



ASX Announcement

11 January 2013

SEEK announces agreement to increase its shareholding in Zhaopin Limited

Transaction Highlights:

- **SEEK Limited (“SEEK”) to increase its ownership stake in Zhaopin Limited (“Zhaopin”) from 55.5%¹ to 72.3% to c79% (both undiluted equity interests)**
 - Sell down by Macquarie Capital Group (“Macquarie”) & other individual shareholders to increase SEEK’s ownership from 55.5% to 72.3% for a total consideration of US\$105m. The intention is that the transaction will be funded as follows:
 - US\$55m to be funded via Zhaopin’s cash balance & US\$50m to be funded via SEEK’s cash & debt facilities
 - In conjunction with the above, SEEK will launch an offer to acquire additional shares to potentially increase its ownership in Zhaopin from 72.3% to 79% with this transaction to be funded via SEEK’s cash & debt facilities
- **Transactions to be earnings per share accretive in FY13 on a cash basis²**
- **Zhaopin to be consolidated into SEEK Group financial statements**

SEEK today announced that it has entered into a share purchase agreement (the “transaction”) to increase its ownership stake in Zhaopin via a sell down of shares from Macquarie and other individual shareholders.

Zhaopin operates a leading online employment marketplace in China and this transaction is a continuation of SEEK’s strategy to increase its exposure to leading international businesses. This transaction and associated change in ownership structure will not result in changes to Zhaopin’s strategy or vision, being:

- Local management team to capitalise on significant growth opportunities
- Continue investing in sales, marketing, IT and product capability
- Progress Zhaopin to a potential IPO at the appropriate time (subject to market conditions)

Details of the transaction

SEEK will increase its ownership in Zhaopin by 16.8% from Macquarie and other shareholders (“exiting shareholders”) for total consideration of US\$105m (“transaction consideration”). The intention is that the transaction consideration will be funded as follows:

- US\$55m to be funded via Zhaopin’s cash balance
- US\$50m to be funded via SEEK’s cash and debt facilities

The intention is that the transaction consideration will utilise a material portion of Zhaopin’s cash which at December 2012 was cUS\$122m. Utilising Zhaopin’s surplus cash is an efficient and cost

¹ SEEK’s ownership on an undiluted basis was 56.1% but has decreased marginally to 55.5% to reflect conversion of options into equity

² Excludes any amortisation of identifiable intangibles and non cash adjustments that may arise from any purchase price allocation calculations and excludes one-off costs associated with the transaction

effective form of funding³ whilst achieving SEEK's strategic objectives. At completion, Macquarie will no longer hold an equity interest in Zhaopin.

The remaining US\$50m of the transaction will be funded via SEEK's cash and debt facilities.

Based on the total consideration of US\$105m payable to exiting shareholders and Zhaopin's estimated post-transaction net cash balance of cUS\$67m, this implies a 100% Enterprise Value of cUS\$558m⁴. This equates to a CY12 EV/EBITDA of c16x and PE of c21x.

In conjunction with the above, SEEK will launch an offer to acquire additional shares from other shareholders which may potentially lead to an additional acquisition of c7% of Zhaopin at a comparable valuation to the transaction. This will be funded via SEEK's existing cash and debt facilities.

About the transaction

Jason Lenga, Managing Director of SEEK International & Board Director of Zhaopin, said:

"Zhaopin is a leading player in many of China's geographic regions and across several key online metrics. As China's urbanisation and internet penetration increases, we expect it will be the world's largest online employment marketplace."

"Zhaopin continues to achieve solid growth in its financial and operating metrics despite a recent slowdown in China's economic conditions. This is a testament to the leadership of Evan Guo (CEO) who has built a highly experienced and capable team with a deep understanding of local conditions and their needs. Going forward, Evan and his team will continue to invest appropriately to drive Zhaopin's growth and focus on leading the company to a potential IPO. This transaction is an important step in expanding SEEK's exposure in key international markets and we believe it represents a compelling growth opportunity for SEEK's shareholders."

At completion

- It is expected that SEEK will increase its current interests from 55.5% to 72.3% to c79%. The ultimate equity interests in Zhaopin may vary as a result of take-up levels from SEEK's offer to acquire additional shares. There is a separate provision that SEEK may acquire further additional ownership interests in Zhaopin in FY14
- Consolidated Press Holdings ("CPH") a company associated with James Packer will not participate in the transactions. CPH will remain a material shareholder and continue to be excited and supportive of Zhaopin's strategy
- SEEK will have typical majority shareholders' rights including the right to appoint the majority of directors to the Zhaopin Board and the right to declare dividends
- Transactions expected to be earnings per share accretive in FY13 on a cash basis⁵
- SEEK to record a material fair value uplift to earnings (in respect to its existing shareholding in Zhaopin) with the final amount to be confirmed
- SEEK to consolidate Zhaopin's financials into its Group Financial Statements at completion date
- Based on the increase in ownership from 55.5% to 72.3%, SEEK's pro-forma net debt balance will be cA\$242m⁶ (including the recently announced outstanding 20% balance of

³ To utilise Zhaopin's surplus cash an entrusted loan facility is utilised. In China, this is a common form of funding which is administered by regulated financial institutions to facilitate the flow of funds between corporations or for specific purposes such as project financing, acquisitions and other such activities. This entrusted loan is separate to SEEK's syndicated loan facility

⁴ Enterprise Value calculation: Equity Value (total consideration of US\$105m/16.8% = US\$625m) – Net cash post transaction of US\$67m (US\$122m – US\$55m)

⁵ Excludes any amortisation of identifiable intangibles and non cash adjustments that may arise from any purchase price allocation calculations and excludes one-off costs associated with the transaction

⁶ SEEK Group Net Debt at December 2012 of A\$204m + SEEK's share of JobsDB put of A\$54m + SEEK's contribution for this transaction of A\$47m (excludes the launch of an offer to acquire additional shares in Zhaopin) - Zhaopin's net cash post this transaction A\$63m

JobsDB with SEEK's contribution A\$54m and the consolidation of Zhaopin's net cash position A\$63m)

- The simplification of Zhaopin's capital structure will assist in its potential progression to an IPO (subject to market conditions)

Expected settlement timeline:

- Share Purchase Agreement signed: 10 January 2013
- Completion: By 28 February 2013 (subject to satisfaction of certain completion conditions)

About SEEK Limited

SEEK Limited (ASX Code: SEK) is the leading provider of online employment services in Australia and New Zealand. In Australia, seek.com.au now hosts approximately 70%* of all jobs on Australia's major job sites. In a given month, approximately 125,000* job advertisements are posted on seek.com.au with approximately 14.4* million monthly visits. In New Zealand, seek.co.nz is the leading job site in terms of job advertisements with approximately 15,000* listed in October 12.

Aside from Zhaopin, SEEK has a leading presence across Asia including SEEK Asia, (a majority owned subsidiary of SEEK, which owns 100% of JobsDB) and c22.0% of JobStreet (a leading employment website across SE Asia). Across Latin America, SEEK owns 57% of Online Career Center Mexico SA de CV ("OCC") and 51% of Brasil Online.

SEEK Education comprises fully owned subsidiary SEEK Learning, SEEK's 80% interest in THINK Education Group and SEEK's 50% interest in IDP Education & Swinburne Online. SEEK Learning provides sales and marketing services to help people find and enrol in career related education and training. THINK is a leading provider of private vocational education in Australia whilst IDP is the global leader in student recruitment services and also provides English language testing services. Swinburne Online is a 50:50 Swinburne University of Technology and SEEK partnership that will deliver premium online tertiary courses specifically designed to meet the educational needs of working Australians.

*Source: Nielsen Online Ratings, Market Intelligence Traffic Data, monthly, October 2012

This announcement contains certain "forward-looking statements". Forward looking words such as, "expect", "should", "could", "may", "predict", "plan", "will", "believe", "forecast", "estimate", "target" and other similar expressions are intended to identify forward-looking statements within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Such forward-looking statements, opinions and estimates are not guarantees of future performance.

Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. This announcement contains such statements that are subject to risk factors associated with the markets in which SEEK operates. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables which could cause actual results or trends to differ materially. Such forward-looking statements only speak as to the date of this announcement and SEEK assumes no obligation to update such information.

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