

Experian plc

Preliminary Results for the Year Ended 31 March 2013

Presented 9 May 2013

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Full-Year Results

Strategic and Operational Review

Don Robert
Chief Executive Officer, Experian

1. Introduction

Good morning, everyone. Welcome to our 2013 preliminary results presentation and on such a bright, sunny day to boot. We are delighted to have you here and I hope you will agree that our performance for the year just ended was strong. We certainly feel that way, both in terms of financial progress as well as strategic progress. We are therefore excited to present these results to you today.

2. Full-Year 2013 Results

Agenda

I will start with the usual strategic and operational review. I will then turn it over to Brian for the financial review.

It occurred to us as we were planning this presentation that we have a fantastic, regional story to tell and that is the story about our own UK business. There are not many businesses that we know of in the UK approaching \$1 billion in turnover that are growing at 5 or 6%. We have therefore asked Craig Boundy, who is the Managing Director of that business, to join us today, bringing back our spotlight presentation that you may recall from the past. Craig will make a short presentation on his business and all the great things that are going on there. We will then move to Q&A and Chris Callero will join us on stage for that.

Highlights

Let us look at the highlights:

- Organic revenue growth from continuing operations was up 8%. For the full year the breakdown is 8% in the first half and 7% in the second half. What was most pleasing is that the growth came from all regions and all global business lines.
- Margins moved ahead 40 basis points, which is certainly a function of the revenue growth, in part, but also the quality of that revenue. Let us not forget that we have continued to invest for growth, mainly through the P&L and still achieve that improvement in the margin.
- Strategically, our global growth programme continues to deliver well. We completed the acquisition of our minority partners, the Serasa minority, in Brazil. We also made a few strategically important acquisitions as well.

- In terms of shareholder returns, we are happy to announce an increase in the full-year dividend today of 9% to 34.75 cents, as well as a new share repurchase programme, which will be our second one, of \$500 million, having ended the year comfortably within our net debt to EBITDA target range.

Eight-year performance trend

Looking at the longer-term track record, it has been another year of great performance:

- Headline revenue was up 10% at constant currency.
- EBIT was up 13% at constant currency.
- EPS was up 9% at actual rates.

May I just pause here to point out that over the period of this chart, starting from 2006 when we became an independent public company, revenues have almost exactly doubled, profits have almost exactly doubled and the dividend has precisely doubled, as our Treasurer, Antony, pointed out the other day. We feel good about that and that is testament to a lot of investing, to vertical expansion and to the diversity of the portfolio, but most importantly to 17,000 talented Experian people who are committed to delivering on results to you year in and year out.

Cumulative cash flow since demerger

It is worth reminding ourselves that one of the most enduring qualities of this business is that in terms of our real earnings we produce a lot of cash. Indeed, since the period from demerger, we have produced over \$5 billion in free cash flow.

3. Market Dynamics

Structural drivers of growth

We are fortunate enough to have structural drivers of growth in many of our markets and it is worth just reminding ourselves of that.

First of all, increased regulation has been put upon most of our clients, especially in financial services and other regulated industries, around capital adequacy, transparency of the portfolio and knowing your customer. You may have noted in the FT today a great example of that where the US regulators are asking Fannie Mae and Freddie Mac to disclose a lot more about the quality of the insured loans in their portfolio. This plays right into the hands of Experian.

There is new vertical progress with clients increasingly trying to figure out what to do with all of their data and how that can help them understand their customer, find their best customer and manage lifetime profitability. Again, this explosion in data is creating the need for so many new tools, insights and consulting, which is something we have done for a long time.

Finally, the consumer increasingly wants to control their own data, understand it and make sure they know who else is using it for the right and, unfortunately, the wrong reasons.

Experian regional performance trends

Against that backdrop of good structural supports, we have been able – along with deploying our own strategies – to withstand some fairly lacklustre trading conditions in parts of the world.

On the positive side, North America and the UK are doing very well at 7% organic growth and 5% organic growth, respectively, last year. That is partly a result of good vertical markets focus and on the strength of these consumer-facing businesses that we have in Consumer Services.

We have had a little bit of a tough time in Latin America in the back half of the year, especially with banks not lending to the extent that they had been. However, Latin America feels much better to us as we start the New Year. Our progress was due to vertical markets expansion and bringing a lot of new products into Brazil from other parts of Experian.

In Emerging Europe we are investing more and we are also in good shape. Of course, that offsets the known challenges.

4. Strategy Update

Global growth programme

Our global growth programme continues to be a big contributor to our overall organic growth rate. In fact, 4% of our 8% growth came from the global growth programme, which was a bit ahead of our own expectations.

On this chart you see a list of some of the initiatives – there is a total of 20 in the global growth programme – and these are listed from highest impact to lowest impact. They all move the needle or have the capability to move the revenue growth needle.

It goes without saying that fraud and identity management follows an unfortunate global trend for consumers. Again, it plays into Experian's expertise.

We have won big in the telecommunications vertical this past year with new client mandates from Vodafone, Telefónica, Turkcell, and many of the large telcos. Then we move down to things like pursuing the affinity distribution channel in our Consumer Services business. PowerCurve, which is the Decision Analytics software suite, has been going extremely well for us too.

We have reached the point with the global growth programme, after around four years of having it as a key part of our organic growth strategy, where it has become just part of our organic growth strategy. From here on out we will probably not be

highlighting the contribution from the global growth programme because it is just part of the way we do business these days.

Areas of reinvestment

In terms of what we will be focusing on this year with investing for growth, we will keep investing where we have been winning. We will be deploying additional sales resources to move the public sector, healthcare payments in the US and automotive businesses forward even more aggressively than they have been.

Geographically, we will be focusing more resource on Turkey and Russia.

Product-wise, we have great things coming out of our data lab, which is our innovation centre you have heard Kerry Williams speak about. We will be focusing on globalising or global distribution of a lot of the great things coming out of the data lab.

5. Update

Credit Services

In January, if you were able to attend our Investor Seminar, you would have heard our four global business line leaders present fairly detailed strategies for growth about each of their own businesses. I am just going to run through them here quickly and give you an update.

You would have heard Kerry Williams talk about his five-point strategy for global Credit Services, involving new sources of data, such as rental payments in the US and UK, utility payments and positive data in Brazil. Technology is a central part of that strategy, involving both our new mid-tier standardised credit bureau platform that we call NextGen, as well as a platform that sits alongside it called global value-added products (GVAP). The combination of those two systems allows us now to expand geographically and accounted for the successful launch of our credit bureau in Australia a couple of months ago.

We are also focusing on specialised credit and risk offerings for vertical markets.

Decision Analytics

You would have heard Joy Griffiths talk about her strategy for Decision Analytics. We have been sharpening our market-facing approach to Decision Analytics, but we have also been solving some of our own issues, such as delivery, by trying to get a lot better and slicker at installing these big, industrial-strength platforms for the clients who need them and supporting them better. I am talking about PowerCurve, our newish suite of software. In January, we told you we had about 30 PowerCurve software wins; we have 45 to report now. We have even surprised ourselves with our success there.

We made an important bolt-on acquisition a couple of months ago in Decision Analytics. We acquired a company that provides a software as a service (SAAS) offering. Those mid and smaller-tier clients, who would prefer to access loan

origination and account management offerings in a SAAS environment, are now able to do that.

Marketing Services

You might remember Matt Seeley speaking to you about the cross-channel marketing strategy. It is less about the person these days and it is more about being able to find them in whatever channel they prefer to be dwelling in at the moment, and reaching them with the right message in the right channel. We have made a lot of progress there. We acquired a company, during the year, called Conversen that gave us the market-leading technology enabling us to become truly cross-channel. We have been getting a lot of customer wins from the combination of what we had before and Conversen, and the pipeline looks very good as well.

Consumer Services

Finally, in Consumer Service, we have been very aggressively pursuing this affinity approach; we have had several affinity client wins in the US and one in the UK with the UK pipeline looking good. More importantly, we are also focused on delivering more value to the CreditExpert customers that we have here in the UK and in the US by bringing new offerings to them, such as the score planner that allows them to see what is happening with their credit score, based on changes they might make to how they handle their own portfolio of credit.

Finally, we are piloting these services now in Brazil, Colombia and South Africa, and we are looking forward to additional geographic expansion. Additionally, we are very focused on improving retention in service, which has a massive effect on profitability.

6. Summary

In summary, we have had favourable structural drivers in not all but in some of our markets. Layered on top of that has been a good understanding of what it takes to grow this business. There had been good execution on those plans. Now there is a shifting of our growth focus to the customer and deployment to getting it right in terms of how we go to market, what products we combine in specialised propositions, how we deliver software and how we take cost and put efficiency into that. That equation is very important.

Again, I would just note that we were very pleased to see the progress so balanced across geographies and across all four of our global product lines.

Financial Review

Brian Cassin
Chief Financial Officer, Experian

1. Introduction

Good morning everybody. I am very pleased to be here to present another good set of results, which demonstrates consistent delivery against strategy.

I am going to take you through the results. I am also going to talk a little bit about the capital allocation. Remember that, as we go through the presentation, all of the growth rates down to EBIT are stated at constant currency.

2. Financial Review

Highlights

Let us recap on some of the key metrics for the year.

- Total revenue growth was 10% and organic revenue growth was 8%.
- We had a very pleasing improvement in operating margin with a progression of 40 basis points, which translated into EBIT growth at constant currency of 13%.
- We had a big FX headwind this year from the Brazilian real, which was about 5%. At constant rates at PBT level, we were up by 12% and EPS was up by 14%. You can see the EPS impact there at actual rates was 9%.
- We had another good, strong year on cash flow and we delivered 94% conversion of EBIT into operating cash, which was ahead of our target of 90% for the year.

Revenue and EBIT by geography

Looking at the performance by region, as Don said we have had progress in all of our regions.

- North America enjoyed organic revenue growth of 7%, with strong performances from Credit Services and Decision Analytics where a lot of our investment initiatives are starting to make quite a material contribution.
- We are very pleased with the performance in Latin America, which came in as expected with mid-teens growth even against some of the headwinds that we faced in the Brazilian economy last year and also against tough comparables, in some places.
- In the UK and Ireland and EMEA/Asia Pacific, we still posted decent growth given the difficult economic backdrop in both of those regions.

- The total revenue growth was 10%, which reflects acquisition contributions mainly from Computec, 192business and Medical Present Value.

The margin progression of 40 basis points was slightly higher than we expected, thanks to a fairly strong finish to the year. All of this translated into EBIT growth at constant currency of 13%.

EBIT margin by geography

Let us take a closer look at the drivers of margin in the year.

- We had strong revenue growth in Latin America and North America, which gave rise to the biggest margin contributions.
- It is also very pleasing to report margin progression in the UK and Ireland, which came largely from Consumer Services but also Credit Services.
- We had one drag in the year, which was EMEA/Asia Pacific, where we have a number of moving factors in that number, which includes some contraction in revenue in continental Europe, as well as some of the investments that we are making in places like Australia and India. We do anticipate a further ramp in EMEA/Asia Pacific in the investments where we are scaling up our investment in the Australian bureau and also investing in places like Russia.
- After a small adjustment for central/mix we come to the overall margin for the year of 26.6%.

Credit Services

Let us move on to look at the performance by segment. Credit Services had a great year.

- North America was very strong. We had strong growth in all of the segments. Automotive and healthcare saw double-digit growth. Business information is enjoying great success with BusinessIQ. We are benefiting from a good performance in consumer information, which was also helped during the year by some contribution from mortgage.
- Organic growth in Latin America was double-digit at 12%. We did see some slowdown in the Brazilian economy and we did face a tough comparable, particularly in Q3. However, we have made great progress across new verticals during the year and we finished the year very strongly in Brazil. We also had a very positive contribution from Computec, with growth rates in excess of 20%.
- In the UK, as we referenced at the half-year, we have seen a slight improvement in Credit Services or improvement in conditions. That did translate into a slightly better performance in H2, so we have seen a pick up in that business helped by the investments that we have been making there, replatforming the bureau and a lot of new products and new data.

- For EMEA/Asia Pacific, performance represents quite a mix with strong growth in places such as China and Singapore offset by weaknesses in some of our European markets.

Decision Analytics

We have had a story of strong growth in North America and Latin America throughout the whole year.

- Much of the growth in North America has been driven by our new products in fraud and identity and some of the significant contract wins we have had in public sector.
- In Latin America we have had very strong growth for the whole of the year from a lower base. We are starting to get quite a bit of traction on some of our major software installations there.
- While the UK was flat for the year, we did see an improving trend into the second half, and we have good activity in our pipeline in the UK today.
- EMEA/Asia Pacific had a tougher year, but we did see an improvement in conditions in the second half. Therefore, we have made progress and we are taking quite a lot of action to reshape that business.

The decline in the margin was due to revenue contraction in EMEA/Asia Pacific, coupled with growth investments in some of our newer markets like Russia and Turkey.

Marketing Services

- In North America we saw an improving picture, especially in data quality and also in the continued shift to cross-channel marketing.
- Latin America continues to grow very strongly as we leverage Experian capabilities in that region.
- The performance in the UK reflected the macro environment.
- We had good growth in EMEA/Asia Pacific, but conditions did get tougher in continental Europe in the second half. We expect those tough conditions to continue into the first half of the new year.

Overall margins in this segment were down slightly and that largely reflects adverse acquisition mix from the acquisition of Computec.

Consumer Services

It was another fantastic year for Consumer Services.

- In North America we had good growth in the affinity channel and also in data breach. We did have some pull back in the affiliate channel where we took a

proactive decision to temporarily stop acquiring customers, which we called out to you in Q3.

- In the UK, the growth was outstanding and the growth continued very strongly into H2 and ended the year at 26%.

Overall, a positive operating leverage in that business from revenue growth has given us a good margin improvement of 180 basis points during the year.

Group benchmark earnings

- Our total EBIT was \$1,253 million, which gives us growth in actual rates of 7%. Net interest was \$58 million, largely reflecting the additional debt from the Serasa minority buyout.
- That gives us benchmark PBT of \$1,195 million, which is up 6% at actual rates. The benchmark tax rate was 25.3%; it has increased modestly from last year as a result of growth in our higher-tax jurisdictions.
- The reduction in the non-controlling interest charge also reflects the Serasa minority buy-in, which takes us to benchmark earnings of \$847 million, which is up 9% at actual rates. As I said earlier, on a constant currency basis, benchmark earnings growth was 14% for the year.
- Benchmark EPS was 85.7 cents, which is up from 78.9 cents last year. We continue with the 40% dividend payout ratio, so the dividend per share is also up 9% at 34.75 cents.

Cash flow performance

- We had a very strong year, converting 94% of EBIT into operating cash.
- Our capex was \$460 million, which was slightly lower than we guided to you for this year.
- Depreciation was \$329 million.
- Net working capital was \$49 million, which gives us an operating cash flow of \$1,175 million.
- Net interest paid in the period was \$68 million.
- Tax paid on continuing operations was \$162 million, which represents a cash tax rate of 14%.
- Finally, we had dividends to minorities of \$54 million.
- Which brings us to free cash flow of just under \$900 million. That is a cash flow conversion rate of 105% benchmark earnings.

Net debt reconciliation

- We started the year with \$1.8 billion of net debt.
- As mentioned, free cash flow was \$891 million.
- We spent \$1.5 billion on the Serasa minority buy-in and we also had some smaller acquisitions during the year.
- Our net share purchases during the year were \$180 million.
- We had dividends paid to shareholders of \$322 million.
- Our closing net debt was \$2.9 billion.

3. Capital Strategy

Our framework

Let me start by just reminding everyone of our priorities for capital allocation. Our aim, as always, is to strike a balance between balance sheet prudence, funding our growth plans and returns to shareholders. We have a target net debt to EBITDA range of 1.75-2 times, which is consistent with a strong investment grade credit rating, as we will periodically access the bond markets.

Once this is satisfied, our main priorities are to invest appropriately for growth, be that through the P&L, through capex or through acquisitions. We use the strategic planning process to prioritise effectively, discipline ourselves and deliver appropriate returns on investment.

We deliver returns to shareholders through payment of dividend and Don referenced the doubling of the dividend since demerger. Today, we are announcing a share buyback of \$500 million as part of that programme.

4. Investing for Growth

Cost efficiency and reinvestment programme

As you heard from Don, we are also making significant P&L investments through the growth programme and the cost efficiency programme, which we announced at the November interim as part of that. This is aimed at maximising the potential of some of our most promising initiatives.

Our original plans are on track, although the charge recognised in this financial year was \$54 million and lower than anticipated. That is mostly due to phasing and we expect to make up the balance for that charge fairly early in FY14.

Expectations for the savings from the programme are unchanged, and two-thirds of those savings will be reinvested for growth in the business.

Capital expenditure

Let us turn to capex. This chart sets out capital expenditures of percentage of sales over the last four years and total expenditure by line of business.

As most of you know, as a proportion of revenue, we have seen an increase in capex from just under 8% to about 10%, because we have invested in a number of major initiatives to support the growth.

In FY13, capex growth was very modest at 2%, although there was some benefit from FX in that. Therefore, on an FX-adjusted basis, it was slightly higher. You can see that the growth rate is moderating as we reach the peak of some of our major capital investments.

The major part of our capital expenditure is in support of Credit Services and comprises roughly two-thirds of the spend. This supports expenditure on data, servers, mainframes and such like, as well as some of the incremental expenditure that support the strategic initiatives you heard about, in particular, from Kerry in January. They include things like the UK credit bureau replatforming, new sources of data in Brazil and the development of new bureau platforms, such as NextGen and GVAPs. The remaining third of the capital expenditure is in support of our other three business lines.

Capital expenditure by type

Let us complete the picture on capex. The chart shows the split of expenditure by type. Almost half of our expenditure in FY13 was on maintaining and augmenting our data assets. About a quarter was on tangible assets needed to keep the business running, such as servers, mainframe and additional storage. About 30% was on software, which includes investments that we have made in internal systems, as well as new products to support future growth.

For FY14, our current expectation for capex is between \$470 million and \$490 million, so an underlying FX-adjusted basis to growth is relatively modest.

5. Capital Strategy

Leverage and returns

As I mentioned earlier, we finished the year with a net debt of \$2.938 billion, which is a ratio of 1.86 net debt to EBITDA, which is roughly in the middle of our target range. This is slightly better than we had anticipated. We had a strong cash flow performance in H2 and, as I mentioned, came in at 94% conversion for the year.

We do expect cash flow conversion to be strong in FY14 and, as a result of that, we have decided that we are going to initiate a share buyback programme of \$500 million, subject to performance. However, our intention is that we will hit that target in FY14. Of that number, about \$160 to \$170 million would be used to satisfy employee share schemes that vest in FY14.

6. Outlook

Other modelling considerations

We expect that in the first half of the year our margins will be flat or thereabouts and this reflects the recent pattern of seasonality and also the phasing of some of the investments in the business.

For the full year, we still expect margins to progress and we are expecting modest margin improvement for FY14. We expect net interest in the year to be between \$80 million and \$90 million; this includes the impact of our planned share buyback programme, and also a \$6 million reduction in the pension credit, primarily as a result of the IAS 19 adoption. We expect our benchmark tax rate to rise to between 26 and 27%, which reflects growth in higher-tax jurisdictions.

I would point out that our cash tax rate is expected to be broadly flat, year on year.

7. Financial Review

Financial summary and outlook

Summing up, we are very pleased with these results. We have delivered strong growth in FY13, high single-digit organic revenue growth, good margin progression and strong cash flow performance.

Looking forward to FY14, we expect mid-to-high single-digit organic revenue growth for the year and we also expect the growth rates in the first half to look similar to the growth rates that we experienced in H2 of this year. As referred to now, we expect modest margin improvement for FY14. Again, we expect strong cash conversion of at least 90% for the year.

Spotlight on UK and Ireland

Craig Boundy
Managing Director, UK and Ireland, Experian

1. UK and Ireland

A growth story

Thanks very much, Brian and Don. It is a real pleasure to be here this morning to get a chance to talk to you about our UK market story.

It is important I start with a summary. We are the UK market leader and we are really proud with the results we delivered in FY13. In a business of almost \$900 million, we managed to deliver 5% organic growth, despite what has been a lacklustre economy.

Five trends that are shaping our market

If we go back to some of the structural drivers that Don talked about, what is it that is helping shape our markets and how do those particularly apply here in the UK economy? We talked about the data explosion. Of course, there is a data explosion; it is fairly well documented. What is important is how people manipulate that to gain great insights.

Alongside that is the need for better intelligence in the way you manage your customer engagements, you win new customers and you maintain them. It is a sad fact, but fraud is increasing at all points of interaction, and people – consumers and businesses alike – look for a trusted source like Experian.

The fourth and fifth trends combine together to talk about the changing environments of the consumer, the complexity of marketing to consumers as they look to engage in a range of different channels and, at the same time, consumers' growing awareness about the need to control their personal data and how it really impacts them. What does that mean for us? It starts with how we have been investing to think about these trends and help them drive our growth.

Creating real insights from the data deluge

We have had a programme of quite significant investment.

First of all, you have heard Don and Brian mention the replatforming of our credit bureau. Also, we have brought new products, like BusinessIQ, from the US over here to the UK and tailored them to the marketplace. We have also implemented the GVAPs platform that Don mentioned earlier. We have built a bespoke platform for serving insurance more effectively as that market changes. We have been deploying the PowerCurve platform and launching new marketing service platforms, most recently with the acquisition you heard earlier about Conversen. Most of the

business, at some stage over the coming year, will have been replatformed and new technology will help us continue to grow the business. Why does that matter?

Replatform of the UK credit bureau

Let us talk about this replatforming of the credit bureau. What does that really mean? It means that we have invested in technology. Why does that matter? It matters because it helps us run our services more efficiently. It helps us tie more data, effectively, to businesses or consumers and therefore helps people make better decisions with the data that we give them. Effectively, this is one of the reasons why we have a market-leading position and I am confident we will continue to maintain that market-leading position in Credit Services. It is all about the efficiency and effectiveness with which people can run the services. It also helps us launch new products.

Example: Rental Exchange

Don mentioned the Rental Exchange. What is a Rental Exchange? We know there is a changing demographic moving from home ownership, in the UK, towards a larger proportion of the population renting. Typically, our data would only have held information on people that are homeowners with their mortgage payments. As times change, we need to hold data on their rent. For example, are they a good rent payer? This is a very good predictor of how things will go in the future. As the left-hand side of this chart demonstrates, this helps us enhance our products. An example of how that product might be enhanced can be seen in the fact that we have created bespoke scores to help insurance companies make better decisions, because they know about both home ownership and rental. It also lets us enter new markets. For example, a market might be helping a telecoms company providing a mobile phone contract know who somebody is. That is back to the 'know your customer' point.

These increasing sources of data take advantage of technology investments we have made and the demographic shifts in the market place. It is one of the drivers behind the market-leading position we hold in Credit Services, but also why we have been able to get the business back to growth. Hopefully that starts to illustrate why these technology investments really matter and actually make a difference both to our growth rates and to our customers.

Helping businesses market more effectively

As you move into Marketing Services, we talk about how businesses need to understand and profile who their best customers are. Of course marketing has changes in technology and changes in demographic, but probably the most important change is the impact of data. That is exactly where we play into how marketing really works effectively. Once you have identified and profiled who your best customers are you need to find more of them. Once you find more of them you need to find the right way to engage with them.

An example: Channel 4

It sounds fairly obvious, but let me try and bring it to life with a real example of work we did for Channel 4 recently. Channel 4 has an on-demand online platform, 4 on Demand, which is how people can go and watch the television online. At the beginning you are served an advert. They wanted to make sure that those adverts were targeted very specifically and with the provision of our data we helped them create what they call a 'big data pool'. That is a pool of information about all the people watching the television to make sure that they serve them the right advert. It is another way of finding the use of our data assets and our good technology investments to cause and drive growth.

Driving customer acquisition and retention

In the UK, as you have heard and probably seen from our numbers, the star of the show we are very proud of is our growth in Consumer Services. Our primary product here is called CreditExpert, which helps consumers manage their personal credit situations. Over time we have been enhancing the product. As a result of enhancing the product we have seen more new members and we have also seen members stay for longer with us.

One example of an enhancement we have done is giving all consumers access to the DataPatrol product. DataPatrol is something we bought when we bought Garlik and it helps consumers protect their online identity. Not only are we now helping to manage their personal credit situations and decisions more effectively, but we are also working in to helping them manage their online identity more effectively. These continued enhancements of the product help us to maintain members for longer and also to win more members in the market place. We find ourselves positioned just at the right time: consumers are really getting a great understanding of what this means and we have the market-leading product that we are continually enhancing that is helping us to drive the growth.

Investing for growth: improving business performance

As I bring this short spotlight back together, I really would say one of the reasons we have managed to grow the business is that we have made some good investments that have helped support the growth. This is why we find our Credit Services business on an improving trend; this is why we find our pipeline in Decision Analytics, which I have not spoken about much as we have gone through, improving, and look forward to a good year. We find the good investments we have made in cross-channel, with examples like Channel 4, leading us to see Marketing Services perform well despite the macroeconomic climate and on a route back to growth. Of course, we are also ideally placed in Consumer Services to take advantage of what is going on in the market place, with the market-leading product and consumers getting better understanding of their data; we will continue to enhance that product.

How we've been growing and why we'll continue

It was a great year for us. We are incredibly proud of the performance. I am incredibly proud of the 3,500 people we have in the UK and the contribution they

have made to our business. The new platforms we have invested in help us make sense out of the data explosion. They help businesses manage their customers effectively. We are part of enabling this change you hear about to cross-channel marketing and you probably even experienced it personally. We of course have the leading consumer service in the UK market place at a time when we are going to see continued growth. It is a diverse business with a good balance to it, with 3,500 great and talented individuals. It has been a real pleasure to get a chance to talk to you today about those results and I look forward to another good year.

Questions & Answers

Don Robert

Thank you, Craig. That was a great story and it is a story of investment: investment for growth, but also substantial investment for innovation that drives growth. In conclusion, I would just like to re-state the obvious. It has been another great year for Experian. We have met or exceeded our financial targets and made excellent progress against our strategy. We have entered new geographies, expanded into new vertical markets, brought a lot of innovation to the market place. All of this is helping to drive us towards our goal of long-term sustained premium growth. We have started the year positioned very well to have another very successful year in FY14.

I would also just say that I am personally both humbled and proud to lead such a talented management team that makes all of this happen. I am also deeply grateful to 17,000 people around the world who come to work every day just wanting to win. With that, I will invite Chris to the stage for Q&A.

Andrew Ripper, Merrill Lynch

In terms of the exceptional items and the restructuring – Brian obviously put a slide up with the numbers on it – I was wondering if you could talk to us qualitatively about what you are doing within the business, both in terms of the \$40 million you spent on redundancy in this financial period and what you are going to be doing in the current financial year. Where have you made changes?

Don Robert

In other words that is accountability for the restructuring charge. That is a great question for you, Chris. You are Mr Accountability.

Chris Callero, President and Chief Operating Officer, Experian

First and foremost, we established the initiatives within the restructuring programme with appropriate levels of return. We pretty much use our project management methodology to manage the efforts through. Brian probably mentioned that 80% of the effort revolves around redundancies and the balance of which asset write-offs. As we introduce and execute those initiatives we look for ways to continue to further develop efficiencies. Again, the broader issue at hand is how we bring that back to generating more growth. As Brian said, two-thirds of the savings are coming back in the form of growth and those feed our growth programme and other initiatives we have within the businesses to grow.

Don Robert

It might be worthwhile just giving a quick reminder of the main parts of the restructuring programme – what we were targeting to restructure for growth.

Chris Callero

I can start and Brian can fill in. Largely, we look at things such as more efficient ways to deliver products and services like near-shoring and off-shoring; we look at product performance; we look at product and service performance for opportunities for improvement; we look at under-served aspects of our business, how we can become more efficient with that; we look at consolidation and elimination of layers of management; we look at geography. There is a whole range of activities that get looked at with respect to this, along the lines of underperforming data assets that are not monetising. Maybe there are a couple of things that Brian can fill in.

Brian Cassin

I think Chris has captured it. The large part of it is in off-shoring and near-shoring activities, rationalisation of layers of operation, some technology consolidation and some facilities consolidation. The asset write-off part is a minor part of the programme, as we referenced when we did it in November. Most of the charge is going to be cash. You will see the non-cash part of it taken up front as usual; the rest of it will come through in FY14.

Andrew Ripper

As a follow up, if we look at the returns across the regions we can see the margins but not the return on capital. I appreciate in Europe/Asia Pac you have a combination of more strain from the bureau start-ups plus difficult trading in continental Europe. Are you more focused on that region, given where the returns are and the repositioning of the business or is the restructuring basically across the board?

Don Robert

I would say a slightly disproportionate amount of the restructuring capital has gone to that region. That is disproportionate in relation to its revenues at the group level. That is where a lot of the restructuring needs to be done, especially shifting resource from parts of the eurozone, where we have little chance of winning short-term, to the east, where we can win. The same thing would pertain to Asia. Andrew, you also mentioned the investment in bureaus. Both India and Australia are still consuming a fair amount of resource, so it is everything. I would say there has been a lot of very hard work done in EMEA in particular.

Andrew Ripper

Finally, thinking about cash flow for 2014, what are you expecting the cash cost to be in relation to the reorganisation? You referenced cash tax at a similar level to 2013; I am just wondering, in terms of PriceGrabber where in the cash flow will we see the cash benefits still to come?

Brian Cassin

Just taking the tax one first, we expect the benchmark cash tax rate to be broadly similar in FY14 as it was in FY13. This year we had quite a big benefit from the discontinued activities with PriceGrabber, which took us down to an actual cash tax paid of about 6%. We will have another benefit next year and it will take our benchmark cash tax from mid-teens down to below 10%. There is a good \$60 million or so benefit coming through again next year.

In terms of the cash charge, we expect the full amount of the charge will come in FY14. Therefore, what we did not do in cash in FY13 will come through in FY14. From the point of view of modelling that out, the cash benefit that we get from PriceGrabber will probably actually offset quite a lot of that.

Robert Plant, JP Morgan

How did the review with the new US consumer regulator go?

Chris Callero

First of all, the Consumer Financial Protection Bureau (CFPB) is the new regulator being referenced that we are all very well familiar with. We have had a first phase review with the CFPB. The results of their first review are pending; we expect to get a status later this year. Their results are also confidential between us and them, so they will not be made public. They continue to look at other areas of the business to examine and that will occur over the balance of the year. The way that you should be thinking of it is that it is an ongoing regulator we have that is part of our business and part of a lot of the clients' business that we serve. That is pretty much the relationship. I would also like to mention that good policy, good practices and good processes are good business.

Robert Plant

Would you still expect a \$10 million incremental cost from regulation?

Brian Cassin

Yes, I think it will be in that range. We have had a bit of cost impact us this year from that. We told you in Q3 we are expecting about that level of additional cost, but we will absorb that and that is included in the guidance we have given to you.

Andy Chu, Deutsche Bank

Can I start by just asking around the US the contribution from business information and maybe have some facts and figures around BusinessIQ and BusinessIQ Express in terms of growth rates?

Don Robert

Chris, do you want to take that and also maybe touch on the global data gateway? That is an interesting one.

Chris Callero

There are three aspects to this. First, on BusinessIQ we are up to about 14,000 clients right now generating very good growth. It is very strong in the US and up-and-coming in the UK. We launched in September of last year; have reasonably decent adoption going on there and we have prospects going forward to find the next logical country to take that capability.

In terms of the BusinessIQ Express, this is a small, packaged up and very discrete product set. There we primarily look for good partners to be our distribution sources. That is people that have maybe agencies or relationships with hundreds of thousands of small businesses. That is in the early stages and I cannot give you any big facts on that other than to say we have nice traction; we are continuing to manage it and monitor it. Progress thus far from the product itself and the feedback from the clients that are using it is good, so we have good prospects in our sites with respect of that.

We talk about the global growth programme and every year several of them roll off or go into business as usual, and a few new ones come on. The global data gateway that Don referenced is a new one that is under concept development at present. It is something that we are expecting to launch this year. This is something, from the standpoint of unifying for a business customer, other trading partners or wherever, that we can provide unique identification to forge those relationships.

Don Robert

Do not say anything more.

Chris Callero

Thank you.

Andy Chu

Is it possible to give a flavour of the size of BusinessIQ in terms of revenue and growth rates?

Brian Cassin

I do not think we call out the size of BusinessIQ as part of BI. What we have told you is we expect BI North America to be double digit. You may recall that in the first half we did not achieve that; we were actually slightly negative, which we were disappointed with. We have improved a lot in the second half. We came in double digits with BI in the second half, so we are back on track and performing well.

Andy Chu

I just have a final question on LatAm. Obviously there was a very strong Q4. Is it possible to give any sort of steer as to what FY14 might look like? You have obviously had quite a volatile second half in terms of that. Maybe firstly you could iron out why that volatility occurred across Q3/Q4. I know there was a comp effect, but maybe you could give some steer if possible as to how you see LatAm.

Brian Cassin

You are right: we did have some volatility. If we just track back to Q3, LatAm was really impacted by negative performance on Authenticate. We highlighted during that call that we still were achieving double digit growth in Credit Services LatAm and we were still achieving double digit growth in Credit Services Brazil. That has continued into Q4 and improved slightly. We did have a strong finish, but what I would say is that particularly in Brazil we had growth across all parts of Credit Services. There was not really any material difference amongst any of the business lines. That explains the volatility that we have had. We were pleased with the Q4 performance. Undoubtedly, we have seen a reduction in growth from the first half, which is what we expected.

As we go into FY14, our expectation for LatAm is that we will achieve probably low double digit growth. I do not think we will achieve 14%, which is what we did this year, but we should post a good level of growth there. If you think about how that is made up, we expect a good performance from Credit Services. We also expect a good performance from Marketing Services and Decision Analytics, both of which have been growing very strongly. They are obviously growing from a much smaller base, so they are posting much higher growth rates. We have also had a very strong contribution in FY13 from Spanish LatAm and Colombia. We expect that to continue to be a boost to growth going into FY14, but probably not as much as we had in FY13. That gives you an idea of how we see that and how it is constructed.

William Vanderpump, UBS

I have two questions. On Brazil specifically, you have referenced the August deadline for banks to supply data. I know the benefits are one to two years off, but what are the operational risks around that deadline in terms of slippage or any sort of difficulties you foresee leading up to that? Secondly, how sustainable is the excellent momentum in the UK Consumer Services business? I suppose the pricing benefit must start to ease off this year.

Craig Boundy

The important thing to think about with Consumer Services is that there is a continued and growing understanding of consumers of the power of their data. This leads them to want to buy the product. As we have the market-leading product, we continue to welcome new members who probably have not been anybody's client before. Therefore, there is a potential for growth as we create new market. At the same time, we are maintaining members for longer as we enhance the product and give more value and continually increasing functionality. Are we going to see the

growth rates continue at the incredible performance levels we have? I am sure they will slow down, but we will continue to sustain good growth there.

Chris Callero

On the positive data in Brazil, August this year is the key date for compliance whereupon the banks must comply with the regulation. One emphasising point I would make from an operational standpoint is one of the dominant keys to positive data in Brazil is the opt-in nature associated with the consumers. Consumers have to do something in order to opt in. Therefore, that introduces complexity and the like. Our effort right now is everybody is gearing up; we are all working together and working through the mechanisms for being able to bring the opt-ins into the credit bureau so that we can support those consumers. I do think it is going to be a long process; slow and steady is the way to look at it.

Don Robert

Chris, we are also finding that one of the biggest challenges is communicating to the average Brazilian consumer that there is a benefit in doing this.

Chris Callero

That is right. In fact, within our credit bureau, Serasa Experian, we have credit fairs; we have online portals; we have several hundred physical branches located throughout the country of Brazil. We see lots of consumers and thus far we have been able to get what I would consider to be a negligible number signed up for the positive data. It is just the nature of consumer behaviour – you can extend that thinking a little bit. That is going to make it challenging and if you were to actually look at the form that presently exists for consumers to opt-in, it is still a little bit of work.

William Vanderpump

So the risk is all around the consumer side rather than the banks.

Chris Callero

Where there is compliance there is always operational risk with the banks and with anybody that is in the path of the consumer's positive data.

Paul Sullivan, Barclays

I have a question following up on margin. You alluded to the additional regulatory costs, but could you perhaps give us a bit more colour on how those and higher depreciation, as that starts to come through in some of the Asian investments, weigh on margin this year? You also said the first half was flat. Does 'modest' really mean modest in this financial year? Secondly, on the new verticals you talked about the growth in auto and healthcare, but could you give us some idea how the pipeline in

some of the other areas like public sector, where you obviously had some good contract wins, and some of the other new verticals is looking?

Don Robert

We do not comment on pipelines, but it does take a big pipeline to fuel the kind of growth that we produce. What is most noteworthy is the commitment we are making to adding market-facing sales resources to these key chosen verticals. The ones that we highlighted were Government, healthcare, telco and automotive. We will continue to do whatever it takes to sustain the expansion of those verticals, which has been so important to the growth sustainability profile of the business.

Brian Cassin

I think the seasonality of the business is something that if you look back you can see quite clearly over the last few years. In the first half we had modest margin improvement with 10 basis points; we have obviously done much better in the second half. As we start the year, we tend to actually build our plans and take on board new sales people and new costs to actually achieve our targets for the year. Obviously you have got the full impact of that cost in the first half without the full benefit of that feeding through. We also do tend to have a slightly better performance in the second half. That tends to be the way the business is weighted. It is just the way it falls. We are just highlighting it here so that people do not expect that that margin improvement is going to come in the first half. It may do; we may do better than flat, but we just want to make sure that people understand that.

To your other point about CFPB, we have talked a bit about that. We have a relatively big increase in depreciation this year. That will come through, but again we are taking account of that headwind we have to hit when we guide to where we expect FY14 to be.

Ed Steele, Citi

I have two connected questions on Consumer Services. Could you give us a flavour on your vision for the North American business and the sort of growth rates you might be able to stabilise at once you have your affiliate issues sorted? I know the law of big numbers does pertain so you are not going to go back to where you were before, but do you think this could be a high-single-digit growth rate business? My second question is about Brazil Consumer Services. Are you in a position to share with us some of the thoughts from the pilot and perhaps suggest some possible timelines for rollout in Brazil?

Don Robert

Brian, I think we are comfortable with that kind of growth profile.

Brian Cassin

Yes, we did 7% in Consumer Services North America in the first half, so the affiliate pullback obviously impacted us in the second half. There is no reason why we cannot get there. You have to remember that we do have volatility from quarter to quarter. I would say that that affiliate pullback is probably proving a little bit longer to get back on track than we had anticipated. Quarter to quarter we may see some variations, but that would be a long-term sensible target for us. We obviously have great prospects in the Affinity channel that will help us with that.

Don Robert

Chris, do you have any comment about the very nascent business in Brazil?

Chris Callero

I would probably position it as a big initiative for us. It is something that we are working on. It is not something that I would expect to see in the very short run, but it is something that strategically we think is an imperative for the market place. We are giving it that kind of investment.

Don Robert

We do have a product that is producing revenue and we are advertising, but again there are structural challenges in that market around creating awareness.

Matthew Walker, Nomura

I have two questions. The first one is on margin. On your margin bridge you had had EMEA and Asia at 30 basis points. You mentioned investment in Australia and also in Russia. Do you expect for FY14 the drag to be a similar amount to what it was in FY13 from those regions? The second question is for Craig. On the big data pool, do you find the big ad agencies like Publicis and WPP coming to you to buy your data or do you see them more as competing to build their own data pools?

Don Robert

Do you want to wade into that, Craig?

Craig Boundy

The quick answer would probably be yes to most parts of the question. The slightly longer answer would be that what is happening in marketing is an increasing focus on how data is used. We work with all sorts of people in those engagements. We work directly with Channel 4, somebody who sells significant amounts of advertising space very effectively. We work with advertising agencies – and WPP would be a great example – who we might support to help them run their business more effectively and provide better insights. We work in every part of the value chain at a place where it is important that we are able to help people provide good insights. Then we use our

platforms to help execute campaigns more effectively. We find ourselves working with them and sometimes them working with us, and sometimes us working directly in competition as well. All elements of that are then engaged. The one thing we have is the strength and depth of the data that supports all of those engagements.

Don Robert

As to the other part of your question, the answer is yes. You called it a drag; I would call it the level of investment. In those emerging bureau markets it will be roughly similar this next year, but for different reasons. For instance, in Australia the cost now moves from development to sales and marketing. There is a lot of sales resource, sales leadership and marketing expenditure being created now to build the supply of data and the customer base.

Rajesh Kumar, HSBC

Could you please give us some colour on what the capex budget for this year is designed for in terms of data software, and also where you want to spend division-wise? That would be very helpful.

Brian Cassin

You are talking about FY14 – the guidance we are giving is 470 to 490. We have given you a split in relation to FY13. I do not really see it massively different from that. Data will continue to be the biggest part of our spend. We have had a big investment this year in tangible assets, which are really mainframes, servers and storage space. Just to give you some colour on that, I think Don referenced that we now have the fastest response times for any bureau, which makes a huge difference particularly in things like retail. That is a tangible output from some of those investments. We will continue to make investments in supporting the infrastructure of the business. I do not see any major change in the software component of that. I expect it to be broadly the same.

Don Robert

With that, can I say thank you again for joining us this morning? We will talk to you in July when we report on our first quarter.