



ASX Announcement

23 June 2016

**SEEK increases ownership in Brasil Online & SEEK Asia
and provides a Financial Update (FY16 & FY17)**

Key Highlights:

- **Brasil Online: cA\$104m to increase ownership from 51% to 100%**
- **SEEK Asia: cA\$78m to increase its ownership in SEEK Asia Limited ("SEEK Asia") from 80.8% to 86.2%**
- **Combined impact of Transactions is expected to be earnings per share accretive in FY17 and beyond**
- **SEEK Group: Reaffirmed guidance (FY16) & Preliminary View (FY17)**

Today, SEEK has announced that it has increased its ownership in Brasil Online and SEEK Asia. This is a continuation of SEEK's growth strategy of owning market leaders which are exposed to favourable trends and then partnering with local management teams to accelerate growth in their respective businesses. SEEK is also pleased to re-affirm guidance for FY16 and provide a preliminary view on FY17.

Brasil Online - Overview

The main brand of Brasil Online, Catho is the leading online employment marketplace in Brazil with 95%+ total brand awareness and more than double the unique job opportunities than its nearest competitor.

Since SEEK's initial investment in Brasil Online, the business has achieved EBITDA CAGR of 15%+ and returned over A\$44m in dividends to SEEK.

Brasil Online is also contributing to various SEEK global product and technology initiatives such as being:

- the pilot for the roll-out of Company Profiles
- the first business to launch Careers and Salary Insights
- the key contributor to SEEK's Global Development Pods in areas like Matching & Artificial Intelligence

Through global collaboration, Brasil Online is building a platform for future growth including the recent launch of Catho Education which has 13 partners; 34 FTEs and 1,500 enrolments in less than 12 months.

Commenting on our Brazil investment, Ronnie Fink, Corporate Development Director of SEEK said, *“The economy has been challenging however the strength and resilience of the business was demonstrated where in H1 FY16 the business grew EBITDA by 2%.”*

“Catho has a strong market position in Brazil and is a key partner in SEEK’s global collaboration activities. SEEK is hopeful of Brazil’s economy recovering over the medium to long term and we are confident that this transaction will generate good returns for SEEK shareholders.”

High level transaction details are as follows:

- SEEK funded its increase in ownership using the SEEK Group debt facility
- The acquisition price implies a FY16 PE multiple of c9x
- Post this transaction, SEEK’s ownership moves to 100%

SEEK Asia - Overview

The outlook is positive for SEEK Asia given we:

- have successfully managed a complex M&A integration
- are strategically well positioned for growth with a defined brand strategy
- have an opportunity to roll-out new products and technologies to improve our value proposition to jobseekers and hirers
- have recently launched our “SEEK Learning” model across Asia

Andrew Bassat, CEO of SEEK said,

“SEEK is very pleased to increase its ownership in SEEK Asia. Aside from holding market leadership across key markets, SEEK Asia also serves as key hub for new product development and plays a leading role in creating SEEK’s next generation products to grow our penetration of jobseekers and hirers.”

High level transaction details are as follows:

- SEEK funded its increase in ownership by using SEEK Asia’s debt facility (a natural currency hedge) to undertake a buy-back of shares
- The SEEK Asia debt facility is non-recourse to the SEEK Group and as part of this transaction was refinanced on favourable terms
- Based on the buyback acquisition price, the implied FY16 PE¹ multiple is c24x
- Post this transaction, ownership interests for SEEK Asia are:
 - SEEK 86.25%
 - NewsCorp 13.75%

¹ SEEK Asia NPAT excludes deal costs

SEEK Group: Reaffirmed guidance (FY16) & Preliminary View (FY17)

Andrew Bassat, CEO of SEEK said,

“SEEK is very pleased to re-affirm its NPAT guidance for FY16. In the last 12-18 months, we have been particularly pleased with the strategic and financial benefits of our re-investment activities. SEEK’s strong domestic result in H1 FY16 is testament to the benefits of re-investment. As we look forward to FY17 given SEEK’s strong market position and global platform, we believe continued re-investment will position SEEK to continue generating strong returns to shareholders over the medium to long-term.”

FY16: Re-affirm Reported NPAT (before significant items eg. profit on IDP sale) of approximately A\$195m before deducting investments in early stage growth ventures of approximately A\$20m.

FY17: SEEK is currently working on its budget and re-investment plans.

Given exciting medium to long-term growth opportunities, the expectation is that SEEK will continue its trend of re-investment for future growth.

Including the impact of the announced transactions & based on current FX rates expect:

- Preliminary FY17 Reported NPAT (before significant items and before deducting early stage growth ventures) is expected to be in the range of A\$215m to A\$220m

For further information please contact:

Media enquires

Sarah Macartney

Phone: +61 43 394 9639

Email: smacartney@seek.com.au

Investor/Analyst enquiries

Jeff Tang

+61 3 8517 4484

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