



ASX Announcement
12 August 2020

SEEK is executing on its long-term growth strategy

Executive Summary of FY20 Results

SEEK Group: Financial results impacted by weak macro conditions and COVID-19

- Revenue growth of 3% vs pcp impacted by weak macro (H1 20) and COVID-19 (H2 20)
- EBITDA decline of 9% vs pcp¹ impacted by external environment and investment bias

Asia Pacific & Americas (AP&A): Building foundations for growth in Asia Pacific (APAC)

- SEEK ANZ: Resilient depth result and new pricing model launched
- SEEK Asia: Ongoing integration and investment to unlock long-term revenue potential

SEEK Investments: Strong results across Zhaopin, OES and Early Stage Ventures (ESVs)

- Zhaopin: Strong operational execution delivered a resilient financial result
- OES: Solid financial results and continued progress in scaling new partnerships
- ESVs: Strong growth in revenue and operating metrics across our 3 key themes

Previously announced: Non-cash impairment charge of cA\$198m

- Aggregate non-cash impairment of cA\$198m (SEEK share) recognised against the carrying value of Brasil Online, OCC Mundial and four non-core minority early stage investments

SEEK Limited (SEEK) announced its results for the 12 months ended 30 June 2020

- Reported Revenue of A\$1,577.4m (pcp: A\$1,537.3m)
- Reported EBITDA¹ of A\$414.9m (pcp: A\$455.0m)
- Reported NPAT (excl. significant items²) of A\$90.3m (pcp: A\$184.8m)
- Reported NPAT loss² of A\$111.7m (pcp: NPAT of A\$180.3m)

Commenting on SEEK's FY20 results, SEEK CEO and Co-Founder Andrew Bassat said:

"A key driver of SEEK's growth has been our philosophy to align all our activities to our Purpose and to make long-term decisions. During the pandemic, we have adopted this same philosophy towards key decisions regarding our people, our customers and our capital structure."

"Our people underpin our long-term growth and we have protected our permanent AP&A employees. To support our customers, we invested in numerous relief measures. To ensure we have funding flexibility, we managed discretionary costs, increased covenant headroom and issued subordinated debt. These measures have all supported SEEK's long-term shareholder value."

"In AP&A, SEEK ANZ launched its new pricing model and contract structure and rolled out numerous initiatives to support candidates and hirers during this challenging period. SEEK Asia made good progress in platform integration and investing in product and technology. These activities position SEEK Asia well for long-term growth."

"In SEEK Investments, Zhaopin delivered resilient financial and operational results. OES benefited from an accelerated migration of education to online learning. Our ESV portfolio of emerging leaders

¹ FY20 EBITDA reflects changes required under AASB 16 Leases. FY19 financials have not been restated.

² FY20 Reported NPAT loss includes A\$202.0m of significant items, comprising: Impairment charges (A\$198.4m) & funding related costs (A\$3.6m). FY19 Reported NPAT included A\$4.5m of significant items relating to Zhaopin privatisation & refinancing costs.

delivered strong results which has increased our conviction to continue investing across the key themes of Online Education, HR SaaS and Contingent Labour .”

“The current macro outlook is highly uncertain. Our near-term profits will be impacted by COVID-19 but our focus is on executing and investing for the long-term. We are confident our investment and long-term focus is the right approach as SEEK’s revenue opportunity remains large and under-penetrated. If we invest and execute well, we can take advantage on improving conditions in the near-term but also a much larger longer-term revenue opportunity.”

ASIA, PACIFIC & AMERICAS (AP&A)

SEEK ANZ: Resilient result

- Revenue decline of 12% and EBITDA decline of 15%
- Market leader with c33% of placements, lead of c5x times over our nearest competitor

SEEK Asia: Results impacted by weak macro in Hong Kong and COVID-19

- Revenue decline of 14% and EBITDA decline of 26% (constant currency)
- Promising signs from initial platform and product integration

Andrew Bassat commented, “SEEK ANZ delivered a resilient result in challenging conditions. In a weak ad volume environment, we saw robust results from our depth products and SMEs. We also made strong progress in rolling out our new pricing and contract structure which will create a more equitable and efficient marketplace for hirers and candidates.”

“SEEK Asia’s financial results were impacted by geopolitical issues and COVID-19. For initiatives that were in our control we made good progress, this included platform and product integration in the critical areas of core search, discovery and Mobile Apps. We remain optimistic for SEEK Asia’s long-term outlook given its market leadership in key regions and the expected strategic benefits from closer integration between SEEK ANZ and SEEK Asia.”

SEEK INVESTMENTS

Zhaopin: Successfully navigated a period of challenging operating conditions

- Revenue growth of 12% (constant currency)
- Realised operating efficiencies while re-investing in core strategic areas

OES: Solid financial results as OES scales new partnerships

- Solid revenue growth of 7% primarily from Post-graduate and UK Under-graduate courses
- Scaling multiple partnerships and expanding online service offerings

ESVs: Strong and sustained results have increased our conviction

- Key investments delivering strong growth
- Look through revenue growth of c35%³

Andrew Bassat commented,

“The focus for SEEK Investments is to invest in emerging leaders that will benefit from long-term structural trends. We encourage upfront investment so our businesses can emerge as market leaders and capture a significant share of future revenue. In SEEK’s history, this approach has helped deliver outsized returns for shareholders. The cost of maximising long-term shareholder returns will likely come at the expense of short-term profits.”

“Zhaopin was the first to experience the impact of COVID-19 and recovered well in Q4-FY20. The resilience of Zhaopin’s H2 FY20 result bodes well for a robust recovery when conditions return to normal. Our long-term focus remains on supporting Zhaopin to grow its market share in a large but competitive human capital market.”

“OES has been a beneficiary of the accelerated migration to online learning. OES enrolled its full student body quota for its under-graduate Australian partners and made good inroads into scaling up its new Australian and International partnerships.”

³ “Look-through” share represents revenue of investments multiplied by SEEK’s ownership interest (based on comparable ownership interest across FY19 & FY20). Excludes Coursera (ownership interest <5%)

“Our ESV portfolio quickly adapted to the new environment and delivered strong operational and financial results. These results have increased our conviction in our portfolio and the key themes of Online Education, HR SaaS and Contingent Labour.”

PREVIOUSLY ANNOUNCED: IMPAIRMENT OF LATAM BUSINESSES AND FOUR NON-CORE EARLY STAGE VENTURES

SEEK recognised a non-cash impairment charge of cA\$198m (SEEK share) relating to:

- Brasil Online and OCC Mundial: aggregate impairment charge of cA\$138m
- Four non-core minority investments: aggregate impairment charge of cA\$60m

The impairments do not have any material impact on SEEK’s debt covenants.

Andrew Bassat commented, *“Our businesses in Brazil and Mexico have been facing challenges for some time and this has been exacerbated by the devastating impact of COVID-19. It is unfortunate that we have had to recognise an impairment charge against these businesses. The focus remains on evolving their product and service offerings to deliver more value to candidates and hirers.”*

“We have also seen a deterioration in the financial outlook for four minority investments that operate outside our core themes of Online Education, HR SaaS and Contingent Labour, and as a result we have reduced their carrying value.”

PREVIOUSLY ANNOUNCED: DIVIDEND | No final FY20 dividend

Rationale

- Supports ongoing investment into long-term high ROI strategies (Capex & M&A) despite weaker cash flows resulting from the challenging external environment
- Once economic conditions improve, we intend to resume payment of dividends

OUTLOOK | FY21 Illustrative Scenario

SEEK cannot provide guidance but can provide an illustrative scenario based on current conditions

- Refer slides 33 to 35 of SEEK’s FY20 Results presentation for our scenario assumptions

FY21 Illustrative Scenario

Our FY21 illustrative scenario arrives at:

- Revenue cA\$1,470m
- EBITDA cA\$330m
- SEEK Investment ESVs cA\$45-50m (SEEK’s share of NPAT losses)
- Reported NPAT cA\$20m

Caveats to our FY21 illustrative scenario

- Short-term forecasting is extremely challenging given uncertainty around COVID-19, macroeconomic and FX volatility
- It is also impossible to accurately forecast the duration or shape of the recovery out of COVID-19

We will provide a Trading Update at SEEK’s AGM (Nov-20) and H1 21 results (Feb-21).

In conclusion Andrew Bassat commented,

“SEEK’s short-term results will be negatively impacted by the challenges of COVID-19. Over the long-term, our strategy and overall revenue opportunity remain intact albeit COVID-19 will likely impact the timeframe to achieve our A\$5b revenue aspirations. We are confident in our strategy and growth prospects, and as a result we will continue to invest across ANZ, Asia, Zhaopin, OES and ESVs.”

“When labour markets return to more normal conditions, we expect to generate a high ROI given our market leadership and track record of generating strong returns from investing in product, technology and data. The near-term will continue to pose challenges, but we will remain agile to take advantage of new growth opportunities as they arise. If we invest and execute well, we expect SEEK to emerge a stronger and better business from this challenging period.”

ANNUAL GENERAL MEETING

SEEK's Annual General Meeting will be held in Melbourne, Victoria on 19 November 2020.

Authorised for release by SEEK's Board of Directors.

For further information or to arrange an interview please contact:

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Appendices - ASX Release

SEEK's results are reported under International Financial Reporting Standards (IFRS). This document also makes reference to the non-IFRS measure "EBITDA". This measure is 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.

EBITDA

"EBITDA" is earnings before interest, tax, depreciation and amortisation and excluding share of net profits of associates and jointly controlled entities accounted for using the equity method, dividend income and amortisation of share-based payments and other long-term incentive schemes.

Review of information

Non-IFRS financial information is calculated based on underlying IFRS financial information extracted from SEEK's financial statements. Non-IFRS measures have not been subject to audit or review.