



ASX Announcement

29 April 2019

SEEK makes new investments in leading global online education businesses: FutureLearn and Coursera

Transaction Highlights

- SEEK Limited (“SEEK”) invests in two high growth global online education businesses: FutureLearn and Coursera
 - New investments are market leaders that partner with world class higher education institutions and global businesses and have attracted a combined c49m learners
 - Highly aligned with SEEK’s strategy and existing online education investments (OES, Caelum and Utel)
- Leveraged to long-term structural trends such as growth in online education and micro-credentialing to meet evolving labour market needs
- SEEK to utilise its deep expertise in scaling up online education and marketplaces to support future growth across its online education portfolio
- SEEK acquired 50% of FutureLearn for a purchase price of cA\$92m and acquired a minority interest in Coursera for a purchase price of cA\$50m
- Both transactions are primary raisings with proceeds used to accelerate growth

Strategic rationale of the transactions

These new investments are a continuation of SEEK’s strategy to deploy capital into market leading high growth assets across the large human capital market. FutureLearn and Coursera are global leaders that are already providing online education at scale and both have exposure to large markets.

Commenting on the transactions, Andrew Bassat, CEO and Co-Founder of SEEK said,

“FutureLearn and Coursera are global leaders in online education each of which have a proven track record in educating millions of learners and partnering with world class education institutions. Both businesses are leveraged to structural trends such as migration of education online and in helping millions of people to adapt to evolving labour markets. The long-term opportunity is to significantly increase accessibility of ‘career ready’ education to the rapidly growing pool of learners.”

Our new transactions share similar logic to our successful IDP and OES investments, where we are investing in disruptive models leveraged to long-term structural trends. To accelerate their growth, SEEK will be contributing its deep employment and education insights alongside patient capital. OES will provide its world class expertise in various aspects of online education including technology platforms, student retention and commercialisation initiatives.

FutureLearn has already invested significant capital to build a leading online education platform. It is operating on a large scale and is a trusted partner to 150+ education and specialist institutions and 9m learners. Alongside founding shareholder Open University, SEEK is excited to play an active role to commercialise FutureLearn. Proceeds from SEEK’s investment will be used to grow a number of new courses linked to employment outcomes, online marketing, initiatives to grow the student experience and overall retention. FutureLearn is a unique opportunity to build a global market leader and if we execute well the long-term upside is significant.

Coursera is the world's largest online learning platform for higher education with 40m learners and 3,200 courses from over 150 leading universities. Coursera has performed strongly for many years and we are pleased to partner with its strong management team and other leading investors such as Kleiner Perkins and New Enterprise Associates.

Our investment in FutureLearn provides us with a strong footprint across the UK, Australia and Europe, and Coursera provides us with exposure to the high growth North American education market. This complements our OES business which is exposed to Australia and the UK, and Caelum and Utel in the LatAm region."

Overview of businesses

FutureLearn

FutureLearn is a world leading online education platform with over 20m enrolments and 9m learners that are accessing short-courses, micro-credentials and full-degrees on behalf of over 150 higher education institutions which include 50 of the top 200 universities ranked globally and 10 Australian universities. Post transaction, FutureLearn's founding shareholder, the Open University, will retain a 50% interest in the business.

Coursera

Coursera is the world's largest online learning platform for higher education with 40m learners and 1,800 businesses accessing 3,200 courses and 310 specialisations from over 150 leading universities. SEEK was joined by existing investors New Enterprise Associates and the Future Fund as well as Capital Research Global Investors in this Series E funding round of US\$103m.

Other details

- Both transactions have completed contemporaneously
- SEEK will equity account for its interest in FutureLearn whilst Coursera will be held on balance sheet with its fair value reassessed at each reporting period
- SEEK expects to recognise cA\$2m of NPAT losses¹ in FY19 as a result of these transactions
- These transactions will be funded via a mixture of cash and SEEK's existing debt facilities

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¹ The impact of these transactions was not included in SEEK's H1 19 guidance statement. The cA\$2m of NPAT losses comprises cA\$1m of Investment ESV losses and cA\$1m of funding costs (post tax).