

Experian plc

Half-Yearly Results

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Contents

Part I	Strategic and operational review (Brian Cassin, Chief Executive Officer)	Page 2
Part II	Financial review (Lloyd Pitchford, Chief Financial Officer)	Page 9
Part III	Spotlight on North America Consumer Services (Guy Abramo, President Consumer Business, Experian Consumer Services)	Page 15
Part IV	Questions & answers	Page 20

Part I: Strategic and operational review

Brian Cassin
Chief Executive Officer, Experian

1. Preamble

Good morning, ladies and gentlemen, and welcome to Experian's half-year results.

2. Agenda

This is our agenda for today. I am going to do a short presentation with a strategic and operating overview. Lloyd will then take you through the financials. Then we have a spotlight presentation on Consumer Services North America with Guy Abramo, who leads the direct-to-consumer business there. He is going to walk you through some of the progress that we are making in that business.

3. First-Half Highlights

Let us get started with some of the highlights. Last year, we set out our strategic priorities for Experian and we told you what our plan was for getting back into mid-single-digit organic revenue growth. Roll forward a year and I think you can see we are executing well against that; we are probably a little bit ahead of our expectations. Momentum is building in the business, and growth has stepped up as we have gone through H1. Our organic revenue growth in Q2 was 4%, and that was an increase from Q1, where we posted 3% growth. For the half overall we were at 4%, and that is a little bit sooner than we had anticipated, so we are very pleased with that. We are now back into that target mid-single-digit organic revenue growth range.

For the year, we said that we expected margins to be stable, so we have delivered on that for the half year. We expect that to remain the same as we go through the rest of the year. As we look across the results, obviously we have had quite a big impact from foreign exchange this year, and that has impacted our numbers, mostly down to the dollar strengthening against the Brazilian Real. That meant that reported revenue and EBIT were down overall.

That said, I think we have made great progress across many aspects of the business. We have got our growth back up to a good rate and we have also invested a lot more in some of our businesses: consumer information, business information, health, Decision Analytics; all of these businesses are posting really strong growth rates, so a good performance there. We have also seen some great improvements in Consumer Services North America, where the decline moderated to minus 5% in Q2. In addition, we said to you last year that we were going to concentrate and focus our resources, so we have exited some non-core activities, and we are going to continue to look at sharpening the portfolio as we go forward.

We are returning surplus capital, as we said we would, and today we announced an increase in the dividend and an extension to the share buyback programme that we announced earlier this year, as we recycle the cash receipts that we received from the disposals that we conducted.

4. Financial Highlights

As this slide shows, we have seen steady improvement, really, in organic revenue growth as we have moved through the last few quarters, and it has taken us to 4% for the half overall. At constant currency, earnings growth was also 4%, and, while the actual earnings were down due to FX, we also raised the interim dividend by 2%.

5. Strategic Priorities

Spending a minute on strategy, hopefully this slide is familiar to you from this time last year, when we laid out these priorities. I think we can now start to tick some of these boxes. We have completed three disposals of non-core activities: FootFall, Baker Hill and one of our smaller credit bureau in EMEA. We have some other small disposals in the works, so we will continue to do that and continue to evaluate the portfolio as we go forward. We have done a lot of investment in our key growth markets that we set out last year: health, fraud, business credit and many others. We have seen that in-year investment in the P&L, so that is helping to really protect our growth profile as we work through the next few years.

If you look across the business, we are making progress pretty much everywhere. In Brazil, notwithstanding a really difficult economy, our business is firmly in recovery. You can see that North America Consumer Services has also made a lot of progress and it is well on its way. We have also made a lot of progress in Marketing Services, but we still have some work to do there. I am going to come back to that shortly.

It is something that we do not spend a lot of time talking about, but we are also driving a lot of change and driving for efficiency in our organisation. We are doing that because we want to support P&L investment in the year, and that is exactly what has happened this year, with those efficiency savings being reinvested back in. They are coming in the areas of quality of service, improving the quality and accuracy of our data, changing how we interact with and treat our customer and an overall enhancement to the culture and the business.

As we look back on the year since we put that slide up, we certainly faced a few challenges, but I think we have risen to them, and we can see that our growth momentum is picking up. Our emphasis internally is moving away from fix and more into securing the long-term growth of the business.

6. Regional Update

North America – Credit Services and Decision Analytics

Let us go through some of the key trends by region and start with North America. The market conditions for Credit Services and Decision Analytics remain very strong. We see banks actively looking for new customers and the marketplace there is changing, as are consumer habits. The regulatory environment is tougher and the risk of fraud has never really been higher. We are seeing a much more complex environment and clients are really looking for companies like us to partner with, to provide solutions to help them navigate through that.

That is really where the strength of Experian comes in, when you look at the breadth of portfolio and products that we have. Our strategy is focused on a closer integration of all our capabilities, like data, analytics, software products from across the whole organisation into comprehensive solutions that address the challenges that our clients

face. It is something that our competitors will find difficult to replicate, and that is where we are focused. Internally, we call this 'One Experian', and it is a big push for us. It is an opportunity for us to do much more of this enterprise-wide selling, and we are starting to see this in a lot of our jurisdictions. These integrated solutions are across most of our verticals: banking, fraud, identity management or targeting new customers. It is also a big part of how we are winning today and a big part of how we intend to win in the future.

North America – Health

Health is a great success story. The business is performing extremely well. I think you are all aware; we have talked to you a number of times about the market dynamics there, but healthcare in the US is expanding at a rapid rate. It is getting close to being 20% of GDP now, and that creates a very strong market backdrop for our products and services.

Today, we are very focused on revenue-cycle management, which essentially helps hospitals and physician practices get paid for the services that they provide. It is a SAAS based solution. It is embedded within the core patient management systems and it helps the healthcare providers from the moment a patient has scheduled an appointment. What our products do is to automate many of the processes involved in that interaction, such as ensuring that people have the right insurance eligibility, managing payment from the payers, all the way through to patient collections. It is that breadth of capability which gives us a key competitive advantage in this business.

Our products are in roughly 50% of US hospitals and we are seeing steady expansion in total contract value. When we bought Passport two years ago, we were selling on average about two products per installation; that is up to five to six products today, so quite a lot of progress. When we look at where the growth is coming from, it is roughly 50/50: 50 from new installations and the other 50 from existing clients. Our trends in the business are still very strong: booking are strong and we are adding resources to keep up with the pace of implementations.

We also have some additional initiatives in healthcare, which can extend our growth prospects even further. We are adding additional products like Precise ID and FraudNet to address these opportunities. In time, we can see that there are adjacencies close to revenue-cycle management where some of the products in the existing Experian portfolio can play really well in the health space. Some of these will be in areas like fraud and risk management, but also in population health and industry benchmarking. We think that the trends in healthcare are playing out really well and place us very well, because there is an increasing need to use data and analytics within the hospitals and physician practices, and that really plays to the strengths of our organisation.

North America – Consumer Services

We are very encouraged by the progress that we have made in this business. We are growing Experian.com, which is the premium membership product. We have also created a new position in the freemium space with a totally free offer, using the freecreditreport.com brand, and we are starting to see that the Affinity clients are beginning to return to marketing. As a result, our progress was great in Q2; the decline reduced to single digits, so we are really pleased with that outcome.

Guy is going to take you through this in a bit more detail, but we wanted to talk to you a little bit about the prospects we see in this marketplace. What we see is that consumers are looking for help in lots of different ways, and that actually creates quite a large addressable market for us in our business and many segments for us to address. That covers premium credit monitoring, identity protection, free lead-generation products, all of which create a large segment for us to address. There are other areas such as consumers who currently pay for credit counselling and advice.

It is not just about credit reports and scores anymore. The key to our success in this business is going to be, within our organisation, unlocking the data, tools and products that we already have, marrying that to the core skills we have in the organisation and consumer marketing and our investment in consumer engagement. That is how we intend to drive the strategy of that business forward.

We are only really in the first stages of this, but our objective is to achieve a new level of engagement with consumers. The business will become a multi-tiered consumer business, and that will take us well beyond the traditional boundaries, more towards a consumer-centric model, where we can deliver ever more value. That is the direction of travel that we are firmly set on in that business.

North America Security Incident

Before I move off North America, I want to touch on the recent security incident with T-Mobile USA. I think you are all aware that, in early October, we announced that we had a data breach in one of our businesses, in Decision Analytics in North America. It involved the theft of T-Mobile data. Notably, it was not the consumer credit database that was accessed. It was nonetheless a very unfortunate and regrettable incident, so I just want to recap on the actions that we have taken since that incident:

- We have now notified the 15 million consumers that were impacted and we have offered them complimentary identity monitoring and resolution services.
- We took immediate steps to strengthen our security systems and we are working with US and international law agencies on the criminal investigation.
- We have proactively engaged with our major clients to assure them that the breach was limited to T-Mobile data and we have not seen any quantifiable impact on revenue.
- We do not expect the financial consequences of this incident to be material, but we are making a provision for non-recoverable expenses, and Lloyd will take you through that in his presentation.

Finally, I think, over the years, we have earned a fantastic reputation with our clients because of the high standards that we have in our organisation, particularly in information security, and we intend to continue to earn that reputation with our clients every day. That is the focus of our efforts going forward.

Latin America

In Latin America, our business is performing very well, and our business in Brazil is performing well, despite a very tough economic backdrop. We are very confident about our strategy in Brazil, and just let me illustrate that for a second. You may remember, those of you who were in the January investor seminar, that our Brazilian team, which was presenting there, had this slide to illustrate the sort of growth potential that we have from a structural perspective. The right chart, each bubble represents the size of each vertical in the US; and then the left chart shows the size of the corresponding vertical in Brazil. You can visually see that we have a lot of growth potential and our strategy for the business is designed to access the structural growth potential that we have in those segments. There is a lot to go for.

In the short term, we have done a lot of tactical things to drive our growth higher. We have changed the way we go to market and proved our sales effectiveness. We are selling more sophisticated products. We are linking more of what we do and we are adding scores and analytics to a lot of our product set and a lot of our clients. This is really helping us grow the business in a very difficult environment.

We are also focused, as I said, on some of these verticals – fraud and many of the other areas where we are very large in our other territories – and also on the consumer business, because Brazilian consumers really do need help in managing their credit obligations. It is quite a big opportunity for us. We already do quite a lot today, with things like Limpa Noma, which, as we said to you before, is a debt-resolution service. It is actually pretty small, but it is growing very fast and we are excited about the prospect of being able to scale that into a much bigger opportunity for us.

Overall, while we cannot predict the short-term macro environment, we do know that our business is doing exceptionally well. It is down to the actions that we and our management team there have taken, and we feel very good about our prospects in the medium and long term in the business.

UK and Ireland

The UK is another good story. We are making a lot of progress, particularly in Credit Services and Decision Analytics. We have made a lot of new investments in the UK over the last few years in new products and services, and we have a major effort across the organisation to really improve our client service and create a world-class consumer-centric organisation. We are seeing new growth opportunities open up for us.

For example, our pre-qualification engine, which helps match credit offers to consumers, has given us new clients in the aggregator space and the price-comparison space, and it is also opening up new channels with our traditional financial services clients. We can see other opportunities to take this product into new verticals. We have also developed a new way of detecting fraud in the energy sector, using our data and analytics to identify utility-bill fraudsters. That is contributing revenue to our business today.

Our UK Consumer Services business continues to grow. We are still adding new members. We are looking ahead and seeing that this market is maturing, and so we

are getting ahead of that curve with plans to broaden our product range in the coming months, to address what we see as an evolving and more segmented market.

I would just say that one of the common features across all our businesses, but I would maybe call it out in particular in the UK, is that a lot of our growth initiatives are really based on combining capabilities from across our business to create what we call strategically important propositions for our clients. It is putting us into a much stronger competitive position and we intend to drive our strategy to do much more of that as we go forward.

EMEA and Asia Pacific

Turning now to EMEA and Asia Pacific, I am really pleased with the progress we are making in this region. We focused our efforts on key markets and are transforming the commercial operations. I think you can all see that in the change in results in this segment over the last few years. We are delivering higher growth and more consistent rates of growth, and that is obviously our objective going forward. We still have plenty of opportunities. For example, Decision Analytics in EMEA still does not match the credit bureau footprint that we have in that region, so there is still a big opportunity for us to unlock more opportunities in the software and services space.

We are now starting to see some great growth in Asia Pacific and we have been signing some really big deals in that region, particularly in Decision Analytics, but the business is doing very well. While we still have work to do in this region, particularly on the margin front, we are very pleased with the trajectory and the progress we are making in getting it up to a really good rate of growth.

7. Marketing Services

I want to spend just a moment on Marketing Services, where our objective is to improve performance levels. We talked a little bit about this last year. We have really been approaching this in a very systematic way. Our first step has been to prune the portfolio, and we have sold or are in the middle of selling some non-core activities which really have no synergy with the rest of the portfolio. That is sharpening up the focus of this business.

Essentially, we will be down to a core business which has two segments: it has data quality and it has our data and data platform operations, and I will refer to the latter bit as the marketing suite. Just to spend a moment on data quality, it accounts for approximately 4% of Experian revenues globally. It is a growth business and has been averaging high single-digit rates of growth for some time. It has high margins and low capital intensity. It is also critical to our clients wherever we go. It helps clients ensure the accuracy of their contact data, and, given the amount of data that we are now starting to see in people's systems, it is also a growing need.

We are seeing that there are opportunities in this business across our own portfolio, because it is a key component. As we look at credit, some of our Decision Analytics products and some of our health products, the requirement to have clean data at the point of entry gives us a synergy across the Experian portfolio. That is point number one. Point number two is that we see a lot of growth opportunities for this business in lots of regions. In fact, we have introduced this business into Brazil this year and we think there is quite a big growth opportunity there, and in other places. I think we have a lot of potential for this business, and we are focused on getting after that and making that a real growth driver for the business going forward.

The second component is the Marketing Suite. That includes our data and analytics that are really used to target specific communications, and also the ability to execute campaigns through email and cross-channel marketing. We have had some operational and stability issues in the past in this business, and that has impacted our growth, but we have addressed some of those, and we are continuing to address those issues. In fact, we have great momentum in cross-channel. Although it is still a relatively small revenue base, we are seeing triple-digit growth rates in our cross-channel marketing product, so we are very excited about the prospect that we have there.

We will continue to work our way through this transition. We expect that, globally, Marketing Services growth will be modest this year, but we expect that we will be able to return it to higher rates of growth as we go forward.

8. Summary

To summarise, we are making great progress. We are exiting non-core activities; we are investing in exciting new areas for growth; and we are also improving performance in areas like North America Consumer Services and Marketing Services. We still have quite a lot of work to do, but we are executing well against our plans. I am really pleased to see that we are seeing steady improvement in the organic revenue growth, now back in our target range, and parts of the business growing very strongly and performing extremely well, particularly Credit Services and basis points also Decision Analytics. Brazil is holding up really well in a very tough environment, down, as I said, mostly to our own efforts.

As we continue to execute against our strategic priorities, we are creating what we hope is a platform for sustainable long-term growth.

With that, I am going to hand it over to Lloyd to take you through the financials.

Part II: Financial review

Lloyd Pitchford
Chief Financial Officer, Experian

1. Introduction

Thanks, Brian; good morning, everyone. I will start as usual with the key financial data and then I will move on to a review of the results in a little bit more detail.

2. Highlights

As Brian mentioned, we saw continued growth momentum in the second quarter, taking us to 4% organic growth for the half as a whole, at constant exchange rates. After the significant movement in foreign exchange rates, our total revenue declined by 6% at actual rates. At constant FX, our EBIT margin was in line with the prior year, and was 60basis points lower when taking into account the impact of foreign exchange rates; this represents around an 11% currency headwind at the EBIT level. With a reduced share count, benchmark EPS grew by 5% at constant rates, with a 12% FX headwind. Finally, cash conversion continued to be good, at 95%, which is in our seasonally weaker first half.

3. Revenue Growth

Overview

Turning to revenue growth in the first half as a whole, here you can see the effect of adjusting for the recent disposal activity and that all our regions contributed positively to growth in the first half, particularly with North America returning to growth. We saw good momentum across the regions, and, as a result, the Group's revenue growth increased to 4% in the second quarter and 4% for the half as a whole, so, as you can see, it was a fairly strong 4% in the second quarter. As you can see, the effect of a stronger US Dollar here, particularly against a significantly weaker Brazilian Real, led to that significant drag on currency.

Organic Revenue by Region

Taking a closer look at those organic revenue trends, we are generally seeing an improving or stable picture across the Group.

- North America returned to growth, as I mentioned, in the second quarter, as the drag from the Consumer Services business reduced.
- Latin America was stable, despite some of the challenging economic environment and conditions.
- We are seeing consistent growth in the UK and Ireland.
- EMEA and Asia Pacific continue to grow well, with a strong Decision Analytics performance in particular during the first half.

Organic Revenue Growth Trends by Segment

If we take those same results by business line, you can see:

- Credit Services performed strongly, helped particularly by strength in the US and the UK.
- Decision Analytics grew very well, with good progress in software deployments and fraud management in particular.
- As Brian mentioned, Marketing Services remains variable and we expect this to continue until we see the full benefits flow through from the Marketing Suite and the new cross-channel platform.
- Consumer Services continues to improve, as we see the results of the efforts on the transition North America, which Guy will walk you through in a little bit more detail in a moment.

4. EBIT Margin by Geography

Turning to the EBIT margin drivers, adjusting for the disposals in the prior year, you can see that this rebases the margin to 26.3%. There was good underlying progress in North America, with marketing spend expected to be phased towards the second half of the year, a little more this year than last. In the UK, we saw additional legal and regulatory costs, but overall Group margin at constant FX was stable, in line with our guidance.

As you can see, the FX drag was around 60basis points, made up mostly of the impact of the weaker Brazilian Real, which takes the overall reported margin to 25.7%. If you wrap the impacts of foreign exchange up, we saw a 10% impact at the revenue level, 11% at EBIT and a 60basis points impact at the margin level. For the rest of the presentation, I will just focus on the underlying results at constant exchange rates.

5. Regional Performance

North America

Turning to the regional performance in more detail, the North America business delivered both total and organic revenue growth of 1%. Credit Services grew strongly, up 8% organically, with growth across all areas. We saw strength in prospecting and customer management. Business information continues to perform well and, particularly the verticals of healthcare and automotive were both up double digits.

We saw improvement in Decision Analytics, which can be a little lumpy between quarters, in the second quarter, and that was helped by stronger demand for our suite of fraud prevention services in particular.

Marketing Services as a whole declined by 2%, as the growth in data quality and cross-channel is not yet sufficient to offset the attribution in our email marketing business.

We made good progress in Consumer Services, with a stronger performance in Q2 than we had expected. Experian.com continues to perform strongly, up 20% in the half, with a drag from the legacy brands in the region of around 20% as well. This means that, for the half as a whole, the Experian portfolio is now larger than our legacy free portfolio. While Affinity continues to decline, as Brian mentioned, we are seeing more active engagement with key clients.

The second quarter included an element of one-off revenue, but still a good underlying improvement, and our expectation going into the third quarter is that North America Consumer Services will decline in the mid-single-digit range. On EBIT margin for North America, margins were up 10basis points, as we expect marketing spend this year to be more weighted towards the second half.

Latin America

We continued to trade well despite a weakening macroeconomic backdrop in Brazil, and both total and organic revenue growth were 6%. Growth in Credit Services of 7% was driven across both consumer and business information, where we have benefited from strength in countercyclical products, as well as from new features and services we are introducing across the region. We also had a positive contribution from our bureaux in Spanish Latin America. Decision Analytics was strong, with growth up 9% on the back of strong software sales, and these two areas offset a decline in Marketing Services, which has been more exposed to the tough trading conditions and economic environment.

Underlying EBIT for the region increased 7%, but the strength of the US Dollar compared to the Brazilian Real and Colombian peso created a significant drag on the reported EBIT.

UK and Ireland

We saw total revenue growth of 6% and organic revenue growth of 5%. Organically, Credit Services grew 4% and we saw strong volumes in consumer credit, growth in consumer pre-qualification services and continued progress in business information, particularly across the SME channel. Decision Analytics was exceptionally strong again, boosted by the rollout of new identity-verification services in the UK. Elsewhere, underlying trends were good, helped also by new software deployments and strength in our fraud products.

Marketing Services was down 1%, with growth in the integrated marketing suite tempered by reductions in some of the research-driven consumer insights activity. Finally, Consumer Services, we saw, continued to grow well, driven mainly by new memberships.

Overall EBIT increased 3%, with a reduction in margin due to the higher regulatory costs as we prepare for FCA accreditation and as we made some continued organic investments.

EMEA and Asia Pacific

As Brian mentioned, we saw continued consistent delivery of growth of 6% for the half. Credit Services was down 3%, mainly due to weakness in the Nordic region and South Africa in EMEA, but this was partially offset by strong performances in the bureaux in Asia Pacific. Decision Analytics was also very strong, reflecting new client wins, particularly in Asia Pacific, and pleasingly high growth in EMEA, following some of the strategic transformation efforts we made last year towards offering more integrated, value-added services to our clients. Here, Marketing Services performed well, up 8% organically, and we are making a lot of headway with deployment of our integrated marketing suite.

Overall for EMEA Asia Pacific, our underlying EBIT grew by 4%, before the effects of a stronger US Dollar.

6. Group Benchmark Earnings

On to the income statement summary, total underlying EBIT grew by 3% to \$576 million. Net interest fell slightly on the prior year, due to lower debt levels, and this gave benchmark PBT of \$541 million, reflecting underlying growth of 4%. The benchmark tax rate in the half was 25%, and, after a reduction in the weighted average number of shares due to the share repurchase programme, benchmark EPS for the six months was 42.0 cents, up 5% at constant rates. Notwithstanding the FX headwinds in the first half, in line with our capital allocation policy, we have raised the first interim dividend by 2% to 12.5 US cents per share.

7. Reconciliation of Benchmark to Statutory PBT and Basic EPS

You will see that we have a number of one-off items in the first half, which I will run you through:

- Progressing our portfolio strategy, we have concluded some non-core disposals in the half. The first item on the slide represents the net gain on the disposal of the Baker Hill, FootFall and Moroccan credit bureau, which overall resulted in a \$63 million gain in the first half.
- This was partially offset by a \$20 million charge relating to the T-Mobile security incident in North America. As Brian mentioned, this represents our non-recoverable costs which we expect to incur associated with the incident, both the deductible on our insurance policy and also some costs that would not be recoverable.
- The other big movements in the six months were in financing fair value re-measurements. This relates to foreign currency effects on intragroup funding into Brazil.

If you take all those items into account, our statutory profit before tax was \$458 million.

8. Cash Flow Performance

We converted 95% of EBIT into operating cash, which was in line with the prior year, and, after net interest payments of \$26 million and cash tax of \$103 million, free cash

flow was \$416 million. This represents a cash conversion from Benchmark earnings of 102%.

9. Net Debt Reconciliation

We ended the half with \$3.4 billion of net debt, up \$138 million from the start of the financial year. Net share repurchases this year were \$405 million. With the proceeds from disposals of \$164 million, we saw net debt to EBITDA end the period at 2.1 times, at the lower end of our 2-2.5 guidance range.

10. FY16 H1 Capital Allocation

That takes us on to our capital framework. We have continued to make progress during the half year towards the strategic goals that we outlined in January, and this has been reflected in our uses of cash. We continue to make organic investment in the business and, in addition to the organic capital investment that you can see on the slide, we have also been investing through the P&L, as we target some of the key growth initiatives. This has been achieved while maintaining stable EBIT margins at constant currency, in line with the guidance that we laid out earlier in the year.

We announced in January the new capital allocation framework for the Group and a commitment to return capital to shareholders. We have followed this through in the first half of the year, as we have progressed our \$600 million share repurchase programme. In line with that focus on capital, following the receipt of disposal proceeds, we are announcing today an addition to the programme of a further \$200 million of share buybacks for the remainder of this year. That brings the total programme to \$800 million, which we expect to complete over the next six months. Going forward, as we have said previously, we will update on capital allocation principally once a year, with our May results presentation.

11. Other Modelling Considerations

We now expect net interest for the year to be in the region of \$70-75 million, and that is due to continuing low US interest rates and a slightly higher Brazilian interest rate, where we can get some interest income. Our tax and capex expectations are unchanged and, with the additional share buyback, the full year weighted average number of shares is expected to be in the region of 960 million shares.

Foreign exchange movements will continue to be a significant headwind, and, if the rates we have seen recently prevail, we expect a 10-11% headwind for the year as a whole at an EBIT level, with an EBIT margin impact, again for the year as a whole, of around 60BPS. Again, if recent rates continue, we also expect that to translate into a headwind, but at a smaller level, in FY17 something in the region of 2-3%.

12. Financial Summary and Outlook

To summarise, at constant FX, we have delivered good, consistent growth in the half, and with stable operating margins and earnings progression. We continue to focus on our strategic investments, have made good progress with the existing share repurchase programme and have chosen to expand the programme by \$200 million during this financial year. While FX rates continue to impact our results, we are achieving good momentum in our underlying business, and, at constant rates, we

expect organic margin for the year to be in the mid-single-digit range, margins to be stable and to deliver further progress in earnings per share.

With that, I will hand you back to Brian.

Brian Cassin

As we said, we have a short spotlight presentation for you today on our North America Consumer Services business. I am delighted to have Guy Abramo with us; welcome, Guy. Guy leads the direct-to-consumer part of this business, which is the largest part of the business, and works very closely with Ty Taylor, whom some of you may have met at our January investor presentation.

As we take a look back to two years ago, this business was in a very different place. It operated, really, with a single business model, with a multitude of different brands, many of which were relatively undifferentiated. Guy and his team have changed all that. We now have a business with some really exciting prospects and we are making great progress, so we have asked Guy to come up and give you a little bit more colour on the progress that we are making.

Part III: Spotlight on North America Consumer Services

Guy Abramo

President, Consumer Business, Experian Consumer Services

1. Introduction

Thanks, Brian; good morning, everyone. It is a pleasure to be here this morning to provide you an update on the progress we are making in Consumer Services. It has been 18 months since we began this transformation to reposition the business, and that pace has been fast and furious, to say the least. The improvements in our financial performance give you some idea of the success that we are having in moving it forward, but they really do not reflect the tremendous effort by our team.

Over the past year and a half, we have recruited outstanding talent in areas like marketing, product development and technology, and married their skills together with an existing team. Between the two of us, we are moving the business at an entirely different pace from before. Our mission is about empowering consumers to make the best decisions regarding their various life events, and you will see some early indications of this focus in my presentation.

2. Sustaining our Leadership

Let me begin by reminding you of the size and scale of this business. Despite the challenges over the past couple of years, we remain the leader in the market with a tremendous track record. We have over 15 years of market leadership in consumer credit information products and services. Today, we are serving the needs of nearly 11 million consumers through our direct and Affinity relationships. We do that by operating with huge scale. As an example, we handle nearly 7 million consumer calls every year; that is roughly 20,000 calls each and every day.

As we move forward, we are using that scale and experience as a foundation for developing the next chapter of this business, for example:

- Our premium value propositions, which we are marketing under the flagship brand, Experian.com;
- A renewed and exciting use of our well known brand freecreditreport.com, which has been around for 10 years;
- We are developing the next-generation of Affinity relationships centred on collaboration with some of the biggest brands in the consumer market.

I will speak more about each of these as I move forward.

3. Consumer Demands are Changing

In this era of big data and mobile connectivity, consumers are demanding that the companies they do business with have a very clear understanding of who they are. Each and every one of us has an expectation that the company we do business with knows our individual needs and will provide products and services that match those needs, so our business is becoming consumer-centric, meaning we are putting the consumer at the centre of each and every part of our business. With the breadth of

data Experian has about consumers and our expertise in modelling and analytics, we can truly differentiate propositions on an individual basis, tailored to each consumer's individual needs.

We would like to say that we are moving beyond a business that is about people and becoming a business that is for people. That mindset is beginning to permeate every aspect of our business, from marketing and advertising to customer service and product delivery.

4. Key Accomplishments

At the January investor day, my boss, Ty Taylor, laid out six major steps in our short-term roadmap for moving this business forward. I will give you a quick status check on where we are today.

First, we said that the market was bifurcating and our marketing strategy had to respond to that market change. Well, we did respond by putting the full power of our resources behind the Experian.com brand to secure our position at the premium end of the market. As a result, Experian.com grew 20% in the first half and is now, as Lloyd said earlier, our largest brand in the portfolio. We also began to test the opportunities at the other end of the spectrum, the free space. We piloted the re-launch of freecreditreport.com as a totally free service, and we are very pleased with the initial success.

From where we sit today, it is now clear that the market is not simply bifurcating; it is segmenting into a larger, higher growth marketplace, creating opportunities for us to play in many segments over the coming years.

Secondly, in January, we also introduced an announcement of the FICO score, as an enhancement to our core products and Experian.com, which was the first of many steps to differentiate this product. The FICO score has had the effect we expected, drawing higher volumes of traffic to Experian.com and helping increase both take-up and retention rates of members.

Thirdly, since January, we also completed the migration of all of our legacy domains into Experian.com. As you will see when we come to talk about new technology, this consolidation was a very important step in simplifying our business model and improving our levels of consumer engagement.

Fourthly, we know that consumers want to interact with businesses when and where they choose, so engagement must be driven through mobile devices. Our iOS and Android apps are receiving great reviews from consumers. In fact, the iOS platform gets an average 4.8 out of 5 rating, and Android is 4.6 out of 5. These are very good, engaging apps.

The most important factor for us, though, is that mobility enables us to proactively communicate. As an example, today we push notifications directly to the mobile device, and a consumer can take action with a simple click. With my app in the US, I get a notification that my FICO score has changed. I click on that notification and I am four digits away from logging into my system and seeing what the impact of that change was. That real-time connection with consumers extends our reach and provides more stickiness with engagement.

Fifthly, we said that our Affinity partners would move back into active marketing this year. That has indeed happened with many of them. We have renewed our

long-term agreements with several of the big players, which is a real sign of their commitment to the Affinity space. As we look forward, the regulatory and market changes mean that we will be more collaborative in partnering with each of these FIs (Financial Institutions).

Finally, we are investing in the development of an entirely new technology platform, which you will see me reference quite often. This will provide us the flexibility and speed to market that we need to support the long-term growth of this business, which we were challenged on years ago.

5. Technology as a Strategic Asset

To that end, we successfully launched our new platform in October and we are well underway in moving the core products over to this new system. The new platform includes all the best-of-breed features you hear in the IT space – cloud computing, agile development, big data analytics, CRM (Customer Relationship Management) – and is paramount to our ability to transform this business and sustain long-term growth. Products that previously took a year or more are being developed and launched in weeks and months. More importantly, the new platform gives us full visibility to every engagement with every consumer that enters in on the platform.

As an example, that means that every single customer service agent will have full visibility to interactions with consumers. The consumer will not have to explain every time they call us who they are and what they need; that information is being built right into the new customer support tool. We can anticipate and cater to each individual's needs and deliver the right personalised proposition just when they need it. Frankly, that is exactly what consumers expect today. The system is agile; it is flexible; it is scalable; and it enables us to put the full power of Experian's capabilities to work for the consumer.

6. Strong Traction with Free

Turning to our free proposition, for more than a decade, we operated the consumer business under the freecreditreport.com brand. Through our investments in marketing and advertising, we created a very powerful and well recognised consumer brand. In May, we began testing a totally free offer, going after the segment of consumers who are initially interested in free access. No credit card is required to enrol and gain free access to an Experian credit report.

The questions we had to answer were: could we attract high volumes of consumers using the power of this brand; and could we convert enough of the free traffic to paid members to make it worth our while? Based on our results to date, the answer to both of these questions is a resounding yes. Since May, we have acquired nearly 1.5 million new members through the free proposition, and that was done with no broadcast advertising. We are driving traffic through search marketing and we have doubled our share of voice on generic search terms like 'free credit report'. We have converted a significant number of free members to paid services through cross-sell of membership products and transactions like FICO scores and three-bureau reports.

For those reasons, we have growing confidence in our ability to capitalise on the freecreditreport.com brand as another significant source of revenue for the consumer business.

7. Engaging the Premium Market – Experian.com

At the other end of the spectrum, we are capturing the premium market using our Experian.com brand. This model is familiar to you. It is a membership product that provides unlimited access to Experian credit reports and FICO scores, as well as valuable tools like score tracking and score simulators that enable consumers to see how their behaviours change their score and, as a result, can change their eligibility for the best credit products and credit terms.

The use of the Experian.com brand, combined with enhancements like the FICO score and mobile apps, have attracted high volumes of new visitors to our site, driving 20% growth in the first half. Over a third of our members have already downloaded the new score tracker apps, putting the power of the products directly in their hands. With our new technology platform in place, we are executing against a robust roadmap of future product enhancement and new value-added propositions.

We know consumers come to us for a handful of reasons; they are in the market to buy a car or apply for a mortgage. Historically, we provided consumers with the data, but left them to decipher what they needed to do to reach that goal. Now, leveraging the breadth of Experian's data and analytics, not only are we able to provide them access to the information, but we can help them understand what they should expect when it comes to rates and offers in completing their credit journey. You can expect to see a full array of new propositions that empower consumers, with an emphasis on self-service, through our mobile capabilities, delivering the ability to activate and deactivate various features in the product, as the consumer deems necessary.

8. The Provider of Choice in the Affinity Channel

Turning to Affinity, we are the partner of choice with some of the most prominent consumer brands in the financial industry and we are committed to helping them build stronger relationships with their consumers. We are beginning to see this market open up. More large financial institutions are returning to marketing their fee-based services to drive loyalty and improve retention in their card portfolios. Among their top priorities are credit monitoring and identity theft protection, so we expect growth to slowly return in this segment as we move through FY17.

There are three factors that make us a preferred partner in this space.

- One is our commitment to compliance. In this highly regulated market, that is a very big consideration.
- Second is our ability to integrate into our clients' online systems so that their consumers have a seamless experience.
- Third is our willingness to collaborate on building new products for those clients which bring greater value to the relationship that they have with their consumers.

We are also seeing a great deal of activity from new non-financial services partners and we are leveraging the power of this new platform to capture and launch these opportunities in unprecedented timelines. It will take several quarters before the marketing efforts of these partners begin to take hold and they return to growth in their membership base, and we are currently fully engaged with helping them in that process.

9. Summary

To summarise, we have made great progress on this multi-year journey to transform Consumer Services. We have a lot of work ahead of us to fully realise the potential of this business, but we have an awful lot going for us. We are the content owners; we have the deepest, richest data compared to anyone else in our industry. We are operating with two of the strongest brands: Experian.com and freecreditreport.com. We have very strong relationships with not only our major clients but also strategic partners like FICO. We have the ability to invest in innovation and we are operating with the agility and flexibility that is needed to move this business forward. Of course, as we execute on these plans, we will build a bigger, stronger business.

With that, I will hand it back to Brian.

Summary

Brian Cassin

Thank you, Guy. That brings us to the conclusion of our presentation this morning. I hope you can see that we are very excited about the prospects for the business going forward. As I said earlier, we had some challenges but we are getting past them and are moving definitively from a fix phase to a growth phase in the business. Our goal is to get back to delivering consistent mid-single-digit organic revenue growth and strong earnings growth, and to create a lot of value for our shareholders.

With that, we would like to open it up for your questions. I am also going to invite Kerry to the stage to join us.

Part IV: Questions and answers

Matthew Walker, Nomura

I have two questions, please. The first is one the health business. You mentioned it is in 50% of hospitals. Could you say what that figure was when Passport was acquired? Also, on the products, they have gone from two to five products on average per hospital. Could you say how the average revenue for the additional three products compares to the first two products? That would be helpful. Lastly, just a quick confirmation: Verisk have their health business up for sale. Given your focus on organic performance, can you rule out that you are interested in that Verisk health business?

Brian Cassin

I am going to ask Kerry to talk about the progression of the business since acquisition in terms of the number of products. Lloyd, maybe you can then add in on some of the financial aspects of the question. We will come back on the acquisition front.

Kerry Williams, Chief Operating Officer, Experian

On share, we have made really good progress on the number of hospitals. Our target market is about 6,000 to 6,500 hospitals. We are over 3,000 at this point and we have continued to grow that at a pretty good clip since the acquisition of Passport. They had about 2,800 hospitals at that point in time, so we have grown it by not 1,000, but somewhere in that mid-500 range. On the two-to-five gain in products, our average contract size, after we acquired passport, was around \$100-110,000, and we are closer to \$400-500,000 now. That is the relativity in terms of the product movement from two to five or six products per contract.

Lloyd Pitchford

He has covered the financial question. You have taken all of those, Kerry. That is good.

Brian Cassin

On the acquisition front, I am not going to make a habit of commenting on whether we are looking at every asset that comes to market. What I would say about the Verisk asset is that it is quite a diverse asset, with lots of positions in markets that we are not really closely in. Our focus is on revenue-cycle management and the close adjacencies that we have there. We will continue to look at lots of different assets in the healthcare space, so we may or may not see that going forward, but that one is not a really great fit with our business.

Joel Spungin, Bank of America Merrill Lynch

I have just a couple of questions. First of all, on capital allocation, I think you said that process is ongoing in terms of analysing the portfolio. Should we consider Baker Hill and FootFall to be at the larger end of the things you are looking at? Are those the chunky ones, and are things that follow from hereon in likely to be much smaller? Related to that, obviously that impacted your decision to increase the share buyback.

Should we consider that any other proceeds that come from acquisitions will be recycled into the share buyback? That is my first question.

The second one is on US consumer. Thank you for the additional detail; that was helpful. I was just wondering if you could maybe talk a little bit about the levels of stickiness or churn that you are seeing in the premium product. Related to that, just to help us understand how Experian.com is positioned, apart from FICO, what else differentiates Experian.com from Credit Karma? They obviously offer a lot of the same monitoring services; they have launched a helpline service and so forth. I was wondering if you could maybe elaborate on what you see as your point of differentiation.

Brian Cassin

I will deal with the capital allocation one. I think we have been very clear in our plans for what we wanted to do this year with share buyback. We have realised some additional proceeds and we have not completed any additional acquisitions this year, so it seems sensible for us just to return that. We come back to this topic pretty much every year and we update everybody once a year on our balance sheet plans going forward, so we are going to stick to that. This one is a little bit unusual, given the timing of those disposals.

As I said, we have got a few smaller ones in the works; there is nothing substantial. This is really sharpening the portfolio, getting rid of businesses that do not really have a strong fit. They are not growth drivers for us and tend to be a bit more of a distraction than anything else, so tidying that up makes a lot of sense. If we realise some proceeds, that is fantastic. We are focused on really making that focused and concentrated effort going forward.

Lloyd Pitchford

I will just add to that, Brian. The rounding to \$200 million anticipates completion of some of the smaller disposals in the second half, so you can see where the programme might finish this year.

Brian Cassin

Guy, maybe you could comment on the Experian.com point?

Guy Abramo

Sure. You first asked about levels of stickiness. Retention for our products is right in line with our expectations. We are finding that, in particular, the mobile apps have a lot of stickiness, so you will see us progressing that product to be more engaging and we will continue to invest in mobile apps. The FICO score and Experian data continue to be a good source of differentiation for us. On the free product with freecreditreport.com, of course the market does not have access to a free Experian report; the only place they can get that is at freecreditreport.com, so we are seeing the growth in that. You will continue to see the evolution of that product to have a lot more rich features of engagement as well, over time.

Paul Sullivan, Barclays

There are just a couple from me. First, on the security issue, do you think you need to spend more on security? What was the thinking behind exceptionalising the costs?

Surely that is just a cost of doing business. That is the first point. Then, on the US consumer business, is it still your anticipation that you will exit this year in growth, and do you now have visibility to be able to communicate your thoughts on medium-term growth or margin aspirations in that business?

Brian Cassin

I am going to ask Lloyd to address both of those questions

Lloyd Pitchford

On security, we have been expanding our programme for a number of years. The external environment has been changing. The threat level in the environment has increased and we have been increasing the cost of our programme, adding headcount and adding investment. We do not expect any change to that programme, but that trajectory of increased costs, ahead of the growth in the business, we would expect to continue. That is all wrapped up in our underlying margin guidance.

In terms of the exceptional treatment, it is just transparency, isolating it so that you can see it; you can see the underlying performance of the business excluding that. By its nature, we see it as a one-off event and we have been transparent and isolated it in that way.

In terms of growth rates on consumer, you see the trend rate has continued. With Experian.com now bigger than their legacy free brands, the weight of that portfolio growth will start to bear more heavily on the overall segment, but the thing that is dragging us down is the progression on the Affinity data data breach and other channel. When we get back to growth will really depend on how that piece of the puzzle progresses. My expectation is that we will probably be into next year before we see that improving so that the overall channel is in a positive growth position.

Long term, if you look back across a number of years, this segment has been accretive to the Group's revenue growth. It has been dilutive, clearly, in the recent past. Our challenge is to get it back to the place where it is accretive to Group growth. There are lots of different tools and ideas that we have to do that, some of which Guy outlined, but that is our challenge.

Robert Plant, JP Morgan

Do the economics of free stand alone, or do you need to upsell to make acceptable returns?

Guy Abramo

For freemium today, the primary revenue path is an upsell under the paid membership products to standalone FICO scores and three-bureau reports, but we will continue to add to the portfolio and that product to generate new sources of revenue through lead generation, which we have in a subtle way today in the product, but you will expect us to enhance that feature a lot more.

Lloyd Pitchford

I would add that the market is segmenting. In the end, a segmented market is a larger market, because we can target products and offerings individually to each segment.

David Phillips, Redburn Partners

Can I just clarify something you said on healthcare? You talked about the average contract size. I scribbled down that \$110 has become \$400-500. Was that the correct number?

Lloyd Pitchford

Those are thousands.

David Phillips

Healthcare, as a grouping, was growing at about a 20% clip last year. Has that rate of growth sustained into this year?

Lloyd Pitchford

Overall, it is around 15-16%. The Passport business that we acquired was growing at 20%; the legacy business we had was growing a little bit more slowly, so for the aggregate business – and it is now managed very much as an integrated unit, so the split is less relevant – it is mid-teens growth.

David Phillips

At the time you announced FICO, you were saying that there would be some costs associated, because you would be passing some of the revenue straight to them, but margins have held up pretty well in consumer. Has there been an ongoing cost-saving plan that you have internally invested in? Could you put a number on that?

Lloyd Pitchford

This is in North American consumer.

David Phillips

Yes.

Lloyd Pitchford

I mentioned that the weighting of marketing costs this year will be more heavily weighted than in the prior year to the second half, so I think you are better looking at the full-year margin than the half-year. We said we had seen about a five percentage point reduction pre this change in the market. By the time we are through, we would expect that probably to sustain, so a mid-20 margin is where we think we will target it.

Rajesh Kumar, HSBC

Following up on the portfolio optimisation question, if you look at EMEA and Asia-Pacific, that division is still making a loss. Do you have cost plans or plans to optimise certain businesses that you do not see longer-term potential in? Secondly, following up on the consumer division, could you give us some colour on the differences in the types of people who visit Credit Karma, Experian.com and free? Are

they similar, basically 25 to 35, looking for these three types of credit, or are there nuances that could help us understand the different market segments?

Brian Cassin

On the EMEA/Asia Pacific region, we are making substantial progress there. That region is actually our smallest region and also has two of our biggest organic P&L investments in the Indian and Australian credit bureaux, which account for quite a significant amount of that EBIT performance there. We are seeing really good growth, off very small bases, for those businesses, but the growth that we are seeing is contributing significantly to our EBIT progression.

Our view is that, as we have enhanced the commercial operations there and really re-engineered our Decision Analytics business, which was underperforming a few years ago in both of those regions, both from a revenue perspective and in terms of delivery and profitable delivery in those regions, that has actually changed very significantly. We can see a path over the next few years where those additional revenues that come through our organic activities are really going to start to change the EBIT profile of that division going forward.

We are very confident that we will continue to make progress. It does require us to continue at a good growth trajectory. I think Asia Pacific is certainly in the zone where we need it to be. In EMEA, we still have some European territories in there that are not growing and we have a bit more work to do there, but we are very happy with the plan we have set out and the actions we have taken. I think we are going to make more and more progress there.

We will then deal with the consumer.

Guy Abramo

I do not believe I heard the question clearly enough.

Rajesh Kumar

Is there a difference in the profile of consumers who come to Credit Karma versus Experian.com versus freecreditreport.com, or are they the same kinds of people you are targeting and the same kinds of adverts you are bidding for?

Guy Abramo

I do not know. I can tell you that freecreditreport.com and Experian.com members look a lot like the same types of members. The real issue is: what need are we satisfying?

Ed Steele, Citigroup

I have a couple of questions. First of all, on the same subject of North American consumer, of your 1.5 million new subs, what proportion are new to Experian versus having previously used one of your other URLs, or even the same URL but in a previous guise? Secondly, on the Experian.com URL, at the beginning of the year when you heard about FICO being integrated, you said that this was the first of many new initiatives and, each quarter, we expect a new one. What has happened in the last nine months that you could point to as being the most significant new parts of Experian.com?

I do have a small question as well on Latin America Credit Services. Can you give us a rough feel for the split between volume and price growth, please?

Brian Cassin

Guy can deal with the Consumer Services ones and Lloyd maybe can give an overview of Latin America volume trends.

Guy Abramo

To your first question about what percentage of the 1.5 million is new to Experian, as far as we know, all of them are. We do not allow dual memberships. If you join freecreditreport.com, you can upsell into a paid membership, but if you are already in a paid membership you would then have to down-sell into the free membership, so these are incrementally new members to us.

On the second question about Experian.com and what has changed in the last nine months, there is, I would say, a lot. We have rebuilt the product. The website is now totally mobile-responsive, so it can be viewed on any device. We launched the new mobile apps, which are incredibly sticky and very highly rated. We launched the FICO score, and not just the FICO score but all the analytics and simulators around FICO, so it is the only place that you can get to build what-if scenarios around your credit. The marketing campaigns have also been very effective at reaching our message to consumers that they can use our products to empower themselves and give them information when they are in the market for lending. You will continue to see us launch new features into the product along the lines over the course of the next year.

Kerry Williams

On the technology platform, you cannot underestimate the amount of investment and the amount of flexibility that now gives us in terms of continuing that stream of new innovation into the marketplace. The launch in October was a significant event for us, in our ability to continue moving the business forward.

Lloyd Pitchford

On Brazil, you have a number of different moving parts. You have price compression on big financial institutions, and that is similar to the trend we see across the Group. You have positive price progression on some of the other channels, and particularly a mix benefit as you see a greater percentage of the Group outside the core financial institutions. When you wrap that all up in Brazil, something of the order of 2-3% is an inflationary passed-on price, and the rest will come from volume and mix.

Matija Gergolet, Goldman Sachs

I have three quick questions. First, on healthcare, would it be possible to quantify the amount of revenues from your healthcare vertical, just for the first half? Secondly, on the consumer business, you mentioned how you have repositioned the US consumer business over the last 18 months. Do you see any need to reposition also the UK consumer business, particularly learning from some of the US experiences? Then, lastly, on the dividend, you mentioned there is a bit of an increase in the pay-out. Particularly in the context of some FX headwinds, how much further would you feel confident to increase the dividend pay-out?

Brian Cassin

We have the UK one; we have the LatAm question. What was the first part again?

Participant

Revenues from healthcare.

Brian Cassin

Okay. Let me deal with the UK one. What Guy has shown you is a playbook, really, for how you are going to move a Consumer Services business going forward. We are very confident in that strategy and we will be using the same playbook in the UK. We have enjoyed tremendous growth in that business for a long time. A couple of years ago our business was still growing 20% and it is still growing today, but we are anticipating that, over coming years, there will be changes to that marketplace and we are getting ahead of that now.

Lloyd Pitchford

On healthcare, it is around \$130 million for the first half, so it will be around a \$270-275 million business for the full year, and growing, as I mentioned earlier, mid-teens overall. Then, on the dividend, clearly we take the decision on the dividend each time. We looked at the very material adverse headwinds that we have seen this year, but contrasted that with a good progress in the underlying performance of the business, so felt confident to progress it by 2%. We will come back and outline more at the end of the year.

Tom Sykes, Deutsche Bank

I have a couple of questions on the US Credit Services business. First, could you maybe just pick out the growth rates in business and automotive in that, and whether the automotive growth, which presumably is quite strong, is sustainable into the second half and going forward? Could you quantify at all, maybe in the US and UK, the compliance investments that you are putting in? You said that your investment into security was running ahead of the growth rates in business. Is compliance running ahead and when may that not be running ahead of the growth of the business, so you may start getting some leverage?

Then, just finally, it was just another question on Consumer Services North America. It was the rate of upsell from freecreditreport.com to Experian.com. I am not sure you have said how quickly that is happening.

Brian Cassin

I will start off on a couple of these and maybe ask Kerry to chime in on US credit. The automotive business has been growing at over 10% for nearly 10 years now. That business was miniscule probably 10 or 12 years ago. We have really driven that into a very substantial vertical, through a lot of market expansion and a lot of our own expansion of market share. We do not see any change to that and I think our ability to continue to drive that business forward is absolutely still there in the marketplace today. Inevitably, changes in the economy will have some impact around the margin, but we still feel very confident about the growth outlook for that business.

Lloyd, maybe deal with the compliance issue and the UK.

Lloyd Pitchford

We had said that, if you look back, the costs of regulatory and legal, including our IT infrastructure to meet some of those requirements, have added tens of basis points to our costs, so diluted the margin by tens of basis points, over the last number of years. That was wrapped up, really, in that comment. As we look ahead, we would expect some of that, clearly, to continue. To the extent that we are making some one-off costs around compliance with new regulations, FCA accreditation, in the UK, part of that cost will be an extra cost, and that will drop out.

We have really been focusing the progression of the Group's EBIT on reinvestment in some of the businesses. As you know, we outlined that in our margin guidance this year. We are focusing on getting the business back to growth. We have done that this year. Our guidance was flat margin, and we will outline the margin guidance for next year at the May presentation.

Brian Cassin

I would just add, though, it is wrong to look at any of our businesses in isolation in any one year, because, if you track back in the UK over the last few years, you will actually see that we have driven the margin quite strongly there, so it is very significant. The operating leverage is absolutely there, and, in any particular year, you are going to have to deal with some issue that comes towards you, be it an investment requirement, be it an FCA regulatory compliance obligation. That happens, and we take the decisions across the business to invest where we need to at the right time. If you take a two to three-year view on that, you will see that that business has expanded its margins quite significantly.

Could you just remind me of the Consumer Services question again?

Tom Sykes

It was just the pace at which you are able to convert people from freecreditreport.com on to Experian.com and then how much of that is contributing to the 20% overall growth of Experian.com, say compared to where you were a quarter ago or so.

Brian Cassin

I will let Guy chime in. Obviously we have just started on freecreditreport.com, and we are seeing some upsell into the Experian.com site but it is not significant at this stage. We expect that to grow as the proposition gains more traction. Guy, do you want to add to that?

Guy Abramo

I think you answered that well. We have five and a half months in market and we will continue to optimise it. I would say it is performing as expected.

Lloyd Pitchford

One point I will add is that the split between free and Experian.com is becoming less relevant. This is an integrated portfolio now, where we are bringing people in in one channel and selling them up and bringing them back down from the other channel. This is probably the last time that we will talk about those splits in that way, and we will really focus on the direct-to-consumer growth overall now, going forward.

Tom Sykes

If somebody comes in via freecreditreport.com instead of going straight to Experian.com, do they pay the same amounts? Are they worth the same per service as a customer, or do you have to then upsell a bit, once they are into Experian.com, if they have come through the free credit channel?

Brian Cassin

I will just add, and I will ask Guy to answer in detail, but you are going to see a variety of different price propositions going forward. It is actually one of the key features of the new technology platform to enable us to have different flexibility to treat each customer according to their circumstances. Today, if they sell up to the Experian.com platform, what is the price point which they go on to?

Guy Abramo

They are upselling at the same price point.

Andrew Farnell, Morgan Stanley

If I look at your Decision Analytics business, it looks like it is performing much better outside the US. I am just wondering how much of that is to do with the internationalisation of the 41st Parameter. Is it more one-off?

Brian Cassin

We get this question about Decision Analytics pretty much every quarter, when we have a sort of low-growth quarter somewhere and we have a 'shoot the lights out' quarter somewhere else. First of all, you have to look at this business globally. It is more and more a global business, so you need to look at the performance globally. If you look at the performance globally, you will see it is consistently growing at the high single digit and even into the double digit, and that has been going on for quite some time.

It is also quite lumpy. In any different jurisdiction, you can get a quarter where you do not complete some deals and they slip into the next quarter, so it is quite difficult to predict a smooth revenue trajectory for that business in any particular locality. The business in North America is strong. It has grown. Similar to the story that we had on automotive, it was a very small business 10 years ago and we have consistently posted very strong rates of growth in Decision Analytics. We continue to see that trajectory and potential going forward, so we feel very confident about that this year. Growth is slightly lower than we had anticipated, but I do not think there is any change to our prognosis or outlook.

Concluding Remarks

Brian Cassin

I would like to bring it to a conclusion. Thank you, everybody, for your attention and we look forward to seeing you again in a few months' time. Thank you.