# Company Presentation XING AG

XING X

@Commerzbank TMT Conference

Dr. Stefan Gross-Selbeck (CEO), Ingo Chu (CFO) & Patrick Moeller (IR) Frankfurt, August 24, 2010



# Executive Summary



> Strong market position in high growth segment

■ 9.63m members +22% yoy ■ 718,000 payers +13% yoy

Attractive economics

■ €25.9m [H1′10] revenues +20% yoy

■ 27% EBITDA margin

■ €11.1m [H1'10] free cash flow

> Significant market opportunities

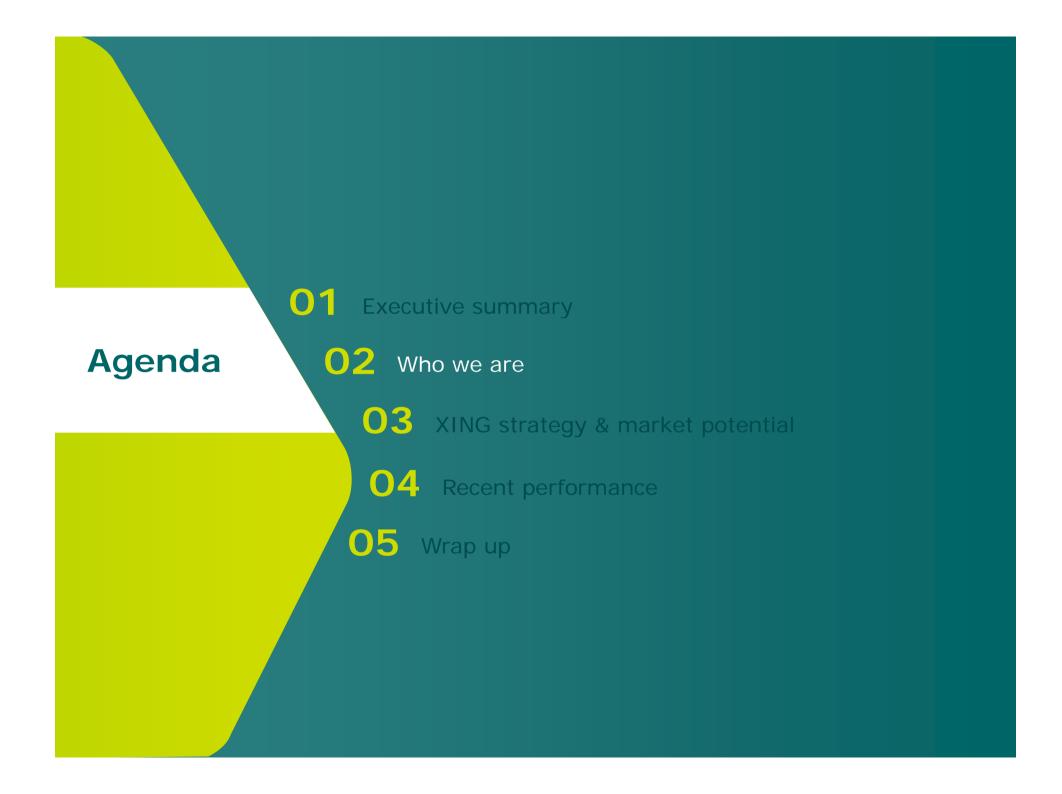
- Further growth of core subscription business
- New revenue streams

Good early results of strategic focus

- Outgrowing competition in core market
- Increasing market share in job advertising
- Accelerating member growth in international focus markets

Strong execution

- Continue fast pace of innovation
  - New member benefits
  - XING turning into a fully fledged e-recruiting player
  - Deepening community relations

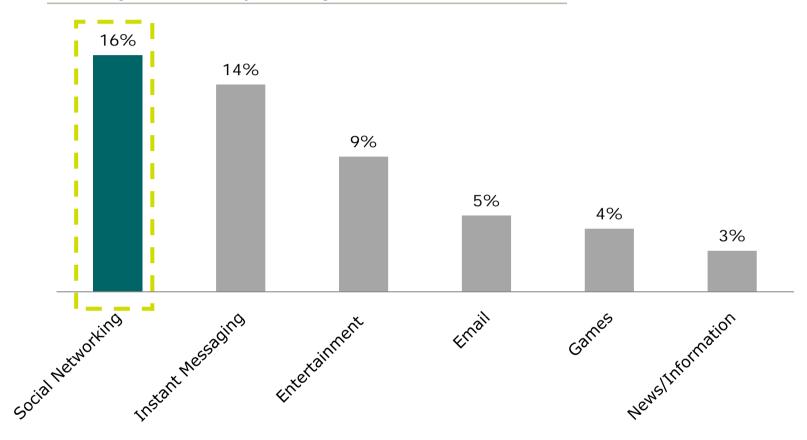


# Social Networking is Our Business



How Europe uses the web?

[Share of regional minutes on key online categories]





More that 900m people use social networks worldwide so far!

# O2 Core Use Cases of XING as a Professional Network



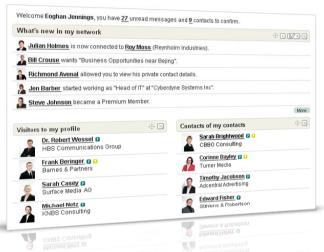
1 Digital Identity Management



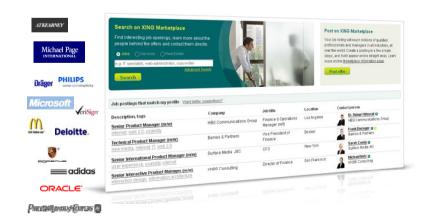
3 Business lead generation



2 Efficient Contact Management

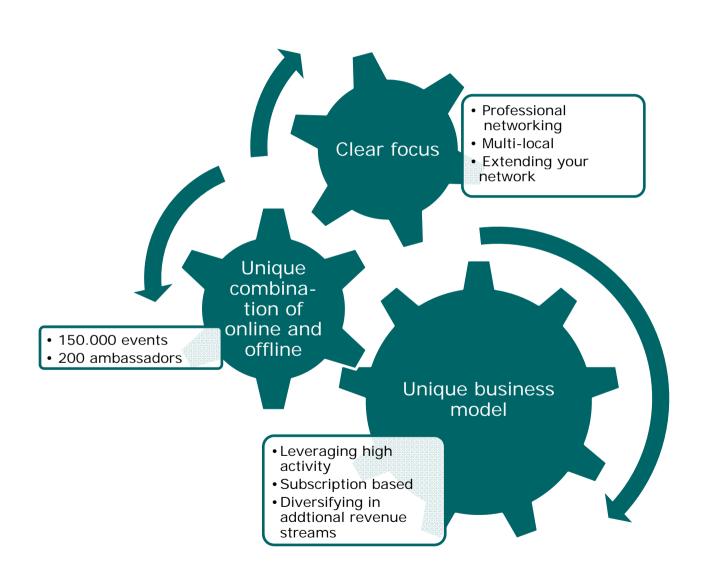


Tool for marketing, marketplace & recruitment



# O2 What makes us unique Clear competitive advantage



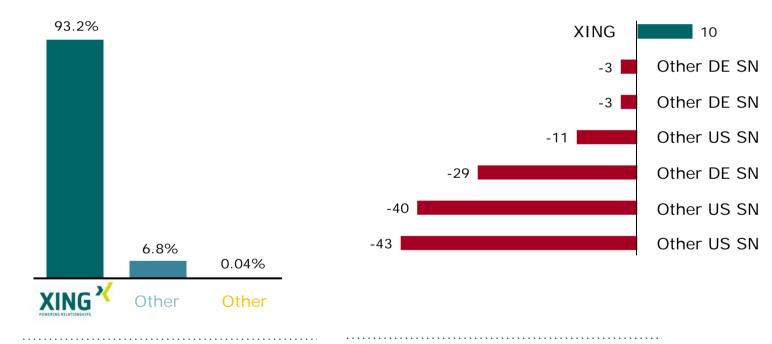


# Strong DACH market positioning



Distribution of Page Views on relevant business networking sites in Germany<sup>1</sup>

Net Promoter Score Social Networks in %<sup>2</sup>



<sup>&</sup>lt;sup>1</sup> Source: Comscore media metrics report june 2010, <sup>2</sup> TNS study



# O3 Segment Overview



	Subscriptions	E-Recruiting	Advertising	International
Revenues Yoy growth in %	€10.2m +19%	€1.5m +51%	€0.8m +76%	€0.5m -14%
Recent Highlights	<ul> <li>Outstanding customer satisfaction</li> <li>Focus on member growth with early success</li> <li>Recent improvements of basic membership resulting in short term converstion drop</li> </ul>	<ul> <li>Accelerating growth</li> <li>Outgrowing market</li> <li>2009 investments paying off</li> </ul>	<ul> <li>Accelerating growth rates</li> <li>Boost in eCPM (x3 since Jan 2010)</li> <li>Key-driver: Re-definition of agency relationships</li> </ul>	<ul> <li>On track to overachieve targets</li> <li>Accelerating growth rates</li> </ul>
Market potential	~19m people <sup>1</sup>	>100m	€2bn	~17m people <sup>1</sup>

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

# Our strategic goals



#### 1. Own the business graph in DACH

- » Addressable market of 19m professionals
- » Companies & organizations

#### 2. Monetize the graph in DACH

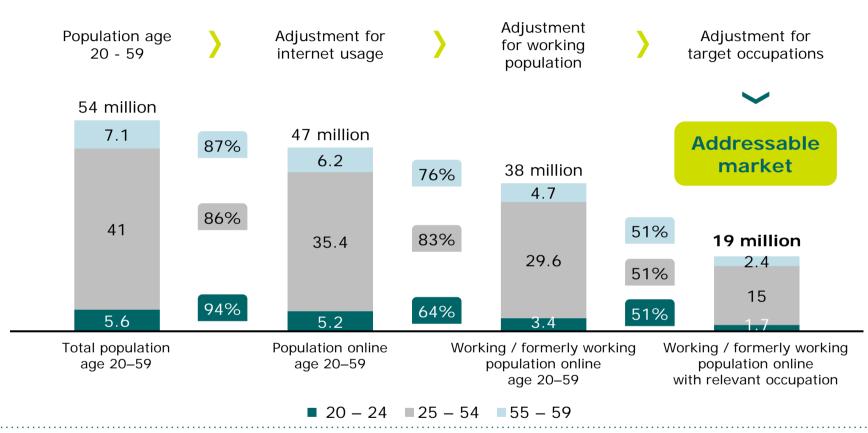
- » Premium members
- » E-Recruiting (> €100m market)
- » Additional revenue streams

#### 3. Pursue international opportunity

- » "2plus x" countries
- » Addressable market of 17m professionals

# Comparison Large Potential For Further Member & Payer Growth Addressable Market DACH: Market Size Estimate 2015





Source: United Nations World Population Prospects 2006, United Nations Economic Commission for Europe – Statistical Division, European Commission Long-Term Labour Force Projections 2005, OECD's Committee Information Service, CEDEFOP Future Skill Needs in Europe Forecast 2008, Sal. Oppenheim estimates



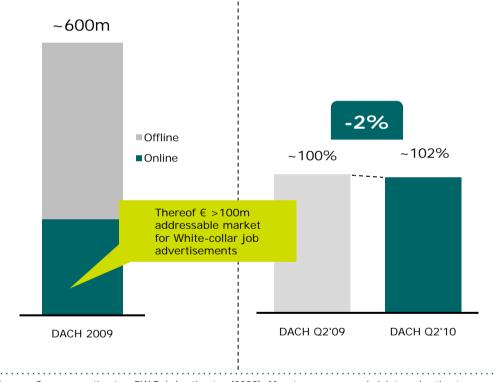
XING's total addressable market in DACH (2015) is estimated at 19 million users

# Jobs & Recruiting Business (DACH) at a glance Massive native potential for XING, >€100m addressable market



# Market volume job boards DACH

#### in €m



#### Our opportunity to succeed

- Career advancement one core motivation to use XING
- Millions of talents on platform, best profile database in DACH (and ES and TR)
- >75.000 recruiters already on XING
- Reach most attractive "latent seekers" segment through push recommendations

Source: Company estimates, RW Baird estimates (2008), Monster.com research & internal estimates



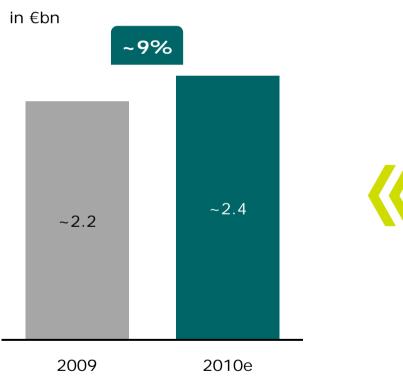
Many HR executives reckon XING to be the Next Big Thing in Recruiting

# O 3 Advertising – Market and Opportunity German Online Display Ads: a € 2bn+ market



# German speaking online display advertising market 2009-2010e net growth estimates

#### Our opportunity to succeed

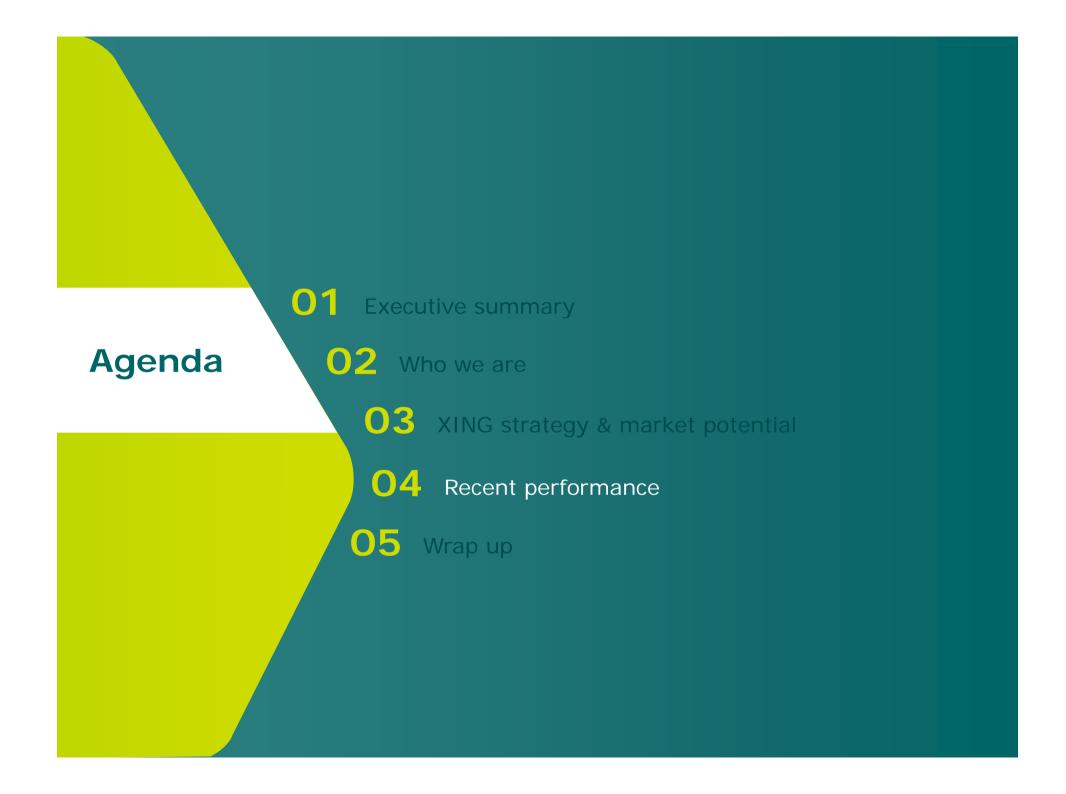


- Targeting detailed information on customers available
- Quality high-profile community attracts strong brands and quality advertisers
- Real opportunity:
   Converting advertising into content that users appreciate (exclusive offers, jobs, providers, contextual etc)



Despite market size, only secondary business since other models provide more user value and monetization potential. Limited investments to expand business.

Source: OVK estimates July, 2010



# Q2 Highlights



- Profit: EBITDA at all time high of 3.74m (+50% yoy)
- Subscription: DACH revenues up 19% yoy, (18% yoy globally)
  - Gross payer adds down 22% qoq...
  - ... medium/long term potential unaffected
- DACH revenues up +51% yoy, (51% yoy globally)
  - · Continuing path of accelerating growth
- Advertising:
   DACH revenues up +76% yoy, (68% yoy globally)
  - New premium positioning well accepted by advertisers
- International: 5<sup>th</sup> consecutive quarter of accelerating member growth

2010 – The year of profitable growth



.....

		Q2'2010	Q2'2009	yoy	
Total revenue <sup>1</sup>	€m	13.26	10.79	+23%	
EBITDA	€m	3.74	2.50	+50%	
EBITDA-Margin	%	28	23	+5pt.	
Net-result	€m	1.35	0.49	+174%	
Free cash flow	€m	3.96	-1.40		

<sup>&</sup>lt;sup>1</sup> Including other operating income

# 2010 strategy of "refocus on core" showing early results



compl. sign up +9 %

Improved registration process

Contact adds: +5%

"Add contacts" in lightbox

Mobile advertising coming in Q4'2010

Optimized mobile browser version

Less deletions: -16 %

Reduce Profile deletions

Group joins +12 %
Profile visits +12 %

Recommendations (Groups/Profiles)

requests in 2 weeks

Company profiles for free (freelancers)

Just released

Share external content on XING

Launched end of July

Android App

+35% more clicks in test

New "job-matching"

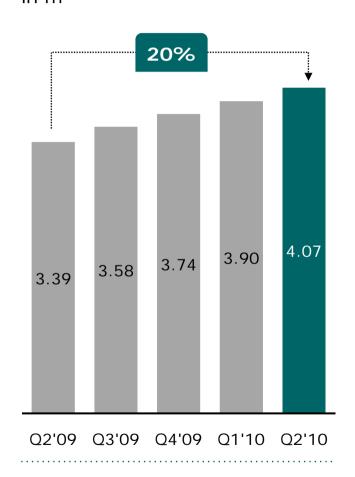


- Higher member satisfaction
- Positive impact on member growth
- Short term negative impact on payer conversions

## **DACH: Continuing to grow the member base**



# Member base DACH in m



#### **Facts**

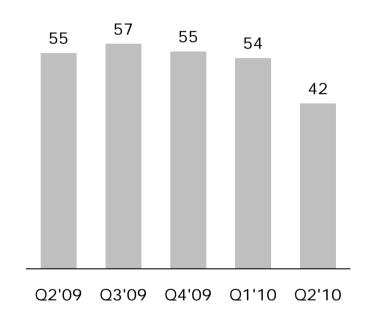
- Added 168k net new members in Q2
- Continuously strong #1 in DACH
- XING usage 7x higher than next competitor in Germany

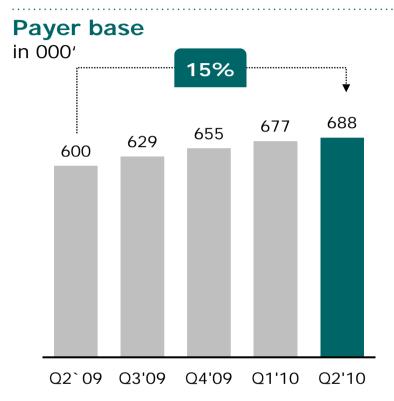
## DACH: Payer base up 15%



# Payer gross adds

in 000'





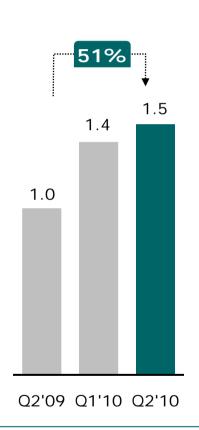
**>>>** 

Q2 gross payer adds down 22% qoq driven largely by improved basic membership





E-Recruiting market development in DACH\* [Index]





\* Source: Anzeigendaten.de







AMADEUS FIRE















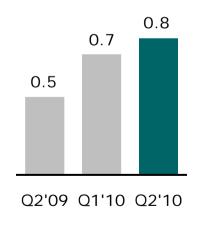
Capgemini

# O4 DACH: Advertising: YoY growth of 76%

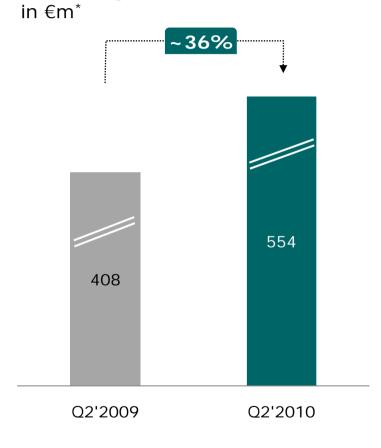


# **Advertising revenues** in m





# Display advertising market Germany Q2'2010e



<sup>\*</sup> Source: Nielsen Media Research, Online Werbestatistik Juni 2010

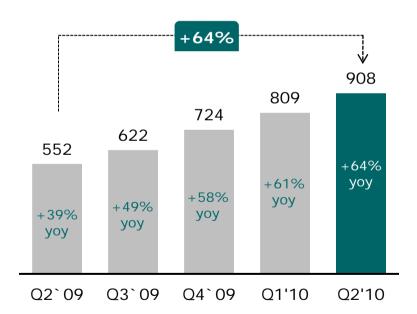
#### O4 International business: member growth in Spain & Turkey continues to accelerate

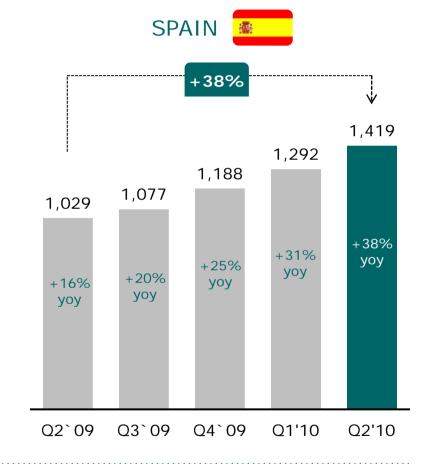


#### Member growth

in thousand









International payer base: 30k



# 5 Executive Summary



> Strong market position in high growth segment

■ 9.63m members +22% yoy ■ 718,000 payers +13% yoy

Attractive economics

■ €25.9m [H1′10] revenues +20% yoy

■ 27% EBITDA margin

■ €11.1m [H1'10] free cash flow

> Significant market opportunities

- Further growth of core subscription business
- New revenue streams

Good early results of strategic focus

- Outgrowing competition in core market
- Increasing market share in job advertising
- Accelerating member growth in international focus markets

Strong execution

- Continue fast pace of innovation
  - New member benefits
  - XING turning into a fully fledged e-recruiting player
  - Deepening community relations

# Thank you for your attention!

**POWERING RELATIONSHIPS** 

**WWW.XING.COM** 

# Backup **POWERING RELATIONSHIPS WWW.XING.COM**

# 05

# Strong operating performance in Q2'2010



	Q2′10	Q1′10	Q2′10 vs. Q1′10	Q2′09	Q2'10 vs. Q2'09
	Abs.	Abs.		Abs.	
Total revenue <sup>1</sup>	13.3	12.6	+5%	10.8	+23%
Costs	(9.5)	(9.3)	+2%	(8.3)	+15%
EBITDA	3.7	3.3	+13%	2.5	+50%
Margin	28%	26%	+2%pt	23%	+5%pt
Depreciation	(1.2)	(1.2)	(2%)	(1.6)	(26%)
Financial Result	0.0	0.0	0%	0.0	0%
Taxes	(1.2)	(8.0)	+45%	(0.4)	+212%
Net Result	1.3	1.3	+7%	0.5	+174%

<sup>&</sup>lt;sup>1</sup> Including other operating income

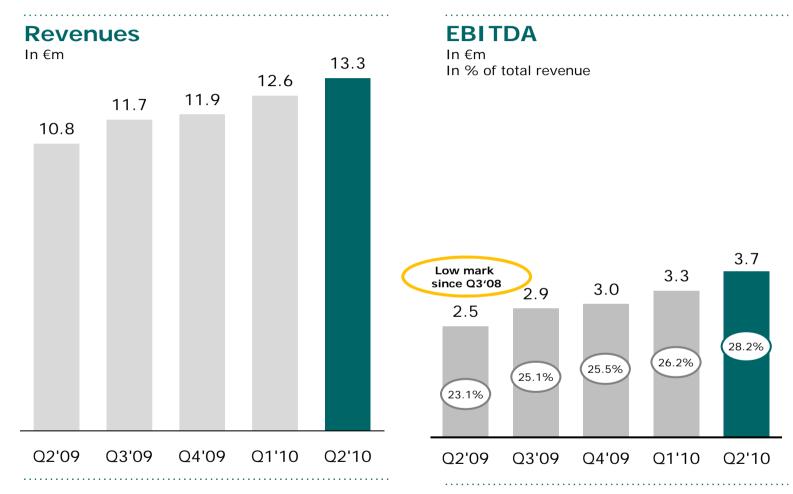


Continued investment mode to address new business segments e-recruiting and advertising

# Oscillation Os







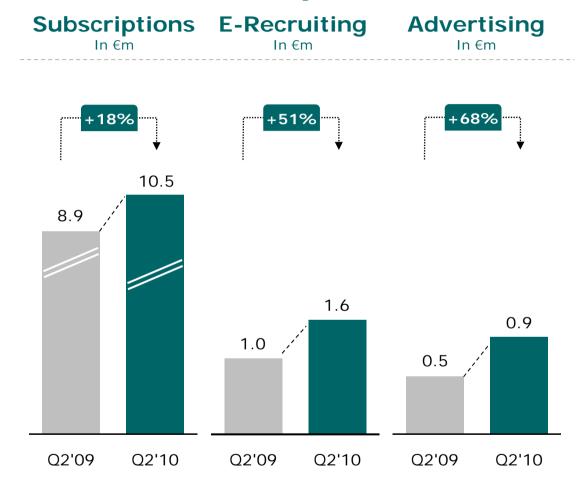


Upward trend in EBITDA since Q3'2009 despite continued investment mode

# Accelerating growth in e-recruiting & advertising



- Global figures -



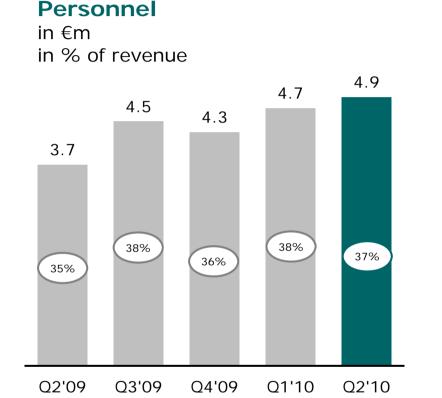
**>>>** 

XING community and web 2.0 context powerful assets to enter new markets such as e-recruiting & advertising

# Continued investment in personnel to address new business segments e-recruiting/advertising XING



- Global figures -



#### Comments

yoy development focused on

- Product/ Engineering
- Revenue/ Sales
- Customer Care

gog development focused on

- Engineering
- Sales

One-off due to reorganization of product development process

Development reflects shift from one-product to multi-product and from B2C to B2B company

# Marketing expenditures €1.5m in Q2′2010

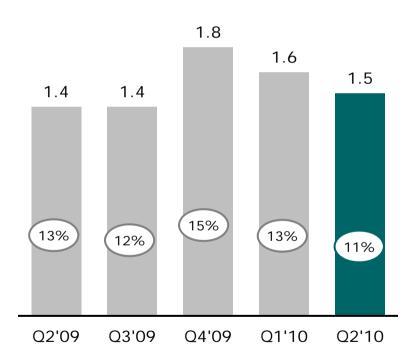


- Global figures -

#### Marketing

in €m in % of revenue

#### **Comments**



- SEM
- Display campaigns
- Affiliate programs
- Cooperations

.....

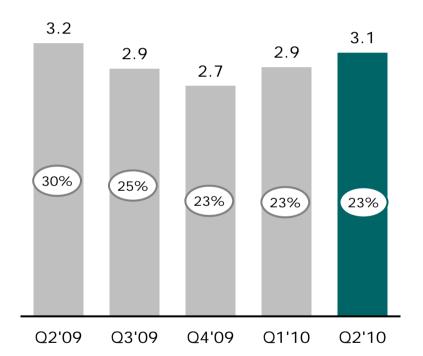
# Other operating expenses €3.1m in Q2′2010



- Global figures -

#### Other operating expenses

in €m in % of revenue



#### **Comments**

#### Cost line includes:

- External services(especially development freelancers)
- Legal, audit, consulting
- Payment processing
- Server hosting
- Rent & other costs

## O5 Cash Flow Operating cash flow €5.0m – free cash flow €4.0m



- Global figures -

in €m	2009		2010				
	Q2′09	Q3'09	Q4'09	Q1'10	Q2'10	Q2'10 vs. Q2'09	Q2'10 vs. Q1'10
	Abs.	Abs.	Abs.	Abs.	Abs.	Abs.	Abs.
EBITDA	2.5	2.9	3.0	3.3	3.7	+1.2	+0.4
Interest/Tax/ESOP	-1.2	0.0	+0.3	+0.3	+0.1	+1.1	-0.2
∆ Net Working Capital	-0.3	+1.4	+1.1	+5.6	+1.2	+1.5	-4.4
Operating Cash flow	+1.0	+4.3	+4.4	+9.2	+5.0	+4.0	-4.2
Investment - Operating	-2.2	-1.5	-1.1	-1.4	-1.1	+1.1	+0.3
Investment - Acquisitions	0.0	0.0	0.0	-0.7	0.0	0.0	+0.7
Financing incl. Share Buyback	-0.1	0.0	1.0	0.0	0.0	+0.1	0.0
Other	0.0	0.0	-0.1	0.0	0.0	0.0	0.0

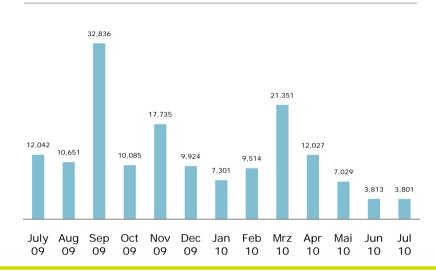
#### XING AG IR stats Market Cap: €150m / €54m cash / no debt

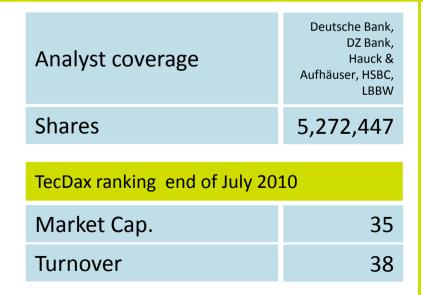


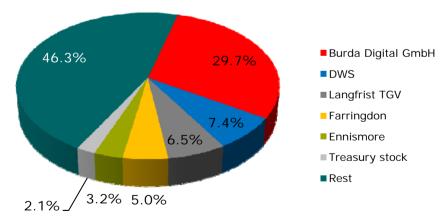
Consensus (Aug 16, 2010)

	2010e	2011e	2012e
Total revenues	54.9	65.3	73.4
EBITDA	16.6	21.7	24.9
Margin	30%	33%	34%
Depreciation	-5.5	-5.9	-6.4
EBIT	11.1	15.7	18.6
Margin	20%	24%	25%
Net income	7.7	11.2	13.3
EPS in €	1.48	2.15	2.55
Free cash flow	11.0	12.0	13.4

Average	Trading	Volume	per	dav	(XFTRA	)
Average	naanig	VOIGITIC	PCI	auy	$( \land \vdash \sqcap \land \land)$	,



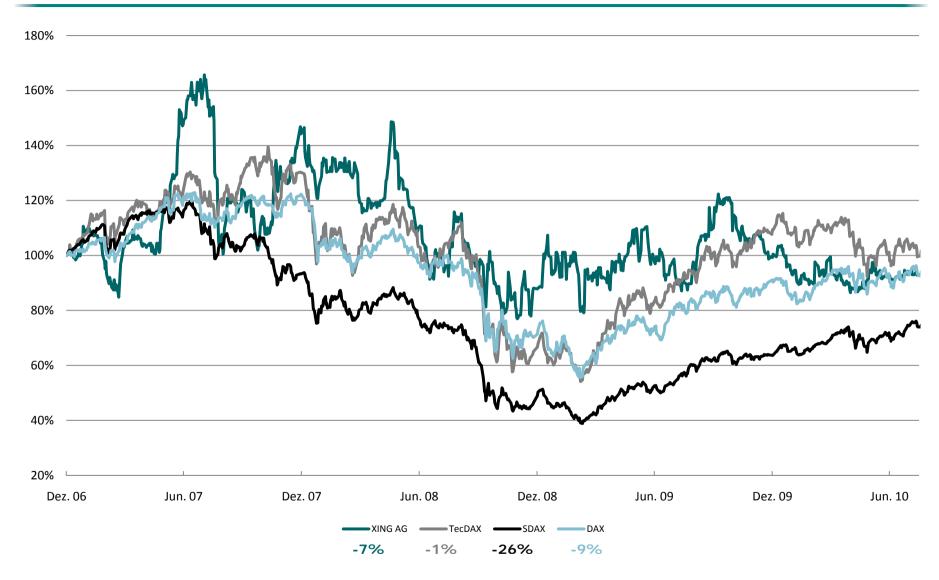




Free float according to Deutsche Börse: 68.2%

## XING share price since IPO in Dec'06





#### XING's current revenue streams



Subscription business	<ul><li>Paid in advance</li><li>718k Payers</li><li>&gt;90% activity rate</li></ul>	<ul> <li>3 months: €6.95*</li> <li>12 months: €5.95*</li> <li>24 months: €4.95*</li> </ul>
E-Recruiting	<ul> <li>Recruiter memberships</li> <li>Click Price Job Ads</li> <li>Fix Price Job Ads</li> </ul>	<ul> <li>€49.95/€39.95/€29.95 (3/6/12 months)*</li> <li>€0.59 per job click</li> <li>€295 / €395 / €495*</li> </ul>
Advertising	<ul><li>Best Offers</li><li>Enterprise Groups</li><li>Display Advertising</li><li>Company Profiles</li></ul>	<ul> <li>Set up fee &amp; rev. Share</li> <li>Set up &amp; regular fee</li> <li>eCPM</li> <li>€29 (Standard) / €129 (Plus)*</li> </ul>
Others	<ul><li>Paid-Events</li><li>XING Seminars</li></ul>	<ul><li>Provision to XING</li><li>Provision to XING</li></ul>

### **Investor Relations**

#### **Contact Details**





**Patrick Möller** 

**Director Investor Relations** 

XING AG Gänsemarkt 43 20354 Hamburg Germany

Tel.: +49 (0) 40 419 131-793 Fax.: +49 (0) 40 419 131-44 (Please use this number to submit "WpHG notifications")

Email.: patrick.moeller@xing.com

Website: http://corporate.xing.com

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



#### **Disclaimer**



This presentation was produced in August 2010 by XING AG (the "Company") solely for use as an information source for potential business partners and is strictly confidential. It has been made available to you solely for your own information and may not be copied, distributed or otherwise made available to any other person by any recipient. This presentation is not an offer for sale of securities in the United States. The distribution of this presentation to you does not constitute an offer or invitation to subscribe for, or purchase, any shares of the XING AG and neither this presentation nor anything contained herein shall form the basis of, or be relied on in connection with, any offer or commitment whatsoever.

The facts and information contained herein are as up-to-date as is reasonably possible and are subject to revision in the future. Neither the Company nor any of its subsidiaries, any directors, officers, employees, advisors nor any other person makes any representation or warranty, express or implied as to, and no reliance should be placed on, the accuracy or completeness of the information contained in this presentation. Neither the Company nor any of its subsidiaries, any directors, officers, employees, advisors or any other person shall have any liability whatsoever for any loss arising, directly or indirectly, from any use of this presentation. The same applies to information contained in other material made available at the presentation.

While all reasonable care has been taken to ensure the facts stated herein are accurate and that the opinions contained herein are fair and reasonable, this document is selective in nature and is intended to provide an introduction to, and overview of, the business of the Company. Where any information and statistics are quoted from any external source, such information or statistics should not be interpreted as having been adopted or endorsed by the Company as being accurate.

This presentation contains forward-looking statements relating to the business, financial performance and results of the Company and/or the industry in which the Company operates. These statements are generally identified by words such as "believes," "expects," "predicts," "intends," "projects," "plans," "estimates," "aims," "foresees," "anticipates," "targets," and similar expressions. The forward-looking statements, including but not limited to assumptions, opinions and views of the Company or information from third party sources, contained in this presentation are based on current plans, estimates, assumptions and projections and involve uncertainties and risks. Various factors could cause actual future results, performance or events to differ materially from those described in these statements. The Company does not represent or guarantee that the assumptions underlying such forward-looking statements are free from errors nor do they accept any responsibility for the future accuracy of the opinions expressed in this presentation. No obligation is assumed to update any forward-looking statements.

This presentation speaks as of June 2010. Neither the delivery of this presentation nor any further discussions of the Company with any of the recipients shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since such date.

#### IMPORTANT NOTICE

#### Pro-forma results

Results contained in this presentation are partly based on unaudited pro-forma financial results that the Company derived from its preliminary and past financial statements for the indicated periods in order to make these periods comparable and show non-recurring costs.

#### Cautionary note regarding preliminary results and pro-forma financial results

This presentation contains preliminary results and pro-forma results. The preliminary results may change during their final review. While the Company believes that its pro-forma financial results are reflective of its recurrent trends and the on-going status of its business, there can be no assurance that its pro-forma results will accurately reflect these trends and status and therefore, its investors are urged not to rely solely upon the pro-forma results when making their investing decision and the pro-forma results should always be reviewed together with its actual financial results.