



November 20, 2014

Jiayuan Announces Third Quarter 2014 Financial Results

BEIJING, Nov. 20, 2014 /PRNewswire/ -- Jiayuan.com International Ltd. ("Jiayuan" or the "Company") (NASDAQ: DATE), operator of the largest online dating platform in China, today announced its unaudited financial results for the third quarter ended September 30, 2014.

Third Quarter 2014 Highlights[1]

- **Net revenues** for the third quarter 2014 were RMB161.6 million (US\$26.3 million), representing a year-over-year increase of 25.5% and a sequential increase of 11.2%.
- **Operating income** for the third quarter 2014 was RMB305,000 (US\$51,000), compared to RMB14.4 million for the corresponding quarter of 2013, and RMB8.1 million for the previous quarter. Excluding share-based compensation, **non-GAAP[2] operating income** for the third quarter 2014 was RMB2.2 million (US\$354,000), compared to non-GAAP operating income of RMB16.9 million for the corresponding quarter of 2013, and RMB9.6 million for the previous quarter.
- **Net income** for the third quarter 2014 was RMB2.9 million (US\$473,000), compared to RMB17.6 million for the corresponding quarter of 2013, and RMB11.9 million for the previous quarter. Excluding share-based compensation, **non-GAAP net income** for the third quarter of 2014 was RMB4.8 million (US\$776,000), compared to RMB20.2 million for the corresponding quarter of 2013, and RMB13.4 million for the previous quarter.
- **Average monthly active user accounts[3]** reached a record high 6.2 million, a 13.6% increase from the corresponding period of 2013.
- **Average monthly paying user accounts[4]** were 1.5 million, an 11.3% increase from the corresponding period of 2013.

"I am pleased to report a stronger than expected performance as our business continued to pick up momentum across the board with revenues increasing 25.5% year-over-year," commented Mr. Linguang Wu, Chief Executive Officer of Jiayuan. "Personalized matchmaking services had another stellar quarter, increasing 258.8% from the same period last year as we take advantage of our dominance online to expand offline. Active users continued to grow reaching a record high 6.2 million during the quarter."

Mr. Wu added, "Our business is increasingly shifting towards mobile with mobile log-ins accounting for 70% of all log-ins during the third quarter of 2014. With this in mind, we have been redesigning our products to make them more mobile friendly and will re-launch them next month. Our redesigned mobile products are expected to attract new users and increase user retention rates and stickiness on our platform."

Mr. Shang Koo, Chief Financial Officer of Jiayuan, commented, "Our business performed very well, beating expectations as we accelerated the ramp-up of our personalized matchmaking business. In the third quarter, we focused on investing in our mobile offerings and consolidating the personalized matchmaking market, which slowed online monetization during the quarter, a trend we expect to continue during the fourth quarter. However, personalized matchmaking services are picking up the monetization slack as we expect triple digit growth from this segment to continue well into 2015."

Third Quarter 2014 Operational Results

The number of **average monthly active user accounts** for the third quarter 2014 was 6,168,616, an increase of 13.6% from 5,428,336 in the corresponding period of 2013 and an increase of 8.2% from 5,701,360 for the previous quarter.

The number of **average monthly paying user accounts** for the third quarter 2014 was 1,522,838, an increase of 11.3% from 1,368,726 in the corresponding period of 2013 and a decrease of 1.2% from 1,542,062 for the previous quarter.

Average monthly revenue per paying user ("ARPU") for online services for the third quarter 2014 was RMB22.1, compared to RMB25.5 for the corresponding period in 2013 and RMB22.5 for the previous quarter.

Third Quarter 2014 Financial Results

Jiayuan reported **net revenues** of RMB161.6 million (US\$26.3 million) for the third quarter of 2014, representing a year-over-year increase of 25.5% from RMB128.7 million and an increase of 11.2% from RMB145.2 million in the previous quarter. This was primarily due to strong growth of personalized matchmaking services.

- Online services contributed RMB106.5 million (US\$17.4 million), or 66.0% of net revenues for the third quarter of 2014, compared to RMB108.3 million for the corresponding period of 2013 and RMB106.4 million for the previous quarter. The year-over-year decrease was mainly attributable to the decline in ARPU as the Company shifts its product offerings toward mobile-based platforms.
- Personalized matchmaking services, contributed RMB49.5 million (US\$8.1 million), or 30.6% of net revenues during the third quarter of 2014, representing a year-over-year increase of 258.8% from RMB13.8 million, and a quarter-over-quarter increase of 51.4% from RMB32.7 million. The year-over-year and sequential increases were a result of the expanded number of service locations and cities in which the Company offers personalized matchmaking services, as well as sales growth of existing service locations.
- Events and others contributed RMB5.5 million (US\$904,000), or 3.4% of net revenues during the third quarter of 2014, compared to RMB6.6 million for the corresponding period of 2013, and RMB6.1 million for the previous quarter. The year-over-year decrease was primarily due to the decline in the number of the Company's events and advertisements placed on the Company's website.

Cost of revenues for the third quarter of 2014 was RMB74.5 million (US\$12.1 million), representing a year-over-year increase of 62.3% from RMB45.9 million and an increase of 17.7% from RMB63.3 million for the previous quarter. The year-over-year and sequential increase were primarily due to the expansion of personalized matchmaking services, which increased the commissions paid to the Company's matchmakers and matchmaking partners.

Gross profit for the third quarter of 2014 was RMB87.1 million (US\$14.2 million), representing a year-over-year increase of 5.1% from RMB82.8 million and an increase of 6.3% from RMB81.9 million for the previous quarter.

Selling and marketing expenses were RMB64.9 million (US\$10.6 million) for the third quarter of 2014, representing a year-over-year increase of 28.1% from RMB50.7 million and an increase of 17.0% from RMB55.5 million for the previous quarter. The year-over-year and sequential increase were primarily related to a special marketing campaign for Chinese Valentine's Day in August.

General and administrative expenses were RMB15.9 million (US\$2.6 million) for the third quarter of 2014, representing a 27.0% year-over-year increase from RMB12.5 million and an increase of 19.0% from RMB13.4 million for the previous quarter. The year-over-year increase was primarily due to increases in human resource costs.

Research and development expenses were RMB5.9 million (US\$964,000) for the third quarter of 2014, representing a year-over-year increase of 12.8% from RMB5.2 million, and a 19.0% increase from RMB5.0 million for the previous quarter. The year-over-year and sequential increases were primarily due to the expansion of the Company's R&D team in line with its segmentation strategy and continuous focus on improving user experience.

Operating income for the third quarter of 2014 was RMB305,000 (US\$51,000), compared to RMB14.4 million for the corresponding quarter of 2013, and RMB8.1 million for the previous quarter. Excluding share-based compensation expenses, **non-GAAP operating income** for the third quarter of 2014 was RMB2.2 million (US\$0.4 million), compared to non-GAAP operating income of RMB16.9 million for the corresponding quarter of 2013 and RMB9.6 million for the previous quarter. The year-over-year and sequential decrease were primarily due to higher selling and marketing expenses in line with the Company's strategy to further enhance brand awareness in 2014.

Foreign currency exchange net loss for the third quarter of 2014 was RMB172,000 (US\$28,000), compared to a foreign currency exchange net gain of RMB509,000 for the corresponding quarter of 2013 and a foreign currency exchange net loss of RMB156,000 for the previous quarter. The foreign currency exchange net loss for the third quarter of 2014 was mainly attributable to RMB depreciation against the U.S. dollar during the period. Part of the proceeds from Jiayuan's IPO were converted into RMB and are being held by its overseas entities whose functional currency is the U.S. dollar.

Net income for the third quarter of 2014 was RMB2.9 million (US\$473,000), compared to RMB17.6 million for the corresponding quarter of 2013 and RMB11.9 million for the previous quarter. Excluding share-based compensation expenses, **non-GAAP net income** for the third quarter of 2014 was RMB4.8 million (US\$776,000), compared to RMB20.2 million for the corresponding quarter of 2013 and RMB13.4 million for the previous quarter.

Basic and diluted net income per ADS[5] for the third quarter of 2014 were RMB0.10 (US\$0.02) and RMB0.10 (US\$0.02), respectively, compared to basic and diluted net income per ADS of RMB0.59 and RMB0.57 for the corresponding quarter of 2013 and basic and diluted net income per ADS of RMB0.40 and RMB0.39, respectively, for the second quarter of 2014.

Excluding share-based compensation expenses, **non-GAAP basic and diluted net income per ADS** for the third quarter of 2014 were RMB0.16 (US\$0.03) and RMB0.16 (US\$0.03), respectively, compared to non-GAAP basic and diluted net income per ADS of RMB0.67 and RMB0.66 for the corresponding quarter of 2013 and non-GAAP basic and diluted net income per ADS of RMB0.45 and RMB0.44, respectively, for the second quarter of 2014.

As of September 30, 2014, Jiayuan had **cash and cash equivalents and short-term deposits** of RMB554.7 million (US\$90.4 million). **Cash flows from operating activities** for the third quarter of 2014 were RMB19.0 million (US\$3.1 million).

The weighted average number of ADSs outstanding used in calculating diluted net income per ADS and non-GAAP diluted net income per ADS in the third quarter of 2014 was 29.9 million. As of September 30, 2014, the Company had 33.3 million ADSs outstanding, including 0.5 million ADSs issued to the depository for future exercise of options.

Fourth Quarter 2014 Outlook

Jiayuan currently expects to generate net revenues in the range of RMB162 million to RMB164 million for the fourth quarter of 2014. This forecast reflects Jiayuan's current and preliminary view, which is subject to change.

[1] This announcement contains translations of certain Renminbi ("RMB") amounts into U.S. dollar ("US\$") amounts at specified rates solely for the convenience of readers. Unless otherwise noted, all translations from RMB amounts into US\$ amounts as of and for the quarter ended September 30, 2014, were made at an exchange rate of RMB6.1380 to US\$1.00, representing the rate as certified by the H.10 weekly statistical release of the Federal Reserve Board on September 30, 2014. Jiayuan's functional currency is U.S. dollar and reporting currency is RMB.

[2] Explanation of Jiayuan's non-GAAP financial measures and related reconciliations to GAAP financial measures are included in the accompanying "Non-GAAP Financial Measures" and "Reconciliations to Unaudited Condensed Consolidated Statements of Comprehensive Income."

[3] Active user accounts are registered user accounts through which registered users have logged in to the Jiayuan platforms at least once within a calendar month, in the case of user accounts registered in prior months, or on at least two separate days within a calendar month, including the day of completion of the registration process, in the case of user accounts newly registered in the calendar month. In the third quarter of 2014, average monthly active user accounts include active user accounts with Jiayuan.com, izhenxin.com, juedui100.com and jiuai.com.

[4] In the third quarter of 2014, average monthly paying user accounts include paying user accounts with Jiayuan.com, izhenxin.com, juedui100.com and jiuai.com.

[5] Basic and diluted net income per ADS are calculated based on net income attributable to ordinary shareholders and the corresponding basic and diluted number of ADSs, assuming that, during each period presented, every two ADSs represent three ordinary shares of Jiayuan.

Conference Call Information

Jiayuan's management will host a conference call to discuss its results and outlook today, November 20, 2014, at 8:00 a.m. U.S. Eastern Time (9:00 p.m. November 20, 2014 Beijing / Hong Kong Time).

Dial-in details for the earnings conference call are as follows:

| | |
|----------------------------------|-----------------|
| United States: | +1-845-6750-438 |
| United States (Toll-free): | +1-855-5008-701 |
| Hong Kong: | +852-3018-6776 |
| China: | 400-1200-654 |
| International/All other regions: | +65-6723-9385 |

Passcode: 33925398

A replay of the conference call may be accessed by phone at the following number until November 27, 2014:

International: +61-2-9003-4211

Passcode: 33925398

A live and archived webcast of the conference call will be available at <http://ir.jiayuan.com>.

About Jiayuan

Jiayuan.com International Ltd. ("Jiayuan") (NASDAQ: DATE) operates the largest online dating platform in China. Jiayuan is committed to providing a trusted, effective, and user-focused online dating platform that addresses the dating and marriage needs of China's rapidly growing urban singles population. As a pioneer in China's online dating market, Jiayuan ranks first in terms of number of unique visitors, average time spent per user and average page views per user among all online dating websites in China in 2013, according to iResearch. Jiayuan recorded an average of 6.2 million monthly active user accounts in the third quarter of 2014. Every two of Jiayuan's American Depositary Shares represent three ordinary shares.

For more information, please visit <http://ir.jiayuan.com>.

Forward-Looking Statements

This press release contains forward-looking statements. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," "confident" and similar statements. Jiayuan may also make written or verbal forward-looking statements in its periodic reports to the U.S. Securities and Exchange Commission, in its annual report to shareholders, in press releases and other written materials and in verbal statements made by its officers, directors or employees to third parties. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to the following: our growth strategies; our future business development, including development of new products and services; our ability to attract and retain users; competition in the Chinese online dating markets; changes in our revenues and certain cost or expense items as a percentage of our revenues; the outcome of any litigation or arbitration; the expected growth of the number of Internet and broadband users in China; Chinese governmental policies relating to the Internet and online dating websites and general economic conditions in China and elsewhere. Further information regarding these and other risks is included in our documents filed with the U.S. Securities and Exchange Commission. Jiayuan does not undertake any obligation to update any forward-looking statement, except as required under applicable law. All information provided in this press release is as of the date of the press release, and Jiayuan undertakes no duty to update such information, except as required under applicable law.

Non-GAAP Financial Measures

We disclose non-GAAP financial measures of operating income, net income and net income per ADS, each of which is adjusted to exclude share-based compensation expense. We review non-GAAP financial measures to obtain an additional understanding of our operating performance. We also believe it is useful supplemental information for investors and analysts to assess our operating performance without the effect of non-cash share-based compensation expense, which have been and will continue to be significant recurring expenses in our business. For a reconciliation of each of these non-GAAP financial measures to the most directly comparable GAAP financial measures, please see "Reconciliation to Unaudited Condensed Consolidated Statement of Comprehensive Income" included in this press release.

However, the use of non-GAAP financial measures has material limitations as an analytical tool. One of the limitations of using non-GAAP financial measures is that it does not include all items that impact our non-GAAP financial measures during the period. In addition, because non-GAAP financial measures are not calculated in the same manner by all companies, it may not be comparable to other similar titled measures used by other companies. In light of the foregoing limitations, you should not consider non-GAAP financial measures in isolation from or as an alternative to GAAP financial measures. Management compensates for this limitation by providing specific information regarding the GAAP amount excluded from the non-GAAP measure.

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JIAYUAN.COM INTERNATIONAL LTD. UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS (IN THOUSANDS)

| | September 30, | June 30, | September 30, | |
|---|---------------|----------|---------------|---------|
| | 2013 | 2014 | 2014 | 2014 |
| | RMB | RMB | RMB | US\$ |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | 233,412 | 373,131 | 242,680 | 39,537 |
| Short-term deposits | 307,980 | 168,000 | 312,000 | 50,831 |
| Available-for-sale securities | 5,175 | 15,355 | 15,538 | 2,531 |
| Accounts receivable, net | 39,942 | 35,340 | 34,958 | 5,695 |
| Deferred tax assets | 3,729 | 8,104 | 8,457 | 1,378 |
| Prepaid expenses and other current assets | 19,419 | 54,505 | 63,371 | 10,324 |
| Total current assets | 609,657 | 654,435 | 677,004 | 110,296 |

| | | | | |
|---|----------------|----------------|----------------|----------------|
| Non-current assets: | | | | |
| Property and equipment, net | 102,417 | 94,919 | 93,703 | 15,266 |
| Intangible assets, net | 4,129 | 3,943 | 3,776 | 615 |
| Goodwill | 789 | 789 | 789 | 129 |
| Other non-current assets | - | 762 | 1,047 | 171 |
| Total assets | 716,992 | 754,848 | 776,319 | 126,477 |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Deferred revenue, current portion | 123,335 | 177,949 | 194,792 | 31,735 |
| Accounts payable | 201 | 18,308 | 18,118 | 2,952 |
| Accrued expenses and other current liabilities | 32,821 | 44,153 | 44,282 | 7,214 |
| Income tax payable | 22,613 | 17,365 | 19,363 | 3,155 |
| Dividend payable | - | - | 125,680 | 20,476 |
| Total current liabilities | 178,970 | 257,775 | 402,235 | 65,532 |
| Non-current liabilities: | | | | |
| Deferred revenue, non-current portion | 1,033 | 5 | 3 | - |
| Accrued expenses and other current liabilities, non-current portion | - | 5,550 | 6,290 | 1,025 |
| Deferred tax liabilities | 2,999 | 4,716 | 5,017 | 817 |
| Total liabilities | 183,002 | 268,046 | 413,545 | 67,374 |
| SHAREHOLDERS' EQUITY | | | | |
| Ordinary shares | 349 | 352 | 352 | 57 |
| Additional paid-in capital | 505,845 | 472,850 | 349,049 | 56,867 |
| Less: Treasury shares | (72,864) | (110,018) | (113,138) | (18,432) |
| Statutory reserves | 9,502 | 9,974 | 9,974 | 1,625 |
| Retained earnings | 101,817 | 124,342 | 127,242 | 20,730 |
| Accumulated other comprehensive loss | (10,659) | (10,698) | (10,705) | (1,744) |
| Total shareholders' equity | 533,990 | 486,802 | 362,774 | 59,103 |
| Total liabilities and shareholders' equity | 716,992 | 754,848 | 776,319 | 126,477 |

JIAYUAN.COM INTERNATIONAL LTD.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

| | Three months ended, | | | |
|---|---------------------|---------------|--------------------|------------|
| | September 30, 2013 | June 30, 2014 | September 30, 2014 | |
| | RMB | RMB | RMB | US\$ |
| Net revenues | 128,729 | 145,246 | 161,575 | 26,324 |
| Cost of revenues | (45,894) | (63,308) | (74,508) | (12,138) |
| Gross profit | 82,835 | 81,938 | 87,067 | 14,186 |
| Operating expenses: | | | | |
| Selling and marketing expenses | (50,689) | (55,491) | (64,923) | (10,577) |
| General and administrative expenses | (12,538) | (13,377) | (15,925) | (2,594) |
| Research and development expenses | (5,245) | (4,968) | (5,914) | (964) |
| Total operating expenses | (68,472) | (73,836) | (86,762) | (14,135) |
| Operating income | 14,363 | 8,102 | 305 | 51 |
| Interest income, net | 3,061 | 4,586 | 4,783 | 779 |
| Foreign currency exchange gain/(loss), net | 509 | (156) | (172) | (28) |
| Other income/(expenses), net | 3,888 | 2,494 | (103) | (17) |
| Income before income tax | 21,821 | 15,026 | 4,813 | 785 |
| Income tax expenses | (4,183) | (3,134) | (1,913) | (312) |
| Net income | 17,638 | 11,892 | 2,900 | 473 |
| Net income per ADS - Basic | 0.59 | 0.40 | 0.10 | 0.02 |
| Net income per ADS - Diluted | 0.57 | 0.39 | 0.10 | 0.02 |
| ADSs used in computing basic net income per ADS | 30,022,164 | 29,773,717 | 29,443,179 | 29,443,179 |
| ADSs used in computing diluted net income per ADS | 30,757,601 | 30,193,159 | 29,881,508 | 29,881,508 |

JIAYUAN.COM INTERNATIONAL LTD.
RECONCILIATIONS TO UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(IN RMB THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

| | Three Months Ended September 30, 2013 | | | Three Months Ended June 30, 2014 | | | Three Months Ended September 30, 2014 | | |
|----------------------------|---------------------------------------|-----------------------------|----------|----------------------------------|-----------------------------|----------|---------------------------------------|-----------------------------|----------|
| | GAAP | Non-GAAP Adjustments (a) | Non-GAAP | GAAP | Non-GAAP Adjustments (a) | Non-GAAP | GAAP | Non-GAAP Adjustments (a) | Non-GAAP |
| Operating income | 14,363 | 2,566 | 16,929 | 8,102 | 1,475 | 9,577 | 305 | 1,861 | 2,166 |
| Net income | 17,638 | 2,566 | 20,204 | 11,892 | 1,475 | 13,367 | 2,900 | 1,861 | 4,761 |
| Basic net income per ADS | 0.59 | | 0.67 | 0.40 | | 0.45 | 0.10 | | 0.16 |
| Diluted net income per ADS | 0.57 | | 0.66 | 0.39 | | 0.44 | 0.10 | | 0.16 |

| | | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| ADSs used in computing basic net income per ADS | <u>30,022,164</u> | <u>30,022,164</u> | <u>29,773,717</u> | <u>29,773,717</u> | <u>29,443,179</u> | <u>29,443,179</u> |
| ADSs used in computing diluted net income per ADS | <u>30,757,601</u> | <u>30,757,601</u> | <u>30,193,159</u> | <u>-</u> | <u>29,881,508</u> | <u>29,881,508</u> |

Note:

(a) To adjust for share-based compensation expense.

SOURCE Jiayuan.com International Ltd.

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