



For the period from January 1 to June 30, 2015

## **HALF-YEAR REPORT 2015**

# XING AG

## Key figures

	Unit	H1 2015	H1 2014	Q2 2015	Q2 2014	Q1 2015
Revenues <sup>1</sup>	in € million	59.5	47.1	30.2	24.4	29.3
Network/Premium segment	in € million	34.3	28.9	17.8	15.0	16.6
E-Recruiting segment	in € million	20.0	14.5	10.2	7.5	9.8
Events segment <sup>2</sup>	in € million	3.3	2.8	1.8	1.4	1.5
EBITDA reported	in € million	17.7	10.5	9.5	6.5	8.2
EBITDA excl. kununu earn-out <sup>3</sup>	in € million	17.7	11.5	9.5	7.0	8.2
EBITDA margin reported	in %	30	22	31	27	28
EBITDA margin excl. kununu earn-out <sup>3</sup>	in %	30	24	31	29	28
Consolidated net profit/loss reported	in € million	8.8	3.8	4.7	2.8	4.1
Consolidated net profit/loss excl. kununu earn-out and Events impairment loss <sup>3</sup>	in € million	8.8	4.8	4.7	3.3	4.1
Earnings per share (diluted) reported	in €	1.57	0.68	0.83	0.49	0.74
Earnings per share (diluted) excl. kununu earn-out <sup>3</sup>	in €	1.57	0.86	0.83	0.58	0.74
Cash flow from operations	in € million	17.9	14.0	3.9	6.4	14.1
Cash flow from operations excl. kununu earn-out <sup>4</sup>	in € million	21.9	14.0	7.9	6.4	14.1
Equity	in € million	51.7	41.0	51.7	41.0	47.5
Liquid funds	in € million	68.1	50.9	68.1	50.9	70.3
XING users Germany, Austria, Switzerland (D-A-CH), total	in million	9.22	7.57	9.22	7.57	8.8
thereof platform members	in million	8.78	7.39	8.78	7.39	8.4
thereof subscribers	in thsd.	861	829	861	829	855
B2B customers (D-A-CH)						
in the E-Recruiting segment	in thsd.	17.41	14.75	17.41	14.75	16.1
in the Events segment	in thsd.	2.05	2.40	2.05	2.40	2.2
Employees		727	626	697	626	675

<sup>1</sup> Total revenues including other operating income and less €0.2 million in intercompany revenue in each Q1 and Q2 2015.

<sup>2</sup> Including €0.2 million in intercompany revenue in each Q1 and Q2 2015.

<sup>3</sup> Due to changes in the IFRS guidance on accounting for purchase price obligations from earn-out arrangements arising from the acquisition of companies, since 2013 these have been recognized as personnel expenses instead of as a component of the purchase price. At XING, this change affects the earn-out obligation for the kununu transaction. Approx. €0.5 million each was recorded under personnel expenses in Q1 and Q2 2014. These personnel expenses are non-operating expenses. In accordance with the contractually agreed earn-out period, they only reduce earnings for the 2013 and 2014 financial years and the cash flow in the quarter in which the earn-out is paid out (Q2 2015). In its reports, XING AG also reports the key performance indicators eliminated by this effect to enable an appropriate interpretation of the development of operations based on EBITDA, net profit/loss for the period, and other earnings figures.

<sup>4</sup> Due to changes in the IFRS guidance on accounting for purchase price obligations from earn-out arrangements arising from the acquisition of companies, earn-out payments must be recognized under cash flows from operating activities. At XING, this change affects the earn-out obligation for the kununu transaction. The effect is €-3.9 million. The change in liabilities in the reporting period excluding the non-operating kununu effect, amounted to €2.3 million. The cash flows from operating activities for the reporting period, excluding the non-operating kununu effect, amounted to €21.9 million.

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# XING is the social network for business professionals.

XING is the social network for business professionals. Across all of its platforms, XING has 9.2 million users in its core markets of Germany, Austria and Switzerland. A total of 8.8 million of these users are members of the XING platform. XING is a platform where professionals from all kinds of different industries can meet up, find jobs, colleagues, new assignments, cooperation partners, experts, generate business ideas and find information about the latest topics in their industry. Members can meet and exchange views in around 74,000 specialist groups, while also getting together at networking events. The platform is operated by XING AG. The Company was established in 2003 in Hamburg, has been listed since 2006 and has been a TecDAX member since September 2011.

With the acquisition of kununu, the leading employer review platform in the German-speaking market, XING has further strengthened its position as the market leader in social recruiting.

XING also acquired Intelligence Competence Center AG in early 2015, adding the Jobbörse.com website – the biggest job search engine in the German-speaking market with over 2.5 million jobs – to the Company's portfolio.

Please visit [www.xing.com](http://www.xing.com) for further details.

# 01.

# TO OUR SHAREHOLDERS

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# Letter to our shareholders



Dr. Thomas Vollmoeller,  
Chief Executive Officer of XING AG

## LADIES AND GENTLEMEN,

Which resource do you use to keep abreast of current developments every day? The odds are high that the answer will be „XING.“ What began last year with a few trial runs in the form of email newsletters that we developed on the basis of social signals was substantially expanded in the early months of this year into an industry-specific information offering. This is tailored to 25 industries at present and reaches some 2 million regular readers. In addition, we recently introduced the XING News pages that are so far being used by over 100 media, including top media brands like manager magazin, FAZ, and Wirtschaftswoche, as well as specialized industry services. The XING News pages already have more than 400,000 followers and counting. These measures have turned XING into one of the largest distributors of job-related and economic news and topics in German-speaking regions this year.

Yet we have done still more to meet the needs of our customers even better, thereby increasing the level of activity on and use of the platform. For example, we continued to systematically optimize our range of mobile products. Our Jobs Marketplace app went live at the end of March. Users of the new XING Jobs Marketplace app hold their professional future in their hands wherever they are – in the subway, at the office or at the airport: even when on the move, they can use the app to search for companies that offer, for example, special career opportunities or employer benefits such as family-friendly working conditions or that have environmental or social expertise. In April we also launched our new universal app, which will make networking even easier because our members now need just one app to find out – even when on the go – what is happening in their network at that precise moment. This means that practically the same functions are therefore now available on all devices.

These are just two of the product highlights from the first half of 2015. I am delighted that all our efforts to create an even better experience for our customers and to help them realize their professional potential will continue to have an extremely gratifying effect on our financial figures.

In the first half of this year, we lifted total revenues by 26 percent to €59.5 million. All of our divisions contributed to this growth. Once again, the Premium business was the principal revenue driver in the reporting period, generating €34.3 million. With revenue growth of 19 percent, our Premium segment continued the record revenue trend witnessed in the first quarter of 2015. The E-Recruiting segment was the biggest driver of growth. For the first time, XING's B2B business reached the €20.0 million revenue mark, achieving growth of 37 percent. The Events business also lifted its revenues by 18 percent to €3.3 million. Ultimately, we boosted our profits by as much as 83 percent to €8.8 million in the first half of the year.

In the first six months of the year, we also acquired more new members than ever before. We welcomed 772,500 new members in this period, increasing our membership growth by nearly 70 percent compared with the previous year (+457,000). This meant that XING had 8.8 million members at the end of the second quarter and over 9.2 million users across all platforms. The number of paid memberships came close to 861,000.

As you can see, XING remains fully on track and the stage is set for continuing this growth in the future. In this spirit, I would like to thank you for your confidence in us.

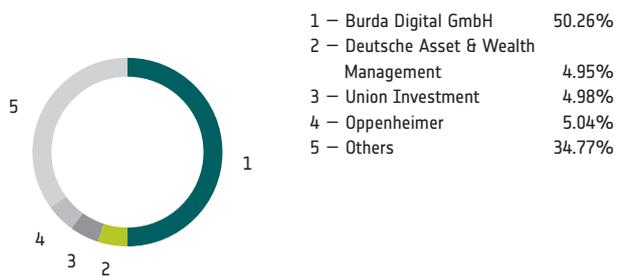
Kind regards,



*Dr. Thomas Vollmoeller*  
Chief Executive Officer of XING AG



### Shareholder structure



### Analyst recommendations for the XING share

Broker	Analyst	Recommendation	Price target
Berenberg Bank	Sarah Simon	Hold	€160
Commerzbank	Heike Pauls	Buy	€160
Oddo Seydler	Marcus Silbe	Buy	€200
Deutsche Bank	Benjamin Kohnke	Buy	€145
Goldman Sachs	Carl Hazeley	Hold	€185
Hauck & Aufhäuser	Lars Dannenberg	Hold	€160
Jefferies	David Reynolds	Buy	€170
Montega AG	Alexander Braun	Sell	€100
Warburg Research	Jochen Reichert	Hold	€106

# 02.

# INTERIM GROUP MANAGEMENT REPORT

for the period from January 1 to June 30, 2015

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# Course of business

## Macroeconomic environment

Germany's economy is experiencing a solid upturn. After expanding by 1.1 percent in the first three months of 2015, the German economy is expected to have gained momentum in the second quarter. The Ifo Institute estimates that gross domestic product (GDP) grew by 1.4 percent in real terms in the first six months of 2015. According to the German Bundesbank, the exceedingly favorable consumer climate was still the main driver of growth. Given the good employment situation and higher income levels, the propensity among private households to buy remained high. Austria's economic development, on the other hand, remained muted, although the moderate growth picked up slightly. According to estimates by the National Bank of Austria, real GDP rose by 0.2 percent in the first quarter and by 0.3 percent in the second three-month period. The Swiss economy was impacted in the first half of 2015 by the strong appreciation of the Swiss franc. Compared with the prior-year period, the pace of growth slowed appreciably (Q1 2015: +1.1 percent). By contrast, domestic demand – particularly consumer spending – generated positive impetus.

## Sector-specific environment

The situation in the German labor market remained positive, even though the momentum flattened out at a high level. According to the Federal Statistical Office, over 42.8 million people were in gainful employment in June, an increase of +0.4 percent year-on-year. The seasonally adjusted figure therefore remained stable in the first half of the year. Until June, the internationally comparable unemployment rate (ILO concept) decreased from 5.0 to 4.7 percent. According to figures published by the Federal Employment Agency, the number of unemployed persons declined by 122,000 year-on-year to 2.71 million in June 2015 (unemployment rate as calculated by the Federal Employment Agency: 6.2 percent, down from 6.5 percent in the previous year). By contrast, the labor market situation in Austria remained strained. While the number of gainfully employed people continued to rise, the jobless figure also increased owing to the weak economic momentum and the growing labor supply. The ILO unemployment rate in June 2015 was 6.0 percent (June 2014: 5.7 percent). The Swiss labor market developed robustly. Data released by the Swiss Federal Statistical Office shows that the number of people in work increased by 2.8 percent in the first quarter of 2015. However, in May 2015 the number of people out of work was 5.2 percent higher than in the same month in 2014 and the unemployment rate rose by 200 basis points to 3.1 percent (Swiss State Secretariat for Economic Affairs (SECO)).

The labor markets in the D-A-CH region (Germany, Austria, Switzerland) are therefore in a much healthier position than those in the euro zone or the EU as a whole. Nevertheless, there are still significant regional disparities in the D-A-CH region. Some areas still have high unemployment levels, whereas many others are increasingly experiencing a shortage of labor, especially skilled labor. In this environment, mobility among workers is becoming more and more important, particularly among younger people, who use the Internet to find information and send out applications more frequently than others. The Internet is thus becoming an increasingly important source of information for the labor market situation and career planning.

According to the Federal Statistical Office, in Germany nearly 60 million people or 80 percent of the population aged ten and up are online. These figures have been rising steadily for years.

Around 90 percent of this group use the Internet for e-mailing and to find information about products and services. Almost half of them use social networks - in the 25 to 54 age bracket slightly more (52.4 percent) and in the 10 to 24 age bracket as many as 82.1 percent (basis: Q1 2014). The trend toward higher penetration rates and, in particular, growing numbers of users in absolute terms is likely to continue in 2015. Internet use in Switzerland is slightly higher than in Germany, while in Austria it is marginally lower. According to Bitkom and Eurostat, Internet use in the D-A-CH region is above the EU average, but still has quite some way to go before catching up with Scandinavia, the Netherlands, and the United Kingdom, where this has reached around 90 percent or more.

## Results of operations in the Group

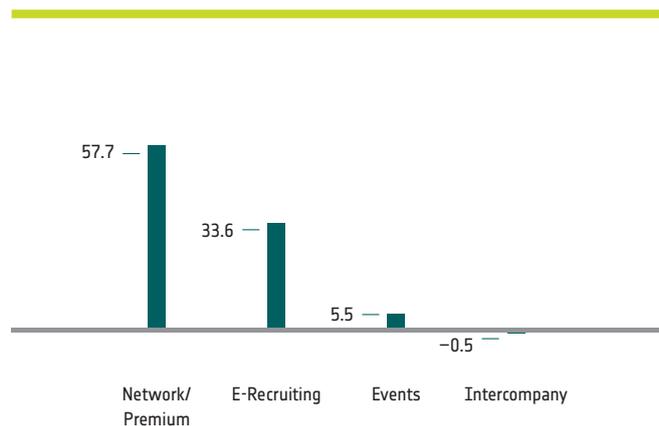
### Consolidated net profit up 83 percent in the first half of 2015

The first six months of the current financial year have been very successful. We lifted our revenues incl. other operating income by 26 percent to €59.5 million and our consolidated net profit (excluding expenses for the kununu earn-out) from €4.8 million (H1 2014) to €8.8 million.

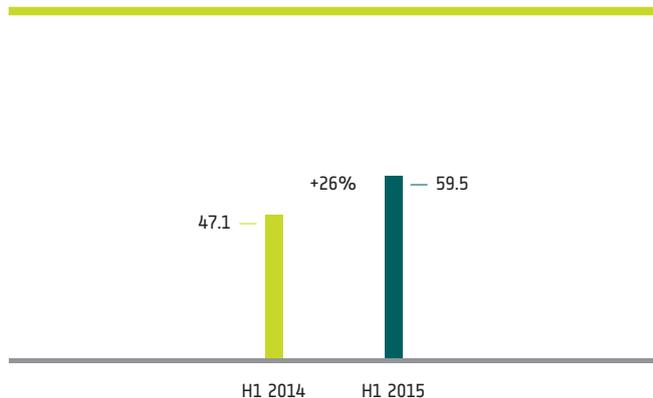
This is attributable to three main factors:

1. **Strong revenue growth of 19 percent in the Network/Premium segment**
2. **Sustained and dynamic growth of 37 percent in the E-Recruiting segment**
3. **Lower-than-average cost increases (economies of scale)**

### Distribution of revenue in H1 2015 (in %)



### Revenue (incl. other operating income) (in € million)



In past quarters, we continuously increased our growth rates at Group level. Under the consistent focus in line with our market positioning “For a better working life,” a large number of new products were established for members and companies in the reporting period. This has lifted consolidated revenues (including other operating income) by 26 percent to €59.5 million from €47.1 million in the first half of 2014. It should be noted that the figure posted for other operating income in the first quarter of 2015 is about €1 million above its typical level as a result of positive currency effects. Without this inflationary effect, revenue growth is about 24 percent. The increase in revenues of €12.3 million in absolute terms compared with the first half of 2014 is largely attributable to the revenue growth in the Network/Premium (€+5.4 million) and E-Recruiting (€+5.4 million) segments. This encouraging trend in revenue is an important component for improving consolidated net profit.

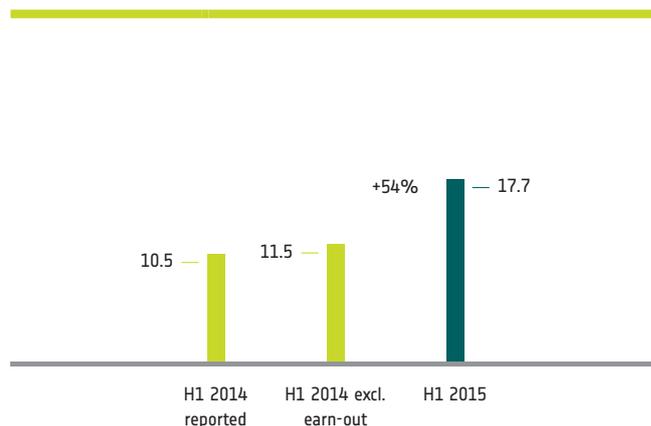
Another component is the lower-than-average increase in costs in the first half of 2015. For instance, personnel expenses, the largest single cost item, rose by 16 percent to €22.8 million (H1 2014: €19.6 million excluding non-operating expenses for the kununu earn-out).

We further optimized our marketing expenses again, especially for the TV campaign in the first half of the year, and invested a total of €5.7 million in building the brand, in our positioning and in acquiring new members. This represents an increase of just 6 percent compared with the prior-year period.

Other operating expenses totaled €13.3 million in the first six months of 2015, an increase of 25 percent. This rise is essentially due to additional external advisory services, especially in connection with the development of XING’s long-term strategy and the increased use of freelancers.

Consequently, the Group’s operating result (EBITDA) in the first half year rose by 54 percent to €17.7 million (H1 2014: €11.5 million excluding the non-operating kununu earn-out obligation). As a result, the margin in the first six months was 30 percent, up from 24 percent in the same period in 2014.

### EBITDA (in € million<sup>1</sup>)



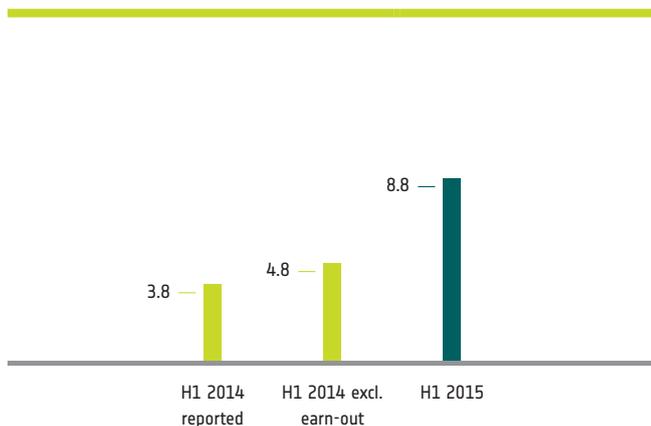
<sup>1</sup> Due to changes in the IFRS guidance on accounting for purchase price obligations from earn-out arrangements arising from the acquisition of companies, since 2013 these have been recognized as personnel expenses instead of as a component of the purchase price. At XING, this change affects the earn-out obligation for the kununu transaction. Approx. €0.5 million each was recorded under personnel expenses in Q1 and Q2 2014. These personnel expenses are non-operating expenses. In accordance with the contractually agreed earn-out period, they only reduce earnings for the 2013 and 2014 financial years and the cash flow in the quarter in which the earn-out is paid out (Q2 2015). In its reports, XING AG also reports the key performance indicators eliminated by this effect to enable an appropriate interpretation of the development of operations based on EBITDA, net profit/loss for the period, and other earnings figures.

Depreciation, amortization and impairment losses in the first six months of the current financial year amounted to €4.4 million as in the previous year (H1 2014: €4.4 million) and include write-downs of around €0.2 million for the assets of the acquired company Intelligence Competence Center (Deutschland) AG identified in the purchase price allocation.

As a result, EBIT for the period under review was €13.3 million, contrasted with EBIT (excluding non-operating expenses for the kununu earn-out) of €7.1 million for the first half of 2014.

After deducting taxes of €4.5 million, consolidated net profit for the first six months was €8.8 million and thus 83 percent higher year-on-year than net profit reported in the first six months of 2014, excluding non-operating expenses for the kununu earn-out.

#### Consolidated net profit/loss (in € million<sup>1</sup>)



<sup>1</sup> Due to changes in the IFRS guidance on accounting for purchase price obligations from earn-out arrangements arising from the acquisition of companies, since 2013 these have been recognized as personnel expenses instead of as a component of the purchase price. At XING, this change affects the earn-out obligation for the kununu transaction. Approx. €0.5 million each was recorded under personnel expenses in Q1 and Q2 2014. These personnel expenses are non-operating expenses. In accordance with the contractually agreed earn-out period, they only reduce earnings for the 2013 and 2014 financial years and the cash flow in the quarter in which the earn-out is paid out (Q2 2015). In its reports, XING AG also reports the key performance indicators eliminated by this effect to enable an appropriate interpretation of the development of operations based on EBITDA, net profit/loss for the period, and other earnings figures.

Earnings per share in the reporting period therefore were €1.57, compared with earnings per share (excluding non-operating expenses for the kununu earn-out) of €0.86 for the first half of 2014.

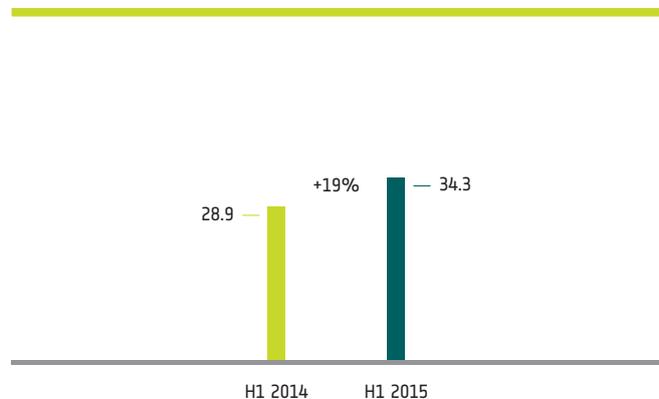
## DEVELOPMENT IN THE NETWORK & PREMIUM SEGMENT

### Half-yearly revenues up 19 percent

Our core business with paid membership accounts performed very well in the first six months. Segment revenues climbed 19 percent to €34.3 million, which is evidence of the successful revitalization of our core business. This is attributable to the following factors in particular:

- 1) Higher average price for new and existing customers
- 2) Faster net subscriber growth vs. 2014
- 3) New paid services (XING ProJobs membership)

#### "Network/Premium" segment revenues (in € million)



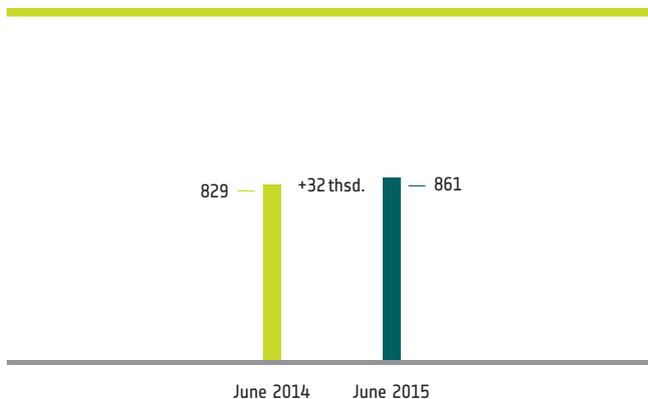
### Steady increase in average price per customer

We raised our prices for Premium membership for new customers in mid-2013. In a further step, we also changed our existing customers with old rates over to a new, higher price level in 2014 for the first time. These effects are responsible for a large share of the revenue growth in this segment. Average monthly revenue per user, for example, rose from €5.3 to €6.1 (incl. ProJobs) in the first half of 2015.

We also acquired more than 32,000 new subscribers between June 2014 and June 2015 (June 2013 through June 2014: +28,000), thus considerably increasing the average size of the portfolio. In addition, we have substantially expanded our range of premium services since June 2014 and successfully created the new XING ProJobs membership in December 2014. By the end of June 2015, a total of 861,000 members were therefore paying for the enhanced functions and services of paid membership accounts.

The dynamic revenue growth had a correspondingly positive effect on segment EBITDA, which climbed 12 percent in the reporting period, from €18.9 million to €21.2 million.

#### Subscribers (in thsd.)

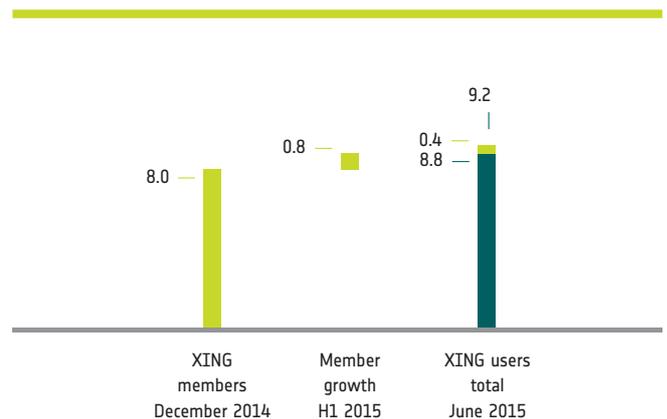


#### Strongest half-year growth since the Company's foundation

The XING platform is witnessing unabated growth in the D-A-CH region. In the wake of an unusually strong first quarter of 2015, in which we recorded 439,000 new members, we added a further 333,500 new members in the seasonally weaker second quarter. With 772,500 new members, the first half of 2015 (H1 2014: 456,000) was therefore the most successful half-year in the history of the Company. Correspondingly, the platform memberships base rose to 8.8 million at the end of June (June 2014: 7.4 million).

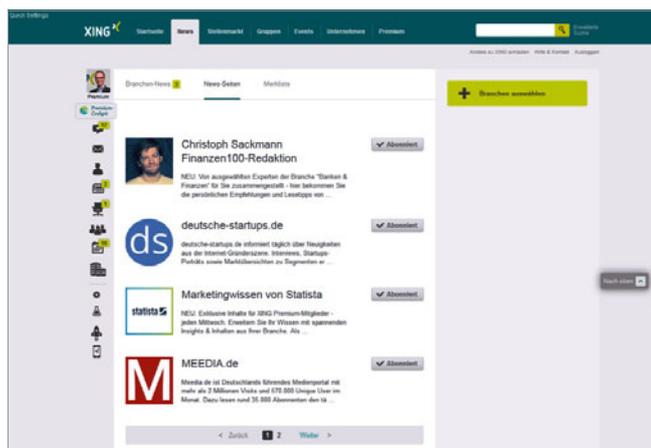
Ever since our event ticketing platform amiando was rebranded as XING Events and thus integrated even more closely with the XING platform, we have also reported on the growth of XING Events users. We added around 442,000 new users to the XING Group since figures were first recorded in January 2014. Together with the 8.8 million platform members, this gives a XING user base of 9.2 million at the end of June 2015.

#### Member and user growth in H1 2015 in D-A-CH (in million)



### Greater relevance, activity and flexibility

In the first half of the year, we presented numerous improvements and innovations for our users on the platform. By introducing the **XING News pages**, we created in a very short time a place on the platform where our members can read content from around 25 different industries to keep up to date with news that is relevant for them. Some two million people now read our industry news. More than 100 publishers have already been linked up.



In this context, not only which news our members consume is important, but also the fact that they can call up our content at any time anywhere to keep track of recent developments at all times. To this end, we launched our new **universal app** in April. This enables our members to access their contacts while on the move, follow their contacts' activities and read the most important news from their industry. Previously, over two million XING users had two different apps installed on their iPads and iPhones. The universal app will make

networking even easier because our members now need just one app to find out - even when on the go - what is happening in their network at that precise moment. This means that virtually the same functions are therefore now available on all devices. For example, the industry news can also be read on an iPad.



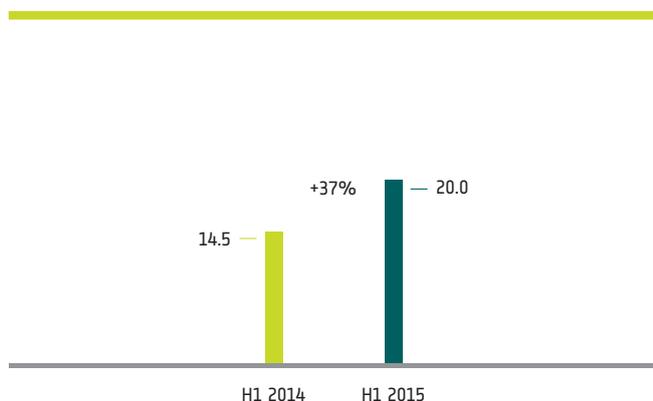
We also revamped our desktop version: we tidied-up the design, improved the options for member interaction and gave Network News a uniform look on any user device. We have also simplified feed interactivity. Contact activities are one example: If member's feed shows that one of their contacts has subscribed to the feed for a particular company, is following a News page or has joined a group, members are now given action options directly within the feed. With groups, for example, members can simply use the "Join" button to join the same group as their contact. Previously, direct actions were available only with the "Add" button - for new contacts-of-contacts.

## DEVELOPMENT IN THE E-RECRUITING SEGMENT

### Growth of 37 percent

In the E-Recruiting segment, our dynamic growth in the previous year continued in the first six months, enabling us to generate half-yearly revenue of €20 million (H1 2014: €14.5 million). Segment EBITDA rose even faster by 42 percent to €9.9 million (H1 2014 excluding the non-operating kununu earn-out obligations). The number of Corporate Customers (B2B customers) climbed from around 14,700 to over 17,000 at the end of June 2015.

### "E-Recruiting" segment revenues (in € million)



We believe this development can be attributed to three key trends that have already dramatically changed the world of work. The first of these is digitization, which affects virtually all industries. The second is demographic change and, as a consequence, the shortage of skilled labor, which is presenting nearly all employers with new challenges. The third is changes in values, which started with the more demanding attitude of what has been dubbed "Generation Y." A key aspect of this is the claim that work must fit in with a person's lifestyle, not the other way round. Companies need to come to grips with these trends and take new, innovative approaches to identify the best candidates to fill their vacancies.

In recent years, XING, for instance, has not only marketed conventional job advertisements (**passive recruiting**) on the XING platform, but also rolled out other major new products in the **Active Recruiting** (XING Talent Manager) and **Employer Branding** (kununu.com or the employer branding profile) subsegments.

The strongest driver of growth was the Active Sourcing subsegment with its **XING Talent Manager**. Here, the number of corporate customers rose by almost 50 percent to more than 2,400, illustrating the need for companies to actively compete for talented people and approach them directly.

Any company wishing to continuously position itself as an attractive employer uses the leading employer review platform [www.kununu.com](http://www.kununu.com) (Employer Branding). Here, too, we are benefiting from the lasting changes and new challenges for companies to present themselves wherever they meet potential employees or talented personnel. Over the past twelve months, we lifted the number of employer branding profiles sold by 84 percent to over 1,800.

The acquisition of [Jobbörse.com](http://Jobbörse.com) in January 2015 was an important milestone in the strategic repositioning of the **Passive Recruiting** subsegment and for safeguarding its future.

Featuring over 2.5 million job advertisements, the [www.jobbörse.com](http://www.jobbörse.com) website is the largest job search engine in German-speaking countries. By acquiring [Jobbörse.com](http://Jobbörse.com), which currently searches around 15 million domains including more than 1.5 million company pages, we simultaneously secured the leading destination and the leading search technology.

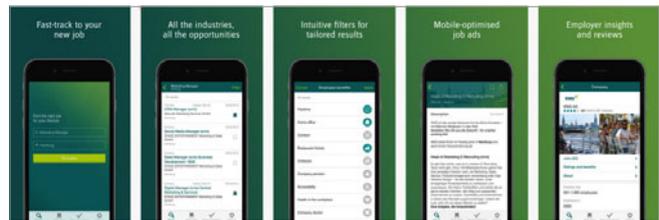
A few months later, we completely redesigned the portal to make it easier for users to search for the right job in the future, introducing a much-improved user navigation with new filters and a mobile-optimized design for using the platform live on smartphones and tablets.

This allows jobseekers to find the job that matches their qualifications and needs quickly and easily. Using the new “dynamic smart filter”, users can limit the search results to relevant jobs with just a few clicks of the mouse. The “dynamic smart filter” adjusts to each individual job description. For example, around 8,400 jobs for marketing managers are currently listed on Jobbörse.com. Jobseekers can immediately see at a glance which skills are most frequently sought. In an instant, they can limit the vast number of search results to those positions for which knowledge of something like social media or design is fundamental. What is special about this is that jobseekers can also exclude advertisements from the list of results by listing specific requirements that they cannot or do not wish to fulfill.

Another new feature is the option of filtering on the basis of specific benefits. The search results can be narrowed down to the job advertisements that include entries such as “company car,” “flexible working hours” or “company pension.”

### XING Jobs goes mobile

Today, our platform is being accessed on mobile devices fifty percent of the time. This is why we launched the XING Jobs Marketplace app in the first quarter of 2015. The platform helps our users to find jobs easily with employers who are particularly good at addressing the life situations of their current employees. For example, we can show them jobs at companies with family-friendly working conditions, or those that have environmental or social expertise. Jobseekers can thus find the job that is right for them.



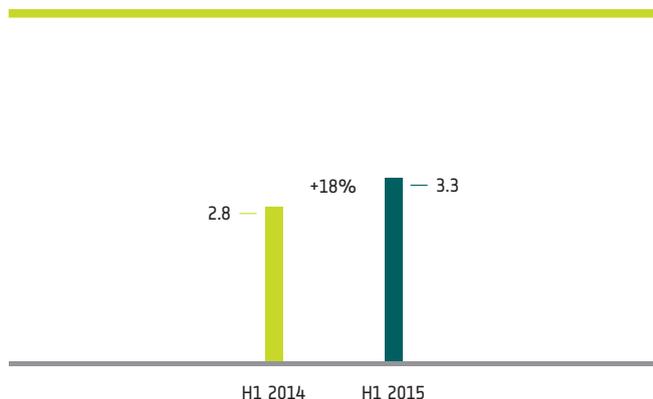
This is also the first job app that allows users to apply the usual search and filter criteria – such as area, career level or type of employment – to look for jobs at companies which fit best with their individual employer preferences, expectations and requirements. These can include companies offering special employee benefits such as child care or coaching – or even dog-friendly environments.

## DEVELOPMENT IN THE EVENTS SEGMENT

### Significant improvement in segment result

In our third revenue pillar, XING EVENTS, we carried out a vital strategic realignment in recent quarters. In line with our market positioning "For a better working life," we had already started to focus the XING EVENTS business more squarely on the needs of our users in 2014, thereby exploring another source for XING subscriber growth in the coming years.

### "Events" segment revenues (in € million)



After dipping marginally at the beginning of the year, third-party revenues in the Events segment developed positively again in the second quarter, leading to a growth of 18 percent year-on-year once more in the first six months of 2015. The main drivers of this growth were as follows:

- 1) Higher average ticket prices
- 2) New products such as Events PLUS and Ad Master
- 3) More events organized by each event organizer than in the previous year

Due to an only modest increase in the cost base, especially in the B2B subsegment, segment EBITDA in the first half year was slightly positive at €0.2 million for the first time since the acquisition of the business (H1 2014: € -1.1 million).

### Event PLUS

Since the first quarter of the year, Event PLUS has been offering organizers a new kind of event page on the XING platform. When organizing their event on XING, event hosts can use this feature to choose between a free Event page and Event PLUS. With this new product, event organizers gain access to a much larger pool of potential attendees while also being provided with a detailed set of statistics about event reach.



With Event PLUS, organizers can advertise their event on pages listing events on similar topics, thus gaining access to a larger audience simultaneously selected to match the focus of their event. By targeting potential participants in this way, the event extends its reach within the relevant target audience.

## Net Assets

As of June 30, 2015, non-current assets were measured at €36.2 million (December 31, 2014: €26.3 million). The long-term capital of €62.4 million gave rise to a 172 percent surplus over non-current assets (December 31, 2014: €50.7 million; corresponds to a 193 percent surplus).

Non-current assets increased by €8.3 million, mainly in connection with the acquisition of Intelligence Competence Center (Deutschland) AG (Jobbörse.com) as well as due to further capitalizations of development expenses for the XING platform, which exceeded depreciation and amortization by €3.1 million.

The increase in long-term capital can essentially be attributed to the profit of €8.8 million for the first half of the year. Added to this are income from the exercise of stock options (€+4.2 million) and a €1.5 million rise in non-current liabilities related to the acquisition of Intelligence Competence Center (Deutschland) AG (Jobbörse.com). The payment of the dividend for 2014 had an offsetting effect (€-5.1 million).

Current assets excluding cash increased by €6.1 million in the first half year to €20.8 million, mainly on account of higher receivables from services (€+3.0 million) resulting from the revenue growth and outstanding receivables at the reporting date stemming from the exercise of stock options (€+2.7 million).

The change in current liabilities is primarily attributable to an increase in liabilities from current deferred income (€+8.6 million). Other current financial liabilities decreased by €3.9 million due to the payment of the earn-out to the seller of kununu GmbH with simultaneous recording of a purchase price liability of €1.3 million arising from the acquisition of Intelligence Competence Center (Deutschland) AG. Conversely, current liabilities increased by €4.0 million, mainly on account of higher personnel obligations (€+1.3 million) and outstanding invoices (€+1.2 million) as well as due to higher liabilities of XING Events GmbH to event organizers (€+1.1 million). Together with several other changes, this results in an €9.7 million increase in current liabilities to €67.1 million (December 31, 2014: €57.4 million).

At the closing date, the Group's total assets amounted to €129.5 million, an increase of €21.4 million (20.0 percent) compared with December 31, 2014 (€108.1 million). The Company has €68.1 million in cash, which remains the largest item on the assets side of the statement of financial position, accounting for 53.0 percent (December 31, 2014: €64.0 million or 59.0 percent) of total assets.

## Financial Position

In the first six months of 2015, the XING Group generated positive cash flows from operating activities of €17.9 million, as compared with €14 million in the first half of 2014. The positive cash flows were primarily attributable to the operating result plus a further increase in advance customer payments of €9.2 million (prior-year period: €+5.9 million). Due to changes in the IFRS guidance on accounting for purchase price obligations from earn-out arrangements arising from the acquisition of companies, earn-out payments must be recognized under cash flows from operating activities. At XING, this change affects the earn-out obligation for the kununu transaction. The effect is €-4.0 million. The cash flows from operating activities for the reporting period, excluding the non-operating kununu effect, amounted to €21.9 million.

The cash flows from investing activities amounted to €-11.1 million in the first half of 2015 (previous year: €-5.8 million). The year-on-year decrease is mainly due to the acquisition of Intelligence Competence Center (Deutschland) AG (€-5.0 million). The other investments in fixed assets rose by €0.9 million to €6.1 million. Due to changes in the IFRS guidance on accounting for purchase price obligations from earn-out arrangements arising from the acquisition of companies, earn-out payments must be recognized under cash flows from operating activities. At XING, this change affects the earn-out obligation for the kununu transaction. The effect is €-4.0 million. The cash flows from investing activities for the reporting period, including the purchase price obligation from earn-outs in connection with the acquisition of kununu, amounted to €-15.1 million.

The cash flows from financing activities amounted to €-2.7 million in the first half of 2015. In the comparative period in 2014, cash flows from financing activities were €-23.4 million. Payments included €5.1 million in dividend payments to shareholders (prior-year period: €23.4 million, including a special dividend of €20.0 million). Cash proceeds from the exercise of stock options and the sale of treasury shares under stock option programs amounted to €2.5 million (prior-year period: €0.0 million).

At the end of the reporting period, the XING Group had liquid funds of €68.1 million, up from €64.0 million at the end of the first half of 2014. The Group also held third-party cash of €4.4 million (December 31, 2014: €3.2 million).

At 31 percent, the cash flow margin (cash flows from operating activities/revenue from services) remained at the high level it has sustained for several years (prior-year period: 30 percent). This attests to the value of the business and makes further investments in growth possible. Excluding the non-operating kununu effect, the cash flow margin in the reporting period was 37 percent.

With an equity ratio of 40 percent as of June 30, 2015 (December 31, 2014: 40 percent), the XING Group is still largely equity-financed. This provides a solid basis for the Company that gives it considerable stability even in the event of negative developments.

## Risk report

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. Their task is to immediately remove all risks in their own area of responsibility and to immediately notify the corresponding contacts 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 information 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 2014 Annual Report.

## Report on expected developments and opportunities

### ECONOMIC OUTLOOK

The general trend in the global economy in 2015 is a moderate upswing that is principally sustained by the recovery in the industrialized countries. Driving this trend are favorable financing conditions, low oil prices and an improved outlook for the labor market. However, development in North America was initially significantly worse than expected owing to the extremely cold weather and strikes at U.S. ports. In fact, the U.S. economy contracted in the first quarter and will be unable to catch up. This prompted the International Monetary Fund (IMF) to revise its forecast for global economic growth in 2015 downward in July from 3.5 percent to 3.3 percent (2014: +3.4 percent). Still, the United States will achieve robust growth of 2.5 percent for 2015 as a whole and the euro zone is expected to continue its increasingly sustainable recovery, expanding by 1.5 percent (2014: +0.8 percent). The IMF considers the heightened volatility on the financial markets and the sometimes substantial price movements in assets to be the main risks to the global upturn.

In the United States and the United Kingdom, the long-expected interest rate hike by the central banks is on the horizon for the end of 2015 and will possibly even occur in the fall. The ECB, on the other hand, looks set to continue its highly expansionary monetary policy as planned with low interest rates and quantitative easing through bond-buying. In view of this situation, further currency effects - which may also weigh on the euro - cannot be ruled out. In this global environment and assuming the political crises can be contained, the German economy should continue to gain momentum. The Ifo Institute expects that the growth rate will increase to 2.3 percent in the second half of 2015. The Institute's GDP forecast for 2015 as a whole is 1.9 percent (2014: +1.6 percent). The upswing is based on an increasingly broader footing because alongside private consumer demand an increase in investment activity and rising exports are providing new impetus.

The National Bank of Austria (OeNB) believes that the Austrian economy will sustain its modest growth for the time being and anticipates a gradual acceleration in economic development at a low level. For the third quarter, the OeNB is forecasting GDP growth of 0.6 percent compared with the prior-year period and an increase of 0.7 percent for 2015 as a whole. In 2016, the upturn, which is primarily fueled by private consumer demand, will pick up considerable speed on the back of the planned tax reform and other factors.

Swiss economic researchers (State Secretariat for Economic Affairs (SECO) - Expert Group of the Federal Government) believe that thanks to strong domestic demand and the recovery of the global economy the Swiss economy will adapt to the new exchange rates without falling into a deep recession. GDP growth for 2015 is estimated at 0.8 percent. The Swiss Institute for Business Cycle Research (KOF) in Zurich is more skeptical, forecasting growth of just 0.4 percent compared with 2.0 percent in the previous year. However, both of these forecasts are based on the assumption that there will be a gradual recovery in the second half of 2015.

#### EXPECTED SECTOR-SPECIFIC ENVIRONMENT

According to estimates by the Ifo Institute, the situation in the German labor market will continue to improve. Higher macroeconomic output is increasing employment, but the shortage of skilled labor in a number of areas and rising labor costs are having a dampening effect. Overall, the Ifo Institute expects the number of people in gainful employment to climb by 235,000 this year and by 250,000 next year. According to the Ifo's estimates, the number of people out of work will drop by 135,000 (2015) to below 2.8 million and by a further 119,000 in 2016, reducing the unemployment rate (as defined by the Federal Employment Agency) from 6.7 percent in the previous year to 6.3 percent (2015) and then to 6.0 percent (2016). In line with this forecast, the internationally comparable unemployment rate (ILO concept) will improve to 4.3 percent this year and to 4.1 percent next year (2014: 4.7 percent).

The situation on the Austrian labor market still shows no signs of easing. The National Bank of Austria (OeNB) projects that in spite of the country's rather sluggish economy employment will continue to rise – by 0.7 percent in 2015 and at a faster pace in 2016. However, because the labor supply is growing at the same time, the jobless figure will remain high. According to the OeNB, the unemployment rate (ILO) will peak at 5.7 percent each in 2015 and 2016 (2014: 5.6 percent) and only recede somewhat in 2017.

The Swiss labor market is currently seeing lower demand for labor in the export industry yet growth in consumer-related enterprises focusing on the domestic market. In line with this development, economic researchers in Switzerland are forecasting that the unemployment rate will edge up from 3.2 percent in 2014 to 3.3 percent in 2015 (national SECO definition). Calculated on the basis of the ILO measure of employment, which is used internationally, this corresponds to a rate of 4.4 percent. It is forecast that the unemployment rate in Switzerland (SECO definition) will rise further in 2016.

The very large imbalances between some of the labor markets will disappear, albeit exceedingly slowly and in the long term. Companies are now increasingly competing for suitable, highly qualified people. This will increase the importance of e-recruiting, which could especially benefit social media offerings. Against this background, it should be emphasized that the XING platform is expected to continue its robust growth in the future.

## EXPECTED DEVELOPMENT

### Revenue and earnings targets

In our financial key performance indicators, we expect consolidated revenues and earnings to increase. As things currently stand, we therefore can provide the following detailed overview of the revenue and earnings targets for the Group as well as the main segments:

Financial key performance indicators	Forecast for 2015	Progress in H1 2015
Consolidated revenues	Double-digit percentage growth	+26% vs. H1 2014
Consolidated EBITDA (adjusted for special factors)	Significant increase in EBITDA	+54% vs. H1 2014
Network/Premium segment revenues	Double-digit percentage growth	+19% vs. H1 2014
EBITDA (adjusted for special factors), Network/Premium segment	Significant increase in EBITDA	+12% vs. H1 2014
E-Recruiting segment revenues	Double-digit percentage growth	+37% vs. H1 2014
EBITDA (adjusted for special factors), E-Recruiting segment	Significant increase in EBITDA	+42% vs. H1 2014
Events segment revenues	Slight increase	+18% vs. H1 2014
EBITDA (adjusted for special factors), Events segment	Slightly improved, negative segment EBITDA in the single-digit million euro range	€0.2 million

### Dividend targets

We have been pursuing a sustainable dividend policy since 2012. The liquid funds of €64 million as of the end of 2014 and XING's cash-generative business model enable the Company to pay dividends on a regular basis without changing its business strategy, which is aimed at achieving growth. We intend to continue to make regular dividend payments in the future.

### Liquidity and financial targets

On account of our highly profitable, cash-generative business model, our liquidity requirements are very low. We therefore anticipate a further increase in cash funds in the 2015 financial year excluding extraordinary items such as acquisitions or special dividends.

### Planned capital expenditures

Following an increase in the investment volume (CAPEX) of €1.6 million to €12.1 million in the 2014 financial year, we anticipate a further increase for the 2015 financial year (H1 2015: €6.1 million). As in previous years, capital expenditure will be concentrated on server capacity, software licenses, and internally developed software.

### Forecast of non-financial key performance indicators

We defined the number of members in the D-A-CH region as well as the number of subscribers in this region as key performance indicators for the Network/Premium segment. Our objective is to generate more growth in the D-A-CH region in 2015 than in the financial year just ended (2014: +1,076,000) and to grow our portfolio of subscribers compared with the previous year (2014: +28,000 new subscribers) as well. This guidance is essentially based on the planned activities (new products, expansion of sales, enhancing existing products) and the market potential, which remains high due to the fact that penetration rates of networks used by professionals in German-speaking countries are low compared with other countries.

Relationships with business customers is the most important indicator in the E-Recruiting and Events segments. This is because unlike in the Network/Premium core business, revenues in these segments are generated exclusively from the sale of services to corporate customers (B2B). For this reason, the number of corporate customers in particular is to be significantly increased in the E-Recruiting segment in the 2015 financial year. In the Events segment, we expect the number of corporate customers to be similar to that of 2014.

Non-financial key performance indicators	Forecast for 2015	Progress in H1 2015
Network/Premium segment: Members in the D-A-CH region	Year-on-year growth (2014: 1,076,000)	+772,500 (H1 2014: 456,000)
Network/Premium segment: Subscribers in the D-A-CH region	Stronger growth in absolute terms (2014: 28,000)	+25,795 (H1 2014: 21,932)
E-Recruiting segment: Number of corporate customers (B2B)	Sharp increase	+18% vs. H1 2014
Events segment: Number of corporate customers (B2B)	Similar figure as in 2014	-15% vs. H1 2014

## REPORT ON OPPORTUNITIES

Our two largest segments, Network/Premium and E-Recruiting, operate in attractive growth markets. Here, we have demonstrated in recent years that our monetization strategy for different products for members and corporate customers has been implemented successfully to date. Internet-based business models in particular are marked by rapid change and require companies to possess the ability to adapt. In this respect, opportunity management is an integral part of our business activities aimed at safeguarding our enterprise value in the long term and achieving our goals. Opportunity management at XING therefore focuses heavily on the divisions' individual strategies. At regular meetings on the development of business, the developments and trends of the market and the competitive environment are discussed and the opportunities resulting from this for the respective divisions assessed. Any opportunities identified are discussed with the individual divisions as part of the planning and controlling process in order to perform a qualitative and quantitative assessment. One of the tasks of the divisions themselves is to identify strategic opportunities in their respective submarkets and to develop measures for product development and its focus from these.

As the market leader in the fields of business social networking and social recruiting in the D-A-CH region, we believe we have further opportunities for expanding our market position and continuing our penetration these important markets.

### Opportunities presented by positive economic developments

The economic conditions also affect the development of business at XING to varying degrees. As our assessment of the future development of the results of operations is based on the assumptions about economic developments described in the management report, a substantial improvement in the economic conditions could have an extremely positive influence on our business activities.

### Opportunities presented by product development and innovation

XING is a growth company. Our business success therefore depends to a large extent on our speed of innovation and our ability to implement ideas when developing new products and services for our members and business customers in all of our divisions. Continuous process improvements and the efficient use of our development resources as well as identification of important trends might provide further opportunities for improving growth rates. If we make progress in this area faster than expected and establish relevant offerings for our customers even faster, this would have additional positive effects on XING's revenues and earnings development.

### Opportunities presented by faster penetration of important growth markets

In the E-Recruiting division, additional opportunities could arise if companies come to accept the implementation of active recruitment measures and employer branding quicker than anticipated. The megatrends identified by us could play an important role in this context. Digitization, the shortage of skilled labor, and the demands of Generation Y (Gen Y) dominate the labor market today and will do so in the next years.

If this trend continues in the German-speaking markets at a faster rate than expected, it may have highly positive effects on our revenue and earnings development, especially in the E-Recruiting segment.

Overall, the penetration of key growth markets at a faster pace than projected provides a wealth of opportunities for XING, especially given the low level of penetration in these markets up to now. Further opportunities could be provided by the establishment of new sources of revenues or business models.

# 03.

# INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the period from January 1 to June 30, 2015

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# Consolidated statement of comprehensive income of XING AG

for the period from January 1 to June 30, 2015

## Consolidated statement of comprehensive income

in € thousand	01/01/2015 – 06/30/2015	01/01/2014 – 06/30/2014	04/01/2015 – 06/30/2015	04/01/2014 – 06/30/2014
Service revenues	57,290	46,271	29,609	23,915
Other operating income	2,187	868	605	464
<b>TOTAL OPERATING INCOME</b>	<b>59,477</b>	<b>47,139</b>	<b>30,214</b>	<b>24,379</b>
Personnel expenses	-22,777	-20,584	-11,530	-10,478
Marketing expenses	-5,680	-5,379	-2,095	-1,548
Other operating expenses	-13,275	-10,636	-7,073	-5,824
<b>EBITDA</b>	<b>17,745</b>	<b>10,540</b>	<b>9,516</b>	<b>6,529</b>
Depreciation, amortization and impairment losses	-4,427	-4,421	-2,278	-2,202
<b>EBIT</b>	<b>13,318</b>	<b>6,119</b>	<b>7,238</b>	<b>4,327</b>
Finance income	12	42	6	19
Finance costs	-43	-31	-27	-17
<b>EBT</b>	<b>13,287</b>	<b>6,130</b>	<b>7,217</b>	<b>4,329</b>
Taxes on income	-4,503	-2,316	-2,550	-1,559
<b>CONSOLIDATED NET PROFIT/LOSS</b>	<b>8,784</b>	<b>3,814</b>	<b>4,667</b>	<b>2,770</b>
Earnings per share (basic)	1.57 €	0.68 €	0.83 €	0.49 €
Earnings per share (diluted)	1.57 €	0.68 €	0.83 €	0.49 €
<b>CONSOLIDATED NET PROFIT/LOSS</b>	<b>8,784</b>	<b>3,814</b>	<b>4,667</b>	<b>2,770</b>
Currency translation differences	-8	0	0	-1
Other comprehensive income	-8	0	0	-1
<b>CONSOLIDATED TOTAL COMPREHENSIVE INCOME</b>	<b>8,776</b>	<b>3,814</b>	<b>4,667</b>	<b>2,769</b>

# Condensed consolidated statement of comprehensive income excl. kununu earn-out

for the period from January 1 to June 30, 2015

## Condensed consolidated statement of comprehensive income excl. kununu earn-out

in € thousand	01/01/2015 – 06/30/2015	01/01/2014 – 06/30/2014	04/01/2015 – 06/30/2015	04/01/2014 – 06/30/2014
Total operating income	59,477	47,139	30,214	24,379
EBITDA excl. kununu earn-out	17,745	11,528	9,516	7,023
EBIT excl. kununu earn-out	13,318	7,107	7,238	4,821
Consolidated net profit/loss excl. kununu earn-out	8,784	4,802	4,667	3,264
Earnings per share (basic) excl. kununu earn-out	1.57	0.86	0.83	0.58
Earnings per share (diluted) excl. kununu earn-out	1.57	0.86	0.83	0.58
Consolidated net profit/loss excl. kununu earn-out	8,784	4,802	4,667	3,264
Currency translation differences	-8	0	0	-1
Other comprehensive income	-8	0	0	-1
Consolidated total comprehensive income excl. kununu earn-out	8,776	4,802	4,667	3,264

# Condensed consolidated statement of cash flows excl. kununu earn-out

for the period from January 1 to June 30, 2015

## Condensed consolidated statement of cash flows excl. kununu earn-out

in € thousand	01/01/2015 – 06/30/2015	01/01/2014 – 06/30/2014	04/01/2015 – 06/30/2015	04/01/2014 – 06/30/2014
Consolidated net profit/loss excl. kununu earn-out	8,784	4,802	4,667	3,264
Consolidated net profit/loss before taxes excl. kununu earn-out	13,287	6,130	7,218	4,329
Cash flows from operating activities	21,861	13,991	7,851	6,381
Cash flows from investing activities	-15,090	-5,830	-7,400	-3,544

# Consolidated statement of changes in equity of XING AG

for the period from January 1 to June 30, 2015

## Consolidated statement of changes in equity

in € thousand	Subscribed capital	Capital reserves	Treasury shares	Other reserves	Net retained profits	Total equity
<b>AS OF 01/01/2014</b>	<b>5,592</b>	<b>18,477</b>	<b>- 455</b>	<b>16,368</b>	<b>20,600</b>	<b>60,582</b>
Currency translation	0	0	0	0	0	0
<b>Total income and expenses for the period recognized directly in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Consolidated net profit/loss	0	0	0	0	3,814	3,814
<b>Consolidated total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,814</b>	<b>3,814</b>
Capital increase from share-based payment	0	0	0	0	0	0
Sale of treasury shares	0	0	23	0	0	23
Dividend for 2013	0	0	0	0	- 23,433	- 23,433
Personnel expenses, stock option program	0	0	0	31	0	31
<b>AS OF 06/30/2014</b>	<b>5,592</b>	<b>18,477</b>	<b>- 432</b>	<b>16,399</b>	<b>981</b>	<b>41,017</b>
<b>AS OF 01/01/2015</b>	<b>5,592</b>	<b>18,479</b>	<b>- 434</b>	<b>2,429</b>	<b>17,341</b>	<b>43,407</b>
Currency translation and other income and expenses for the period recognized directly in equity	0	0	0	- 8	0	- 8
Consolidated net profit/loss	0	0	0	0	8,784	8,784
<b>Consolidated total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>- 8</b>	<b>8,784</b>	<b>8,776</b>
Capital increase from share-based payment	28	2,958	0	0	0	2,986
Sale of treasury shares	0	1,201	434	0	0	1,635
Dividend for 2014	0	0	0	0	- 5,145	- 5,145
Personnel expenses, stock option program	0	0	0	15	0	15
<b>AS OF 06/30/2015</b>	<b>5,620</b>	<b>22,638</b>	<b>0</b>	<b>2,436</b>	<b>20,980</b>	<b>51,674</b>

# Consolidated statement of financial position

as of June 30, 2015

## Assets

in € thousand	06/30/2015	12/31/2014
<b>NON-CURRENT ASSETS</b>		
Intangible assets		
Software and licenses	3,833	3,645
Internally generated software	15,702	12,631
Goodwill	8,478	2,169
Other intangible assets	2,559	2,168
Property, plant and equipment		
Leasehold improvements	400	442
Other equipment, operating and office equipment	4,590	4,687
Financial assets		
Equity investments	51	51
Other financial assets	25	25
Deferred tax assets	608	483
	<b>36,246</b>	<b>26,301</b>
<b>CURRENT ASSETS</b>		
Receivables and other assets		
Receivables from services	15,000	12,013
Other assets	5,770	2,622
Cash and cash equivalents and short-term deposits		
Cash	68,062	63,951
Third-party cash	4,444	3,248
	<b>93,276</b>	<b>81,834</b>
	<b>129,522</b>	<b>108,135</b>

## Equity and liabilities

in € thousand	06/30/2015	12/31/2014
<b>EQUITY</b>		
Subscribed capital	5,620	5,592
Treasury shares	0	-434
Capital reserves	22,638	18,479
Other reserves	2,436	2,429
Net retained profits	20,980	17,341
	<b>51,674</b>	<b>43,407</b>
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	5,902	4,503
Deferred income	2,916	2,314
Other provisions	255	249
Other financial liabilities	1,522	0
Other liabilities	105	251
	<b>10,700</b>	<b>7,317</b>
<b>CURRENT LIABILITIES</b>		
Trade accounts payable	1,090	2,489
Deferred income	44,391	35,780
Other provisions	390	489
Other financial liabilities	1,253	3,896
Tax liabilities	2,361	1,089
Other liabilities	17,633	13,668
	<b>67,148</b>	<b>57,411</b>
	<b>129,522</b>	<b>108,135</b>

# Consolidated statement of cash flows of XING AG

for the period from January 1 to June 30, 2015

## Consolidated statement of cash flows

in € thousand	01/01/2015 – 06/30/2015	01/01/2014 – 06/30/2014
Earnings before taxes	13,287	6,130
Amortization and write-downs of capitalized development costs	1,344	1,309
Depreciation, amortization and impairment losses on other fixed assets	3,083	3,112
Personnel expenses, stock option program	15	31
Interest income	-12	-42
Interest received	12	65
Interest expense	43	31
Taxes paid	-2,273	-1,796
Change in receivables and other assets	-4,028	-2,072
Change in liabilities and other equity and liabilities <sup>1</sup>	-1,571	3,910
Non-cash changes from changes in basis of consolidation	-15	0
Change in deferred income	9,213	5,945
Elimination of amiando third-party obligation	-1,196	-2,632
<b>CASH FLOWS FROM OPERATING ACTIVITIES<sup>1</sup></b>	<b>17,902</b>	<b>13,991</b>
Payment for capitalization of internally generated software	-4,415	-3,212
Payment for purchase of software	-142	-1,390
Payments for purchase of other intangible assets	-353	59
Payments for purchase of property, plant and equipment	-1,218	-659
Payment for acquisition of consolidated companies (less cash acquired)	-5,003	-622
Payments for investments in other financial assets	0	-6
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-11,131</b>	<b>-5,830</b>

### Consolidated statement of cash flows

in € thousand	01/01/2015 – 06/30/2015	01/01/2014 – 06/30/2014
Proceeds from the exercise of options	1,039	0
Proceeds from the sale of treasury shares	1,471	23
Payment for return of capital contributions	0	0
Dividend payment	-5,145	-23,433
Repayment of debt from finance leasing	0	0
Interest paid	-17	0
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-2,652</b>	<b>-23,410</b>
Currency translation differences	-8	0
Net change in cash funds	4,111	-15,249
Cash funds at the beginning of the period	63,951	66,160
<b>CASH FUNDS AT THE END OF THE PERIOD<sup>2</sup></b>	<b>68,062</b>	<b>50,911</b>
Third-party cash funds at the beginning of period	3,248	2,820
Change in third-party cash and cash equivalents	1,196	2,632
<b>THIRD-PARTY CASH FUNDS AT THE END OF THE PERIOD</b>	<b>4,444</b>	<b>5,452</b>

1 Due to changes in the IFRS guidance on accounting for purchase price obligations from earn-out arrangements arising from the acquisition of companies, earn-out payments must be recognized under cash flows from operating activities. At XING, this change affects the earn-out obligation for the kununu transaction. The effect is €-4.0 million. The change in liabilities in the reporting period excluding the non-operating kununu effect, amounted to €2.4 million. The cash flows from operating activities for the reporting period, excluding the non-operating kununu effect, amounted to €21.9 million.

2 Cash and cash equivalents consist of liquid funds.

# Notes to the interim consolidated financial statements

for the period from January 1 to June 30, 2015

## 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 and services for end customers and businesses. It is a model in which our customers pay for most of the services provided in advance.

## 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 June 30, 2015, 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, 2014. To facilitate legibility, we combined the presentation of the income statement and the consolidated statement of comprehensive income in a single document.

The period under review began on January 1, 2015, and ended on June 30, 2015. The corresponding prior-year period began on January 1, 2014, and ended on June 30, 2014. The interim consolidated financial statements and the interim group management report of XING AG as of June 30, 2015, were approved for publication on August 6, 2015, 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, 2014. These interim financial statements have not been audited by the auditor, nor have they been subjected to a review.

Several amended IFRSs became effective for 2015. However, the application of these IFRSs did not have any effects on the annual consolidated financial statements or the condensed interim consolidated financial statements.

## ACQUISITION OF INTELLIGENCE COMPETENCE CENTER (DEUTSCHLAND) AG, ASCHAFFENBURG IN JANUARY 2015

On January 22, 2015, XING AG acquired all shares in Intelligence Competence Center (Deutschland) AG, Aschaffenburg ("ICC"). Business assets owned by ICC include the website [www.jobbörse.com](http://www.jobbörse.com), the biggest job portal in the German-speaking market with a portfolio of over 2.5 million job ads. The deal also involved XING acquiring the Jobbörse.com search technology, which now indexes some 15 million domains, including over 1.5 million corporate websites. To acquire its 100% stake, XING AG paid around €6.3 million to ICC shareholders. Other purchase price payments in the amount of €2.4 million could be lower if certain assured targets are not met. The Austrian company was consolidated for the first time on the date on which ownership of the interests was transferred.

Transaction costs amounting to €175 thousand have been posted as expenses and are reported in the income statement under other operating expenses and in cash flows from operating activities in the statement of cash flows.

The cash outflow as a result of the business acquisition is shown below:

in € thousand	2015
Purchase price payments in H1 2015	5,004
plus costs directly attributable to the acquisition	175
less third-party cash acquired with the subsidiary	59
<b>Cash outflow in H1 2015 (net)</b>	<b>5,120</b>
plus unpaid portion of the purchase price (discounted)	2,832
<b>TOTAL CASH OUTFLOW (NET)</b>	<b>7,952</b>

The assets and liabilities of ICC at the acquisition date before purchase price allocation were as follows:

#### Initial consolidation

in € thousand	01/22/2015
<b>ASSETS</b>	
Intangible assets	13
Property, plant and equipment	122
Trade accounts receivable	83
Other assets	18
Cash and cash equivalents	59
	<b>295</b>
<b>LIABILITIES</b>	
Trade accounts payable	53
Other liabilities and provisions	63
	<b>116</b>
Total identifiable net assets at fair value before purchase price allocation	179

Purchase price allocation was initially performed on a provisional basis in the interim consolidated financial statements as of March 31, 2015. This estimate has not changed as of June 30, 2015. The fair values of the assets and liabilities identified in connection with the purchase price allocation as well as the goodwill were as follows at the date of initial consolidation:

#### Initial consolidation

in € thousand	01/22/2015
Purchase price	7,836
Equity of ICC (before purchase price allocation)	179
<b>VALUE OF PURCHASE PRICE ALLOCATION</b>	<b>7,657</b>
Value of internally generated software	1,006
Value of customer relations	335
Value of brand/domain	326
Deferred tax assets	219
Deferred tax liabilities	-538
<b>GOODWILL</b>	<b>6,309</b>

Since its acquisition by XING, ICC has contributed €382 thousand to revenues and €42 thousand to EBITDA. If the merger of the two companies had taken place at the start of the year, these figures would be €443 thousand and €50 thousand, respectively.

The goodwill recognized results primarily from synergies arising from the integration of the search technology and job advertisements into the XING platform. Recognized goodwill is not tax-deductible.

#### EQUITY

In the reporting period, 12,067 treasury shares of XING AG and 28,298 shares issued out of Contingent Capital 2010 were issued to eligible parties to service claims under stock option plans 2008 and 2010. As of June 30, 2015, XING AG had share capital of €5,620,435 (December 31, 2014: €5,592,137) and the Company no longer held any treasury shares (December 31, 2014: 12,067).

Pursuant to the resolution of the Annual General Meeting held on June 3, 2015, XING AG paid out a dividend of €0.92 per share for the financial year (2014: €0.62 per share plus a special dividend of €3.58 per share). With 5,592,137 shares carrying dividend rights, this corresponds to a total payout of €5,145 thousand.

The sale of the treasury shares resulted in a transfer of €1,201 thousand to the capital reserves. In connection with the issue of the newly created shares, an amount of €2,958 thousand was transferred to the capital reserves.

#### OTHER OPERATING INCOME

Other operating income includes income of €1,203 thousand (previous year: €136 thousand) from currency translation.

#### OTHER OPERATING EXPENSES

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

in € thousand	01/01/2015 – 06/30/2015	01/01/2014 – 06/30/2014
IT services, management services	3,940	2,770
Occupancy expenses	2,103	1,935
Server hosting, administration and traffic	1,152	1,097
Payment transaction costs	1,095	1,044
Travel, entertainment and other business expenses	958	914
Other personnel expenses	763	528
Bad debts	722	316
Legal consulting fees	419	282
Training costs	313	290
Phone/cell phone/postage/courier costs	255	203
Accounting fees	231	252
Financial statements preparation and auditing costs	165	175
Supervisory Board remuneration	143	143
Rental/leasing expenses	137	70
Office supplies	129	62
Other	750	555
<b>TOTAL</b>	<b>13,275</b>	<b>10,636</b>

The other expenses mainly comprise currency translation expenses, expenses attributable to prior periods, costs of contributions, other charges and insurance costs.

#### DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

Depreciation, amortization and impairment losses include impairment losses of €69 thousand (previous year: €410 thousand) recognized on platform modules that are no longer used.

#### SEGMENT INFORMATION

The reporting format to the Executive Board and the Supervisory Board is divided into the following business lines: Network (basic functions of the XING platform); Premium (subscription memberships and enterprise groups); E-Recruiting (job advertisements, company profiles, and the XING Talent Manager); and Events (event organization and ticketing). The breakdown into these divisions and regions is in line with the internal organizational structure and the reporting to the Executive Board and Supervisory Board. For the sake of clarity, the Network and Premium business lines have been consciously combined into one segment jointly covering the basic business of XING AG (generating revenue from the marketing of the platform through subscription memberships). The reconciliation statement includes corporate divisions such as IT, Finance, and Human Resources, as well as other business activities that by definition do not constitute segments.

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. Intersegment revenues were generated for the first time in the first half of 2015. 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), depreciation/amortization, write-downs, 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. Extraordinary items eliminated 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	Network/Premium		E-Recruiting		Events		Consolidation of intersegment revenues/expenses		Total segments	
	01/01/2015 – 06/30/2015	01/01/2014 – 06/30/2014	01/01/2015 – 06/30/2015	01/01/2014 – 06/30/2014	01/01/2015 – 06/30/2015	01/01/2014 – 06/30/2014	01/01/2015 – 06/30/2015	01/01/2014 – 06/30/2014	01/01/2015 – 06/30/2015	01/01/2014 – 06/30/2014
Revenues (from third parties)	34,339	28,930	19,987	14,543	2,964	2,798	–	–	57,290	46,271
Intragroup revenues	0	0	0	0	325	0	– 325	0	–	–
Total revenues	34,339	28,930	19,987	14,543	3,289	2,798	– 325	0	57,290	46,271
Intragroup segment expenses	– 325	0	0	0	0	0	325	0	–	–
Other segment expenses	– 12,793	– 9,981	– 10,126	– 8,590	– 3,102	– 3,931	–	–	26,021	– 22,502
Segment operating result	21,221	18,949	9,861	5,953	187	– 1,133	0	0	31,269	23,769
Other operating income/expenses									– 13,524	– 13,229
EBITDA									17,745	10,540

### Revenues by region

in € thousand	01/01/2015 – 06/30/2015	01/01/2014 – 06/30/2014
D-A-CH	54,821	44,154
International	2,469	2,117
	<b>57,290</b>	<b>46,271</b>

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, 2014, the non-current assets (excl. deferred tax assets) of €35,638 thousand (December 31, 2014: €25,818 thousand) are attributable exclusively to the D-A-CH region.

# Responsibility statement

## RISK MANAGEMENT ACTIVITIES

During the period under review, the Group concluded a currency futures contract as a fair value hedge for foreign currency assets in the amount of CHF 7,000 thousand. Since the contract has been assessed as having a low level of counterparty risk, the hedge has been determined as having been highly effective. Effective June 30, 2015, an unrealized loss in the amount of €68 thousand was netted against income from the remeasurement of assets.

At the start of 2015, increased volatility was seen in the EUR-CHF exchange rate, as well as some volatility in the EUR-USD exchange rate. This has led to an increase in the income from the revaluation of cash and cash equivalents reported under other operating income.

## RELATED PARTIES

Please refer to the consolidated financial statements as of December 31, 2014, for information about related parties. No significant changes with respect to the Burda Group occurred until June 30, 2015.

As of June 30, 2015, there were claims of €2,684 thousand against an Executive Board member arising from the repayment obligation resulting from the exercise of options in connection with the stock option plan 2010 because gains from exercise have been capped at EUR 35 per share. There are no other claims against members of the Executive Board and the Supervisory Board.

## SIGNIFICANT EVENTS AFTER THE INTERIM REPORTING PERIOD

No events which will have a significant impact on the course of business of the XING Group have occurred since the end of the reporting period.

Hamburg, August 6, 2015

Dr. Thomas Vollmoeller

Ingo Chu

Timm Richter

Jens Pape

To the best of our knowledge, and in accordance with the applicable interim reporting principles, the condensed interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group in the remaining financial year.

Hamburg, August 6, 2015

The Executive Board

# Financial calendar

Half-year Report  
Interim Report Q3 2015

August 6, 2015  
November 6, 2015<sup>1</sup>

<sup>1</sup> Preliminary date

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### **CONCEPT AND DESIGN**

CAT Consultants, Hamburg  
[www.cat-consultants.com](http://www.cat-consultants.com)

*This interim financial report is available in both German and English.  
In the event of diversity in interpretation, the German version shall prevail.  
Both versions and further press information are available for download at <http://corporate.xing.com>.*



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