

Preliminary Results Meeting for the year ended 31 March 2011

18 May 2011

Opening Remarks

Don Robert
Chief Executive Officer

1. Introduction

Good morning everybody, welcome to the Experian Preliminary results presentation. It is great for me to be able to stand here this morning with such a strong set of numbers to present to you, and great that they were created by such a balanced performance throughout the whole Experian business. We made a lot of progress throughout the year financially, strategically and operationally and created a lot of shareholder value. Now we have to carry that forward into 2012, but we like our chances of being able to do that.

Our agenda for today could best be termed as concise. I will go through the strategic and operational review with you. Paul will run through the finances, and then Chris will join us for Q&A at the end.

2. Full year highlights

There are many highlights. Financially we met or exceeded all of our goals: cash flow, revenue growth, profit margins, everything was right where it needed to be and then some. We have made great progress strategically, executing against the plan. In terms of revenue growth, what I really felt good about for the past year was that revenue growth came from all four of our regions and all four of our business lines, which has not happened very often in the company. Margins moved ahead nicely: Paul will take about that more. What is great about the margin improvement is that it happened in the face of some big cost headwinds and while we were significantly investing through the P&L. In terms of strategic progress, our global growth programme, run by Chris Callero, is now delivering big results. We feel very good about Mighty Net in the consumer direct business in the US, our largest acquisition last year. In terms of shareholder returns, we completed the share buyback programme, and the dividend is up 22% for the full year.

3. FY11 financial highlights

Here are the financial highlights: total revenue up 10%; organic revenue up 8%; continuing EBIT up 11%; margins up 30 basis points to 24.8%; EPS up 10% to 70 US cents; and our cash flow conversion exceeded even our aggressive target, of 90%, at 98%.

4. Delivering against our strategic metrics

At our January investor seminar we highlighted three long term strategic goals – KPIs. It is worth reviewing those again briefly. We feel these KPIs are important, and you should be able hold us accountable for them. We made good progress against each of them, either exceeding or meeting them. First, we are very interested in the amount of revenue that comes outside of our home markets of the US and the UK: that increased from 27% to 29% during the year. Revenue coming from non-financial services customer segments increased from 64% to 67%. Our dependence on the financial services environment continues to lessen. Finally, on innovation – the lifeblood of growth in the company – 10% of our revenue came from new products, led by things like fraud, Protect My ID and BizApps, the new Business Information application in the US.

5. Good progress in global growth programme

We touched on the global growth programme a minute ago: that contributed 2% of our organic revenue growth this last year. Our largest contributors were, again, fraud and identity management, and consumer protection in the form of Protect My ID. Growth also came from new segments, with telecoms and utilities leading the way, marquee clients such as Vodafone here in the UK giving us significant mandates. There was also a lot of progress in Brazil with the SME segment. A focus of growth in the Brazil market is chasing the SME market. This is about selecting and prioritising the best opportunities that will deliver and sustain organic growth.

6. Major regional trends

The credit arena is easing in North America. Retail banks are feeling pressure to grow again, and they are asking us to help them with marketing programmes. That is stimulating the demand for retail credit products. We are the beneficiary of that. Housing and employment are still the two major economic headwinds in the US. Our clients are still coping with new regulation, so they are distracted. All of this is offset by the continuing shift to digital marketing channels.

There is continued growth in demand for credit in Latin America. There is a lot being written and said about that, but the Government is concerned about inflation and growth in credit; they have taken steps to try to limit expansion and inflation. That said, our business has strong structural underpinnings, and we are buoyed by a lot of things other than consumer credits, such as SME, fraud and authentication environments, and increasingly marketing services.

The UK is still a pretty tepid trading environment for us; banks are cautious, although there are some signs that some new entrants into the retail banking landscape are showing signs of more aggressive market-facing behaviour. The bright spot in the UK landscape for us has been a return to growth in decision analytics. Our clients are now interested in overhauling their risk management platforms, ordering more value added products from us and redeveloping scores. That has now come through in the numbers.

In EMEA/Asia Pacific, our success is being driven by increasing progress in Russia, Turkey and South Africa. That is all offsetting a lacklustre performance in our European Bureau markets. However, right across Europe and Asia there is great demand for digital marketing. That forms a large part of our growth strategy in EMEA/Asia Pacific.

7. Our global strategic objectives

In January, we also highlighted five strategic objectives that are designed to deliver sustained, long-term organic growth. First, we want to extend our global lead in credit information and analytics. We will do that by the continued acquisition of unique data and the application of cutting-edge technology. We want to continue to move successfully into new vertical markets – we just touched on telecoms a moment ago. It is interesting that the demand for what Experian does is so applicable to so many other industries: we are just beginning to tap into that. We want to build large-scale operations in the more exciting economies. You have seen us enter China and India; we will talk a little bit more about Colombia in a moment. We aim to become the global leader in digital marketing services, a big part of our success story right now. Finally, we aim to become the most trusted source for consumers when they have issues around credit, credit scores, and fraud and identity management.

8. New bureau expansion: Colombia

On May 3, we signed a definitive agreement to acquire a majority of the shares in Computec, the leading Colombian credit bureau. Computec is a fantastic, well established company. It has been around for about 25 years, and has a commanding market share. It is a very well known brand: any consumer applying for credit in Colombia would be familiar with Computec. They have a very extensive data base, and Colombia is a positive data country. They have interesting things in the database we do not necessarily find in other parts of the world. Computec is fully integrated into the banking sector; every big Colombian bank uses Computec, and speaks highly of the services they provide. It is of course strong financially. You will find all the characteristics we enjoy from a well-run credit bureau in Computec: great cash flow, attractive margins, and big barriers to entry. We see opportunities here as we saw in Brazil: opportunities to add value to Computec. It is by no means a broken business, but we believe we can take it to the next level.

9. Colombia attractions

A fair question would be: why do we like Colombia? For several reasons: the economy is strong; it is the third largest population in Latin America, with 44 million people; 20 million of those are in the Computec database. During our deal, S&P raised their rating on Colombia's sovereign debt to investment grade. That is a real reflection of all the economic, social and political reforms that have happened in Colombia. Credit is under-penetrated in Colombia, as it was in Brazil. Retail credit is growing strongly. We are awaiting regulatory approval from the competition authorities. After we receive that we will launch a tender process, and that will hopefully result in Experian gaining the majority of the shares by the end of this calendar year.

10. New bureau expansion: Australia

Right on the heels of Colombia, we announced our entrance into the bureau market in Australia. It is a country with which we are very familiar; we have been there for 15 or 20 years with a very robust decision analytics business and a good marketing services business. It is the fourth largest economy in the Asia Pacific region. Simply put, the banks there want choice. The six leading Australian banks – who together control 90% of the retail market share – have agreed to be our equity partners in their bureau, and have agreed to give us their data. We think we will bring a lot to that market. We need to keep in mind that there is a long lead time on the build, development and maturity of this business. We would not expect to see measurable financial results for three to five years.

11. North American Business Information

We talked about North America Business Information in January, and we continue to be very excited about what is going on there. This is still a one-horse race, with one big competitor in North America. As in Australia, US users would like choice. We have done a great job starting to give them a viable option to the entrenched competitor. We now have over 2,000 clients using our BusinessIQ product, and we have a large pipeline which should result in a lot more users coming online soon. We have just brought out a corporate linkage product for the business information group; we are in beta testing with consumer data linkage, and we think we are ready to be right there for a recovery in small business and SME lending in the US.

12. Global Marketing Services

The big success story last year has been marketing services. We are really aiming to increase our lead in digital marketing services. It started with email marketing, and during this year we added social media and mobile capabilities, which will serve us well. That is what the market needs. We are continuing to get great data from the various ISPs around the world to strengthen our Hitwise offering, and we are now focusing on technology: common, front-end, uniting all of this under a common brand to sustain growth into the future.

13. Global technology platforms

Finally, part of the Experian DNA involves complete control of our technology and our data. During the downturn we continued to heavily invest in new platforms; we are now starting to see the fruits of that. We have a new value-added-products platform called GVAPs which will work all over the world. We have now built a next-generation credit bureau platform which we will deploy in Australia. That will work in multiple countries. We will be replacing older bureau architectures with next generation over the next few months and years. We have a new suite of Decision Analytics software products coming off the assembly line right now, and we are rebuilding many of our core Marketing Services platforms, and those releases are now coming to the market as well. We think it is the quality of the data, sophisticated technology and service excellence that will carry the day, but you have to have the technology underpinning it all.

14. Global growth programme: key initiatives

I will not dwell on the main components of our global growth programme, but the point is we have a well defined set of initiatives, designed to create good, strong, organic growth sustained into the future. So far it has been a very successful programme and delivering a large part of our organic growth.

15. Summary

In summary, it has been the global growth programme that has helped Experian rebound in this past year, and it will continue to propel growth in FY2012. We talk a lot about investment, and what differentiates Experian from the rest. One thing is relentless investment through good and bad times so we always have new products and new technology to put into the marketplace. But it is also our global scale that allows us to take the technology investment, build it once and deploy it many times all over the world. We think that will help increase the lead that we enjoy today more and sustain organic growth into the future.

With that, I will ask Paul to come up and take you through the financials.

Financial Review

Paul Brooks
Chief Financial Officer

1. Introduction

Thank you Don, and good morning everyone. We are very pleased with the financial results we are presenting today, which represent successful delivery against our financial objectives in the year.

They also illustrate the inherent growth prospects of the business and the return on our growth investments.

As I run through the details all growth rates down to EBIT are expressed in constant currency.

2. Highlights

In the year to 31 March 2011, we delivered total revenue growth of 10% and organic revenue growth of 8%, with 7% growth in the first half and 8% in the second.

EBIT margin expansion was ahead of our expectations, up 30 basis points to 24.8%, helping us to achieve continuing EBIT growth of 11%.

We delivered double-digit growth in both benchmark PBT and EPS, up 14% and 10% respectively. We increased our dividend by 22% to 28.0 US cents.

We spent a net \$349 million on repurchasing our shares.

3. Seven year performance trend

Over a period of seven years, encompassing the financial crisis and recession, we have averaged 7% organic revenue growth per annum and we have more than doubled our EBIT.

We have improved margins every year and by over 400 basis points in total. Over this period we have converted virtually all our EBIT into operating cash.

4. Revenue and EBIT by geography

Organic revenue growth of 8% in fiscal year 2011 reflected an excellent performance in Latin America, good growth North America and EMEA/Asia Pacific and a return to growth in the UK and Ireland.

Total revenue growth of 10% translated into EBIT growth from continuing activities of 11%, and EBIT margin increased by 30 basis points to 24.8%

5. Organic revenue growth trends – by business segment

Looking at the underlying revenue trends by half-year over the past two years by business segment we see that Credit Services has continued to see good improvement. We will present the regional detail behind this in a moment.

Decision Analytics has also been on a strongly improving trend and returned to growth in the second half of FY11.

Marketing services has also strengthened, predominantly driven by growth in our targeted digital businesses.

Moderation in growth of Interactive reflects the brand transition we have undertaken at consumer direct, but we are pleased to have delivered mid-single digit growth overall.

6. Organic revenue growth trends – Credit Services by region

Turning to the regional view of organic revenue growth trends in Credit Services, you can see that in North America trends improved as the year progressed, returning to growth in the second quarter of the fiscal year.

In Latin America we hit a tougher comparable in the latter part of the year, as we began to annualise a short-term boost from authentication revenue. We face another tough comparative in the first half of FY12. The red line in the chart depicts the revenue trend excluding the authentication benefit, showing that in underlying terms we have delivered good double-digit growth over the period.

The UK has been on an improving trend, but it is still just in negative territory, slightly lagging our expectations.

We have also seen an improving trend in EMEA/Asia Pacific.

7. Credit Services

Reviewing data from the four business segments for the year to 31 March 2011 in Credit Services, both total and organic revenue growth were 7%.

In North America we have seen a slow, steady recovery in prospecting and origination in consumer information. We saw good growth in both business information and automotive on the back of our investments in those businesses.

Strength in Latin America reflected further progress in SME sector penetration and retail credit expansion in Brazil.

The depressed financial services sector led to a subdued performance in the UK.

In EMEA/Asia Pacific we saw strength in South Africa which helped offset some of the challenges we faced in the more developed European markets.

Margin improved by 10 basis points, with a strong improvement in Latin America more than offsetting declines in the UK and EMEA/Asia Pacific.

8. Decision Analytics

Here both total and organic revenue increased by 4%.

The big turnaround was in the UK, which had a strong second half as value added products and software returned to growth, while analytics and consulting stayed strong.

In EMEA/Asia Pacific we benefited from new business wins in emerging markets such as Turkey and Russia. These more than offset the slight decline in North America.

Margins improved in all regions due to return to revenue growth and improved revenue mix.

9. Marketing Services

Here, total revenue grew by 14% and organic revenue by 11%. The difference relates to a number of small acquisitions.

We delivered growth across all regions. There was particular strength in email and contact data in North America, driven by strong volume growth from existing clients and new business wins. In EMEA/Asia Pacific we are benefiting from the expansion of our digital marketing footprint. UK growth was slower, held back by cutbacks in the public sector.

EBIT margin improved 350 basis points to 15.9%, benefiting from operating leverage and the mix shift to targeted digital services as we have re-engineered the business.

We are pleased with the progress we have made on margin here; just three years ago it was in single digits.

The combination of excellent revenue growth and margin improvement drove a 47% increase in EBIT.

10. Interactive

At Interactive, total revenue grew by 14% and organic revenue by 9%. The acquisition contribution related to Mighty Net, acquired at the end of September.

Organic revenue growth in North America was 8%. The transition to new consumer brands at Consumer Direct has progressed well, and we returned to mid single-digit growth in the second half. The Mighty Net acquisition has also performed well. There was an exceptionally strong performance in lead generation, particularly in the education vertical, although growth has slowed significantly as we hit tougher comparatives and following some client cutbacks ahead of the implementation of new regulations in July. Growth in this vertical peaked at over 80% in the first half of FY11, so this will impact growth in the first half of the new fiscal year.

In the UK, organic revenue growth was 10%, driven by new members and improved retention.

The decline in margin to 22% reflects the reduction in marketing spend at the end of FY10, and build up in the early part of FY11 as a result of the brand transition. It was also negatively impacted by the mix effect from faster growth and the lower margin lead generation activities.

11. EBIT Margin

Looking at margin drivers in more detail, the overall margin improvement to 30 basis points reflected strong operating leverage in Latin America and operating leverage and the beneficial mix shift in marketing services. This was partially offset by costs coming back into the business including the restoration of some employee benefits; a lower interactive margin, as explained a moment ago; and modestly stepped up P&L investment.

12. Group benchmark earnings

Moving on to the lower half of the income statement, total EBIT was \$1,044 million, representing 12% growth at actual exchange rates. Net interest was \$71 million, reflecting lower average debt levels and a net pension credit of \$6 million. The benchmark tax charge of \$220 million is at a rate of 22.6% on benchmark PBT. The minority interest of \$52 million primarily relates to Serasa, reflecting a strong growth in its profitability as well as appreciation of the Brazilian Real. That brings us down to benchmark earnings of \$701 million, an increase of 8% on last year. With the weighted average number of shares issued reduced to 1,002 million as a result of the share buyback programme, EPS was up by 10% at 70 US cents.

13. Cash flow performance

We again delivered very strong cash flow, converting 98% of EBIT into operating cash. Capital expenditure rose to \$374 million, reflecting increased investment in the business. After depreciation of \$288 million and a net working capital inflow of \$55 million, operating cash flow was \$1,028 million. Net interest paid in the period was \$92 million, and tax paid was \$88 million, reflecting a cash tax rate of 9% on benchmark PBT. Dividends paid to minorities was \$56 million, bringing us to free cash flow of \$792 million, representing a cash conversion rate of 113% of benchmark earnings.

14. Capital expenditure

The next slide shows the uplift in capex during the year by area of expenditure. The increase in FY11 of 19% relates to the growing scale of our business and investment in a range of new platforms to drive future growth. Investments include the new credit bureau and Marketing Services platforms, as well as the Decision Analytics re-architecture.

Our expectation is that capex will continue at this higher run rate of approximately 9% of revenue as we continue to invest to harvest a range of growth opportunities. For FY12 we expect Capex in the range of \$410 million to \$440 million. There is no change in our cash target expectations, and we expect to convert at least 90% of EBIT into operating cash.

15. Net debt reconciliation

Closing net debt of \$1,501 million was down by \$126 million. We started the year with net debt of just over \$1.6 billion. After free cash flow of \$792 million we spent a net \$349 million to buy in shares. There was a net outflow of \$301 million from acquisitions, the majority of which related to the acquisition of Mighty Net, whilst most of the net divestment inflow of \$291 million came from the disposal of our 20% stake in the FARES joint venture. Foreign exchange and other was \$36 million, and total dividends paid to our shareholders in the year amounted to \$251 million. This takes us to the net debt of \$1.5 billion at the end of the year.

16. Net Debt/EBITDA

We ended the year towards the bottom of our target net debt to EBITDA range of one and three quarters to two times, including the value of the Serasa put option. The value of that option increased by \$209 million to \$870 million at the year end, reflecting growth in the business, a stronger Brazilian Real and unwinding of the valuation discount as we get nearer to June 2012 when the option can be exercised for the first time.

Factoring in the cost of the recently announced purchase of Computec in Colombia takes pro forma net debt to \$1.9 billion, which is a little above the top end of our target range based FY11 EBITDA.

Given the current acquisition pipeline and our expectation that the Serasa put valuation will increase in FY12, we do not intend to initiate a buyback programme this year, although we will look to make some share purchases in respect of employee share schemes at best.

17. Funding

During the year we completed our 18-month programme to refinance our borrowing facilities. This included the arrangement of new five-year committed revolving credit facilities totalling \$1.7 billion with 13 leading banks, and also the issue of a £400 million bond which we swapped into US Dollars. This has enabled us to achieve our objective of diversifying our funding sources and spreading the maturities of our debt.

18. FY12 modelling considerations (excludes Computec)

Modelling considerations for the current fiscal year exclude the impact of the Computec acquisition, given its uncertain timing.

We expect net interest to be in the region of \$65 million to \$75 million after a net pension credit of about \$11 million. I have already mentioned that we expect capex to be in the \$410 million to \$440 million range. We anticipate a benchmark tax rate for the full year in the region of 23%. On cash tax, the tax benefit of goodwill amortisation reduces from 11% of benchmark PBT in FY11 to 9% in FY12, and 7% in FY13. Mainly due to this we expect cash tax in FY12 to be in the range of 12% to 15%.

19. Financial summary and outlook

To summarise, we are pleased to have delivered a strong financial performance, with good organic revenue growth, further margin progression and strong cash flow generation. We expect another year of strong performance as we move into fiscal 2012. We will continue to invest in the business for growth via the P&L account, capex and acquisitions. While we do expect some variability in trends due to some tough comparables in the first half, for the year we expect to deliver mid to high single-digit organic revenue growth, modest margin improvement and further strong cash flow conversion.

With that I hand you back to Don.

Summary

Don Robert

Thank you Paul.

To summarise, we feel that we have major growth opportunities ahead of us through the expansion of our bureau footprint; from growing our marketing position in business information; from digital marketing in Consumer Direct where the brand transition is now behind us; and from delivering on a whole range of technology products and data initiatives that are rolling off the assembly line as we speak.

We aim to deploy our capital wisely in order to create maximum value for our shareholders.

We are pretty excited about the prospects for the business and for the year ahead; we think we are in great shape. As Paul mentioned, there is going to be variability, probably in the first couple of quarters due to some pretty stiff comps from last year. That should not foreshadow our optimism for the year ahead.

Question and Answer

Don Robert

With that, could I invite Chris to come up on the stage and join me for Q&A?

Andy Chu, Deutsche Bank

Would you be able to make some comments on your marketing business in terms of what the mix is between digital and traditional? In the past you have talked about this business recovering to mid-teens margins, and you are almost there over the past 12 months, so maybe some comments on margin outlook for marketing services.

Don Robert

Paul, safe to say we are not expecting another 350 basis point improvement, but do you want to say what you are comfortable with and talk about the mix?

Paul Brooks

First of all, we are delighted with the improvements we have seen over the last two or three years in marketing services. As you rightly say, a lot of that is down to the fact we have seen the more traditional side of the business stabilise, and an increasing percentage of the total mix being in the more digital side. That has been helpful. At the same time, we have been investing in the emerging markets, which have represented something of a pull-back on margins as well. Looking forward, in the mature markets – the US and the UK – we certainly expect to see margins hitting 20% plus, but what we are seeing is an adverse mix effect from the strong growth effect we are seeing in EMEA/Asia Pacific, where the margins are lower, particularly in some of the more embryonic organisations. In summary, we would expect to see the marketing services margins continue to improve, but not at the same rate as over the last couple of years.

Andy Chu

What about the split for digital versus traditional?

Paul Brooks

The split is becoming redundant, because it is becoming far more of an integrated business. We have done a certain amount of divestment, which has left us with the traditional side of the business very much supporting the digital. It is far more of an integrated business. If you were to try and break it down in the US, 60-65% is now in the digital side.

Andy Chu

Don, would I be able to ask you about the UK Government? It seems to be quite slow on that front. Could you give us an update there please?

Don Robert

The Government austerity measures have certainly taken some growth out of our UK public sector business. I sense things are starting to free up again, and we are starting to see a pipeline build, but nothing we can currently quantify. It is still an important business for us from a portfolio diversity and long term growth perspective.

Michael Meltz, J.P. Morgan

Two questions for you: I just want to understand the forward guidance. In the 5% to 9% revenue growth, you talk about variability. I think your comps are fairly similar throughout the year, so I just want to understand the variability. Could you frame the Q1 comparables? Should we be expecting Q1 below the low end of the 5%? Could you give more clarity there?

Paul Brooks

First of all no, we do not expect the Q1 to be outside that range: we expect mid to high single digit revenue growth for the year, and we expect it to be in that range for the first quarter, which will probably be the most challenging quarter of the year. The comparative issues are in two places. One is in the authentication business in Latin America, which started ramping up in the fourth quarter of FY10. It peaked in the first quarter of FY11. It was also quite strong in the second quarter of FY11. The other comp we are facing is in the education vertical in the lead generation business and Interactive. In the first half of last year we saw over 80% growth in that vertical, so very tough comparatives. We are seeing some cutbacks from the schools ahead of the new regulations on student lending coming in on 1 July. Those are the two specific issues we face. On education, I would flag that this is a fairly low margin business. It is more a revenue than a profit issue. Just to emphasise, we do expect to be in that mid to high single digit range.

Michael Meltz

Even considering the authentication comp, would you still expect Latin America up over 10%?

Paul Brooks

I would expect it to be in that region.

Michael Meltz

My last question: the comments on capital allocation, on the share repurchase plan, there is not an expectation to continue repurchase near term. What will capital be used for primarily? Is it just for acquisitions?

Paul Brooks

We have this \$400 million which we expect to be paying out in the course of the year for Computec. As I mentioned earlier, if you add that to our net debt at the end of last year we are beyond the top end of our debt range. That is how we are starting the year. In the course of the year we expect to generate a fair bit of cash, but we do expect the value of the Serasa put option to increase again. That will absorb some of our capacity. We also expect to make some acquisitions during the year. We have a reasonable pipeline at the moment. That is where we expect it to go.

Andrew Ripper, Bank of America Merrill Lynch

I have a couple as well, if I may. First on Brazil, Don, you talked about tightening, and I wondered whether you had seen any evidence of tightening dampening down the rate of credit growth on the ground in Brazil. Second, and I appreciate it is early days, but can you give us any feedback about how discussions are going with banks? Who are the potential suppliers of positive data, and what is the timeline in terms of building up positive data within the bureau and turning that into something saleable?

Don Brooks

I will take the first part, Chris can comment on the positive data question. I have been to São Paulo twice in the first quarter of the year, and there is not evidence of tightening on the ground, but neither is there evidence of excess. A lot of the press accounts in the context of the Brazilian economy have recently been focussing on an overheated housing market. That would have very little impact on anything we would see as there is no mortgage market to go along with the housing market; so that is good for us. Also, a lot of our success and growth is coming from the SME market, which needs to heat up in Brazil, and from the authentication business. The short answer to your question is that there is no real evidence, but the Government is certainly aware of it. The banks are exercising caution, they are very well capitalised and run. That is what we see.

Chris Callero

Technologically we are in great shape to deliver positive data in the Brazilian market. Secondly, we have been working very closely with the various segments of our clients, continuing to emphasise the value inherent with positive data, and we continue to make very good progress in that front. At the same time, we will get the adoption curve to where we think it ought to be over a period of time. Over the course of this fiscal year – pending the amendments that need to be passed – we are in fairly good shape to make some headway in fiscal year 2012.

Don Brooks

And we are having conversations with banks about how to digest it all.

Chris Callero

Absolutely.

Andrew Ripper

In terms of thinking about where the additional capex is going to go this year, Paul, I think you gave a range of \$410 million to \$440 million, which at the midpoints are an increase of over 15% or so, \$50 million. Can you give us a sense of where that growth in capex is going to go this year? And maybe thinking particularly about analytics and marketing which had good momentum in the fourth quarter particularly, do you see that as sustainable and how will new product launches affect growth phasing? What do you see in your pipelines when a new product is coming to market, etcetera?

Paul Brooks

With the capex the increase in the FY11, also in FY12, is mainly, as Don mentioned in his presentation, in platforms and products. We talked about the credit bureau software and the value added products, the complete upgrade of our decision analytics and also quite significant developments on our digital marketing products, our customer contact software, our email marketing and Hitwise. Those are the major investments. There is also quite a big investment in our SME infrastructure in Brazil to handle the explosive growth in revenue we are seeing. Those are the major incremental investments. Data is increasing by no more than the amount revenue is increasing, maybe even a little bit less. It is mainly in those four platforms and products. We are looking to deploy the new credit bureau software in a couple of European markets in the course of this fiscal year. The decision analytics is being launched this year; we already have beta clients on that. We are gradually upgrading all three of the marketing development services release by release.

Charles Wilson, Goldman Sachs

On your seven year performance review, is there any reason, if organic growth is back towards the historic levels you were at before the crash, why you cannot see a similar kind of year on year margin improvement to what you recorded in those years?

Paul Brooks

The makeup of the business has changed over the course of the years. That is something to bear in mind. On that chart, one of the interesting points is that the growth is far more broadly-based now than it was, particularly going back to 2005/06. Interactive was one of the big growth drivers. We are now seeing it across all segments. In terms of margin expansion we have clearly had a fantastic track record and improved it every year for at least seven years, maybe a bit longer. It gets harder all the time now; acquisitions often have a depressing effect on margins, at least initially. We also face negative mix impacts because the slowest growing part of our portfolio tends to be the highest margin business, such as US and UK credit. The faster growing businesses tend to be lower margin, marketing services and decision analytics business in emerging geographies. You have to bear those in mind, together with this increased investment in this business through the P&L. Those are the offsets against the underlying operating leverage, which is clearly a factor in the business outside Interactive. You have positives in terms of operating leverage and negatives in the points I mention. Our aim is to continue to move margins forward for the foreseeable future, bearing those differential forces in mind.

Charles Wilson

The emerging geographies and the newer products might dilute the margins as they grow. Is there any reason why they could not get up to the margins you are seeing in your developed markets?

Paul Brooks

Yes, absolutely, but obviously the pace that is going to happen at varies. With decision analytics we hope improve them pretty quickly. But if you take an Australian credit bureau, it will probably take 20 years to take that to a UK level. It will vary according to the nature of the business.

Dan Leben, RW Baird

With BusinessIQ, when we met back in January, in the 700s with clients, over 2,000 a day; do you talk about where you are getting those wins? Are these customers new to your business information platform, or are these all competitive wins? Could you talk about that mix a little bit?

Chris Callero

By and large, the majority of them are new clients being attracted with a lot of our internet marketing as well as our follow-through marketing calls and the like. The majority of them are new to Experian and newly exposed to the offerings we have and this is proving to be very helpful for the businesses.

Dan Leben

On the marketing services side, could you talk about the hunt for talent as we move to digital – a little bit more talent-intensive rather than more fixed-cost? Can you talk about the cost to find people, the ability to hire them, etcetera, and the impact on margins?

Chris Callero

That relates to the breadth of digital marketing that we have around the globe. Here in London we just acquired a company that comes with a whole slew of talented digital marketers, Techlightenment. We also have the majority interest in Emay in China, which we announced earlier this year, which is a mobile platform for us to be able to provide digital oriented services. One stream is through acquisition in terms of talent acquisition. The second is through talent retention. A lot of talent retention is around the excitement, potential and scale that we can build with digital marketing. We find that is a very effective way of retaining our top talent, keeping them on interesting projects and the like. The third aspect is good, normal, hard-nosed recruiting, recognising that it is a hot market and finding people in places where other people may not have gone yet to fill gaps we have in our pool. We hit it from a number of different standpoints. The last thing – probably as important as any of the others – is our brand reputation, how we have penetrated that space, and the recognition in the market that this is not your daddy's Experian. This is a hot company doing a lot of exciting things.

Dan Leben

Paul, any drag on the margin in those larger markets that are over 20% from these hiring costs?

Paul Brooks

Not a significant one, no.

Jessica Alsford, Morgan Stanley

Firstly on the margins; the investment in the P&L going forward: should we expect a similar level to the 200 basis points of margin investment we saw over the last year? Secondly on Interactive: there have been some one-off reasons why the growth has slowed. Do you think this is a business that is capable of getting back to that double-digit organic growth we have seen in the past?

Don Robert

On the second part of your question, we are very optimistic about Interactive. We talked about the brand transition in Consumer Direct that we are now through. We see a lot of opportunity in the identity management and identity protection space, continuing on from Protect My ID. We are the leader in that field. We have a lot of endorsed opportunities with big credit card issuers, and we have global expansion opportunities for those products. All of this is outside the interactive media space, which in a rather tepid state right now, but it is definitely a growth business.

Paul Brooks

In FY12 we would expect an increase in the investment for P&L in the range of \$10 million to \$20 million, which is a little bit more, going up with revenue. That will still amount to circa 2% of total revenue. The new investments in the Australian credit bureau are the most significant. The others areas are in the authentication space and the other verticals we are focussing on.

Jaime Brandwood, UBS

Could I start by asking about credit services? I appreciate there are a lot of moving parts, but could you talk about the core credit reports business for the major geographies, are there any trends in revenue per transaction? Is there still any price pressure evident in the UK, or are you through that now? Any resurgent price mix effects in the US as your volume grows? And what you are seeing in Brazil?

Paul Brooks

In the US we are seeing steady pricing, I would say. Within that credit business, the growth you see in the origination side is volume-based. In the UK we had some big merger effects. In the UK we tend to look at the all-in price, because with most of the credit reports, particularly to the major lenders, we sell value-added products as well. Sometimes the mix between the credit reports and the value-added products is a little bit arbitrary. The pressure has been taken on the credit report side, not on the VAP side. We have recently been seeing strong growth in VAPs, which has reflected our decision analytics number, whereas the consumer credit has been lacklustre. Pricing there is at best flat, maybe down a little bit, but that is not a great concern to us because of the VAPs revenue. In Brazil we are getting a positive mix effect. There is a range of pricing between the large strategic accounts in the largest banks and the SME sector. Because we are seeing this very strong growth in the SME sector we are getting a nice mix effect on pricing. In the strat accounts, again, we had pressure from the bank mergers, but that has worked its way thorough now.

Jaime Brandwood

If you were to try to break down that 15% growth in Brazil, how much would you attribute to volume versus price?

Paul Brooks

Because of this mix effect it would probably have a few percentage points.

Jaime Brandwood

Following on from the question on how much you will invest through the P&L, you also talked about how in FY11 it had given you a kicker of about 2% to your organic growth. Would you expect any incremental kicker, or that 2% to be broadly maintained?

Chris Callero

We are going to maintain that 2%, continue to invest in the business. Timing of a lot of these investments, the timing of the return on these investments will start to kick more so in FY12 than FY11. We have a phenomenal pipeline of growth, so therefore we intend to continue to be aggressive in investing as it makes sense and produces the quality returns we are expecting.

Jaime Brandwood

EMEA/Asia Pacific credit services look like they went back into growth in Q4. Was that all South Africa, or was there anything else?

Paul Brooks

We saw improvements in the Nordic region – one of our biggest regions – and we also saw good growth in Spain as well. We saw some improvement in the mature geographies as well.

Jaime Brandwood

Would you hope that return to positive growth is sustainable in FY12?

Paul Brooks

We hope that will stay positive: not exciting growth but positive growth.

Carter Malloy, Stephens Inc

First, on your decision analytics business, it is good to see the UK accelerating. But in your US business there is clearly a lot of RFP activity. Can you talk about when you expect dollars to be allocated towards projects in the US and when we see that business return to positive growth?

Paul Brooks

What we are seeing throughout the piece on decision analytics is some relaxation in banks' capex budgets. We are not seeing significant uplifts in spend, but we are seeing an improved climate. That is also true of the US. The pipeline is growing in the US; it is clearly a little behind the UK and some of the European markets, but we would expect to see an improvement in growth this year.

Chris Callero

I was at North America's Vision conference, the big client conference. During those three days it was very clear that the atmospherics associated with the clients, the conversations, the depth of the questions, the follow-on meetings and the like, led us to a point where we are now more confident that they are very serious about needing to grow selectively and are looking for us to help them grow. To Paul's comment, we have a nice pipeline, which was validated by the comments and the participation in the conference. We say that with a good degree of confidence.

Carter Malloy

You also talk about becoming the global leader in digital marketing. Can you speak about where your relative strengths are, where the holes are and how you plan to fill them?

Don Robert

Clearly the strength is in the email marketing platform and the footprint that we have. Nadia does not like me to use this number, but what the heck. Last year we sent, on behalf of our clients, 100 billion permission based email marketing messages around the world. Increasingly, we are tying together data analytics, offerings we have built or acquired through Hitwise, QAS, and all becoming part of a seamless digital marketing offering. The major hole we have filled is a social media piece that allows our clients to execute marketing campaigns in the social media environment. This is a dynamic landscape; what we are missing today might not be what we are missing next year. Geographically there are plenty of holes in the landscape, and I think it is a matter of how fast we can go and how to prioritise, and how much P&L investment we can shake loose to enter a lot of these new geographies. This is clearly a major area of growth opportunity for the business long term, and it is largely organic.

Carter Malloy

Lastly, Paul, you talked about education being a year over your headwind for growth. Can you tell me what the size of that business is and, more importantly, why your senior clients cut back, as I understand you guys are almost entirely owned and operated, therefore for compliance reasons your education clients would be more reliant on that sort of brand versus the third party networks out there.

Paul Brooks

The size of the education vertical?

Carter Malloy

Yes, the size of Classes in your education vertical in the US.

Paul Brooks

It represents over 10% of our North America Interactive revenue. These big swings you see on it do have an impact on the overall Interactive numbers

Carter Malloy

Why are you seeing your clients cut back as you guys are a leader in quality in that category as everyone else is lifting up from the bottom providers? It seems you guys would be able to sustain the growth going forward.

Chris Callero

If I could take a half-step back to make sure everyone is on the same page: over the last couple of years in the US the regulators and legislators have noticed that there has been a poor yield on the quality of the for-profit education. For-profit education is a multi-billion dollar business, as many of you know. Our participation in supporting that segment relates to online lead generation through our banner advertising. That is what has been optimised whether you get an ad for education, auto-insurance, mortgage or what you have based on our data analytics that sit behind it. What the Government has chosen to do at the Department of Education is to institute Title IV, which effectively is an employment rule. I mentioned that the yields on the education were not very strong: the default rates increased over 25%, and as a consequence the new rules become effective as of 21 July. Paul mentioned we had a banner year in terms of growth in the first half of last year. That growth has crawled to where it is now, as a marketplace, of at least negative 20%. It is viewed that it is in anticipation of the regulation coming in. The analysts that cover the for-profit education market expect 5% growth next year, but it is another one of these Experian rides through the regulatory wave. We get certainty in the regulation, market participants decide how they are going to deploy and market, and then we come out on the other end. In the case of Experian's business, we are largely banner advertising-oriented, as opposed to a lot of search, affiliates or other means of generating leads. We are more affected because banner ads are more visible to the schools, the regulators and the like, so there has been reluctance to push hard on that until the rules are finalised and implemented in July. Again, like last year we were talking about Consumer Direct and all the regulation surrounding that, it is another one we work our way through and come out fine on the other side.

Don Robert

One more question and then we will adjourn.

Justin Jordan, RBS

A quick question on the growth initiatives; you have previously given us more colour on the Indian credit bureau, the growth of that and the pathway to break even and profitability on that. Could you update us on progress on that? Secondly, could you give us some more colour on Australia: the competitive landscape that is currently there as you build a new bureau? Should we think in a similar timeline to India in terms of getting that business to break even, or are there structural differences in the Australian market we should be aware of?

Don Robert

What was the second part of your question, about which market?

Justin Jordan

Australia; you announced the new bureau in Australia, and I am thinking in terms of timeline we should be envisaging in terms of the revenue build in that geography, the cost of doing it and the P&L investment necessary over a number of years to get there.

Don Robert

In India we have been up and running with the bureau for, technically, less than a year. We have several hundred data contributors who have helped us populate the bureau with information. We have a few dozen users testing the data; there is no real billable revenue stream yet, but where we are seeing a lot of success in India is in decision analytics and marketing services, in particular with email marketing. India as a country is coming along well; the bureau is coming along a little bit behind it. In previous results meetings we have discussed a lot of the complexities that are peculiar to India, with naming conventions and roads and addresses and those sorts of things. Again, Paul put it well earlier by saying the Australian bureau might have margins analogous to the UK bureau 20 years from now. This is a very long march.

The Australian bureau should come online and up to speed more quickly than India because that market is already a bureau market; they understand data, they understand analytics, they are all using it. We are simply a new addition to a very established marketplace. Without putting strict timelines on it I would expect things to happen more quickly in Australia, but of course India is a more lucrative and larger market over time.

With that, could I thank you all for joining us today. Thank you for your interest in Experian, and we will see you again in November.