

**XING** 

**Q3**

**INTERIM REPORT  
FOR THE PERIOD  
FROM JANUARY 1 TO  
SEPTEMBER 30, 2017**

# XING SE

## Key figures

	Unit	9M 2017	9M 2016	Q3 2017	Q3 2016	Q2 2017
Revenues <sup>1</sup>	in € million	134.5	108.3	48.3	37.8	43.9
B2C segment	in € million	65.1	57.1	23.5	19.9	21.0
B2B E-Recruiting segment	in € million	55.2	39.2	20.0	13.9	18.0
B2B Advertising & Events segment <sup>2</sup>	in € million	11.5	9.2	4.0	3.1	3.9
kununu International segment	in € million	1.0	0.9	0.3	0.4	0.3
EBITDA	in € million	43.7	35.8	16.4	12.9	15.3
EBITDA margin	in %	33	33	34	34	35
Net profit / loss for the period	in € million	21.1	18.2	8.0	6.4	8.0
Earnings per share (diluted)	in €	3.75	3.23	1.42	1.14	1.42
Cash flow from operations	in € million	49.1	39.3	16.9	11.5	12.7
Equity	in € million	74.3	64.5	74.3	64.5	66.3
Liquid funds / financial assets	in € million	63.3	82.3	63.3	82.3	51.0
XING users Germany, Austria, Switzerland (D-A-CH), total	in million	13.8	11.6	13.8	11.6	13.2
thereof platform members	in million	12.9	10.9	12.9	10.9	12.4
thereof subscribers	in thsd.	985	925	985	925	971
InterNations members	in million	2.7	N/A	2.7	N/A	N/A
thereof subscribers	in thsd.	120	N/A	120	N/A	N/A
B2B E-Recruiting customers (D-A-CH)	in thsd.	18.9	17.5	18.9	17.5	17.4
thereof B2B E-Recruiting (subscription)	in thsd.	7.3	N/A	7.3	N/A	6.6
B2B Advertising & Events customers (D-A-CH)	in thsd.	8.2	6.6	8.2	6.6	7.7
Employees	number	1,213	921	1,213	921	1,043

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

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

## Contents

### TO OUR SHAREHOLDERS

- 03 Executive Board letter
- 06 XING shares

### FINANCIAL INFORMATION

- Interim Group management report
- 09 Course of business

#### Interim consolidated financial statements

- 17 Consolidated statement of comprehensive income
- 18 Consolidated statement of financial position
- 20 Consolidated statement of cash flows
- 22 Consolidated statement of changes in equity
- 23 Notes to the interim consolidated financial statements

### SERVICE

- 31 Publishing information and contact

## **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 13 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.

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 around 80,000 groups or get together at one of the more than 150,000 relevant events for professionals that are organized each year.

XING has a presence in Hamburg, Munich, Barcelona, Vienna, Zurich and Porto.

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

# To our shareholders

- 03 Executive Board letter
- 06 XING shares

# EXECUTIVE BOARD LETTER

## Dear Shareholders,

The first three quarters of the year were highly successful for XING. We were able to seamlessly maintain our strong momentum from the previous year and continue our rapid growth. In the first nine months of this year, we considerably increased total revenues by 24 percent to €134.5 million (previous year: €108.3 million).

The B2C segment, which reports income from end customers for paid services, increased its revenues by 14 percent in the first nine months of the year to €65.1 million (€57.1 million). The B2B E-Recruiting segment, which offers products enabling HR departments to digitalize their candidate management efforts, once again posted strong growth, with revenues in this segment rising by 41 percent to €55.2 million (€39.2 million) in the first three quarters of 2017. The B2B Advertising & Events segment also experienced significant growth, as revenues increased by 25 percent to €11.5 million (previous year: €9.2 million).



Dr. Thomas Vollmoeller,  
Chief Executive Officer of XING SE

Membership growth also made very encouraging progress, with a total of 1.5 million new members registering with a profile on [www.xing.com](http://www.xing.com) in the first three quarters of the current financial year. This figure marked a new record level of customer growth for XING in the first nine months of the year and expanded the membership base to over 12.9 million people. Shortly after the end of the third quarter, we reached the next milestone by passing the 13-million-member mark, while the number of members using XING's paid services also rose. The Company gained more than 56,000 (previous year: 44,000) new subscribers since the start of the year – an increase of 27 percent.

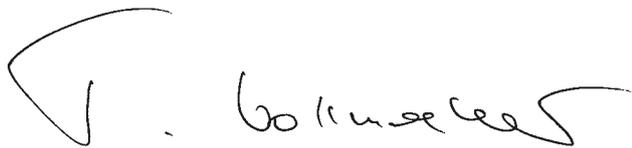
Overall, we were able to further strengthen our position as the leading network for business professionals in the German-speaking market. We are experiencing strong growth in every segment, and are exceptionally well positioned to continue growing in the future with the help of new, innovative products such as XING TalentPoolManager. We unveiled this new tool for modern recruiting at Zukunft Personal ("Future of HR") in September, the leading trade fair in the HR space. With the XING TalentPoolManager, recruiters can now proactively manage candidates and create a talent pool regardless of current vacancies. At the same time, we also help members to find a new job that fits their lifestyle. We unveiled a new way to simplify this process even further in September by giving XING members the opportunity to register for a special WhatsApp channel at no additional cost. As soon as their registration is confirmed, members begin receiving personal job suggestions tailored

to meet their requirements, thanks to an intelligent matching algorithm that selects suitable job advertisements based on the member's profile information. If they are interested, a link takes them directly to the detailed job description in XING Jobs. The member receives new job recommendations at weekly intervals.

We hope these examples illustrate how we work tirelessly on all our business processes to help our members benefit from changes in the world of work and help our corporate clients to unearth the right talent. These issues are more relevant than ever for both of our target audiences, and these megatrends, coupled with our positioning in these markets, make me extremely optimistic about the future.

Thank you for your commitment to XING. We hope you will continue to give us your support.

Kind regards,

A handwritten signature in black ink, appearing to read 'T. Vollmoeller', with a large, sweeping initial stroke on the left.

Dr. Thomas Vollmoeller,  
Chief Executive Officer of XING SE

# XING shares

## Basic data about the XING share

Number of shares as of September 30, 2017	5,620,435
Share capital in €	5,620,435
Share type	Registered shares
IPO	07.12.2006
ISIN	DE000XNG8888
Bloomberg	O1BC:GR
Reuters	OBCGn.DE
Transparency level	Prime Standard
Index	TecDAX
Sector	Software

## Key data on the XING share at a glance

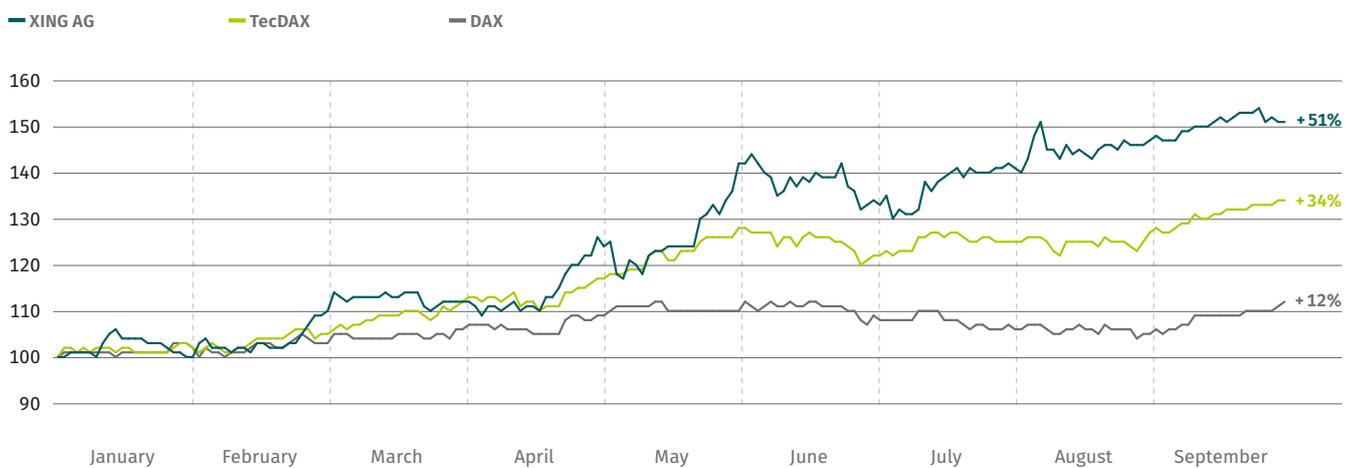
	9M 2017	9M 2016
XETRA closing price at the end of the period	€265.00	€187.05
High	€274.20	€194.95
Low	€228.05	€163.50
Market capitalization at the end of the period	€1,489.4 million	€1,051.3 million
Average trading volume per day (XETRA)	7,812	6,991
TecDAX ranking		
based on free-float market capitalization	22	23
based on trading volume	31	27
Earnings per share (diluted)	€1.42	€1.14

## Shareholder structure in September 2017



*Rounding differences may occur*

### Share price performance vs. indices in the first nine months of 2017 (in percent)



### Analyst recommendations for the XING share (November 2017)

Bank	Analyst	Recommendation	Price target
Berenberg Bank	Sarah Simon	Hold	€252
Commerzbank	Heike Pauls	Hold	€290
Deutsche Bank	Nizla Naizer	Buy	€300
Equinet	Simon Heilmann	Buy	€310
Hauck&Aufhäuser	Lars Dannenberg	Buy	€300
Oddo Seydler	Marcus Silbe	Sell	€200
Warburg Research	Jochen Reichert	Hold	€233

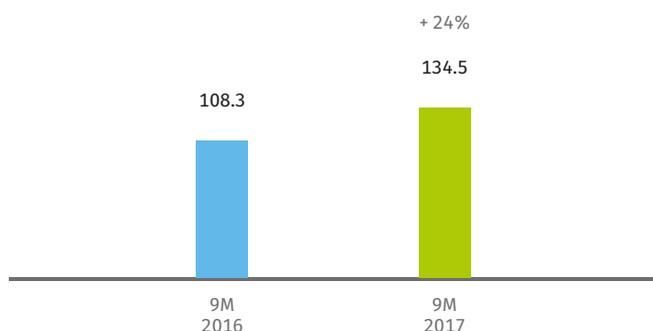
# Financial information

**INTERIM GROUP MANAGEMENT REPORT**  
for the period from January 1 to September 30, 2017

# Course of business

## RESULTS OF OPERATIONS IN THE GROUP

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



#### Revenues

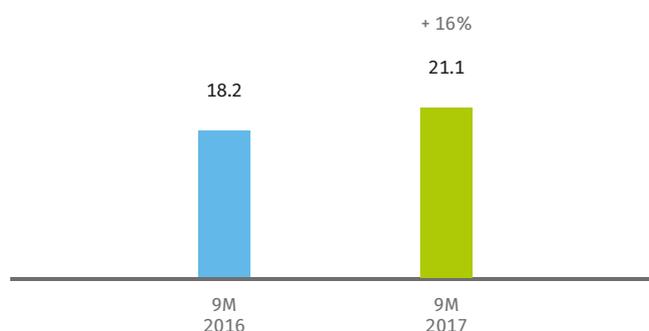
Revenues of the XING Group including other operating income rose from €108.3 million by 24 percent to €134.5 million in the reporting period. Not taking into account the income from InterNations and Prescreen, which was consolidated for the first time, organic growth was at approx. 22 percent. At €2.1 million, other operating income was slightly below the prior-year-figure of €2.2 million.

#### Personnel expenses

In the first nine months of the current financial year, we were again able to recruit additional highly qualified employees for XING to continuously enhance our existing offerings and establish new offerings in the market. Through the acquisition of InterNations and Prescreen, we also welcomed 127 new colleagues to the XING Group. At the end of September 2017, we thus had 1,213 employees (September 2016: 921), which represents an increase of 292 employees (+32 percent).

Personnel expenses increased at a slightly lower rate than revenues, rising from €40.0 million in (Q1–Q3 2016) to €49.2 million in the reporting period (+23 percent).

### Net profit for the period (in € million)



#### Marketing expenses

In the first three quarters of the current financial year, we pressed ahead with targeted marketing investments in the B2C and B2B segments, especially in the first quarter. In the third quarter of 2017, we once again stepped up our marketing activities slightly by taking part in the “Zukunft Personal” (“Future of HR”) trade show. Unlike in the previous year, the trade fair took place in the third quarter this year. This is also a reason for the year-on-year increase in marketing costs. Marketing expenses in the first nine months of 2017 increased by 42 percent from €9.8 million to €13.9 million. The most significant investments concern the development of our brand. Marketing activities in the B2C segment focused on the areas of SEM (search engine marketing), affiliate marketing, mailshots, and conventional display advertising. The marketing expenses ratio rose slightly year-on-year, from nine percent to ten percent in the 2017 reporting period.

#### Other operating expenses

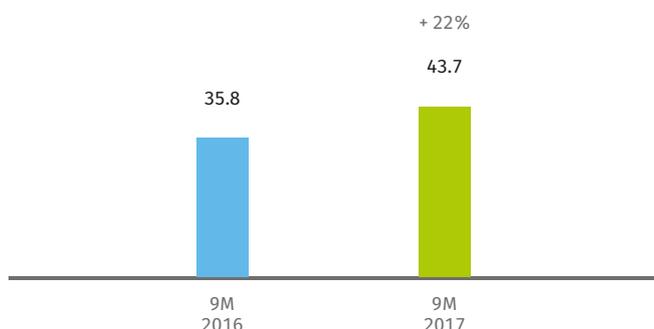
Other operating expenses rose by 22 percent in the reporting period, from €22.6 million to €27.6 million. The main operating expenses here include IT and other services of €8.2 million (previous year: €7.2 million), expenses for premises of €4.3 million (previous year: €3.8 million), travel and entertainment expenses of €3.2 million (previous year: €1.8 million) and

server hosting, administration and traffic costs of €2.4 million (previous year: €1.9 million). The notes to the financial statements include a detailed table of all items reported under other operating expenses.

### EBITDA

We gave a substantial boost to our operating result (EBITDA) in the 2017 reporting period, as EBITDA of the XING Group rose by 22 percent in the reporting period to €43.7 million (Q1–Q3 2016: €35.8 million).

#### EBITDA (in € million)



### Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses rose from €7.2 million in the previous year to €9.6 million (+€2.4 million). Amortization of internally generated software amounted to €4.2 million (Q1–Q3 2016: €2.7 million). Depreciation, amortization and impairment losses in the reporting period include impairment losses of €0.4 million.

### Financial result and taxes

The financial result contracted by 46 percent in the reporting period.

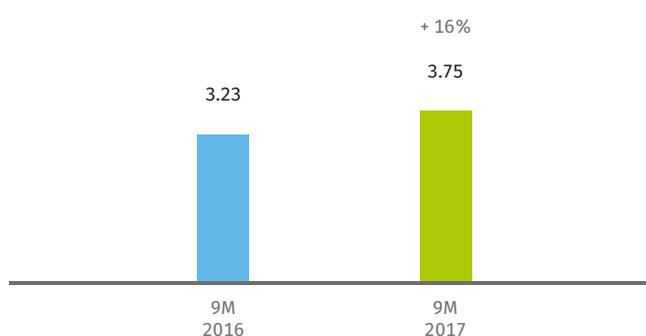
This item was impacted in particular by the planned start-up losses (€2.9 million) of the joint venture with Monster Worldwide Inc. in the USA (Q1–Q3 2016: €1.7 million). The increase in start-up losses for the US joint venture by approx. 74 percent is due to the fact that the joint venture was not launched until the start of the second quarter of 2016 and the prior-year figure therefore covered only a six-month period.

Current taxes are determined by the companies of the XING Group based on the tax laws applicable in their country of domicile. Tax expense amounted to €10.5 million, up from €8.7 million in the prior-year period.

### Consolidated net profit and earnings per share

Consolidated net profit in the first nine months of 2017 amounted to €21.1 million, up from €18.2 million in the prior-year period. This gives rise to earnings per share of €3.75, compared with €3.23 per share in the prior-year period. Earnings per share therefore rose by 16 percent year-on-year.

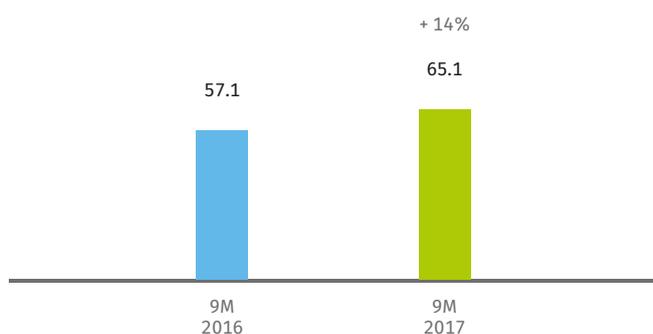
#### Earnings per share (in €)



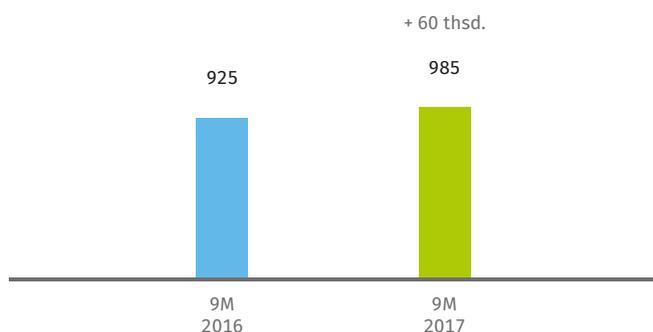
## Segment performance

### B2C SEGMENT

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



#### Subscribers (in thousand)



### Segment revenues up 14 percent

We continued to record strong growth in our **B2C** segment between January and September 2017. Munich-based InterNations GmbH was consolidated for the first time in the third quarter. As a result, segment revenues rose by 14 percent, from €57.1 million to €65.1 million. Our organic growth rate (excluding InterNations) was eleven percent. The increase was driven by the sustained dynamic trend in the number of XING subscribers that saw us add around 60,000 paying members in the Premium, ProJobs and ProCoach products versus September 2016. This brought the subscriber base up to a total of 985,000 at the end of September 2017.

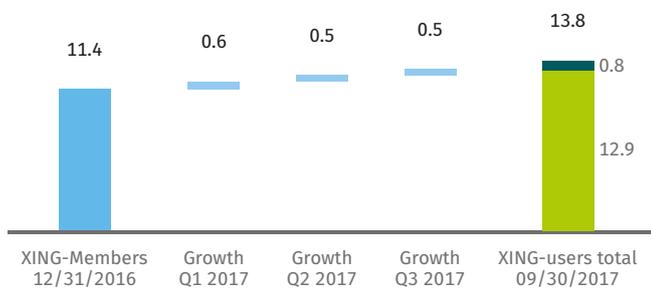
It should be noted that organic subscriber growth amounted to around 50,000. The difference of around 10,000 net subscriber additions is primarily a one-time effect attributable to a refined counting method. This method was adjusted as of January 1, 2017 as part of the change in our payment service provider. A total of 2.7 million members were registered at the reporting date on the InterNations platforms acquired in July 2017, around 120,000 of whom are paying for the fee-based “Albatross” memberships.

Similar to revenues, segment EBITDA rose at a rate of 14 percent to €34.8 million (Q1–Q3 2016: €30.7 million). Due to the first-time consolidation of InterNations, the segment EBITDA margin contracted slightly from 54 to 53 percent in the reporting period (55 percent excl. InterNations).

### XING platform growing faster than ever before: over 1.5 million new members added

Performance in the 2017 financial year to date has been very encouraging. In the last nine months, we have seen the fastest member growth since XING’s formation. A total of 1.5 million new members registered with a profile on [www.xing.com](http://www.xing.com) in the first three quarters of the current financial year and expanded the membership base to over 12.9 million people. Just a few weeks after the end of the third quarter, we exceeded the 13 million platform member mark. If we add the users of our Events products, XING reached around 13.8 million people at the end of September 2017.

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



Rounding differences may occur

### Ten years of InterNations

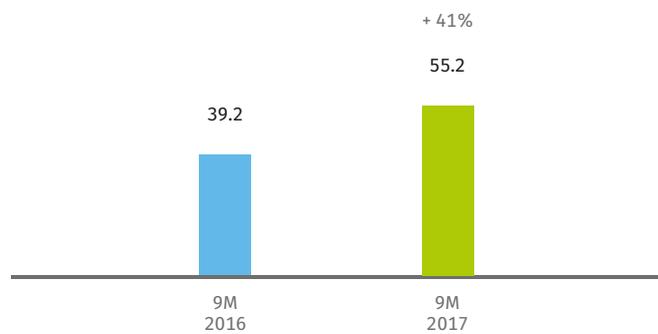
Only a few months after the successful acquisition of the Munich-based expat network InterNations, the company is celebrating its tenth anniversary.

Over the last ten years, InterNations has evolved from being a group of friends living abroad into the world's largest expat network with over 2.7 million members in 390 towns and cities around the globe. Of this figure, approximately 120,000 members pay a monthly membership fee, in particular to receive free access to official InterNations events free of charge. Not only can members use the website to establish contact with other "global minds" and find useful information about their destination country in the country guides, but they also have the opportunity to meet up and exchange experiences at the large number of official events organized around the world.

The combination of online and offline services is what makes InterNations fundamentally different from other social networks for expats. The international platform not only provides the opportunity for members to connect and find information; they can also get to know each other in person at events. This makes it much easier for expats to find new friends and settle well in the host country.

### B2B E-RECRUITING SEGMENT

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



The **B2B E-Recruiting** segment has been exceeding our ambitious expectations ever since the beginning of the year. Segment revenues climbed 41 percent and combined with growth of approximately €15.9 million accounted for most of the increase. Vienna-based Prescreen GmbH was consolidated for the first time in the third quarter. Excluding the first-time consolidation of Prescreen's revenue, organic revenue growth in the first nine months was 39 percent.

All product segments (Active & Passive Sourcing and Employer Branding) contributed to this dynamic growth.

On the back of the dynamic revenue growth, earnings in the operating segment (EBITDA) increased by 41 percent. Segment EBITDA therefore came to €36.7 million (Q1–Q3 2017: €26.1 million). The segment's EBITDA margin was 67 percent in the reporting period (Q1–Q3 2016: 66 percent).

After unveiling XING E-Recruiting 360° in the second quarter of 2017, we are able to offer our B2B customers an enhanced user experience and easier interaction between the individual recruitment products.

Through our acquisition of the fast-growing ATS provider Prescreen from Vienna, we now also cover an innovative HR workflow system in addition to the traditional sourcing tools. Since the launch of XING E-Recruiting 360° in the second quarter, XING 360° customers have been able to upload an unlimited number of jobs to XING Jobs. What is more, customers of our Prescreen workflow system can also publish ads directly in XING Jobs free of charge.

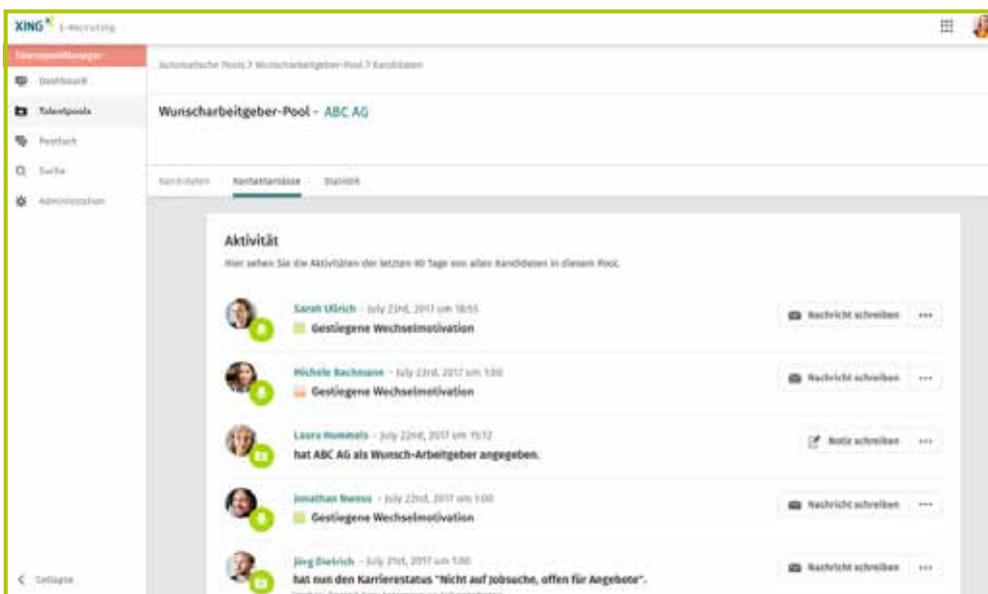
As a result, we will expand reporting on B2B E-Recruiting customers to include B2B customers with subscriptions (excl. XING Jobs customers) in addition to all customers of our E-Recruiting solutions (incl. XING Jobs). The total number of E-Recruiting customers grew from 17.5 thousand at the end of September 2016 to 18.9 thousand at the end of September 2017. The number of B2B subscription customers across all products was 7.3 thousand at the end of September 2017.

### XING ADDS TALENTPOOL MANAGER (XTP) TO RECRUITING SUITE

We have consistently sought to lighten the workload of our recruitment customers in innovative ways and assist them with their everyday work, which is why we unveiled another solution for our Recruiting Suite at the “Zukunft Personal” (“Future of HR”) trade fair.

Thanks to XING’s new TalentpoolManager, customers will now be able to find all candidates centrally in one place. Here, they can neatly add the candidates to talent pools and share these with their recruitment team as required. Through the connection to XING, all important candidate information is updated automatically whenever the member makes changes to their profile on XING.

For the first time, companies can also file information about candidates who are not registered on XING. Digital resumes can be updated or the URL of a social network specified.



Excerpt from the XING TalentpoolManager

The XING TalentpoolManager helps HR departments not just to organize and maintain candidate information, but also to identify promising candidates. In addition to candidate pools filled by the recruiter, XING generates talent pools automatically, enabling companies to find members who follow their company profile on XING or who indicate an interest in working for their company, for example. Studies with test customers have shown that 57 percent of the candidates recommended by us in this way respond to inquiries from recruiters – a huge percentage for the field of active sourcing.

One key factor for success in establishing contact with candidates is the timing. It goes without saying that candidates who have just switched jobs have little inclination to do so again. Conversely, candidates who have already spent longer than average in the same position might be more willing to change jobs. Enhancements of a candidate's profile, specification of a

desired work location or an upload of a new profile photo are normally indications of a desire for change. Overall, we have defined more than 50 criteria for deciding whether a member is willing to change jobs.

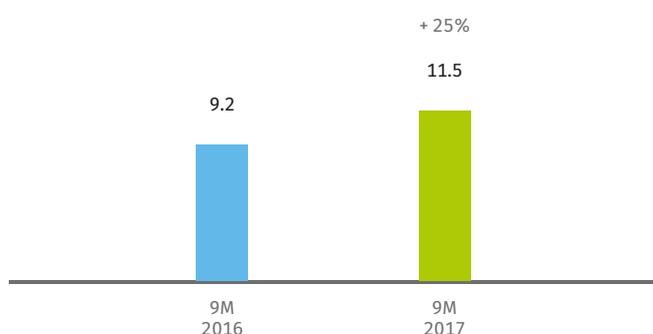
Using a scale, we tell our E-Recruiting customers the likely reason why a candidate is looking to change jobs – with success: Our test customers recorded a 130 percent higher response rate among candidates who were more interested in changing than among those who were less motivated to change.



Strong demand for recruiting solutions at the XING trade fair booth at "Zukunft Personal" in Cologne in September 2017

## B2B ADVERTISING & EVENTS SEGMENT

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



In the **B2B Advertising and Events** segment, we combine XING Marketing Solutions and our events business.

Here, we lifted revenues to €11.5 million in the reporting period, an increase of 25 percent year-on-year. Segment EBITDA also improved considerably by 72 percent, from €1.8 million to €3.1 million, widening the segment's EBITDA margin from 20 percent to 27 percent.

#### Marketing Solutions

One driver of revenue growth in this segment were our Marketing Solutions, which were up a third on the prior-year period. Here, we especially made progress in improving the AdManager algorithm. On top of this, we further expanded our ad sales structure and optimized existing processes.

#### XING Events

Our events business also contributed to the segment's growth. In this segment, we mostly pressed ahead with and strengthened the integration of ticketing and the Events marketplace on XING to give event organizers who use our ticketing service additional benefits when marketing events on XING.

This has enabled us to carve out a clear unique selling point for ourselves in the market for ticketing and admission solutions for business events.

XING Events not only provides event organizers with a system facilitating highly flexible, efficient online ticket sales, but also allows them to increase the number of participants by marketing their events on XING.

The growth of the two subsegments is also reflected in the customer trend in the Advertising & Events segment, where the number of B2B customers rose from around 6,600 to approximately 8,200 as of the end of September 2017.

#### kununu International segment

This segment mainly generates revenues relating to the provision of services (Q1–Q3 2017: €1.0 million) 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.

# Financial information

## **INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

for the period from January 1 to September 30, 2017

- 17 Consolidated statement of comprehensive income
- 18 Consolidated statement of financial position
- 20 Consolidated statement of cash flows
- 22 Consolidated statement of changes in equity
- 23 Notes to the interim consolidated financial statements

# Consolidated statement of comprehensive income of XING SE (formerly XING AG)

for the period from January 1 to September 30, 2017

## Consolidated statement of comprehensive income

In € thousand	01/01/2017– 09/30/2017	01/01/2016– 09/30/2016	07/01/2017– 09/30/2017	07/01/2016– 09/30/2016
Service revenues	132,274	106,054	47,671	37,154
Other operating income	2,183	2,224	636	599
<b>TOTAL OPERATING INCOME</b>	<b>134,457</b>	<b>108,278</b>	<b>48,307</b>	<b>37,753</b>
Personnel expenses	-49,240	-40,027	-17,736	-14,004
Marketing expenses	-13,940	-9,817	-4,590	-2,919
Other operating expenses	-27,570	-22,639	-9,549	-7,923
<b>EBITDA</b>	<b>43,707</b>	<b>35,795</b>	<b>16,432</b>	<b>12,907</b>
Depreciation, amortization and impairment losses	-9,589	-7,196	-3,561	-2,502
<b>EBIT</b>	<b>34,118</b>	<b>28,599</b>	<b>12,871</b>	<b>10,405</b>
Share of profits and losses of equity-accounted investments	-2,912	-1,674	-767	-866
Finance income	568	156	2	22
Finance costs	-214	-234	-67	-119
<b>EBT</b>	<b>31,560</b>	<b>26,847</b>	<b>12,039</b>	<b>9,442</b>
Taxes on income	-10,477	-8,681	-4,039	-3,017
<b>CONSOLIDATED NET PROFIT / LOSS</b>	<b>21,083</b>	<b>18,166</b>	<b>8,000</b>	<b>6,425</b>
Earnings per share (basic)	3.75	3.23	1.42	1.14
Earnings per share (diluted)	3.75	3.23	1.42	1.14
<b>CONSOLIDATED NET PROFIT / LOSS</b>	<b>21,083</b>	<b>18,166</b>	<b>8,000</b>	<b>6,425</b>
Currency translation differences	-42	0	-3	0
Remeasurement of available-for-sale assets	79	0	3	0
<b>OTHER COMPREHENSIVE INCOME</b>	<b>37</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CONSOLIDATED TOTAL COMPREHENSIVE INCOME</b>	<b>21,120</b>	<b>18,166</b>	<b>8,000</b>	<b>6,425</b>

# Consolidated statement of financial position of XING SE (formerly XING AG)

as of September 30, 2017

## Assets

In € thousand	09/30/2017	12/31/2016
<b>NON-CURRENT ASSETS</b>		
Intangible assets		
Software and licenses	7,596	4,453
Internally generated software	46,693	30,975
Goodwill	64,194	13,143
Other intangible assets	1,565	2,188
Property, plant and equipment		
Leasehold improvements	314	513
Other equipment, operating and office equipment	7,486	5,585
Advance payments made and construction in progress	686	2,709
Financial assets		
Equity investments	369	1
Other financial assets	30,126	79
Prepaid expenses	392	372
Deferred tax assets	2,042	1,477
	<b>161,463</b>	<b>61,495</b>
<b>CURRENT ASSETS</b>		
Receivables and other assets		
Receivables from services	24,221	19,637
Other assets	3,426	2,672
Cash and short-term deposits		
Own cash	33,198	83,428
Third-party cash	6,423	3,214
	<b>67,269</b>	<b>108,951</b>
	<b>228,732</b>	<b>170,446</b>

## Equity and liabilities

In € thousand	09/30/2017	12/31/2016
<b>EQUITY</b>		
Subscribed capital	5,620	5,620
Capital reserves	22,622	22,622
Other reserves	2,475	2,438
Net retained profits	43,572	39,182
	<b>74,289</b>	<b>69,862</b>
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	15,639	10,766
Deferred income	2,308	2,152
Other provisions	630	604
Other financial liabilities	23,392	3,220
Other liabilities	2,643	2,493
	<b>44,612</b>	<b>19,235</b>
<b>CURRENT LIABILITIES</b>		
Trade accounts payable	1,986	3,316
Deferred income	70,114	54,922
Other provisions	1,596	625
Other financial liabilities	5,423	2,037
Income tax liabilities	1,613	1,247
Other liabilities	29,099	19,202
	<b>109,831</b>	<b>81,349</b>
	<b>228,732</b>	<b>170,446</b>

# Consolidated statement of cash flows of XING SE (formerly XING AG)

for the period from January 1 to September 30, 2017

## Consolidated statement of cash flows

In € thousand	01/01/2017– 09/30/2017	01/01/2016– 09/30/2016
Earnings before taxes	31,560	26,847
Amortization and write-downs of internally generated software	4,170	2,734
Depreciation, amortization and impairment losses on other fixed assets	5,419	4,462
Interest income	-568	-28
Interest received	1	30
Interest expense	214	233
Share of profits and losses of equity-accounted investments	2,912	1,674
Taxes paid	-5,842	-4,294
Profit from disposal of fixed assets	-100	-134
Change in receivables and other assets	-5,359	-22
Change in liabilities and other equity and liabilities	8,727	3,294
Non-cash changes from changes in basis of consolidation	-4,151	-228
Change in deferred income	15,349	8,031
Elimination of XING Events third-party obligation	-3,209	-3,328
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>49,122</b>	<b>39,271</b>
Payment for capitalization of internally generated software	-19,888	-11,461
Payment for purchase of software	-1,255	-526
Payments for purchase of other intangible assets	-491	-468
Proceeds from the disposal of fixed assets	127	178
Payments for purchase of property, plant and equipment	-1,664	-2,525
Payment for acquisition of consolidated companies (less funds acquired)	-26,134	-3,148
Payments for equity – accounted investments	-3,281	-2,706
Payments for investments in other financial assets	-29,954	0
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-82,540</b>	<b>-20,656</b>

### Consolidated statement of cash flows

In € thousand	01/01/2017 – 09/30/2017	01/01/2016 – 09/30/2016
Payment of regular dividend	-7,700	-5,789
Payment of special dividend	-8,993	-8,431
Interest paid	-47	-83
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-16,740</b>	<b>-14,303</b>
Currency translation differences	-72	0
Net change in funds	-50,231	4,312
Own funds at the beginning of the period	83,428	78,034
<b>OWN FUNDS AT THE END OF THE PERIOD<sup>1</sup></b>	<b>33,198</b>	<b>82,346</b>
Third-party funds at the beginning of the period	3,214	2,993
Change in third-party funds	3,209	3,328
<b>THIRD-PARTY FUNDS AT THE END OF THE PERIOD</b>	<b>6,423</b>	<b>6,321</b>

<sup>1</sup> Funds consist of liquid funds.

# Consolidated statement of changes in equity of XING SE (formerly XING AG)

for the period from January 1 to September 30, 2017

## Consolidated statement of changes in equity

In € thousand	Subscribed capital	Capital reserves	Other reserves	Net retained profits	Total equity
<b>AS OF 01/01/2016</b>	<b>5,620</b>	<b>22,622</b>	<b>2,432</b>	<b>29,834</b>	<b>60,508</b>
Consolidated net profit/loss	0	0	0	18,166	18,166
Other comprehensive income	0	0	0	0	0
<b>Consolidated total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18,166</b>	<b>18,166</b>
Regular 2015 dividend	0	0	0	-5,789	-5,789
Special dividend	0	0	0	-8,431	-8,431
<b>AS OF 09/30/2016</b>	<b>5,620</b>	<b>22,622</b>	<b>2,432</b>	<b>33,780</b>	<b>64,454</b>
<b>AS OF 01/01/2017</b>	<b>5,620</b>	<b>22,622</b>	<b>2,438</b>	<b>39,182</b>	<b>69,862</b>
Consolidated net profit/loss	0	0	0	21,083	21,083
Other comprehensive income	0	0	37	0	37
<b>Consolidated total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>37</b>	<b>21,083</b>	<b>21,120</b>
Regular 2016 dividend	0	0	0	-7,700	-7,700
Special dividend	0	0	0	-8,993	-8,993
<b>AS OF 09/30/2017</b>	<b>5,620</b>	<b>22,622</b>	<b>2,475</b>	<b>43,572</b>	<b>74,289</b>

# Notes to the interim consolidated financial statements

for the period from January 1 to September 30, 2017

## 1. Information on the Company and the Group

The registered offices of XING SE (until September 13, 2017: XING AG) are located at Dammtorstrasse 30, 20354 Hamburg, Germany; the Company is registered at the Amtsgericht (local court) Hamburg under HRB 148078 (until September 13, 2017: HRB 98807). The change in legal form does not have any effect on the interim consolidated financial statements and the interim Group management report. The parent company of XING SE is Burda Digital GmbH, Munich, and the ultimate parent company of XING SE 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.

Operating the leading social network for business professionals in the German-speaking market, XING 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 approximately 13 million members achieve as harmonious a work / life balance as possible. XING generates its revenues primarily from fee-based products for end customers and businesses. It is a model in which its 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 SE for the reporting period ending on September 30, 2017, 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, 2016.

The period under review began on January 1, 2017, and ended on September 30, 2017. The corresponding prior-year period began on January 1, 2016, and ended on September 30, 2016. The interim consolidated financial statements and the interim Group management report of XING SE as of September 30, 2017, were approved for publication on November 6, 2017, 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, 2016. 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 12 months to December 31, 2021.

Several amended IFRSs became effective for 2017. 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.

IFRS 15 (Revenue from Contracts with Customers) replaces the guidance on revenue recognition, especially IAS 18 (Revenue). This has effects for XING, particularly on revenues and EBITDA, the measure of earnings. IFRS 16 (Leases) provides new guidance on accounting for lease expenses. Consequently, certain lease expenses are no longer shown in EBITDA, but as depreciation and in the financial result. Furthermore, there is an effect on cash flow indicators, because the expenses can no longer be allocated to cash flow from operations.

XING is still examining the effects of applying IFRS 15 and IFRS 16 for the first time. As things stand today, the statement of financial position will change through the disclosure of lease assets and lease liabilities. Regarding the changes concerning contracts with customers, we currently expect a six-figure revenue amount to be recognized at a later time. With respect to the rental agreements, a seven-figure improvement in EBITDA is anticipated due to the recognition of all lease expenses below EBITDA.

### 3. Acquisitions in the reporting period

#### A. PRESCREEN

On July 6, 2017, XING acquired all interests in Prescreen GmbH, Berlin, and Prescreen International GmbH, Vienna / Austria (hereinafter referred to as "Prescreen"). Prescreen is one of the fastest-growing providers of ATS solutions in Europe. In accordance with IFRS 3, the purchase comprises a cash price of €17 million for 100 percent of the shares, which becomes due immediately, and an earn-out component (up to a maximum of €9.5 million), which is based on certain assurances as well as revenue figures and the customer figure. Owing to the short-term nature of the acquisition, the purchase price allocation and the estimate of the earn-out liability have not yet been completed. A present value of €8.0 million for the earn-out is therefore provisionally estimated for the financial statements for the period ended September 30, 2017. Most of the contingent purchase price will become due in 2020. The initial preliminary consolidation was carried out as of the date on which ownership of the interests was transferred (July 6, 2017).

Transaction costs amounting to €440 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.

Since its acquisition by XING, Prescreen has contributed €469 thousand to revenues and €-21 thousand to EBITDA. If the merger of the two companies had taken place at the start of the year, these figures would be €1,320 thousand and €-164 thousand, respectively.

The goodwill recognized, which so far has not been spread among the individual assets as part of the purchase price allocation, results primarily from synergies based on the integration of the technology into the XING platform. Recognized goodwill is not tax-deductible.

## B. INTERNATIONS

XING acquired all interests in InterNations GmbH, Munich (hereinafter referred to as “InterNations”) on July 11, 2017. InterNations is the world’s largest network for people who live and work abroad (“expats”). In accordance with IFRS 3, the purchase comprises a cash price of €10.1 million for 100 percent of the shares, which becomes due immediately, and an earn-out component (up to a maximum of €40.7 million), which is based on revenue and EBITDA figures. Owing to the short-term nature of the acquisition, the purchase price allocation and the estimate of the earn-out liability have not yet been completed. A present value of €16.8 million for the earn-out is therefore provisionally estimated for the financial statements for the period ended September 30, 2017. The contingent purchase price will be paid in several tranches over the earn-out period, which will last until 2020. The initial preliminary consolidation was carried out as of the date on which ownership of the interests was transferred (July 11, 2017).

Transaction costs amounting to €317 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.

Since its acquisition by XING, InterNations has contributed €1,885 thousand to revenues and €347 thousand to EBITDA. If the merger of the two companies had taken place at the start of the year, these figures would be €6,374 thousand and €1,407 thousand, respectively.

The goodwill recognized, which so far has not been spread among the individual assets as part of the purchase price allocation, results primarily from the expansion of the existing business. Recognized goodwill is not expected to be tax-deductible.

## 4. Segment information

In € thousand	B2C		B2B E-Recruiting		Advertis- ing & Events		(kununu) International		Consolidation of intersegment revenues/ expenses		Total segments	
	01/01- 09/30/ 2017	01/01- 09/30/ 2016	01/01- 09/30/ 2017	01/01- 09/30/ 2016	01/01- 09/30/ 2017	01/01- 09/30/ 2016	01/01- 09/30/ 2017	01/01- 09/30/ 2016	01/01- 09/30/ 2017	01/01- 09/30/ 2016	01/01- 09/30/ 2017	01/01- 09/30/ 2016
	Revenues (from third parties)	65,065	57,123	55,176	39,229	11,020	8,795	1,013	907	0	0	132,274
Intragroup revenues	0	0	0	0	485	414	0	0	-485	-414	0	0
Total revenues	65,065	57,123	55,176	39,229	11,505	9,209	1,013	907	-485	-414	132,274	106,054
Intragroup segment expenses	-485	-414	0	0	0	0	0	0	485	414	0	0
Other segment expenses	-29,776	-26,056	-18,427	-13,163	-8,360	-7,377	-1,059	-890	0	0	-57,622	-47,485
Segment operating result	34,804	30,654	36,749	26,066	3,145	1,832	-46	17	0	0	74,652	58,569
Other operating income/expenses											-30,945	-22,773
<b>EBITDA</b>											<b>43,707</b>	<b>35,795</b>

### Revenues by region

In € thousand	01/01/2017- 09/30/2017	01/01/2016- 09/30/2016
D-A-CH	124,227	100,886
International	8,047	5,168
	<b>132,274</b>	<b>106,054</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, 2016, the non-current assets (excl. deferred tax assets and other financial assets) of €129,362 thousand (December 31, 2016: €60,018 thousand) are attributable exclusively to the D-A-CH region. The increase is due primarily to the higher goodwill, which in turn is due to the acquisition of Prescreen GmbH and InterNations GmbH.

## 5. Equity

As of September 30, 2017, XING SE had share capital of €5,620,435 (December 31, 2016: €5,620,435) and the Company did not hold any treasury shares.

Based on a resolution adopted by the Annual General Meeting on May 16, 2017, a dividend of €1.37 per share was paid for the 2016 financial year (2015: €1.03 per share), plus a special dividend of €1.60 per share (previous year: €1.50). With 5,620,435 shares carrying dividend rights, this corresponds to a total payout of €16.9 million (previous year: €14.2 million). The liquid funds and the available-for-sale financial assets totaling €63.3 million as of September 30, 2017 and XING's cash-generative business model enable the Company to pay special dividends without changing its business strategy, which is aimed at achieving growth.

## 6. Other operating income

Other operating income includes income of €39 thousand (previous year: €92 thousand) from currency translation and gains on the disposal of equipment in the amount of €100 thousand (previous year: €114 thousand). The previous year's figure included income from receivables written off in the amount of €380 thousand and from expired liabilities in the amount of €195 thousand.

## 7. Other operating expenses

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

In € thousand	01/01/2017 – 09/30/2017	01/01/2016 – 09/30/2016
IT services, management services	8,230	7,241
Occupancy expenses	4,340	3,827
Travel, entertainment and other business expenses	3,158	1,812
Server hosting, administration and traffic	2,376	1,879
Payment transaction costs	1,770	1,517
Other personnel expenses	1,481	1,338
Bad debts	949	813
Legal consulting fees	942	890
Training costs	940	669
Phone/cell phone/postage/courier costs	424	416
Accounting fees	387	492
Exchange rate losses	365	139
Expenses attributable to prior periods	337	193
Financial statements preparation and auditing costs	323	265
Rental/leasing expenses	295	257
Supervisory Board remuneration	227	241
Office supplies	193	195
Other	831	455
<b>Total</b>	<b>27,570</b>	<b>22,639</b>

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

## 8. Depreciation, amortization and impairment losses

In the reporting period from January 1 to June 30, 2017, the useful life of internally developed software was extended by a further 12 months to December 31, 2021. This led to the recognition of lower amortization of €990 thousand than as stipulated in the previous amortization schedule.

## 9. Equity investments

XING contributed a further US\$3,500 thousand (previous year: US\$3,000 thousand) to the kununu US LLC 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\$2,859 thousand (€2,594 thousand; previous year: €1,674 thousand). Previously unrecognized losses from 2016 in the amount of €318 thousand were also recognized in the reporting period.

## 10. Related parties

Please refer to the consolidated financial statements as of December 31, 2016, for information about related parties. From the perspective of XING SE, no significant changes with respect to the Burda Group occurred until September 30, 2017.

As of June 30, 2017, there are receivables in the amount of €1,146 thousand (previous year: €1,566 thousand) outstanding from kununu US LLC, the joint venture with Monster Inc. established in the reporting period. These receivables are shown under trade accounts receivable.

There were no claims against members of the Executive Board and the Supervisory Board as of September 30, 2017.

## 11. Financial instruments

XING SE acquired various securities in the first quarter of financial year 2017 for the purpose of investing excess liquidity. The fair values of these instruments, all of which are assigned to Level 1, correspond to their notional values multiplied with the prices quoted as of September 30, 2017. All of the securities are available for sale. XING SE recognizes fair value changes in other comprehensive income and reclassifies these changes to profit or loss upon disposal.

The financial liabilities assigned to Level 3 include obligations from contingent purchase prices (earn-out obligations). Estimates with regard to the parameters made as of September 30, 2017 have changed compared with December 31, 2016 in that the earn-out obligation for the acquisition of Intelligence Competence Center (Deutschland) AG was reduced by €554 thousand. The reversal was recognized as finance income.

The following table provides an overview of the carrying amounts and fair values:

In € thousand	Measurement category	Carrying amount on 09/30/2017	Amortized cost	Cost	Fair value, recognized in OCI	Fair value, recognized in P & L	Fair value on 09/30/2017
Non-current receivables and other financial assets	AfS	30,126		30,033	93		30,126
Current receivables from services	LaR	24,221	24,221				24,221
Cash and cash equivalents	LaR	39,621	39,621				39,621
Current trade accounts payable	FLAC	1,986	1,986				1,986
Other non-current liabilities	FLFVtPL	21,590				21,590	21,590
Other current liabilities	FLFVtPL	7,292				7,292	7,292

In € thousand	Measurement category	Carrying amount on 06/30/2016	Amortized cost	Cost	Fair value, recognized in OCI	Fair value, recognized in P & L	Fair value on 06/30/2016
Non-current receivables and other financial assets	AfS	79		79			79
Current receivables from services	LaR	19,637	19,637				19,637
Cash and cash equivalents	LaR	86,642	86,642				86,642
Current trade accounts payable	FLAC	3,316	3,316				3,316
Other non-current liabilities	FLFVtPL	3,220				3,220	3,220
Other current liabilities	FLFVtPL	2,037				2,037	2,037

Explanation:

AfS = Available-for-sale financial assets

LaR = Loans and receivables

FLAC = Financial liabilities measured at amortized cost.

FLFVtPL = Financial liabilities at fair value through profit or loss

The measurement of the financial liabilities from the acquisitions of Prescreen GmbH and InterNations GmbH has not yet been completed. When the financial statements were being prepared, provisional present values of €7,972 thousand (Prescreen GmbH) and €16,826 thousand (InterNations GmbH) were used, though the underlying models need to be studied in more detail.

## 12. 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, November 6, 2017

The Executive Board

Dr. Thomas Vollmoeller

Alastair Bruce

Ingo Chu

Jens Pape

Timm Richter

# Publishing information and contact

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## **Consulting, Concept & Design**

Silvester Group  
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## **Our social media channels**

### **Corporate blog of XING SE**

<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 only**

Twitter: [xing\\_de](#)

### **Corporate information and news in English**

Twitter: [xing\\_com](#)

### **XING AG's YouTube channel**

YouTube: [www.youtube.com/user/XINGcom?gl=DE](http://www.youtube.com/user/XINGcom?gl=DE)

### **XING AG's Facebook profile**

Facebook: [www.facebook.com/XING](http://www.facebook.com/XING)

*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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