

Preliminary Results - 23 May 2007

Welcome

Paul Brooks, CFO

Hello everybody, and welcome to our conference call to discuss our maiden preliminary results for the year ended 31 March 2007. With me today is Peg Smith from our investor relations team. I will spend a few minutes going through the highlights of the fiscal year 2007 before turning over for questions and answers.

1. Year in Review

As Don Roberts said this morning, fiscal 2007 was another year of excellent progress in which we met or exceeded our financial objectives, we delivered on our strategic and operational goals and continued to invest in the business and we successfully made the transition to a public company.

Financial Performance

Let me comment on each in turn, starting with our financial performance against our objectives.

Sales from continuing activities at constant exchange rates increased by 14% to \$3.4 billion, with strong organic growth across all three regions to give 8% organic growth. EBIT from continuing activities increased by 19% at constant exchange rates, or 16% including the anticipated decline in FARES.

Adding in discontinued activities, EBIT amounted to \$825 million. We further improved our EBIT margin by 80bps and we converted 97% of EBIT into operating cash.

Strategy and Operations

Underpinning these financial results is further strategic and operational progress. We will review this by principal activity. Firstly, credit services. We are very pleased with the Americas performance, given the exceptional comparators we faced. In the second half of the year, we saw organic growth rates accelerate to 6%. Despite challenging market conditions, growth in the UK and Ireland was a respectable 3%, driven by expansion in new verticals and a good performance from business information.

In EMEA Asia Pacific, there was strong growth in the 10 consumer credit bureaus, but the overall 4% reflects low single-digit growth in the French transaction processing, where we saw higher growth in the second half.

Margin in the direct business saw exceptional improvement from 26.1% to 27.6% as a result of operating leverage and cost benefit from the residual affiliate credit bureau acquisitions in the US. The contribution from FARES was down by \$8 million for the full year, but in the second half we saw a small increase, reflecting a less difficult US mortgage market and continuing action on costs.

2. Decision Analytics

Excellent Growth

Moving on to Decision Analytics, this business again saw excellent growth in all three regions. There was very strong performance in the Americas, reflecting increased market penetration achieved by a number of our key products. We delivered an impressive 8% organic growth in the UK and Ireland, which for us is a much more mature market.

There was excellent growth in EMEA Asia Pacific. This came from the more mature European markets, as well as the emerging markets of Eastern Europe and Asia Pacific, where we are making great progress.

Margin Improvement

Again, we saw exceptional margin improvement, reflecting growing scale in the US and EMEA, partly offset by increasing investment in emerging markets. Now looking at marketing solutions, as you will recall this is a business undergoing transformation from old to new media. As the current year progresses, we expect to see a pick up in the rate of growth.

Last year in the US, digital and research services' organic growth continued to be well over 20%, reflecting market growth and the strength of our offering. We again saw double-digit decline in the traditional consumer data and list processing activities. These trends netted out to an underlying performance, which was down marginally on last year.

The weak environment for financial services held back growth in the UK. However, we saw good client wins during the year in both ClarityBlue and CheetahMail.

Marketing

We continue to take costs out of all of our traditional marketing activities, both in the UK and the US. As we previously disclosed, this gave rise to an \$8 million restructuring charge for fiscal year 2007 in the UK. Including a further \$4 million in the current year, we expect the total charge to be \$12 million with payback on this in the first full year, which will FY2009. The margin, excluded in the restructuring charge, benefits from action on costs in the traditional activities and a mix impact in the higher growth, higher margin new-end businesses.

3. Interactive

Turning to interactive, organic revenue growth was 23% in the full year, 20% in the second half, despite the impact on LowerMyBills with the slowdown in the US sub-prime market. We saw continued strong growth in Consumer Direct in the US, helped by increased marketing spend and stronger customer retention.

We are also delighted with the progress in the UK, in which at constant currency has nearly tripled in size during the year. In addition to this, PriceGrabber performed well, delivering to its buy plan numbers for the year.

LowerMyBills declined by 5% in the second half of the year, but here as elsewhere in interactive, we have been focusing on optimising our marketing spend and profit performance was good. Clearly, LowerMyBills will moderate the overall rate of sales growth in interactive in FY2008, particularly in the first half. The mix effect from PriceGrabber, together with the focus on efficient marketing spend, it reflected in the overall improvement in margins.

4. Acquisitions

Carefully targeted acquisitions are an important part of our strategy and we are very pleased with the returns on our acquisitions. Those completed in the four years up to and including FY2006 delivered, in aggregate, a double-digit post tax return in FY2007.

Looking forward, while we face some specific market challenges, the strength of our portfolio of businesses underpins our confidence for the current year and beyond. In FY2007, we delivered 8% organic revenue growth and 16% continuing EBIT growth. In the current year, we again expect to deliver organic sales growth in the mid to high single digit rate, with Q1 likely to be the slowest quarter and then some acceleration during the year.

On cost management last year we delivered an 80bps margin improvement to 21.8%. In the full year for FY2008, we again aim to maintain or improve margins, despite the investment we are putting into the business, especially in the first half.

Questions and Answers

Kevane Wong, JMP Securities

You noted the increase in the customer acquisition activity. It does seem to be mirrored with one of the competitors in the States. Can you give us some insight on whether you believe you are picking up market share? Is there a change in the market cycle, or is it a bit of both?

Peg Smith

I do not think there is a change in the cycle at all. I think there is some increased activity both in the pre-screen area and in credit reports used for new applications from consumers for credit. We attribute it to an overall market pickup. Whether or not we are picking up share is not evidenced by that number at this point.

Kevane Wong, JMP Securities

Could you give us more of an update on VantageScore? What is the progress as far as people moving from testing into adoption?

Peg Smith

VantageScore has been used to progress better than what we had expected when we launched it in March of last year. We are up now to about 1,300 clients who are either testing or buying the score. While we have not yet seen a major client convert for the purpose of underwriting at the point of originating new credit, they are using it in areas like account management and in credit pre-screening. We do see activity picking up across the board in terms of areas like that which are not related to their online systems at this point. We continue to test with the majors to ultimately end up helping them make a decision on whether or not to convert to VantageScore.

Scott Williams, Peercrest[?]

Can you give us a little bit more colour on what is going on with Serasa in terms of what kind of timing should we expect on an announcement there? What are the issues that may be delaying that announcement?

Paul Brooks

We really have no further update to make on Surasa. We made the announcement about six weeks ago, when we said we were in preliminary exclusive discussions with them. Those discussions continue and then when we have something further to say we will make an announcement.

Peg Smith

Scott, I will remind you that normally we would not be discussing it at all, except Surasa had to pull their IPO from the market. Otherwise we would never even be in this debate about whether or not there is an update to the project. Bear with us. When there is something to say, we will come back to you.

Jamie Brandwood, UBS

You mentioned the benefit from the affiliate acquisition programme had accounted for half of the margin improvement. I am not sure if that was half of the group margin improvement or just North American credit services, or the whole of the Americas?

Paul Brooks

It is half of the improvement in the global credit services margin. In other words, the credit services margin went up from 26.1% to 27.6%. About half of that 1.5 percentage point improvement was due to the affiliate acquisitions.

Jamie Brandwood, UBS

Obviously there are the timings of when you made the acquisitions, but it sounds like you are saying the effect is fully annualised. Is it fair to say you probably have a little more year on year benefit in the first half than the second?

Paul Brooks

Not really. On the three affiliate acquisitions we are talking about, the first was Florida, which was made in summer 2005. That was the biggest of the three that annualised in the first half. The second biggest was the CBC acquisition, which we made right at the end of the last fiscal year, so we got a full year's effect. It grew during the year. The third one was a small one, Factual Data which we made more recently, but the impact from that is not going to be significant.

Jamie Brandwood, UBS

Moving on, on Canada and your purchase of Northern Credit Bureau there, what is the long-term plan here? Is it to get to a similar situation to that in the US, where you have three very dominant players? Or are you seeing Canada more as an add on for your US customers by way of providing them with Canadian data as well?

Paul Brooks

We do see good long-term prospects for the Canadian Bureau. As you know, we have got the three big bureaus in the US and Canada. The other two – Equifax and Transunion – tend to dominate. The one we acquired, Northern Credit Bureau, we have been busy investing in the business to re-platform it. We see it as being a very real competitor to the other two. We do see good long-term growth prospects for it.

Jamie Brandwood, UBS

How many consumer records has it got in its database at the moment?

Peg Smith

It is a good representative national file. We are adding a couple of records and some other ancillary data we think enhance the file, but it is a very good quality database. They just did not have a way to use technology to create products on top of it.

Jamie Brandwood, UBS

Do you think the number of consumer records is broadly comparable to Equifax and Transunion?

Peg Smith

We believe it is.

Jamie Brandwood, UBS

You talked about some of the front loading of some of the investments in places like Canada, India and so forth in the first half. I think you talked about \$10 million – was that just Canada? Or was that across the board?

Paul Brooks

If you look at the total incremental investment in what we would regard as new or newish markets, which would include Asia, China, India and so forth - Canada, Latin America, Eastern Europe - we are looking at an incremental of something like more than \$10 million, so \$10-20 million of investment during the year.

Jamie Brandwood, UBS

You probably will not want to comment quantitatively, but I wondered if you would give us a feel for the extent of the margin differential between old media and new media in the US marketing solutions business? Are we talking 500bps or are we talking 1,000bps?

Paul Brooks

Some of the new businesses have margins nicely in excess of our overall Experian margin, over 20%. The traditional is certainly in the single digits. Thank you everybody for your time and your interest, and we look forward to speaking to you next time.