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Ctrip.com Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) And our first question comes from the line of Mike Olson with Piper Jaffray. Go ahead.

Mike Olson - Piper Jaffray

Good morning. Just a couple of quick questions -- can you talk about what you are seeing in hotel and air pricing so far in Q2 and what's built into your guidance assumptions along those lines for Q2?

Jane Jie Sun

Sure. The Q2 pricing remains very consistent from a quarter over quarter basis. From a year-over-year basis, the price drop is still about 5% to 10% for hotels and 10% to 15% for air ticket.

Mike Olson - Piper Jaffray

And what's typically the seasonal pattern for hotel and air pricing during Q2? Is pricing usually stronger or weaker in Q2 versus Q1?

Jane Jie Sun

Normally Q1 is the slowest season for the hotel business. As the weather is getting warmer, Q2 is normally better than Q1. This year, there is some uncertainty because the global economic crisis has impacted every country so we are monitoring the pricing very carefully. So far, I think the pricing from a quarter over quarter basis has been very consistent.

Mike Olson - Piper Jaffray

Okay. Thanks very much.

Operator

Our next question comes from the line of Richard Ji with Morgan Stanley.

Richard Ji - Morgan Stanley

Good quarter. I have two questions; first, starting with the commission grade trends, and obviously the volume growth for your air ticketing has been pretty strong and I'm just curious about the commission rate as of now -- do you see a good expansion of your commission rate going forward?

And also for the commission for air ticket as well as hotel room, do you expect recovery in the second half of this year?

Jane Jie Sun

Thanks, Richard. First of all, for hotel commission rate, it has been very stabilized at around 15% so the drop in commission per room, it was primarily driven by the price. On the air ticket, the price drop is about 10% to 15%. The commission rate is still maintained within 4% to 5% on the overall ticket price with 5% to 6% on the bare ticket. It's probably trending at the lower end of the range rather than the middle of the range.

And going forward, I think so far the commission rate has been stabilized, based on our current visibility.

Min Fan

-- since the swine flu happened.

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