



SEEK 2021 AGM Report

ASX Code	SEEK
Meeting Time/Date	4pm, Wednesday 17 November 2021
Type of Meeting	Virtual, Lumi with voice option
Monitor	Mike Robey assisted by Stewart Burn
Pre-AGM Meeting?	Yes, with Chair Graham Goldsmith and Jane Tibb, Board Coordinator

What the Company Does

SEEK is one of the world's largest jobseeker and job hirer networks. It operates in APAC and the Americas and has recently re-organized into two divisions, SEEK Growth Fund and SEEK APAC.

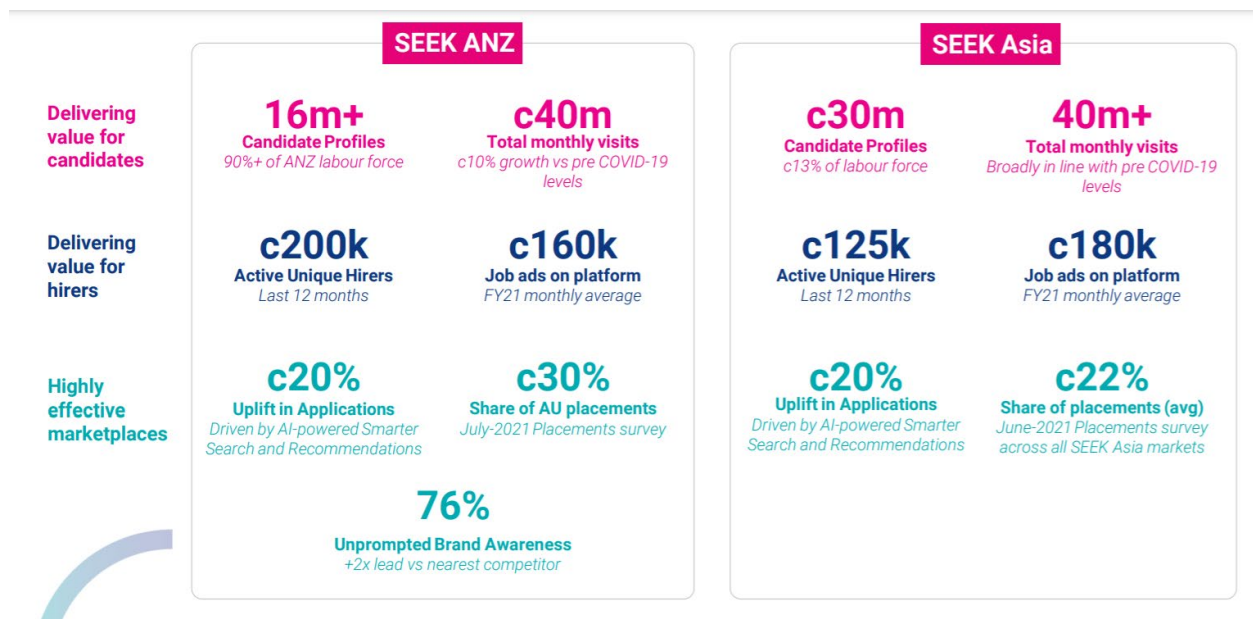
Developments in the Financial Year

The Chairman and CEO presentations are given [here](#) and [here](#). A summary of the Financial and operational highlights is given below. The Q1 of this financial year saw their financials tracking 30% below target, but by year end the results were well above target, so SEEK managed a hockey-stick recovery, to its credit. They also announced after the end of the FY a split of the early-stage ventures portion of their business into a new entity called SEEK Growth Fund, which has been demerged and which solicited additional external funding. SEEK shareholders will have exposure to this via the remaining 84.5% shareholding currently held by the parent. The rationale is that a separate business can deal with such early-stage businesses better than it could as a division of the larger company, to which the founder Mr Bassat spoke at this AGM. This growth fund has already completed \$200m in new business acquisitions in the FY 22, reinforcing the agility that the new structure has enabled. SEEK also sold down 37.2% of its 61.1% share in the Chinese online job connection business, Zhaopin for \$697m and used the proceeds to reduce debt and fund the Growth Fund.

FY21 Group Financial Results

	Revenue	EBITDA	NPAT excl. significant items
Group	A\$1,591m +1% vs pcp	A\$474m +15% vs pcp	A\$141m +58% vs pcp
Continuing Operations	A\$760m +17% vs pcp	A\$332m +30% vs pcp	A\$135m +68% vs pcp
Discontinued Operations	A\$831m (10%) vs pcp	A\$142m (9%) vs pcp	A\$6m (34%) vs pcp

2021 CEO AGM presentation



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Summary of Historical ASA Issues with the Company

SEEK has an LTI structure which is short (3 years) and has only a share price hurdle, with no financial balancing measure. We have raised our concern with this in previous years and voted against both the remuneration report and the issue of performance rights stemming from this to the CEO and founder Mr Bassat. This position is shared by at least one Proxy advisor, as evidenced by the voting outcomes this year and acknowledged by the Chairman in his defence of the structure.

Debate and Voting at the AGM

Apart from three shareholder questions, concerning disabilities (we do employ those with appropriate skills), website navigation difficulties (our re-pricing may help, as we rework the pages), and exposure to SEEK Growth Fund (this comes with 84.5% shareholding of SEEK), most of the questions came from Stephen Mayne and a few from your ASA monitor. Mayne's were boilerplate for this season, covering Jobkeeper repayments (we did), proxy advisor positions (they don't all like our remuneration structure), availability of AGM transcripts (no), and an interesting suggestion to join forces with their neighbours, REA, Carsales in recruiting tech talent (we try and be the best, but are cooperating a little in this area), a personal question about the co-founder's brother's business (different focus).

Our questions, the only ones at the AGM using voice, were about the selldown of Zhaopin, which we suspect may have been in part for geo-political reasons and which was touted in prior years as the next big thing (risk reward balance was right). We also complimented them on Board and C-suite gender diversity, but asked about the pipeline, since there is particularly low female representation in middle management (working on it with committee oversight, graduate employment program for women into tech). Our final questions were on board structure, namely the awkwardness of having the founder and immediate former CEO sitting on the board with the new CEO (see below for his comments on this). We further stated that the Chairman will have passed the 12-year lifetime on the board by the end of his term, so asked what his plans were for succession (there will be a process when the time comes, but it wasn't now).

The remuneration report and both CEO equity awards received a small protest vote, receiving only between 83 and 86%, probably for the same reasons as the ASA has, explained below, while all other resolutions passed with near unanimous support.

The only off-script and therefore candid and entertaining part of the AGM meeting was a speech by the outgoing CEO, founder and now incoming board member Mr Bassat, who spoke to his re-election, voicing an understanding that sitting on the same board as a new CEO was irregular, but that SEEK hasn't done business the "regular" way, and that he is aware that he might cast a shadow over Mr Narev, the current CEO. He doesn't see his board position as essential, but he carries corporate memory, and understands the culture, so humbly stated that he may be useful on the board. He added that he would willingly step down if Mr Narev asked him to.

Outlook Statements from the Company

See the [guidance below as provided in slides 11 and 12](#) along with the context, key assumptions and disclaimer. The message was that if the business continued as per usual (and there were no more Covid bumps) they will exceed the upper end of the guidance.

> FY22 Guidance (excluding significant items) for SEEK (excluding the SEEK Growth Fund)¹:

- **UPDATE:** EBITDA to be at the upper end of the A\$425m to A\$450m range
 - **UPDATE:** Based on assumed revenue at the upper end of the A\$950m to A\$1bn range
- **UPDATE:** NPAT to be at the upper end of the A\$190m to A\$200m range

¹ Comprises AP&A, SEEK's 23.5% interest in Zhaopin, JobAdder and other smaller investments, and Corporate Costs

> FY22 Guidance (excluding significant items) for the SEEK Growth Fund:

- **UPDATE:** SEEK's share of NPAT to be in the range of A\$5m to A\$10m profit for H1 22 (*previous guidance range of A\$20m to A\$25m in NPAT losses for H1 22*)
- *Update to guidance to reflect revised statutory accounting treatment following further review¹. Prior to this revision in treatment, net losses are in line with the previously anticipated range of A\$20m to A\$25m in NPAT losses for H1 22*

¹ For statutory reporting purposes, SEEK will not be required to recognise its share of the H1 22 profits or losses from the ESVs that are equity accounted associates or JVs until the point of deconsolidation. These unrecognised profits or losses will form part of any fair value gains or losses calculated and recognised at the time of deconsolidation. This is a revision in statutory accounting treatment since SEEK's Aug-21 guidance. Based on this change, SEEK will only recognise results arising from its ownership interest in subsidiaries (i.e. OES and Sidekicker) in H1 22.

Meeting Statistics

Number of Holdings Represented by ASA	84
Number of Shares represented by ASA	348,052
Value of Shares represented by ASA	\$12.1 m
Number Attending Meeting	22 shareholder, 1 proxy, and 65 guests
Market capitalisation	\$12.6b
Were proxies voted?	Yes, on a poll

Monitor Shareholding

The individual(s) (or their associates) involved in the preparation of this voting intention have no shareholding in this company.

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