# **Investor Presentation XING AG**



Dr. Stefan Gross-Selbeck (CEO) Frankfurt, February 2011





## Strong market position in high growth segment

- Clear market leader in German speaking Europe
- 10.11m members +22
- 733,000 payers

+22% yoy +11% yoy

## **Attractive economics**

■ €39.6m [9M'10] revenues

+19% yoy

- 29% EBITDA margin [9M'10]
- €13.5m [9M'10] free cash flow

# Significant growth opportunities

- Further growth of core subscription business
- New revenue streams (Recent acquisition of amiando AG)

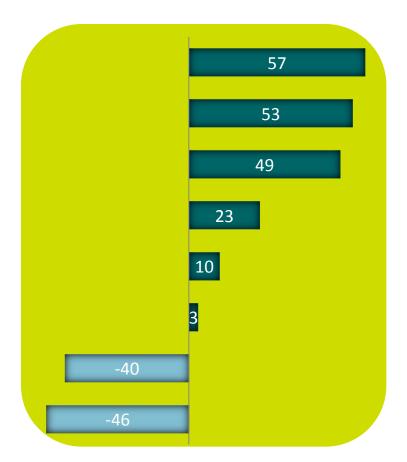
## Clear strategic focus

- Outgrowing competition in core market
- Increasing market share in e-recruiting and advertising





XIN



Helps me to find experts

Helps me to find colleagues and business partners

Helps me to discover new business opportunities

My personal data are safe

An excellent platform for sharing my ideas/knowledge

Is a great way of bringing like-minded people together

Makes it easy to manage my private contacts

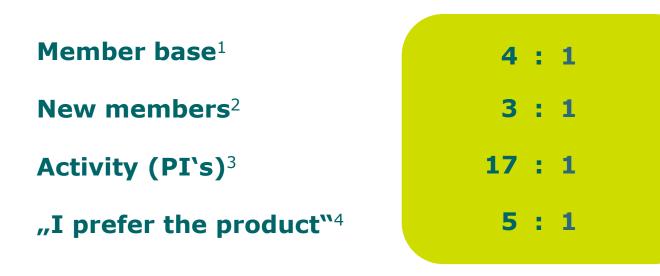
Offers good entertainment options such as gaming

\*Percentage points delta between perceived characteristics of facebook and XING





## **Comparison XING vs. LI in Germany**



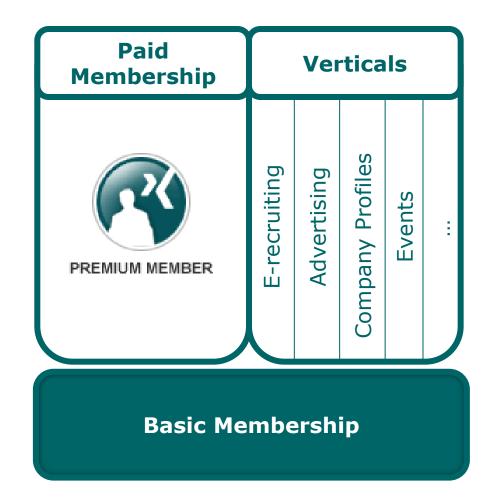
<sup>2</sup> Source: XING analysis

<sup>3</sup> Source: Quantcast/Comscore reports 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?"









	Paid Membership	Verticals				
	Premium Membership	E-Recruiting	Advertising (incl. Company Profiles)	Other (Events)		
Q3 Revs. yoy growth in %	€10.8m +11%	€1.9m +82%	€0.9m +46%	n.a.		
Recent Highlights	<ul> <li>Recent product launches showing very positive impact</li> <li>Strongest member growth since Q2'09</li> <li>Turnaround in member net adds in DACH</li> </ul>	<ul> <li>another quarter of accelerating growth</li> <li>2009 investments paying off</li> <li>New coop with No.1 Swiss job portal (Jobs.ch) to cover Swiss market</li> </ul>	<ul> <li>Boost in eCPM (x5 since Jan 2010)</li> <li>New formats (i.e. wallpaper)</li> </ul>	<ul> <li>Acquisition of amiando AG</li> <li>Networking is key driver for participation in events</li> <li>Capitalize &gt;50k "Paid" events on XING p.a.</li> </ul>		
Market potential	~19m people1	>€200m	>€3bn	~26bn <sup>1</sup>		

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

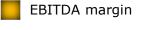


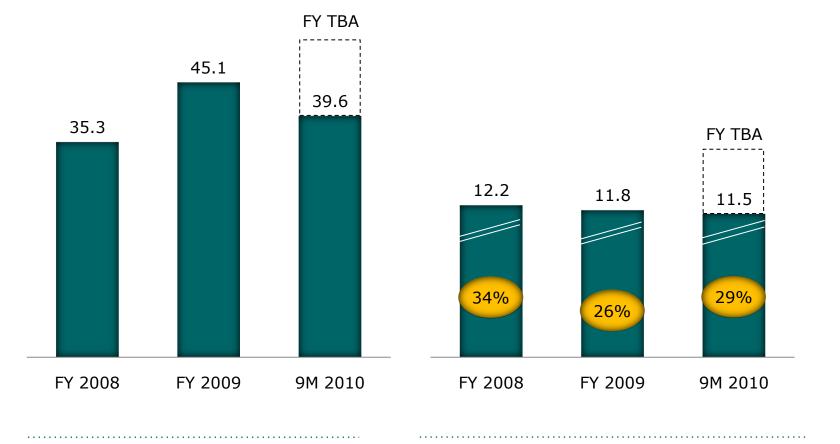
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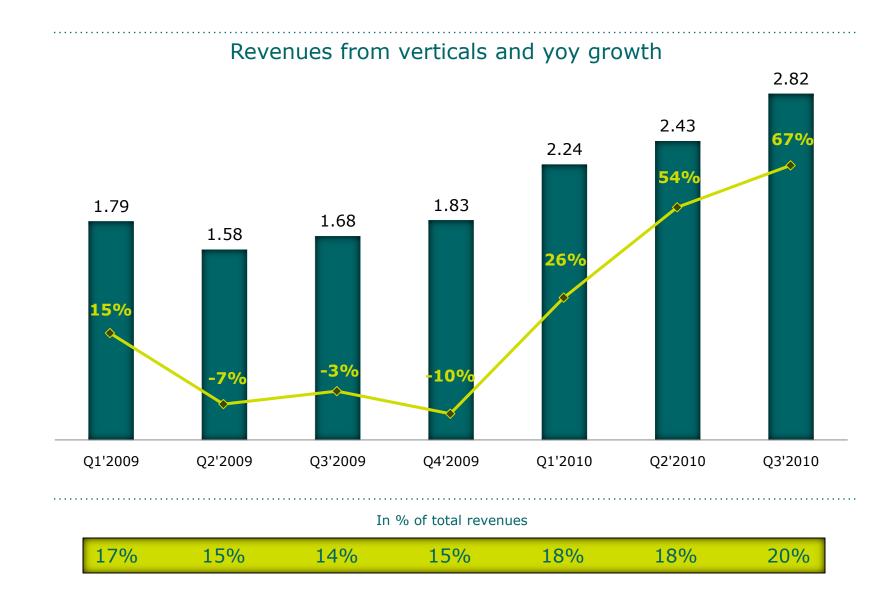
Group revenues in €m

Group EBITDA in €m





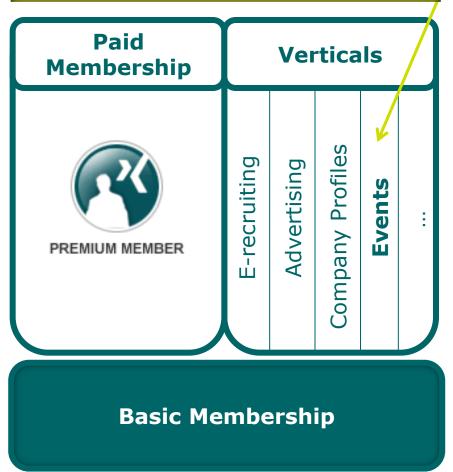
**Successful diversification of revenue streams** 



XING

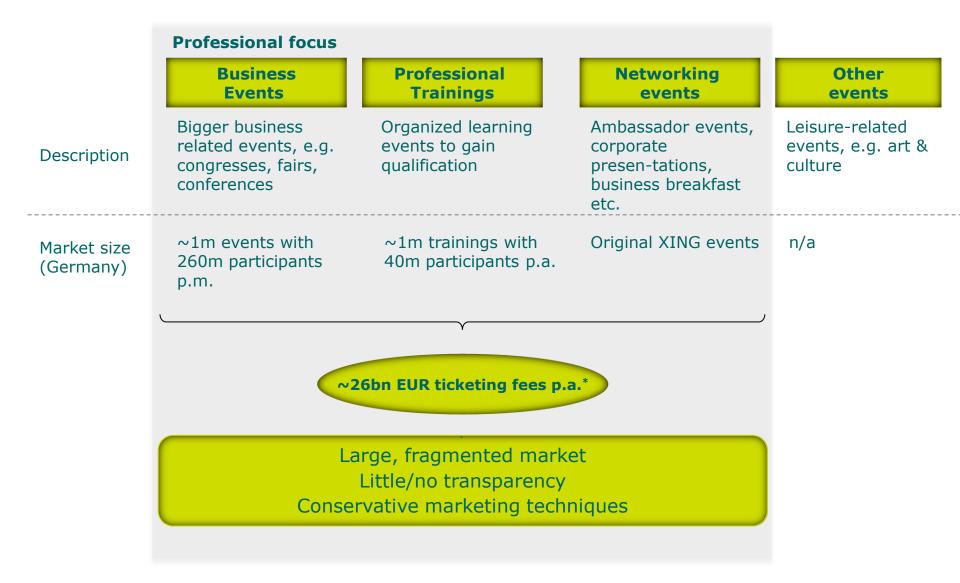






# **O**9 Overview/segmentation events market













- Significant market opportunities
- **Cood results of strategic focus**

# Thank you for your attention!

## POWERING RELATIONSHIPS WWW.XING.COM



## Core Use Cases of XING as a Professional Network

SEARCH

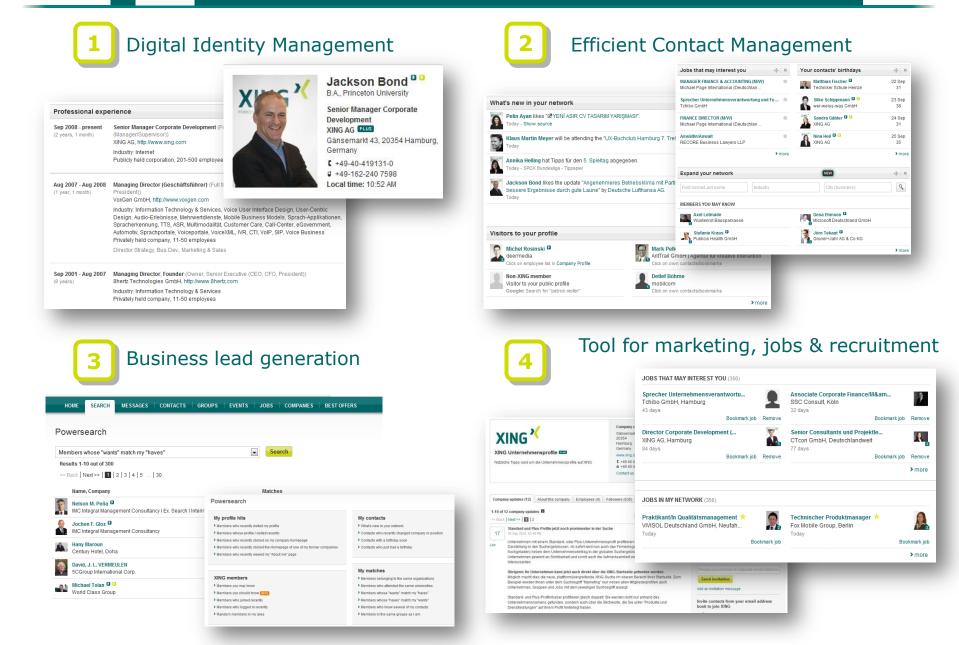
HOME

MESSAGES CONTACTS

GROUPS

EVENTS JOBS

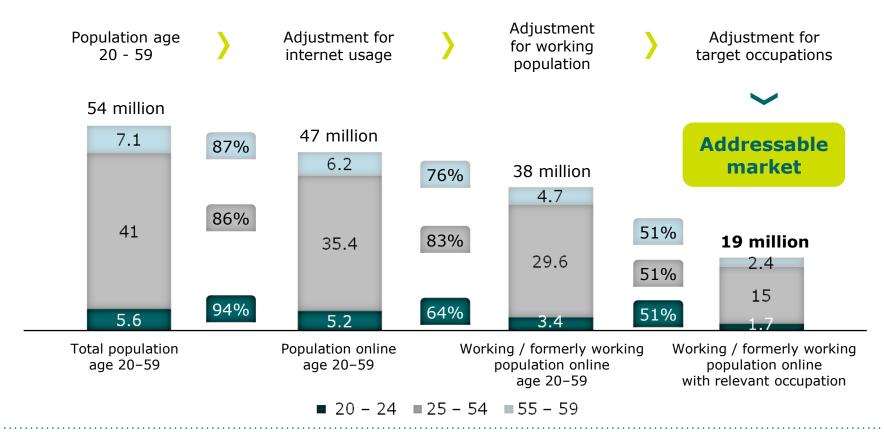
COMPANIES BEST OFFERS





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





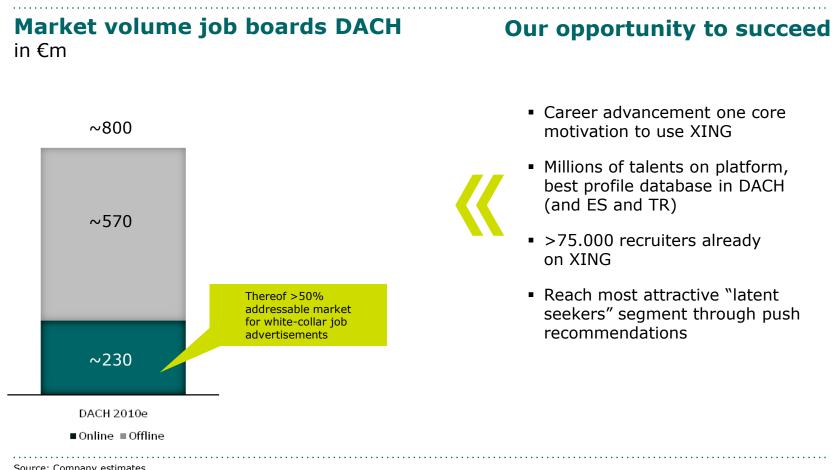
Source: United Nations World Population Prospects 2006, United Nations Economic Commission for Europe – Statistical Division, European Commission Long-Term Labour Force Projections 2005, OECD's Committee Information Service, CEDEFOP Future Skill Needs in Europe Forecast 2008, Sal. Oppenheim estimates

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, >€200m addressable market

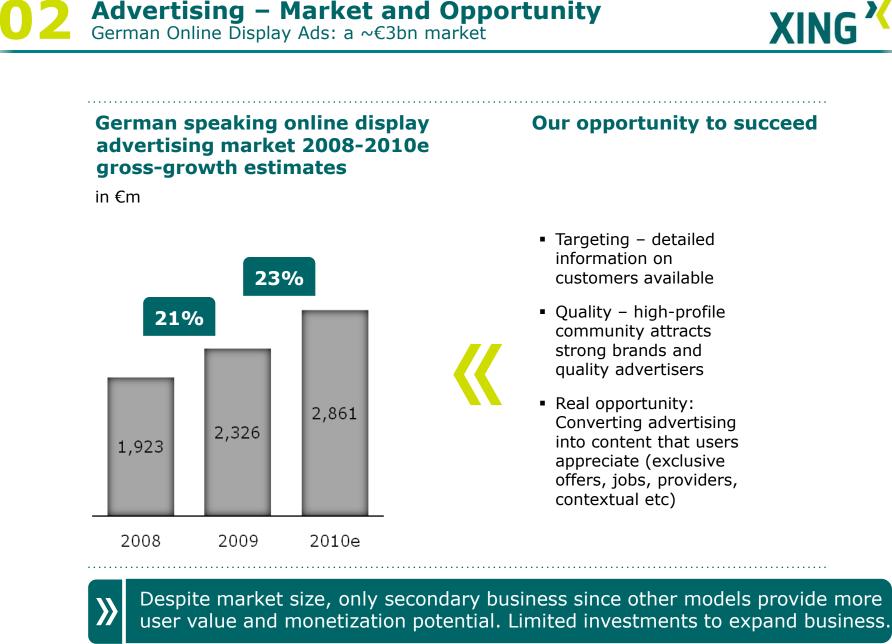




Source: Company estimates



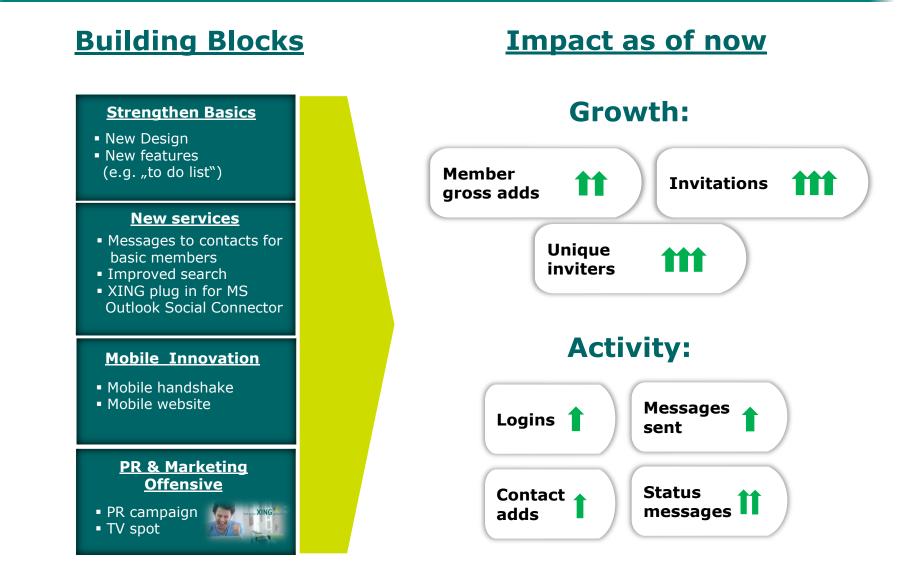
Many HR executives reckon XING to be the Next Big Thing in Recruiting





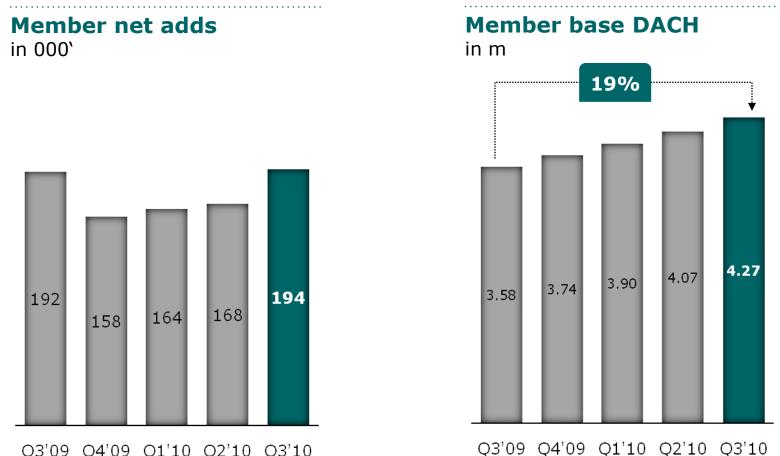
# Significant product launches with promising early impact





**DACH:** Promising trend of net member adds





Q3'09 Q4'09 Q1'10 Q2'10 Q3'10

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Strongest member growth (+194k) since Q2'2009

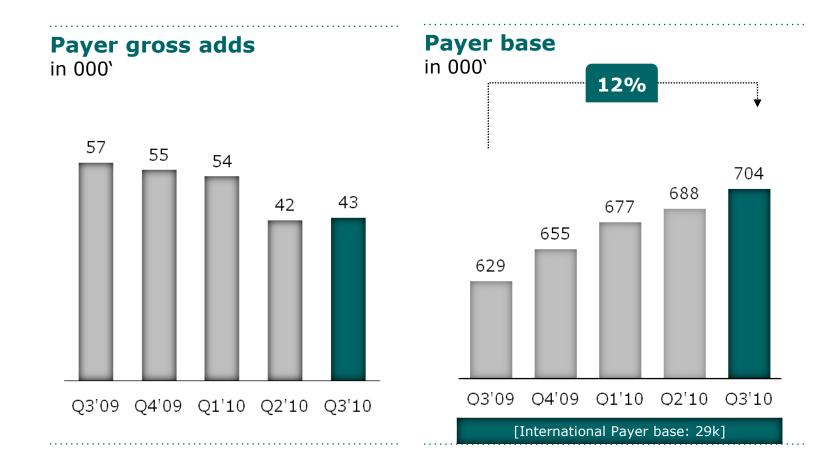
Continuously strong #1 in DACH

• XING usage 10x higher than next competitor in Germany\*

**O 3** DACH: Payer base up 12%

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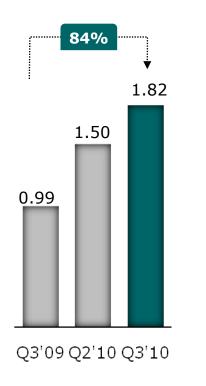




Q3 net payer adds (16k) up vs. previous quarter (11k)



# **"E-Recruiting" revenues** in €m



### Selection of new customers in Q3'10 More than 300 in total

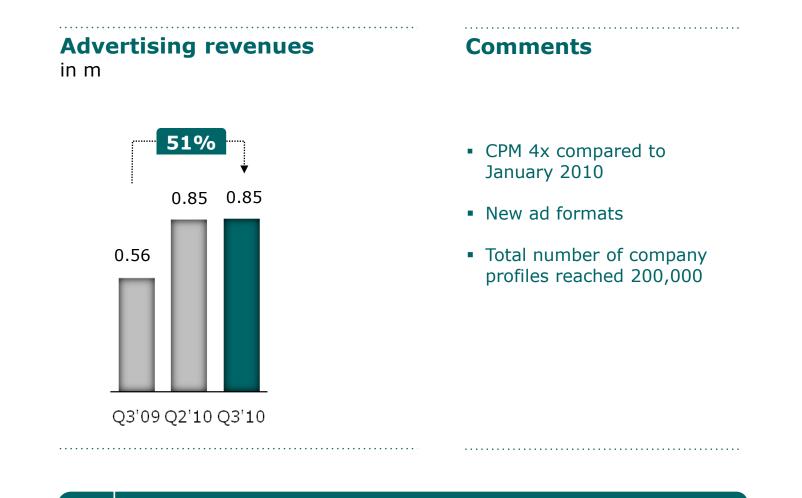


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Distribution partnership with leading job portal in Switzerland www.jobs.ch



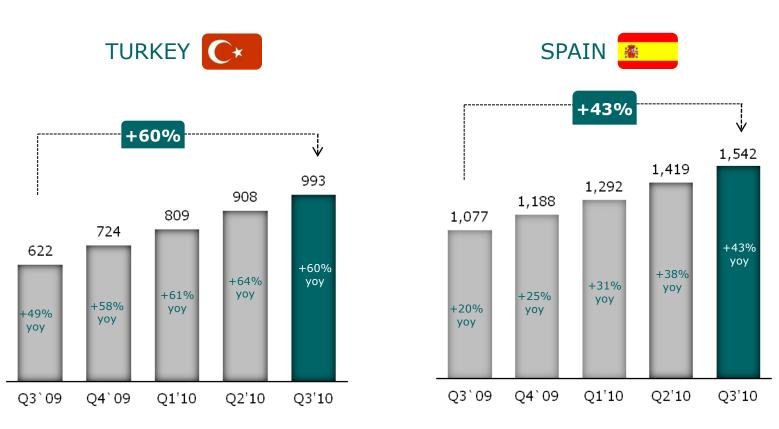






Q3 display ad revenues impacted by seasonality Decent qoq increase in Q4 expected





Significant member base in both markets Future focus: driving activity

 $\rangle$ 



## **XING AG - Acquisition of amiando AG (Dec. 9, 2010)** Executive Summary



#### 1. XING AG acquires amiando AG

 Objective: to form a fully integrated service provider for the promotion and fulfillment of business related events

#### 2. amiando AG is Europe's leading platform for event management and ticketing

- 1,600 paying organizers → ~€1.5m revenues in 2010e
- Full service to event hosts (i.e. Reg. forms & ticketing, participant management, payment handling, marketing tools, event data management & CRM, etc.)

#### 3. Events are a key element of the XING platform

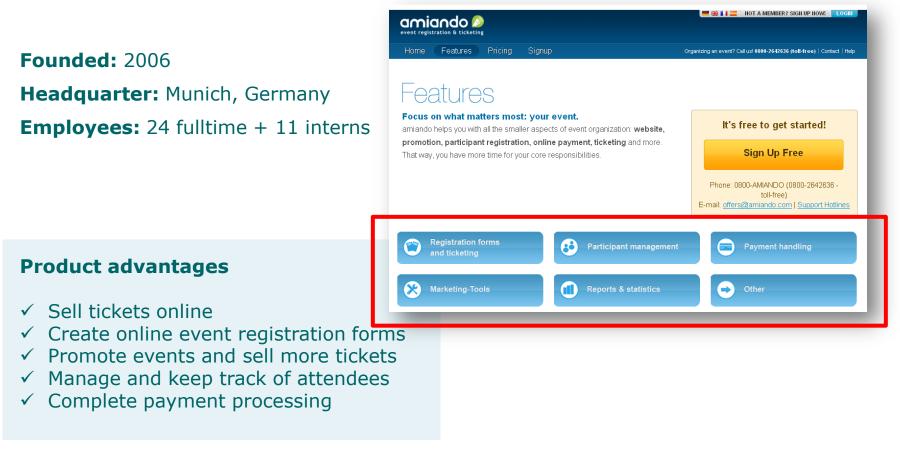
- > 150,000 user generated events p.a. (DACH)
- > 750,000 event participants p.a. (DACH)

#### 3. The XING/amiando AG events business is a significant revenue opportunity

- Jointly we can build and market very attractive solutions for organizers and attendees
- Covering the most attractive parts of the value chain (fulfillment, event promotion, post-event)
- Significant market size
- 4. Purchase price: initial payment of app. €5.1m + second payment of up to €5.25m on March 31, 2013 depending on numerous conditions to be met

## **04 amiando AG** The online event registration and ticketing tool





#### More than 30,000 happy customers





#### **Proven success**



## Pricing

- **Ticketing:** 5.9% of attendance fee plus 0.99 Eur fix fee per ticket
- Event management: add-on services such as ticket papers, mailing tool coustomization services for extra charge

# 04 **XING Events:** >47k paid events with >690k participants



# of paid events # of events HN-Special: "Erfolgreicher Einsatz von Social Media im Marketing-Mix" in DACH in 000s in DACH in 000s 144 130 Overview Description Guest list Participants Share on: C Twitter 76 The quest list is only visible to XING members. Start: Tu, 25 Jan 2011, 07:00 PM Group: 60 XING<sup>\*</sup> ✓ Yes 35 (+5) show 47 Location: Mercure Hotel Hannover Hannover Maybe 84 show Mitte (6.Etage), Postkamp X No 917 show 10, 30159 Hannover, Posted by: Carsten Meiners Germany Unanswered 12331 show Organizer: XING | Hannover Networking Participants: 40 2008 2009 2010 Export event to iCal Description: Liebe Freunde des gepflegten Networkings, Export event to Outlook es freut uns sehr, dass wir unsere erfolgreiche Vortragsreihe im neuen Jahr gleich mit einem absoluten Highlight zum Thema "Social Media / Online Marketing" starten können. # of participants in DACH in 000s Hotels near this event Dirk Rockendorf ist "Head of eBusiness" ... Show full details amiando HRS Book directly with our partner HRS. ~750 Premium Members get corporate rates. Will you participate in this event? 693 integration Yes = I will buy a ticket | No | Maybe Our name will appear in the XING quest list once you have paid for your ticket(s). L380 402 1. Cart » 2. Purchaser and ticket data » 3. Method of payment » 4. Check and buy Category Still available Price Amount Number Vortragsveranstaltung 0 -€ 29.00 € 0.00 14 Oststadt Fee € 0.00 Mitte Ticket price (incl. VAT) € 0.00 0 Map data @2010 TeleAtlas 2008 TICKETING BY 2009 2010 Next step » amiando 🔗 🔺 View larger map

Questions regarding the ticket purchase? Click here.

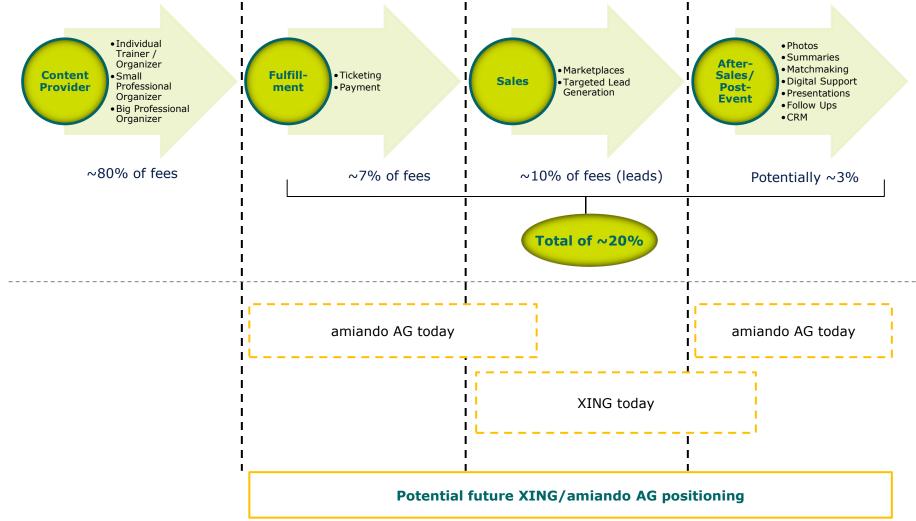


#### Why events on XING work:

- "Perfect" target group
- Unique targeting capabilities
- High relevance of business graph

# **O4** XING and amiando AG will cover the most attractive parts of the value chain









### **1.** Acquisition of 100% of the shares of amiando AG

### 2. Purchase price:

- 1.Payment upon closing: app. €5.1 million
- 2. Second payment of a maximum amount of €5.25m payable by March
  - 31, 2013 if numerous milestones are met including:
    - Current amiando management team (founders) stays on board for at least 18 months after closing
    - The new "events" entity generates revenues of €12m in 2011 & 2012 (cumulated)
  - The new "events" entity achieves a cumulated positive result in 2011 & 2012

### 4. Timing

• Full Consolidation as of 1<sup>st</sup> January 2011





## Improved profitability:

• EBITDA: 4.46m (32.4% margin), up 52% yoy

### Strong growth of non subscription revenues

### **E-Recruiting**:

- DACH revenues up +84% yoy, (82% yoy globally)
- Continuing path of accelerating growth

### Advertising:

DACH revenues up +51% yoy, (46% yoy globally)

## Subscription:

- Stable increase in payer base
- DACH revenues up 13% yoy, (11% yoy globally)

## **Product**:

• Major platform improvements with highly encouraging early results

## 2010 – The year of profitable growth



	Q3′10	Q2′10	Q3'10 vs. Q2'10	Q3`09	Q3'10 vs. Q3'09
	Abs.	Abs.	Rel.	Abs.	Rel.
Total revenue <sup>1</sup>	13.8	13.3	+4%	11.7	+18%
Costs	-9.3	-9.5	-2%	-8.7	+7%
EBITDA	4.5	3.7	+19%	2.9	+52%
Margin	32%	28%	+4%pt	25%	+7%pt
Depreciation	-1.3	-1.2	6%	-1.5	-11%
Financial Result	-0.0	0.0		0.0	
Taxes	-1.0	-1.2	-15%	-1.1	-10%
Net Result	2.1	1.3	+56%	0.3	+513%

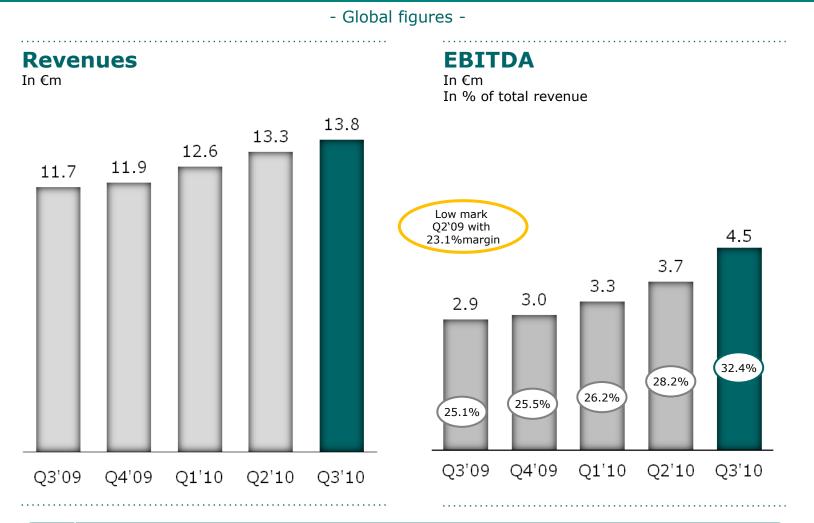
<sup>1</sup> Including other operating income



**EBITDA-Margin up 5th consecutive quarter in a row** 

# **Quarterly revenues continue to grow** EBITDA €4.5m; margin 32%

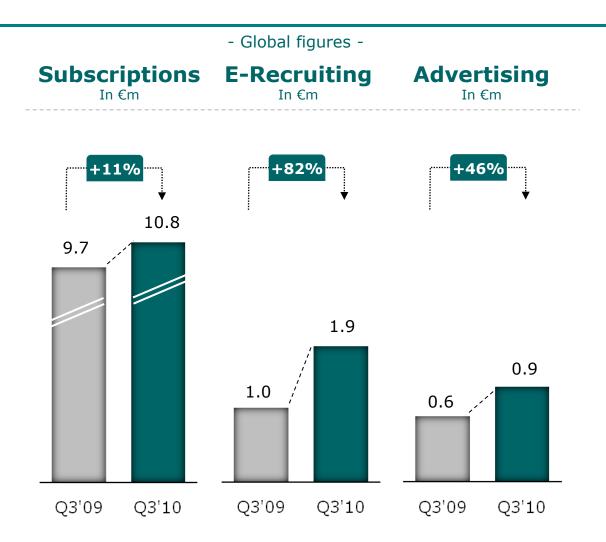




**EBITDA Margin >30% for the first time since Q2'09** 

Continuing strong growth in e-recruiting & advertising





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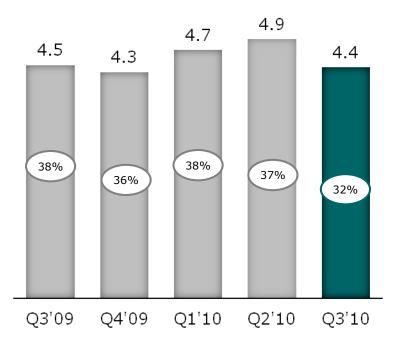
XING community and web 2.0 context powerful assets to enter and exploit adjacent markets

# **O 5** Personnel costs Q3'10: €4.4m; 32% of revenues

- Global figures -

### Personnel

in €m in % of revenue



### Comments

- Q2 impacted by negative one-off from reorg
- Q3 impacted by positive one-off from release of personnelrelated accruals

FTE's qoq flat

**XING** 

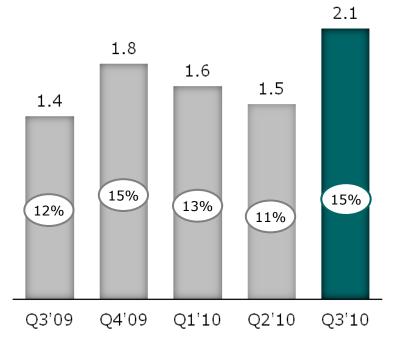
# 05 Marketing expenditures First XING-TV campaign ever started in Sep'2010



- Global figures -

## Marketing

in €m in % of revenue



## Comments

First XING TV Campaign



- SEM
- Display campaigns
- Affiliate programs
- Cooperations

# 05 Other operating expenses in Q3'10: €2.8m; 21% of revenues

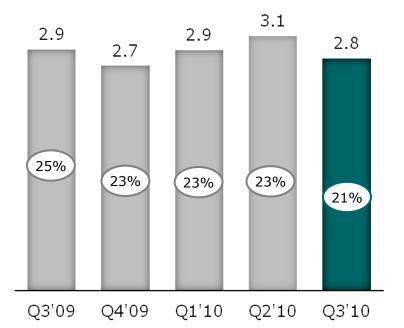


- Global figures -

### **Other operating expenses**

### Comments

in €m in % of revenue



### Cost line includes:

- External services
- Legal, audit, consulting
- Payment processing
- Server hosting
- Rent & other costs



- Global figures -

in €m	2009		2010				
	Q3`09	Q4`09	Q1`10	Q2`10	Q3′10	Q3′10 vs. Q3′09	Q3'10 vs. Q2'10
	Abs.	Abs.	Abs.	Abs.	Abs.	Abs.	Abs.
EBITDA	2.9	3.0	3.3	3.7	4.5	+1.6	+0.8
Interest/Tax/ESOP	0.0	+0.3	+0.3	+0.1	-1.3	-1.3	-1.4
$\Delta$ Net Working Capital	+1.4	+1.1	+5.6	+1.2	+0.8	-0.6	-0.5
Operating Cash flow	+4.3	+4.4	+9.2	+5.0	+4.0	-0.3	-1.0
Investment - Operating	-1.5	-1.1	-1.4	-1.1	-1.2	-0.3	-0.1
Investment - Acquisitions	0.0	0.0	-0.7	0.0	-0.4	-0.4	-0.4
Financing incl. Share Buyback	0.0	1.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	-0.1	0.0	0.0	0.0	0.0	0.0
Free Cash flow	+2.8	+4.2	+7.1	+4.0	+2.4	-0.4	-1.6

# €1.5m tax payments in Q3'2010



in €m		2010	2010		2009	
	Q3′10	Q2′10	Q1`10	Q4`09	Q3`09	
	Abs.	Abs.	Abs.	Abs.	Abs.	
Assets	90.8	88.6	84.9	80.7	82.1	
Operating assets	17.1	17.0	17.0	19.6	21.3	
Acquisitions / International	16.9	17.2	17.5	17.9	21.7	
TAX A/R	0.4	0.5	0.5	0.4	0.5	
Cash	56.4	53.9	50.0	42.9	38.6	
Liabilities	90.8	88.6	84.9	80.7	82.1	
Equity	58.3	55.9	54.3	52.7	55.7	
Deferred Income	20.1	19.6	18.7	16.2	14.8	
Liabilities	5.3	5.7	5.8	6.4	6.5	
Tax Liabilities	7.1	7.4	6.2	5.4	5.0	
Other	0.0	0.0	0.0	0.0	0.0	

# Negative net working capital

# Backup

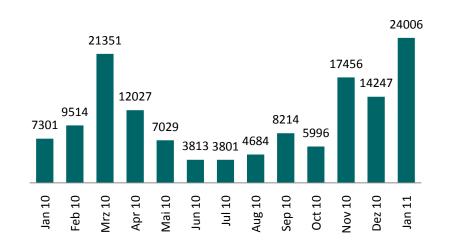
## **POWERING RELATIONSHIPS WWW.XING.COM**

# XING AG IR stats Market Cap: ~€220m / €56m cash / no debt



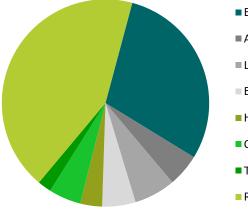
		2010e	2011e	2012e	2013e
	Total revenues	54.3	64.9	72.8	85.2
S	EBITDA	16.3	21.3	24.7	29.4
010)	Margin	30%	33%	34%	35%
<u>v, 20</u>	Depreciation	(5.2)	(5.8)	(6.3)	(8.3)
ONSENSU (January, 2010)	EBIT	11.1	15.5	18.5	21.1
<u>o</u>	Margin	20%	24%	25%	25%
	Net income	7.5	10.9	13.0	14.6
	EPS in €	1.45	2.09	2.50	2.83
	Free cash flow	11.8	13.7	15.6	18.4

Average Trading Volume per day (XETRA)



Analyst coverage	Deutsche Bank, DZ Bank, Hauck & Aufhäuser, HSBC
Shares	5,291,996

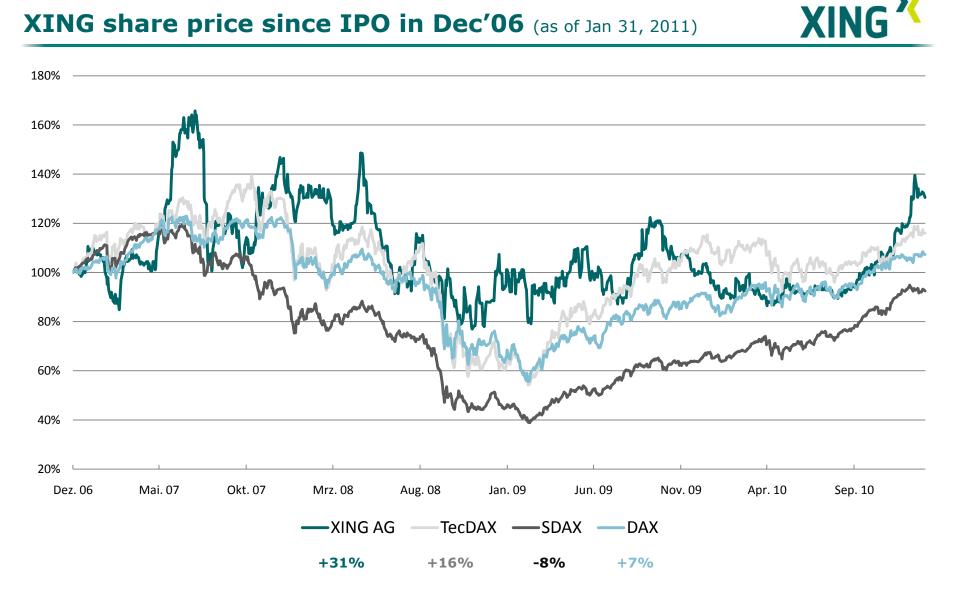
TecDax ranking end of December 2010		
Market Cap.	35	
Turnover	44	



Burda Digital GmbH 29.6%
Allianz Global Investors 5.1%
Langfrist TGV 6.5%
Ennismore 5.2%
HVB 3.4%
Cyrte Investments 5.0%
Treasury Shares 2.1%
Rest 43.1%

Free float according to Deutsche Börse: 68.3%

# XING share price since IPO in Dec'06 (as of Jan 31, 2011)



### **Investor Relations** Contact Details





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Website: http://corporate.xing.com/english/investor-relations/

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

# **XING's current revenue streams**



Subscription business	<ul> <li>Paid in advance</li> <li>733k 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>€0.69 per job click</li> <li>LOGO: €395 / DESIGN: €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>€24.90 (Standard) / €129 (Plus)*</li> </ul>		

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