

# **XING AG**

### **Key figures**

	Unit	Q1 2016	Q1 2015	Q4 2015
Revenues <sup>1)</sup>	in € million	34.3	29.3	33.0
B2C segment	in € million	18.3	15.6	18.1
B2B E-Recruiting segment	in € million	12.2	9.5	11.1
B2B Advertising & Events segment <sup>2)</sup>	in € million	2.9	2.5	3.6
kununu International segment	in € million	0.0	0.0	0.0
EBITDA	in € million	10.4	8.2	9.6
EBITDA margin	in %	30	28	29
Net profit / loss for the period	in € million	5.3	4.1	4.2
Earnings per share (diluted)	in € million	0.91	0.74	0.75
Cash flow from operations	in € million	12.9	14.1	9.1
Equity	in € million	65.9	47.5	60.5
Liquid funds	in € million	83.2	70.3	78.0
XING users Germany, Austria, Switzerland (D-A-CH), total	in million	10.6	8.8	10.1
thereof platform members	in million	10.1	8.4	9.6
thereof subscribers (D-A-CH)	in thsd.	904	855	881
B2B customers (D-A-CH)				
B2B E-Recruiting	in thsd.	18.5	16.1	17.9
B2B Advertising & Events	in thsd.	4.0	2.2	3.4
Employees	number	852	675	792

<sup>1)</sup> Total revenues including other operating income

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<sup>2)</sup> Incl. intercompany revenues

# XING is the social network for business professionals.

The leading social network for business professionals in the German-speaking market gives advice and support to its members during the upheavals in the world of work. In an environment marked by a shortage of skilled workers, digitalization, and changes in values, XING helps its over 10 million members achieve as harmonious a work / life balance as possible. For example, members can use XING Jobs to find the position that meets their individual needs, keep up to date with the news offerings on XING and participate in the debate, or find out about changes and trends in the new world of work on the XING spielraum topics portal. In early 2015, the Jobbörse.com website - the biggest job search engine in the German-speaking market - was added to the Company's portfolio. Prior to this, XING had further strengthened its position as the market leader in social recruiting by acquiring kununu, the leading employer review platform in the German-speaking market. Established in 2003, XING has been listed since 2006 and has been a TecDAX member since September 2011. Members can meet and exchange views on XING in over 70,000 groups or get together at one of the more than 150,000 relevant events for professionals that are organized each year. Across all of its platforms, XING has more than 10.6 million users in its core markets of Germany. Austria and Switzerland, over 10 million of whom are members of the XING platform. The Company has more than 850 employees at its locations in Hamburg, Munich, Aschaffenburg, Barcelona and Vienna.

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# 01. To our shareholders

03 **Executive Board letter** 

06 XING shares

### **Executive Board letter**

### Ladies and gentlemen,

XING started the first quarter of this year on a very strong footing. We exceeded the 10 million member mark, impressively underscoring our position as the leading network for business professionals in the German-speaking market. In mathematical terms, this means that as of the beginning of this year around one in five professionals in Germany, Austria, and Switzerland was a member of XING.

In addition to conventional membership, XING also provides other services such as the opportunity to manage business events easily and conveniently. Including the users of these services, XING had more than 10.6 million users at the end of the first quarter of 2016. This shows that increasing numbers of people can no longer conceive their daily working life without XING.

This development is confirmation of our efforts to improve the world of work for our users. We provide them with optimum access to the right contacts, to opportunities in the labor market, and to relevant information from their industry. In short, we create transparency that gives our members options that were not open to them before.

Here, we took an important new step in the first quarter of 2016 in relation to a topic that tends to be treated with kid gloves, especially in German-speaking countries: remuneration. We aim to bring more transparency to this topic, as experience shows that transparency leads to greater equality and gives people more options. In March of this year, we therefore started making salary estimates for 350,000 job advertisements visible to our Premium members on the XING Jobs platform. These are based on analyses and surveys, some of which we conduct ourselves; others are conducted by partners. This service is still at the beta stage, but there are plans to expand it further in the course of the year.



Dr. Thomas Vollmoeller. Chief Executive Officer of XING AG We intend to offer the new service also for mobile phones in the XING Jobs apps for Android and iOS and further increase the number of job advertisements with a salary estimate.

In the opening months of this year, we additionally prepared an acquisition that was implemented at the beginning of the second quarter. I am referring to the purchase of the eqipia platform, the leading program for smart employee referrals in Switzerland. Employee referrals are on the rise in the human resources area. In the United States, around 40 percent of all new hires come through recommendations from employees. Employee referrals are already the most effective recruitment channel in the D-A-CH region as well. A standardized digital solution for HR departments does not yet exist, however.

XING is now closing this gap. With the eqipia Recommendation Manager this complex process will be digitized and consequently automated and will become the new standard through its integration into XING's network and range of services. This has the advantage for companies that they will obtain more highly qualified candidates at a substantially lower cost - as well as in much shorter time than via traditional channels. With its acquisition of eqipia XING is underlining its position as a pioneer for innovative recruitment solutions and expanding its offering for companies by adding the supreme discipline of modern-day recruitment, so to speak.

This acquisition is an important component for being able to continue our growth trajectory in the future. And it could be seen in the first quarter of 2016, because in the new financial year we sustained the momentum of the previous year in terms of revenue and earnings growth. We lifted our services revenue by 20 percent, for instance.

All of our business units, which we have been reporting in a new segment structure since January, have contributed to this increase. The B2C segment, which mainly discloses revenues from paid memberships, grew by a substantial 15 percent to €18.3 million (€15.8 million). The main driver of the revenue growth was the B2B E-Recruiting segment, which comprises revenues from sales of the XING TalentManager products (Active Recruiting),

job advertisements (Passive Recruiting), and the employer branding profiles. This segment grew by 28 percent in the first three months of the current year to €12.2 million (€9.5 million). The B2B Advertising & Events segment, which generates revenues from advertising and ticketing, expanded by 18 percent to €2.9 million (€2.5 million). Consolidated revenues (including other operating income) rose by 17 percent in the first quarter of 2016 to €34.3 million (€29.3 million). It should be noted that the figure posted for other operating income in the prior-year quarter was about €1 million above its typical level as a result of positive currency effects. Excluding this non-operating effect, the Group's revenue increased by as much as 21 percent in the first quarter of 2016.

As a result of the dynamic revenue growth and disproportionally low cost increases, EBITDA climbed 27 percent to €10.4 million (€8.2 million). Profit rose by as much as 30 percent to €5.3 million (€4.1 million).

As you can see: XING again performed magnificently in the first quarter. What is more, all signs continue to point toward growth. With this good news, I would like to thank you warmly for your commitment to XING! We hope you will continue to give us your support.

lo magles

Hamburg, May 2016 Kind regards,

Dr. Thomas Vollmoeller, Chief Executive Officer of XING AG

50.26%

4.95%

4.98%

5.04% 3.02%

31.75%

# XING

# shares

### Basic data about the XING share

Number of shares as of March 31, 2016	5,620,435
Share capital in €	5,620,435
Share type	Registered shares
IPO	12/07/2006
ISIN	DE000XNG8888
Bloomberg	O1BC
Reuters	OBCGn.DE
Transparency level	Prime Standard
Index	TecDAX
Sector	Software

### Key data on the XING share at a glance

	Q1 2016	Q1 2015
XETRA closing price at the end of the period	161.15 €	160.50 €
High	185.40 €	165.40 €
Low	138.40 €	92.19 €
Market capitalization at the end of the period	€ 906 million	€ 898 million
Average trading volume per day (XETRA)	13,646	18,296
TecDAX ranking		
based on trading volume	22	23
based on free-float market capitalization	25	24
Earnings per share (diluted)	0.91€	0.74 €

### **Shareholder structure** in March 2016



### **Comparison of share price performance** from January 1 to March 31, 2016 (indexed)



 $01/01/16 \quad 01/07/16 \quad 01/14/16 \quad 01/21/16 \quad 01/28/16 \quad 02/04/16 \quad 02/11/16 \quad 02/18/16 \quad 02/25/16 \quad 03/03/16 \quad 03/10/16 \quad 03/17/16 \quad 03/24/16 \quad 03/31/16$ 

### **Analyst recommendations** April 2016

Broker	Analyst	Recommen- dation	Price target
Bankhaus Metzler	Nicholas Balz	Buy	186 €
Berenberg Bank	Sarah Simon	Hold	181 €
Commerzbank	Heike Pauls	Buy	200 €
Deutsche Bank	Benjamin Kohnke	Buy	200 €
Goldman Sachs	Carl Hazeley	Hold	190 €
Hauck & Aufhäuser	Lars Dannenberg	Hold	180 €
Jefferies	James Lockyer	Buy	192 €
Montega	Alexander Braun	Hold	150 €
Oddo Seydler	Marcus Silbe	Buy	200 €
Warburg Research	Jochen Reichert	Buy	184 €

# 02. Interim Group management report

for the period from January 1 to March 31, 2016

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### Course of business

### **Revenues incl. other operating income** (in € million)

### 29.3 01 01 2015 2016

In the first three months of the new financial year, we sustained the momentum of the previous year in terms of revenue and earnings growth.

Lifting consolidated revenues (including other operating income) by 17 percent to €34.3 million from €29.3 million in the first quarter of 2015. It should be noted that the figure posted for other operating income in the prior-year quarter was about €1 million above its typical level as a result of positive currency effects. Without this effect, revenue in the first quarter of 2016 grew as much as 21 percent.

The main drivers of the continued strong growth are

- 1) the around 49,000 new subscribers added in the B2C segment over the past twelve months
- 2) a large share of the new Projobs membership in new customer additions, with higher ARPU at the same time
- 3) uninterrupted growth in B2B e-recruitment solutions such as the XING TalentManager or the kununu employer branding profiles

After deducting operating expenses, EBITDA for the first three months of 2016 is €10.4 million and therefore €2.2 million or 27 percent higher than EBITDA for the first quarter of 2015 (€8.2 million).

### **EBITDA** (in € million)



The improvement in the operating result (EBITDA) is partly due to the dynamic revenue growth, but also to below-average cost increases in the first quarter of 2016. Personnel expenses, for example, rose by just 12 percent in the reporting period to €12.6 million. Due to a TV campaign run in the first quarter of 2016, marketing expenses rose slightly from €3.6 million in the prior-year quarter to €4.2 million. In the first quarter of 2016, other operating expenses also increased at a lower rate than revenue, by 13 percent to €7.0 million.

Depreciation, amortization and impairment losses in the first three months of the current financial year amounted to €2.2 million (Q1 2015: €2.1 million). As a result, EBIT for the period under review was €8.2 million, contrasted with EBIT of €6.1 million for Q1 2015. After deducting taxes of €2.7 million, consolidated net profit was €5.3 million and thus 30 percent higher year-on-year than net profit reported in the first quarter of 2015. Earnings per share were €0.91 for the first three months of the current financial year, compared with earnings per share of €0.74 for the first quarter of 2015.

Cash flow from operations amounted to €12.9 million in the first three months (Q1 2015: €14.0 million).

There are no changes compared to the forecast published in the 2015 Annual Report.

### **Segment performance**

### CHANGE IN THE REPORTING SEGMENTS SINCE JANUARY 2016

### Overview of business units / reporting segments



In view of the continued growth of the XING Group, we reorganized the Company in financial year 2016 in order to optimally serve XING's various target groups. In the future, we will draw a stronger distinction between B2C and B2B offerings, and we changed our internal reporting structure as a result. Our four business units to date (Network, Premium, E-Recruiting, Events) became nine business units (Platform / Content, Premium Network, Pro Work, kununu D-A-CH and International, New B2C, E-Recruiting, Advertising, Events).

Accordingly, we have been reporting on four segments (B2C, B2B E-Recruiting, B2B Advertising & Events, kununu International) since January 2016.

The B2C reporting segment includes the Platform/Content, Premium Network, Pro Work, kununu D-A-CH and New B2C business units. They serve XING members who use XING.com, XING Jobs (formerly E-Recruiting) and kununu.com (formerly E-Recruiting) to network with other professionals, find a suitable job, obtain information about potential employers, or read about career-related topics. These services are monetized mainly through paid memberships (Premium, ProJobs). New B2C activities are also included here (e.g. ProCoach).

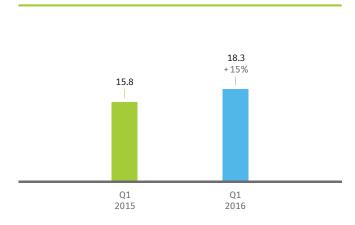
The B2B E-Recruiting segment serves B2B customers who seek access to employees and talent. This service is monetized through the development, marketing and sale of the XING TalentManager (Active Recruiting), job ad (Passive Recruiting), and Employer Branding Profile products. The necessary profiles and traffic from candidates are generated by the B2C segment.

The B2B Advertising & Events segment comprises the Advertising (formerly Network/Premium) and Events business units. They serve advertising and events clients. This service is monetized via advertising income and ticketing.

We report on other activities outside of the D-A-CH (Germany, Austria, Switzerland) region in the kununu International segment.

### **B2C SEGMENT**

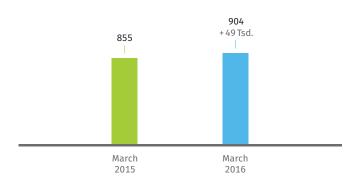
### **B2C segment revenues** (in € million)



### Segment revenues up 15 percent

Thanks to extremely dynamic development in the **B2C segment** of around 49,000 Premium and ProJobs memberships over the last twelve months, we achieved strong growth. Segment revenues rose by 15 percent, from €15.8 million to €18.3 million in the first quarter of 2016. In the first three months of the still young financial year alone, almost 23,000 members opted for the enhanced fee-based functions. This represents the fastest quarterly growth in the last five years.

### Subscriber growth (in thsd.)

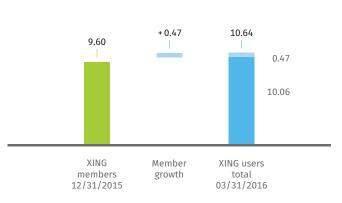


Segment EBITDA recorded a similarly positive trend. The operating result in the B2C segment climbed from €9.2 million in the first quarter of 2015 to €9.7 million. The segment's EBITDA margin narrowed from 58 percent to 53 percent in the first quarter of 2016. This slight decrease is attributable to new B2C activities that are in the startup phase.

### 10 million XING members in D-A-CH for the first time

The strong demand for the enhanced Premium and ProJobs memberships is also attributable to the exceedingly dynamic growth in platform registrations on www.xing.com. In the first quarter of 2016, 467,000 people registered on XING, the highest quarterly increase in the Company's history.

### Member growth (D-A-CH ) (in million)



This resulted in our passing the 10 million mark in March 2016. In mathematical terms, this means that around one in five professionals in Germany, Austria and Switzerland is now a member of XING. If all members stood next to each other, the line of people would be roughly as long as the external border of the D-A-CH region.

We are delighted that increasing numbers of people can no longer conceive their daily working life without XING. We continue to work hard on expanding and improving our offerings to convince even more people to join XING, as we believe there is still considerable potential for further membership growth. In addition to traditional membership, XING provides other services such as the opportunity to manage business events easily and conveniently. Including the users of these services, XING has more than 10.6 million users.



XING's portfolio of 10 million members provides a wealth of opportunities for each individual. Over one million profiles per day are called up, which gives XING members' professional identity high visibility. On top of this, more than 200,000 new connections are created daily – an important prerequisite for finding a new job or relevant business information, for example. Including XING Events, total XING users came to 10.6 million at the end of March 2016 (Q1 2015: 8.8 million).

### Largest coaching platform in D-A-CH launched

XING's "Compass for the New World of Work" study found that continuous training and flexibility are the aspects of the world of work that people most expect to change. This is leading to increased demand for professional coaching. To meet this demand, we launched a special platform to address all coaching-related issues and are thus making a heavily fragmented market more transparent.

On XING Coaches, initially launched as a beta version, coaches can present themselves professionally and acquire new customers, while people looking for a coach can find the right person to help in their situation. Since its launch, the platform has boasted over 50,000 coaches, making it the largest coaching platform in the German-speaking region.

### For those looking for a coach: Find the right coach from over 50,000 quickly and easily

XING Coaches is aimed not only at coaches and their potential customers such as HR departments and executives, but also at private individuals. A diverse range of search options – for example by location, focus of work, event – and filter functions helps individuals to choose from over 50,000 coaches.

### For coaches: Professional presentation in the XING environment

For the specialists themselves, XING Coaches provides the opportunity to present themselves professionally, reach a broad target group of HR departments through executives and private individuals and thus establish contacts and acquire new customers. The coach profile is tailored precisely to the job description of the coach in question. Information about areas of focus and methods, forms of coaching offered, target groups and industries can be entered, for example, but also information about contact opportunities and training.

XING Coaches is freely accessible. Use of the platform is free of charge for those looking for a coach and for the coaches themselves. All that coaches wishing to be listed on the platform need is a XING profile. The offering will be expanded further in the coming months. For example, there are plans to introduce a paid version at a later stage with additional functions for coaches.



### **B2B E-Recruiting segment revenues** (in € million)



In the B2B E-Recruiting segment, we generated the largest increase in our reporting segments in absolute terms of €2.7 million in the first three months. The relative growth rates also accelerated after growth had been temporarily dampened in the second half of the previous year as a result of old XING company profiles being deactivated. With an increase of 28 percent in the first quarter of 2016 to €12.2 million (Q1 2015: €9.5 million), we have already surpassed the prior-year's growth rate (26 percent).

The detailed breakdown shows that all three subsegments – Active Recruiting, Employer Branding and Passive Recruiting – contributed to the strong growth.

The number of XING TalentManager licenses sold, for instance, rose to over 5,400 (Q1 2015: 4,400). We lifted the number of employer branding profiles by more than 40 percent to over 2,300 profiles sold at the end of March 2016. Together with thousands of companies that post their vacant positions in XING Jobs, the number of B2B customers in the segment increased from around 16,000 in the prior-year period to just under 18,500 in the first quarter of 2016.

Thanks to the dynamic revenue growth, earnings in the operating segment (EBITDA) also rose appreciably from €5.7 million to €8.7 million. The segment's EBITDA margin improved from 60 percent to 71 percent in the first three months of 2016.

We are very satisfied with the level of earnings achieved in the B2B E-Recruiting segment and still believe that this segment has the potential for substantial growth.

### Forsa study: One in three contemplating changing jobs

A recent Forsa study reveals that we are focusing on the right macrotrends with our recruitment offerings.

One in three employees are currently considering a job change. The surprise is that even though 83 percent are satisfied with their current position, one-third (35 percent) could see themselves changing jobs during 2016, including six percent who have specifically planned to change jobs.

And it's not all about the salary: Here in Germany, people mostly agree that a positive working environment and supervisors' behavior are the most important elements to consider in a job change – 98 percent and 96 percent, respectively, cited those factors. Salary follows at some distance (88 percent). More than four out of five of those surveyed (81 percent) place particular emphasis on the ability to balance work and family, while 70 percent say that a meaningful occupation that contributes to the common good is important or very important to them.

Which criteria are critically important when considering the work / life balance in a company? For 85 percent of those surveyed, flexible working hours are vital.

The results are clear. Our new XING Jobs is exactly the right tool for everyone who is open to changing jobs this year. On this platform they can find the right job from a pool of nearly 1 million vacancies.

### XING is creating salary transparency in the labor market

In March, we enhanced our XING Jobs platform in an interesting way. We show our users how much people can earn in which position, thereby devoting ourselves to one of the biggest taboo subjects in the world of work: the subject of salary transparency. We are striving to bring openness to the area of remuneration, which up to now has been completely opaque.

Our Premium members can therefore find salary estimates for over 350,000 job advertisements on XING Jobs based on our analyses and surveys. Our aim is to enable our members to rapidly get an idea of the probable salary range for the job being advertised.

How does this work? If the employer has specified a salary for the position, it is displayed for our Premium members in a new section above the advertisement. If the employer has not specified a salary, many job advertisements will instead have a bar displaying the estimated conventional salary range for such positions. To produce this range we evaluate a variety of sources. Among other things, we use specific salary information from other comparable job advertisements and findings from Manager Magazin's Salary Report, which we issue annually in conjunction with the business magazine. To obtain the most realistic data possible, the employer's location, the size of the company and the industry are considered, as is the career level. This bar is not shown for job advertisements for which insufficient data is available.

We are able to offer such estimates for over 350,000 employment ads. However, we are not yet satisfied with the level attained, which is why we plan to expand the function in the coming months, on the technological side as well as contentwise. For instance, we intend to offer the new service also for mobile phones in the XING Jobs apps for Android and iOS - and, of course, to further increase the number of job advertisements with salary estimates.



### **B2B ADVERTISING & EVENTS SEGMENT**

### **B2B Advertising & Events segment revenues** (in € million)



We lifted revenues in the **B2B Advertising & Events segment** by 18 percent to €2.9 million.

Segment EBITDA improved, from €0.1 million to €0.4 million. The segment EBITDA margin increased from 4 percent to 14 percent.

In the Events subsegment we rolled out a new rate plan just a few weeks after the first quarter had ended:



### **Basic**

The Basic rate works along the lines of the "free for free" principle; in other words, when event organizers offer events with exclusively free tickets, our customers also do not pay anything for the XING Ticketing Manager. Examples of such events are networking events, webinars or corporate functions. But even private events such as get-togethers or club round tables benefit from the Basic rate.

### **Business**

The Business rate is ideal for organizers of fee-based business events such as conferences and seminars. It provides a whole series of additional functions and services.

One of these is four-language support. In addition, event managers have the option of creating multiple ticket categories with different price brackets. This allows them to input their range of tickets directly in our system.

What is more, we provide event organizers with the secure payment processing to which they are accustomed using all common forms of payment.

### **Professional**

The bigger and more complex an event, the more specific the requirements become. The Professional rate is therefore aimed at all event organizers of large, complex conventions and exhibitions. With this price option we provide additional functions that allow an event to be designed even more individually. These include personal advisory and the setup of a professional ticket shop. White labeling for the ticket shop can also be booked. Individual designs can be created for registration screens, documents for attendees and badges. Event organizers also receive an individualized admission solution.

The number of B2B customers in the segment was 3,982 at the end of March 2016, up on the prior-year figure of around 2,200. The acquisition of additional members for the XING platform is still the main focus of our activities.

Course of business Risk report

### **Risk report**

### **KUNUNU INTERNATIONAL SEGMENT**

Alongside the systematic pursuit of the XING growth strategy in our D-A-CH core market, Austrian subsidiary kununu has also struck out along a new path, entering into a joint venture with the leading US job portal Monster with the aim of sounding out the opportunities for success with shared service provision in the USA.

The aim is to bring increased employer transparency to the US labor market. For the US service, kununu's expertise in the fields of employer rating and employer branding will be enhanced by the market knowledge, marketing expertise and market penetration offered by Monster. The head office of the joint venture is Boston. This segment mainly generates revenues relating to the provision of services for the joint venture. XING's share of the joint venture's net profit/loss for the year is accounted for as the share of profits and losses of equity-accounted investments.

Permanent monitoring and management of risks are key tasks of a listed company. For this purpose, the Company has implemented the risk early warning system required in accordance with Section 91 (2) AktG and continuously develops it within the context of current market and company developments.

Each individual employee is required to avert potential loss from the Company. One of their tasks is to immediately remove all risks in their own area of responsibility and to immediately notify the corresponding risk management contacts at XING in the event of any indications of existing risks or risks which might arise. An essential requirement for such a task is knowledge of the risk management system and maximum risk awareness of each individual employee. For this reason, XING familiarizes its employees with the risk management system using training material and draws their attention to the significance of risk management.

Potential risks are continually identified and analyzed. Identified risks are then systematically evaluated as to their probability of occurrence and the expected potential loss. The persons with risk responsibility and senior executives are questioned with regard to the status of existing risks and the identification of new risks in the course of quarterly risk inventories and status queries.

No further going concern risks were identified in addition to the risks presented in the 2015 Annual Report.

# Significant events after the interim reporting period

On April 14, 2016, XING AG acquired all of the shares of BuddyBroker AG and its product eqipia. eqipia is the leading smart automated employee referral program in Switzerland. The purchase price is set at CHF 3.2 million (approximately €2.9 million). An earn-out payment of up to CHF 4.8 million (approximately €4.4 million) may also take effect if the operating targets are reached.

# 03. Interim consolidated financial statements

for the period from January 1 to March 31, 2016

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# Consolidated statement of comprehensive income of XING AG

for the period from January 1 to March 31, 2016

### Consolidated statement of comprehensive income

	01/01/2016 -	01/01/2015 -	
In € thousand	03/31/2016	03/31/2015	
Service revenues	33,330	27,682	
Other operating income	957	1,582	
TOTAL OPERATING INCOME	34,287	29,264	
Personnel expenses	-12,623	-11,247	
Marketing expenses	-4,179	-3,585	
Other operating expenses	-7,039	-6,202	
EBITDA	10,446	8,230	
Depreciation, amortization and impairment losses	-2,233	-2,150	
EBIT	8,213	6,080	
Share of profits and losses of equity-accounted investments	-103	0	
Finance income	1	6	
Finance costs	-26	-17	
ЕВТ	8,085	6,069	
Taxes on income	-2,741	-1,952	
CONSOLIDATED NET PROFIT/LOSS	5,344	4,117	
Earnings per share (basic)	0.91€	0.74€	
Earnings per share (diluted)	0.91€	0.74€	
CONSOLIDATED NET PROFIT/LOSS	5,344	4,117	
Currency translation differences	0	-8	
Other comprehensive income	0	-8	
CONSOLIDATED TOTAL COMPREHENSIVE INCOME	5,344	4,109	

# Consolidated statement of financial position of XING AG

as of March 31, 2016

### **Assets**

n€thousand	03/31/2016	12/31/2015
ION-CURRENT ASSETS		
Intangible assets		
Software and licenses	3,500	3,784
Internally generated software	22,369	19,855
Goodwill	8,228	8,228
Other intangible assets	2,093	1,930
Property, plant and equipment		
Leasehold improvements	377	411
Other equipment, operating and office equipment	4,953	4,570
Financial assets		
Equity-accounted investments	2,604	(
Other equity investments	51	51
Other financial assets	34	34
Deferred tax assets	335	378
	44,544	39,241
CURRENT ASSETS		
Receivables and other assets		
Receivables from services	17,404	15,873
Income tax receivables	166	237
Other assets	4,035	3,547
Cash and short-term deposits		
Cash	83,197	78,034
Third-party cash	4,769	2,993
	109,571	100,684
	154,115	139,925

### **Equity and liabilities**

In € thousand	03/31/2016	12/31/2015
EQUITY		
Subscribed capital	5,620	5,620
Capital reserves	22,622	22,622
Other reserves	2,432	2,432
Net retained profits	35,178	29,834
	65,852	60,508
NON-CURRENT LIABILITIES		
Deferred tax liabilities	7,556	6,992
Deferred income	2,867	3,244
Other provisions	333	333
Other financial liabilities	0	1,304
Other liabilities	2,157	2,495
	12,913	14,368
CURRENT LIABILITIES		
Trade accounts payable	1,705	3,797
Deferred income	51,650	44,234
Other provisions	645	588
Other financial liabilities	1,754	435
Income tax liabilities	830	154
Other liabilities	18,766	15,841
	75,350	65,049
	154,115	139,925

# Consolidated statement of cash flows of XING AG

for the period from January 1 to March 31, 2016

### **Consolidated statement of cash flows**

n€thousand	01/01/2016 - 03/31/2016	01/01/2015 - 03/31/201
Earnings before taxes	8,085	6,069
Amortization and impairment of capitalized development costs	775	583
Depreciation, amortization and impairment losses on other fixed assets	1,458	1,569
Personnel expenses, stock option program	0	15
Interest income	-1	- (
Interest received	3	7
Interest expense	26	17
Share of profits and losses of equity-accounted investments	103	(
Taxes paid	-1,387	-1,231
Profit from disposal of fixed assets	-5	(
Change in receivables and other assets	-2,021	-1,242
Change in liabilities and other equity and liabilities	552	3,562
non-cash changes from changes in basis of consolidation	0	-1
Change in deferred income	7,039	6,819
Elimination of XING Events GmbH third-party obligation	-1,776	-2,13
ASH FLOWS FROM OPERATING ACTIVITIES	12,851	14,010
Payment for capitalization of internally generated software	-3,289	-2,11
Payment for purchase of software	-308	-320
Payments for purchase of other intangible assets	-331	(
Proceeds from the disposal of fixed assets	8	(
Payments for purchase of property, plant and equipment	-1,047	-24
Payment for acquisition of consolidated companies (less cash acquired)	0	-5,000
Payments for equity-accounted investments	-2,706	(
ASH FLOWS FROM INVESTING ACTIVITIES	-7,673	-7,690

### **Consolidated statement of cash flows**

In € thousand	01/01/2016 - 03/31/2016	01/01/2015 - 03/31/2015
Proceeds from the sale of treasury shares	0	11
Interest paid	-15	-17
CASH FLOWS FROM FINANCING ACTIVITIES	-15	-6
Currency translation differences	0	-8
Net change in cash funds	5,163	6,306
Cash funds at the beginning of the period	78,034	63,951
CASH FUNDS AT THE END OF THE PERIOD 1)	83,197	70,257
Third-party cash funds at the beginning of period	2,993	3,248
Change in third-party cash and cash equivalents	1,776	2,135
THIRD-PARTY CASH FUNDS AT THE END OF THE PERIOD	4,769	5,383

<sup>1)</sup> Cash and cash equivalents consist of liquid funds.

# Consolidated statement of changes in equity of XING AG

for the period from January 1 to March 31, 2016

### Consolidated statement of changes in equity of XING AG

AS OF 03/31/2016	5,620	22,622	0	2,432	35,178	65,852
Consolidated total comprehensive income	0	0	0	0	5,344	5,344
Net profit/loss for the year	0	0	0	0	5,344	5,344
Currency translation and other income and expenses for the period recognized directly in equity	0	0	0	0	0	0
AS OF 01/01/2016	5,620	22,622	0	2,432	29,834	60,508
AS OF 03/31/2015	5,592	18,479	-424	2,436	21,458	47,541
Personnel expenses, stock option program	0	0	0	15	0	15
Sale of treasury shares	0	0	10	0	0	10
Consolidated total comprehensive income	0	0	0	-8	4,117	4,109
Net profit/loss for the year	0	0	0	0	4,117	4,117
Total income and expenses for the period recognized directly in equity	0	0	0	-8	0	-8
Currency translation	0	0	0	-8	0	-8
AS OF 01/01/2015	5,592	18,479	-434	2,429	17,341	43,407
iii e tiiousaiiu	capital	reserves	Silares	reserves	pronts	equity
	scribed	Capital	Treasury shares	Other	retained profits	Total
					Net	

# Notes to the interim consolidated financial statements

for the period from January 1 to March 31, 2016

# 1. Information on the Company and the Group

The registered offices of XING AG are located at Dammtorstrasse 30, 20354 Hamburg, Germany; the Company is registered at the Amtsgericht (local court) Hamburg under HRB 98807. The parent company of XING AG is Burda Digital GmbH, Munich, and the ultimate parent company of XING AG since December 18, 2012 has been Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, Germany. The next most senior parent preparing consolidated financial statements is Burda Gesellschaft mit beschränkter Haftung, Offenburg.

Measured in terms of the total number of individual visitors worldwide, XING operates one of the leading professional networking websites. The international, multilingual, Internet-based platform is a "relationship engine" which provides its members with the opportunity of establishing new business contacts, maintaining existing contacts, extending their operations to new markets, and exchanging opinion and information. XING generates its revenues primarily from fee-based products for end customers and businesses. It is a model in which our customers pay for most of the services provided in advance.

# 2. Basis of preparation of the financial statements and accounting policies

These condensed interim consolidated financial statements of XING AG for the reporting period ending on March 31, 2016, have been prepared in accordance with the International Financial Reporting Standard for interim financial reporting (IAS 34). The condensed interim consolidated financial statements do not contain all of the information required for full annual consolidated financial statements, and should therefore be read in conjunction with the consolidated financial statements as of December 31, 2015.

The period under review began on January 1, 2016, and ended on March 31, 2016. The corresponding prior-year period began on January 1, 2015, and ended on March 31, 2015. The interim consolidated financial statements and the interim group management report of XING AG as of March 31, 2016, were approved for publication on May 4, 2016, by the Executive Board.

The accounting policies applied to these condensed interim consolidated financial statements are consistent with those used for the consolidated financial statements as of December 31, 2015. These interim financial statements have not been audited by the auditor, nor have they been subjected to a review.

Preparation of the consolidated financial statements to a limited extent requires management to make assumptions and estimates that affect the reported amounts of assets and liabilities, income and expenses, as well as contingent liabilities. Although these estimates are made in accordance with the best knowledge of management and with due consideration being given to all available knowledge, actual results may differ from these estimates.

The amortization period, the residual values and the amortization method used for finite-lived intangible assets are reviewed regularly. The review of the remaining useful lives in the reporting period revealed that the useful life of the XING platform had been extended by a further twelve months to December 31, 2020.

Several amended IFRSs became effective for 2016. However, the application of these IFRSs did not have any material effects on the annual consolidated financial statements or the condensed interim consolidated financial statements.

# 3. Joint venture with Monster Worldwide, Inc.

XING entered into a joint venture with the leading US job portal Monster with the aim of sounding out the opportunities for success with shared service provision in the USA.

The aim is to bring increased employer transparency to the US labor market. For the US service, kununu's expertise in the fields of employer rating and employer branding will be enhanced by the market knowledge, marketing expertise and market penetration offered by Monster. The head office of the joint venture is Boston.

XING contributed US\$3,000 thousand (€2,706 thousand) to the joint venture in the reporting period. The financial result includes XING's share of the start-up loss of the joint venture in the amount of US\$116 thousand (€103 thousand).

### 4. Segment information

Since January 2016, we have been reporting on four segments (B2C, B2B E-Recruiting, B2B Advertising & Events, kununu International).

The B2C reporting segment includes the Platform/Content, Premium Network, Pro Work, kununu D-A-CH and New B2C business units. They serve XING members who use XING.com, XING Jobs (formerly E-Recruiting) and kununu.com (formerly E-Recruiting) to network with other professionals, find a suitable job, obtain information about potential employers, or read about career-related topics. These services are monetized mainly through paid memberships (Premium, ProJobs). New B2C activities are also included here (e.g. ProCoach).

The B2B E-Recruiting segment serves B2B customers who seek access to employees and talent. This service is monetized through the development, marketing and sale of the XING Talent-Manager (Active Recruiting), job ad (Passive Recruiting), and Employer Branding Profile products. The necessary profiles and traffic from candidates are generated by the B2C segment.

The B2B Advertising & Events segment comprises the Advertising (formerly Network/Premium) and Events business units. They serve advertising and events clients. This service is monetized via advertising income and ticketing.

We report on other activities outside of the D-A-CH (Germany, Austria, Switzerland) region in the kununu International segment.

The reconciliation statement (other operating income / expenses) includes corporate divisions such as IT, Finance, and Human Resources, as well as other business activities that by definition do not constitute segments.

The prior-year figures have been adjusted to reflect the new segmentation.

Assets, liabilities and investments are not segmented on the basis of the operating segments because these indicators are not used as control parameters at segment level. For example, a large share of the investments relates to the internally developed platform that cannot be allocated to the segments. Segment data is calculated on the basis of the accounting policies applied in the consolidated financial statements. Costs are allocated to the originating divisions. Business transactions between the companies in the segments are conducted on an arm's length basis. As the measure of segment earnings XING uses the operating result for the segment, calculated as gross profit or loss less costs that are directly attributable to the segment (staff, marketing, rental expenses, division-

related IT expenses (e.g., development costs), etc.). Expenses that are not directly attributable to a segment (e.g., central IT expenses), impairment losses and reversals of impairment losses are presented in the reconciliation statement along with the operating result from central functions that do not constitute a segment. Extraordinary items and items arising from purchase price allocation are eliminated. Adjusted extraordinary items include restructuring expenses, gains / losses on disposal, impairment losses, and other non-operating expenses or income.

The segment revenues and results for the period under review are shown in the following tables:

in € thousand	B2	) C	B2 E-Recr		B2 Adver & Ev	tising	kun: Interna		interse	_	To: segm	
The Chousand	01/01/ - 03/31/ 2016	01/01/- 03/31/ 2015						01/01/- 03/31/ 2015				
Revenues (from third parties)	18,265	15,836	12,244	9,537	2,774	2,309	47	0	_	_	33,330	27,682
Intragroup revenues	0	0	0	0	133	163	0	0	-133	-163	0	0
Total revenues	18,265	15,836	12,244	9,537	2,907	2,472	47	0	-133	-163	33,330	27,682
Intragroup segment expenses	-133	-163	0	0	0	0	0	0	133	163	0	0
Other segment expenses	-8,390	-6,438	-3,537	-3,823	-2,499	-2,374	-390	0	_	_	-14,816	-12,635
Segment operating result	9,742	9,235	8,707	5,714	408	98	-343	0	0	0	18,514	15,047
Other operating income / expenses											-8,068	-6,817
EBITDA											10,446	8,230

### **Revenues by region**

In € thousand	01/01/2016 - 03/31/2016	01/01/2015 - 03/31/2015
D-A-CH	31,872	26,676
International	1,458	1,006
	33,330	27,682

The Company is not reliant on major customers because a significant percentage of Group revenues is not generated with any single customer.

As was the case as of December 31, 2015, the non-current assets (excl. deferred tax assets) of €41,605 thousand (December 31, 2015: €38,863 thousand) are attributable exclusively to the D-A-CH region.

### 5. Equity

As of March 31, 2016, XING AG had share capital of €5,620,435 (December 31, 2015: €5,620,435) and the Company no longer held any treasury shares.

In accordance with a joint resolution on March 23, 2016, the Executive Board and the Supervisory Board will propose to the Annual General Meeting on June 2, 2016 to pay a dividend of €1.03 per share for the 2015 financial year (2014: €0.92 per share) in addition to a special dividend of €1.50 per share. With 5,620,435 shares carrying dividend rights, this corresponds to a total payout of €14.2 million.The liquid funds of €83.2 million as March 31, 2016 and XING's cash-generative business model enable the Company to pay a special dividend without changing its business strategy, which is aimed at achieving growth.

### 6. Other operating income

Other operating income includes income of €13 thousand (previous year: €1,246 thousand) from currency translation. Also included is income from receivables written off in the amount of €239 thousand (previous year: €16 thousand) and from expired liabilities in the amount of €195 thousand (previous year: €0 thousand).

### 7. Other operating expenses

The following summary breaks down the primary items of other operating expenses:

In € thousand	01/01/2016 -	01/01/2015 -
In € thousand	03/31/2016	03/31/2015
IT services, management services	2,321	1,744
Occupancy expenses	1,084	1,004
Server hosting, administration and traffic	583	564
Payment transaction costs	510	544
Legal consulting fees	462	267
Travel, entertainment		
and other business expenses	460	411
Other personnel expenses	431	260
Training costs	142	111
Accounting fees	130	122
Bad debts	125	415
Phone / cell phone / postage / courier costs	120	125
Expenses attributable to prior periods	115	127
Financial statements preparation		
and auditing costs	90	85
Rental / leasing expenses	84	70
Exchange rate losses	78	37
Supervisory Board remuneration	71	72
Office supplies	46	50
Other	187	194
Total	7,039	6,202

The other expenses mainly comprise costs of contributions, other charges and insurance costs.

# 8. Depreciation, amortization and impairment losses

In the reporting period, the useful life of internally developed software was extended by a further twelve months to December 31, 2020. This led to the recognition of lower amortization of €248 thousand than as stipulated in the previous amortization schedule.

### 9. Related parties

Please refer to the consolidated financial statements as of December 31, 2015, for information about related parties. From the perspective of XING AG, no significant changes with respect to the Burda Group occurred until March 31, 2016.

There were no claims against members of the Executive Board and the Supervisory Board as of March 31, 2016.

# 10. Significant events after the interim reporting period

On April 14, 2016, XING AG acquired all of the shares of BuddyBroker AG and its product eqipia. eqipia is the leading smart automated employee referral program in Switzerland. The purchase price is set at CHF 3.2 million (approximately €2.9 million). An earn-out payment of up to CHF 4.8 million (approximately €4.4 million) may also take effect if the operating targets are reached.

The Austrian company was consolidated for the first time on the date on which ownership of the interests was transferred (April 14, 2016). Given the lack of reliable IFRS figures, further disclosures can only be made at a later time.

Hamburg, May 4, 2016

Dr. Thomas Vollmoeller Ingo Chu

Timm Richter Jens Pape

### Financial calendar

Interim Report Q1 2016 Annual General Meeting Half-year Report 2016 Interim Report Q3 2016 May 4, 2016 June 2, 2016 August 8, 2016 November 7, 2016

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### Concept, design and realisation

CAT Consultants, Hamburg www.cat-consultants.com

### Our social media channels

Corporate blog of XING AG

http://blog.xing.com

Information and news related to the capital markets

Twitter: xing\_ir

Topics and news related to the Company in general

German onlyTwitter: xing\_de

Corporate information and news in English

Twitter: xing\_com

XING AG's Youtube channel

Youtube: www.youtube.com/user/XINGcom?gl=DE

XING AG's Facebook profile

Facebook: www.facebook.com/XING

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