



ASX Announcement
25 February 2020

Resilient financial result and significant progress against strategic priorities

H1 20 Key Highlights

SEEK Group: Resilient result given subdued macro economic conditions and investment focus

- Revenue growth of 16% vs pcp a good result given challenging conditions in many markets
- EBITDA growth of 4% vs pcp as we prioritise investment to unlock future growth opportunities
- Reported NPAT decline of 24% vs pcp reflects our investment bias across our operating businesses and losses in our Early Stage Ventures

Asia Pacific & Americas (AP&A): Previous investment enables ongoing depth revenue growth

- SEEK ANZ & Asia: Flat revenue result but depth revenue continues to grow strongly
- New ANZ pricing capability delivered and in market as planned
- Operating foundation established for AP&A unification and technology plan now in execution

SEEK Investments: Strong revenue growth in Zhaopin and across our ESV portfolio

- Zhaopin: Strong revenue growth driven by adjacent revenue streams
- Early Stage Ventures (ESVs): Strong growth in portfolio revenue and operating metrics

SEEK Limited (SEEK) announced its results for the 6 months ended 31 December 2019

- Reported Revenue of A\$875.5m (pcp: A\$757.2m)
- Reported EBITDA¹ of A\$247.4m (pcp: A\$238.5m)
- Reported NPAT of A\$75.6m (pcp: A\$99.3m)

Commenting on SEEK's H1 20 results, SEEK CEO and Co-Founder Andrew Bassat said:

"SEEK is investing and innovating to go after a A\$5b aspirational revenue opportunity by FY25 and we made strong progress against this aspiration in the last six months. We achieved a good overall revenue result in challenging economic conditions, with our earnings and profit results reflecting a deliberate focus to invest in initiatives that are expected to significantly increase our long-term value."

"Subdued conditions in Australia and Hong Kong negatively impacted our financial results. Our results will fluctuate somewhat with the cycle but in the areas we can control we are pleased with our progress. ANZ and Asia delivered strong depth results, good progress was made to integrate ANZ and Asia, and ANZ changed their subscription contracts to achieve a more flexible and equitable marketplace."

"SEEK Investments is focused on achieving long-term capital growth. Zhaopin's strong overall revenue result was underpinned by adjacent services helping to mitigate weaker demand for online services. Across our Early Stage Ventures, we achieved strong growth in operating metrics and revenue. Our focus is to invest in both new investments and into high returning initiatives within the portfolio."

ASIA, PACIFIC & AMERICAS (AP&A)

SEEK ANZ: Flat overall revenue with strong depth result

- Continued strong growth in depth revenue helping to partially mitigate weak ad volumes
- Strong market position with 37% placement share (lead of c6x over nearest competitor)

¹ H1 20 EBITDA includes the impact of AASB 16 (Leasing) from 1 July 2019. H1 19 financials have not been restated

SEEK Asia: Resilient revenue (constant currency) result given external backdrop

- Largest market (Hong Kong) faced material economic weakness and growth was slow in other developed markets
- Strong depth result and continue to hold strong positions across key markets

Andrew Bassat commented,

“SEEK ANZ delivered a resilient result as ad volumes were impacted by weak economic conditions. Depth revenue grew by 17% reflecting the benefits of product investment in prior periods. We also made good progress in rolling out changes to our subscriptions contracts to make our marketplace more flexible and equitable for hirers and to improve the candidate experience. Our focus on investing to create additional value for candidates and hirers positions us well for future growth.”

“SEEK Asia operates across large addressable markets and presents a significant long-term growth opportunity. Very weak economic conditions in Hong Kong and slow growth across the region significantly impacted our financial results. Despite these factors, we grew depth revenue at 22% and made progress in better integrating ANZ and Asia which will help accelerate SEEK Asia’s long-term growth.”

“In Latin America, financial results were weak in line with expectations. Both businesses continue to face near-term challenges, but remain focused on evolving their offerings to deliver great value for candidates and hirers.”

SEEK INVESTMENTS

Zhaopin: Strong revenue growth despite slowing economy

- Strong revenue growth of 27% (constant currency) driven by adjacent services
- Investing in Product & Technology, Data & Artificial Intelligence

OES: Solid financial results alongside strong student outcomes

- Good revenue growth of 6% in context of Commonwealth funding constraints
- Scaling up, signing new partnerships and opening up adjacent revenue streams

ESVs: Strong growth in operating metrics and revenue

- Look through revenue growth of 30%+² across the portfolio

Andrew Bassat commented,

“Zhaopin’s strong revenue result was driven by adjacent revenue growth which offset weaker demand for online services. Despite reaching a ‘Phase One Trade Agreement’ with the US in January 2020, near-term conditions in China are likely to remain challenging given the recent outbreak of the Coronavirus. Irrespective of the weak short-term economic conditions, our focus is to invest and innovate to capitalise on a significant opportunity in what we expect will be the world’s largest human capital market. If we do this well significant value can be unlocked.”

“OES delivered a good revenue result with growth from new partners helping to mitigate the impact of constraints from Commonwealth funding caps. We also made pleasing progress in scaling up our partnerships both in Australia and the UK alongside developing new offerings such as micro-credentials.”

“Our portfolio of Early Stage Ventures across Online Education, Online Contingent Labour and HR SaaS are making strong progress in growing market share in large addressable markets. The portfolio delivered look-through revenue growth of 30%+ alongside good results in key operating metrics. We continue to actively manage the portfolio, increasing our stakes in certain businesses and investing in some new assets with great potential.”

² “Look-through” share represents revenue of investments multiples by SEEK’s ownership interest (based on comparable ownership interest across H1 19 & H1 20). Excludes Coursera (ownership interest <5%)

H1 20 INTERIM DIVIDEND | 13 cents per share

- The interim dividend will be paid on 9 April 2020 with a record date of 26 March 2020
- Our dividends paid in any half year period will fluctuate based on our capital commitments
- Refer to slide 10 of SEEK's H1 20 Results Presentation

OUTLOOK | FY20 guidance

Original FY20 Guidance (pre impact of Coronavirus)

Based on performance through the first seven months of FY20, SEEK was on track to achieve its original Revenue and EBITDA guidance³ despite several negative short-term external events:

- US-China Trade Tensions: Still feeling residual impact across all markets
- Political unrest in Hong Kong

In regard to SEEK Investments Early Stage Venture losses, due to:

1. new investments within SEEK Investments Early Stage Ventures in H1 20 (including job and talent); and
2. strong momentum in a number of our existing investments giving us confidence to invest more aggressively,

we now expect our FY20 losses from SEEK Early Stage Ventures to become A\$55m (above the upper end of previous guidance range of A\$45m to A\$50m).

This will have a flow through impact on our Reported NPAT expectations

Coronavirus impacts to FY20 Guidance

- Outside of China and Hong Kong, the direct impact of Coronavirus has not been material and performance to date is broadly aligned with our original guidance
 - As a result, excluding Zhaopin (China), SEEK does not expect any material change to its FY20 outlook⁴
 - *SEEK ANZ & SEEK Asia on track to achieve forecast built into FY20 guidance but with more risk for Asia given Coronavirus impact in Hong Kong*
 - *No material changes to all other businesses*
 - *However, the performance could vary depending on direct or secondary impacts of Coronavirus and underlying economic conditions*
 - Short-term forecasting for Zhaopin is extremely challenging given the material uncertainties in predicting the duration and severity of the impact or "shape of the recovery" from the Coronavirus
 - *Note, Zhaopin would have comprised c50% of FY20 Group Revenue (prior to Coronavirus)*
 - Consequently, we cannot reliably update guidance
 - However, we can provide an example of how lower billings (which would be the key impact) flow into reduced Revenue, EBITDA and Reported NPAT
 - If the following high level assumptions are used (for Zhaopin):
 - *Mar-20 & April-20 billings are 30% lower than originally assumed for current guidance⁴ (by way of reference Feb-20 billings are 60%+ lower than originally assumed)*
 - *Activity then recovers so that May-20 and June-20 billings are in line with original assumptions⁴ (with no additional activity compensating for reduced activity from Feb to April-20)*
 - *There is no impact beyond that currently observed in other economies in which SEEK operates (in particular Australia)*
- then SEEK Group FY20 results could be lower than current guidance⁴ by:
- *Revenue A\$110-120m*
 - *EBITDA A\$40-45m*
 - *Reported NPAT (post tax & NCI) cA\$25m*

Further detail on SEEK's FY20 guidance is provided on slides 31-33 of SEEK's H1 20 results presentation

³ Guidance provided at the AGM in November 2019, (growth FY20 vs FY19) Revenue of 15 – 18%, EBITDA of 8 – 11% (incl. the benefits of AASB 16)

⁴ Refers to managements original FY20 forecasts prior to the outbreak of the Coronavirus. Refer to slide 31 of SEEK's H1 20 results presentation for further details

In conclusion Andrew Bassat commented,

“Our near-term results will be impacted by the Coronavirus, softer economic conditions and our investment bias. It is impossible to forecast the impact of Coronavirus but we have provided a set of assumptions to help assess the negative flow through on our FY20 financial performance. Due to these factors, we are significantly under-earning relative to our true earnings potential. We will continue prudently investing through the cycle as we think the long-term pay-off is significant. Across AP&A and SEEK Investments, we will invest aggressively into high growth initiatives within our market leading businesses.”

“Over time we expect China and the rest of the world to return to more normal conditions, and are confident that our long-term strategy and aspirational targets remain intact. In the long-term our strategy and investment bias will grow SEEK’s defensibility and profitability.”

Authorised for release by SEEK’s Board of Directors.

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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.