

FINAL TRANSCRIPT

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DHX - Dice Holdings Acquisition of WorldwideWorker Conference Call

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Michael Durney

Dice Holdings - SVP of Finance and CFO

CONFERENCE CALL PARTICIPANTS

Tim McHugh

William Blair & Company - Analyst

John Janedis

Wells Fargo Securities - Analyst

Jordan Rohan

Thomas Weisel Partners - Analyst

PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the Dice Holdings Acquisition of WorldwideWorker's conference call. My name is Erica and I will be your coordinator for today.

At this time, all participants are in a listen-only mode. We will be facilitating a question-and-answer session towards the end of this conference. (Operator Instructions).

I would now like to turn the presentation over to your host for today's call, Ms. Jennifer Bewley, Director of Investor Relations. Please proceed.

Jennifer Bewley - *Dice Holdings - Director - IR*

Good morning, everyone. With me on the call today is Michael Durney, Senior Vice President of Finance and Chief Financial Officer of Dice Holdings.

Please note this morning we issued a press release regarding the Company's acquisition of the online and recruitment events businesses of WorldwideWorker. A copy of that release can be viewed on the Company's website at diceholdingsinc.com.

Before we begin, I would like to note that today's call may include certain forward-looking statements, particularly statements regarding the future financial and operating results of the Company and its businesses. These statements are based on management's current expectations or beliefs and are subject to uncertainty and changes in circumstances.

Actual results may vary materially from those expressed or implied by the statements herein due to changes in economic, business, competitive, technological, and/or regulatory factors.

The principal risks that could cause our results to differ materially from our current expectations are detailed in the Company's SEC filings including our annual report on Form 10K in the sections entitled Risk Factors, Forward-looking Statements, and Management's Discussion and Analysis of Financial Conditions and Results of Operations.

The Company is under no obligation to update any forward-looking statements except as required by federal securities law. Today's call may include certain non-GAAP financial measures, including adjusted EBITDA.

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For details on these measures, including why we use them, please refer to our previous earnings releases which are available on our website. Now I'll turn the call over to Mike.

Michael Durney - *Dice Holdings - SVP of Finance and CFO*

As we announced this morning we completed the acquisition of the online and career-events related businesses of WorldwideWorker, an international leader in energy industry recruitment. This one acquisition delivers on two important initiatives of our three-part strategic plan -- new vertical expansion and international growth.

First, the new vertical. The energy sector has always been high on our list of expansion opportunities. It contains many of the characteristics that we believe make a specialist successful in online recruiting.

First, the energy market is highly competitive for talent with critical shortages in some areas and looming generational and geographical gaps. Second, the favorable supply demand balance is amplified by how important speed-to-hire is in the industry. The critical nature of energy projects means companies move quickly to find the highly skilled, highly paid talent that they need. This results in a lot of effort spent recruiting energy professionals.

Third, as many of you know, we target categories which exhibit high degrees of turnover, and parts of the energy business have significant contract and project components. Likewise cross-border labor movements are a normal course of business. Both factors result in high levels of turnover and a high velocity of change.

Fourth, companies seek energy professionals with clear requirements and skills, which we think is best served through specialized search.

And finally there is a community aspect to the energy industry. All of these characteristics make energy an exciting and dynamic vertical for us.

The second part of our growth strategy this acquisition addresses is international expansion. Prior to the acquisition our only international business was eFinancialCareers, and one of the common denominators between financial services and energy is cross-border recruiting. This still allows us to leverage our cross-border recruiting expertise and international infrastructure, while gaining a stronger foothold in the Middle East and Asia.

WorldwideWorker.com was launched in 2000 and then 2005 it added an energy staffing and recruitment business. We are not purchasing either of those two businesses.

Frederik Rengers, the CEO of WorldwideWorker, will be joining the Dice team and continuing to lead that business. By way of background, Frederik originally joined WorldwideWorker in 2002 as the COO and later became the CEO.

The company currently has 12 employees and is based in Dubai and operates from other locations including the UK, Netherlands, and Houston. The site has approximately 100,000 to 150,000 unique visitors each month and more than 400,000 energy professionals have registered to use the site, a community which is significantly international. In fact, nearly 1/3 of WorldwideWorker's energy professionals have a geographic background in Asia, followed by 1/5 in the Middle East.

Their candidates are also well experienced in the industry. Nearly half have at least 10 years of energy experience.

The jobs you will find on the site are most frequently found in the oil and gas sector in areas like engineering, procurement and construction. And you will often find jobs for drilling engineers and geoscientists.

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It is important to note that because WorldwideWorker owned both the job board and the staffing business, the job board has not actively pursued staffing clients in the past, which we believe is an opportunity.

So the deal is we paid \$6 million up front for the business in cash and we used cash outside the US for that. In addition, there is an opportunity for \$3 million in earnouts based on billings, EBITDA and customer retention over 2010 and 2011.

In 2009, they generated about \$2 million in revenue, and in 2010 we are expecting it to generate approximately \$2.5 million in revenue or a 20% increase. A significant portion of their sales for 2010 have been booked and, therefore, given purchase accounting rules. The majority of 2010 will be written off and it should have a de minimis impact on our revenues for this year.

The deal was funded from cash from eFinancialCareers, and we did renegotiate a waiver related to the earnout with our bank group. As part of that, we reduced our available credit facility from \$75 million to \$65 million, all of which continues to be undrawn.

No other terms of the credit agreement were changed.

Working together, we are confident we can drive growth through leveraging Dice's lead generation capabilities, international infrastructure, and community-building expertise. Not unlike our other brands, WorldwideWorker is a premium service. One license to the resume database costs \$30,000 per year.

By comparison the Dice recruitment package which includes database access and job slots cost \$6,200 a year and eFinancialCareers in the UK costs about GBP10,000 per year. In addition, a single job posting costs about \$600 compared to \$459 for a single job posting on Dice in the US.

However, a single job posting isn't just an advertisement. The WorldwideWorker team furnishes relevant resumes to the opening, assisting clients in finding the best talent in the shortest amount of time.

On the recruitment event side of the business, the WorldwideWorker team operates recruitment events at energy industry conferences. For instance, just last week, they were at the Offshore Technology Conference in Houston, which is an industry event that is attended by 60,000 people and where their clients, including Petranas, Adex and [E&I], met and recruited energy professionals.

So to wrap up, we are excited to welcome the WorldwideWorker team to Dice. While initially small, this acquisition delivers on two parts of our strategic plan. Bring a new vertical to Dice and expanding our international footprint.

So with that quick summary, I will open it up to any questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Tim McHugh with William Blair & Company.

Tim McHugh - William Blair & Company - Analyst

Yes. Just wanted to ask first, can you talk a little bit about the competitive environment for this? You mentioned they weren't the selling staffing companies before. Someone obviously was.

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But I think the press release named this one as the leader in the space. As you did your due diligence on this sector just if you can update us on what the competitive environment for this sector will look like?

Michael Durney - Dice Holdings - SVP of Finance and CFO

Sure, Tim. There's obviously competes with some of the general list for at the low end, but there are some other industry specialists. There is an entity called Oil Careers which is owned by the Daily Mail Group. There is an entity called Rig Zone in the US. And there are some other smaller players -- oilandgassearch.com and a few others.

Tim McHugh - William Blair & Company - Analyst

Can you give a sense of the size of WorldwideWorker versus some of those? Are they substantially bigger? About the same?

Michael Durney - Dice Holdings - SVP of Finance and CFO

Yes, I think if you look at those, I mean I certainly can't speak to the size of them given revenues or other financial performance. Oil Careers, it is well known in the industry. It has lots and lots of jobs on the site.

I think from our work, we found some clear distinction between the service levels of WorldwideWorker at the high-end versus its other competitors.

Tim McHugh - William Blair & Company - Analyst

Okay. And then can you -- you mentioned the revenue levels. Is there anything about the business that would make you think the profitability will be different underneath you than some of your other core services?

Michael Durney - Dice Holdings - SVP of Finance and CFO

I think initially given this relatively small profitability, it will be lower. But there is nothing we see once we build it to scale that the profitability is any different.

I think you'll share some of the same financial characteristics as our other businesses. It is profitable today.

Tim McHugh - William Blair & Company - Analyst

Okay. Thank you.

Operator

John Janedis with Wells Fargo.

John Janedis - Wells Fargo Securities - Analyst

Good morning. Can you talk a little bit more about the buy? Is the typical customer generally a US multinational and how does pricing look across borders? What typical length of contract and how big is the overall marketplace?

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Michael Durney - Dice Holdings - SVP of Finance and CFO

Sure. So the customer base is pretty broad. There are some US multinationals that are clients of WorldwideWorker although they are generally serving international markets. So the jobs that they would post tend to be outside of the US versus inside the US for projects they have outside of the US.

But I think the -- what is important for us is the customer base as it exists today is certainly broader than the US. So you have -- entities have either or have been clients like TOTALe, ENI, Adex, Petronas. So it is relatively broad from a geographic standpoint as it relates to where the customer base is. The majority of jobs are based outside of the US.

I'm sorry, John, the second question?

John Janedis - Wells Fargo Securities - Analyst

So how big is the overall marketplace? Is there a length of contract? Meaning, is it like a Dice model versus an EFC model? And from a pricing perspective you mentioned the euros, but I'm wondering if -- I think you have Shell on that site, but if Shell is doing a buy in the US versus somewhere in the Middle East, is there a pricing differential there or not?

Michael Durney - Dice Holdings - SVP of Finance and CFO

There is a slight pricing differential, but it is probably driven more by exchange rates than anything else. So, yes, I gave the euro example since it is based overseas, but the US price is about \$30,000 or so. So it's got the same high level.

The nature of the contracts is they do tend to be annual. They do share some of the same characteristics that a Dice or eFinancialCareers contract would, where it is a combination of a number of jobs postings or slots, together with resume access for a number of people. So that the way it is sold is relatively similar, but for the ultrahigh value that they provide.

The market, when we've done our work on the size of the market, we viewed it as an opportunity that is measured against eFinancialCareers worldwide. And without commenting specifically about whether it is bigger or smaller, it certainly shares some of the same characteristics that drives the eFinancialCareers business although, ultimately, it is probably a little bit smaller.

John Janedis - Wells Fargo Securities - Analyst

Thanks a lot.

Operator

(Operator Instructions). Jordan Rohan. Thomas Weisel Partners.

Jordan Rohan - Thomas Weisel Partners - Analyst

I know it is very early, but do you imagine significantly adding to the headcount here to [further] expansion? How do you think about how do you make this a \$20 million business instead of a \$2.5 million business? Thank you.

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Michael Durney - Dice Holdings - SVP of Finance and CFO

Yes. We do anticipate adding headcount. I mean, one of the things that we have identified relatively early on is the ability to add sales resources and lead generation resources in a variety of the markets where we already operate.

So for instance, there's some significant supply demand imbalances in Asia that will --. What we intend to do is add sales and lead generation resources in our Singapore office, for instance, so we can serve the Asia market, which is underserved currently by WorldwideWorker.

We'll probably add some resources in the UK and in the US to build the business. I think, from a marketing standpoint, you know that we have a relatively good history of providing marketing resources to reach job seekers and lead generation. I think you'll see us add resources for that, including specifically towards staffing and recruiting and consulting firms which we think is a pretty good opportunity.

So the answer, Jordan, is yes. We will add some resources. We will do it in a measured way as we always do. But you will see us make an investment and in response to the \$20 million, I mean, I think we certainly believe that it could be a \$20 million business.

I won't put a timeframe on it because we are still getting initialized here, but we think there is a pretty good opportunity for this business.

Jordan Rohan - Thomas Weisel Partners - Analyst

Do you imagine it will be profitable in 2011?

Michael Durney - Dice Holdings - SVP of Finance and CFO

Yes.

Jordan Rohan - Thomas Weisel Partners - Analyst

Thank you very much.

Operator

We have no further questions. I will now turn the call back over to Jennifer Bewley for any closing remarks.

Jennifer Bewley - Dice Holdings - Director - IR

Thank you for your time this morning and interest in Dice Holdings and our acquisition of WorldwideWorker. Management will be available to answer any follow-up questions you may have.

Please give me a call at the Investor Relations line on 212-448-4181 to be placed in the [queue]. Thanks. Have a good day.

Operator

Thank you for your participation in today's conference. This concludes the presentation. Everyone have a great day.

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