



# SEEK Limited Annual General Meeting 2019

CEO's address  
26 November 2019

*Refer to slide 24 where SEEK affirms its FY20 guidance and provides a trading update*

# SEEK is fulfilling its purpose on a large scale...

**SEEK's Purpose: To help people live more fulfilling and productive working lives and help organisations succeed**

## Market leadership in huge markets

Population exposure

c2.9B

GDP exposure

c26%

of Global GDP

## Strong assets and capabilities to leverage into our growth strategy

### Asia Pacific & Americas (AP&A)

Candidates

40M+

Hirers

200k+

Visits<sup>1</sup>

1B+

per annum

### SEEK Investments

Candidates

175M+

Hirers

900k+

Students / learners

c51M+

## Track record of value creation

TSR<sup>2</sup> of

1,025%

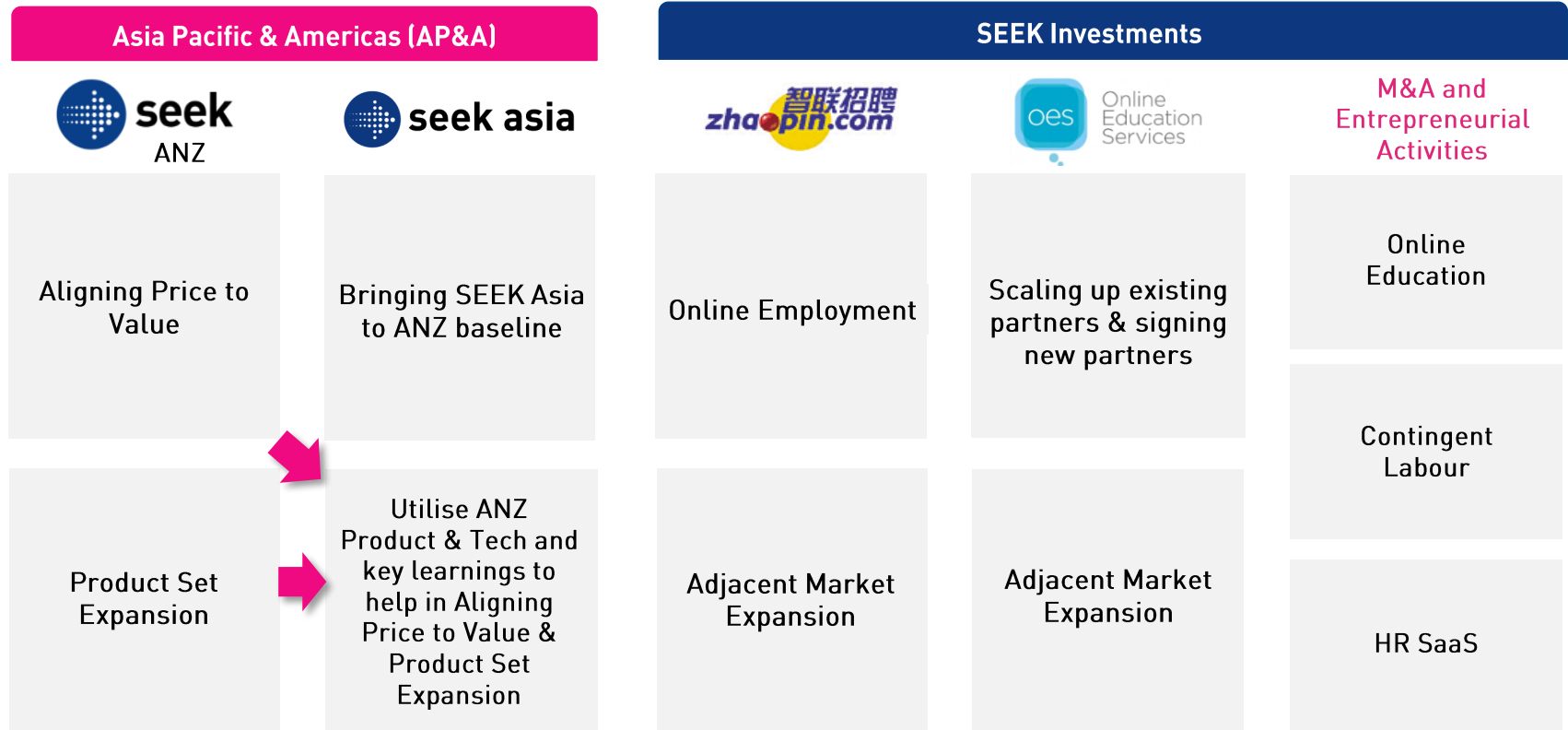
vs ASX of 199%

IRR of

25%+

SEEK Investments  
(Current portfolio)<sup>3</sup>

# ...and we are aggressively pursuing a cA\$5b aspirational revenue opportunity by FY25.



## Key Insights

- cA\$5b<sup>1</sup> aspirational revenue opportunity equates to an FY18 to FY25 Revenue CAGR of c20%
- FY19 revenue growth of 18% in subdued conditions supports our ability to execute
- Right approach is to invest aggressively into the highest ROI areas

# **We are confident of delivering strong returns over the medium to long term but this requires continued investment**

- **Investment levels<sup>1</sup> have stepped up in recent years**
  - Investing in high returning product, tech and data strategies
  - Allocating significant capital towards our high performing businesses
- **As anticipated, seeing early revenue benefit from step up in investment but realising the full benefit will take some time**
  - SEEK ANZ focusing on laying foundations to better align price to value & expand our product set
  - Early progress in SEEK Asia integration but requires ongoing investment for 2-3 years
  - Zhaopin is investing to build market leadership in a competitive environment
  - Deploying capital into new ESVs where we are confident in generating strong returns over 5+ years
- **As a result, SEEK is under-earning in FY20 given step up in investment & weaker macro conditions**
  - Lag period before investment translates to strong revenue growth
  - FY20 revenue growth rate would be higher in better economic conditions
  - Over the medium to long term expect increase in profitability
- **Confident that recent investment will improve SEEK's defensibility, profitability and valuation**
  - If we execute well, our pursuit of the A\$5b<sup>2</sup> aspirational revenue opportunity by FY25 is expected to lead to improved profitability and overall growth in shareholder value

# SEEK's strategic approach and long-term focus has created significant shareholder value

Consistent  
purpose &  
strategy

+

Long-term focus  
& sustained  
investment

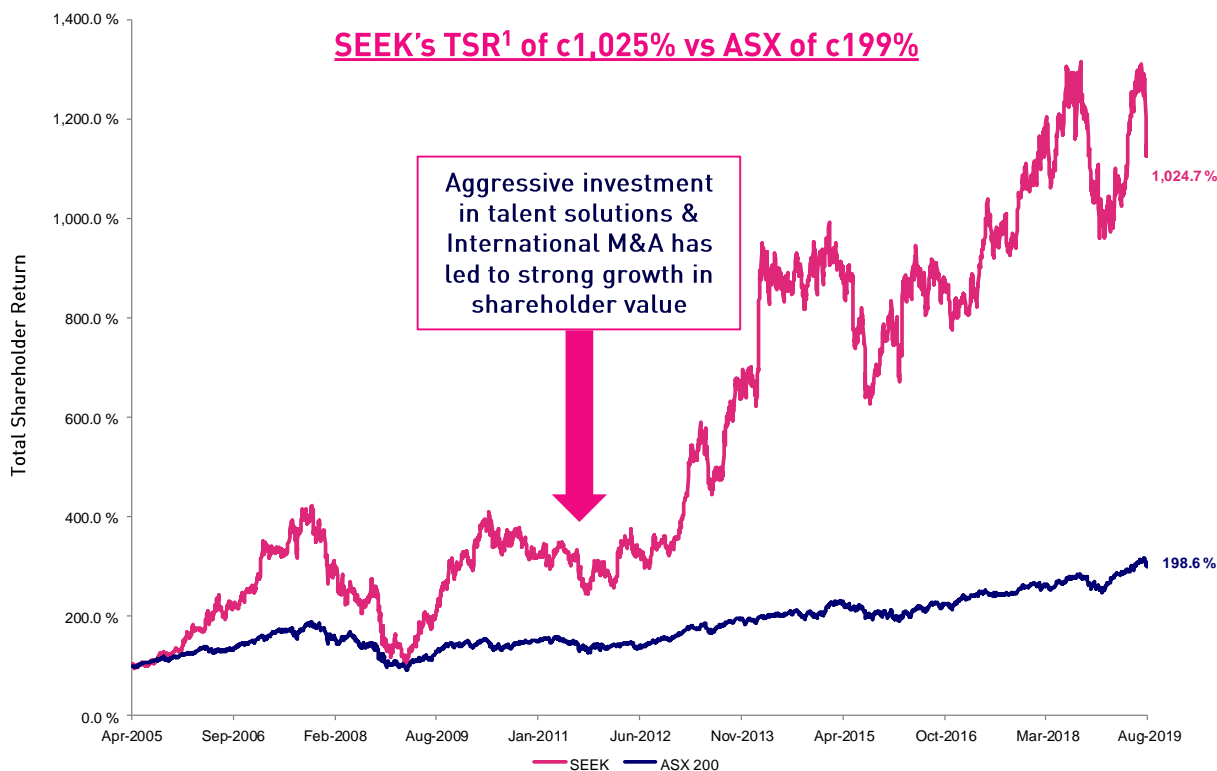
+

Market leaders  
exposed to large  
addressable  
markets

=

Revenue CAGR of 28%  
EBITDA CAGR of 26%  
*(CAGR period FY04 – 19)*

Strong total  
shareholder returns



If SEEK can achieve the A\$5b<sup>2</sup> revenue opportunity there is significant future upside for long-term shareholders

# Group Financial Performance



# Achieved strong revenue growth in subdued macro economic conditions and executed on our strategic investment program

## FY19 Financials (A\$m)<sup>1</sup>

	FY19	FY18	Growth %	Constant Currency %
AP&A Revenue	726.8	684.6	6%	5%
SEEK Investments Revenue	810.5	614.9	32%	29%
Total Revenue	1,537.3	1,299.5	18%	16%
EBITDA	455.0	431.2	6%	3%
Reported NPAT (excl Sign. Items) <i>(a)</i>	184.8	199.2	[7%]	
Significant items <i>(b)</i>	(4.5)	(147.0)		
Reported NPAT <sup>2</sup> <i>(a+b)</i>	180.3	52.2	245%	
Plus: AP&A Other <i>(c)</i>	24.1	16.4	47%	
Plus: SEEK Inv. ESVs <i>(d)</i>	20.1	12.9	56%	
Underlying NPAT <i>(a+c+d)</i>	229.0	228.5	0%	

## Results & Insights

Revenue growth of 18% (all organic), an acceleration on FY18 organic growth of 14%

EBITDA growth less than revenue growth due to reinvestment in Zhaopin, OES and ESVs

Reported NPAT before significant items down 7%  
 • NPAT growth lower than EBITDA due to higher D&A, Net Interest Expense and Share of equity accounted results

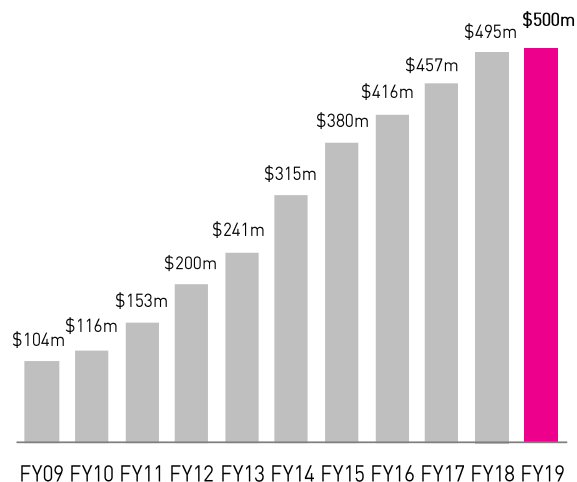
<sup>1</sup> FY18 Financials restated to reflect impact of IFRS 15. Refer to SEEK's H1 19 Investor presentation (slide 34) for IFRS 15 reconciliation

<sup>2</sup> Reported NPAT includes the following significant items: FY19: Zhaopin privatisation & refinancing related costs (A\$4.5m); FY18: primarily impairment losses (-A\$179.5m) & Maimai FV gain (A\$35.9m)

# SEEK generates strong cash flows which have been deployed into high growth opportunities

## Strong operating cash flows have given us capital...

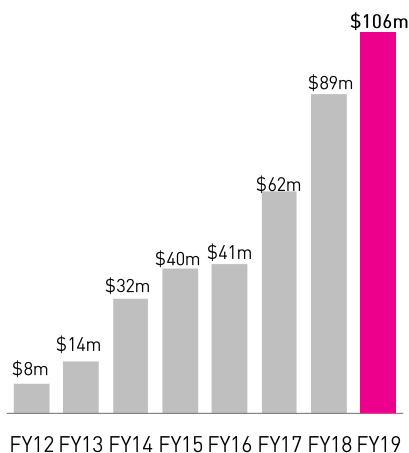
Operating cash flows<sup>1</sup> A\$m



EBITDA to operating cash flow conversion of 110%

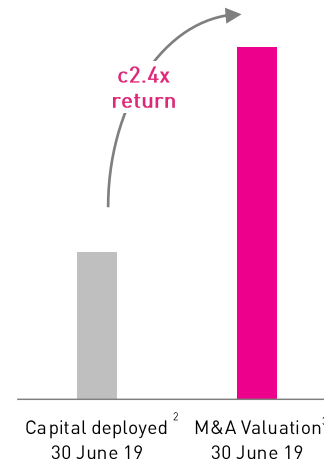
## ..to deploy into high returning Product & Tech Capex...

Product & Tech capex A\$m



c3x Revenue return in ANZ and strong returns in Zhaopin

## ..and high growth M&A



Capital deployed into M&A has generated strong shareholder returns

<sup>1</sup> Cash flows from operating activities excluding interest, transaction costs, tax and dividends received

<sup>2</sup> Net Capital deployed towards current investments

<sup>3</sup> M&A Valuation = SEEK Group Enterprise Value (EV) less ANZ EV based on broker consensus (at 30 June 2019)

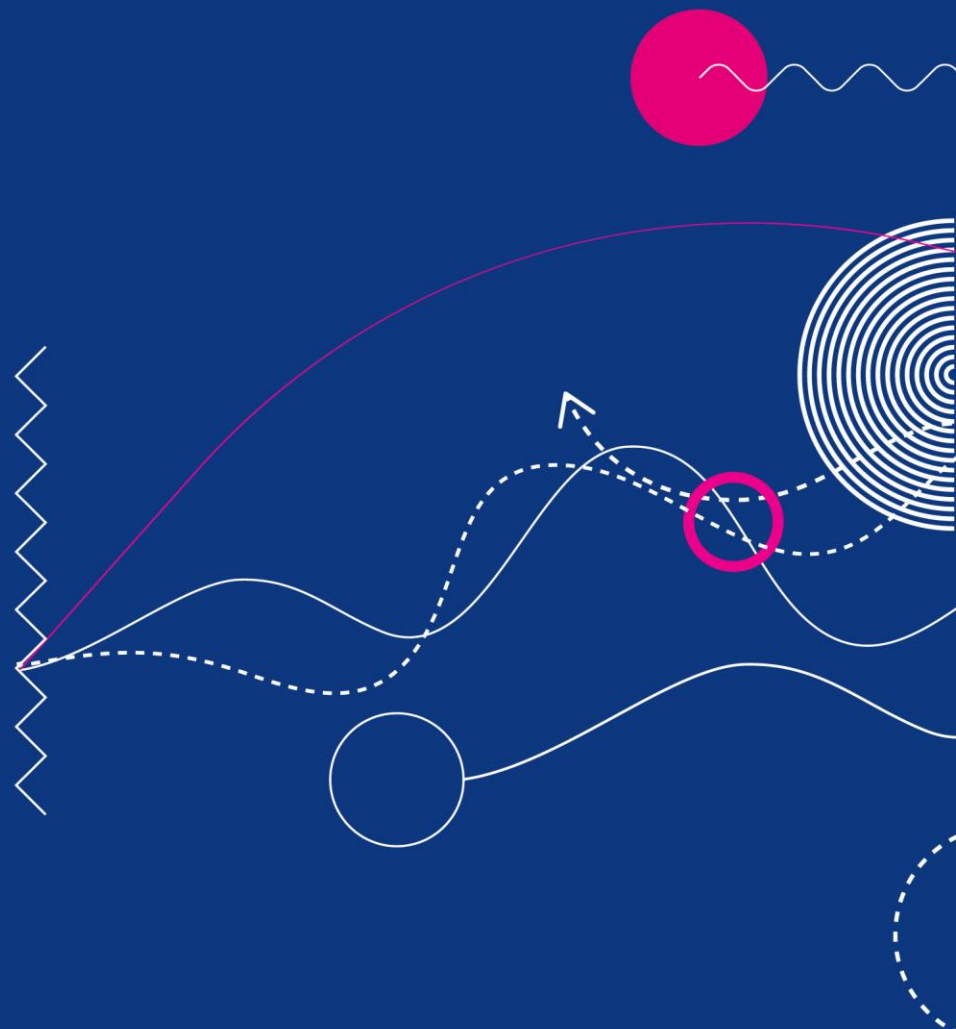
# Updating our dividend pay-out ratio to align with our growth aspirations

## Dividend policy change

- In FY20, our intended dividend pay-out ratio will be between 30-50% of Group Cash NPAT
- Previous pay-out ratio was 50-60% of Group Cash NPAT
- Group Cash NPAT in FY19 and FY20 are expected to be broadly similar

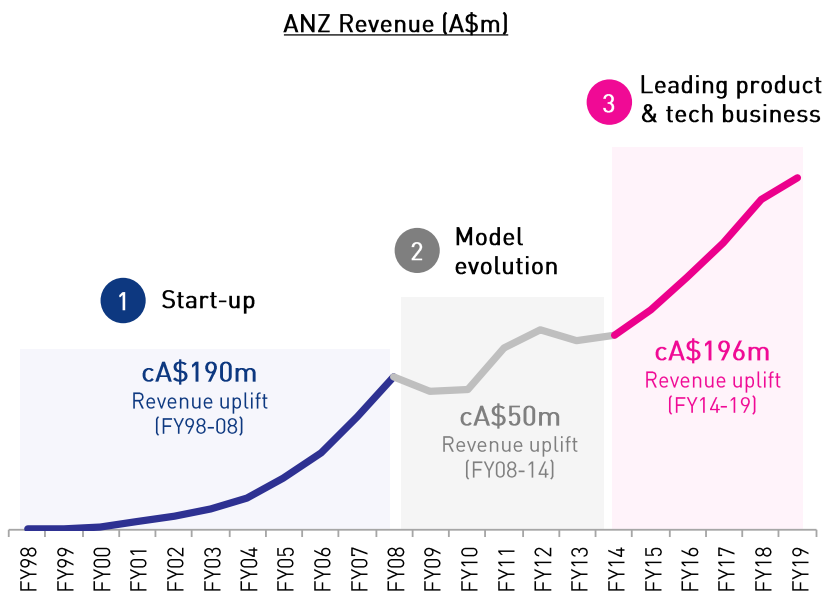
## Rationale for change

- Support investment into high ROI strategies (Capex & M&A) as SEEK pursues large new revenue opportunities
- Where we pay on the pay-out ratio will depend on SEEK's annual investment profile



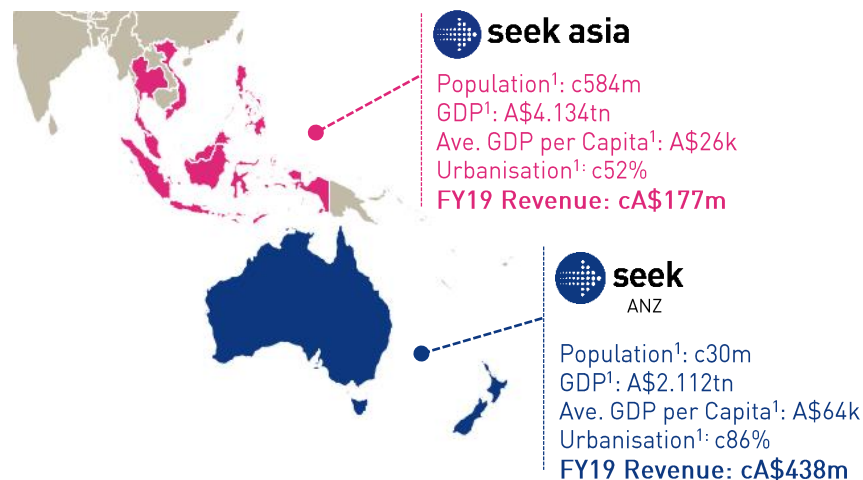
# AP&A structure is leveraging ANZ's capability and product & tech initiatives across a much larger opportunity set

ANZ has a track record of evolving its business and driving revenue growth...



Proven record of investing and evolving the business which has driven long-term revenue growth

...and we are now taking ANZ's success to a much larger market opportunity.



Leveraging SEEK ANZ's capability and experience into the larger SEEK Asia footprint

Outlook is bright for ANZ and Asia as long we keep investing and innovating into enormous human capital opportunity

# SEEK ANZ grew Revenue and EBITDA despite a slowing market...

## Key insights

### FY19 Result

Revenue growth of 7% & EBITDA growth of 8%

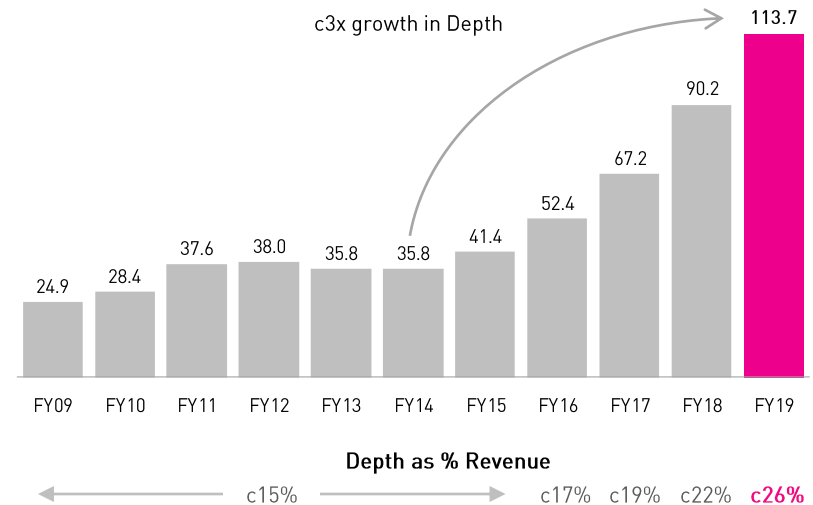
- Strong growth in depth revenue is a proof-point of the benefits from sustained reinvestment (see RHS)

### Strategic Outlook

To unlock new revenue pools & strengthen our business model, continue to invest in:

- Developing new depth products and growing penetration of existing depth products
- Building new data assets
- Data & AI to drive improved hirer/candidate outcomes

## Strong growth in depth revenue



**Investment in product & tech led to strong and sustained growth in depth revenue**

- Depth revenue up 26% YoY despite negative volumes
- Online peers generate c50-75% of revenue from depth vs SEEK at c26%

# ...and continues to be the market leader across key metrics and placement share despite strong competition

## Market leader in key operating metrics...

### Largest candidate audience

Market leader with c35m+ monthly visits (significant lead over nearest competitor)

Total profiles of 13.2m<sup>1</sup> represents 80%+ of ANZ labour force



### Greatest unique job ad scale

SEEK has the largest pool of unique job ads

Jora has most job ads of any AU aggregator (c300k ads/mth in AU)



### Strong AI capability to leverage unique data set

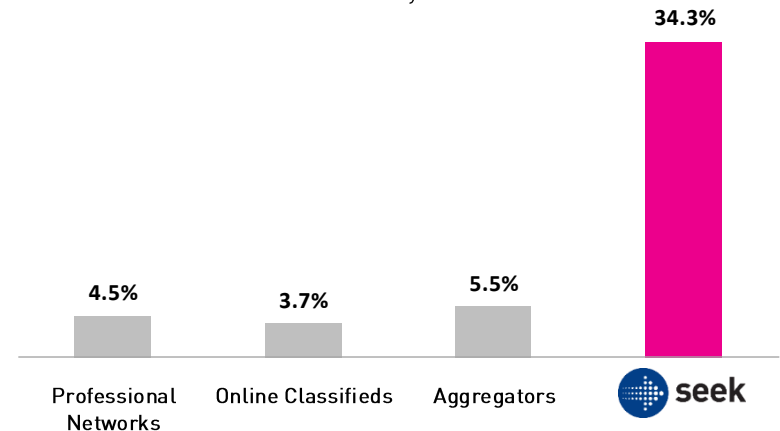
c5.5m candidates receiving c40m+ weekly job recommendations

Smarter Search surfacing the most relevant jobs

## ...translates into a large lead in placements

Share of AU Placements<sup>2</sup> (%)

As at July-19



*Note: Offline channels (mainly word of mouth, HR/Employer site, notice boards, etc.) account for a combined 33% of placements*

34%

Placements<sup>2</sup>  
Lead of c6x over  
nearest competitor

82%

Brand Awareness  
Lead of c2x over  
nearest competitor

# We are making strong progress across our two key growth drivers

Size and depth of our candidate and hirer relationships to be leveraged into new solutions across two main headings:



## Aligning price to value

Move to a more equitable and efficient marketplace by aligning price to value based on value of candidate and performance achieved

### Progress Update

- Announced changes to pricing & contract structure<sup>1</sup>:
  - Variable pricing of classic job ads
  - Transition to a new more flexible SEEK contract
  - Transition to standardised discounts based on committed annual job ad spend



## Product Set Expansion

Utilise ANZ's strategic assets (unique data, strong brand, etc) to deliver tech enabled solutions in Talent Sourcing and Selection

### Progress Update

- Capturing more data and insights that can be leveraged to help deliver further value
- Continuing to build new tech solutions to solve for inefficiencies across selection, assessment, verification of data

# SEEK Asia grew Revenue and EBITDA in easing macro conditions

## Key insights

### FY19 Result

Solid result in context of easing macro conditions

- Revenue growth of 9% and EBITDA of 11% vs pcp (constant currency)
- Growing penetration of depth products<sup>1</sup>, 24% growth vs pcp, now 16% of revenue

### Strategic Outlook

Focussed on the following key growth drivers (see RHS)

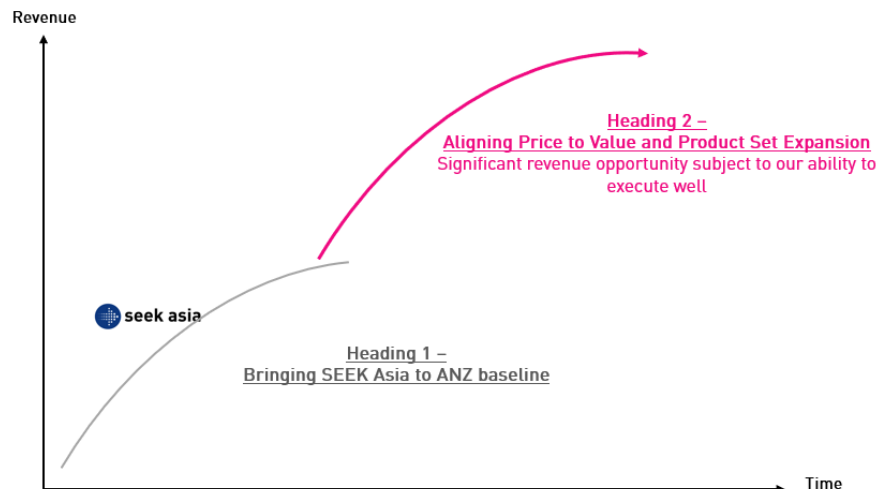
#### 1. Bringing SEEK Asia to SEEK ANZ baseline

- AP&A integration is key to improving Asia's baseline
- First wave of initiatives progressing well

#### 2. Aligning Price to Value and Product Set Expansion

- SEEK ANZ is building solutions across price to value and product set expansion strategies that in medium term can be adopted in SEEK Asia

## Key growth drivers



Positive outlook provided we invest and execute well

- Significant investment & innovation is needed to compete against global competitors
- AP&A collaboration to play an important role in lifting SEEK Asia's baseline and helping unlock long term growth

# LatAm: As anticipated weak EBITDA result due to revenue declines and reinvestment

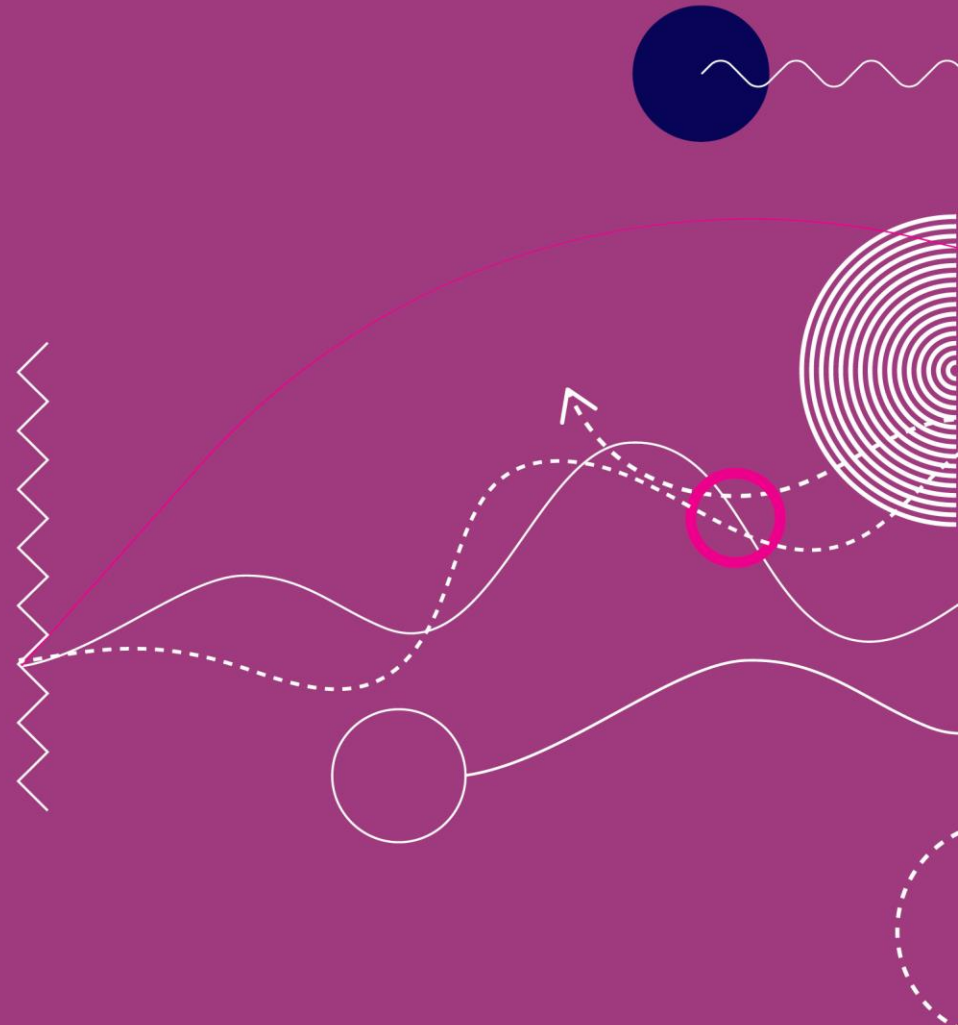
## FY19 Result

- **Brasil Online result broadly anticipated with revenue down 8% vs pcp**
  - Hirer revenue up 12% YoY (c15% of revenue) offset by decline in candidate revenue
  - Weak EBITDA due to lower revenue and reinvestment in Sales, Product & Technology
- **OCC results broadly in line with expectations with revenue down 4% vs pcp**
  - Employment rev up 2% YoY; Education rev down 35% YoY due to deliberate re-sizing
  - Lower EBITDA result due to Employment investment & weak Education revenue

## Strategic Outlook

- Better macro conditions alongside operational execution is required for sustainable growth in financial results in Brasil & OCC

# SEEK Investments



# SEEK Investments brings significant advantages in pursuing new growth opportunities

## Our approach & objectives

- Investing in purpose aligned businesses across Human Capital Market
- Actively partnering with businesses, offering strategic & operational support
- Focusing on capital appreciation and targeting minimum IRRs of 15-20% over 5+ years

## SEEK's unique strategic advantages

- **Deep expertise** via 22+ years as a leading operator and investor in Human Capital
- **Significant deal flow** based on reputation and strategic assets
- **Potential synergies** where SEEK's scale of data & relationships can be used to drive growth (215m+ candidates & 1.1m+ hirers)

## Track record of strong returns



27% IRR<sup>1</sup>  
6x return on capital<sup>2</sup>



62% IRR<sup>1</sup>  
3x return on capital<sup>2</sup>



33% IRR<sup>1</sup>  
9x return on capital<sup>2</sup>

# Zhaopin delivered strong growth in operating metrics and financial results...

## FY19 Result

- Strong revenue growth of 34% despite easing conditions in H2 19
  - Online revenue up 19% driven by hirer penetration
  - Adjacent revenue streams +100% (mainly BPO & campus) achieved by leveraging hirer scale
  - Soft H2 online billing growth vs pcg given macro conditions (in line with listed peers)
- EBITDA growth of 14% with aggressive investment contributing to market leadership across key metrics

## Strategic Outlook

- Continue investing to build market leadership in a competitive environment despite weak macro conditions
  - Scale of candidate and hirer data to form foundation for new products and services
  - Significant long-term opportunity to align price to value
  - Market leadership will create significant online monetisation and cross-sell opportunities

# ... and is focusing on building online market share and further penetrating large adjacent market opportunities.

Adjacent market opportunity (cA\$120b) is 6x larger than online (cA\$20b)

	Core Operations		Adjacent Businesses			
	Core white-collar (junior to mid)	Highend & RPO	Campus	Assessment	Education & Training	Business process outsourcing
Opportunity	<ul style="list-style-type: none"> <li>New freemium model accelerating hirer penetration</li> <li>Roll-out "of depth products" over time to align price to value</li> </ul>	<ul style="list-style-type: none"> <li>Large, highly fragmented offline recruitment process</li> <li>Leveraging data &amp; technology expertise from "Core white-collar" to build scalable platform &amp; tech solutions</li> </ul>	<ul style="list-style-type: none"> <li>Large penetration opportunity in the university segment</li> <li>Significant opportunity to migrate services to online</li> </ul>	<ul style="list-style-type: none"> <li>Given scale of the labour force, significant opportunity in providing objective testing for hirers</li> </ul>	<ul style="list-style-type: none"> <li>Large education market opportunity with initial focus on online courses in generic skills</li> <li>Potential to form JVs to help distribute content over time</li> </ul>	<ul style="list-style-type: none"> <li>Includes labour and payroll outsourcing</li> <li>Demand being driven by changes to social security and SME's looking to variablise costs and reduce risk</li> </ul>
Est Market Size <sup>1</sup> (A\$ billion)	cA\$20b combined		cA\$120b combined			
Revenue growth	19% combined		100% combined			
%age of Revenue	72% combined		28% combined			

# OES is investing to scale multiple partnerships and expand its offerings









## FY19 Result

- Solid revenue growth of 7% YoY despite freeze on government funding
- EBITDA down 2% YoY due to investment to support future growth in partners, growing student experience and Business Development

## Strategic Outlook

- Maximise student body in existing partners given regulatory constraints on enrolments
- Continue delivering world class education outcomes
- Leverage capabilities to scale, pursue new partnerships & expand into adjacent offerings

# SEEK Investments owns a portfolio of high growth businesses leveraged to key structural trends

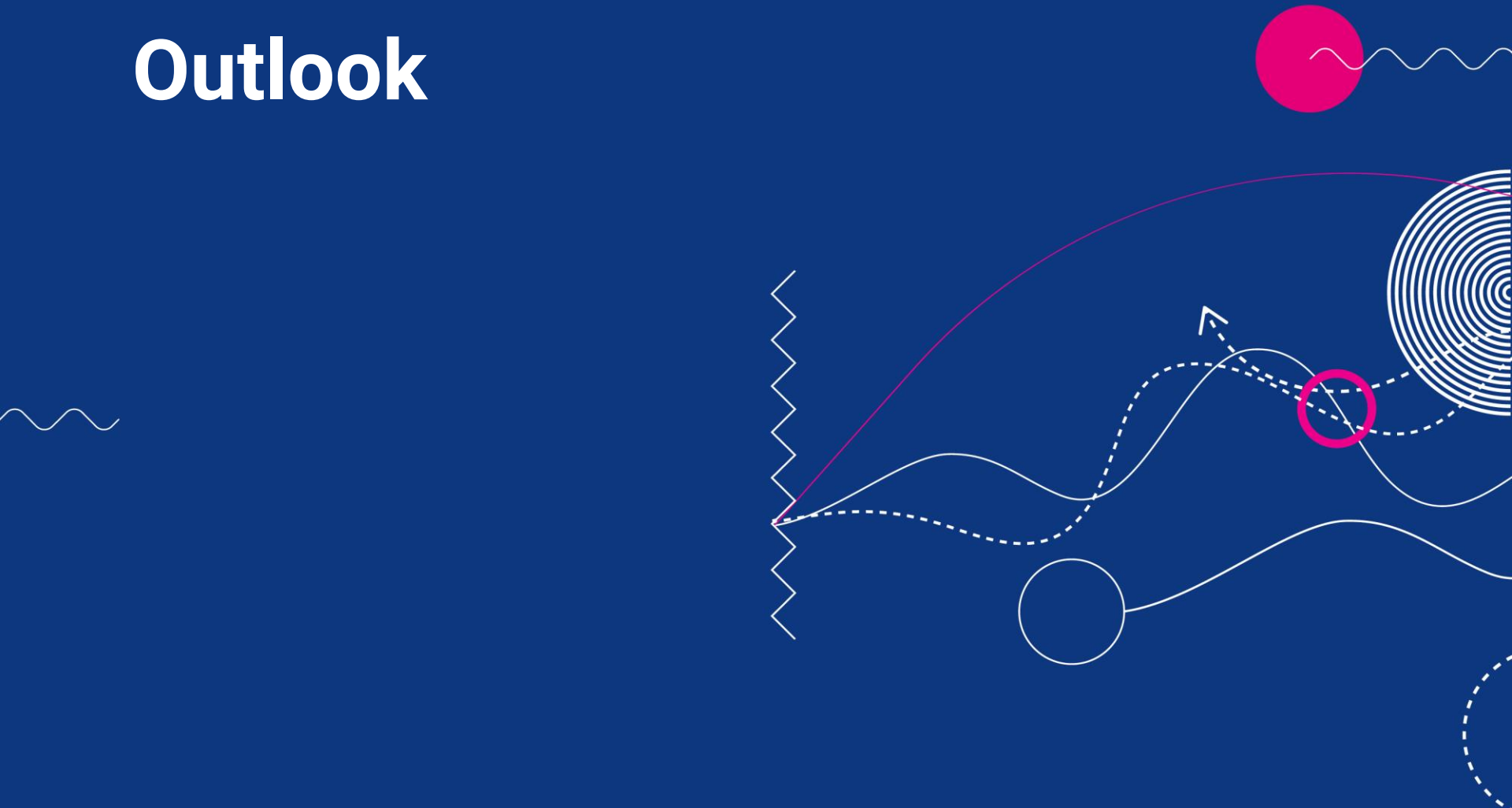
	Online Education	HR SaaS	Contingent labour
Key structural trends	<ul style="list-style-type: none"> <li>Structural migration to online education is being driven by technology improving access and an increasing need to reskill and upskill the labour force</li> </ul>	<ul style="list-style-type: none"> <li>Enabling HR Tech solutions opens up an enormous market opportunity with proven economics across other verticals</li> </ul>	<ul style="list-style-type: none"> <li>Flexible labour already a large component of the workforce and expect tech solutions to deliver significant efficiencies for these labour pools</li> </ul>
Large addressable markets <sup>1</sup>	<ul style="list-style-type: none"> <li>A\$50b+ globally</li> </ul>	<ul style="list-style-type: none"> <li>A\$1.5b+ in Australia</li> </ul>	<ul style="list-style-type: none"> <li>A\$11b+ across AP&amp;A</li> </ul>
Strong Revenue Growth <sup>2</sup>	<ul style="list-style-type: none"> <li>c35% Look-through revenue growth</li> </ul>	<ul style="list-style-type: none"> <li>c100% Look-through revenue growth</li> </ul>	<ul style="list-style-type: none"> <li>c135% Look-through revenue growth</li> </ul>
Key Investments	  	 	  

**Strong results (valuation, revenue, unit economics) give us confidence to aggressively invest**

<sup>1</sup>Total Addressable Market (TAM) Online Education = Enterprise Training opportunity of cA\$50B + M00Cs/Online Short Courses/Online Program Management of cA\$5B+; Total Addressable Market (TAM) HR SaaS = 1) Learning and development platforms (e.g. G01); and 2) SME Human Resource Information Systems (e.g. Employment Hero), excludes talent acquisition platforms; Total Addressable Market (TAM) Contingent Labour = Source: Internal management analysis supported by external data

<sup>2</sup>"Look-through" share represents revenue of investments multiplied by SEEK's ownership interest (based on comparable ownership interest across FY18 & FY19). Online Education excludes Coursera (ownership interest <5%) & OES

# Outlook



# FY20: Guidance affirmed

## FY20 Trading Update

- Macro economic conditions are weak in a number of SEEK's key markets (ANZ, Asia and China)
- Despite this, SEEK affirms its FY20 guidance provided at its FY19 results on 20 August 2019
- If macro-economic conditions deteriorate this may impact SEEK's ability to achieve its FY20 guidance

## **FY20 guidance (excluding significant items)**

*Forecasting is challenging given exposure to variations in macro conditions and FX rates across multiple markets*

FY20 v FY19	SEEK Reported <sup>1,2,3</sup>
AFFIRM: Revenue <sup>1</sup>	15-18%
AFFIRM: EBITDA <sup>1</sup>	8-11%
AFFIRM: D&A	A\$135-140m
AFFIRM: Reported NPAT	A\$145-155m

Refer to slide 32 of SEEK's FY19 Results presentation on key differences between FY19 & FY20 Reported NPAT

<sup>1</sup> Includes consolidated Early Stage Venture investments

<sup>2</sup> Refer slide 36 of SEEK's FY19 Results Presentation for further detail on impact of AASB 16

<sup>3</sup> Investments NPAT losses may increase if we do more new deals or follow-on funding rounds in existing investments

# Well positioned to grow SEEK's long-term value

- Volatile economic conditions will impact near-term results, however our focus will remain on investing to grow SEEK's long-term value
- We are taking a long-term approach and investing aggressively to capture large revenue opportunities which will also grow our overall defensibility
- Investing in exciting opportunities across our existing businesses, scaling up ESVs and undertaking M&A
- Our capability levels are strong and when combined with our market leading businesses we are uniquely placed to attack large revenue pools in the Human Capital Market
- If we can achieve our A\$5b<sup>1</sup> aspirational revenue opportunity, we expect SEEK's earnings and valuation to be significantly higher

### ***Disclaimer***

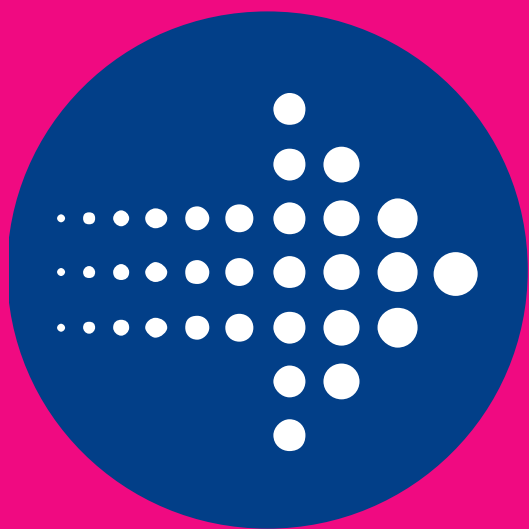
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### ***Non-IFRS Financial Information***

SEEK's results are reported under International Financial Reporting Standards (IFRS). This presentation also includes certain non-IFRS measures including, "Underlying NPAT", "EBITDA", "Significant items" and "pro-forma". These measures are used internally by management to assess the performance of our business, our Associates and Joint Ventures, make decisions on the allocation of our resources and assess operational management. Non-IFRS measures have not been subject to audit or review.

Refer to SEEK's Appendix 4E and Statutory Accounts for the year ended 30 June 2019 for IFRS financial information that is presented in accordance with all relevant accounting standards.



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