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51jobs Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) We will take our first question from Jason Brueschke from Citi.

Jason Brueschke - Citigroup

Thank you. Good morning, Rick, Peter, Kathleen, and Linda. Let me maybe start with a couple of questions on the outlook -- Rick, first of all, you have indicated that you don't know when you are going to necessarily see an up-tick in demand but can you maybe give us your views on whether you think the demand situation has at least bottomed? And as part of this question, could you maybe give some more color on if there are any parts of the economy that you are seeing any pockets of strength?

And then, I guess the final part of this question is would you consider your business in China -- are you more of a leading indicator or a lagging indicator of kind of a rebound in the underlying economy? And then I have a follow-up question, please.

Rick Yan

Thank you, Jason. In terms of the kind of business or economic trend, first quarter if you look at -- if we go back in the first quarter, January and February were pretty challenging. I think we have a very early Chinese New Year this year and as a result, January was very, very tough in terms of revenues that we collected. So we had a very tough January and February but March turned out to be okay, probably I would say better than we expected and that's why quarter one as a result, overall we were doing okay in quarter one.

April traditionally is kind of a slow month for us. After the Labor Day holidays, normally this is a small peak season for us in the past but again since last year, the government changed the holiday schedule and the Labor Day holiday week was reduced from seven days to three days, so a good time to really look at what is happening is actually in the next few weeks and May will be a good time to see whether there is a meaningful or measurable change in terms of demand pick-up. But at this stage, it's probably too early for us to tell but you know, second quarter the guidance we gave reflects what we believe what we see as of today.

I would say that we are a lagging indicator for the economy. I think what we saw is that some of our customers have allocated budgets for 2009 and a lot of them have not really spent the budget, even if they have the budget for the year. A lot of them were telling us that they are still in a wait-and-see kind of a holding position so I think what normally happens when economic activities pick up, when there is more demand, when people see their sales growth comes back and then they might become

more aggressive in hiring, so I do think that the recruitment business will likely be a lagging indicator of the economy.

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