communications functions
- We continue to innovate and integrate our technology into the Chinese technology ecosystem, including partnerships with Baidu Wallet, UnionPay and Baidu Maps, all of which provide us access to hundreds of millions of Chinese consumers. Our deep integration with Baidu Maps is merely one example of our laser focus on China-specific product-market fit
- Lastly, commercial partnerships and strategic investments of over \$500mm from leading technology, financial services and insurance companies in China have further enabled a smooth entry into the marketplace

This combination of operational excellence and a superior product is allowing us to grow significantly faster than our competition.

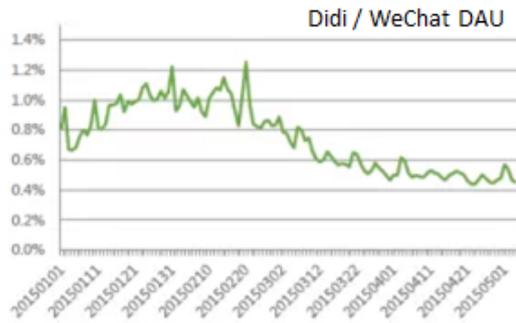
**Competitive Landscape**

Our success has not gone unnoticed. One competitor has cloned our core product line and is attempting to transition from its legacy taxi business to a similar P2P model.

Despite this competitor's supposed advantage of a massive taxi user base, we are quickly becoming the share leader in P2P. We believe we have close to 50% share in the non-taxi market and are, in-fact, substantially larger in many of our key cities.



Additionally, a recent independent study of app usage from Trust Data highlights our strong traction in the market ([link](#)). The largest taxi-app in China has 3-4x more daily users, but a vast majority of those users are on its declining taxi product (see declining overall trend on lower-left chart).



- Didi Daily Active Users have declined from ~1.2% to ~0.4%

 Trust Data



- Uber Daily Active Users have increased from ~0.01% to ~0.12%

 Trust Data

For the China entrepreneur, competing is not for the faint of heart. Our success has led to others trying to counter UberChina's growth, for example:

- Tencent, an investor in the competition, has blocked UberChina accounts from WeChat
- Taxi drivers have been paid to stage protests and forged text messages have been sent to our Driver Partners stating that UberChina is ceasing operations
- Our competitors claim we, as a management team, are not focused on China. If this is what our "lack of focus" gets us, imagine what happens when we double down our efforts in China!

This is why it is important for our team and technology to be resilient - so far, none of these maneuvers have dented our growth. We at Uber pride ourselves on being fierce and principled competitors - we plan to succeed by continuing to win the hearts and minds of riders and drivers with a superior product experience.

### **Future Plans**

While we are excited about our performance to-date, I know there is much to do in the coming months and years. We will continue to build our local teams and partnerships, while infusing our operations with best practices gathered from 300+ cities around the globe.

Having spent time with high level government officials throughout China, I am incredibly impressed by their universal commitment to making cities better through technology and policy innovation. Recently, I was welcomed by the city of Guiyang, where we agreed to partner on its smart city transportation initiatives. As UberChina continues to grow, we will help Chinese cities relieve congestion, reduce pollution and improve the overall standard of living, all while creating jobs for millions.



Given the enormity of the opportunity, we will be formally launching a fundraising process for UberChina on June 22nd and would welcome participation from our existing investor base. Please feel free to reach out to either Emil Michael or Gautam Gupta if you are interested.

I look forward to providing future updates as we execute on our plan.

Thank you for your continued support,

Travis Kalanick  
CEO, UberChina