FINAL TRANSCRIPT

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PRESENTATION

Tim McHugh - *William Blair & Company - Analyst*

Okay. We're going to go ahead and get started here. Welcome to the presentation by Dice Holdings. For anyone that doesn't know me, I'm Tim McHugh, one of the business services analysts here. We are required to let you know a complete list of disclosures can be found regarding Dice on williamblair.com. We are very pleased to have with us today Scot Melland, the Company's Chairman, President, and CEO. The Company's Director of Investor Relations, Jennifer Bewley is also here with us.

Dice has put up some very impressive growth during the last year due to a solid recovery in hiring in its core markets and some strong market share gains. So we look forward to getting an update from them on the trends.

There will be a breakout session immediately after this presentation in the [Aster] room, which is back towards the restaurant.

With that, I'll turn it over to Scot.

Scot Melland - *Dice Holdings, Inc. - President, CEO, and Chairman*

Great. Thank you, Tim. It's good to be here. Thanks. Thank you to everybody for getting up so early this morning to join us. I'll put up our forward-looking statement. As you know, things change pretty quickly in our industry. So please take note of that.

For those of you who are not familiar with Dice Holdings, we are a global online recruiting company. We operate career sites in a handful of professional areas around the world. What makes us different, though, from the Monsters, the CareerBuilders, the LinkedIns of the world is that we've focused in on a handful of professional markets. We take a vertical approach. And what that means is that our sites are tailored to the specific needs of the communities that they serve. So all the content, all the search, all the advisory pieces are all tailored to the needs of that particular professional community. And we think that gives us a distinct competitive advantage in the market.

If you take a snapshot of the Company today, our top five brands account for about 98% of the revenue of the Company. We report in three segments, though -- tech and clearance, finance, and energy. The tech and clearance segment, we've got our namesake, Dice.com. It's the leading technology and engineering career site here in North America. It's been around for about 20 years, used by over 2 million tech professionals on a monthly basis. By far, the leader in the space.

ClearanceJobs is a more tailored site, a very nichier focused site. It helps companies find people with active government security clearance. So most of our clients there are in the defense industry and the armed forces.

eFinancialCareers, in the financial services space, it is the largest global network of career sites handling people in the financial services world. It was an acquisition that we did in 2006. It has done very, very well for us.

And then last year, we entered the energy or oil and gas space with two acquisitions -- Rigzone, service based out of Houston, Texas; and WorldwideWorker based out of Dubai. And I'll talk a little bit more about them in a second.

Now as you can see from this chart, we've grown quite quickly. We basically doubled the size of the Company right before the great recession. We took a hit during 2009. We returned to growth again last year as recruiting started to rev up again. And then after our first quarter of this year, we raised our guidance. So we're on track this year for record revenue and record profits. I think the only thing that I would -- other thing that I would note here is that in good times and in bad, our model is very flexible. As you can see here, we deliver very nice profitability even in the down years, typically EBITDA margins in the 40% to 45% range.

So I said that first quarter was pretty good. This is a snapshot of results here. Revenue up 49% year-over-year. That's helped in part by the acquisitions we've made in the oil and gas space. If you take out the oil and gas acquisitions, revenue was up organically about 38% year-over-year. A lot of that revenue dropped into profits and dropped into cash flow. As you can see from the chart here, this business, because of the way we sell, because most of our service contracts are annual subscription type contracts, which are paid for up front, we oftentimes have negative working capital and throw off quite a bit of cash as we have been doing in the growth area here.

So what I'd like to do today is take you through our vertical advantage and why we take this approach in the market, talk a little bit more about what's happening in the labor markets and in recruiting, talk about our growth strategy and then share with you our outlook for Q2 and going forward.

So our vertical advantage. So why do we take this vertical approach? Essentially because we believe it leads to a better experience for the professionals as well as the recruiters who use us. The HR professionals, the recruiters use us to advertise their jobs, search our database, network with our people, similar to some of the other sites. What's different, though, is because our sites are focused and have the information to help these professionals build their careers, content, community, forums, one-to-one [peer] discussions, et cetera, we're able to attract the career professional.

If you look at the users of our service, they tend to be a bit older. They tend to be more educated. They tend to be more highly skilled and more highly paid. And oftentimes, these people are not using any of the other services. So we're able to deliver to our customers a very high-quality slate of candidates. And we're able to do it very efficiently because each of our services has been tailored to how the recruiting is done in those markets. Recruiting and tech is very different than financial services, which is very different than energy, and we bring those differences together. And that leads to a pretty strong ROI for our customers.

Taking a look at our major services, Dice.com, I mentioned earlier, used by over 2 million tech and engineering people on a monthly basis here in the US. To put that in perspective, there's about 6 million tech professionals in the United States. So every month, we're talking to about one-third of the market. You can imagine over 3 or 6 months what percentage of the market place we talk to. So we are a very efficient way for employers and recruiters to get into the tech community and market and sell their opportunities.

Over 1 million resumes in our database, over 3 million registered users, most of these people are employed. So these people are employed, but they're career minded. They're looking for opportunities. They're looking to build their careers.

And the last point is important because over 80% of our traffic is non-paid. In fact, it's closer to 90%. That's important because what we do, or what we've done, is we've built up these communities over time. So the users come to us. We're not constantly paying on the front end to bring in users and then offer them up to our customers in the back end. We've built a community that uses us and that's one of the reasons why our margins are as high as they are.

Pretty much the same story with eFinancialCareers. It's really the only service out there today where you can recruit for financial services professionals globally, so across country lines. It's used by over 1 million financial services professionals on a monthly basis. And one of the points here is that this is a very highly skilled talent pool. Most of these people have advanced degrees. They cover all the major parts of the financial services, whether it's investment banking or asset management or insurance. What have you. We cover all the major sectors and there's really no other service that can do the same out there today.

And then the energy segment, which is our new segment. We're very excited about this. This will be our second global business. ClearanceJobs and Dice are primarily in North America. eFinancialCareers in 18 markets around the world. Energy now is going to be our second truly global business. And by putting these two services together, we've essentially created now the market leader in that space. We've got a little work to do in terms of the branding and the packaging. But today, that audience, that community is larger than any of the other service providers out there. And the other thing that's important to note here is that Rigzone, in particular, is actually an editorial and content leader in the oil and gas space. The Rigzone daily newsletter and weekly newsletter are read by over several hundred thousand professionals in the oil and gas industry. So again, we have a very efficient mechanism to get our recruiters into the marketplace.

So let's talk a little bit about the market as we see it. It's actually pretty good news. These are our estimates for the global online recruiting market. We think it's over $4 billion for 2011. This is gathered by putting together all the publicly available information plus what we know about the private companies that participate in this space around the world. And we see it growing over 20% this year. This is good news for all competitors in this space. I think you're going to see this in pretty much all, every competitor's numbers, and no mystery here. The economies in the major developed world are doing better than they were in 2009 and early 2010. And as a result, the recruiting is taking off.

So that's good for everyone, but there's a few trends that favor our business model and our business in particular. So let me just share a couple of those with you. The first is that a turnover is increasing in the professional segment. And the reason why turnover is important is because turnover is much more a driver of recruiting activity than job growth. So turnover drives recruiting, recruiting is good for our business.

And these are some numbers from the BLS here in North America. And as you can see, for the last 12 to 18 months turnover or voluntary quits have been increasing -- we're still way below the 10-year average. Now in a recovery, we would expect to actually blow through that average and have an unusual amount of turnover. And we think that's actually coming probably in 2012 and 2013 because usually there's pent up demand to change jobs at the end of a downturn. But today, we're still below but heading in the right direction. And that's favorable to us.

The second thing I would note is that our two largest segments, technology and finance, are just by nature tighter job markets. This is the unemployment rate here in the US. As you can see, in finance and in technology, we're well below the national norms. In fact, in technology today, unemployment is under 4%. It's 3.8%. That's a very tight labor market. And when you get that type of labor market, essentially what happens is, by definition, you have shortages of key skills, in particular skilled areas, and shortages in key metro areas. And you're feeling that today in Silicon Valley, in New York, and a lot of the other tech centers. And we're actually seeing that in our business. As you can see from the growth in job advertisements on our site in some of those major markets. So that tightness remains and, we believe, will continue and actually probably get worse from -- better for the job seeker, a little bit worse for the recruiter over the coming years.

The last trend that's been very active over the last couple of years that favors us has been a shift in buying patterns from customers away from generalist services like Monster, CareerBuilder, outside the US, StepStone, JobsDB, and such to specialized services. And what's happening here is customers are getting much more sophisticated with how they buy online recruiting services, much more sophisticated today than where they were 5 years ago. They have tools to measure the results and that favors a lot of the specialists like ourselves.

And so what we've got here is we've indexed the North American revenue of our Company against the North American revenue of CareerBuilder and Monster. And what you see is that, today, even with the downturn, we're about 50% larger than we were at the beginning of 2006. Monster is about 30% smaller and CareerBuilder is about the same. Now there's a lot going on inside these numbers, but one of the factors is definitely a shift in customer buying behavior.

So when we look at the market and the competitive landscape over all, we would note a couple of things. First is that the market itself is growing. It's a very large, dynamic market globally, and it's growing today. But with -- inside that market, we expect over the horizon that social media players, LinkedIn in particular, will take an increasing share of that market. Specialists like ourselves will take an increasing share as we have over the last 3 to 5 years. And that's probably going to come at the expense of the traditional players in the marketplace.

Now you'd asked a lot about how we compete, especially now that LinkedIn is public, about how we compete with LinkedIn. And it's interesting is that we very rarely compete head-to-head with LinkedIn. It's very rarely an either or decision for a customer. Typically, what happens is we compete alongside with them. We're both at the customer, we're both presenting our solutions to them, and typically they buy both of us. And they're buying both of us because we offer different solutions and solve different problems for them.

So if you look at LinkedIn, what LinkedIn offers is a very large database of profiles. They tend to be general in nature, tend to be in various levels of completeness and such, but a very large database. They have passive users. They allow one-to-one connectivity and they offer the ability to reach more senior-level people. Now because they're essentially a profile database, but without a lot of activity, they lend themselves to sourcing assignments. In other words, search assignments. And so search and sourcing tends to be time-consuming and that, again, lends itself to mid to senior level hires where customers are willing to put the time and energy into that kind of sourcing.

Compare that to what we bring to the marketplace. We bring our vertical focus that very efficient way to reaching to the community, brand your company, and advertise your opportunities. We have career-minded people, in other words people are employed. They're career professionals, but they're interested in building their careers. They're interested in networking. We offer one-to-one connectivity through our talent networks, through our online forums, and we are very fast and efficient with how you contact individuals and how they respond to you. So we are a very efficient way to reach the professionals that you're trying to reach. So you can get the sense that there's slightly different value propositions here, and typically what happens is customers buy both.

So how do we expect to grow the Company. I mentioned after Q1, we raised our guidance for the year. So we expect this year a revenue growth of about 37%. The other growth indication that we've stated is that we expect to double the size of the Company from 2010 to 2014.

How are we going to do that? Essentially, three ways. Customer growth in our primary sectors of finance and technology, expansion of our new energy vertical, and then some geographic expansion. To give you a sense of what I mean by customer growth, this is for our Dice business, which is our larger segment, at the peak before the recession, we had 9,150 customers, recruitment package customers, in Dice. At the trough, right before 2010, at the beginning of 2010, we had 5,900 customers. Now they didn't leave us because they didn't like us, they left us because they had no recruiting. Many people had hiring freezes on and that was funneling through the system.

Now, as the recruiting environment has come back and the needs have come back, the customers have come back to us. And at the end of the first quarter, we had 7,600 customers. So we recovered quite a bit of the original customer base. That customer growth has actually continued into the second quarter. We've added more customers in April and more customers in May, so that trend continues. Now we'd actually expect to blow through that 9,150 as we continue on acquiring customers over the next couple of years.

What's interesting now is as those customers have come back to us, they're coming back at higher service levels and at slightly higher pricing. What I've got here is this is average revenue per customer per month for the Dice.com service. And as you can see, in Q1, we actually reached a new high for us, $900 per month. What's inside those numbers is the fact that customers are buying more service from us. So they're coming back to us and they're using us much more aggressively, which again, I think, points to the value that we present.

Just to give you an idea of a customer specifically, this is a large technology consulting firm which we built a relationship with over time. As you can see, it was about $100,000 agreement back in 2006. Today, it's well over $400,000 on an annual basis. What's interesting is what happened in the downturn. So they cut back on their recruiting with us. They stayed with us because they need us. They cut back on the recruiting, but all those little colored slices are upgrades. So they signed a smaller contract, but during the year, they kept coming back and buying more from us because they needed to fill their ranks and they saw the efficiency we presented. We then signed a much larger deal last August, and since that time, they've upgraded seven times with us. So I think that's a reflection both of the market, but also the kind of service and value delivery that we've got. I'd also note here that these guys are pretty aggressive users of LinkedIn.

So the market opportunity for Dice. So we certainly would expect to get back to the 9,100 customers, but we've identified thousands of potential prospects in North America. We essentially had not penetrated the market before the recession. It's very difficult to sell a new customer during the recession because they don't have need for the service. But now that the market is back, we can go after these customers and bring them on board to Dice.

Similar kind of customer opportunity in eFinancialCareers, but it plays out in a different way. It plays out over multiple regions of the world. eFC started in the UK. We've got a wonderful position in the City of London financial services market, but we also play in EMEA, Asia Pacific, and North America. Now we expect to double the size of this business. And as you can see by the green here, we're well on our way to doing that over the next couple of years. And the reason why we're confident about this is that if you think about it, the UK financial market, financial services industry is essentially a single financial market, London. EMEA has multiple financial markets; Asia Pacific, multiple financial markets; the US, multiple financial markets. So we're pretty confident that we can grow those other regions at least to the size of the UK.

And then energy. I mentioned earlier we're excited about energy. It's a global opportunity for us. Just to give you an idea of where we are today. In North America alone, there's 20,000 oil and gas services companies that play in the marketplace. Not all of them are potential customers, but a good number of them are. Today, we have about 500 customers. So we've got a nice customer opportunity and now we have the leading database, the leading community to sell into that customer space.

Market expansion, we operate in about 19 different markets around the world today. We're planning this year to expand our eFC business into Russia, India, and Brazil. We're going to expand in the US. Outside of New York, we've been primarily fixated on New York so far, but into Chicago, Boston, and the West Coast, you'll probably see some of the posters in the commuter stations here in Chicago. And then expand our energy business from its centers today in Houston and in Dubai to North Sea European markets as well as the Asian markets. So we have geographic expansion opportunity that we've already started to execute against.

So let me finish here by just giving you an idea of our outlook. On our first-quarter analyst call, we gave guidance for the second quarter, growth of about 45% and then EBITDA growth following along with that. We are very comfortable with this guidance.

We also gave guidance for the full year of 2011. $177 million on the top line and $74 million for EBITDA. We're also very comfortable with this. And then I think more important for investors is the long-term opportunity. We've stated that we believe we can double the size of this business from 2010 to 2014. If you look at the performance in 2011, we're well on our way to doing that. So we're pretty excited about the opportunity ahead.

So if you wrap it all up, when you think about our Company, I think there's really four things to keep in mind. One is that we have this vertical focus. It gives us a distinct competitive advantage and customers are responding to that. We have a small share of a very large and growing global market over $4 billion. Pretty sizable growth opportunities in our existing verticals today. And we have a history of delivering some pretty industry-leading margins in fact and pretty strong cash flow generation.

So with that, I think, we have some time for some questions.

QUESTIONS AND ANSWERS

Tim McHugh - *William Blair & Company - Analyst*

Yes. Well, we can take a few questions in here before we go to the breakout. I'll throw out one of them. Please feel free to raise your hand and ask one.

I guess, maybe, just broadly, you guys had commented relative to your guidance, but I think you have a very good look into the employment world and I think people would probably be curious to hear your views on or some more color on what you see happening with technology recruiting and financial services recruiting especially given some of the uncertainties that people are seeing out there right now?

Scot Melland - *Dice Holdings, Inc. - President, CEO, and Chairman*

Sure. It's interesting. If you look at the labor market report for May, a lot of people looked at that and said, the sky is falling. But the real story in the labor markets is a detail story. You have to drop down into the individual sectors because this is not a fair recovery. There are certain sectors that are doing very well. There are other sectors that are not doing well at all, and probably won't do well for many, many years.

And so, if you drop down into it, what you see is that technology, there was a nice job growth in technology. There's 3.8% unemployment and the technology job market today is very active. And one of the things that we've seen is it's gone from being just active in the major tech centers, the Silicon Valleys, the Seattles, the New Yorks of the world to now it's active in all the major metros in the US. Not a lot of mystery behind this because what's driving this is many companies who put their projects on hold during the recession have now green lighted it. Green lighted those projects. And that's creating a tremendous amount of work combined with the fact that many companies have 5 year old infrastructure that they're now upgrading.

If you read the report from Gartner, Gartner is talking about how we're in the middle of a technology upgrade cycle that will last into 2012 and 2013, that's globally as companies are trying to catch up to the latest technology. Layer on top of that, new technologies that companies have to deal with cloud computing, mobile applications, security for their databases and their networks -- those are three things that they didn't even have to worry about 5 years ago that today they have to do. And so, in technology, you almost have this perfect storm. I hate that term, but you have this confluence of events that is really driving a lot of recruiting.

Financial services, it's a little bit different story but it has the same result. In fact, we're seeing the recruiting in financial services actually grow faster than in technology. But what's going on in the financial services is many banks, many financial institutions around the world are still rebuilding their staffs and then they're still switching the chairs around the table. And so they're still trying to find the right formula for how to compete in the new regulatory environment and the new structures. And that's creating a lot of recruiting. On top of that, you've got a lot of capital flow and a lot of investment in Asia, and there's tremendous opportunity in Asia. In fact, in the first quarter, our APAC, Asia-Pacific region business was the fastest growing. It was up over 60% year-over-year, and we don't really see that slowing down.

So we have two very vibrant markets. I think, tech, you're going to see this vibrant for a very long time.

Tim McHugh - *William Blair & Company - Analyst*

Anyone?

Unidentified Audience Member

Can you just talk about -- what are some of those up sell services that someone would buy from you (inaudible)?

Scot Melland - *Dice Holdings, Inc. - President, CEO, and Chairman*

Sure. Typically, what happens -- the question was what kind of up sell services do customers buy from us mid-contract. Typically, what they do is they kind of -- at the beginning of the year or whenever they make their recruiting decision, they'll lay out their recruiting needs for the year and I'll say, well, we'll buy a package of so many job slots and so many resume database accesses, and then on top of that, we might have a few marketing programs. Maybe, we run a job fair for them. Maybe we do some sort of advertising on the site. Then they get into the year and they realize that maybe they have no more need. So they'll upgrade more, they've hired more recruiters. So they need more seat licenses for the database or they find that their turnover is higher than they expected, so they need more job slots. That's typically what we see in the -- and that accounts for most of the mid upgrades. So it's the basic products, just more of them bought. And for this particular customer, layered on top of that were some special marketing opportunities where they may need a certain type of consultant with certain skills, maybe SAP skills or cloud computing skills, and they'll ask us to go into our community with an e-mail program or some sort of advertising to help them drive interest in their company.

Unidentified Audience Member

How should we think about your ability to grow the energy business and get to the 10%, 15%, 20% of the business? Obviously, [a lot] of the other segments are growing pretty quickly. But what is the penetration [sort of]?

Scot Melland - *Dice Holdings, Inc. - President, CEO, and Chairman*

I think I'll start off financially and then drop into operations. So financially, we expect to double the business. So that's a 20% cumulative annual growth rate. Some of the businesses will be higher than that, some will be lower than that. Energy will be higher than that over the next couple of years just because of the opportunity. The way that's going to roll out is today there's a tremendous amount of customer growth in the markets we're in today. So Middle East, primarily Middle East and North America. So more execution there. We've already added to the sales teams. We're already adding to the marketing teams. These were very -- very entrepreneurial little companies, well run, but not a lot of investment for the long-term. So we've added to the sales staffs for and marketing staffs for better coverage in those markets.

Layered on top of that, though, is a whole new set of customer opportunities for the North Sea and European market and then the Asia Pacific market. So everything that's going on in Indonesia, everything that's going on in that basin is going to be a nice opportunity.

So if you sum it up, it's essentially customer acquisition and bringing a service to market where it's never been marketed before.

Unidentified Audience Member

(Inaudible - microphone inaccessible)

Scot Melland - *Dice Holdings, Inc. - President, CEO, and Chairman*

Well, we definitely have to add people. What we've done so far is we've actually taken some of our best people from our existing sales teams, we've moved them over. And we have the advantage that we already have infrastructure in Singapore, already have infrastructure in London. So we essentially already have a home base of marketing technology and actually just offices and phones which, believe it or not, helps the speed to market quite a bit.

Unidentified Audience Member

(Inaudible - microphone inaccessible)

Scot Melland - *Dice Holdings, Inc. - President, CEO, and Chairman*

Sure. So the question was competitors and technology and why not LinkedIn and such. So there are some direct competitors in technology. There's a little firm called ComputerJobs. It's been around for a long time. It's based out of Atlanta, but they're very small. They're may be $5 million in revenue last time we talked to them or looked at them. So very -- essentially very small. And the reason is that you do get the -- once you become the place to go, you have the ability to -- you have a pretty good defensive barrier because someone else who enters the business has to do it better than you're doing it. And it's very difficult for them to do it better as long as we do our job.

So very little direct competition on the LinkedIn front. What's interesting there is that you can argue today -- I mean LinkedIn is a very general service. Okay? So think of it, it's almost like -- these are very -- there's no specialization in LinkedIn because they want to have as many profiles as possible to have as much networking as possible. That's great for their business model and their strategy.

Within LinkedIn, though, there's LinkedIn groups. And so you do have some functional areas. There's technology groups and such, but those groups tend to be subject oriented and when recruiters get in those groups, they tend to not do so well, and the groups tend to get rid of them because the people are into those groups primarily to talk about technology.

So could LinkedIn come after us? I think they try to come after us every day in terms of the competition for a contract value. But others who have tried, Monster tried to come after us with a specialty site. [HotJobs] did. It's very difficult for generalist players to then become specialist players that are successful.

Tim McHugh - *William Blair & Company - Analyst*

We should probably wrap it up there. Thank you.
