

# Half-yearly results for six months ended 30 September 2009

18 November 2009

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# Half-yearly results for six months ended 30 September 2009

Don Robert, Chief Executive Officer

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# Agenda

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- **First half highlights**
- **Financial review**
- **Strategic and operational review**
- **Summary and Q&A**

## Overview

# First half highlights

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### Summary

- Good progress reflecting strength of market position and global reach

### Revenue growth

- Strength in Latin America and Consumer Direct
- Offsets weak US and UK financial and retail sectors

### Margin expansion

- Excellent progress on cost efficiencies
- Positive operating leverage – Latin America

### Investment

- Organic investment in growth initiatives

### Portfolio management

- Amended terms for FARES joint venture

# Overview

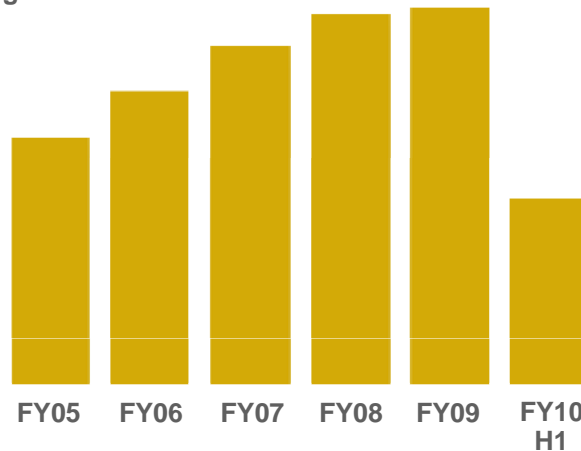
## Financial highlights

### Revenue US\$m

	2,461	2,930	3,407	3,712	3,795	1,857
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Total growth +30% +14% +14% +8% +1%

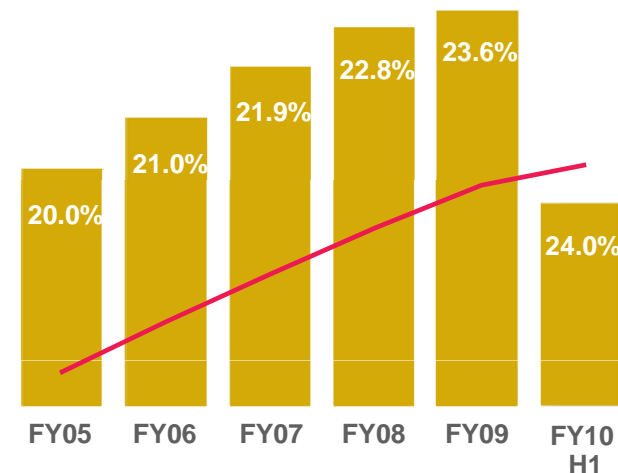
Organic growth +12% +8% +4% +3% +1%



### EBIT US\$m and margin

	565	685	808	902	944	482
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+28% +15% +13% +8% +7%



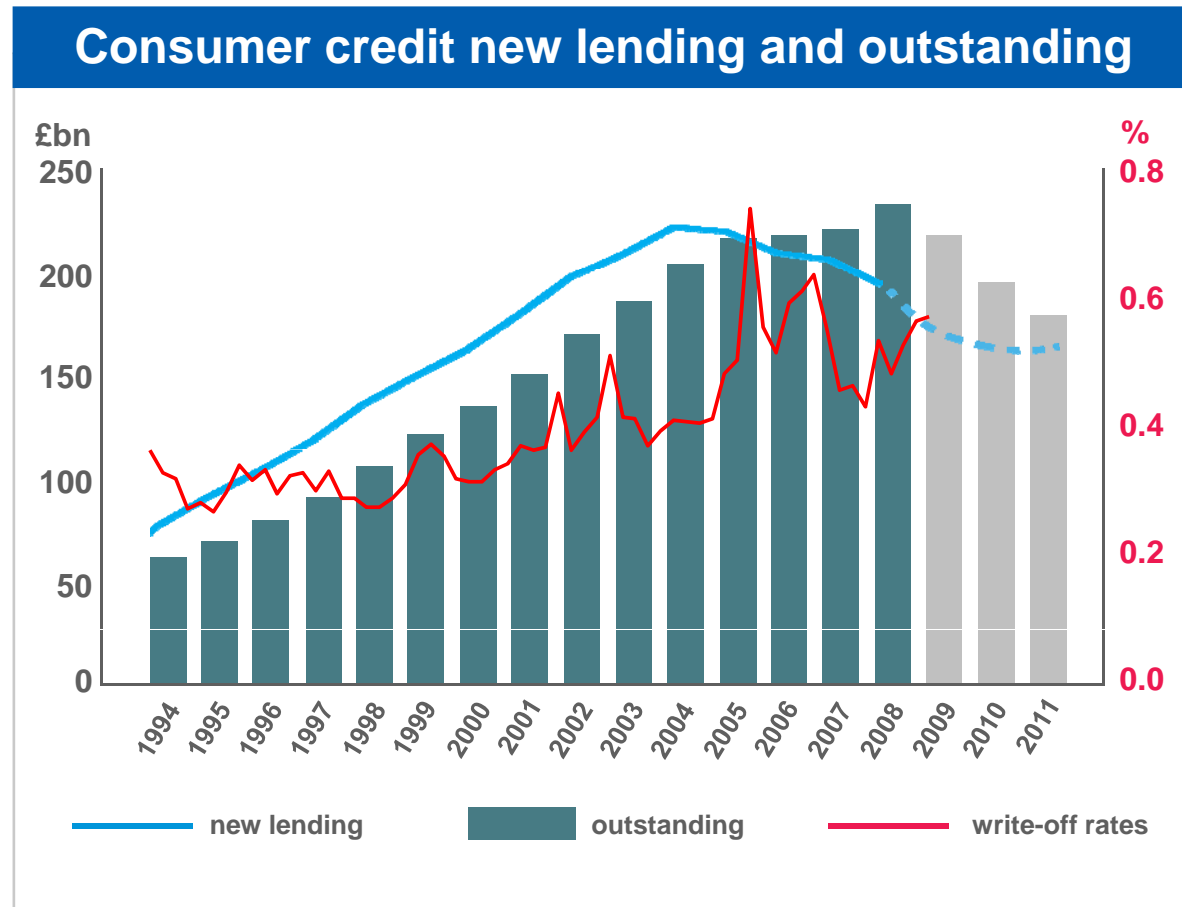
— EBIT Margin

- Total revenue growth of 1%; organic growth of 1%
- Continuing EBIT up 7%; margin up to 24.0%
- Benchmark EPS growth of 3%
- Dividend of 7.00 US cents, up 4%
- Free cash flow up 27%

Global continuing sales and EBIT only  
Growth at constant exchange rates and for continuing activities  
EBIT margin excluding FARES  
FY06 and FY07 sales and EBIT adjusted to exclude MetaReward.  
FY06, FY07, FY08, FY09 and FY10 sales and EBIT adjusted to exclude UK account processing, FY07 and FY08 sales and EBIT adjusted to exclude Loyalty Solutions, FY08 and FY09 sales and EBIT adjusted to exclude French transaction processing activities and other smaller discontinuing activities, FY10 sales and EBIT exclude small discontinuing activities

## Market conditions

# UK trends: consumer credit indicators



- UK still challenged
- Experian focus on customer management and collections

Market conditions

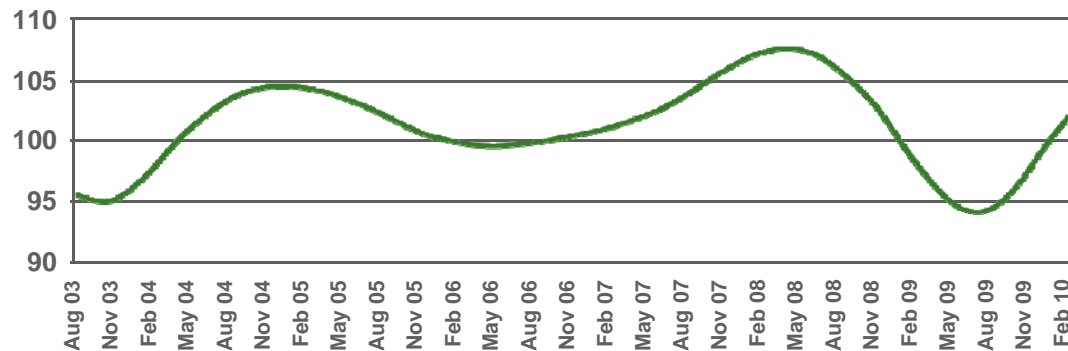
## US trends: implications for Experian

Trend		Implication
▪ Activity levels return	→	▪ Focus on savings
▪ Return of financial industry innovation	→	▪ Creating need for: <ul style="list-style-type: none"><li>▪ Current account data</li><li>▪ Behavioural scoring for depositors</li></ul>
▪ Banks need to grow	→	▪ Targeting new customer segments
▪ Changing regulatory environment	→	▪ New opportunities emerging: <ul style="list-style-type: none"><li>▪ Capital markets</li><li>▪ Stress tests</li><li>▪ Income modelling</li></ul>

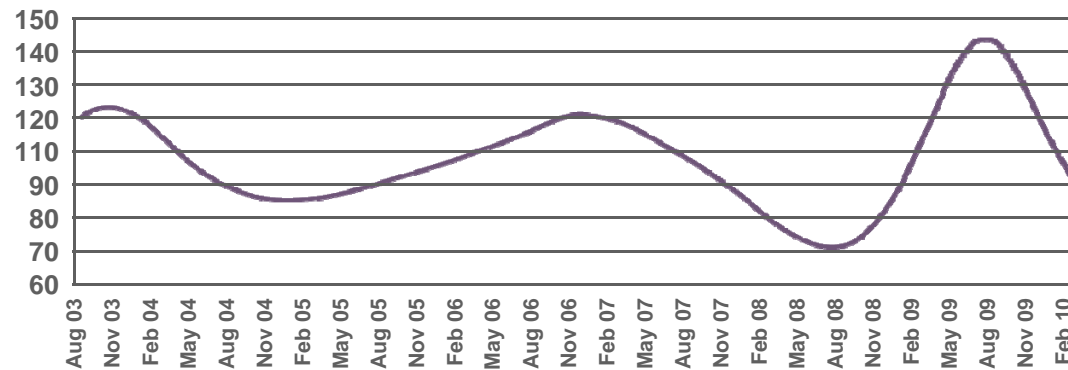
## Market conditions

# Brazil trends: leading credit indicators

Serasa Experian – leading indicator of business credit



Serasa Experian – leading indicator of business delinquency



- Recovery in business credit
- Business delinquency rates falling
- Consumer credit supply increasing



# Financial review

Paul Brooks, Chief Financial Officer

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## Financial review

# Highlights

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- **Total revenue growth of 1%, organic revenue growth of 1%**
- **EBIT margin expansion of 80 basis points to 24.0%**
- **Continuing EBIT growth of 7%**
- **Benchmark PBT growth of 5%; Benchmark EPS growth of 3%**

# Financial review

## Revenue and EBIT by geography

Six months ended 30 September  
US\$million

Revenue	2009	2008	Total growth	Organic growth
North America	1,010	1,025	(1)%	(2)%
Latin America	255	263	14%	14%
UK and Ireland	387	473	0%	0%
EMEA/Asia Pacific	205	212	5%	0%
<b>Total revenue</b>	<b>1,857</b>	<b>1,973</b>	<b>1%</b>	<b>1%</b>
EBIT before Central Activities	471	484	4%	
Central Activities	(25)	(27)		
<b>EBIT – direct business</b>	<b>446</b>	<b>457</b>	<b>4%</b>	
FARES	36	23	57%	
<b>EBIT – continuing activities</b>	<b>482</b>	<b>480</b>	<b>7%</b>	
<b>EBIT margin</b>	<b>24.0%</b>	<b>23.2%</b>		

- Organic revenue growth
- Direct EBIT growth of 4%
- FARES improvement
- EBIT margin up 80 basis points



All figures above on continuing basis  
Growth at constant exchange rates  
EBIT margin is for continuing business only, excluding FARES  
2008 restated to exclude small discontinuing activities in North America and UK and Ireland

# Financial review

## Credit Services

Six months ended 30 September  
US\$million

Revenue	2009	2008	Total growth	Organic growth
North America	348	368	(5)%	(7)%
Latin America	245	251	15%	15%
UK and Ireland	116	149	(5)%	(5)%
EMEA/Asia Pacific	93	86	17%	5%
<b>Total revenue</b>	<b>802</b>	<b>854</b>	<b>3%</b>	<b>1%</b>

<b>Total EBIT – direct business</b>	<b>271</b>	<b>267</b>	<b>9%</b>
FARES	36	23	57%
<b>Total EBIT</b>	<b>307</b>	<b>290</b>	<b>13%</b>
<b>EBIT margin</b>	<b>33.8%</b>	<b>31.3%</b>	

- Organic growth driven by Latin America and EMEA/AP
- EBIT margin increase:
  - Cost actions
  - Improvement in Latin America

# Financial review

## Decision Analytics

Six months ended 30 September  
US\$million

Revenue	2009	2008	Total growth	Organic growth
North America	55	59	(5)%	(5)%
Latin America	4	4	(8)%	(8)%
UK and Ireland	99	130	(8)%	(8)%
EMEA/Asia Pacific	53	67	(12)%	(12)%
<b>Total revenue</b>	<b>211</b>	<b>260</b>	<b>(8)%</b>	<b>(8)%</b>
<b>EBIT</b>	<b>57</b>	<b>81</b>	<b>(18)%</b>	
<b>EBIT margin</b>	<b>27.0%</b>	<b>31.2%</b>		

- Organic revenue decline driven by lower software installations and transaction revenue
- Margin dilution due to product mix

# Financial review

## Marketing Services

Six months ended 30 September  
US\$million

Revenue	2009	2008	Total growth	Organic growth
North America	156	181	(14)%	(14)%
Latin America	6	8	(9)%	(9)%
UK and Ireland	120	152	(4)%	(3)%
EMEA/Asia Pacific	59	59	7%	7%
<b>Total revenue</b>	<b>341</b>	<b>400</b>	<b>(7)%</b>	<b>(7)%</b>
<b>EBIT</b>	<b>32</b>	<b>35</b>	<b>0%</b>	
<b>EBIT margin</b>	<b>9.4%</b>	<b>8.8%</b>		

- Weak traditional media offsets strength in new media
- EBIT margin enhancement:
  - Business mix
  - Cost efficiency

# Financial review

## Interactive

Six months ended 30 September  
US\$million

Revenue	2009	2008	Total growth	Organic growth
North America	451	417	8%	8%
UK and Ireland	52	42	51%	51%
<b>Total revenue</b>	<b>503</b>	<b>459</b>	<b>12%</b>	<b>12%</b>
<b>EBIT</b>	<b>111</b>	<b>101</b>	<b>11%</b>	
<b>EBIT margin</b>	<b>22.1%</b>	<b>22.0%</b>		

- Good growth continues in Consumer Direct
- Some recovery in lead generation
- EBIT margin maintained

# Financial review

## Group benchmark earnings

Six months ended 30 September  
US\$million

	2009	2008	Growth
Total EBIT	478	476	0%
Net Interest	(41)	(60)	
Benchmark PBT <sup>1</sup>	437	416	5%
Benchmark taxation	(96)	(87)	
Benchmark PAT	341	329	
Benchmark minority interest	(20)	(19)	
Benchmark earnings	321	310	4%
Weighted average number of shares	1,015	1,011	

Benchmark EPS, US cents	31.6	30.7	3%
Dividend per share, US cents	7.00	6.75	4%

Benchmark EPS, GB pence	20.1	15.9	26%
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Growth at actual exchange rates

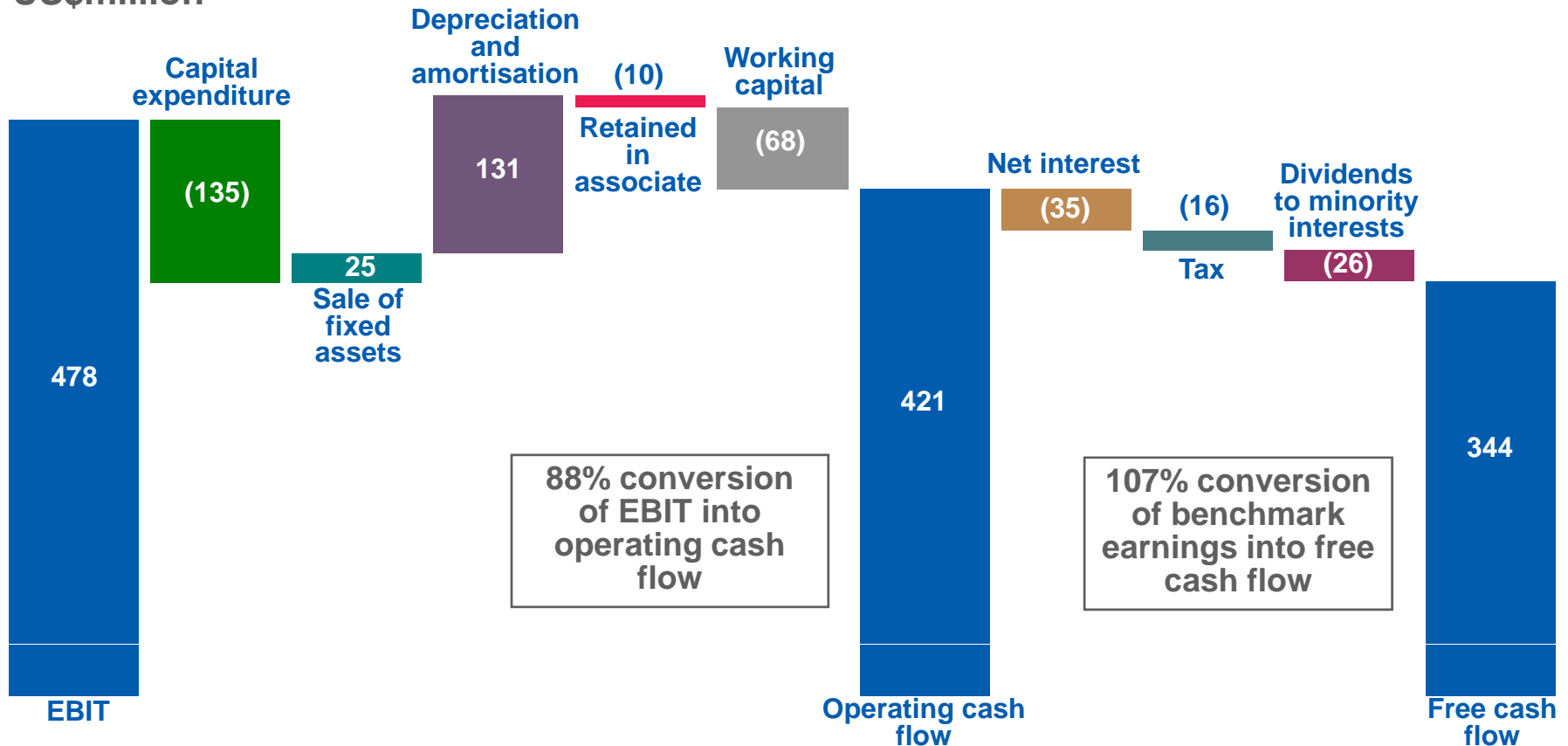
<sup>1</sup> Benchmark PBT is defined as profit before amortisation of acquisition intangibles, goodwill impairments, charges in respect of the demerger-related equity incentive plans, exceptional items, financing fair value remeasurements and tax. It includes the Group's share of associates' pre-tax profit.



# Financial review

## Strong cash flow performance

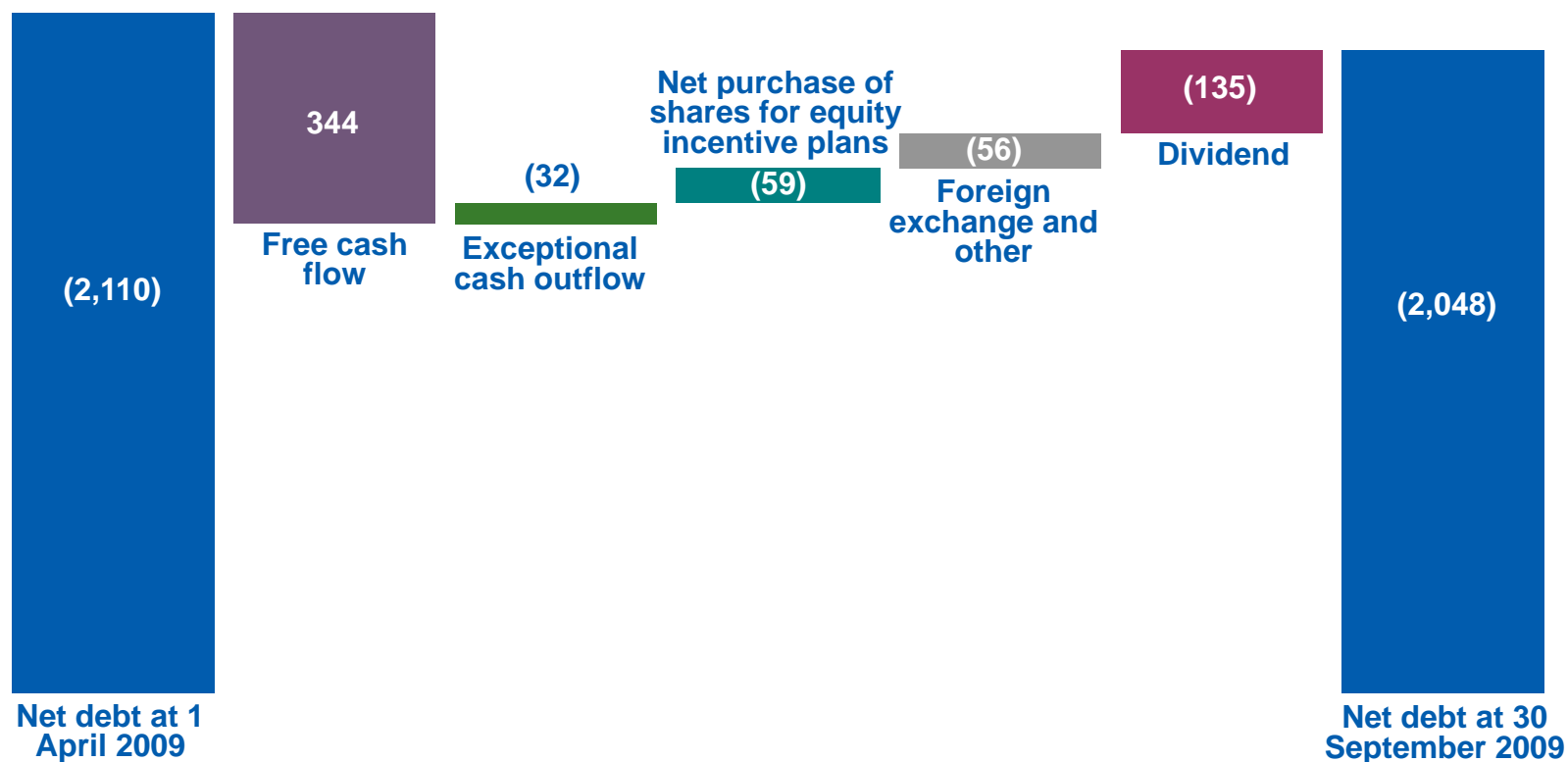
Six months ended 30 September 2009  
US\$million



## Financial review

# Net debt reconciliation

Six months ended 30 September 2009  
US\$million



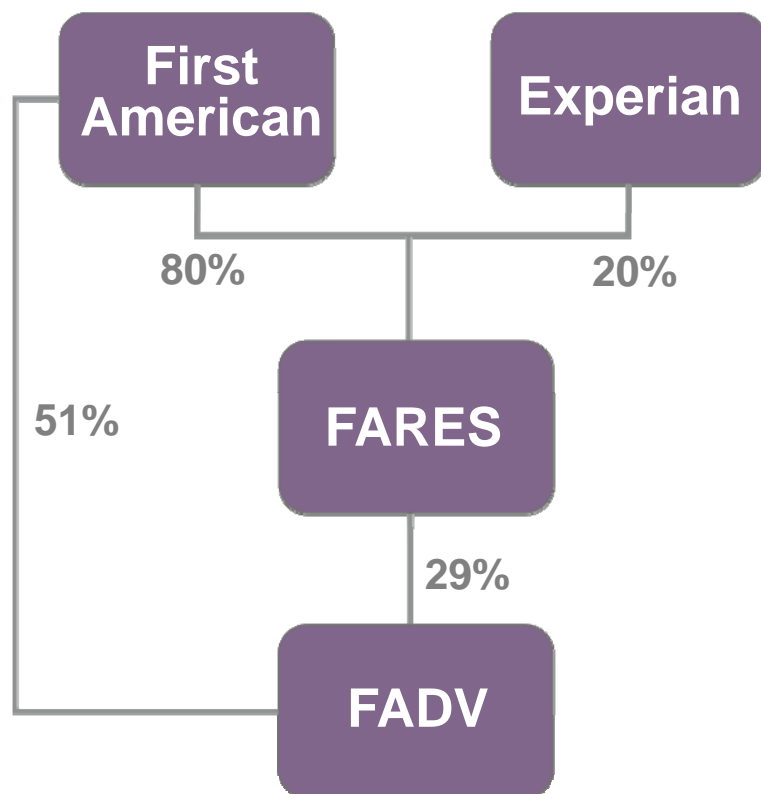
## Financial review

# Capital strategy

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## FARES joint venture: amended terms



- **Experian to receive US\$48m cash from FARES partial disposal**
- **Tendering holdings in FADV. On exchange and conversion will hold 2% of First American. Value c. US\$70m**
- **Amended terms for put/call option over Experian's 20% interest in FARES**
- **US\$314m cash payable to Experian if exercised in 2010**

## FY10 modelling considerations

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### Net interest

- Net interest in the region of US\$80m to US\$90m, after a nominal net pension charge

### Tax

- Benchmark tax rate of c.23%

### Capital expenditure

- Capital expenditure expected to be between US\$300m and US\$320m

### Purchase for equity incentives

- Purchase of shares for employee equity incentive plans cash outflow in the region of US\$110m for full year

## Financial review

# Summary and outlook

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- **Strong financial performance in first half**
- **We have:**
  - **Grown sales**
  - **Expanded margins**
  - **Grown profits; and**
  - **Delivered strong cash generation**
- **Expect to continue to deliver modest organic revenue growth in H2**
- **For full year, on track to grow profits at constant FX and deliver strong cash conversion**

# Strategic and operational review

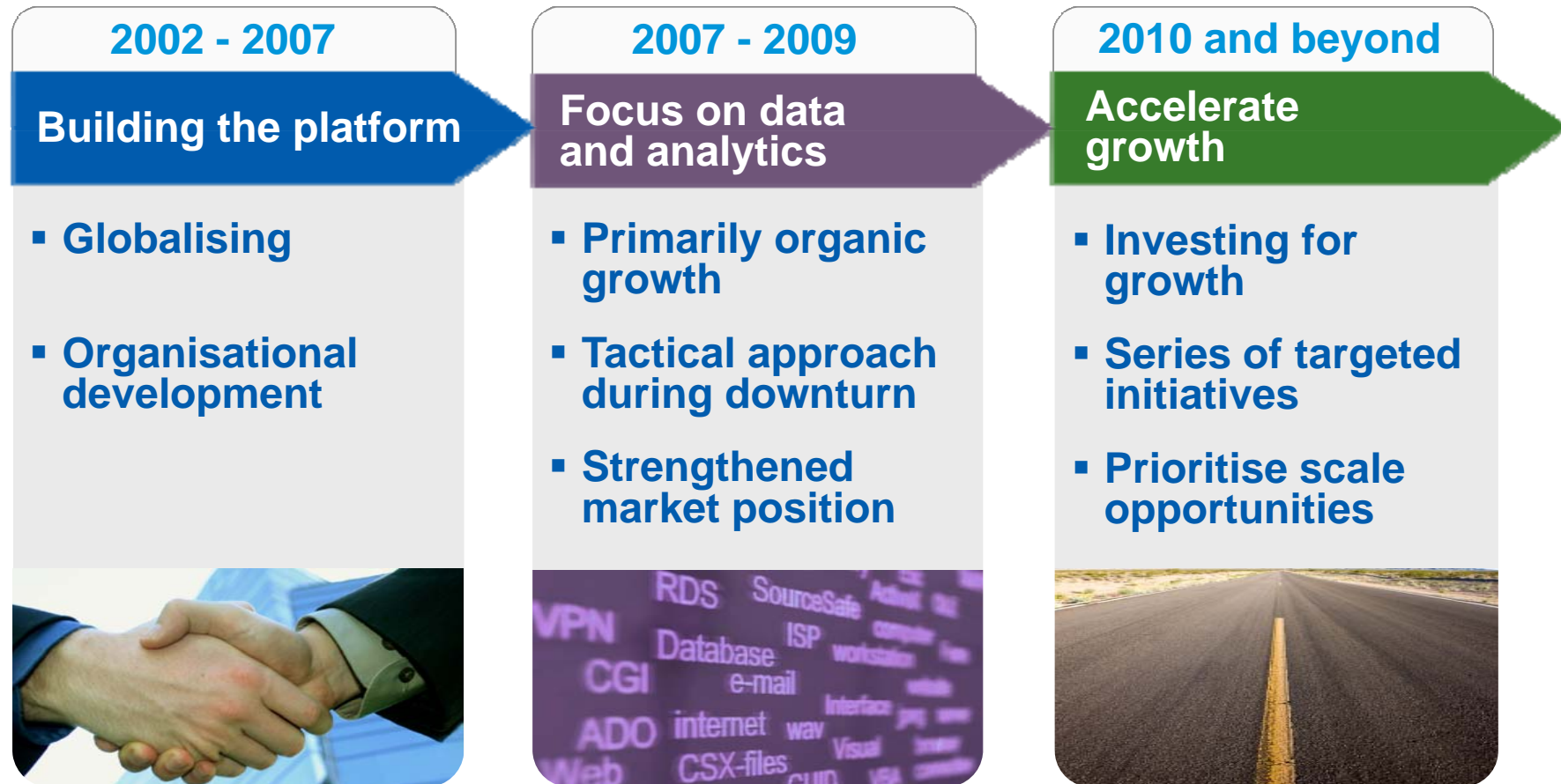
Don Robert, Chief Executive Officer

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# Strategic and operational review

## Our strategic evolution

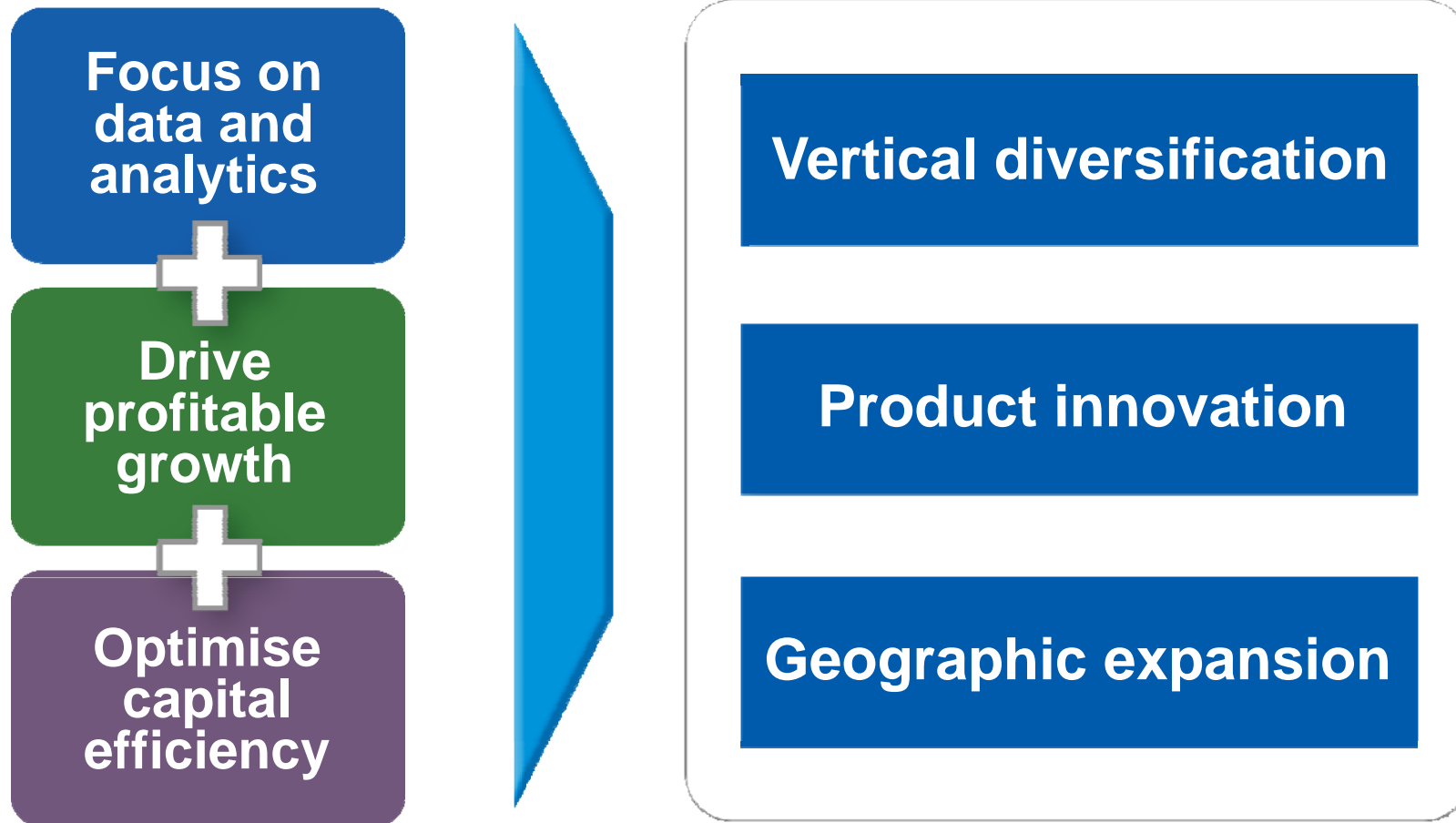




## Strategic and operational review

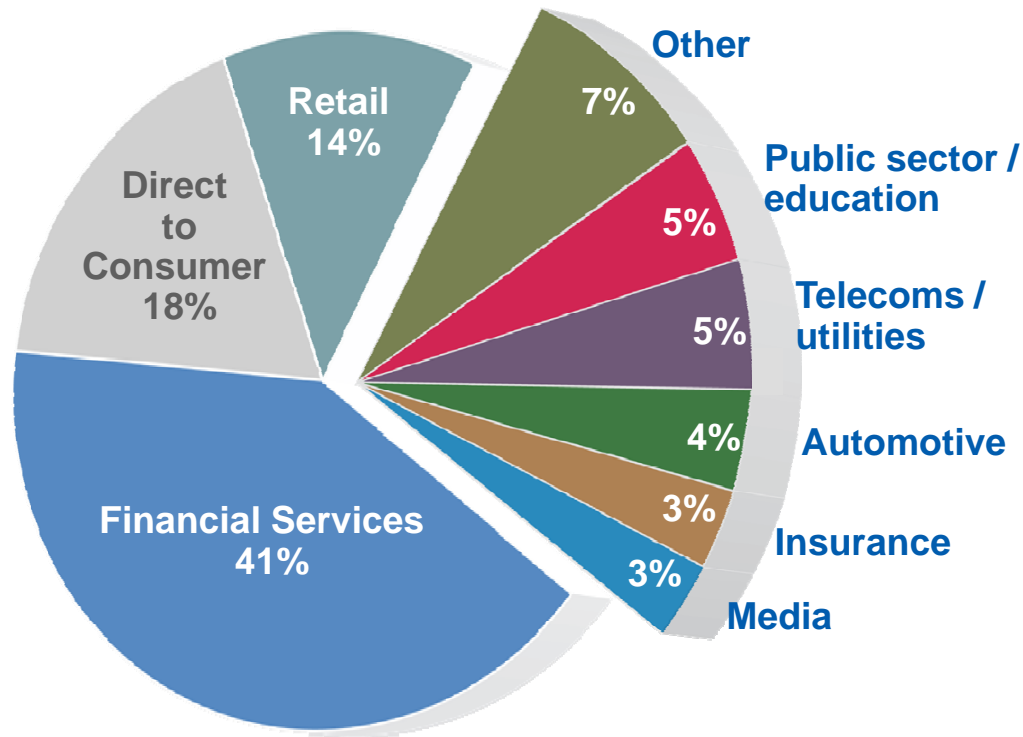
# Targeted growth initiatives

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## Strategic and operational review

# Vertical diversification



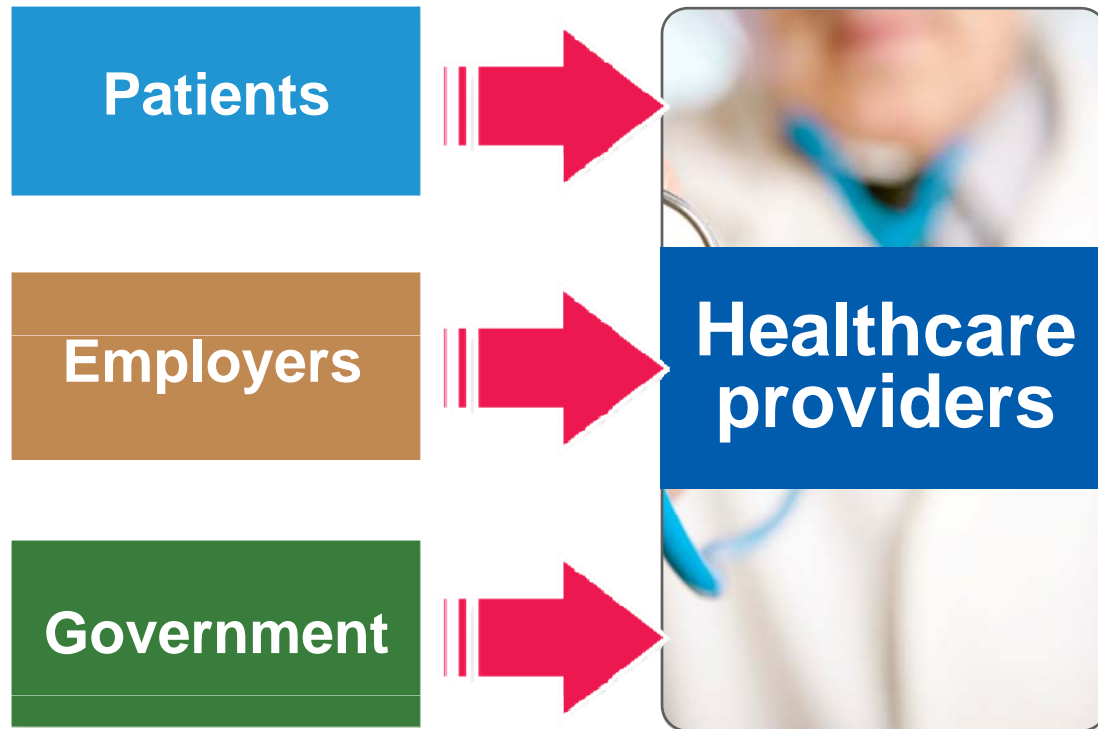
- Adapt and repurpose Experian data and analytics
- Invest in scale markets
- Emerging opportunities
  - Global telecommunications
  - Capital markets
  - US healthcare payments

**Strong track record of delivery from new verticals**

## Strategic and operational review

# US healthcare payments sector

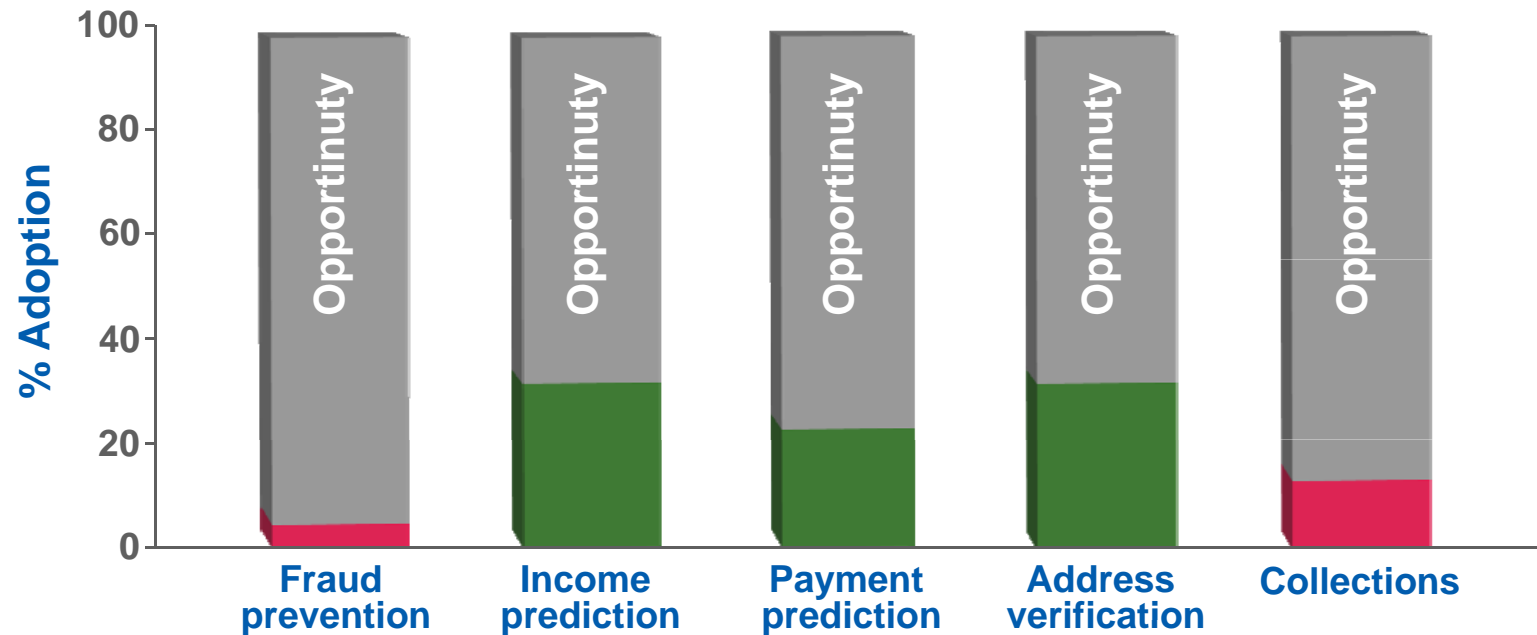
### Healthcare payment flows



- **Acquired SearchAmerica in 2008**
- **Healthcare payments collection cycle**
- **Growth market driven by:**
  - **Rising healthcare expenditure**
  - **Growing patient burden**
  - **Inefficiencies in payment process**

## Strategic and operational review

# US healthcare payments



■ % of healthcare providers who say they have purchased a product like SearchAmerica\*

■ Estimated % of healthcare providers who have purchased Experian-like Fraud or Collections products\*

## Limited use of data and analytics today

## Strategic and operational review

# Product innovation

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- **Develop value-added products across consumer lifecycle**
  - Deploy globally
  - Flexed to client demand
- **New initiatives:**
  - Automotive data
  - ProtectMyID

## **PROTECTmyID** : a strategic growth opportunity

A part of Experian



- **ProtectMyID – launched Sept 2009**
- **Increased consumer concern regarding identity theft**
- **Protection is a c.US\$150m market today, high growth**
- **Multi-layered identity protection - \$9.95 per month**
- **Attract high-quality demographic**
- **International expansion potential:**
  - **Short term – launch UK version**
  - **Longer term – expand into new markets**

# Strategic and operational review

## Geographic expansion

### Global expansion strategy

- Credit bureaux (consumer and commercial)
- Analytics and risk management
- Targeted marketing
- Aim for global scale and market leadership



## Geographic growth: Europe, Middle East & Africa (EMEA)

	Today		Next 4-5 years
Positive data markets	5	→	7-9
Bureau coverage by population	c.330m	→	>400m
Decision Analytics penetration	5-10%	→	10-20%
Marketing Services countries	7	→	Expansion into emerging markets

**Scope for revenue growth and margin expansion**



## Strategic and operational review

# Summary

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- Another solid profit and cash performance
- Operating environment remains tough
  - UK still challenged
  - US banks looking forward
  - Emerging markets - conditions more benign
- Clear growth strategy
- Good capital stewardship

**= Growth in shareholder value**

# Half-yearly results for six months ended 30 September 2009

18 November 2009

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