



Company	Seek Ltd
Code	SEK
Meeting	AGM
Date	26 November 2019
Venue	Park Hyatt, Melbourne
Monitor	Claudio Esposito

Number attendees at meeting	80
Number of holdings represented by ASA	120
Value of proxies	\$7.8m
Number of shares represented by ASA	350,000
Market capitalisation	\$8bn
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	Yes, with Chair Graham Goldsmith, Company Secretary Lynne Jensen & Business Analyst Steve Moran

Seek's race for market share as Asian competitive pressure looms

The meeting began with the Chair's address and a summary of Seek's performance. Seek's revenues grew to \$1.56 billion up 18% on Financial Year 2018 (FY18) and profit was \$198.4 million (m) (\$90m FY18). The rise in profit as mentioned in our Voting intentions was due to FY18 asset impairment of \$181m expensed. The EBITDA was also indicated to be larger than revenue due to reinvestment offshore.

He went on to mention Seek's medium to long term focus on business and their focus on protecting customer data. Mr Goldsmith also talked about shareholder concerns with executive remuneration but in particular how one out of five proxy advisors (ISS) had expressed discontent for their remuneration. As such this translated to a first strike in remuneration with just over 25% voting against.

Seek will continue with their plan on investing heavily into their investments overseas. They believe the market in Asia is still in early stages and has scope for much more growth. Seek will be using the Australian business model (Seek ANZ) to help improve the way business is done overseas by employing and integrating Seek ANZ technology.

During question time ASA asked about the growth in revenues and how ongoing spend in capex had not translated in much profit and that's this did not seem sustainable. Mr Bassat responded by saying that Asia

was indeed a big punt and admits that Seek are faced with large challenges with relatively poor returns for now with a turnaround expected.

We also asked about the different average price points in the organisation compared to competitors in the US who charge up to \$1000. Mr Bassat claims that such price points are not competitive and will ultimately impact their growth. Whilst Seek strategy is to first gain as much market share as possible followed by newly announced 'pricing for value' model, Mr Bassat believes this will a win-win for both employers and job seekers.

A shareholder asked about the competitive landscape faced by Zhaopin in the Chinese market to which Mr Bassat responded that the Chinese market was quite competitive but Zhaopin's model seeks to gain greater market share by using their Freemium model and providing adjacent services whilst competitor 51 Boss' strategy seeks to increase its average revenue per user.

Another shareholder had asked about the scope of 'extra work' performed by Seek auditors to which the Chair responded that occasionally they did but only where approval has been granted by the audit and risk committee and where it made sense for the company such as doing financial due diligence of a potential acquisition. Chairman stated that around 25% of all work completed by the auditor was outside audit services.

Other questions included the prospect of recruitment targeted to the Australian and UK defence force. Mr Bassat said that it was possible as they had some good data to support this business case. The relationship between Seek and the government has been good and are starting to gain traction.

In terms of the resolutions and as anticipated, the remuneration report had a strong against vote. See table below for details exceeding 25% and as such, consistent with the corporation act received a first strike. Also, Non-Executive Director (NED) standing for re-election Denise Bradley was absent due to illness.

Resolution details		Instructions given to validly appointed proxies (as at proxy close)			
Resolution	Resolution Type	For	Against	Proxy's Discretion	Abstain
2 Remuneration Report	Ordinary	169,191,078 73.33%	59,755,585 25.91%	1,746,656 0.76%	17,456,811
3A Re-election of Director - Denise Bradley	Ordinary	240,482,267 91.56%	20,446,909 7.78%	1,755,515 0.66%	237,433
3B Election of Director - Leigh Jasper	Ordinary	260,808,897 99.29%	99,393 0.04%	1,755,946 0.67%	257,888
4 Grant of one Equity Right to Andrew Bassat	Ordinary	190,903,769 77.00%	55,252,305 22.29%	1,745,626 0.71%	656,606
5 Grant of Wealth Sharing Plan Options and Rights to Andrew Bassat	Ordinary	192,095,081 77.48%	54,048,793 21.81%	1,744,776 0.71%	669,656

During question time ASA had indicated to Seek that we were happy with their overall governance policy including remuneration despite their results. We had also indicated that we prefer Seek add an additional metric when determining their remuneration pay-out since total shareholder return is their only metric used. The Chair stated that the company is happy with the TSR that is calculated over the measured three-year period and they feel that it works well for them.