

Interim Results Announcement – 15 November 2007

Operational Review

Paul Brooks
Chief Financial Officer

Preamble

Good afternoon, everyone, and welcome to our conference call to discuss Experian's first-half results. With me today are Nadia Ridout-Jamieson and Peg Smith from our Investor Relations team. I will spend a few minutes going through the highlights before moving on to questions and answers.

Highlights

In the first half of this year, our business has demonstrated its resilience, delivering good performance despite exceptionally challenging conditions in US and UK financial services. Our businesses performed well across all regions. We maintained margins during the period without sacrificing any of our stepped up investment in the business for future growth. We successfully completed the large and strategically important acquisition of Serasa, which increases significantly our presence in emerging markets.

Financial Performance

- Sales from continuing activities at constant exchange rates increased by 14% to \$1.9 billion, with strong organic growth across all four regions, to give 6% total organic growth.
- EBIT from continuing activities increased by 12% at constant exchange rates and, including discontinued activities, EBIT grew at 15%, to reach \$454 million.
- We maintained margins at 21.9% while continuing to invest in a number of key initiatives to support long-term growth.

This robust performance was delivered against an increasingly challenging market backdrop in our two largest markets: the US and the UK. As Don Robert said this morning, organic sales growth slowed in the second quarter, and we expect further slowdown in the second half due to the market environment. We continue to focus on operational efficiency and, based on current trading conditions, we remain on course to deliver profits in line with our previous expectations.

Geographies

1. Americas

Looking at the first half performance in more detail and starting with sales by geography, we saw robust organic growth across all four regions. North America delivered organic growth of 5%, despite the impact of the credit crunch on the US mortgage market, which reduced North America growth by 4% and global growth by 2%. Latin America is now reported as a separate region, following the acquisition of Serasa. It saw very strong organic growth, related to the small Decision Analytics business in the region.

2. UK & Ireland

UK & Ireland delivered organic growth of 5%, despite continuation of a tough market environment for financial services.

3. EMEA/Asia Pacific

EMEA/Asia Pacific delivered good organic growth of 8%, which was broadly based across all activities.

The acquisition contribution of 8% in the first half came principally from Serasa and Hitwise. In the second half, we expect the acquisition contribution to be in the low teens.

Principle Activities

1. Credit Services

Organic growth in North America Credit Services was 3%. First quarter performance was strong, but we saw a declining rate of growth in the second quarter, as the disruption in the mortgage markets significantly impact mortgage volumes. Despite the slowdown in mortgage activity, and helped by strong demand for portfolio management and collections products, we continued to deliver low single-digit growth for the half.

Just as a point of clarification following this morning's webcast, in the month of October, our Prescreen business, which is a subset of our North America Consumer Information business, was well down on last year. The North America Consumer Information business in total was down very slightly, and North America Credit Services, which includes Consumer Information and other activities such as Business Information, continued to grow at a low single-digit rate.

In Latin America, Serasa contributed \$96 million in its first three months of ownership, and the business is performing to plan.

Market conditions in the UK and Ireland have been difficult for some time. Growth here was a respectable 3%, driven by expansion in non-financial services verticals and a strong performance from Business Information.

In EMEA/Asia Pacific, our credit bureaux continued to perform well, delivering double-digit growth. In addition, in France, we had large several large contract wins in business process outsourcing.

Margins in Credit Services as a whole were up 70 basis points, as cost management in the mature markets more than offset investment in the new markets and the dilutive effect of Serasa.

2. Decision Analytics

Moving on to Decision Analytics, this business delivered 11% total sales growth, with 6% organic. North America delivered a good performance against an exceptionally strong comparative, relating to the Bank of America contract won last year. These strong comparatives will continue into the second half.

The lack of organic growth in the UK and Ireland was due to lumpiness of software deliveries, which affects the period in which revenue is recognised. While we expect some improvement in the second half, we are seeing a growing tendency of financial services clients deferring investment in new software applications.

Finally, there was an excellent performance in EMEA/Asia Pacific and Latin America, with a number of new contract wins.

Margins in Decision Analytics were lower compared to last year, due to adverse acquisition mix.

3. Marketing Services

Moving to Marketing Services, this business delivered 11% total growth and 3% organic growth, with acquisition contribution coming largely from Hitwise. Organic sales growth in North America was 2% and represents an improving trend as we continue to make progress in repositioning this business.

In the UK, organic sales growth was 2%. Growth was tempered by financial services clients cutting back on marketing spend.

In EMEA/Asia Pacific, organic growth was strong, and the acquisition of Hitwise and Emailing Solution means there is now much greater scale in the region.

Marketing Services' margins improved by 90 basis points, due mainly to the benefit from last year's US restructuring and the favourable mixture.

4. Interactive

Turning to interactive, in North America, sales slowed to 8% in the first half, due to the severe impact of the mortgage slowdown on LowerMyBills. Consumer Direct continued to consolidate its market-leading position and delivered strong growth. As PriceGrabber moves into its seasonably important quarter, it is performing well.

In the UK, Creditexpert continues to build on its market-leading position and doubled its sales in the period, driven by strong growth in membership.

The overall margin in Interactive is lower, at 20.1%. This is due to LowerMyBills, which remains profitable but at reduced margins, despite significant reductions in marketing spend, and also to investment to diversify the business into new verticals.

Strategic and Operational Progress

We are operating in key markets with short-term uncertainties, but our focus remains on the long term and the structural growth opportunities that we see. The portfolio is well balanced by product, vertical market and geography, and that underpins our performance. In the half, we continued to invest to drive long-term growth. We completed a number of key acquisitions in the half that further broaden our product range and take us into new geographies:

- Serasa, the largest credit bureau outside the US, which provides entry into one of the fastest-growing economies in the world.
- Hitwise, the leading online market intelligence company, complements the breadth of Marketing Services.
- Smaller acquisitions like Tallyman, which broadens our Decision Analytics product range into debt collection software.

Acquisitions are a key part of our strategy and, where we see suitable opportunities, they will continue to be so. Our focus over the next few years will be on credit bureaux, scarce data sets, analytics and marketing solutions. The acquisitions made in the first half reflect this focus.

Costs

Focus on costs is a key component of the way we run the business, and this becomes even more important when market conditions slow our revenue growth. We continue to make strategic moves to reduce our cost base, generally incurring short-term, one-off charges to secure longer-term benefits. To give you a few examples:

- We have moved 300 jobs from the US Credit and Decision Analytics businesses to Santiago, Chile, and nearly 100 jobs from UK Decision Analytics to Bulgaria.
- We have consolidated data centres in the US, UK and France to reduce ongoing technology costs and to improve efficiencies.
- We have restructured our Marketing Services activities in the US and the UK.

In addition, in the current environment, where trading conditions are difficult in parts of our business, our first step is to reduce direct costs. Some of these may reduce naturally, such as royalties, commissions and incremental delivery costs; others require actions, such as effectively managing and targeting marketing spend in Interactive. Other examples include the reduced use of contractors in areas like Decision Analytics, and headcount freezes.

There are, then, a number of ways for us to manage costs both tactically and strategically in the long term.

Summary

The growing turmoil in the financial services sector made this a very challenging first half. Against this backdrop, we delivered a resilient first-half financial performance. We have continued to make good progress on our strategic initiatives and have completed some excellent acquisitions which will further strengthen our growth prospects. The market environment in the US and the UK is tough. Some of our financial services clients have deferred spending on capital projects and marketing to new customers. We know this is a temporary situation but we do not necessarily see the end of it yet. While conditions in quarter three are more difficult than quarter two, with continuing emphasis on cost management, we remain focused on achieving our financial objectives for this year and beyond.

Questions and Answers

Jeremy Hall, Société Générale

You spoke about a slowdown that you have seen in the US; could you give more colour on what run rate you are seeing at the moment? What numbers are we talking about here?

Paul Brooks

In the first quarter, we saw a mid-single-digit growth rate in our North America Credit Services business, and that slowed in the second quarter to

low single-digit growth. Normally, we would not give you October numbers, but because of some need for clarity after this morning, we would say that we are continuing in October to see that low-single-digit growth in Credit Services in North America.

José Marco, Numis Securities

What kind of pricing pressures are you experiencing?

Paul Brooks

Clearly, our financial services clients, which represent a little over half our business, are very much watching their expenditure. The major impact we are seeing is the fact that they are inclined to defer major capital spend and are also cutting back on marketing spend. We continue to see some pricing pressure. We have fairly forthright pricing negotiations with our clients in our core areas, which might be slightly tougher than they have been traditionally, but not a step change in terms of pressure. They are clearly negotiating fairly strongly, as you would expect, but it is nothing that causes undue concern.

José Marco

In terms of giving us more confidence in the operational gearing, which should come into play in the second half and going forward, you are seeing pricing pressure and you talked about cost savings, but where else is operational gearing going to come through?

Paul Brooks

In most of our businesses, our costs are relatively fixed. While we are growing the business, simply by managing the costs at a fair level, year-on-year rate, we can still aim to move margins forward.

Second, we have been doing a number of strategic things to reduce our cost base. Looking at each of our segments in turn to give you some examples, in our Credit Services business we have set up a facility in Chile and have moved 300 jobs there from the US in order to save costs. Another example in Credit Services is the rationalisation work that we have been doing at our French cheque-processing centres.

In Decision Analytics, I referred to the Bulgaria facility we have set up for delivery of products. We are delivering a similar thing in Shanghai too. In Marketing Services, a business that has been declining somewhat, we had a couple of restructurings in the US last year, with the removal of some 200 people from the business. We also integrated two of our Marketing businesses in the UK in the early part of this year.

Finally, on Interactive, the business is more of a direct cost model. The majority of costs are in marketing and customer acquisition, and the key there is to optimise that spend in order to make it more productive. Again, we have been doing some good work there, which has really helped offset the margin pressure on LowerMyBills.

José Marco

You talked about your costs being relatively fixed; what proportion of your overall cost base would this represent?

Paul Brooks

Across the business, I would say 20% of our costs would be direct. The rest would be fixed, although there are degrees of fixed. Some of the so-called fixed costs would be contractor-type costs, which clearly can be cut back in times when revenues are down.

José Marco

That is a worry. If your sales are slowing down and you have a high fixed-cost base, the operational gearing is not going to be as high as we had anticipated.

Paul Brooks

To repeat the point that I made, while the business is growing, the fixed cost base enables us to drive margins, even at relatively low rates of growth. In addition to that, as I pointed out, we are taking measures to reduce costs and thereby help to underpin our profitability.

José Marco

Have you given any guidance in terms of how much improvement in EBIT margin you are expecting this year and next?

Paul Brooks

We have not, because there are two elements to that: one is sales growth and one is improvement in margin.

Nadia Ridout-Jamieson, Director of Investor Relations

In terms of the outlook for the year, in the statement we have said that we remain on course to meet our full-year profit expectations. Clearly, the market is difficult and, as Paul has referenced, there are a number of cost initiatives that we are undertaking. Subject to there being no material

market conditions, we are on track to meet our expectations, and we would be obliged to say something different if that was not the case.

Kyle Evans, Stephens Inc

Could you comment more specifically on the LowerMyBills decline and on the shift away from mortgage to insurance?

Paul Brooks

The LowerMyBills decline started with the woes of sub-prime, which was the front end of the whole credit crunch. In the second quarter, we saw the rate of decline in LowerMyBills accelerate in August and September. However, we are seeing the September rate of decline continue in October, so we are reluctant to say that it has turned the corner or stabilised. Certainly, October was no worse than September. One of the reasons for that is the diversification that we are doing in the business.

First of all, it was a business that, traditionally, has been more than 80% focused on sub-prime. Now, the first move we made was to get it more balanced between prime and sub-prime, so prime is now more than a third of the total business. Having integrated the business with our education business, which we acquired with ClassesUSA, we now have a platform that enables us to move into new verticals.

For example, we are developing an online pre-screened credit card product, and we have been investing in the first half to develop that product, which is coming along nicely. We have also looked at new verticals, one of which is automotive insurance, which is performing well. Clearly, this is not sufficient to make big inroads into the numbers yet, but it does encourage us in terms of the future prospects of the business.

Kyle Evans

Outside of insurance, automotive and the pre-screened credit card, where else can we look for you to aim that marketing engine going forward?

Paul Brooks

There is probably nothing else that we want to discuss at the moment, but we see this as a platform that can move into any vertical market where the LowerMyBills business model is appropriate to acquire customers for our clients.

Kyle Evans

The collections business in the US Credit Services business is robust, for obvious reasons. Can you talk about the background of that business and

where you are from a competitive standpoint in the US market versus the other big bureaux? Could you give us a rough quantification of that business?

Peg Smith, Executive Vice-President

We are using the core credit reporting database, as well as other demographic files we have for services like skip tracing, using it to locate debtors who have skipped out on past-due credit obligations. In addition to that, we have put together what we call Collection Advantage, where we can model and score the credit information in a credit report to give more prediction around whether or not a debt is able to be collected. This helps collection agencies or departments prioritise their workflow.

Kyle Evans

Can you quantify that, and do your peers in the US market also offer similar services?

Peg Smith

A number of peers compete on fragments of that, whereas we have tried to put it all together under one set of services, so that they can do skip tracing all the way through prioritisation. It has been growing at about 30% year-on-year, from a small base, and has now become a very nice revenue stream for us.

Michael Meltz, Bear Stearns

In terms of North American credit in the quarter, did you say you still expected to grow low single digits, despite Prescreen being pretty crummy?

Paul Brooks

That was not exactly what I said. I was referring to the month of October, for which I said that our Prescreen business was well down on last year. That is a subset of the Consumer Information business, which was down very slightly on last year in total. North America Credit Services, which also includes other activities – primarily Business Information and our automotive business – continued to grow at a low-single-digit rate.

Michael Meltz

Is that your expectation?

Paul Brooks

We are not going to give forward guidance. We are simply saying that that is what happened in October. Clearly, we were at mid-single-digit in the June

quarter, at low-single-digit in Credit Services in the September quarter, and low-single-digit in the month of October. Given what we are seeing in the marketplace, we are being cautious about forecasting the future.

Michael Meltz

With your stock where it is today and the price reaction, what is your current thinking on buybacks?

Paul Brooks

The situation on buybacks remains the same. First of all, we set out our balance sheet strategy at the time of the IPO de-merger, which was only just over a year ago. Clearly, we raised capital in order to have a balance sheet that gave us enough flexibility, while retaining a strong investment-grade credit rating, to continue to grow the business strategically, including by way of acquisition.

In the first half of this year, we had quite a significant acquisition spend on some excellent acquisitions that are clearly going to be very good for the future of the company and for future shareholder value. At the end of the half year, our net debt was a little over \$3 billion. At that level, we have only very narrowly retained our BBB+ credit rating, so it would not be an appropriate thing for us to be considering at the moment. However, if, over time, we did not find the right acquisition opportunities, either strategically or financially, we would look to do the best thing for shareholders in that situation.

Michael Meltz

Is the decision not dependent on the stock price?

Paul Brooks

Not from this point of view; it should be a strategic decision when we decide to do it.

Michael Meltz

You talked about the outsourcing of functions and more efficient use of staff; much of that sounds like things that you have been doing for a while. Have any new steps been taken in the past month or are you just pointing out some of the things you have done [inaudible].

Paul Brooks

We have given you some examples of the bigger things that we have either completed or are in the course of completion at the moment. We would not

announce things that we have not yet started doing, but we are looking at other things as well. For instance, in terms of the Chilean near-shoring, only in this first half year, the first 270 people had been moved into that new facility. We see an opportunity there of increasing the number significantly, so there will be a second phase and we aim to reach well over 400 people over the next six to nine months. The delivery centres for Decision Analytics are ongoing too.

Michael Meltz

Should I be thinking of this as, as business has dropped, you are looking into cost cuts and mitigating the impact, or are these ongoing programmes?

Paul Brooks

These are ongoing programmes. We have many ways of managing our costs. We have referred to some of the more tactical things we can do, but we also have these strategic moves on costs, which help underpin an improvement in our margin, even when we are facing lower organic sales growth than we have seen over the last few years.

Frederick Searby, JPMorgan

Could you comment on Business Credit Information and your efforts in the UK and the US in terms of what you are seeing and how resilient they are? Will they experience some countercyclical pick-up or do you think that they may, conversely, see a downturn? Second, with the financial vertical cutting back on the pre-screened side, are there other areas where you are seeing significant cutbacks?

Paul Brooks

In terms of the Business Information business, we continue to see good growth in the US and the UK, which is bolstering the growth in our Credit Services businesses in both locations, so we are very pleased with the growth contribution we are getting from those businesses.

Frederick Searby

Could you give us some numbers?

Paul Brooks

We are talking in mid-to-high single digits and beyond in terms of growth. It tends to fluctuate somewhat from quarter to quarter.

Peg Smith

In terms of the product offering, the UK is a very bundled solution, as is the core consumer credit bureau, so we use the core Business Information combined with Decision Analytics and application processing. It is rather unique in that regard. We focus, as we do in the US, on small-to-mid-sized businesses. As Paul said, we are achieving very good growth, both in terms of the use of the data for business-to-business marketing, as well as in Business Credit reporting.

Frederick Searby

There has been news on the FICO score, with one of your other competitors stating that they are no longer going to distribute their score. Do you have any thoughts on that and what might your actions might be?

Paul Brooks

In terms of your question on financial services, I should stress that we are seeing countercyclical growth in the Credit Services business. One of the offsets that we are seeing in these difficult times is very strong growth in collections and in the portfolio management of the Credit Services business.

In terms of where we are seeing other impacts, we are seeing banks cutting back on marketing spend and on discretionary capital investment. That affects us in our Marketing business. In the UK, about 30% of our Marketing business is in financial services, so we are seeing some impact in that part of the business. The US business does not have such a financial services element to it, so it is less impacted.

The other area is Decision Analytics, which is where we have a strong pipeline but we have not seen the conversion that we would normally expect. We have seen delay after delay, so we are becoming much more cautious about the outlook for that business in the UK. While this expenditure will not be deferred, we are cautious about giving a date for when it is going to come through.

Peg Smith

On the FICO score, we will continue to distribute the Fair Isaac score as long as clients indicate to us that they have a demand for it. We believe that we have a better product in terms of the VantageScore, but if clients want Fair Isaac, we will continue to provide it, based on ongoing contractual relationships with Fair Isaac.

Nat Otis, KBW

Following on from an earlier question on the different verticals in the LowerMyBills segment, when could you see positive or material revenue streams from those new vertical markets?

Paul Brooks

We are already seeing some decent revenue coming through on the automotive insurance. The pre-screened credit card has been a little slower in developing than we wanted, mainly because we are dealing with financial services clients. Some great names are very interested in this and some have even signed up, but it is a question of making the steps, particularly from a technical point of view, to establish the links to make it happen, so that has been somewhat delayed. However, we see very good prospects, although not for anything that will move the dial in the second half of this year.

Peg Smith

Something that we are confident of is that, by integrating LowerMyBills in our education vertical, we have given ourselves confidence that we have built a great platform for lead generation. We can add any vertical to that that we choose to in the future.

Nat Otis

With the dislocation in the US credit market, could you give some historical perspective on how low the US credit market has gone in terms of an organic growth rate? How far has it dipped in the last 20 years? What was the employment situation at that point?

Paul Brooks

We have records in the US that go back to 1990. The beginning of that period was during the brief recession. Through that period, we never saw the Credit Services go negative in a full year. It has been down to flat year-on-year. That is the empirical evidence that we have.

Allen Zwickler, First Manhattan

I am a little unclear in terms of the size of your analytical business versus the vanilla credit reports that you sell to customers. Without giving an exact number, could you frame it for us in terms of its relative size so that we can understand what is going on and how it is performing?

Paul Brooks

The Decision Analytics segment, which we separate out, represents just a little over 10% of our total sales revenue. The components of that business are a mixture of software products that are used for application processing or customer management or collections; some transactional revenue related to acquisition of customers; and a fraud solutions business, which is mainly focused on the authentication of applications.

Allen Zwickler

Is that on a worldwide basis or just in the US?

Paul Brooks

That is on a worldwide basis.

Allen Zwickler

How has that performed in the first half of this fiscal year?

Paul Brooks

Globally, the underlying sales growth was 6% in the first half.

Allen Zwickler

On a month-by-month basis, has it been declining?

Paul Brooks

We have seen a slowdown, particularly in the UK, which is the biggest part of that business. That is where we have seen the issues around a very strong pipeline but few conversions, since banking clients are holding back on discretionary capital spend at the moment.

Allen Zwickler

You said that your debt was \$3 billion at the end of the first half. Is that the net or gross amount?

Paul Brooks

That is the net debt.

Allen Zwickler

Does that mean that you have cash as well?

Paul Brooks

It is all swept up. Due to the way that the accounting is done, there is a little over \$100 million of cash that appears on the balance sheet, and \$3.1 billion of debt.

Allen Zwickler

What is the structure of that debt?

Paul Brooks

There are three elements to it: we have two sets of bonds that were assigned to us from our parent, GUS. Each is worth £350 million and matures in 2009 and in 2013. In addition, we have a consortium banking facility that is available to us until 2012 for a total of \$2.5 billion. Currently, we have headroom of about \$700 million on that facility.

Allen Zwickler

You have made significant acquisitions in the first half, which will certainly pay off in the long run. Strategically, you say that you want to continue to do this; on the other hand, one has to weigh that up against the value of your company. I would like some clarity in terms of the process at Board or operating level of saying, 'I have shares trading at x price versus purchasing businesses that are probably significantly more expensive than my own shares'.

Paul Brooks

I would like to focus on our acquisition activity in the first half. We absolutely expect the businesses that we acquired to be accretive next year. These are excellent opportunities to help grow the business in the medium-to-long term. Clearly, the biggest one is the Serasa credit bureau in Brazil, which is an outstanding asset from which we can create significant value for our shareholders. It is growing by the best part of 20% a year, it has good margins, and it has great prospects in a very high-growth economy. Our view is that how we can best add value for our shareholders is to grow our business and to bring our talents to bear to add value to the businesses that we acquire.

My caveat was that, if we do not find the right opportunities and the right businesses to which we can add value and which clearly fit with our strategy, we would look at whether share buybacks or returning capital to shareholders was the right thing to do. However, we do not think that that is the right course at the moment.

Allen Zwickler

Is there anything in your covenants around your borrowings that restricts you from purchasing shares versus buying businesses? That would be difficult for investors to see by 'looking under the covers'.

Paul Brooks

There is nothing to stop us doing it.

Allen Zwickler

Is there any restriction on what amount of dividends you could pay out?

Paul Brooks

No, there is not.

Allen Zwickler

You said that your expectations for the year have not changed in terms of your guidance. What exactly was your guidance at the beginning of the year?

Nadia Ridout-Jamieson

We have not said what our expectations are, but when we put out our trading update for the first half in October, we made a statement at that time that we were focused on making our full-year profit expectations. The reference that we make today really references that point. We are fully aware of what the market consensus is, and that is also available to you. We would be obliged to say if we, at this stage, thought that our trading was materially different from the current analyst consensus.

Allen Zwickler

You are, then, simply verifying whatever is out there relative to what analysts are saying, rather than disagreeing with it. I just want to be sure that you are the ones saying it rather than agreeing with those who know significantly less than you do.

Nadia Ridout-Jamieson

We are not in a position, under our listing rules, to make a forecast.

Allen Zwickler

You are not, however, disagreeing with the forecasts that are generally available to the public – is that what you are saying?

Nadia Ridout-Jamieson

We would be obliged to make a very different kind of statement if our expectations were materially different to the current market consensus.

José Marco, Numis

Looking at the big share price fallout today, it feels like it is much more than the earnings downgrade and a bit unfair. It is not easy to come to terms with the fact that you feel very comfortable hitting market expectations, so in order to try to model this more scientifically, would you be able to give quantitative guidance in terms of your costs savings? For example, how much would your move to Chile save you? That way, it makes it easier for everyone to model it, rather than simply taking qualitative guidance.

Paul Brooks

It is far too complex to start giving you the costs and benefits of each of the various things that we are doing. In addition, all of them are running over different time periods. We are attempting to give you comfort that we have enough measures that have either been completed or are in hand and which will give us the opportunity to come up with the profit numbers that we would expect to come up with, despite the fact that sales growth in the second half is likely to be slightly lower than we were previously anticipating. That is really the basis of it.

In terms of the move to Chile, in the first full year, the savings should be more than \$10 million per annum. However, I really do not want to go through each individual one, since it could end up being quite confusing and not really helping you. Most of them involve some upfront costs before the payback comes back.

José Marco

How could one become more scientific in terms of modelling your company if much of the guidance that you are giving is qualitative versus quantitative?

Paul Brooks

It is difficult. By the nature of the business, we try to break it down into sufficient detail to give you a feel for what is going on, but the complexity is such that it would be quite difficult to give you all the moving parts within the margins. First of all, we are pointing out where we are managing or reducing costs to help drive the margins. Second, in terms of the business over the last five years, you will see that we have been moving the overall margin forward by an average of well over 50 basis points a year. This is just an ongoing trend of our ability to manage the margins.

José Marco

While I appreciate that it is difficult to give guidance, given the share price fall today, do you not think that it is something worth doing?

Paul Brooks

Frankly, if we went into much more detail we would confuse you. In this presentation, we have given much more detail about some of the things that we are doing to give you the comfort that we are able to manage costs in this way.

Brad Rosenberg, OSS Capital

While you have said that you will not be buying any more internet businesses, would you perhaps look into selling PriceGrabber today and perhaps, down the line, in a better environment, LowerMyBills? In conjunction with a buyback, this would help restore investor credibility, which is clearly damaged.

Paul Brooks

You saw the growth that we achieved in the interactive business in the first half.

Brad Rosenberg

Consumer Direct is fine, but we are still not sure how PriceGrabber fits into this.

Paul Brooks

PriceGrabber continues to perform very well. One of the very positive features of the first-half performance has been the overall growth in Interactive of 11.5%. In the North American Interactive business, adjusting for LowerMyBills, the rest of the business, including PriceGrabber, was growing at 20%. PriceGrabber is a very good business and is contributing well to the performance of Experian.

Kyle Evans

In the UK Decision Analytics business, you talked about a slower conversion from the pipeline of opportunities. A prior question asked you to talk about the different segments in that business and you mentioned fraud, authentication and customer acquisition. Is there a particular area of the pipeline that is getting pushed further out than the others and, if so, what is it?

Paul Brooks

If we were to identify one area, it would be the application processing software. We have an excellent product called CEMS in the UK, which major clients have indicated that they are going to take. These particular deals are being pushed out of it.

Kyle Evans

Are the fraud, authentication and scoring pieces of the business relatively intact then?

Paul Brooks

That is correct. We are seeing pressure on the application processing transactions, but the other software areas of the business look good.

Kyle Evans

You talked about a possible reduction in contracted labour as a potential lever for EBIT margin. Looking at the slides that you published earlier today, labour is a very big slice of the pie. What proportion of your labour costs is currently contracted?

Paul Brooks

Certainly less than 10% of our labour costs are contracted.

Conclusion

Paul Brooks

Thank you for your interest and for your questions. We look forward to speaking with you again next time.