

# Full Year Results 2010

(preliminary)

XING<sup>»</sup>

Dr. Stefan Groß-Selbeck (CEO) & Ingo Chu (CFO)  
March 1, 2011

- **Strong financial performance**
- **Re-accelerated member growth in DACH**
- **Strong growth of “vertical” revenues**
- **Strengthened competitive positioning**
- **Successful product launch**

# 01 Top & bottom line growth

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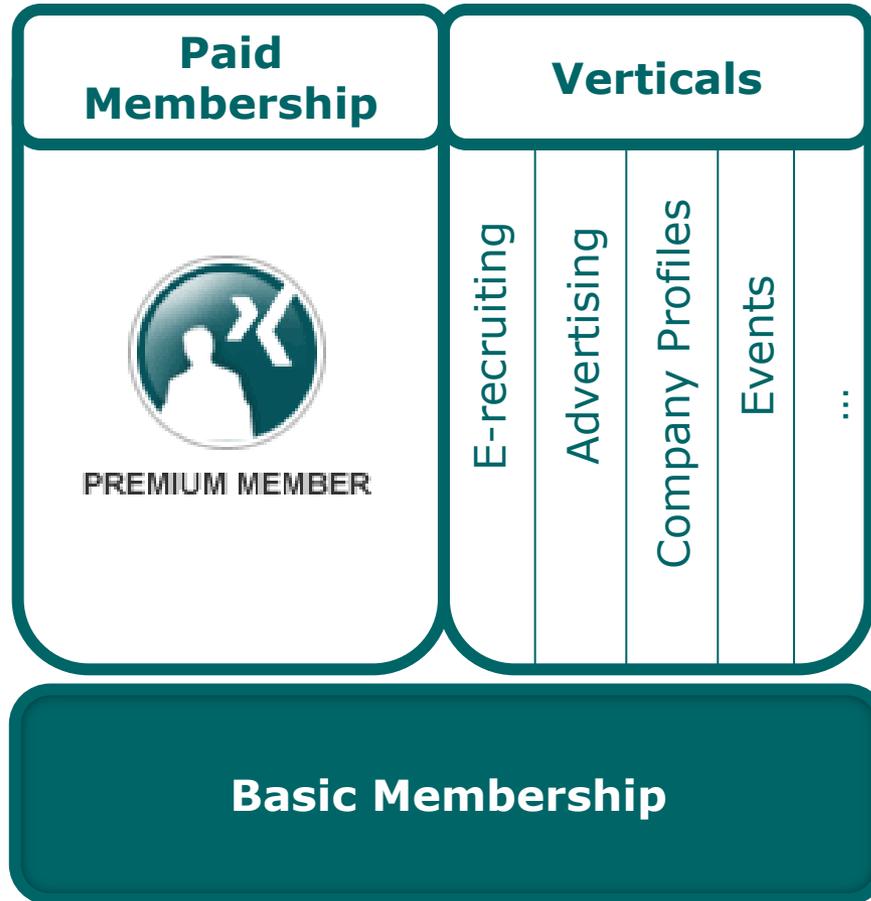
		2010	2009	Change
Total income <sup>1</sup>	€m	54.3	45.1	+20%
EBITDA	€m	16.7	11.8	+41%
EBITDA-Margin	%	31	26	+5%pts
Net-result	€m	7.2	-1.7	
Net-result adjusted	€m	7.2	3.9 <sup>2</sup>	+85%

<sup>1</sup> Including other operating income

<sup>2</sup> Adjusted for tax provisions resulting from the retroactive tax audit for the fiscal years 2003 to 2007 as well extraordinary write downs of €5.4m in Q4'2009

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# 01 Recap: Our strategic approach



# 02 Segment Overview

inc. financial KPIs FY'2010

	Paid Membership	„Verticals“		
	Premium Membership	E-Recruiting (Job ads & recruiter membership)	Advertising (incl. Company Profiles)	Other (incl. Events)
2010 revs. yoy growth in %	€42.4 +14%	€7.1m +61%	€3.9m +64%	n.a.
Recent Highlights	<ul style="list-style-type: none"> <li>Recent product launches showing very positive impact</li> <li>Re-acceleration in DACH member adds</li> <li>Solid payer conversion throughout Q4'10</li> <li>Constant and low churn rate</li> </ul>	<ul style="list-style-type: none"> <li>5th quarter of accelerating growth</li> <li>Web 2.0 is the job-boards of the future</li> <li>Market leader in social media recruitment</li> </ul>	<ul style="list-style-type: none"> <li>Boost in eCPM (x4 since Jan 2010)</li> <li>New formats (i.e. wallpaper)</li> <li>Company Profiles turned profitable</li> </ul>	<ul style="list-style-type: none"> <li>Acquisition of amiando AG</li> <li>Networking is key driver for participation in events</li> <li>Capitalise &gt;70k „Paid“ events on XING p.a.</li> </ul>
Market potential	~19m people <sup>1</sup>	>€200m <sup>1</sup>	~€3.8bn <sup>2</sup>	>5bn <sup>1</sup>

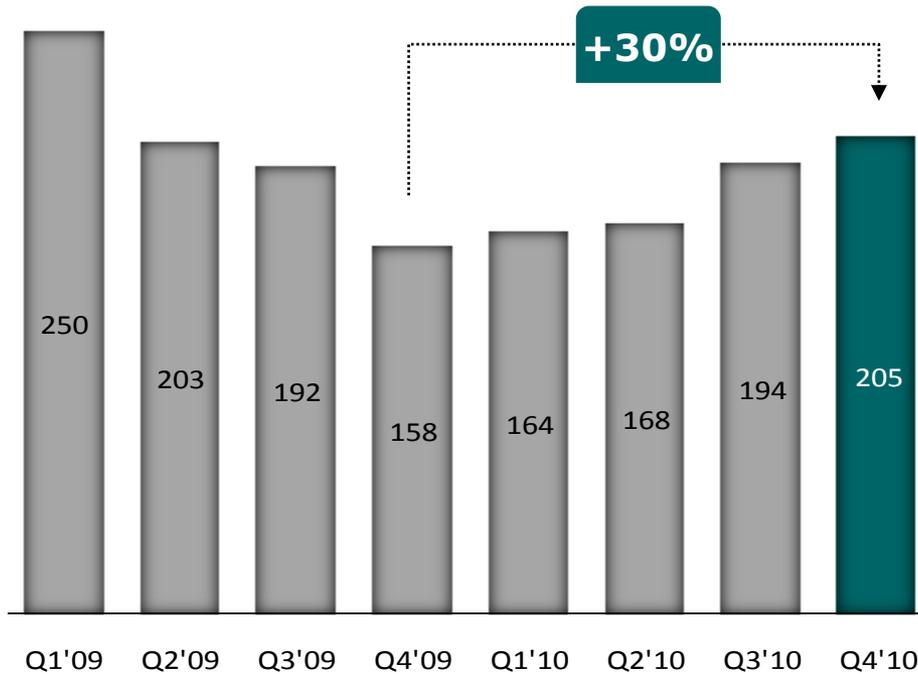
<sup>1</sup> Source: XING analysis of addressable market

<sup>2</sup> Source: OVK Report 1/2011 display ad market estimates 2011

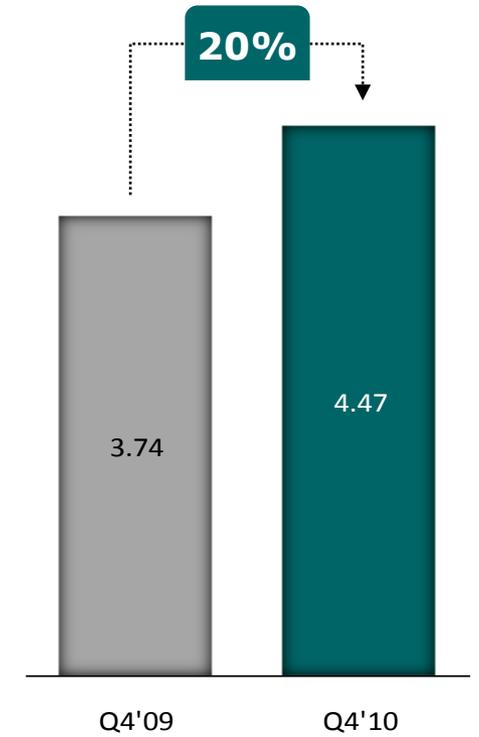
# 03 DACH: Re-acceleration of member growth

Driven by successful site improvements

**Member net adds**  
in 000'



**Member base DACH**  
in m



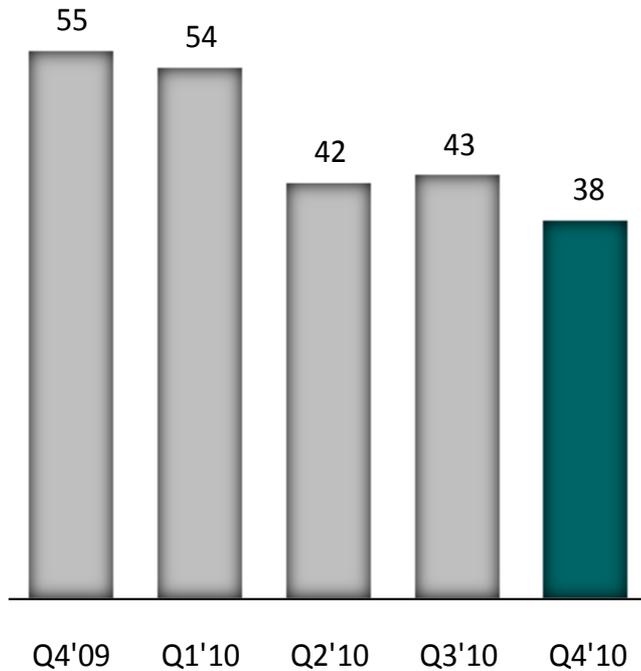
Penetration in DACH



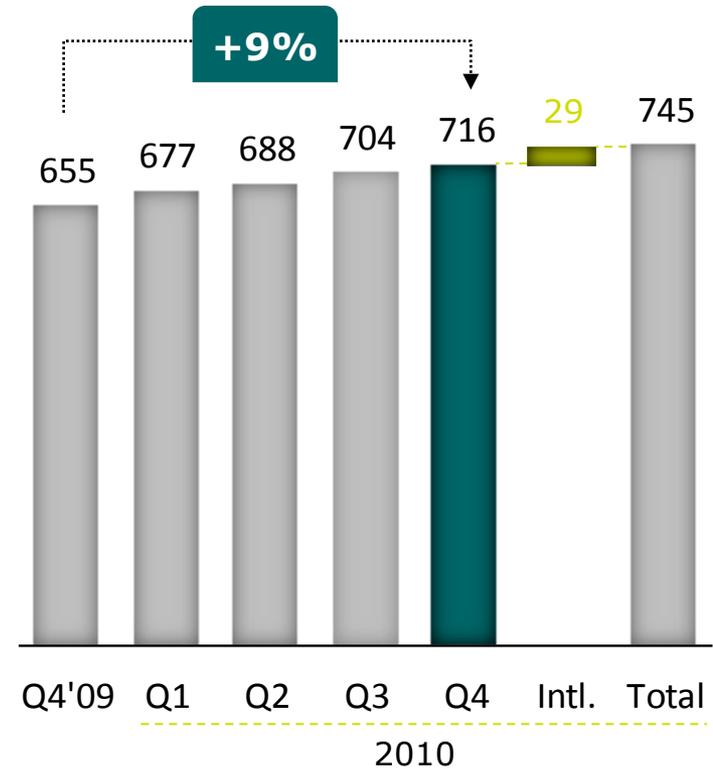
# 03 DACH: >61k net new paying subscribers in 2010



**Payer gross adds**  
in 000'



**Payer base**  
in 000'



# 04 Successful diversification of revenue streams

## E-Recruiting & Advertising show strong momentum

### Revenues by segment

in 000'

YoY in %

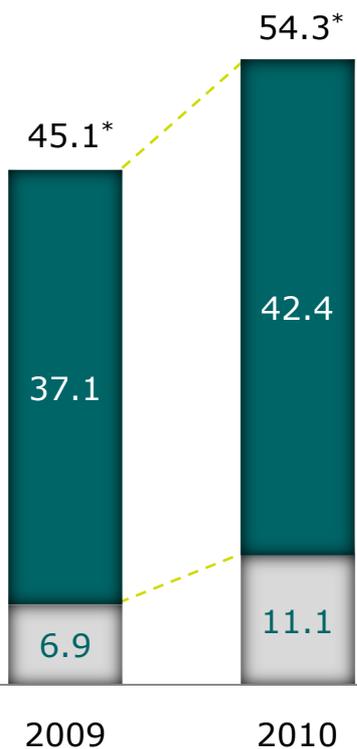
+20%

+14%

+62%

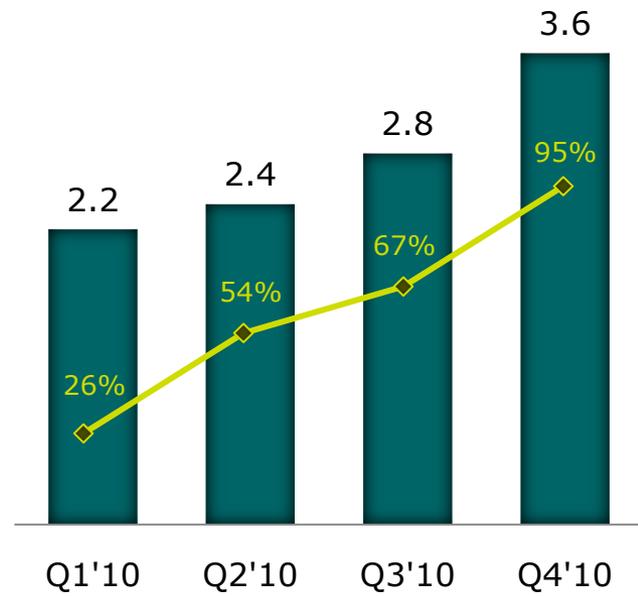
„Subscriptions“

„Verticals“



### „Vertical“ revenues by quarter in €m

incl. Yoy growth in %

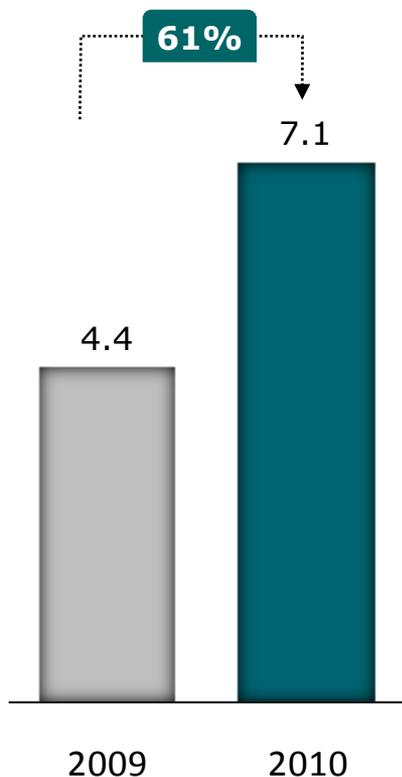


\* Total revenue includes other revenues (events) & other operating income

# 04 E-Recruiting

YoY growth: +61%

## "E-Recruiting" revenues in €m



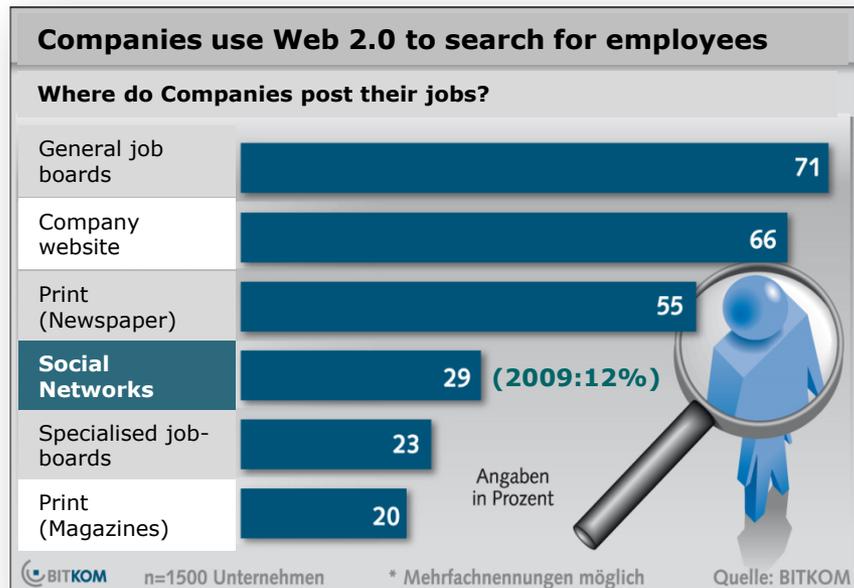
## Selection of new customers in Q4'10

More than 300 in total



## Recruitment through social networks is growing quickly\*

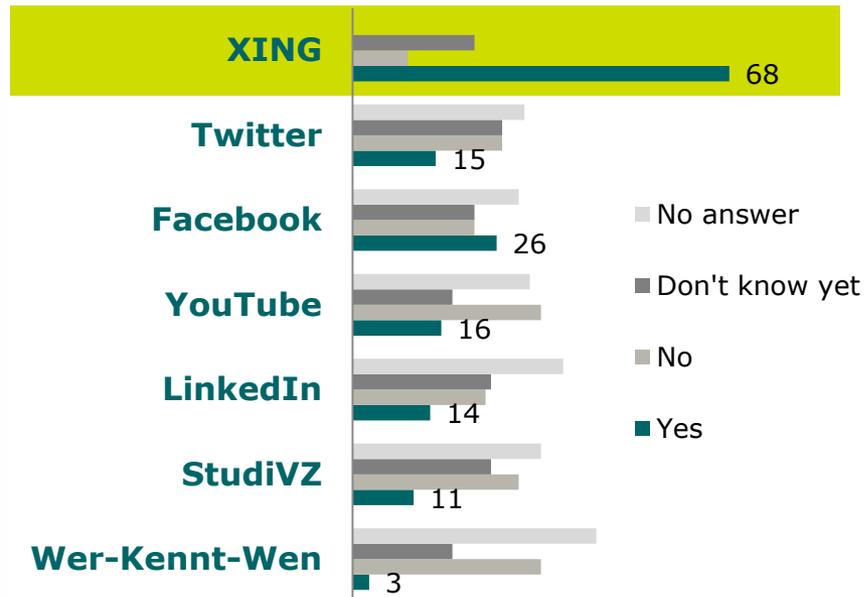
In %



\* Source: BITKOM

## What kind of social media HR services are you going to use in the future?\*

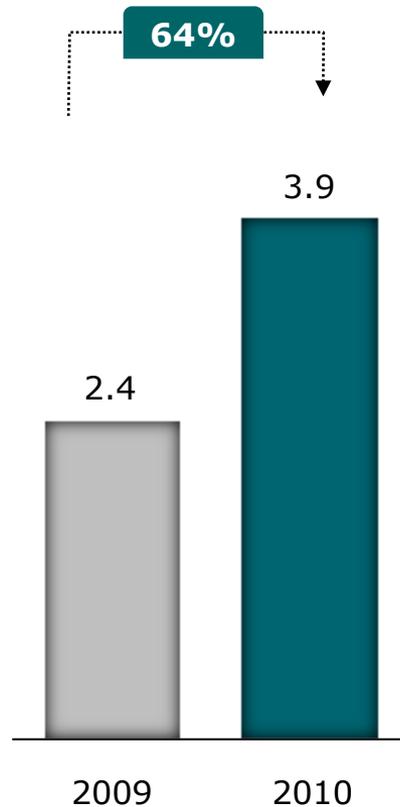
In %



\* Source: Social Media HR Report 2010

## Advertising revenues

in m



## Comments

- CPM 4x compared to January 2010
- New ad formats
- New targeting options
- Positive seasonal effect in Q4
- „Company Profiles“ profitable since July 2010

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## Comparison XING vs. next competitor in Germany

**Member base<sup>1</sup>**

**4 : 1**

**New members<sup>2</sup>**

**3 : 1**

**Activity (PI's)<sup>3</sup>**

**17 : 1**

**„I prefer the product“<sup>4</sup>**

**5 : 1**

**Brand awareness<sup>5</sup>**

**5 : 1**

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<sup>1</sup> Source: XING analysis

<sup>2</sup> Source: XING analysis

<sup>3</sup> Source: Quantcast/Comscore reports (DACH) for december 2010

<sup>4</sup> Source: Survey among 1,600 XING users: Question: "If you could use either LinkedIn or XING, which platform would you choose?"

<sup>5</sup> Source: forsa study January 2011

# 06 Interactive „News from my network“ launched today!

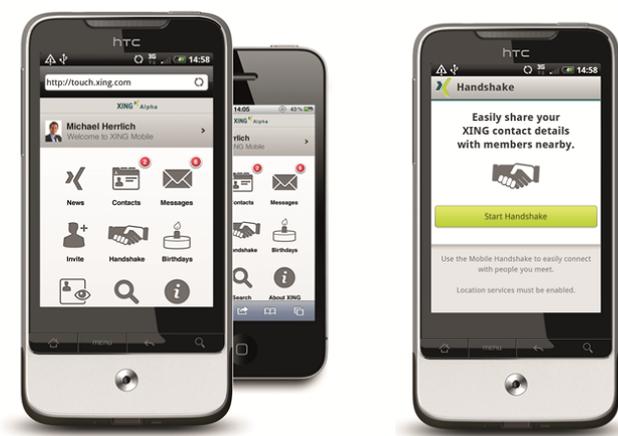
➤ Interactive “News from my network” with “Like-button”, “comment”-function & individual filters

➤ Personal “activity” overview

The screenshot shows the XING desktop interface. At the top, there's a navigation bar with 'HOME', 'SEARCH', 'MESSAGES', 'CONTACTS', 'GROUPS', 'EVENTS', 'JOBS', 'COMPANIES', and 'BEST OFFERS'. Below this, a user profile for Michael Steinberg is visible. The main content area is divided into several sections: a 'New Items' section with 6 items, including a recommendation from Martin Krauß and a job offer; a 'Latest job offers by email' section; a 'Visitors to your profile' section listing users like Martin Krauß and Martin Studemund; a 'Customize homepage' section; an 'Invite people to join XING' section with a 'Send invitation' button; and a 'Your network' section showing a network graph with 93,286 contacts and a button to 'Expand your network now!'. The bottom of the page has a 'More' link.

This screenshot shows a personal activity overview. It features a profile picture of Andreas Frost and a post: "Andreas Frost is reading an interesting article about online trends in 2011: <http://xing.com/tr/RSpp>". The post is dated "Yesterday 3:32 pm" and has 3 likes. Below the post, it says "3 people find this interesting." and "Show all 5 Comments". Two comments are visible: "Regina Buß Thanks, some of the topics are very interesting!" (dated "Yesterday 3:45 pm") and "Martin Ziese I'm especially excited about the mobile sector." (dated "Yesterday 3:51 pm"). There is a "Comment" input field at the bottom.

➤ New android & mobile web app (touch.xing.com)



# 07 Financial Highlights

## EBITDA-Margin 31% in FY 2010

- **Attractive revenue growth**  
Revenues grow 20% to 54m€
- **Improved profitability**  
EBITDA grows 41% to 16.7m€  
Margin increases to 31%
- **Investment in verticals is paying off**  
E-recruiting and advertising with attractive margins
- **Strong cash-flow generation**  
Operating cash-flow 22m€  
Free cash-flow 16m€
- **Q4 continues upward trend**  
Revenues 14.7m€  
EBITDA 5.2m€; margin 35%

## P&L

in €m

	2010		2009		Δ	
	Abs.	in% <sup>1</sup>	Abs.	in% <sup>1</sup>	Abs.	in%
Total revenue <sup>2</sup>	<b>54.3</b>	100%	<b>45.1</b>	100%	<b>+9.2</b>	+20%
Costs	-37.6	-69%	-33.2	-74%	-4.3	-13%
<b>EBITDA</b>	<b>16.7</b>	31%	<b>11.8</b>	26%	<b>+4.9</b>	+41%
Depreciation	-5.2	-10%	-10.9	-24%	+5.7	+48%
Financial Result	0.0	0%	0.3	0%	-0.3	-97%
Taxes	-4.3	-8%	-2.9	-6%	-1.4	-48%
<b>Net result</b>	<b>7.2</b>	13%	<b>-1.7</b>	-4%	<b>+8.9</b>	NA

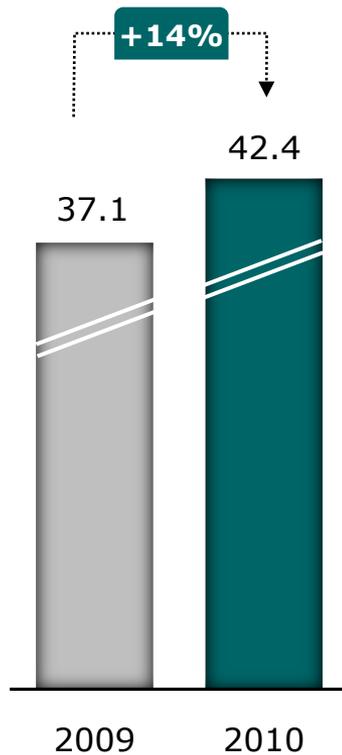
<sup>1</sup>) of revenue

<sup>2</sup>) incl. Other operating income

# 07 Strong growth in core subscription business and new business segments e-recruiting/advertising

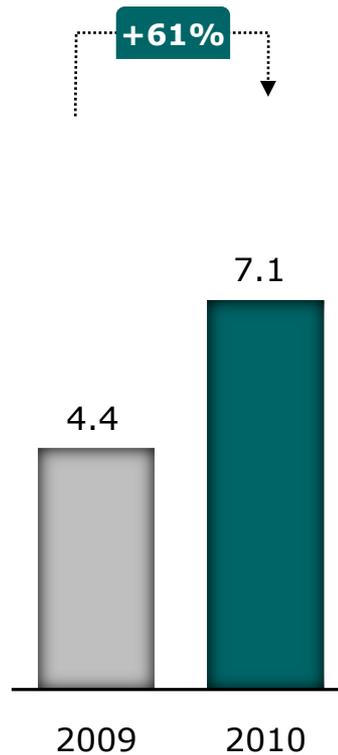
## Subscription

in €m



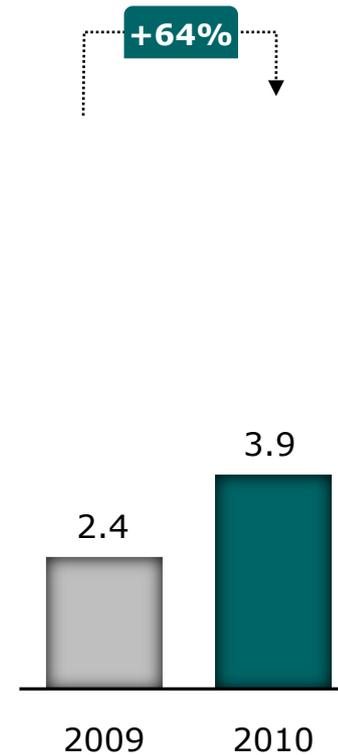
## E-recruiting

in €m



## Advertising

in €m



# 07 Operating Cash Flow 22m€

in €m

	2010	2009	Δ
	Abs.	Abs.	Abs.
EBITDA	16.7	11.9	4.9
Interest/Tax/ESOP	-1.5	-0.6	-0.9
Net Working Capital	7.1	2.8	4.3
<b>Operating Cashflow</b>	<b>22.3</b>	<b>14.1</b>	<b>8.3</b>
Investment - Operating	-5.7	-6.8	1.1
Investment - Acquisitions	-1.1	-7.1	6.0
Financing incl. share buyback	0.6	-0.2	0.7
Other	-0.0	-0.1	0.1
<b>Free Cash Flow</b>	<b>16.2</b>	<b>-0.1</b>	<b>16.2</b>



**Strongest FCF generation in XINGs history**

# 07 Q4 2010: Further increase in operating performance

in €m	Q4'10	Q3'10	Q4'10 vs. Q3'10	Q4'09	Q4'10 vs. Q4'09
	Abs.	Abs.	Rel.	Abs.	Rel.
Total revenue <sup>1</sup>	14.7	13.8	+6%	11.9	+23%
Costs	-9.4	-9.3	-1%	8.9	-6%
<b>EBITDA</b>	<b>5.2</b>	<b>4.5</b>	<b>+17%</b>	<b>3.0</b>	<b>+73%</b>
Margin	36%	32%	+4%pt	26%	+10%pt
Depreciation	-1.5	-1.3	-14%	-6.8	+78%
Financial Result	0.0	-0.0		0.1	
Taxes	-1.3	-1.0	-22%	-0.6	-121%
<b>Net Result</b>	<b>2.5</b>	<b>2.1</b>	<b>+19%</b>	<b>-4.2</b>	

<sup>1</sup> Including other operating income



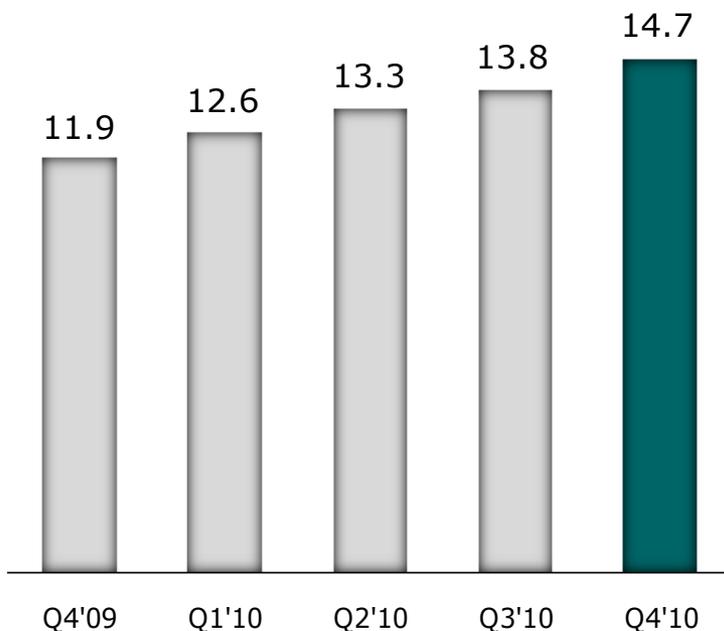
**EBITDA-Margin up 6<sup>th</sup> consecutive quarter in a row**

# 07 Strong & profitable bottom line growth in 2010

Q4'10 EBITDA €5.2m; margin >35%

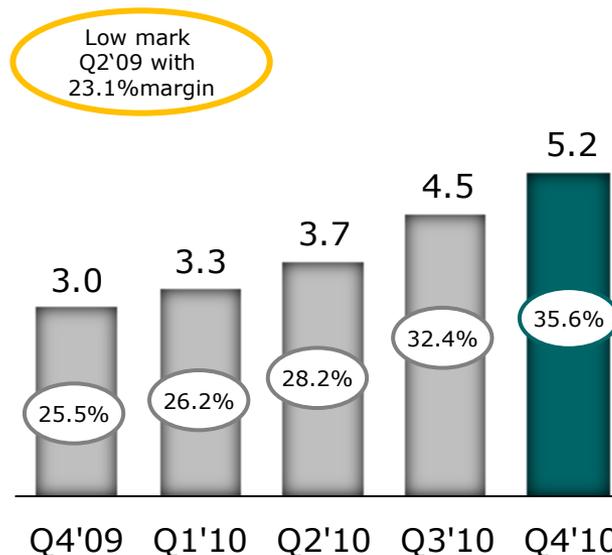
## Revenues

In €m - (Total revenue inc. other revenues)



## EBITDA

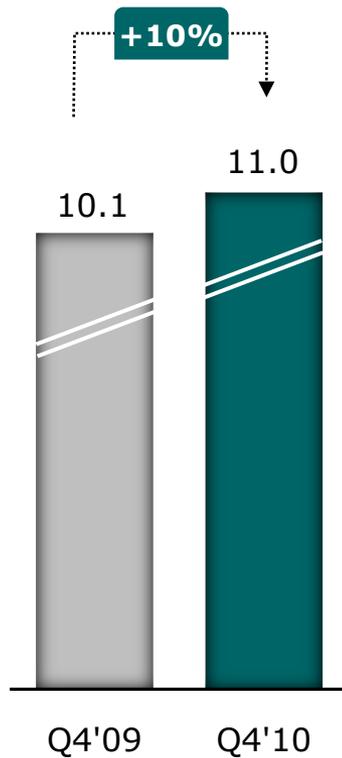
In €m  
In % of total revenue



**10% pts EBITDA-margin increase within 4 quarters**

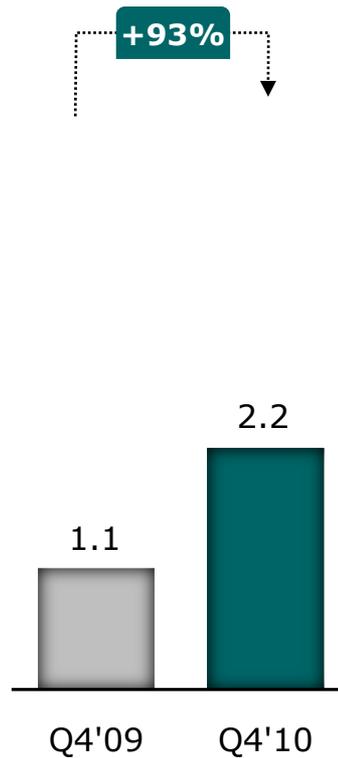
## Subscription

in €m



## E-recruiting

in €m



## Advertising

in €m



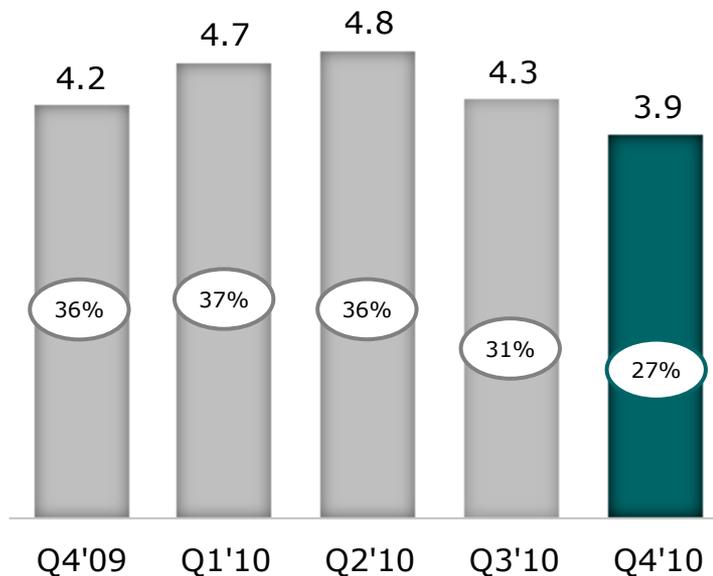
# 07 Personnel costs

## Q4'10 impacted by positive one-offs

### Personnel

in €m

in % of revenue



### Comments

- Q4 includes negative one-offs for severance payments international
- Q4 includes positive one-offs from release of accruals (e.g. ESOP) and fluctuation in vacation accruals
- Net impact of one-offs significantly positive
- FTE's constant due to fluctuations
- Training expenses retroactively shifted from personnel to other expenses

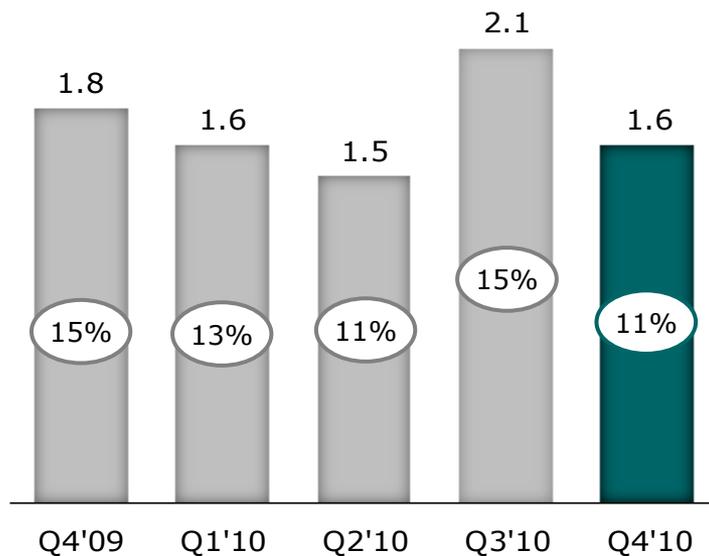
# 07 Marketing expenditures

€1.6m, 11% of revenues

## Marketing

in €m

in % of revenue



## Comments

- Cost line includes
  - SEM
  - Display
  - Affiliate
  - Coops
- DACH TV campaign
- Decrease in international marketing spendings due to new international strategy

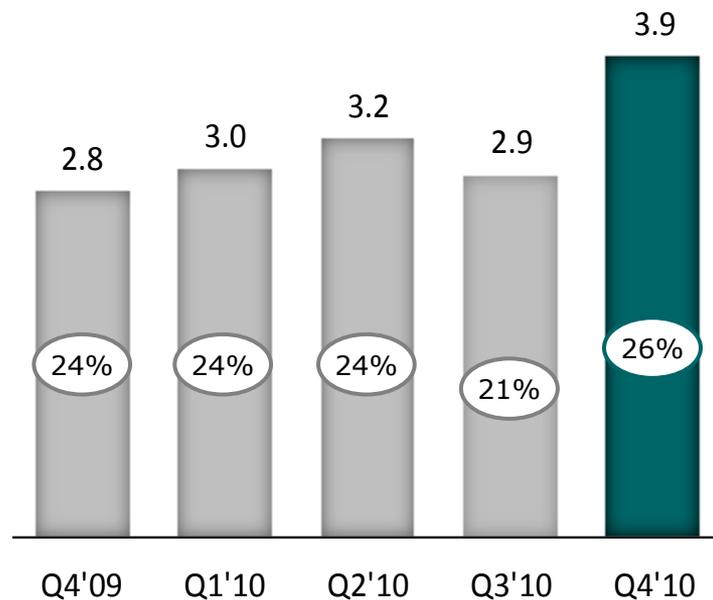
# 07 Other operating expenses

Q4 impacted by negative one-offs

## Other operating expenses

in €m

in % of revenue



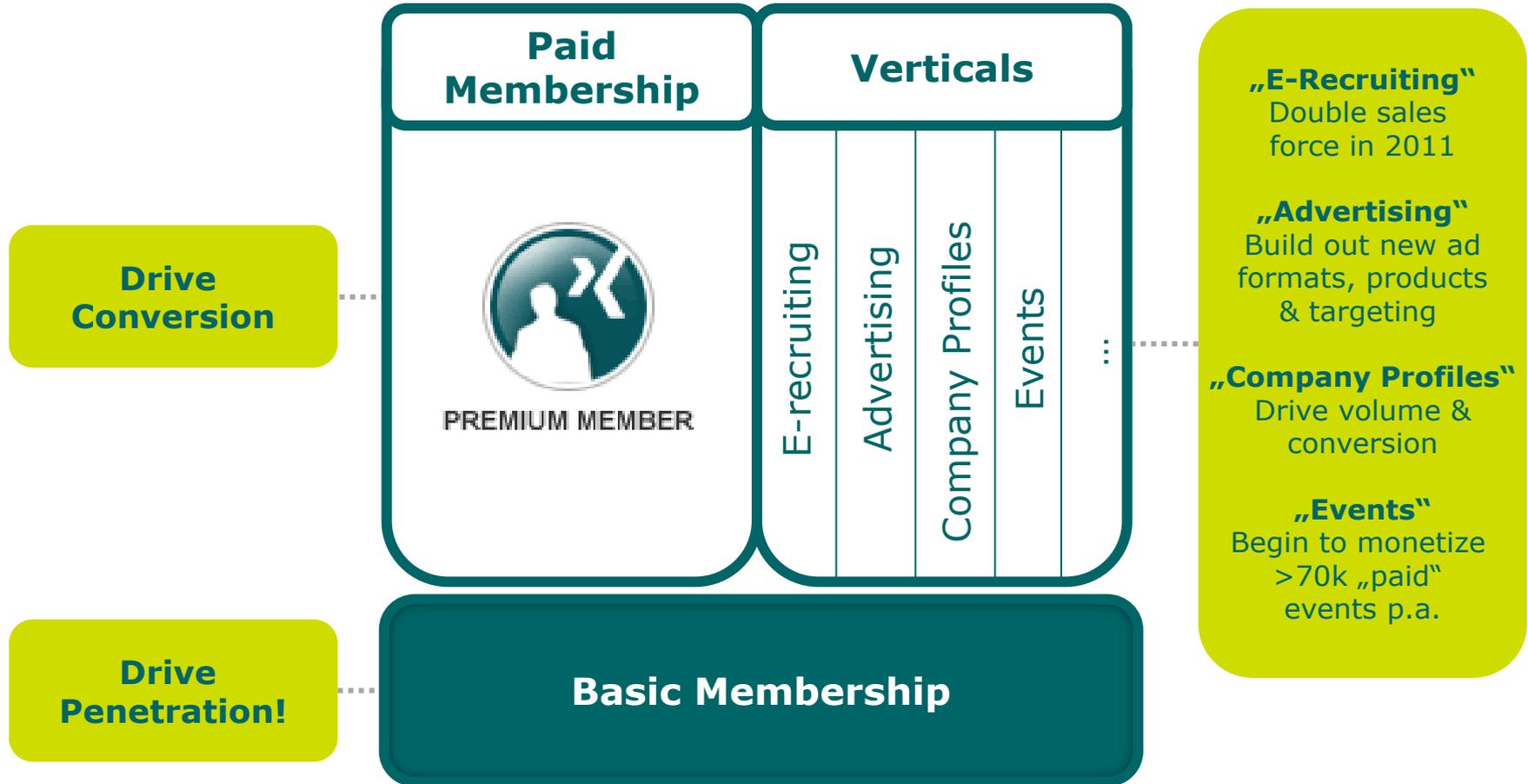
## Comments

- Cost line includes:
  - External services
  - Legal, audit, consulting
  - Payment processing
  - Server hosting
  - Rent & other costs
- Q4 includes negative one-offs
  - Amiando acquisition
  - Restructuring international
- Training expenses retroactively shifted from personnel to other expenses

# 07 Cash Flow Statement

## Operating cash flow €4.1m in Q4'2010

in €m	2009	2010				Q4'10 vs. Q4'09	Q4'10 vs. Q3'10
	Q4'09	Q1'10	Q2'10	Q3'10	Q4'10		
	Abs.	Abs.	Abs.	Abs.	Abs.		
EBITDA	3.0	3.3	3.7	4.5	5.2	2.2	0.8
Interest/Tax/ESOP	+0.3	+0.3	+0.1	-1.3	-0.6	-0.9	0.7
Δ Net Working Capital	+1.1	+5.6	+1.2	+0.8	-0.5	-1.6	-1.4
<b>Operating Cash flow</b>	<b>+4.4</b>	<b>+9.2</b>	<b>+5.0</b>	<b>+4.0</b>	<b>+4.1</b>	<b>-0.3</b>	<b>-0.1</b>
Investment - Operating	-1.1	-1.4	-1.1	-1.2	-2.0	-0.9	-0.8
Investment - Acquisitions	0.0	-0.7	0.4	-0.4	-0.0	-0.0	0.3
Financing incl. Share Buyback	1.0	0.0	0.0	0.0	0.6	-0.4	0.6
Other	-0.1	0.0	0.0	0.0	-0.1	0.1	-0.1
<b>Free Cash flow</b>	<b>+4.2</b>	<b>+7.1</b>	<b>+4.0</b>	<b>+2.4</b>	<b>+2.7</b>	<b>-1.6</b>	<b>0.2</b>



**Thank you**  
**for your kind attention!**

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# 05 Balance Sheet

Low invested capital!

in €m

	2010			2009	
	Q4'10	Q3'10	Q2'10	Q4'09	Q3'09
	Abs.	Abs.	Abs.	Abs.	Abs.
<b>Assets</b>	<b>95.6</b>	<b>90.8</b>	<b>88.6</b>	<b>80.7</b>	<b>82.1</b>
Operating assets	19.3	17.1	17.0	19.6	21.3
Acquisitions / International	16.6	16.9	17.2	17.9	21.7
TAX A/R	0.6	0.4	0.5	0.4	0.5
Cash	<b>59.0</b>	<b>56.4</b>	<b>53.9</b>	<b>42.9</b>	<b>38.6</b>
<b>Liabilities</b>	<b>95.6</b>	<b>90.8</b>	<b>88.6</b>	<b>80.7</b>	<b>82.1</b>
Equity	61.2	58.3	55.9	52.7	55.7
Deferred Income	20.2	20.1	19.6	16.2	14.8
Liabilities	6.5	5.3	5.7	6.4	6.5
Tax Liabilities	7.7	7.1	7.4	5.4	5.0
Other	0.0	0.0	0.0	0.0	0.0

# XING AG IR stats

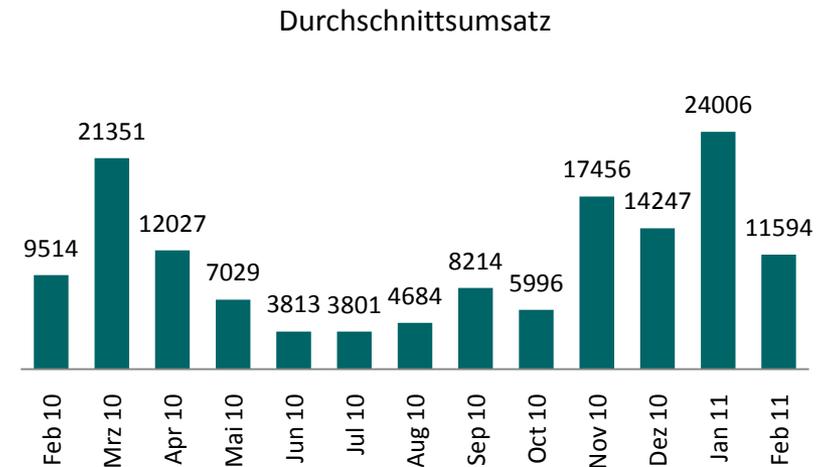
Market Cap: ~€210m / ~€56m cash / no debt



Consensus  
(February, 2011)

	2010e	2011e	2012e	2013e
<b>Total revenues</b>	<b>54.2</b>	<b>64.1</b>	<b>73.1</b>	<b>86.8</b>
<b>EBITDA</b>	<b>16.2</b>	<b>20.2</b>	<b>24.1</b>	<b>28.8</b>
<i>Margin</i>	30%	31%	33%	33%
Depreciation	-5.2	-5.9	-6.5	-7.0
<b>EBIT</b>	<b>11.0</b>	<b>14.2</b>	<b>17.6</b>	<b>21.8</b>
<i>Margin</i>	20%	22%	24%	25%
<b>Net income</b>	<b>6.8</b>	<b>10.2</b>	<b>12.0</b>	<b>NA</b>
EPS in €	1.32	1.88	2.33	NA
<b>Free cash flow</b>	<b>9.8</b>	<b>11.6</b>	<b>13.9</b>	<b>NA</b>

## Average Trading Volume per day (XETRA)



### Analyst coverage

Deutsche Bank,  
DZ Bank,  
Hauck & Aufhäuser,  
HSBC,  
Montega AG,  
Close Brothers

### Shares

5,291,996

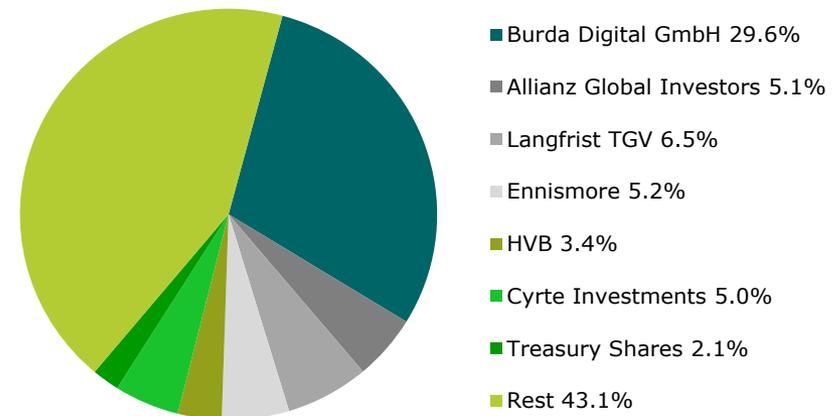
### TecDax ranking end of January 2011

### Market Cap.

33

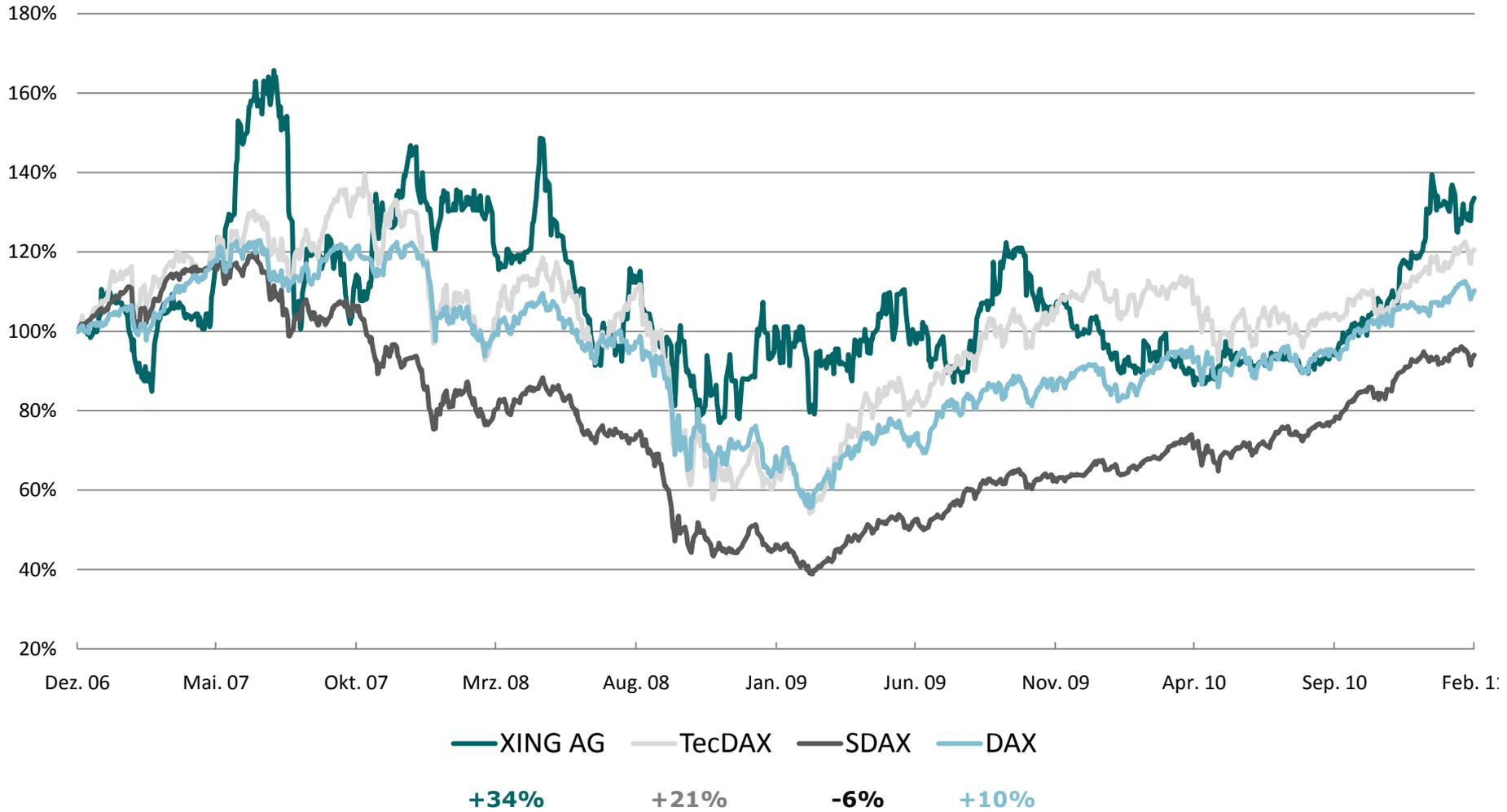
### Turnover

39



Free float according to Deutsche Börse: 68.3%

# XING share price since IPO in Dec'06 (as of Feb 28, 2011)





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<http://www.youtube.com/user/XINGcom>

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2nd Rank Business & Employment Services,  
Buy Side, Patrick Möller

#### Institutional Investor

2009 Europe's Best Investor Relations

2nd Rank Business & Employment Services,  
Sell Side, Patrick Möller

<h2>Subscription business</h2>	<ul style="list-style-type: none"> <li>▪ Paid in advance</li> <li>▪ 745k Payers</li> <li>▪ &gt;90% activity rate</li> </ul>	<ul style="list-style-type: none"> <li>▪ 3 months: €6.95*</li> <li>▪ 12 months: €5.95*</li> <li>▪ 24 months: €4.95*</li> </ul>
<h2>E-Recruiting</h2>	<ul style="list-style-type: none"> <li>▪ Recruiter memberships</li> <li>▪ Click Price Job Ads</li> <li>▪ Fix Price Job Ads</li> </ul>	<ul style="list-style-type: none"> <li>▪ €49.95/€39.95/€29.95 (3/6/12 months)*</li> <li>▪ €0.69 per job click</li> <li>▪ LOGO: €395 / DESIGN: €495+*</li> </ul>
<h2>Advertising</h2>	<ul style="list-style-type: none"> <li>▪ Display Advertising</li> <li>▪ Partnerships</li> <li>▪ Best Offers</li> <li>▪ Enterprise Groups</li> <li>▪ Company Profiles</li> </ul>	<ul style="list-style-type: none"> <li>▪ CPM</li> <li>▪ Fixed Fee</li> <li>▪ Set up fee &amp; rev. share</li> <li>▪ Set up &amp; regular fee</li> <li>▪ €24.90 (Standard) / €129 (Plus)*</li> </ul>
<h2>Others</h2>	<ul style="list-style-type: none"> <li>▪ Paid-Events</li> <li>▪ XING Seminars</li> </ul>	<ul style="list-style-type: none"> <li>▪ Provision to XING (5.9% of ticket price + 0.99€ per ticket sold)</li> <li>▪ Provision to XING</li> </ul>

\* Per month

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