



ASX Announcement
6 August 2018

***Impairment of Brasil Online and OCC, fair value gain on Maimai,
FY18 results at top end of guidance range and FY19 outlook***

Net impact of three key significant items (A\$142m, SEEK share at NPAT): Impairment of Brasil Online and OCC, fair value gain on Maimai

In its FY18 results, SEEK Limited ("SEEK") will recognise the net impact of three key significant items of A\$142m related to the following:

1. Non-cash impairment charge against the carrying value of Brasil Online (impairment charge: A\$119m) and OCC (impairment charge: A\$59m)
2. Non-cash fair value gain of A\$36m on investment in Maimai

Impairment of Brasil Online and OCC

In its FY18 results, SEEK will recognise a non-cash impairment charge of A\$178m against the carrying value of Brasil Online (Brazil) and OCC (Mexico).

As outlined in SEEK's FY18 Half Year (H1 18) Financial Report, management identified that "*reasonably possible changes*" to certain economic and/or operational assumptions had the potential to adversely impact the valuation estimates of these assets.

Key changes which have occurred since the H1 18 Financial Report:

- **Brasil Online:** Deterioration in economic and political conditions have impacted financial performance (impairment charge: A\$119m)
- **OCC:** Macro and political uncertainty, competitive intensity, operational issues in education and the need to reinvest to evolve the business model have impacted the outlook for future cashflows (SEEK share of impairment charge: A\$59m)

This impairment will be disclosed as a significant item and will have no impact on SEEK's funding covenants or the determination of SEEK's final FY18 dividend. Brasil Online and OCC hold net cash balances and do not require further capital from SEEK.

Commenting on the impairment, Andrew Bassat, CEO and Co-Founder of SEEK said, "*It is unfortunate that we have had to reduce the carrying value of Brasil Online and OCC. Performance has been disappointing but we remain committed to these markets. We are hopeful a greater strategic focus, resourcing under the AP&A structure and an improving economy can over time assist in turning around performance.*"

Fair value gain on investment in Maimai

In its FY18 results, Zhaopin expects to recognise a non-cash fair value gain of A\$59m (SEEK share A\$36m) on its investment in Chinese career and professional networking platform, Maimai.

In November 2017, Zhaopin invested US\$15m in redeemable preference shares in a Series C capital raise of US\$50m at a Maimai valuation of US\$250m, representing a 6% share. In April 2018, a series D capital raise of US\$150m from existing and new investors occurred and this fair value gain reflects the mark to market gain at this new transaction value.

Given the private nature and sensitivity of competitive information, SEEK is limited as to the information it can share on Maimai.

FY18 Result at top end of guidance range

Excluding the net impact of significant items, SEEK is pleased to announce *preliminary unaudited* FY18 results at the top end of prior guidance.

	Prior Guidance	Today's Guidance
Revenue	Growth in the range of 20% to 25%	Growth of c24%
EBITDA	Growth in the range of 14% to 15%	Growth of c15%
NPAT	Reported NPAT in the range of A\$225m to \$230m before deducting investments in early stage growth options of approx. A\$25m to \$30m	Reported NPAT of cA\$230m before deducting investments in early stage growth options of cA\$30m

Commenting on SEEK's FY18 result, Andrew Bassat said,

"Despite our issues in Latin America, the SEEK Group delivered a strong underlying FY18 result. We are pleased to deliver Revenue, EBITDA and underlying NPAT results at the top end of our guidance range. We are particularly pleased with the results from SEEK ANZ, Zhaopin and SEEK Asia."

FY19 Preliminary Outlook¹ (excluding significant items)

Revenue growth in the range of 16 to 20% (FY19 v FY18)

AP&A: Strong revenue growth in ANZ and Asia but expect subdued LatAm result

- SEEK ANZ and SEEK Asia: Strong revenue growth driven by mix of volume, yield and greater penetration of depth products
- Brasil and OCC: Revenue results to remain weak due to macro & political conditions

SEEK Investments: Strong growth across the portfolio

- Zhaopin: Strong revenue growth from recruitment and related services
- OES: Good growth in the context of funding caps on undergraduate education

EBITDA growth in the range of 5% to 8% (FY19 v FY18)

The gap between Revenue and EBITDA growth is driven by strong investment into our highest performing businesses where we are confident we will generate a high rate of return. Approximately 80% of the increase in Group Opex will be deployed into Zhaopin, SEEK ANZ and SEEK Asia to accelerate their growth strategies.

- Reflecting our strategy to aggressively grow Zhaopin's long-term value, over half of the forecast increase in SEEK Group Opex will be deployed into Zhaopin
- Given SEEK ANZ's strong investment track record, large market opportunities across SEEK Asia and integration benefits there is compelling logic for continued investment
 - We also expect SEEK ANZ & SEEK Asia to generate good EBITDA growth

¹Based on average AUD/USD exchange rate of 74 cents

AP&A: Investing to evolve businesses and expect good EBITDA growth in ANZ & Asia

The AP&A structure is benefiting all businesses in either their growth or turn-around strategy. The focus is to build scalable Product & Tech, leverage global capabilities with the key focus being driving integration benefits between SEEK ANZ and SEEK Asia.

- SEEK ANZ: Good EBITDA growth
- SEEK Asia: FY19 EBITDA to be stronger than FY18 despite ongoing heavy investment
- Key areas of investment in SEEK ANZ and SEEK Asia:
 - Product & Tech: personnel to work on new initiatives across depth products, mobile, online self-service, search platforms, artificial intelligence and data analytics
 - Marketing: promote new products and services and grow brand awareness
- Brasil and OCC: Expect significant decrease in EBITDA due to weak revenue and investment in Product and Tech

SEEK Investments: Investing for long-term capital appreciation

- Zhaopin: Continuation of aggressive investment
 - R&D, Product & Tech: Support launch of new products and services across white collar, high end recruitment, campus and assessment
 - Marketing: grow awareness and support scaling up of new products/services
 - Sales: sales personnel focused on increasing market share and up selling products
- OES: Business development costs to pursue new partnership opportunities (domestic & international)

Investments in Early Stage Ventures (ESVs) of approx. A\$35m to \$40m

Investing to scale up growth ventures and increase also reflects new investments made in FY18

- ESVs comprise SEEK Investments ESVs and AP&A Other
 - FY19 of \$35-40m to be split 60:40 between AP&A and SEEK Investments
 - FY18 of c\$30m is AP&A (c\$16m) and SEEK Investments (c\$14m)
- As we integrate certain AP&A businesses with its early stage ventures (AP&A Other), it is likely that some businesses will no longer be considered as ESVs. We will provide further disclosures as this occurs

Reported NPAT (including cost of investments in ESVs) to remain broadly similar to FY18 Reported NPAT

- D&A: Continuation of strong increase in D&A as we invest in Product & Tech capex
- Net Interest: Increase in net interest expense to reflect annualised interest expense from prior period M&A (SEEK Asia, ESVs) and less net cash in China (Zhaopin)
- Associates: Higher losses reflective of acquisitions of additional ESVs and increased investment to scale up these businesses

Commenting on SEEK's outlook, Andrew Bassat said,

"To capitalise on significant growth opportunities and build strong sustainable businesses, SEEK will continue its bias for investment. This approach typically leads to growth in operating metrics with a time lag before translating into revenue and then EBITDA growth. Our track record on our biggest businesses has shown this approach leads to significant value creation for long-term shareholders."

SEEK AP&A: Continued investment and AP&A integration to help drive the next leg of growth for SEEK Asia and support a recovery in LatAm

"We remain excited about ANZ's short and long-term growth opportunities."

"We are positive about the long-term opportunity of SEEK Asia from both continuing investment and its market leadership in this high growth region."

"A turnaround of Brasil Online and OCC will require more time and better economic conditions. The likely short-term outcome is that financial performance will be worse before an expected sustained improvement."

SEEK Investments: Active management to accelerate strategic outcomes in portfolio businesses and assess new high growth opportunities

"Aligned with our high conviction view on Zhaopin's growth outlook we will continue to invest aggressively in what is expected to be the world's largest human capital market. In partnership with world class strategic investors, Zhaopin is very well placed for capital appreciation in the medium to long-term."

"Given the government funding caps on undergraduate education, OES will invest to open up new growth opportunities domestically and overseas."

"We will continue to look for investment opportunities in the broader Human Capital and Education market and feel optimistic that key assets in our portfolio, which are showing strong revenue trajectory, will be drivers of long-term value drivers for SEEK."

SEEK will host a conference call for shareholders and investors at 11:00am AEST on 6 August 2018. Dial in details are below:

Participants Dial-In Telephone Numbers

All Participants will be asked to provide the Conference ID when joining the Call.

Conference ID:	753462
Australia Toll Free:	1 800 558 698
Alternate Australia Toll Free:	1 800 809 971
Australia Local:	02 9007 3187
New Zealand Toll Free:	0800 453 055
NZ Local (Auckland):	09 929 1687
NZ Local (Wellington):	04 974 7738
NZ Local (Christchurch):	03 974 2632
China Wide:	4001 200 659
Belgium:	0800 72 111
Canada:	1855 8811 339
France:	0800 913 848
Germany:	0800 182 7617
Hong Kong:	800 966 806
India:	0008 0010 08443
Indonesia:	001 803 019 3275
Ireland:	1800 948 625
Italy:	800 793 500

Japan:	0053 116 1281
Malaysia:	1800 816 294
Norway:	800 69 950
Philippines:	1800 1110 1462
Singapore:	800 101 2785
South Korea:	00 798 142 063 275
Sweden:	020 791 959
South Africa:	0800 999 976
Switzerland:	0800 820 030
Taiwan:	008 0112 7397
Thailand:	001800 156 206 3275
UAE:	8000 3570 2705
United Kingdom:	0800 051 8245
United States:	(855) 881 1339
US Local (New York):	(914) 202 3258
US Local (Los Angeles):	(909) 235 4020
US Local (Chicago):	(815) 373 2080

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