

XING – #1
Professional Social
Network In German
Speaking Europe

Roadshow Presentation March 2012

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Agenda


- 1 Executive Summary**
- 2 #1 Professional Social Network
In German Speaking Europe**
- 3 Clear Strategy For Growth**
- 4 Strong Economics**



Leading social network for professionals in Europe's largest economy (D-A-CH)



Large and loyal customer base creating strong barriers to entry



Strong top and bottom line performance



Successful revenue diversification



Large growth potential in core markets



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Why people use XING

„A more successful and rewarding working life for every professional“

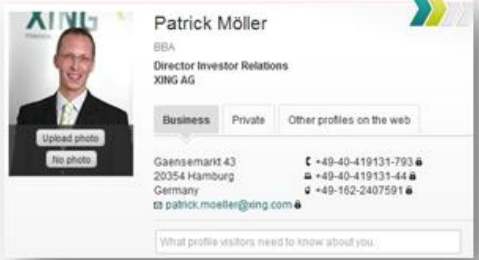


My Network Jobs and Careers Groups Events Companies



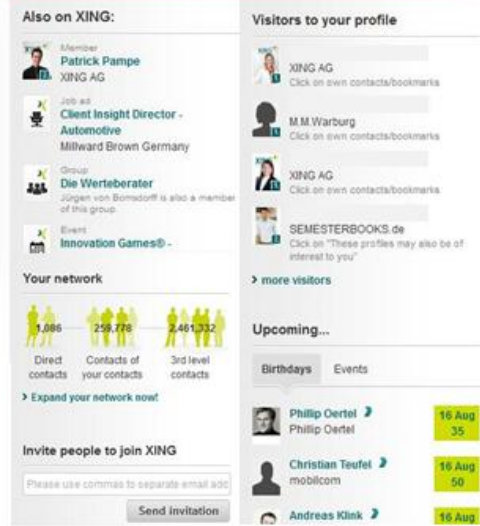
1

Digital Identity Management



2

Core Networking Functions

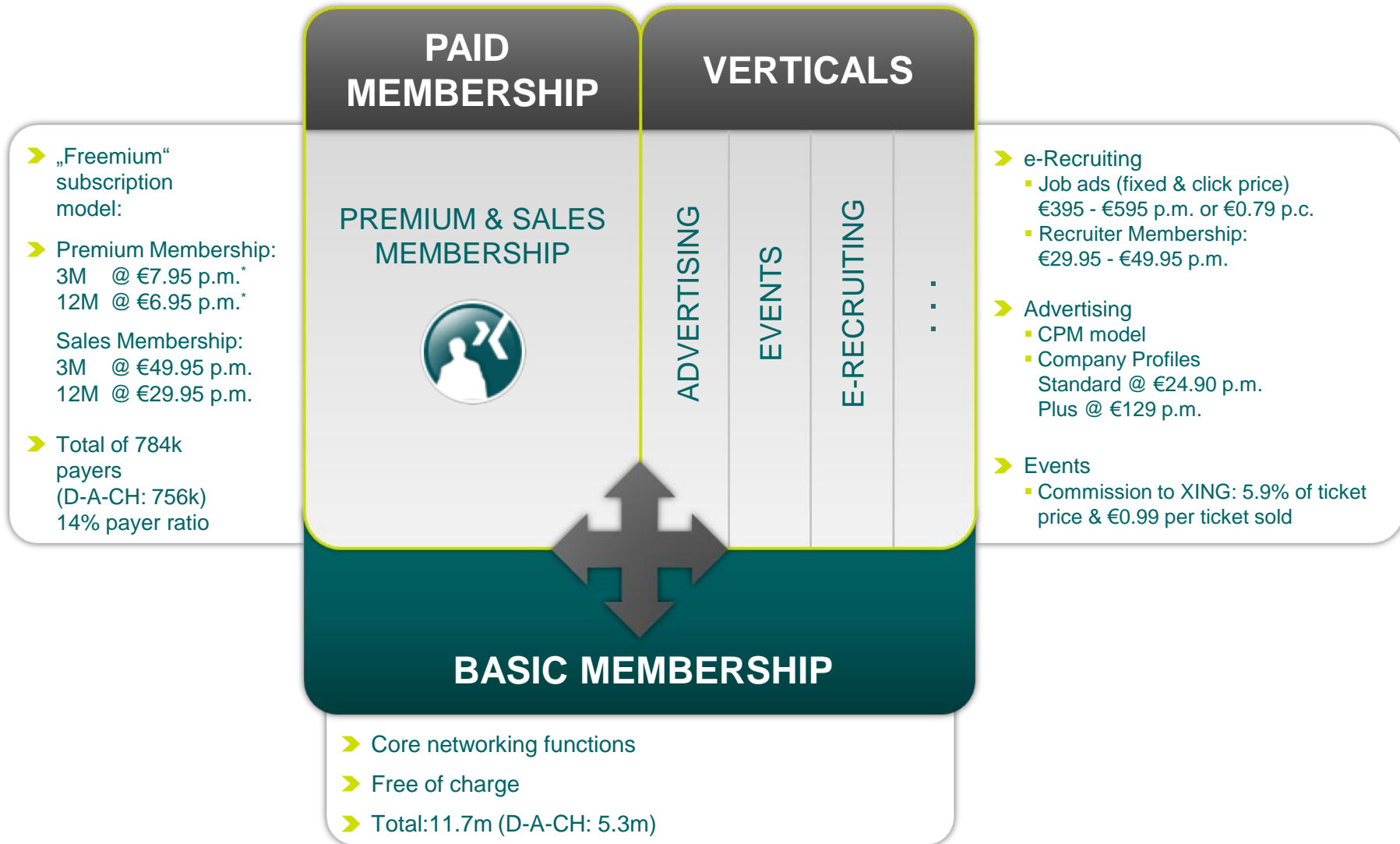


3

Efficient Tools for Corporates



Recruiting
Communication
Event Management



* Pricing for all new paying members since April 2011 (Discount of 20% for first term, auto-renewal with new pricing)

Our core region: German speaking Europe (D-A-CH)

4th largest economy worldwide¹

- 100m inhabitants
- 77m internet users
- \$4.3 trillion GDP (35% of EU)²

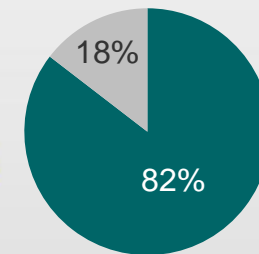
Particular challenges

- Aging population
- shortage of skilled workforce
- War for talent



Local needs

- Where German executives have most of their business contacts²



- German speaking Europe
- Rest

- Toughest privacy laws worldwide



#1

... in members

With >5.3m+ members in D-A-CH XING is the largest business network in a region with 100m inhabitants and the world's #4 in GDP

... in growth

>800k net new members in 2011

... in activity

with more than 4/5 of all segment page views, XING is the most active business network

... social media recruiting platform

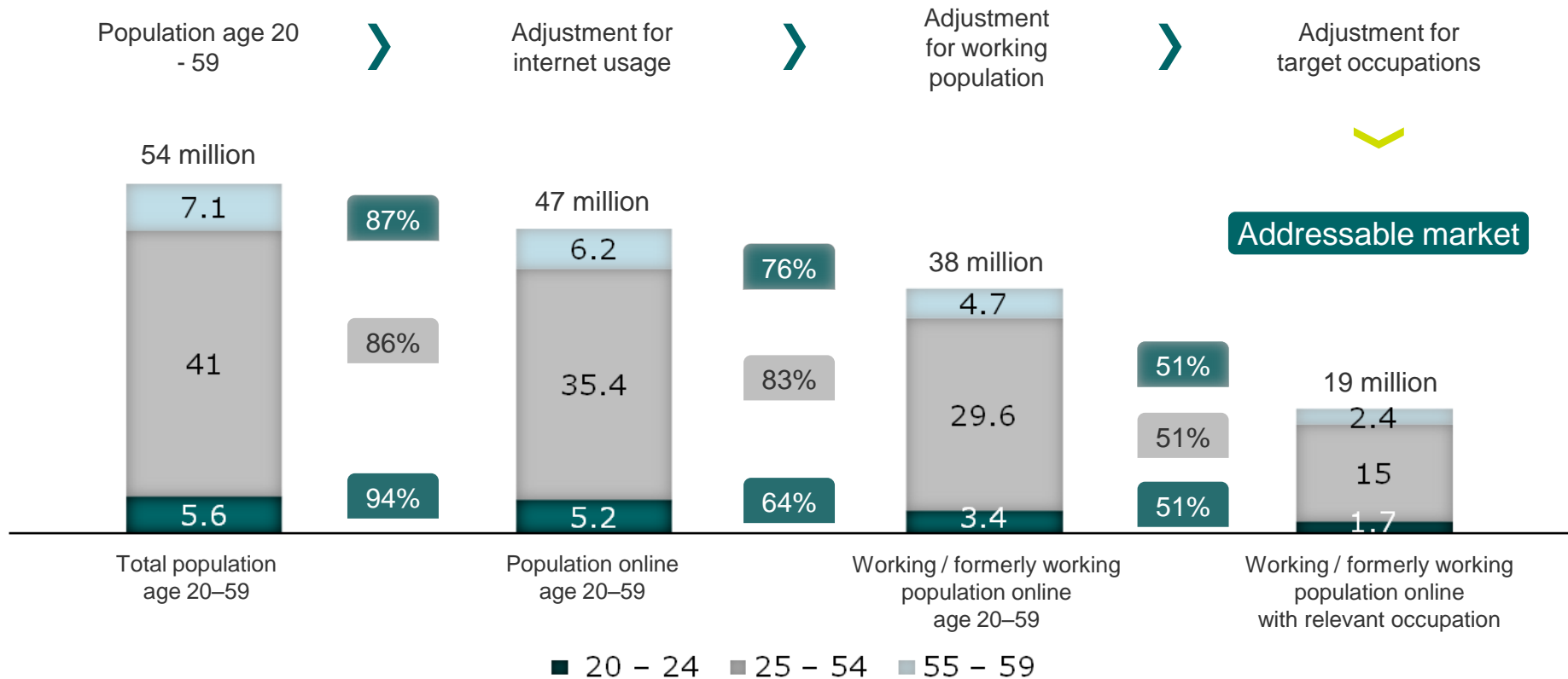
for online job ad postings

... in brand awareness

confirmed by recent GFK analysis

Large potential for further growth

Addressable market D-A-CH: market size estimate 2015

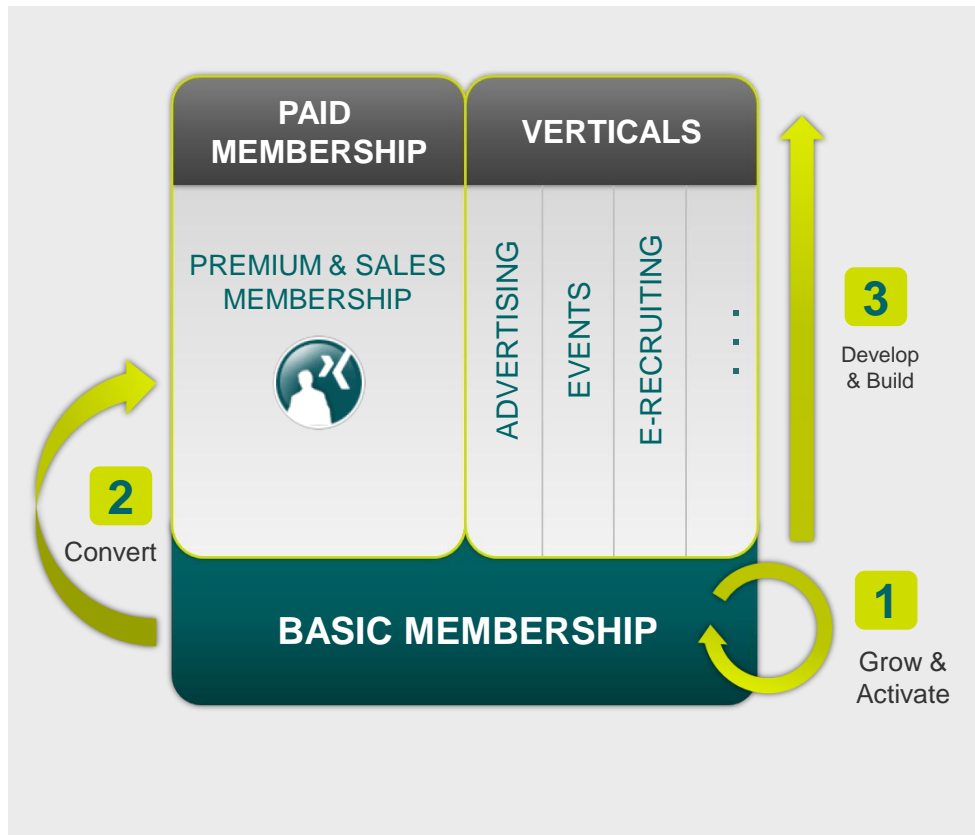


* Source: United Nations World Population Prospects 2006, United Nations Economic Commission for Europe – Statistical Division, European Commission Long-Term Labour Force Projections 2005, OECD's Committee Information Service, CEDEFOP Future Skill Needs in Europe Forecast 2008, Sal. Oppenheim estimates



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- 3 **Clear Strategy For Growth**
- 4 Strong Economics

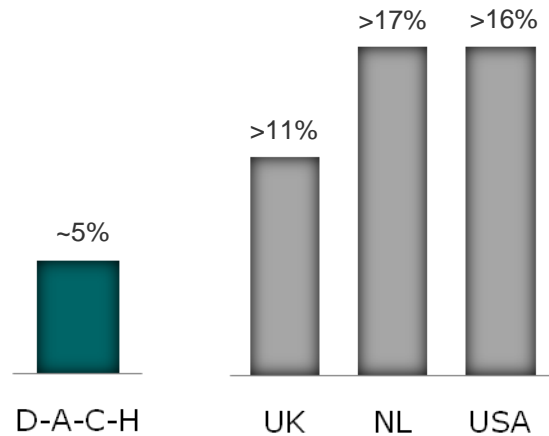


- Strong member growth in core markets
- Verticals showing strong topline growth
- Strong competitive position

➤ Significant growth potential ahead in core markets (D-A-CH) to become a €100m+ company in a few years

Penetration gap promises upside

Business networking penetration in selected countries¹



- Significant growth potential in D-A-CH
- Addressable market D-A-CH: 19m people³

Growth opportunity from mobile “revolution”

XING mobile visits in m



- Social networks are main beneficiary of mobile revolution²

¹ Source: XING analysis & LinkedIn demographics as of December 2011

² Source: Comscore Mobillens, 3month avg. ending Dec-2010 vs. Dec 2009

³ Source: United Nations World Population Prospects 2006, United Nations Economic Commission for Europe – Statistical Division,

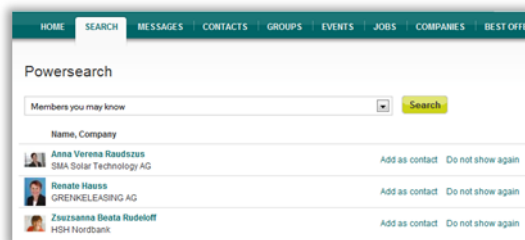
European Commission Long-Term Labor Force Projections 2005, OECD's Committee Information Service, CEDEFOP Future Skill Needs in Europe Forecast 2008, Sal. Oppenheim estimates

Why Members Pay

- Extended & pro-active usage of XING through i.e. advanced search, messages to non-contacts, references, attachments to profile
- Visitors to your profile (Leads)
- No advertising / privacy protection

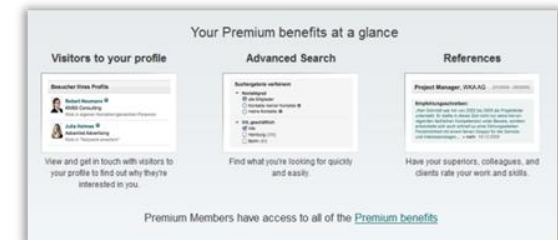
High Payer Ratio and Strong Loyalty

- 784k paying subscribers worldwide
756k in D-A-CH
- >90% renewal rate



Growth Opportunities

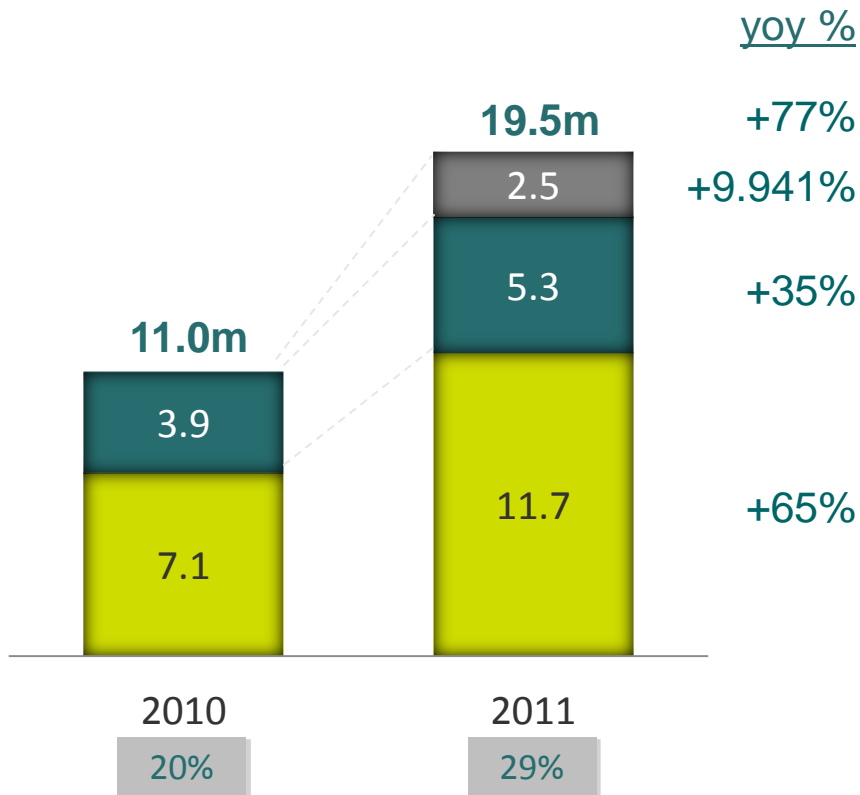
- Product diversification
- Pricing
- Marketing / Promotions
- Bundling



'Verticals' drive overall growth

"Verticals": Continued strong growth

Revenues from "verticals" in €m & in % of total revenues



E-recruiting	<ul style="list-style-type: none"> ➤ ~€300m¹ market for online recruiting services ➤ Unique channel to target job seekers – both active & passive ➤ Largest profile database in D-A-CH
Advertising	<ul style="list-style-type: none"> ➤ ~4bn² display ad market volume ➤ Unique community attracts strong brands and quality advertisers ➤ Detailed targeting information available
Events	<ul style="list-style-type: none"> ➤ >@5bn³ events promotion market ➤ Great opportunity for disruptive web based event management services ➤ Leverage installed base of >70k "paid" events in XING

¹ Source: Company estimates, RW Baird estimates (2008), Monster.com research & internal estimates

² Source: OVK Report 2/2011

³ Source: Meeting- und Eventbarometer (GCB 2009 & 2010), Anbieterbefragung 2008 (ghh consult GmbH), PR 17.06.2008 (Verlagsgruppe Handelsblatt), Bilanz 2009: Kennzahlen der Messerwirtschaft (AUMA)

Numerous product improvements in 2011 and early 2012

User Interface / Frontend

- New design & better user experience
- New sharing functions
- New features, e.g.
 - XING lunch planner
 - XING beta labs with “Poll”-feature & “Freelancer” marketplace
 - MINI job & CAMPUS job ads

“Mobile”

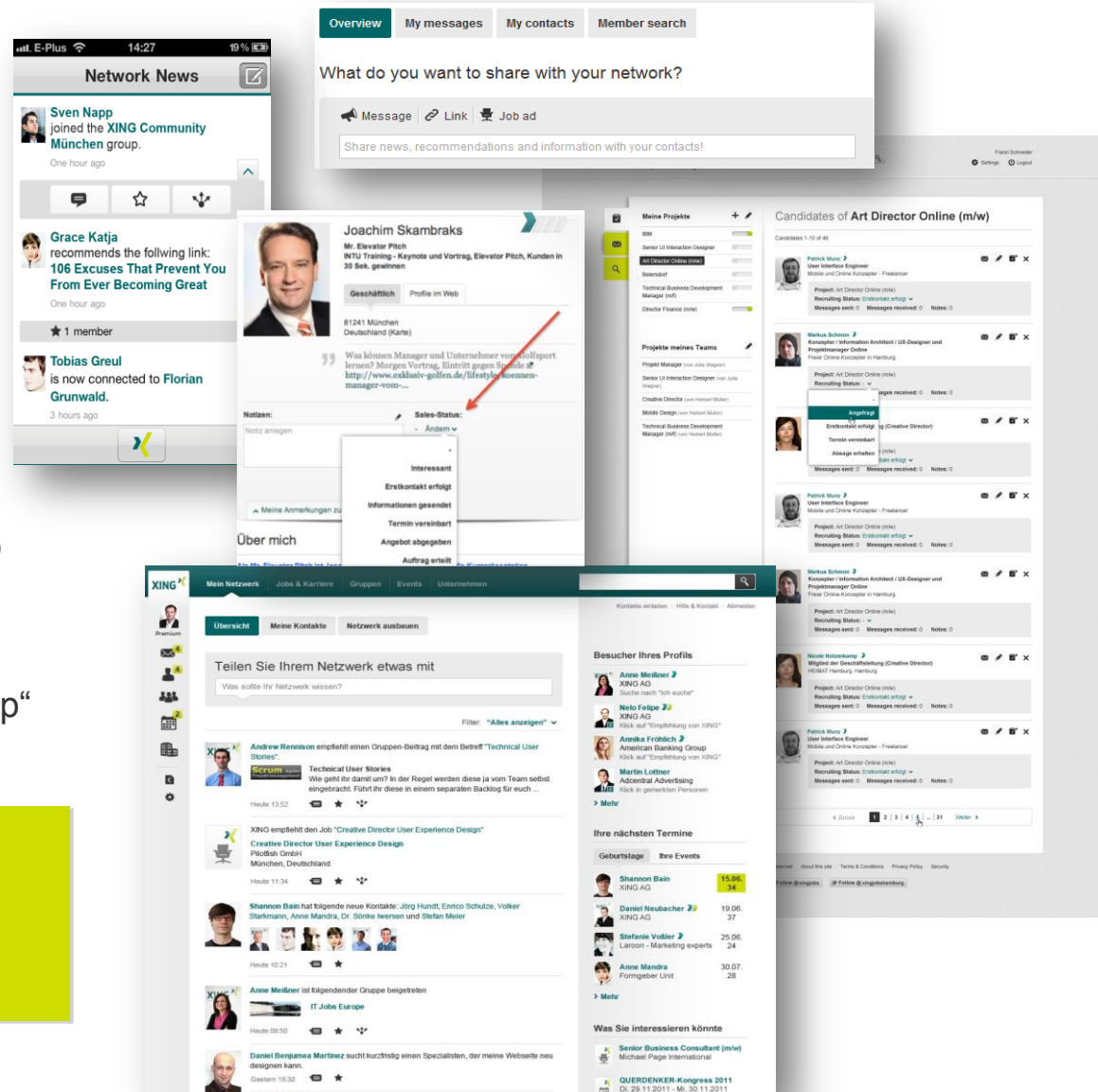
- XING everywhere (Android, iOS, HTML5, Windows 7, XING Beam)
- Integration of mobile advertising

“Subscription Products”

- Improvement of „Recruiter Membership“
- Launch of “Sales Membership”

Coming soon

- XING API (Q2 2012)
- XING Corporate Recruiter Account (CRA) (Q2 2012)






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XING has strong economics

 Attractive revenue growth of 20% with further growth potential ahead

 Strong profitability with EBITDA margin of >30%

 Business model with strong cash flow generation

 Negative invested capital

FY 2011: another year of revenue and EBITDA growth

	2011	2010	2011 vs. 2010	2011 vs. 2010
	Abs.	Abs.	Abs.	Rel.
Total revenue ¹	66.2	54.3	11.9	22%
Costs	(43.9)	(37.6)	(6.4)	(17%)
EBITDA	22.2	16.7	5.5	33%
Margin	34%	31%	+3%pts	na
Depreciation (adjusted) ⁽²⁾	(8.0)	(5.2)	(2.8)	(55%)
Financial result	0.5	0.0	0.5	na
Taxes (adjusted) ⁽²⁾	(5.3)	(4.3)	(0.9)	(22%)
Net result (adjusted) ⁽²⁾	9.4	7.2	2.2	31%


(1) Including other operating income

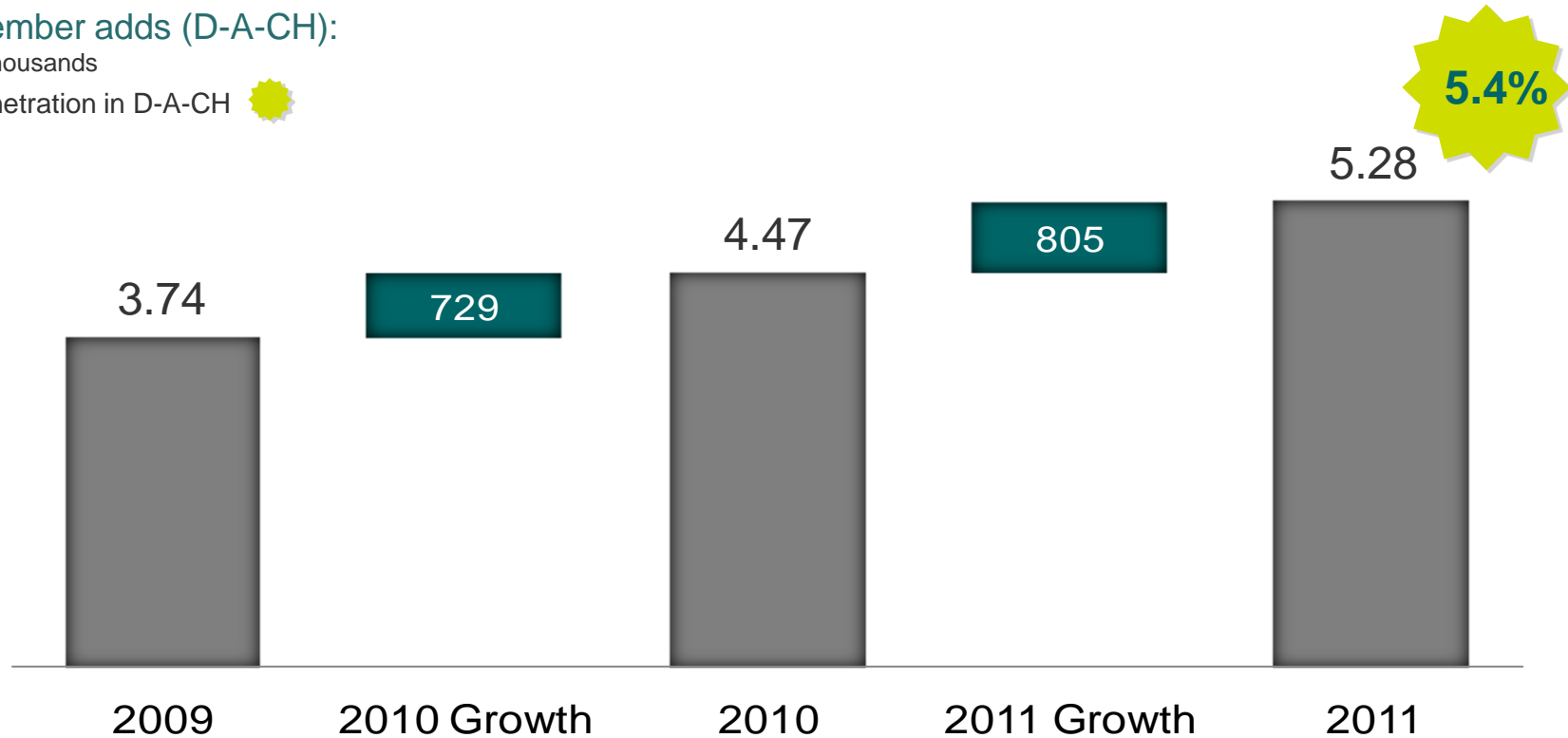
(2) Adjustment for one time write-down of market entries for Spain & Turkey (€14.4m) & taxes adjusted by €0.3m accordingly



- Bottom line adjusted for one time write-down of €14.4m
- At the same time reinforced investment mode since H2 2011

Strong member growth

Member adds (D-A-CH):
in thousands
Penetration in D-A-CH 



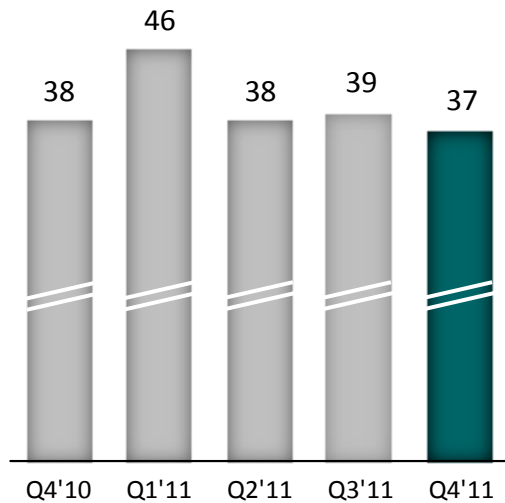
Low market penetration promises further potential for growth

Subscriber base continues to grow

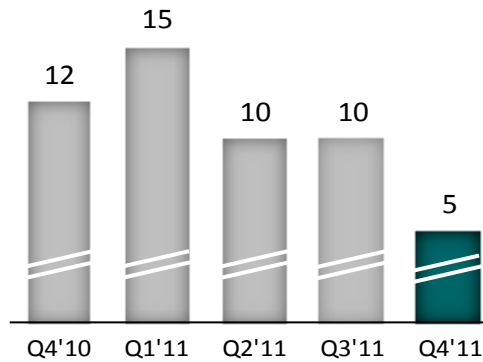
40k net adds in 2011



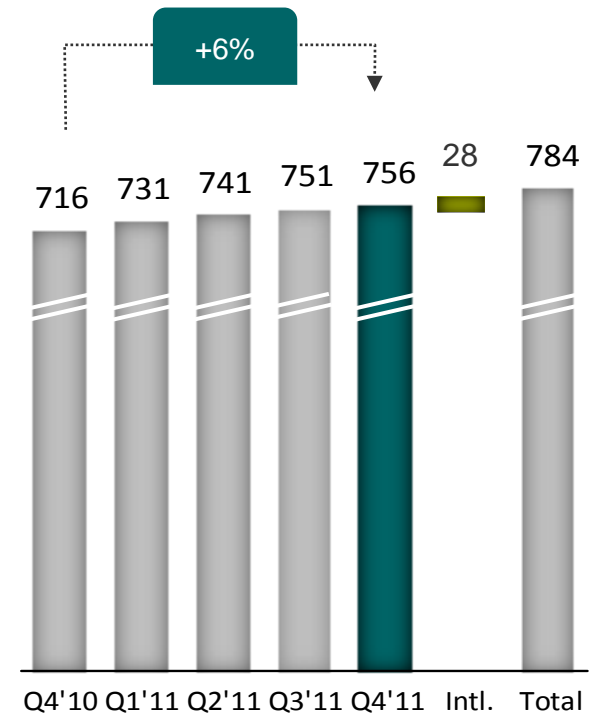
Gross subscriber adds
D-A-CH
in thousands



Net subscriber adds
D-A-CH
in thousands



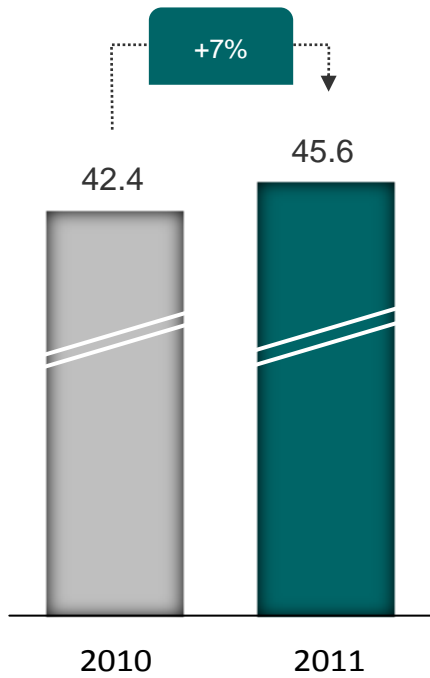
Subscriber base
in thousands



Continued strong growth of vertical revenues

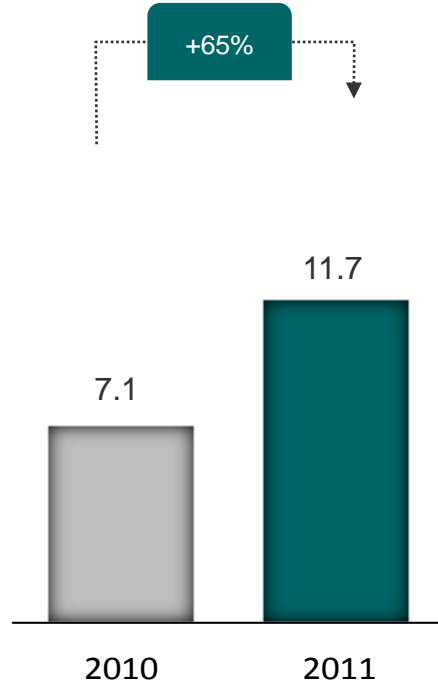
Core

Subscription in €m

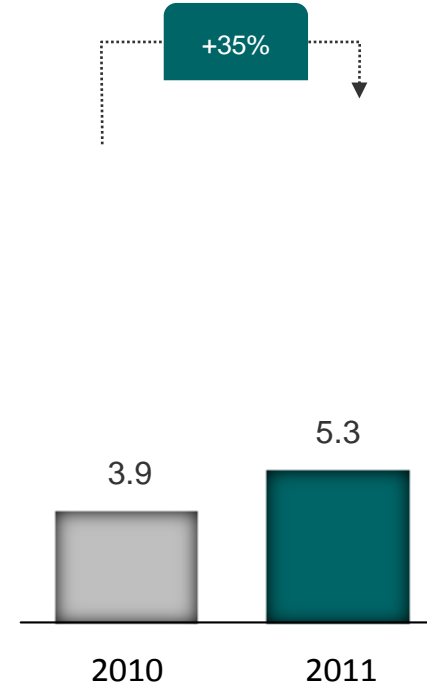


Verticals

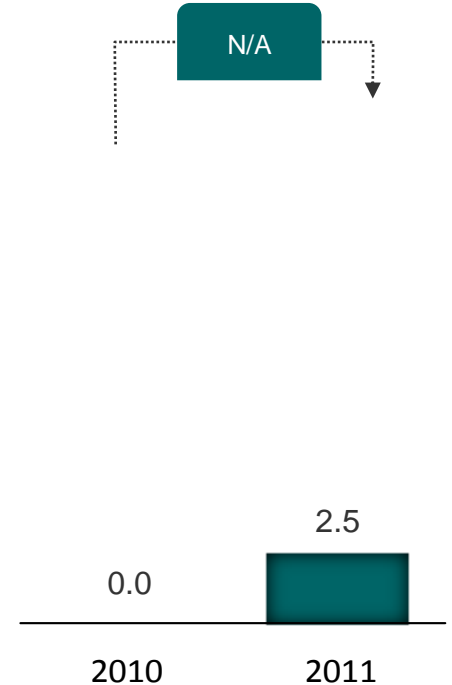
e-Recruiting in €m



Advertising (incl. Company Profiles) in €m



New Verticals (Events) in €m



Full year operating cash flow €13.9m

	2011	2010	2011 vs. 2010	2011 vs. 2010
	Abs.	Abs.	Abs.	Rel.
EBITDA	22.2	16.7	5.5	33%
Interest/tax/ESOP	(9.1)	(1.4)	(7.7)	na
Δ Net working capital	0.8	7.1	(6.3)	(89%)
Operating cash flow excl. organizer cash	13.9	22.4	(8.5)	(38%)
Investment – operating	(6.5)	(5.7)	(0.8)	15%
Investment – acquisitions	(5.4)	(1.1)	(4.4)	na
Financing incl. transaction of own shares	5.2	0.5	4.7	na
Free cash flow excl. organizer cash	7.2	16.2	(9.0)	(56%)
Effects organizer cash	2.0	na	2.0	na
Free cash flow incl. organizer cash	9.2	16.2	(7.0)	(43%)

Adjusted for distortions operating cash flow has increased from €15.6m in 2010 to €18.7m in 2011



- 2010 one-time cash in from renegotiation of credit card contract (+€3.5m) and shift of tax cash-outs into 2011 (+€3.3m)
- 2011 tax-cash-outs for years 2006-2010 (-€4.8m)

Increase in profitability driven by scaling business, growth to profitability of new business & turnaround international

	2010	2011	Comment
Subscription	+	+	Scale of existing business
E-recruiting	+	+	Scale of existing business
Advertising w/o Company Profiles	+	+	Scale of existing business
Company Profiles	-	+	Growth to profitability
International	-	+	Turnaround
Events	n/a	-	Major investment field
Total EBITDA margin	31%	34%	



- High profitability due to by-product economics in verticals
- Investment in Events dilutes overall margin by 5-6%pts.
- Further investment fields: mobile, advertising, marketing, sales

Negative invested capital from shareholders' perspective

in €m

	2011
[excl. Event organizer cash]	Abs.
Assets	112.4
Operating assets	25.7
Acquisitions / international	19.8
TAX A/R	0.7
Cash	66.2
Liabilities	112.4
Equity	56.7
Deferred income	22.9
Liabilities (incl. 20m distribution Feb'12)	30.0
Tax liabilities	2.8
Other	0.0



Operating assets	€25.7m
Deferred income	(€22.9m)
Liabilities	(€30.0m)
Invested capital w/o cash	(€27.2m)



Return of €3.76 per share to shareholders on Feb 7, 2012
 [Record date was August 1, 2011]

We plan to pay out regular dividends

Strong recurring cash flows despite investments in growth

- Prepaid revenues
- High margins
- Low capital intensity

Sufficient funds

- Cash: €46m*
- Authorized capital
- Debt capacity (currently debt free)

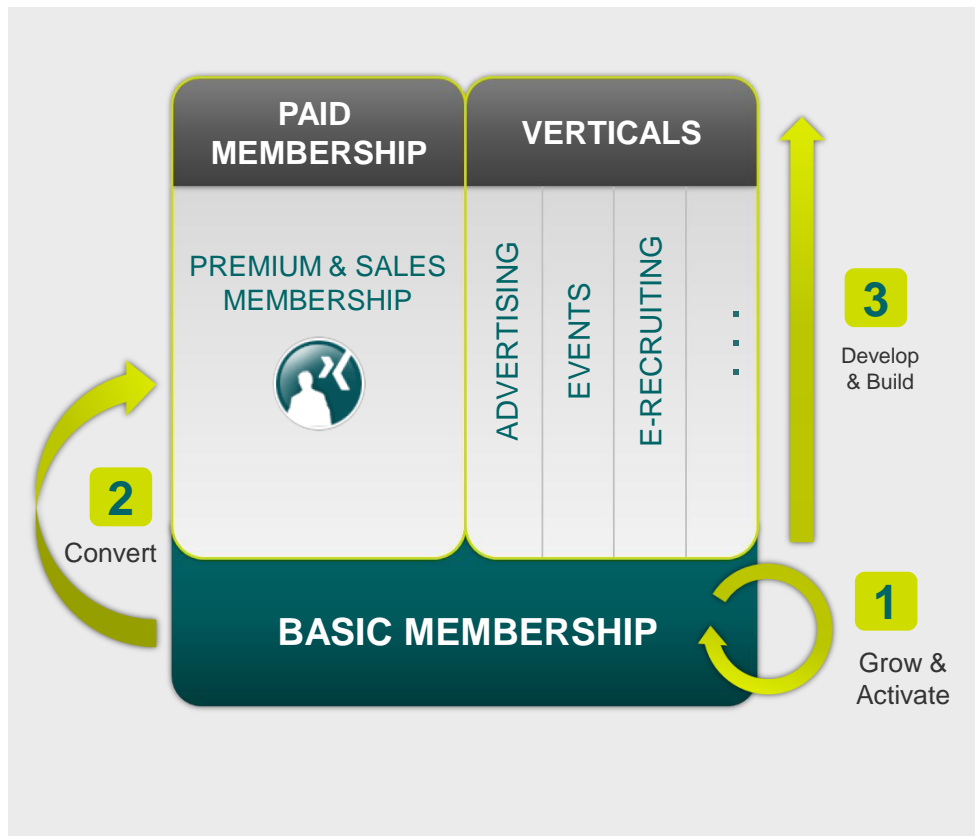
Executive board recommends to start paying out dividends

- €0.56 per share = ~€3m
- Policy: Sustainable dividend payments going forward



* Excluding organizer cash and return of capital of €20m

Overall strategy in 2012 remains unchanged



- Exploit large remaining market potential in DACH region
- Monetize through combination of paid memberships and verticals
 - Upcoming launches: Corporate Recruiter account, social advertising products
- Further invest in product development and marketing

➤ Significant growth potential ahead in core markets (D-A-CH) to become a €100m+ company in a few years

Thank you
for your kind
attention!

Backup



Online address book

... and meeting new people

Online networking ...

... and 'offline' events

Online job search ...

... and getting ahead in your professional life

Market Opportunity

- Social media is rapidly gaining traction as efficient recruiting tools for corporates
- Platforms for business professionals are unique channels to target job seekers – both active & latent
- ~€300m* online job advertising market in D-A-CH

Why XING?

- Millions of talented professionals - best profile database in D-A-CH
- Attractive service offer of XING has already attracted recruiters

Growth Strategy

- Increase traffic by expanding base of recruiters and further improve matching
- Build e-recruiting sales force in 2011, implement further partnerships and increase number of job postings

Market Opportunity

- Total display advertising market ~€4bn*
+12% market growth expected in 2012*
- Social networks are among the fastest growing channels for digital advertising

Why XING?

- Detailed information on customers available for targeting
- Unique community attracts strong brands and quality advertisers

Growth Strategy

- Create new ad formats
- Provide new targeting options
- Continue to concentrate advertising on basic membership

New Verticals (Events)

Leverage recently acquired technology to monetize events business

Market Opportunity

- Total addressable market for events promotion: >€5bn*
- Great opportunity for disruptive web based services offering events-management services
 - promotion, participant registration, payment, ticketing, entrance management

Why XING?

- Installed base of ~200k events annually generated by XING community
- Effective social media tools for event promotion

Growth Strategy

- Leverage recently acquired technology of amiando AG - European leader for web based event management
- Better monetize >70k (p.a.) „paid“ events

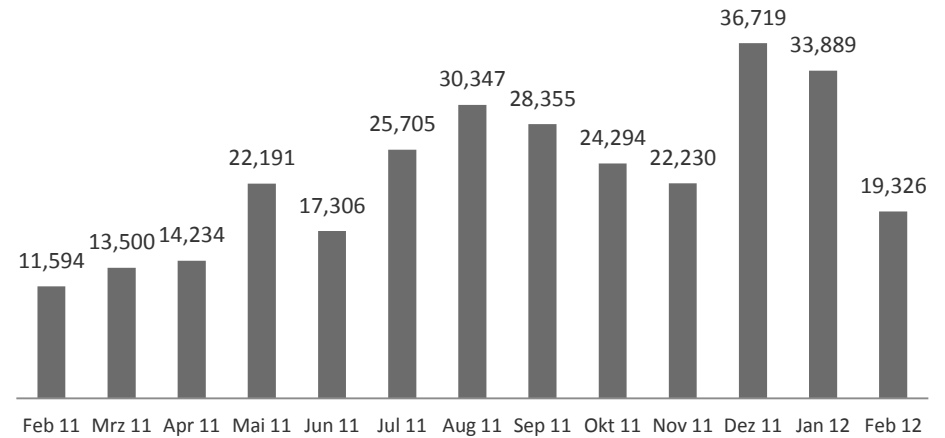
XING AG IR stats

Market cap: €300m / -€46m cash* / no debt

Consensus
(March 2012)

	2012e	2013e	2014e	2015e
Total revenues	76.2	86.0	92.0	98.4
EBITDA	25.1	29.6	33.2	38.8
<i>Margin</i>	33%	34%	36%	39%
Depreciation	-7.5	-7.8	-8.2	-8.5
EBIT	17.6	21.7	24.8	30.3
<i>Margin</i>	23%	25%	27%	31%
Net income	12.2	15.1	17.3	21.4
EPS in €	2.26	2.81	3.23	4.03
Free cash flow	0.5	12.6	19.3	23.8
DPS in €*	0.56			

Average trading volume per day (XETRA)



Analyst coverage

Commerzbank, Close Brothers, Deutsche Bank, DZ Bank, Hauck & Aufhäuser, HSBC, Jefferies, MM Warburg, Macquarie, Montega

Shares

5,426,321

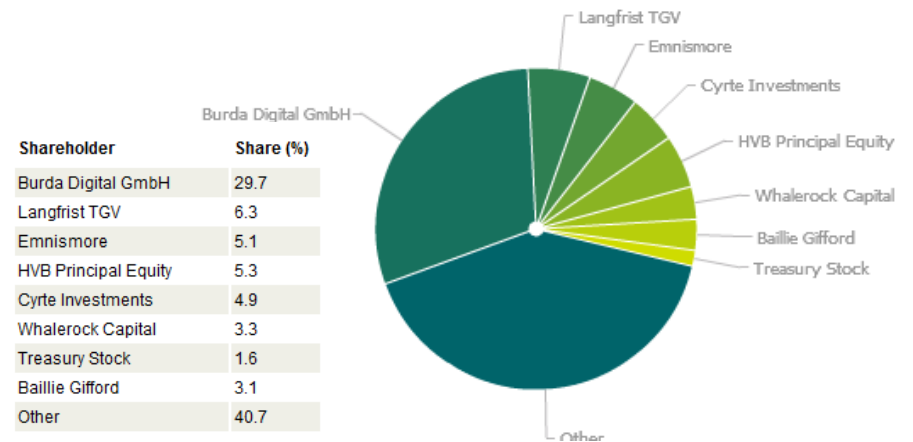
TecDax ranking end of February 2012

Market Cap.

26

Turnover

24

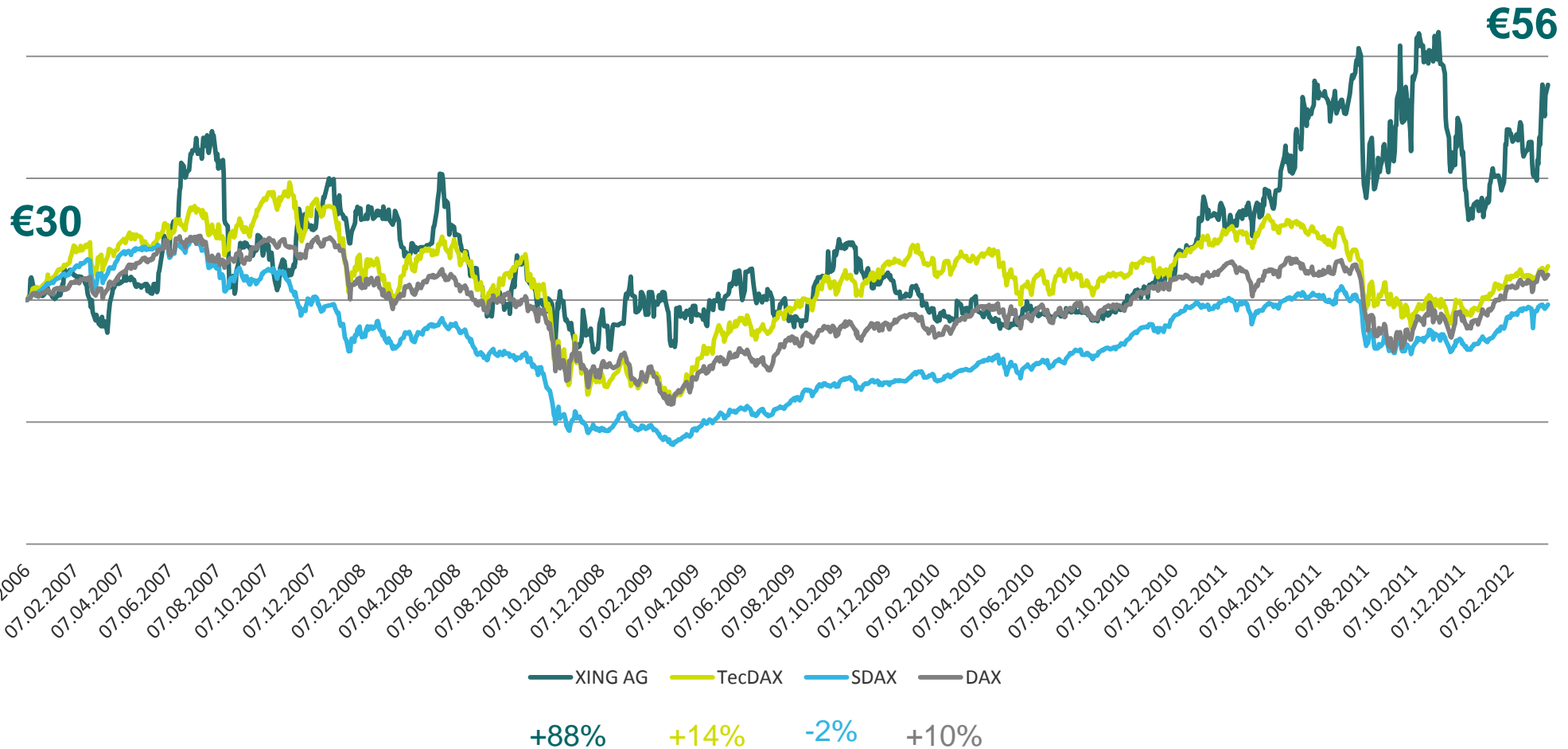


Free float according to Deutsche Börse: 68.7%

* Will be recommended to shareholders on June 14, 2012

XING share price since IPO in Dec 2006

(as of march 26, 2012)



Investor Relations

Contact details & social media channels



Patrick Moeller

Director Investor Relations

XING AG
Gaensemarkt 43
20354 Hamburg
Germany

Tel.: +49 (0)40 419 131-793

Fax.: +49 (0)40 419 131-44

(Please use this number to submit "WpHG notifications")

Email.: patrick.moeller@xing.com

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

http://twitter.com/xing_ir



<http://www.slideshare.net/patmoeller>



<http://www.youtube.com/XINGcom>



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