



Alibaba.com 2008 First Quarter Results

6 May 2008



#1 1Q08 highlights – key financials and operating data

#2 Business review

#3 Financial review

#4 Outlook for 2008

1Q08 Financial Highlights

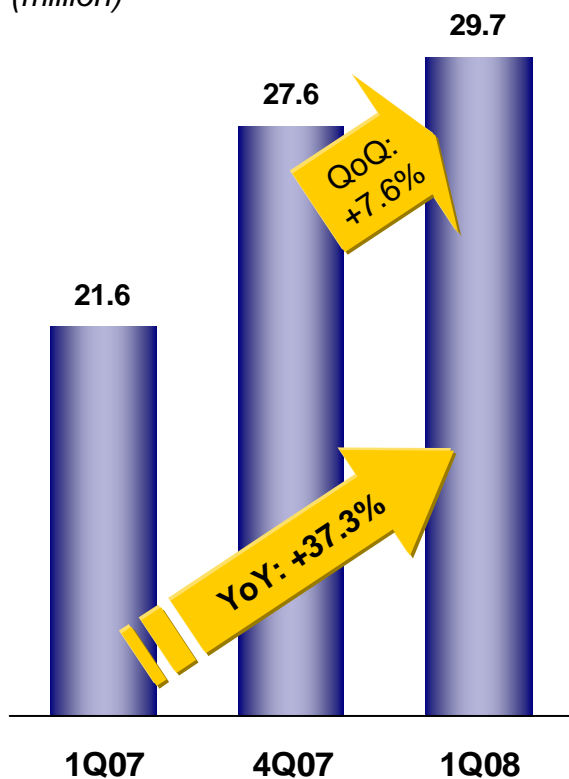
<i>(RMB million unless otherwise stated)</i>	<u>1Q08</u>	<u>1Q07</u>	<u>YoY</u>	<u>4Q07</u>	<u>QoQ</u>
Total revenue	680.1	443.9	+53.2%	634.6	+7.2%
Profits from operations	311.9	172.3	+81.0%	186.6	+67.1%
Net profit	300.7	142.1	+111.7%	114.8⁽¹⁾	+162.0%⁽¹⁾
Earnings per share (HK cent) <i>(Basic/Fully-diluted)</i>	6.47	2.96	+118.6%	2.48⁽¹⁾	+160.9%⁽¹⁾

(1) Excluding the interest income relating to our IPO oversubscription in the fourth quarter of 2007

1Q08 – Key Operating Data

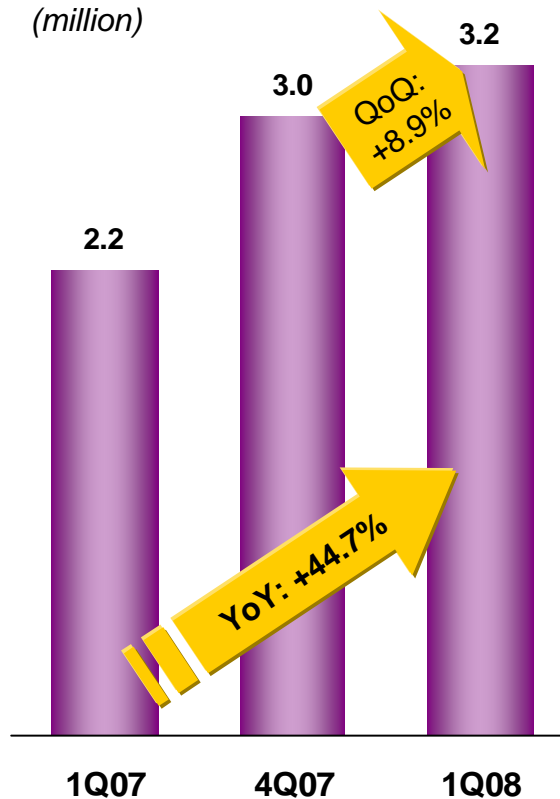
Total registered users

No. of registered users
(million)



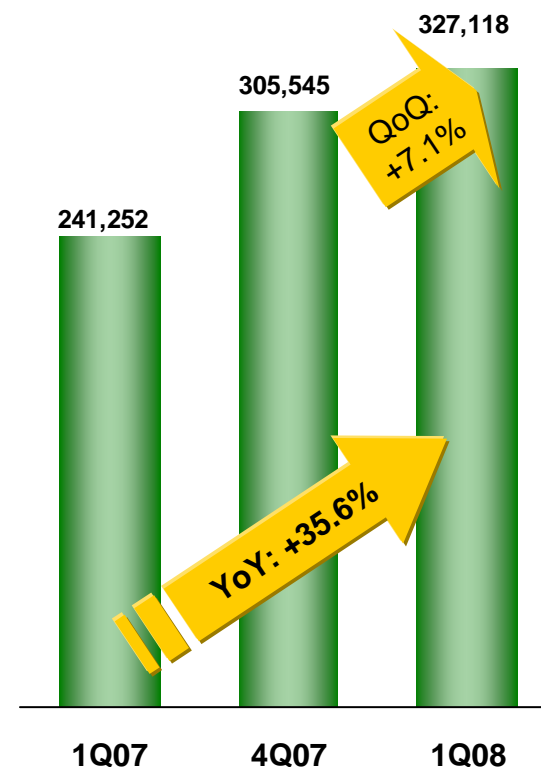
Total storefronts

Storefronts
(million)



Total paying members

No. of paying members

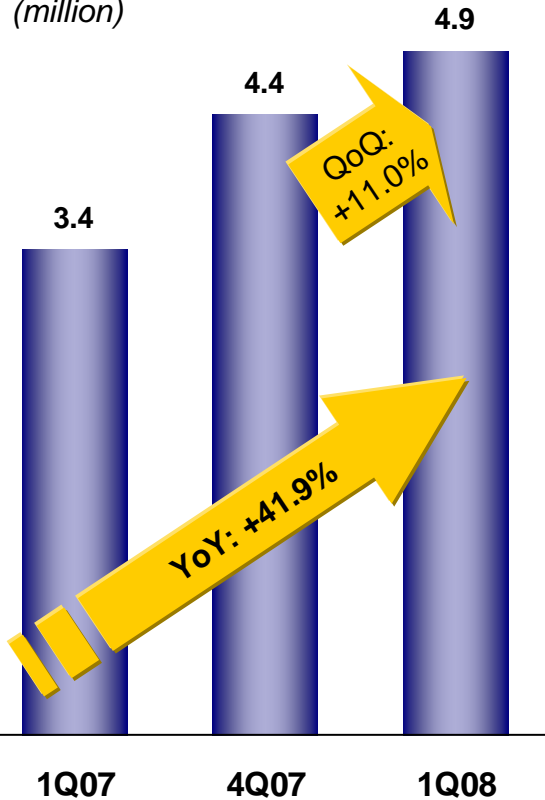


Q1 registered users,
storefronts and
paying members

- Strong growth in registered users and storefronts
- Total paying members have been growing steadily

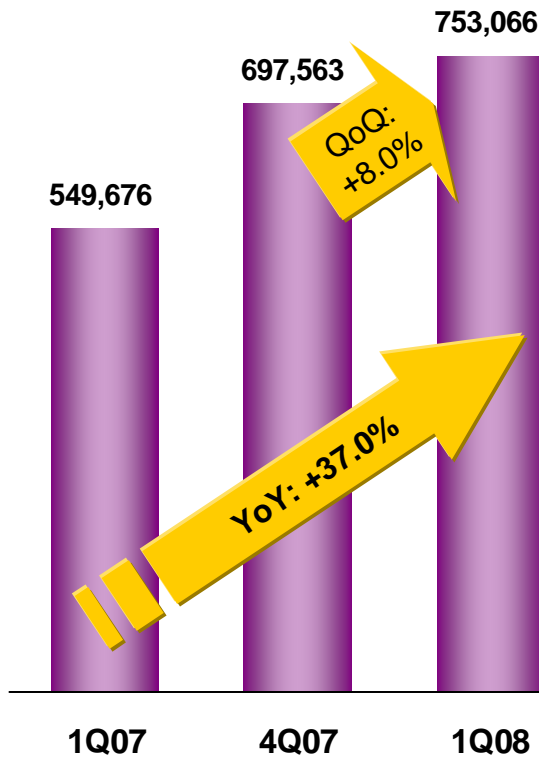
Registered users

No. of registered users (million)



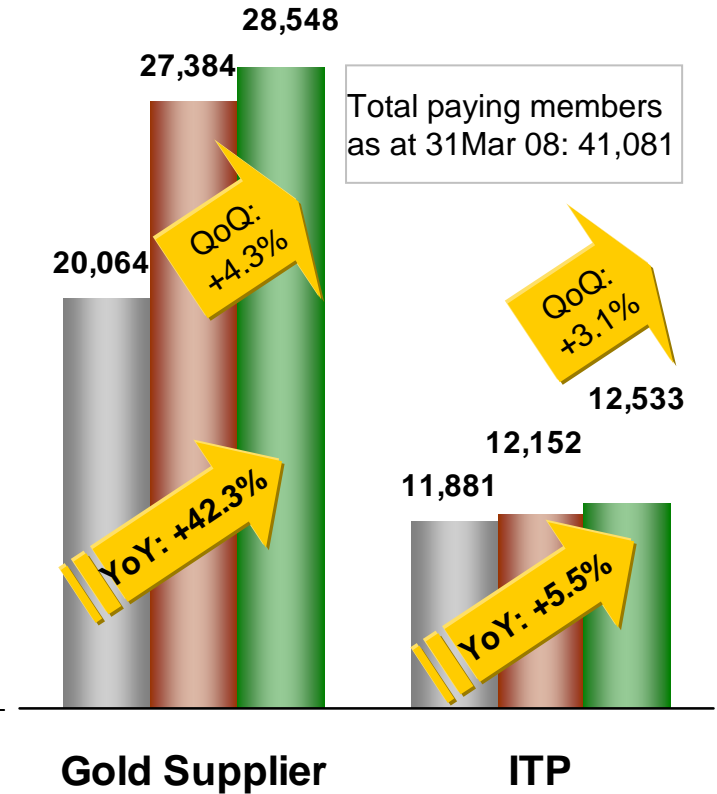
Storefronts

Storefronts



Paying members

No. of paying members

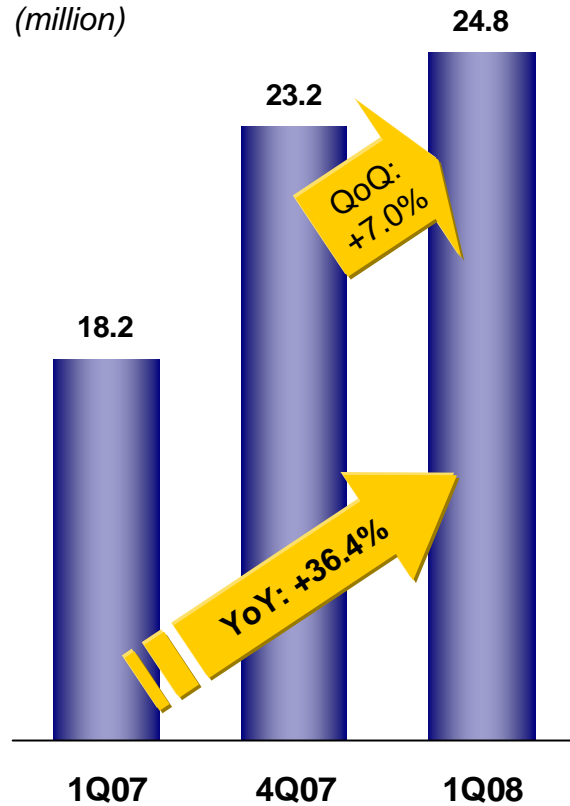


- Strong growth seen in registered users and storefronts
- Gold Supplier members YoY growth on track, QoQ growth impacted by: (1) Q1 seasonality, (2) Snow storm, and (3) restructuring of Gold Supplier sales team
- Slow growth in ITP due to: 2008 new initiatives for ITP were not yet launched in Q1

1Q07 4Q07 1Q08

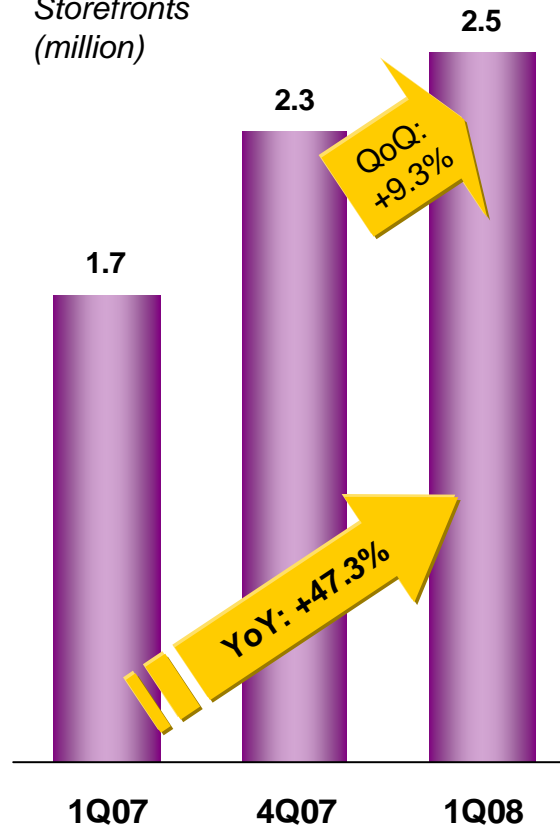
Total registered users

No. of registered users
(million)



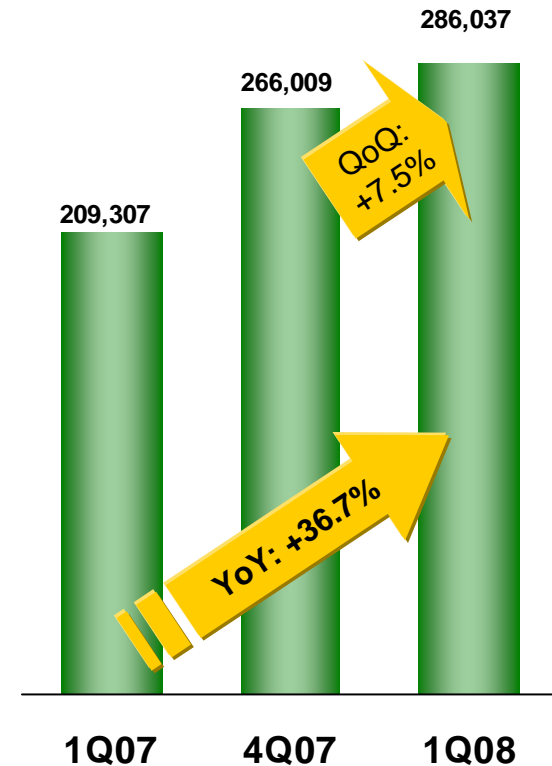
Total storefronts

Storefronts
(million)



Total paying members

No. of paying members



- Strong growth seen in registered users and storefronts
- China TrustPass members saw steady growth
 - QoQ growth on track
 - YoY growth: Growing from a high base in 1Q07 (due to more new sales cases expedited by the adjustment in China TrustPass price in Apr07)

1Q08 progress summary



1Q 2008 progress update			
	2007 Initiatives	Progress of previous initiatives	New initiatives in 1Q08
International marketplace			
Gold Supplier members	<ul style="list-style-type: none"> 15 new office, 700 new sales Restructure the VAS price 	<ul style="list-style-type: none"> Newly recruited sales people and new offices performance on track Growing VAS penetration 	<ul style="list-style-type: none"> Restructuring of Gold Supplier Sales Team <ul style="list-style-type: none"> Short-term Impact on customer acquisition and retention
International TrustPass members	<ul style="list-style-type: none"> HK ITP upgrade 	<ul style="list-style-type: none"> Planning for Taiwan ITP upgrade 	<ul style="list-style-type: none"> Reseller for ITP in India*
Other revenue	<ul style="list-style-type: none"> New Alisoft cross- sell 	<ul style="list-style-type: none"> Started selling Alisoft in Guangdong 	<ul style="list-style-type: none"> JV agreement with Softbank for Alibaba Japan website to be signed soon
China marketplace			
China TrustPass members	<ul style="list-style-type: none"> 300 new telesales Started use of reseller Basic price adjustment New VAS (Premium Placement) Bidding expanded to 5 positions 	<ul style="list-style-type: none"> New sales people productivity well on track Further roll-out the use of resellers for CTP across China Growing VAS usage coverage 	<ul style="list-style-type: none"> Launched new product "Winport"*
Other revenue	<ul style="list-style-type: none"> New service– branded ad 	<ul style="list-style-type: none"> Branded ad revenue growth on track 	

* Announced or launched in 2Q

International Marketplace



- Restructuring of sales team into “customer acquisition team” and “customer retention team”

Objectives

- Enhances customer satisfaction, further improve retention
 - Enhances long-term productivity
 - More opportunities to up-sell VAS

Impact of sales team restructuring process on 1Q08:

- Acquisition team: fewer customer visits during the transition period
- Retention team: lengthened process for closing retention contracts

China Marketplace



- Further roll out the use of resellers for China TrustPass
- Effective in regions with high SME concentration but low in internet penetration
- Currently engaging over 100 resellers across mainland China

Objectives

- Further accelerate China TrustPass members acquisition

Potential impact:

- Short-term: impact on margin
- Long-term: benefit from enlarged customer base, less marketing costs and overhead

Recent development : Overseas expansion

India

- Formed strategic partnership with Infomedia India Limited: Infomedia to act as exclusive reseller for Alibaba.com's International TrustPass in India



Japan

- JV agreement between Softbank and Alibaba.com for Japanese website operations to be signed soon
- 3 components for Alibaba Japan marketplace development:
 - (1) Chinese SME suppliers exporting to Japan
 - (2) Japanese SME suppliers exporting to China and to the world
 - (3) SME domestic trade in Japan
- Key terms:
 - Alibaba.com will own 35% equity stake of the JV
 - No cash investment from Alibaba.com
 - There will be revenue-sharing and the investment will be accounted for using the equity accounting method

Recent development : New product

Winport (in China Marketplace)



- **E-commerce infrastructure for SMEs**
 - Help SMEs to build their own websites and establish first internet presence
- **Lowered B2B e-commerce entry barrier**
 - One-stop-shop solution for more SME to start B2B e-commerce
- **Soft-launched on 11 April 2008**

- Strengthen long-term competitiveness
- Enhance stickiness
- Incremental revenue source

Product features (Phase 1)

Domain name

Unlimited product listing

CRM

DIY customized storefront

Corporate email

Traffic and buyers analysis

Online customer service

- Free-trial for 6,188 users
- Pricing to be announced

Financial Review

Q1 2008 financial highlights

<i>(RMB million unless otherwise stated)</i>	<u>1Q08</u>	<u>1Q07</u>	<u>YoY</u>	<u>4Q07</u>	<u>QoQ</u>
Total revenue	680.1	443.9	+53.2%	634.6	+7.2%
Profits from operations (pre-SBC)	356.7	200.3	+78.1%	250.4	+42.4%
Operating margin (pre-SBC)	52.5%	45.1%	---	39.5%	---
Net profit (pre-SBC)	345.6	170.1	+103.2%	178.6 ⁽¹⁾	+93.5% ⁽¹⁾
Net profit	300.7	142.1	+111.7%	114.8 ⁽¹⁾	+162.0% ⁽¹⁾
Earnings per share (HK cent) <i>(Basic/Fully-diluted)</i>	6.47	2.96	+118.6%	2.48 ⁽¹⁾	+160.9% ⁽¹⁾

(1) Excluding the interest income relating to our IPO oversubscription in the fourth quarter of 2007

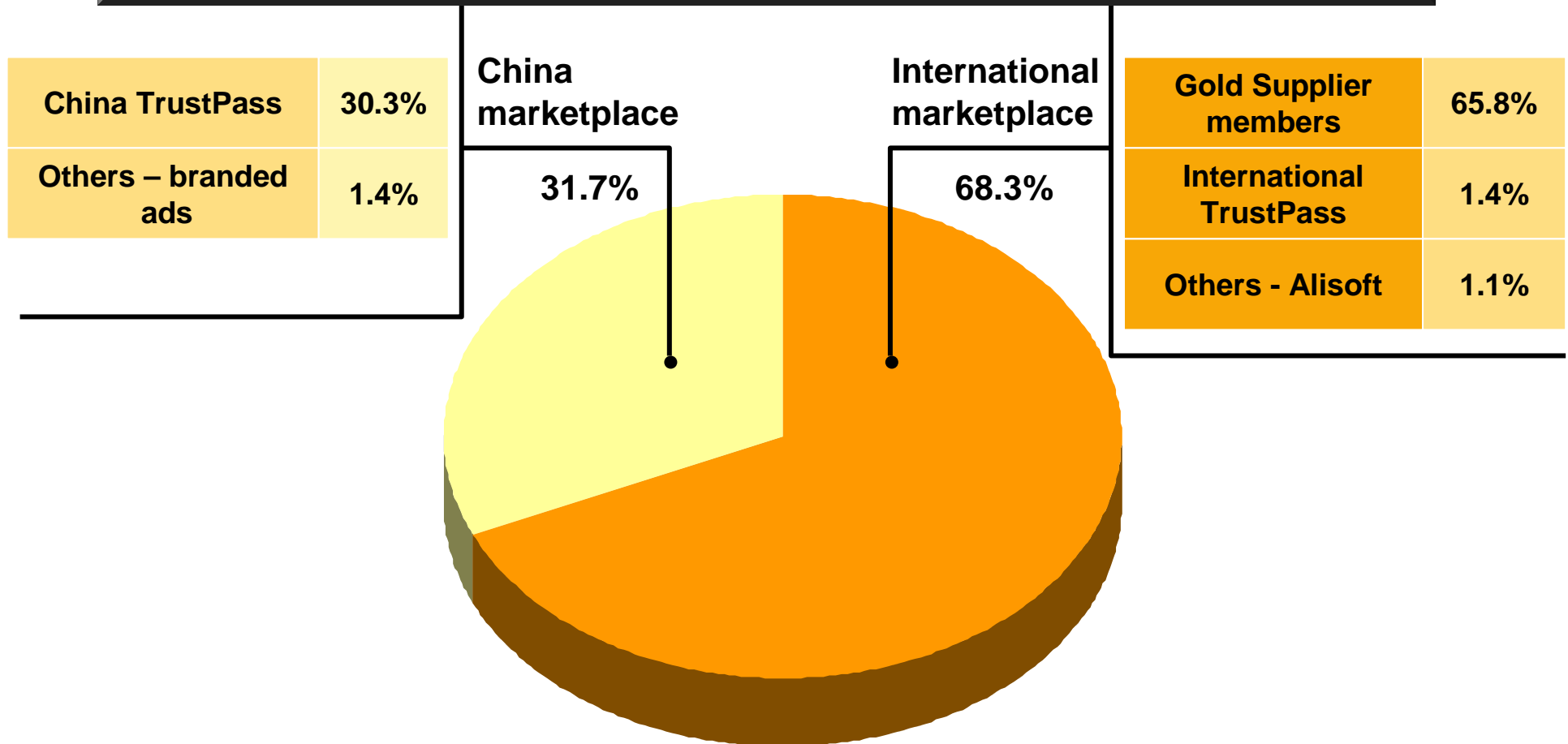
Revenue Breakdown

RMB'000	1Q08	1Q07	YoY	4Q07	QoQ
International marketplace					
Gold Supplier members	447,630	317,503	41.0%	428,661	4.4%
International TrustPass members	8,994	7,265	23.8%	9,296	(3.2%)
Other revenue	7,540	---	---	7,225	4.4%
Subtotal	464,164	324,768	42.9%	445,182	4.3%
China marketplace					
China TrustPass members	206,127	118,790	73.5%	179,054	15.1%
Other revenue	9,790	349	2,705.2%	10,319	(5.1%)
Subtotal	215,917	119,139	81.2%	189,373	14.0%
Total	680,081	443,907	53.2%	634,555	7.2%

Revenue Analysis

Total revenue: RMB 680m

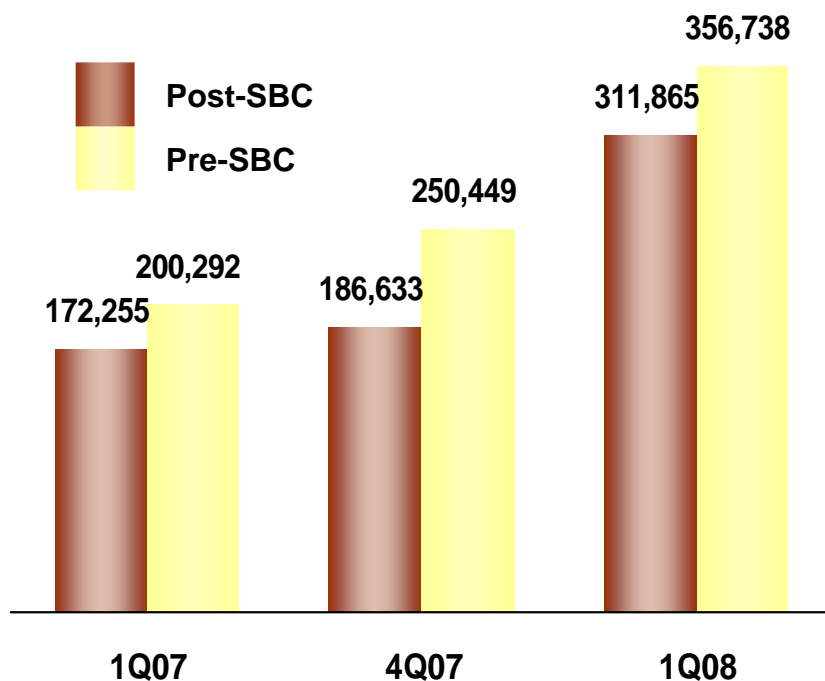
As a percentage of total revenue



Continued growth in operating income and net profit

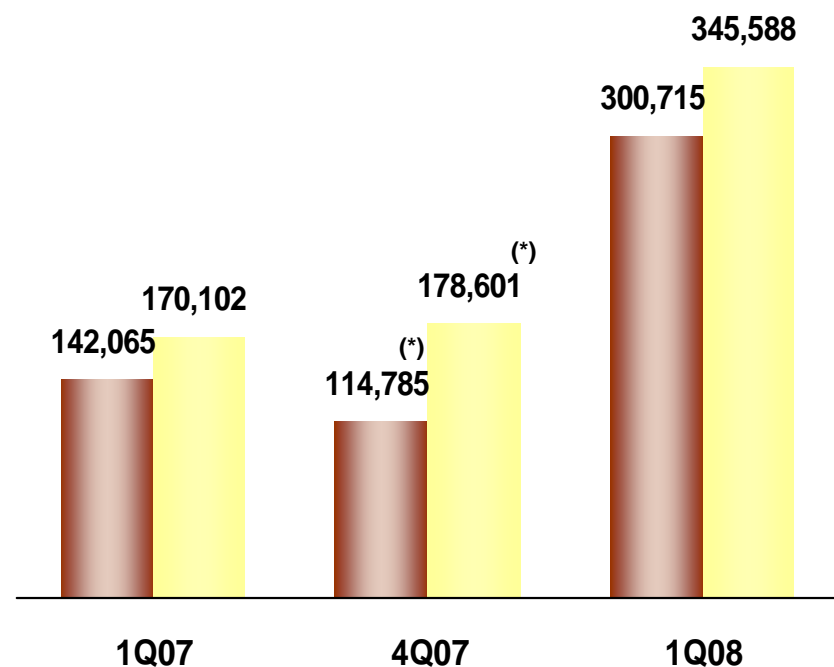
Operating income

RMB '000



Net profit

RMB '000



(*) Excluding interest income relating to the IPO oversubscription

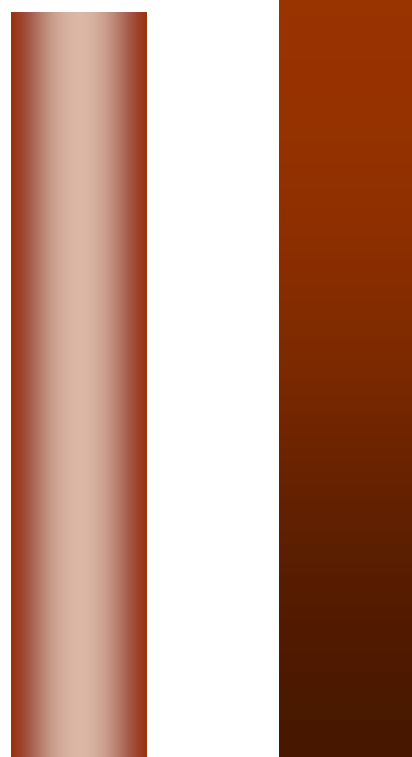
	YoY	QoQ
Operating income (post-SBC)	+81.0%	+67.1%
Operating income (pre-SBC)	+78.1%	+42.4%

	YoY	QoQ
Net profit (post-SBC)	+111.7%	+162.0%
Net profit (pre-SBC)	+103.2%	+93.5%

Margin expansion in 1Q08

Gross margin

87.1% 88.4%

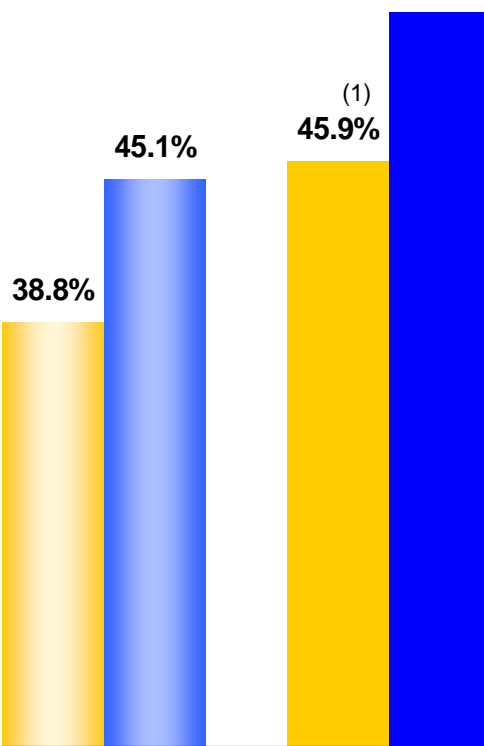


1Q07

1Q08

Operating margin

Post-SBC Pre-SBC 52.5%⁽¹⁾

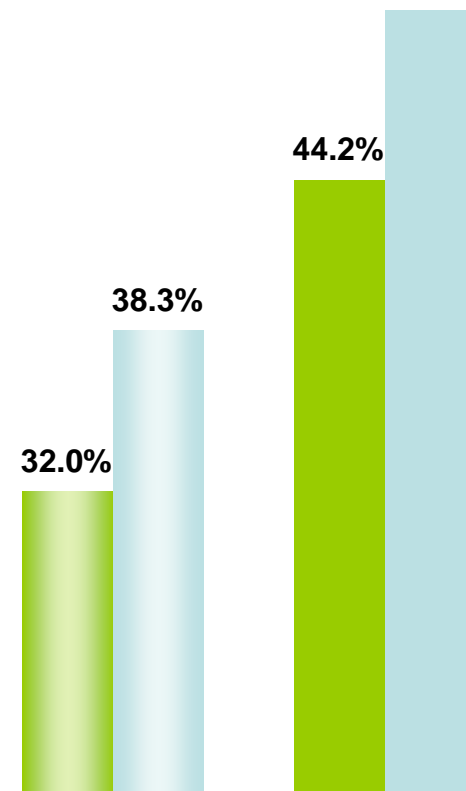


1Q07

1Q08

Recurring net margin

Post-SBC Pre-SBC 50.8%



1Q07

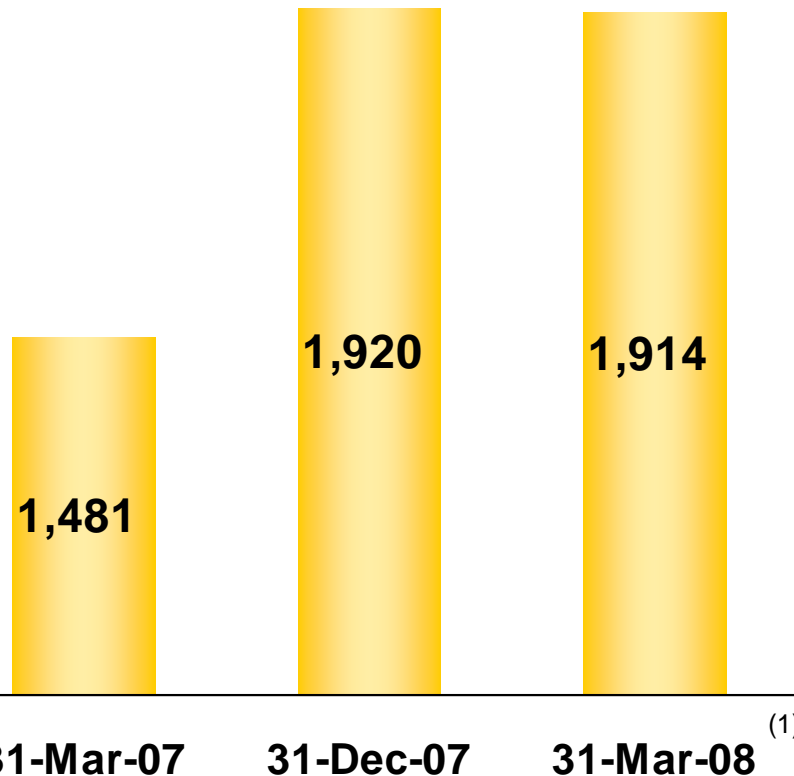
1Q08

(1) The greater increase of operating margin year-on-year was due to growth of our revenue and the benefits of economies of scale. Q1 high operating margin is mainly due to seasonality of marketing expenses

Deferred Revenue and Recurring Free Cash Flow

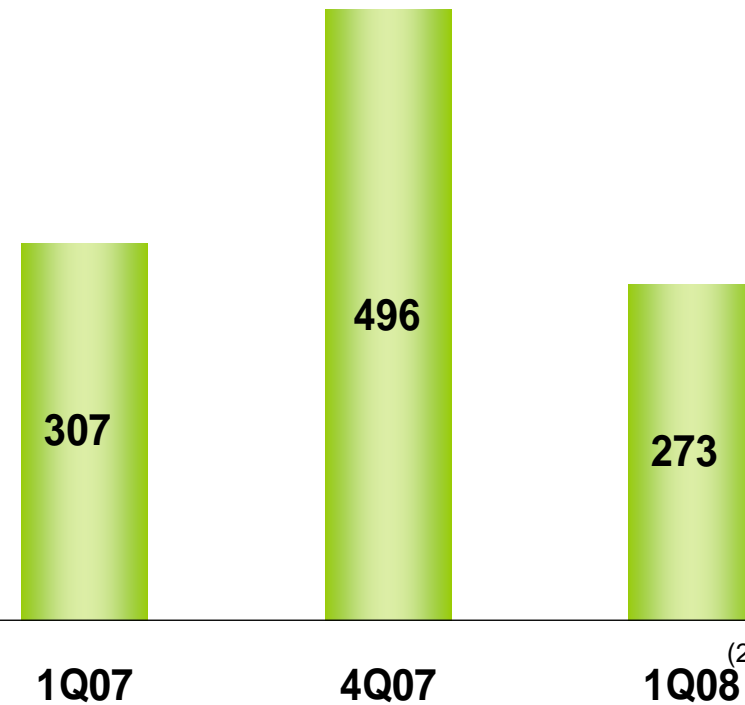
Deferred revenue & customer advances

RMB million



Recurring free cash flow

RMB million



(1) The slight decrease of Deferred revenue and customer advances Q-o-Q was due to the slower growth of Gold Supplier members, which reflected the impact of seasonality in customer acquisition, the serious nationwide snow storms in February and the sales team restructuring during the period

(2) The decrease of recurring FCF y-o-y was mainly due to higher payments made such as income tax. The Q-o-Q decline was due to the slower growth of deferred revenue and customer advances as well as the higher payment for income tax and year-end bonuses in the first quarter of 2008

- Continue to closely monitor the progress and possible impact of US economy slowdown
- Further implementation of the restructuring of Gold Supplier sales force
- China TrustPass development – expect to accelerate
- VAS revenue
 - More opportunities for VAS sales after restructuring of Gold Supplier sales force
 - Continue to drive VAS revenue for China TrustPass
- Global initiatives – continued to diversify revenue sources
 - India: call center for ITP sales on trial
 - Japan: expect monetization to start within 12 months after signing of JV agreement
- E-commerce infrastructure projects
 - Continue to develop e-commerce infrastructure projects to enhance long-term competitiveness
- Alibaba ecosystem
 - Cross-selling of Alisoft
 - Leveraging on the media sales of Alimama for branded ad sales

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